Recent Trends in Labeling and Identification of Agrifood Products in North America

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Use of Slogans to Link Products with a State

- A Taste of Iowa
  Il Gusto dell'Iowa
- Wisconsin Real Cheese
  Autentico Formaggio del Wisconsin
- Dakota Flavor
  Sapori del Dakota
- Ohio Proud
  Orgogliosamente dell'Ohio
- Taste the Freshness of Michigan
  Prova la Freschezza del Michigan
Meaningless Advertising Slogans Cannot Generate Value to Food Producers

• Only the “formaggio del Wisconsin” slogan is consistent with what some producers in the state are doing.

• No restriction on application of slogan.

• No organization has a profit incentive to maximize the value of the slogan.
Identification of Production as Being “Local”

• Local production consumed locally (basis for California cuisine)
  – Local “farmers markets” for restaurants and in-home consumption
  – Supermarket procurement of in-season produce

• “Local” is a marketing signal
  – Product is fresh (less delay from field to table)
  – Producer sales linked to their own reputation for quality
  – Profits stay local

• Can generate some profits but still a tiny fraction of U.S. ag production.
Use of a Region Name that is Associated with Artisan Food

Producers of high quality foods increasingly are basing their marketing efforts on geographic identification

• Artisan Cheese
  – Northern Coast of California
  – Vermont

• Wine
  – Napa and Sonoma Valley wines
  – Oregon pinot noir

• Onions
  – Walla Walla Valley onions in Washington and Oregon
  – Vidalia onions in Georgia

• Food as a tourist attraction in Quebec
Value of Napa Valley Wine Appellations

$45 per bottle (Mondavi)
$44 per bottle
$30 per bottle
Protecting Wine Appellations

• U.S. law defines use of appellations called American Viticultural Areas

• State law in California increased protection against misleading brand names
  – Napa Ridge wines were not produced from Napa Valley grapes.
The Vidalia GI

• The name “Vidalia” owned by the Georgia Department of Agriculture

• U.S. Department of Agriculture federal marketing order defines geographic limits of production regions and authorizes growers to set quality standards.
The Vidalia GI

• The name “Vidalia” owned by the Georgia Department of Agriculture
• U.S. Department of Agriculture federal marketing order defines geographic limits of production regions and authorizes growers to set quality standards.
• Registered certification mark gives Georgia the right to fine growers who do not abide by geographic boundaries
Charlevoix lamb is the first product to be place-protected in Canada. Used to protect against counterfeit lamb and to promote tourism.
Can Greater Use of GIs help Transform North American Agriculture?

- Modern U.S. agriculture dominated by large, efficient, cost-focused farmers
- Anonymous commodity marketing rewards volume and low costs.
- Focus on commodities causes an inevitable decline in rural populations.
- Some think that greater use of GIs would increase diversity of farm structures in rural North America
Many U.S. regions have lost population since 1970
One Example of How Greater Use of GIs May Help Reverse this Trend

• Cattle
  – Some Japanese buyers want U.S. beef that
    ✓ Come from cattle harvested before 15 months of age,
    ✓ Are fed corn for at least 200 days, and
    ✓ Have Angus or Hereford genetics
Current (pre-BSE) Japanese Procurement

Japanese buyers obtain their beef by

1. Buying from particular packing plants that receive the greatest proportion of their cattle with desirable traits and then

2. A buyer is in the plant trying to identify which carcasses are most likely to have the traits.
Where did Japanese want to purchase their beef?

- From packing plants that process cattle from regions with inexpensive feed and improved breeds.
- Japanese have often asked for more beef from “I-80” processors.
  - What is I-80?
  - Equivalent to Autostrada A1 in Italy.
Inexpensive corn

Large beef packing plants
Why doesn’t Iowa create a producer-owned brand for beef?

• Least expensive grain is found in Iowa and Iowa producers have a long history of focusing on using quality breeds in beef production.

• Iowa can build on “I-80” quality signal to give it an advantage that can help reverse the loss of cattle producers.

• USDA is in the process of setting up an animal id system that will certify animals’ age and location throughout life.
Why is U.S. Opposed to EU Proposals for GIs in WTO?

• EU proposals to strengthen international protection for GIs have gone nowhere due in part to US opposition
• US has filed a complaint against current EU policy on GIs
• US position seems to be in conflict with official USDA policy to encourage greater cooperative marketing by producers
• Why the conflict?
Political Calculus of GIs

• Who currently benefits from GIs?
  – US winemakers in some appellations
  – Georgia onion producers

• How important are international markets to wine and onions?
  – US wine exports are about 4% of total production
  – No onion exports

• Wine Institute (“The voice for California wines”) opposes EU proposals because of potential restrictions on use of GI terms (Chablis, burgundy).

• Without wine there is no current domestic interest group that would benefit from adoption of the EU position
Political Calculus of GIs (cont.)

• Who in U.S. would lose from greater GI protection?
  – U.S. food companies that make money from “generic” products (e.g. Kraft: parmesan cheese, Athenos feta cheese) and from organizations that support commodity agriculture (American Meat Institute, National Cheese Institute, National Milk Producers Federation, American Farm Bureau)

• Nobody is in favor of EU proposal and powerful interests are opposed.