



# **Value of production of agricultural products and foodstuffs, wines, aromatised wines and spirits protected by a geographical indication (GI)**

**TENDER N° AGRI-2011-EVAL-04**

**Executive summary**

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## ***Abbreviation list***

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EU: European Union

EU 27: All 27 Member States of the European Union

HL: hectolitre

HLP: hectolitre of pure alcohol

GI: Geographical Indication

M€: millions of euros

MHL: millions of hectoliters

MHLP: million of hectolitre of pure alcohol

MS: Member State

PDO: Protected Designation of Origin

PGI: Protected Geographical Indication

PRODCOM: European statistics on the production of manufactured goods

# **1. Objectives, scope and methodology of the study**

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## **1.1. Objective**

This study was an update and expansion of a previous study: “Value of agricultural production under protected designations of origin (PDO) and protected geographical indications (PGI)” (Tender N° AGRI–2008–EVAL–02) performed in 2009 for the DG AGRI of the European Commission. It covered GIs registered under Council Regulation (EC) No 510/2006 (period covered 2005-2008).

The present study aimed to 1) update the database for the period 2009-2010; 2) expand and complete the database with data on the volume, value and trade of production for each wine, aromatised wine and spirit registered under GI for the period 2005-2010; 3) analyse the value premium received by products bearing a registered name, to assess the evolution of value, volume and trade of geographical indications during the period 2005-2010; and, finally, to compare the situation with standard products and between different GI products and sectors at EU and Member State levels.

## **1.2. Scope**

The data collection covered 2 768 GIs in the 27 Member States of the European Union in 2010. It referred to 4 regulations:

- Reg. (EEC) No 1601/91: aromatised wines (4 GIs, 0.1% of the European GIs);
- Reg. (EC) No 510/2006: agricultural products and foodstuffs (867 GIs, 31.3% of the European GIs);
- Reg. (EC) No 1234/2007: wines (1 560 GIs, 56.4% of the European GIs);
- Reg. (EC) No 110/2008: spirits (337 GIs, 12.2% of the European GIs).

More than 80% of GIs were registered in 6 member states: Italy, France, Spain, Greece, Portugal and Germany.

The study took into account the sales at wholesale stage at regional level, transport and taxes excluded (ex-dairy stage; ex-slaughterhouse stage; ex-factory stage, ex-winery stage...).

In the wine and spirit sector, value was estimated on the base of a bottle price for the national market (estimated ex-area of production stage) and a price taking into account bulk and bottle sales on EU markets and extra EU markets, depending on trade statistics (COMEXT).

## **1.3. Data collection methodology**

The data presented in this report were based on: centralized data (at the European or national level), completed as needed by expert interviews (67% of GIs); a direct survey among producers and producers' groups identified (27% f GIs); an indirect survey when no producers and producers' group could be identified (6% f GIs). When no individual information was available, individual data has been estimated and combined with aggregated data and other sources of information (21% of GIs).

## 2. Sales value of GI products

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### 2.1. EU level

The estimate of the sales value of GI products in 2010 was €54.3 billion. More than half (56%) was accounted for by wines; almost a third (29%) was by agricultural products and foodstuffs; with spirits representing 15% and aromatized wines 0.1%.

**Table 1 - Sales value by category in the EU27 between 2005 and 2010 (M€)**

	2005	2006	2007	2008	2009	2010	% 2010
<b>Wines</b>	27 963	28 900	30 884	31 363	29 025	30 376	55.9%
<b>Agri. prod. and foodstuffs</b>	13 284	13 457	13 891	14 238	14 525	15 790	29.1%
<b>Spirits</b>	7 168	7 555	8 101	7 793	7 126	8 149	15.0%
<b>Aromatised wines</b>	31	31	31	31	31	31	0.1%
<b>Total</b>	<b>48 446</b>	<b>49 943</b>	<b>52 907</b>	<b>53 425</b>	<b>50 707</b>	<b>54 346</b>	<b>100%</b>

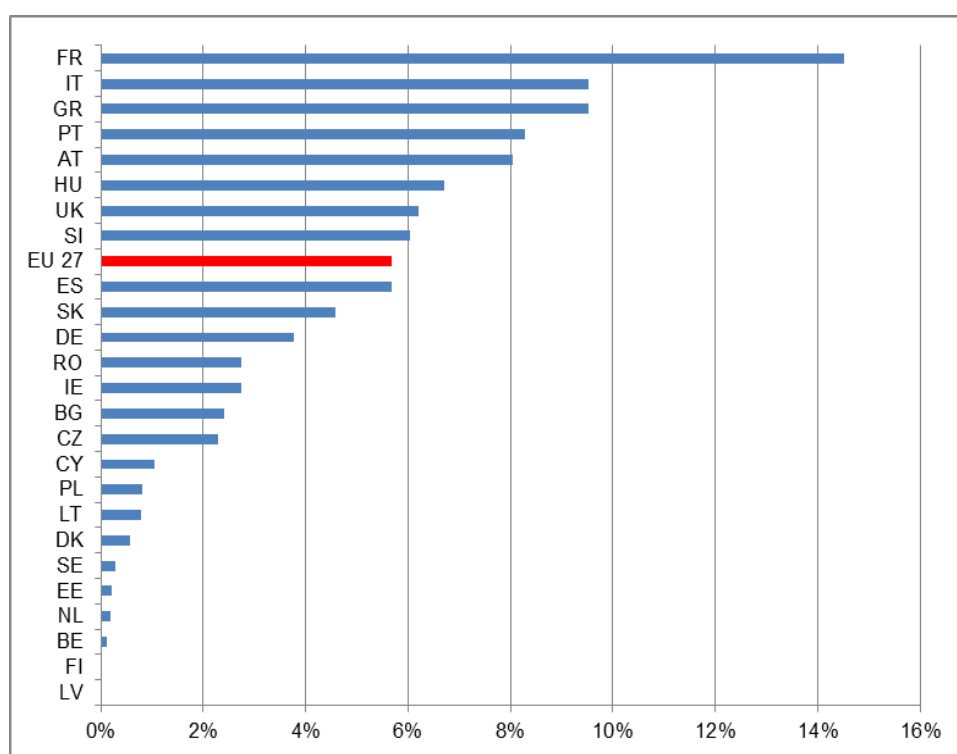
Source: AND-International survey for DG AGRI

Sales value grew by 12% from 2005 to 2010 for all GIs. The sales value for agricultural products and food stuffs under GI had the greatest increase in the period (+19%).

The average sales value by GI was €19.6 million but 50% were smaller than €1.1 million. In 2010, 27% of sales value was gathered by 7 GIs larger than €1 billion (0.3% of the GIs) and no sales were identified for 14% of the GIs.

The sales value of the European food and drink sector was estimated at €956 billion in 2010 (source: FoodDrinkEurope); the share of GI was 5.7% in 2010.

**Figure 1 - Share of national GIs in the sales value of national food and drink industry**



Based on AND-international survey for DG AGRI and FoodDrinkEurope

## **2.2. Sales value by Member State**

Italy and France were the leading MS, accounting for 60 % of the total GI sales value and having 3 similar characteristics: a large number of GIs; a balance in the total sales value between the different schemes; more than 9% of the food and drink sector under GI.

The next MS were Germany and the United Kingdom (21 % of sales value). These MS were characterised by large scale GIs which allowed these MS to rank in third and fourth places with a limited number of GIs compared to other MS. This last point was also shared, to a lesser extent, by Ireland (ninth place), Poland (eleventh place) and the Czech Republic (thirteenth place). They accounted for 2% of the EU sales value.

Spain, Greece and Portugal ranked at the fifth, sixth and seventh place. Even if a large number of GIs was registered in each of the MS, they only accounted for 13% of the EU sales value. However, GIs represented more than 8% of the total food and drinks sector in Greece and Portugal but only 5.6% in Spain.

Another group of MS was characterised by a large share of wines in the total sales value (from 79% to 99.9%). This group was composed of Austria, Hungary, Romania, Slovakia, Slovenia, Cyprus and Malta. They accounted for 3.8% of the EU sales value.

A last group was composed of MS in which the impact of GIs was still limited in term of sales value (€106 million in 2010 in the leading MS) and in term of share in the total food and drinks sector (less than 1% in each MS). This group constituted Denmark, The Netherlands, Sweden, Belgium, Luxembourg, Lithuania, Estonia, Finland and Latvia. These MS accounted for 0.7% of EU 27 sales value.

The following table presents the sales value by scheme in the main MS in 2010.

**Table 2 – Sales value by scheme in the main MS in 2010 (M€)**

	Wines	Agri. prod. and food.	Spirits	Arom. wines	Total
FR	15 714	3 045	2 094	s	20 854
IT	5 690	5 982	134	s	11 806
DE	2 277	3 375	76	s	5 728
UK	13	1 059	4 434	0	5 506
ES	3 502	869	207	0	4 578
PT	1 082	73	4	0	1 158
GR	203	753	102	0	1 058
AT	734	139	58	0	932
IE	0	29	578	0	607
HU	470	17	9	0	496
Others (17 MS)	691	445	135	0	1 271
<b>EU 27</b>	<b>30 376</b>	<b>15 790</b>	<b>8 149</b>	<b>31</b>	<b>54 346</b>

Source: AND-International survey for DG AGRI

s: statistical confidentiality

Note: for confidentiality matters, aromatised wines scheme data are not detailed by MS. Total sales value in France, Italy and Germany don't include aromatised wines data

## **2.3. Exports**

Based on data collected with the survey and COMEXT data, it was estimated that, in 2010, sales of GI products to third countries were €11.5 billion, representing 15% of all extra-EU trade for food and beverages. Nearly half of those exports of GI products were wines (51%), the value of GI spirits exports amounted to 40% and agricultural products and foodstuffs to 9% of the EU GI exports.

The United States was by far the leading destination country, with €3.4 billion of imports of EU GI products (GIs accounted for 30% of total food and beverages imports from the EU). Switzerland, Singapore and Canada came next, with €839 million, €829 million and €729 million respectively.

Exported GI products came mainly from France, the United Kingdom and Italy. Products originating from these 3 MS represent 86% of total extra-EU exports of GI products, with 40%, 25% and 21% respectively. In the three cases, exports are pulled up by a very small number of designations: Champagne and Cognac in France; Scotch Whisky in the United Kingdom; Grana Padano and Parmigiano Reggiano in Italy.

The overall structure of trade had been fairly stable between 2005 and 2010. The domestic market remained the most important market for GI products with 60.1% of the total sales value, while intra-EU trade reached 20.4% and extra-EU trade 19.5%.

### **3. Sales value by scheme**

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#### **3.1. Wine**

In 2010, the total sales volume of GI wines was 87 Mhl. Five MS represented 89% of this: France, Italy, Spain, Germany, and Portugal. About 70% of this volume was PDO and 30% PGI. The sales value of GI wine was estimated at €30.4 billion; PDOs represented 85% of the sales value and 69% of the sales volume. France was the leading MS in terms of sales volume (35%) and sales value (52%). The average price of French wine under GI (whether taking Champagne into account or not) was notably higher than the EU average. The second MS, Italy, accounted for 27% of sales volume and 19% of sales value.

The share of GI wine in EU wine sales was about 50% from 2005 to 2010 (35% for PDOs and 15% for PGIs). This share was highly different among MS, this being 87% in Germany, 67% in Austria, 66% in France – but only 48% in Italy and 32% in Spain.

#### **3.2. Agricultural products and foodstuffs**

In 2010, the total sales value of agricultural products and foodstuffs under GI was €15.8 billion in 2010. The main sectors were cheeses (39%), meat products (20%) and beers (15%). Fresh meat and fruit and vegetables sector represented 6 to 8% of the EU sales value.

Between 2005 and 2010, we noted a global growth of the sales value of 19% on the agricultural products and foodstuffs scheme. Two-thirds of growth was due to GIs products registered before 2005 and one third was due to registration of new GIs.



**Table 3 - Sales value of agricultural products and foodstuffs under GI in the EU 27 (M€)**

	2005	2006	2007	2008	2009	2010	% 2010	Evol 2005/10
<b>Cheeses</b>	5 276	5 288	5 489	5 651	5 778	6 307	40%	+20%
<b>Meat products</b>	2 395	2 451	2 579	2 759	3 095	3 157	20%	+32%
<b>Beers</b>	2 301	2 407	2 361	2 366	2 390	2 364	15%	+3%
<b>Fresh meat</b>	1 037	1 011	1 095	1 116	1 155	1 244	8%	+20%
<b>Fruit, vegetables and cereals</b>	771	764	901	864	849	978	6%	+23%
<b>Fresh fish, molluscs, and crustaceans</b>	s	s	s	s	s	443	3%	s
<b>other products of Annex I</b>	107	102	124	144	134	369	2%	+246%
<b>Oils and fats</b>	359	377	335	348	343	346	2%	-4%
<b>Bread, pastry, cakes...</b>	291	268	280	284	272	279	2%	-4%
<b>Natural mineral and spring waters</b>	145	146	144	145	143	143	1%	-1%
<b>Other products of animal origin</b>	48	45	47	49	68	71	0%	+49%
<b>Others</b>	25	68	71	73	55	87	1%	+245%
<b>Total</b>	13 284	13 457	13 891	14 238	14 525	15 790	100%	+19%

Source: AND-International survey for DG AGRI

s: statistical confidentiality

In 2010, the sales volume of **cheeses** under GI in the EU 27 was estimated at 866 000t and the sales value at €6.3 billion. Italy, France and Greece gathered 90% of GI cheeses' sales value and 88% of sales volume: Italy (54% of sales value), France (25% of sales value), Greece (11% of sales value). GIs represented 38% of the Italian cheese sector, 10% in France and 54% in Greece in terms of sales volume.

The volume of GI **meat products** sold in the EU 27 in 2010 was estimated at 346 000t for €3.2 billion. This category consisted of cured meat (74% of sales value) and cooked meat (26% of sales value). Italy (59% of sales value) and Germany (22% of sales value) were the main MS in this sector, the third was France (11% of sales value), the fourth was Spain (5% of sales value). In Italy, the GIs represented 26% of the national cured meat sector in 2010 (relatively stable on the period), but only 5% of the cooked meat sector in terms of sales volume. In Germany, GIs represent 3.6% of the cured meat sector and 2.8% of the cooked meat sector in terms of sales volume.

In 2010, the sales value of **beers** under GI in the EU27 was estimated at €2.4 billion (25 Mhl). Three Member States produced beers under GI: Germany; the Czech Republic; the United Kingdom. With 12 beers under GI, Germany represented 95% of the sales volume and value of this sector. Beer under GI represented 27% of total beer sales volume in this MS.

The sales value of GI **fresh meat** in the EU 27 in 2010 was estimated at €1.2 billion, and that the sales volume was estimated at 253 000t. The United Kingdom was the

leading MS with 57% of sales value in 2010, followed by Spain (24%) and France (10%). Bovine was the leading GI sector with 46% of EU sales value in the fresh meat sector: bovine, poultry and lamb had 80% of the sales value. While most poultry sales under GI were due to French GIs, bovine and lamb sales were spread among several MS. Nevertheless, the United Kingdom remains the leading MS in each of these two GI sectors (lamb and beef). In the United Kingdom, GIs represented 8.1% of bovine sector and 14.1% of lamb sector in term of sales volume. In Spain, GIs represented 4.9% of the sales volume of national bovine sector and 2.5% of lamb sector. In France, GIs represented 8.1% of poultry sector in term of sales volume.

### **3.3. Spirits**

The estimate of the GI sales in spirit sector was €8.3 billion and 5.2 MHLPA in 2010. Whisky and wine spirit represented 75% of this amount and a few GIs played an important role: Scotch Whisky, Cognac and, to a lesser extent Irish Whisky and Armagnac. The most important MS in terms of sales value are the United Kingdom and France (79% of total sales value) followed by Ireland, Poland, Spain, Portugal, Italy, Greece and Germany. GIs represented 30% of EU sales volume in spirits sectors.

### **3.4. Aromatised wines**

A large part of data had been estimated for GI in the aromatised wine sector. The sales value of these GIs was estimated at €31 million in 2010, which represented 0.06% of the total sales value of the GI products. The average sales value per GI was €7.8 million which was higher than the median size of GIs from all schemes.

## 4. Value premium rate

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### 4.1. Methodology

The comparison of GI and non-GI prices led to the calculation of a value premium rate for each sector in each MS. The method of calculation was as follows:

$$\text{Value premium rate} = \sum (\text{GI volume} \times \text{GI price}) / \sum (\text{GI volume} \times \text{non GI price})$$

For instance, a value premium rate of 2 means that GI products were sold for twice as much as non-GI products for the same volume. The analyses were based on the year 2010, and the prices retained were at the regional wholesale stage (ex-factory/ex-winery).

**Value premium rate reflected the market positioning of GI products but did not reflect the value added and profitability of the GI schemes because it did not take into account the economic impacts of compliance with GI specifications (additional costs and foregone earnings).**

### 4.2. Results

The average value premium rate in the EU 27 was 2.23. Behind that average, there was a variety of situations. The value premium rates were higher for wines (2.75) and spirits (2.57) than for agricultural products and foodstuffs (1.55).

The value premium rates differed greatly among the schemes in the main MS: from 4.22 for French spirits to 1.07 for agricultural products and foodstuffs in the United-Kingdom. The most important MS in each scheme benefited from high value premium rates (3.4 for French wine, 1.73 for agricultural products and foodstuffs in Italy and 2.25 for spirits in the United Kingdom).

The total value premium of EU 27 GIs was estimated at €29.8 billion. Wines contribute 65% (€19.3 billion); agricultural products and foodstuffs 19% (€5.6 billion) and spirits 16% (€4.9 billion).