

## DEVELOPMENT OF GEOGRAPHICAL INDICATION IN ALBANIA: A CASE STUDY OF NORTHERN CHESTNUT

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### ABSTRACT

In recent past, the geographical indication (GI) has emerged as one of the important instrument of industrial property protection. Geographical indications are also considering as a tool to enhance the value of agrobiodiversity products and promote sustainable rural development. Geographical indications establish a connection between products and their territorial identity, and the quality, characteristics, and reputation of origin-based products are essentially associated with their geographical origins.

The main objectives of protection of geographical indication could be summarized as follow:

- The protection of the product name from imitation and misuse;
- The encourage diverse agriculture production and rural sustainability (Soeiro, 2005);
- Helping consumers, giving them information concerning the specific characteristics of the product;

The BiodivBalkans project in Albanian mountains is aiming at crossing environmental injunction of biodiversity conservation with economic objectives of rural development in the poorest part of the country. It aims to create quality signs to support the local activity and to defend the specificity of the local products in the national market and abroad and also, at the same time, to guide the natural resources and other products (like chestnut) value chains support activities.

The chestnut is a good example of this agro biodiversity. The chestnut is an important product, activity and source of revenue for a large number of rural families, although it is in almost all cases a part time activity.

The aim of this paper is to present and discuss the results carried out with chestnut from two potential regions of northern Albania, which is the poorest area of the country. The actual situation in the chestnut area with regard of production and distribution, as well as the biodiversity aspects is presented and specified in this paper.

**Keywords:** Agrobiodiversity, geographical indications, BiodivBalkan Project, rural development, value chain.

### INTRODUCTION

There are two decades or so, that the biodiversity issue was enriched by a new dimension called “Agrobiodiversity”. Geographical indications have been developed for primary and processed products of biodiversity. Geographical Indication (GI) is a form of intellectual property identifying a product as originating from a region/locality/territory where its quality and reputation is associated with its geographical origin (UNIDO, 2010). GI have been thought to have the potential to protect the traditional indigenous know-how that is associated with agro-food production and to legally regulate land-use strategies and harvesting practices, by means of various specifications. As a result, GI provides a relevant tool to protect and

promote or enhance biodiversity (Larson Guerra, 2004). It is important therefore not only to consider the biological characteristics of a geographical area, but also the local knowledge and practices involved (Bérard and Marchenay, 2006) in order to achieve biodiversity benefits.

A geographical indication (GI) is a sign used on products that have a specific geographical origin and possess qualities or reputation that are due to that origin (Bourgoing, 2003).

GIs serve as a marketing tool that can add economic value to agricultural products by conveying a cultural identity using the region of origin, acknowledging the value of specific human skills and natural resources in the production process, and creating a unique identity for the products (Babcock and Clemens, 2004).

GIs serve as a tool for promoting rural development. Studies have shown that when the name of product obtains a protection as a geographical indication, there is a positive socio-economic impact on local communities. The geographical indications help:

- ❖ to increase production, create local jobs and prevent rural exodus;
- ❖ producers to obtain a premium price for their products because giving more guarantees for consumers on quality and production methods;
- ❖ increasing value of the land of origin;
- ❖ in having positive effects in promotion of tourism in the area (O'Connor and Company, 2005).

GIs are also an important part of the culture, because they contribute to social cohesion as they help local producers to solve common problems, raising local and national identity by making producers and consumers proud of their unique traditional products and having positive effect on tourism.

Objectives of the protection of geographical indications could be summarised in the following:

- to protect product names from misuse and imitation;
- to help consumers, by giving them information concerning the specific character and the origin of the products;
- to encourage diverse agricultural production and rural sustainability (Soeiro, 2005);

There are differences in GI and trademark system even though they are brand names. The major differences between GI and trademark are given below.

**Table 1: Trademark and Geographical Indication**

No	Trademark	Geographical indication
1	<i>It is a created name</i>	<i>The product is already there</i>
2	<i>It is easy to change</i>	<i>It is not possible to change the name</i>
3	<i>Product cognitive study is important</i>	<i>No scope of cognitive study</i>
4	<i>Not quality assured</i>	<i>The perceived quality appears</i>
5	<i>Produce everywhere like factory</i>	<i>Only in that geographical area</i>
6	<i>Ready to catch concept - customizable</i>	<i>It is GI</i>
7	<i>Product line</i>	<i>Only primary goal satisfaction in purchase decision</i>
8	<i>Market segmentation</i>	<i>Single product</i>
9	<i>Reputation of the firm</i>	<i>Reputation of geographical indication</i>
10	<i>The principle "from farm to fork" is possible</i>	<i>The principle "from farm to fork" has only limits scope</i>

## LITERATURE REVIEW

Since the end of 19-th century, many governments have been protecting names and trademarks used for food products, which have a link with their region. A geographical indication is a sign used on goods with a specific geographical origin possessing qualities or reputation stemming from that place of origin. A GI consists of the name of goods' place of origin (Bourgoing, 2003).

From a wider international point of view, protection of geographical indications was established in Uruguay Round of the General Agreement on Tariffs and Trade now administered by WTO. The specific regulations concerning GIs are addressed in the Trade-related Aspects of Intellectual Property Rights (TRIPS) Agreement.

TRIPS Agreement, in its article 22 defines GI as: For purposes of this Agreement, *GIs are indications which identify a good as originating in the territory of a member, or region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin* (WTO, 1994). Since the signing of the TRIPS Agreement and the incorporation of GI provisions therein, GIs have become widely acknowledged and accepted.

Two elements of the notion have been identified in the literature (Baeumer, 1999; Hopperger, 2000; WIPO – International Bureau, 2001b). First, there is a clear emphasis on the link between the 'indication' and the 'geographical origin' of the product, rather than any other criterion of origin, such as say the manufacturing enterprise producing the product. Consequently, focus is on the geographical area within which the product originates through indications like 'made in ...', where reference is to a country or a region therein. Second, particularly in comparison to other GIs, there is no suggestion that the qualities or characteristics of the products are derived from or essentially attributed to the place of origin.

There are a number of international conventions which have attempted to regulate the protection of geographical indications (Barjolle & Sylvander, 2000), as below:

- The Paris Convention for the protection of industrial property, established in 1883, was the first multilateral agreement concerning protected designations and geographical indications.
- The Madrid Agreement (1891) signed by 31 countries established a protection against fraudulent and misleading indications of provenance.
- The Lisbon Agreement (1958) for the Protection of Appellations of Origin and Their International Registrations became the first major multinational treaty to address and provide a registration system for GIs (Bourgoing, 2003).
- The specific regulations concerning GIs are addressed in the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, signed on January 1, 1995 and ratified by 135 states provides minimum standards for the protection of certain intellectual property types and the enforcement of intellectual property rights.

The growing interest in GIs in non-European countries is mainly linked to the opportunities offered by GIs for local processes of social and economic development. This occurs in a context where the concept of GIs, amongst others, appears to be suitable to address current public concerns such as the preservation of cultural heritage, landscapes and biodiversity, the consumer trust in the food system, the promotion of sustainable agricultural practices and the

protection and remuneration of traditional knowledge and genetic resources. Either through national strategies to ensure WTO TRIPS compliance or through particular development activities, GI legal frameworks and their implementation are becoming ever denser at global level.

### **Albanian case study - Chestnut of North Albania**

Albania has many fresh and processed food products (fruit and vegetables, medicinal herbs, meat products, dairy products, honey) which specificities origin from the region and /or tradition of their production. The production and marketing of significant number of such products is not well organized and there are only a few producers' organizations and associations dealing with the distribution of traditional products.

In 2008 Albanian Parliament passed the first Law on Geographical Indications of Products and Services. Since 2008 the protection of geographical indications and designations of origin in Albania has been provided under the Law on Geographical Indications and Designations of Origin of Products and Services. According to this Law the General Directory of Patents and Trademarks is the body responsible for the procedure of protection.

Only few agricultural and food products were protected with geographical indications according to the Law from 2008.

The protection of geographical indications as intellectual property shall be granted using the relevant registration procedure for indications. In addition to defining the geographical environment to which it refers, the request for the registration has to include the detailed description of the specific quality and characteristics resulting from the designated origin.

Chestnut produced in the North Albania is one of the products being prepared to receive the protection in accordance with the new Regulation. The BiodivBalkans project is a research-action project in Albanian mountains, aiming at crossing environmental injunction of biodiversity conservation with economic objectives of rural development in the poorest part of the country. It aims to create quality signs to support the local activity and to defend the specificity of the local products in the national market and abroad and also, at the same time, to guide the natural resources and other products (like chestnut) value chains support activities.

In the Project area (North of Albania), the chestnut is a good example of this agro biodiversity. Chestnut is an important activity and source of revenue for a large number of rural families.

### **METHODOLOGY**

A comprehensive inventory of the various localized productions suitable for such a scheme has been drawn up, through focused interviews with key resource informants. Based on this inventory, it was prepared a typology of the stakeholders, practices and representations associated to the local production. This typology has been used in gathering quantitative and qualitative data through structured interviews.

In the beginning of the project, with regard to the chestnut situation in the areas, a personal interview with producers of two producer groups was carried out. The goal of this interview

was to collect general information about chestnut production and specificities of the final product. Based on the interview results, it was prepared a questionnaire with different questions about chestnut farms and production, including chestnut production, distribution and sale, technology used, producers' satisfaction with buyers, knowledge about GIs, problems faced on chestnut business, etc. in two focused areas, namely Tropoja, and Reç.

The process was carried out into two phases. The first was carried out in May 2014 and the second one during October-November 2014. In total 100 questionnaires have been proceeded and analyzed.

In additional, some interviews with different value chain actors, like traders, exporters, representatives of Regional Agriculture Directorates and independent experts have been done, in order to better understand the potential and challenges regarding chestnut value chain development and challenges/problems in two regions.

In this paper are described the main characteristics of chestnut production, storage, marketing and local actors perception on GI for two regions.

## RESULTS

### a) Farms and Product description

Chestnut from the Tropoja and Reçi regions is a well known product in Albania. *Tropoja and Reçi regions chestnuts*. For centuries chestnut production was one of the main activities in the *Tropoja and Reçi regions* (in the north area of Albania), and local communities learned to identify, select, and graft some varieties of chestnuts, with sizes, shapes, and organoleptic qualities that vary from place to place, according to local practices and customs. Some chestnut varieties from *Tropoja and Reçi regions* are traditionally eaten boiled with every meal, replacing bread. Social, cultural, and economic life in the *Tropoja and Reçi regions* always revolved around chestnut production, a local product that is intimately connected with the territory (*terroir*). When chestnut production declined, introduction of hybrid varieties was considered, to meet the requirements of technical and commercial criteria. In order to create greater appreciation for their traditional form of production, farmers requested recognition of a denomination of origin (in 2013), covering many varieties of exclusively local chestnuts. The use of hybrids and chemical fertilizers is prohibited, and only traditional agroforestry is permitted. The denomination of origin protects, as a unit, the chestnut groves, local varieties, and methods of tree husbandry as well as the landscape.

Tropoja is a particularly mountainous area, with 72% of the population living in rural areas and is one of the most important areas for chestnut product. Chestnut forest of Tropoja is extended at 2500 ha, with approximate yield of 690 kg/ha and altitude of 250-700 m. In addition, the number of trees per ha varies according to the forest, with approximately 80-100 trees/ha, indicating a yield of approximately 7.5 kg/tree. Trunk of the chestnut plant has a height roughly 10-15 meters, with a diameter ranging from 80-120 cm. Chestnut crown diameter ranges from 5-7 meters, while branches begin from 1 to 1.5 m above ground.

In Reçi area approximately 600 ha is the surface of the chestnut forest with a production roughly 500-600 ton/year. However, 15-20 % of the production remains in forest not harvested. The massif contains 15 000 chestnut trees and about 250 years old. Chestnut production at 95% or 300-600 ton/year is exported to the Italy. The fruit of the Reçi chestnut contains 15-16% sugar, which is a good level for a better quality. The grain of the fruit has a

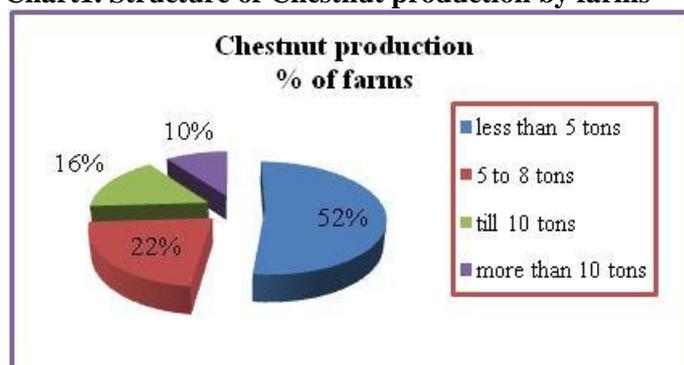
size bigger than the other districts and 1 kg contents 100 grains. Reçi's chestnut is extended over the sea level 300-600 m.

**Table 1: General Situation of chestnut in two regions, Reçi and Tropoja**

N.	Characteristics	Reçi Area	Tropoja area
1	Total surface	600	2500
2	Total number of trees	33 000	188600
3	Ownership	Local Government	Local Government
4	Use of the forest	From old owners	From old owners
5	Slope	10-25%	15-25%
6	Altitude over see level	300-600	250-700
7	Plant situation	Moderate	moderate
8	Diseases/Pests	Yes	Yes
9	Thinning (% of the total surface)	40%	20%
10	Cleaning soil from shrubs (% the total surface)	70%	35%
11	Mechanization (harvesting, cleaning soil from shrubs and weeds)	No	No
12	Level of losses during harvesting	Moderate	High
13	Access to paved streets	30%	29%
14	Harvested area (% of the total surface)	70%	40%
15	Total chestnut production (tons)	500	1500
16	Quality of the product	25 % market quality	No data available

The production of chestnut has a long tradition in two regions. More than 60% of farms have a tradition chestnut production longer than 100 years. Taking in account the total of two regions, the majority of farmers (52 %) produce less than 5 tons, about 22 % of producers produce 5-8 tons, 16 % produce about 10 tons and 10 % produce more than 10 tons. The chart below.

**Chart1. Structure of Chestnut production by farms**



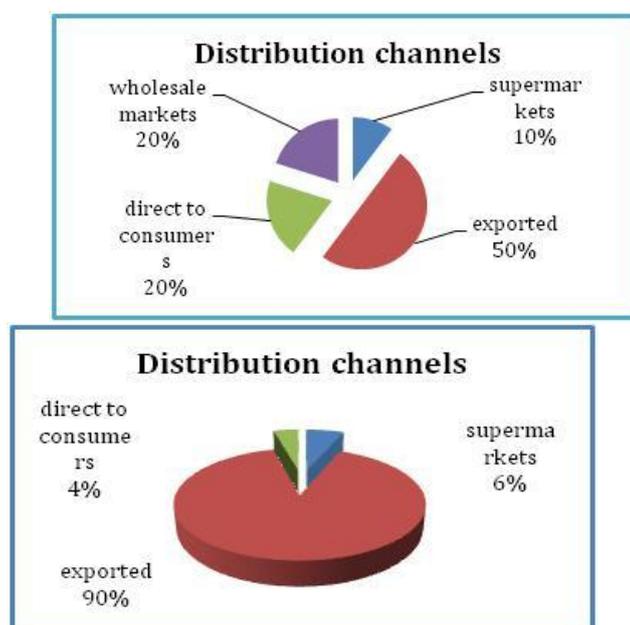
#### b) Marketing channels of chestnut

The chestnut commercialization is not everywhere well organized. In some areas, with higher chestnut production (ex. Reçi and Tropoja areas) there are collectors and wholesale traders that deal exclusively and continuously with fresh chestnuts, while in other areas commercialization is performed sporadically by traders that deal mainly with other agricultural products.

During the last two years chestnuts produced in Tropoja have been exported to Kosovo. Due to the short distance many farmers invented themselves as traders and started to export chestnuts. These traders sell the collected product also in the local market mainly in Tirana and Shkodra. Based on an assessment made by the Project, small traders collected last year almost 1500 tons, half of it was sold in Kosovo and half in the internal market.

The main chestnut trader's entity in Reçi area is "Reçi Prodhimtar" Cooperative. The production sold is something more than 500 tons. There is evidence of small volumes sold directly to domestic market. Almost 90% of the product is exported. The largest quantity is exported in Italy, where the cooperative has established good business linkages. Smaller volumes of the product are sold to Kosovo traders. The main Albanian market is the supermarkets in Tirana, Durrës and Shkodra cities. Based on the information provided this year about 25% of the product resulted of the first quality and 10% of the second quality. The rest (65%) is suitable for the processed product market, mainly in Italy.

**Chart2. Main distribution channels Tropoja region**      **Chart3. Distribution channels Reçi region**



Compared to some other fruits and agriculture products, producers of chestnut do not have problems with the chestnut sale. The price of the chestnut is around 120-140 lek/ kg. Since there is no selection and standardization of the product, the price is unique for the entire party of the production. It changes only according the season.

### c) Quality laboratory results of the chestnut in two regions

In the framework of the product identification the laboratory analysis of chestnut for both Reçi and Tropoja areas have been done. Table below shows the results of the analysis as follows.

**Table 2. Laboratory analysis for chestnut: Tropoja region (left) and Reci region (right)**

Evidence	Unit	Result
pH	-	6.31
The total acidity	%	0.02
Grace General	%	2.3
Report fruit / membrane	%	87.3
Weight of 100 grains	g	701
Report De / Dp	-	1.5

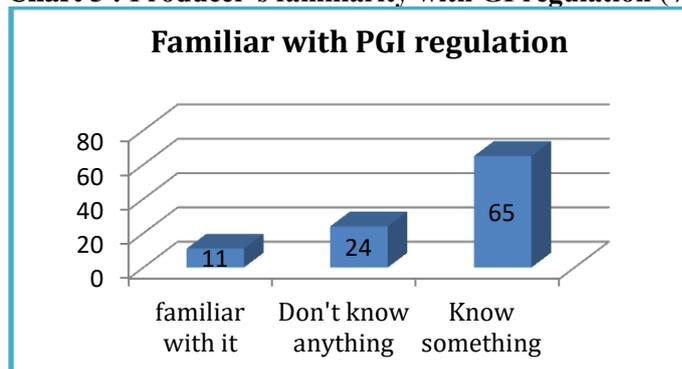
  

Evidence	Unit	Result
pH	-	6.07
The total acidity	%	0.087
Grace General	%	1.25
Report fruit / membrane	%	76.5
Weight of 100 grains	g	435
Report De / Dp	-	1.8/1.6

#### d) Producer's attitudes on protected geographical indication

There are three years that Biodivbalkans Project is supporting the protection of chestnut as geographical indication. There has been quite good promotion in the local media and from the chestnut producers associations.

Based on the survey, only 11% of the producers claimed to be very familiar with GI and its regulation, about 65% said that they already heard about protected geographical indication. 24% of the respondents had no knowledge about the regulation regarding protected geographical indication.

**Chart 3 : Producer's familiarity with GI regulation (%)**

## DISCUSSION

Since 2008 the protection of geographical indications and designations of origin in Albania has been provided under the Law on Geographical Indications and Designations of Origin of Products and Services.

The rural development of the Northern Albania can be improved through the creation of value added, and GIs are a possible means towards that end where products have particularities and a preferential position in markets.

Biodivbalkan project is supporting producers of chestnut in two regions of the country with aim to protect the northern chestnut with protected geographical indication. Within the Project was conducted the survey with producers of chestnut from two regions, Reci and Tropoja.

Laboratory tests carried out at the National Institute of Food Safety regarding to the components of chestnut confirmed very good results in relation to the acidity and ph level.

Most of the producers claimed not to have serious problems with the sale of their product. Most of chestnut product was exported in Kosovo and Italy and part of it to wholesalers and direct to consumers. Producers have significant problems about standardization and storage of the chestnut.

The farmers survey confirmed that producers are familiar with regulation regarding to geographical protection and most of them are interested in protecting their product.

The local capacity of producer organizations and municipal governments in the sites where GIs have potential is also a significant factor when looking at the feasibility of GI implementation. In both areas the local stakeholders (farmers, processors and traders) have a satisfactory level of organization, which should be strengthened.

Producers expect to obtain better selling price and to increase the marketability of their chestnut. Therefore, they are very willing to participate in the production of the chestnut with protected geographical indication and to follow the production and product standards set up by the future internal regulation. However, when it comes to the costs of the protection, regardless if it concerns costs of the process of the process of registration or future control of the production and final product farmers are less willing to participate in it.

## **CONCLUSIONS**

The rural development of Northern part of Albania can be improved through the creation of added value and Geographical Indication (GI) is a possible means towards that end where product has particularities and a preferential position in markets.

A distinctive sign-GI is under creation to protect chestnut as a unique product as well as to protect the territories from imitation and fraud with respect to their origin.

The local capacity of producer organizations and municipal governments in the areas where chestnut GI have potential is also a significant factor when looking at the feasibility of GI implementation.

While there are expectations that GIs will provide protection against copy, imitation, and fraud, their effectiveness is limited by the nature of the products and conditions in local territories and the weakness of regulations and institutional capacity for enforcement. Regarding to chestnut GI since the law and its regulations as well as many other regulations are not in force, there is the risk about the sustainability of chestnut protection against

imitation, fraud or false production. Thus, there is a need for various instruments to protect local products of biodiversity - primary and processed - to allow the benefits to be retained by local communities and committed producers and processors.

The results of the chestnut producer's survey will be taken in account during the process of protection of geographical indication as well as for marketing plan for this product.

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