

Extended Abstract

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Paper/Poster Title	Sending the certification home: Birthtown bias in Geographical Indications
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Abstract prepared for presentation at the 97th Annual Conference of the Agricultural Economics Society, The University of Warwick, United Kingdom

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Abstract	<i>200 words max</i>
<p>Are the birthplaces of Italian Regional council members favored in the acknowledgment of Geographical Indications (GIs)? Looking at the wine sector with municipalities' geo-referenced data over the 2000-2020 period, we find that councillors' birth municipalities obtain more GIs.</p>	
Keywords	Political Economy; Geographical Indications; Rural Development
JEL Code	D72; Q18; L66. see: www.aeaweb.org/jel/guide/jel.php?class=Q)
Introduction	<i>100 – 250 words</i>
<p>Empirical evidence exists showing how elected policymakers make strategic use of public resource allocation at the territorial level in favour of their preferred areas, localities that have supported them in previous elections or their own hometowns and native areas. Several are policy outcomes by which political favouritism can manifest itself. In this paper, we tests birth town favouritism on the implementation of a specific EU socio-economic development policy tool: the Geographical Indication quality scheme. The process of becoming a GI is initiated by local producers and mediated by local policy authorities which aim to benefit from the positive socio-economic effects generated by GIs at both individual and territorial levels. At the same time, authorities are the main bodies responsible for designing and targeting of the EU Rural Development Programs (e.g., which measures activate or which productions support) and their decisions can influence the agri-food system characteristics, favour privileged interests, and affect farming specialisation and public investment choices.</p>	

The achievement of a GI may therefore be affected by policymakers who can mediate from different perspectives both the development of local agri-food systems and the GI certification decision. This issue is here investigated for the first time.

Methodology

100 – 250 words

Our analysis is based on a geo-referenced municipality-year panel data set over the 2000-2020 period and use regional legislators' birthplaces and wine PDOs data to study whether birthplaces of members of regional councils are more likely to obtain GIs in Italy. As of 2022, Italy is the country with the highest number of GIs, with the wine sector leading the GIs market, 526 GIs. At the same time, PDOs as they are the only type of GIs that are completely processed within the region of origin. To estimate the impact we set up a DiD study design comparing municipalities with and without GIs before and after the elections between two groups. We use lagged information about elections to exclude reverse causality municipal and year fixed effects to account for unobservable and spatial lags for spatial correlation.

Results

100 – 250 words

Results show that the hometowns of regional councillors obtain more PDOs, confirming the hypothesis of hometown bias in GIs. The effect of being the birthplace of regional councillors on the municipal GIs is positively associated with being a GI municipality. Its sign and significance do not change in all the extended specifications. Overall, the opportunity for protecting local quality advantages in the agri-food industry and benefiting from their economic spill-overs depend, among other place-sensitive factors, on the meditative role of local politicians. Results suggest some interesting policy reflection, given that GIs have been endorsed by the role played by drivers of socio-economic benefits at the micro territorial levels.

Discussion and Conclusion

100 – 250 words

GIs represent the richness and diversity of EU food and wine heritage. This paper investigated, for the first time in the literature, the issues of whether the policy institutions affect the possibility for municipalities to become a PDO region of origin in Italy. Findings show that a birth-town bias exists: municipalities of legislators' birth towns are more likely to obtain GIs. Even though this study was focused on Italian PDO wines, the results lead to some reflections on policy advice in light of the EC proposal for the revision of the current GI system, which should be approved in the next few years. To strengthen the existing system of GIs, the EC stresses the need to (i) shorten and simplify the registration procedure and (ii) delegate more power to producer associations who will be empowered to manage, enforce and develop their GIs. On the one hand, the aim of shortening the time of the registration process signals the need for knowing which are the contextual conditions that support the inclusion of municipalities within GI areas and for making easier the certification procedure easier from an administrative point of view. On the other hand, promoting producers' ownership requires the awareness of the fact that supporting them and converting their productions in cases of success, requires the implementation of community-based and space-sensitive projects over the coming years and in tandem with other EU policies.