



## POLICY BRIEF February 2021

# CHINA: A NEW SAFE MARKET FOR GREEK AGRI-FOOD PRODUCTS WITH GEOGRAPHICAL INDICATIONS

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### Executive Summary

The current policy brief deals with the agreement between China and the European Union on geographical indications. The analysis attempts to demonstrate opportunities presented for Greek producers and the Greek trade balance thanks to the new agreement. In addition, the analysis focuses on products that will be legally protected in China from 2021 and does not refer to products that will gain protection status after four years. Finally, some proposals are presented in order for the new agreement to become immediately beneficial for Greek producers.

### Introduction

At the beginning of 2021, the bilateral agreement between the European Union and China enters into force. According to the agreement, one hundred European products bearing Geographical Indications will be protected against imitations and misuse of a product's name in China. The same framework will apply to one hundred Chinese products in the European Union. The agreement, within four years, will be extended to include a further 175 European and Chinese products. The current list includes significant Greek products (Samos wines, Chios mastic, feta, ouzo, olive oil from Sitia, and olives from Kalamata).

Considering that Greek exports to China have been increasing in recent years, the EU-China agreement will benefit the Greek trade balance. Moreover, China was the second destination of European agri-food products with geographical indications, which means that a huge market is opening for Greek producers. The globally recognized biodiversity of Greece and the use of traditional know-how in the production will make Greek protected agri-food products highly competitive in the Chinese market, which is largely unexplored by small and medium-sized Greek producers. The reluctance of Greek producers towards China is due to the fact that in the past imitations of Greek products were found in the Chinese market. The new agreement creates a security framework, which finds a positive response from Greek producers, who intend to increase gradually their exports to China.

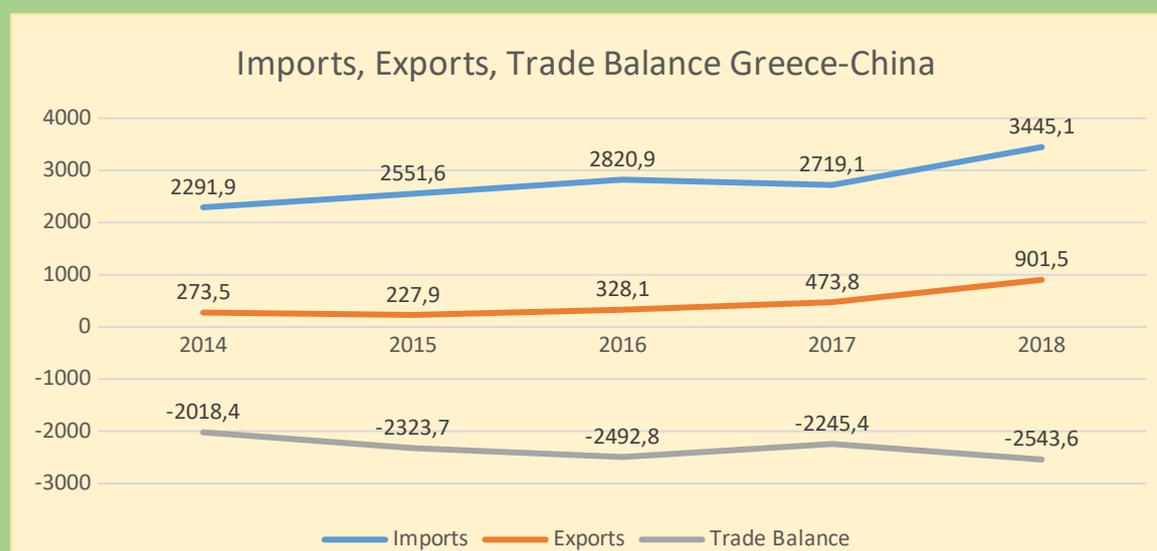
### China a new safe market for Greek producers thanks to the EU

An overview reveals that Greece currently has 113 agri-food products and 147 wines protected by geographical indications. Products with geographical indication are legally protected through the EU intellectual property system from counterfeits in the European Union and in third countries with which the European Union has signed agreements. These products represent traditional agricultural know-how and a unique climate. Therefore, products with geographical indications ensure uniqueness.



Global recognition of a product increases its added value. As a result, the profit of the producers is maximized and at the same time, the appropriate conditions are created for profitable investments in the field of agri-food production. Moreover, local economies are developed, and new jobs are created. On the other side, the state accomplishes the goals of regional development and obtains new taxable income.

Taking into consideration these facts we comprehend the importance of the EU-China agreement on geographical indications. More specifically in the case of Greece, the agreement comes at a time when exports to China are constantly increasing. Greek agricultural products represent 4% to 5% of exports to the Chinese market annually. Olive oil is the Greek agri-food product with the highest demand in the Chinese market. In 2019 Greece exported 214 tons of extra virgin olive oil to China with a total value of 1.15 million euros.



**Source: Greek Ministry of Agricultural Development**

The Chinese market remains largely unexplored by Greek producers of agri-food products with a geographical indication. If we bear in mind that 80% of counterfeit products were confiscated in China by the European Union, we will find out the reason why Greek producers restrict their exports to China. The new agreement provides Greek producers with the legal framework they sought to protect their products from imitations in the Chinese market. An important advantage of the Chinese market in addition to its size is that Chinese consumers are trained in quality systems and geographical indications. Consequently, there is a unique opportunity for Greek producers to increase their income and for Greek trade to improve its balance.

Samos wines, ouzo, Chios mastic, feta, olive oil from Sitia, and olives from Kalamata are the Greek products with a geographical indication that will be protected in the Chinese market thanks to the new agreement.



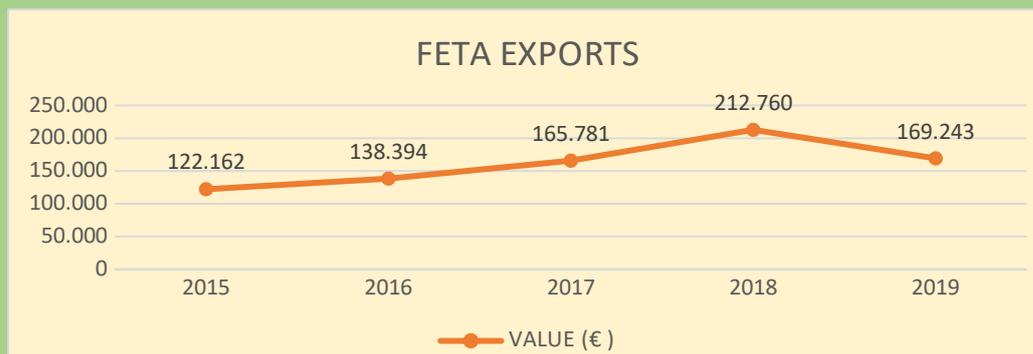
The Chinese market has great prospects due to its size and its macroeconomic data. As a result, mastic producers already export to China. In 2019 mastic exports to China are estimated at 20000€ showing an increase of 5000€ compared to 2018. It is estimated that the new agreement will strengthen the presence and recognition of mastic in the Chinese market. A key element is that in China other resins and oils have been identified in the past that claim to be Mastic, negatively affecting the image of the authentic and unique Chios Mastic confusing consumers. The new agreement comes to put an end to these practices, thus protecting Chinese consumers and ending the lost profits of our producers.

IND.AROMA	2018	Mastic Oil PDO, Chios Mastic PDO	15395€
WSL.FOOD	2019	Mastic Oil PDO, Chios Mastic PDO	12644€
WSL.AROMA	2019	Mastic Oil PDO, Chios Mastic PDO	7486€
IND.COSMETIC	2019	Mastic Oil PDO, Chios Mastic PDO	65€
	2019	TOTAL	20195€

**Source: Greek Ministry of Agricultural Development**

Feta exports to China have been growing steadily over the past five years. While in 2015 14 tons of feta worth 122162€ were exported to China, in 2019 23,18 tons worth 169243€ were exported. Many cheesemakers have expressed a desire to join the Chinese market if the new deal boosts demand for feta. If cheesemakers who are not previously active in China, such as feta producers in Ellassona, start exporting to the Chinese market, we will see the growth of many local, peripheral, and isolated areas of Greece. The development of rural and border regions will result in the reconstruction of the countryside and the increase of the living standard of its population.

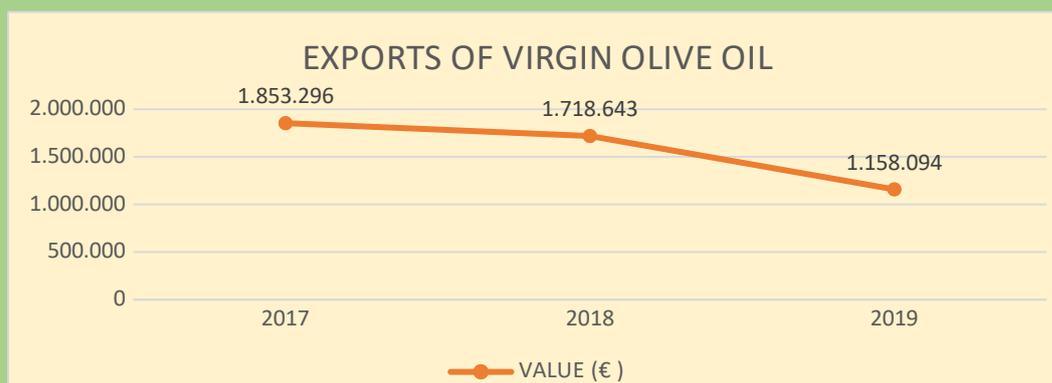




Source

### : Greek Ministry of Agricultural Development

Although olive oil is the predominant agri-food product exported to China, it is a special case. Olive oil requires "training" of Chinese consumers so that they can include it in their diet. The Chinese mainly use other oils in their diet. For this reason, olive oil exports to China fluctuate annually. In 2017 olive oil exports amounted to 316,4 tons, in 2018 exports increased to 351,4 tons, while in 2019 they decreased to 241,7 tons. Consequently, it is necessary to strengthen the Olive Oil brand to achieve a steady increase in olive oil exports to China.



Source: Greek Ministry of Agricultural Development

Promoting Samos wines, ouzo, and olives in the Chinese market is a challenge for Greek producers and Greek exporters. Samos wines will face competition from wines from Spain and Chile. Olives and ouzo are not part of the Chinese taste. However, these are products that are already available in the Chinese market with their demand gradually increasing every year. The quality and reputation of those products are already known to the Chinese consumer public. The new agreement strengthens them and promotes them even more.

### Conclusions

EU-China agreement is an opportunity to protect and promote European agri-food products exported to China. The geographical indications do not imply the restriction of imitations. The new agreement creates the legal framework to minimize the misuse of geographical indications, thus encouraging producers to export extensively to the Chinese market. If we consider the report of the European Observatory on Intellectual



Property Infringements, we will find that the agreement secures profits and jobs in the agri-food sector<sup>1</sup>.

According to the data provided, Greece already has a strong brand in the Chinese market. The strong Greek brand can be further strengthened thanks to the new agreement and the willingness of Greek producers to increase their exports to China. The data also show that the demand for Greek agri-food products included in the agreement has been steadily increasing over the last five years. Increased demand is a factor that allows us to increase our exports to China. Consequently, increased demand leads to increased production.

The most important is that the regions of origin of the geographical indications will be specialized in differentiated forms of agricultural production<sup>2</sup>. As a result, these regions will acquire investment interest. The investments, that will be implemented, will lead in the long run to the integrated development of these areas. The reason for referring to integrated development is because the production, processing, and preparation of products with geographical indications takes place mainly in their regions of origin. The increase in production and manufacturing processes will lead to the creation of new jobs and an increase in income. Therefore, there will be also an increase in living standards.

### Recommendations

In order for Greek producers to reap the benefits of the agreement, we must take certain measures.

We know that China is one of the countries on which the European program for the promotion of European agricultural products focuses on. Dairy, wines, and olive oil are some of the areas the program focuses on. Therefore, all the Greek products included in the new EU-China agreement can be promoted in the Chinese market through exhibitions of agri-food products that will be fully funded or co-financed by this program. The utilization of this financial tool will save for the Greek producers the huge expenses that would be required for the promotion of their products in China.

It is also proposed to link the agricultural sector with the tourism sector. This strategy has always been a priority of the Greek governments. The effective implementation of this strategy is best achieved by dividing it into several sectors, one of which will be products with geographical indications. As an immediately feasible goal should be the creation of a special website through the platform “Visit Greece” which will list all the agri-food products produced by the country. Furthermore, the products with geographical indication should have on the website a special marking, which will inform the visitor about the way of production, as well as in which international markets the specific Greek product can meet. The upgrade of the “Visit Greece” platform can be done through the financial resources of the NSRF program.

<sup>1</sup> Every year the European spirits and wines sector loses 6049 jobs and €2.4 billion due to imitations.

<sup>2</sup> Geographical indications indicate traditional know-how and microclimate.



Agritourism and gastronomic tourism can be the tool with which tourists will learn about Greek products with geographical indications. Tourists can learn about the traditional know-how and the environmental conditions that distinguish products with geographical indication during tourist activities. Finally, tourists upon their departure from our country will be informed either through brochures or via email about the agri-food products that Greece exports in their homeland.



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