

Extended Abstract

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Paper/Poster Title	Paper/Poster Title
	Balancing the Spirit of Innovation and Love for Traditional in Agrifood Territories of Origin

Abstract prepared for presentation at the 98th Annual Conference of The Agricultural Economics Society will be held at The University of Edinburgh, UK, 18th - 20th March 2024.

Abstract	200 words max
<p>The Geographical Indications (GIs) scheme implemented by the European Union ensures the safeguarding of exceptional traditional agri-food products that originate from specific demarcated regions. While this protection preserves the essence of tradition, it may also impede the adoption of innovative practices, which are considered crucial for bolstering competitiveness, sustainability, and resilience of the agri-food sector. The paper examines the influence of the GI scheme on innovation in the agrifood technological field at the territorial level by using Propensity Score and a dynamic staggered Difference-in-Differences model. The time dimension of such effect is therefore the main focus of this paper. The analysis is conducted at the Italian municipalities level over the 1999-2020 period and distinguishes between agricultural and food processing stages along the supply chain. Results show an overall positive effect, which is mainly driven by the agricultural technological field and the effects in the long run.</p>	
Keywords	Innovation, Patents, Economic Development, Geographical Indications
JEL Code	Q16; C23; Q55 see: www.aeaweb.org/jel/guide/jel.php?class=Q)
Introduction	100 – 250 words
<p>Innovations are considered crucial for bolstering competitiveness, sustainability, and resilience in the agri-food sectors and, nowadays, they are changing the world of winemaking. The EU Common Agricultural Policy (CAP) incentives and support the adoption of innovations recognising “<i>fostering knowledge and innovation</i>” as one of the ten key objectives of the 2023-2027 programming period. However, at the same time, also “<i>improve the response of EU agriculture to societal demands on food and health, including high-quality [...] food</i>” has been listed as a key objective. In this context, the socio-cultural traditions of the geographical origin have been enhanced as key drivers of quality resulting in the establishment of the European Geographical Indications (GIs) quality scheme. Looking at the two CAP objectives cited above, as well as the diffusion of the GI quality scheme as the key agri-food EU policy, a tricky question remains opened (FAO, 2018): how the traditional dimension of GIs can fit with innovation diffusion? As stated by Moerland (2019, p.1), in fact, “geographical indications and innovation do not seem to fit well together”. Being a traditional knowledge-based activities, the “traditional” nature of GIs may limit the development of new products or the adoption of new technologies. At the same time, however, innovators can be attracted to a GI area to participate in producing agri-food products with a high-quality reputation that are managed by specific</p>	

regulations. In the literature, there is no clear evidence about which are the effects of GIs on innovation, with the exception of Stranieri et al. (2023). With this paper, we attempt to provide evidence on what is the impact of GIs on innovation in the agrifood technological fields and more specifically to answer to the following research questions:

- does the diffusion of GIs spur, or conversely reduce, innovation in the agrifood technological field? (RQ1)
- does the GI effect change among supply chain stages? (RQ2)
- is there a time and a cohort-specific average treatment effect?

Methodology

100 – 250 words

To answer to the research question, this paper conducts the analysis at the municipality level over the 1999-2020 period in Italy by using a novel panel dataset from different sources of data. Methodologically, we implement Propensity Score Matching to clean the sample and Difference-in-Differences (DiD) models to estimate the impact. In particular, we use: (i) two-stages DiD to estimate the overall effect, (ii) dynamic DiD to estimate the time needed to become effective and (iii) staggered DiD to investigate the heterogeneity effect among municipalities with variation in treatment timing. The staggered version of the DiD model is the foremost approach to estimate the casual effect of multiple time period treatments that arrive at different points in time (Roth et al., 2023; Sun et al., 2021; Callaway and Sant’Anna, 2021).

Data on innovation are patent data from REGPAT and OECD Patent Quality Dataset (Squicciarini et al., 2013). Among technological field we select those related to the agricultural sector as well as those related to foodstuffs (food processing), at which we add the beer and wine industry.

Results

100 – 250 words

Is there a spirit of innovation in Geographical Indications’ territories? This paper says yes. Preliminary results show, in fact, that there is an overall positive effect of GIs on innovation diffusion, contradicting the idea that tradition and innovation cannot coexist.

Results show that GIs generates an overall increase in innovation. Time however matters as, when we implement the dynamic model, we find that positive and significant impacts emerge after some years from the acknowledgement. In the short run, in fact, there is not a significant effect of GIs on innovation. The positive effect is mainly driven by the agricultural technological field, while in the case of pure patents the effect seems to be no longer significant

Discussion and Conclusion

100 – 250 words

This paper adds to the existing literature by providing the first estimation of the effects of GIs on innovation over time at a micro territorial level (municipality), considering the entire set of agri-food patents (including wine and beer sectors) and disentangling the heterogeneity of the effect along the supply chain (agriculture vs food processing). Methodologically, it is the first contribution that relies on quasi experimental techniques.

This paper contributes therefore firstly to the existing literature about GIs, which has followed a perspective of analysis that neglects the supply chain, the local territorial dimension and the time dynamics. Secondly, the paper contributes to the economic literature about innovation, which has never discussed about the potential impact of agri-food quality scheme. Lastly, we inform the current policy debate on the new Common Agricultural Policy (2023-2024 programming period) and on the future GI reform (scheduled for the next years) by providing a welcome basis for discussing how these two main conceptual pillars of the current agri-food policy interventions, tradition vs innovation, can be addressed together. Findings show, in fact, the relevance of supporting the innovation dynamics of the agri-food sector without losing local identity.

The comprehensive findings offer valuable insights for addressing the issue of supporting innovation in the agrifood sector while preserving local historical productions.