

## Padua 2017 Abstract Submission

### I want to submit an abstract for:

Conference Presentation

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### Keywords

geographical indications, trade, wine regulations

### Research Question

In this paper we explain how geographical indications (GIs) and ‘terroir’ have historically emerged as important wine regulations, and how their emergence is related to trade, economics and politics.

### Methods

Historical Political Economy Approach

### Results

In this paper we document that reducing asymmetric information and rent creation were important arguments and that trade has played a crucial role in the establishment of the first GIs.

### Abstract

In his 2006 paper “The War on Terroir”, Tim Josling argues that “terroir, the concept of an essential link between location of production and a specific quality attribute, is emerging as a contentious issue in trade negotiations and disputes. This issue is manifest through disputes and disagreements about appropriate protection of ‘geographical indications’ (GIs)” and that the disputes are spreading though the inclusion of GI protection in various regional and bilateral trade pacts.

Linking quality attributes to terroir (GI) can have both equity and efficiency effects—as standards in general (Swinnen et al., 2015). GIs can reduce information asymmetries, thus improving efficiency, but can also create rents for those who own the production factors (such as land owners and vineyard owners). These (potential) mixed effects are at the earth of current trade disputes.

However, the relationship between trade and terroir is nothing new. In fact, trade is a key reason why GIs have been introduced historically. In this paper we document that reducing asymmetric information and rent creation were important arguments and that trade has played a crucial role in the establishment of the first GIs. The role of ‘terroir’ has been particularly important in wine regulations, especially in Europe (Ashenfelter, 2008; Cross et al., 2011; Gergaud and Ginsburgh, 2008).

Historically, the wines that were traded were the better quality wines which survived travel for long distances without losing substantial characteristics as flavor, and whose prices covered transportation costs. Hence trade and quality were linked inextricably. Guaranteeing quality was therefore also important for trade. This can be done both by government regulations or private initiatives.

In this paper we explain how geographical indications (GIs) and ‘terroir’ have historically emerged as important wine regulations, and how their emergence is related to trade, economics and politics. As we explained in Meloni and Swinnen (2013), wine “quality” regulations can have both efficiency enhancing and rent distributional effects. These regulations almost always affected both public and private interests. Regulations to reduce information asymmetries or remove specific (‘disloyal’) grapes, also affected certain (powerful) interest groups. Therefore, it is important to study the political motivations of the introduction of these regulations.

Quality concerns, ensuring safety and preventing fraud, have been important issues in the wine market since production of wine started. One can find examples of regulations to influence wine quality in ancient and more recent history. Stamped seals, inscriptions and numbers in the amphorae were used in Ancient Egypt and in Ancient Greece. During the Roman period, the name of the consul on the amphorae indicated the year of vintage—when the wine was produced (Antonaros, 2006; McGovern, 2007, 2009; Redding, 1860). Today, the EU’s wine “quality” regulations, include winegrowing and production rules (as regulations on grape variety, minimum and maximum alcohol content, maximum vineyard yields, the amount of sugar or the additives that can be used—i.e., “oenological practices”), and rules on labelling.

In this paper, we analyze the historical origins of four historical case studies and relate them to various political pressures. While wine labels were already used in Egypt in the third millennium BCE to document the wine’s places of origin, the first explicit link between wine quality and a specific regional delimitation is from the Burgundy region in France during the late Middle Ages. Next, we analyze how the lucrative British market for high quality wines induced a series of regulations in Italy (Chianti) and Portugal (Port) to protect wine producers’ interests and combat frauds. Finally, we explain the birth of the Appellations of Origin (AO) system in France and the creation of the first AO Champagne.

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