

Opportunities and Challenges of Geographical Indications in Central Asia

Abstract

Geographical indications (GIs) are defined as “a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin”. GIs have become potentially beneficial trademarks for domestic and international trade in agricultural products. Among the benefits of GIs are improved consumer information; higher incomes for farmers and food processors; sustainable regional development; conservation of traditional production methods and cultural heritage; and the accumulation of social capital. However, in developing countries, highly asymmetric power relations among actors across the value chain, weak institutions, and poor governance can impede the realization of benefits from GI in the region. While a GI law has been effective in Tajikistan since 2007; Kazakhstan, Kyrgyzstan, and Uzbekistan adopted GI laws between 2021 and 2023. The objective of this paper is to assess the potential and the risks of GIs in Central Asia. First, the paper provides an overview of the legal and institutional environment for GIs in Central Asia. Second, the paper critically reviews activities of international organizations and actors in development cooperation to promote GI initiatives in the region. The third section of the paper discusses selected aspects specific to GI initiatives in Central Asia, including the implications of institutional legacies from the Soviet period, colonial borders and unresolved border disputes between independent states, and nomad circular migration that may involve challenges for the regional definition of an origin product. The paper draws on information collected from the academic literature, policy documents, and expert interviews.

Orta Asya'da Coğrafi İşaretlere İlişkin Fırsatlar ve Zorluklar

Özet

Coğrafi işaretler, “belirli bir coğrafi kökene sahip olan ve bu kökene bağlı niteliklere veya üne sahip ürünler üzerinde kullanılan bir işaret” olarak tanımlanmaktadır. Coğrafi işaretler, tarımsal ürünlerin ulusal ve uluslararası ticareti için potansiyel olarak faydalı ticari markalar haline gelmiştir. Coğrafi işaretlerin faydaları arasında şunlar yer almaktadır: gelişmiş tüketici bilgisi çiftçiler ve gıda işleyicileri için daha yüksek gelir; sürdürülebilir bölgesel kalkınma; geleneksel üretim yöntemlerinin ve kültürel mirasın korunması; ve sosyal sermaye birikimi. Ancak, gelişmekte olan ülkelerde, değer zincirindeki aktörler arasında oldukça asimetrik güç ilişkileri, zayıf kurumlar ve zayıf yönetim, bölgede coğrafi işaretlerden elde edilen faydaların gerçekleştirilmesini engelleyebilir. Tacikistan'da 2007 yılından bu yana bir coğrafi işaret yasası yürürlükteyken; Kazakistan, Kırgızistan ve Özbekistan 2021 ve 2023 yılları arasında coğrafi işaret yasalarını kabul etmiştir. Bu makalenin amacı, Orta Asya'da coğrafi işaretlerin potansiyelini ve risklerini değerlendirmektir. İlk olarak, makale Orta Asya'da coğrafi işaretlerle ilgili yasal ve kurumsal ortama genel bir bakış sunmaktadır. İkinci olarak, makale uluslararası kuruluşların ve kalkınma işbirliğindeki aktörlerin bölgedeki coğrafi işaret girişimlerini destekleme faaliyetlerini eleştirel bir bakış açısıyla incelemektedir. Çalışmanın üçüncü bölümünde, Sovyet döneminden kalan kurumsal mirasın etkileri, sömürge sınırları ve bağımsız devletler arasındaki çözülmemiş sınır anlaşmazlıkları ve bir menşe ürünün bölgesel tanımı için zorluklar içerebilecek göçebe döngüsel göç dahil olmak üzere Orta Asya'daki coğrafi işaret girişimlerine özgü seçilmiş hususlar tartışılmaktadır. Bu çalışma akademik literatürden, politika belgelerinden ve uzmanlarla yapılan mülakatlardan toplanan bilgilere dayanmaktadır.

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1 Introduction

On 19 January 2024, the President of the Republic of Kazakhstan, Kassym-Jomart Tokayev, presented the Director-General of the Food and Agriculture Organization (FAO) of the United Nations (UN), Qu Dongyu, Almaty Aport apples, a variety of apples for which the Almaty Region Apple Growers Association (ARAGA) had registered only a few months earlier a geographical indication (GI) with Qazpatent, the National Institute of Intellectual Property (Astana Times, 2024). Defined as ‘*a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin*’ (WIPO 2021: 6), GIs have become potentially beneficial trademarks in domestic and international trade, primarily of agricultural products.

With the idea of GI originating in the European Union (EU), the list of products registered as GI in the EU is long including well-known products like Champagne, Feta cheese and Parma ham. Given that global agricultural production shifts increasingly towards the Global South, a growing number of products from developing countries is GI registered, too. These include, for instance, Café de Colombia and Darjeeling tea from India.

The process of GI registration typically starts with a eligibility assessment - the product seeking GI status must have unique qualities or reputation attributable to its geographical origin. For agricultural products these can be unique local environmental characteristics, a specific local animal breed and traditional food processing techniques, to mention only a few. More often than not, GI registration is a collective effort of actors on all stages of the value chain from procurement of inputs and intermediaries, through production and processing to distribution, wholesale and retail. Typically, an association like in the example of the Aport apple above, organizes and submits the GI application that includes detailed information about the product, its origin, and the link between quality and geography. A national authority assesses the application, verifies the product’s authenticity, historical connection to the region, and adherence to specific production methods. The application is published to allow interested parties to raise objections. If no objections arise, the GI proceeds to the next stage, the official registration. It receives legal protection, preventing unauthorized use of the name. Through international agreements including the TRIPS agreement of the World Trade Organization (WTO) legal protection can be extended beyond the borders of the country of origin.

The aim of this paper is to assess opportunities and challenges of the use of GI in Central Asia. The first section of this paper provides a short summary of economic perspectives on GIs. The second section reviews some of the challenges experienced with GIs in developing countries. The third section reviews the institutional framework of GIs in Central Asia. The fourth section discusses a couple of challenges in the context of GI implementation in Central Asia. The final section draws conclusions.

2 Economics perspectives on geographical indications

Geographical indications have been subjected to analysis from a variety of economics perspectives each focusing on different aspects of the GI. The starting point of any economics analysis of GI is to allow for market imperfections, most notably asymmetric information. When products are not homogenous but come in varieties where each variety differs at least marginally from another, product characteristics, both actual and perceived, become an important driver of the product price along with production cost and substitution elasticities between the varieties. Trademarks have been developed to represent and communicate a unique set of product characteristics (Economides 1988). When those product characteristics are tied to a geographically confined region rather than to an individual producer, the trademark used is a registered label of a geographical indication. Hence, in an environment of asymmetric information the GI label signals a set of product qualities to the market participants and creates a niche for the supplier of the variety to exercise limited market power in monopolistic competition and charge a price above the marginal cost. Given this backdrop, the following sections address the main economics approaches to GI examine the producer perspective; the consumer perspective; and the regional development perspective.

2.1 Asymmetric information: consumers, producers and institutional aspects

From the perspective of agricultural producers, food processors and other economic actors along the value chain of an origin product, there are several benefits of the registration of a GI (Bramley et al 2009). GIs provide a unique selling proposition for origin-based products. By associating a product with a specific region, GIs create a premium image in consumers’ minds. This can lead to higher prices for GI-labeled goods. Moreover, GIs facilitate access to international markets. When a product is recognized as a GI, it gains credibility and trust among consumers. This can open doors to export opportunities and expand market reach - producers benefit from increased demand and sales. Through these mechanisms, the protection offered by GIs encourages investment in product improvement, research, and innovation. Producers have an incentive to maintain and enhance the quality of their goods to retain the GI label.

Consumers value GIs because they guarantee the authenticity and quality of a product. When a product bears a GI label, it signifies that it originates from a specific region with unique characteristics. This trust into quality associated with a GI label translates into repeat purchases and consumer loyalty. This is particularly true for

‘experience goods’ where consumers can ascertain the quality of a product only after purchase through use and experience. Most food products belong to this category of goods.

However, with a positive collective reputation and no traceability, there is an incentive for producers to extract rents by producing at lower quality levels. This means that producers might be tempted to take advantage of the reputation of the GI to sell lower-quality products at a higher price (Bramley et al 2009). Likewise, there is room for opportunistic behavior with respect to the quantity supplied, too. Similar to other monopolies or cartels, GI producer groups keep prices high by limiting total supply in the market. Each individual producer has the incentive to increase supply beyond the agreed quantity and to realize additional profits. If all producers act like this, total supply increases and the GI initiative fails. Hence, institutional economics focuses on conditions for credible, self-enforcing agreements enhancing the viability of a GI.

2.2 Regional development

Broadening the perspective on the entire region home to the origin product, GIs contribute to rural development (Bowen 2010a and 2010b) by promoting tourism. When consumers associate a place with a specific product, they are more likely to visit that region. This boosts local economies through tourism-related activities, such as farm tours, culinary experiences, and cultural events. Likewise, while GI protection leads to a higher product price, this does not always mean higher profits but can also allow for preserving traditional, often more costly production processes. By protecting these practices and linking them to specific regions, GIs safeguard the livelihoods of small-scale farmers and rural communities.

For regional development to happen, it is crucial that the institutions underpinning the GI protect primarily the interest of agricultural producers and food processors in the region to make sure that a substantial share of the income created remains in the region rather than with external actors.

3 Experiences of developing countries with GI

While the United Nations Commission on Trade and Development (UNCTAD) started in 2010 to promote GI in least developed countries by means of technical assistance, UNCTAD (2015) also identifies challenges for the effective use of GI: weak institutional structures in developing countries. Developing countries often lack the necessary organizational capacity to manage GIs effectively. This can lead to dependence on external actors, such as non-governmental organizations or the public sector, which may not always have the same interests as the local producers.

Moreover, in many developing countries, there is a significant power disparity between different actors within the same territorial space. This can result in the benefits of a GI being appropriated by a small minority of well-placed producers, rather than being shared equitably among all producers in the region (Cardoso et al, 2022). Bowen (2010a and 2010b) even demonstrates how the GI of Mexican tequila came to be dominated by powerful downstream actors, namely bottlers and distributors located in the United States.

The absence of robust supporting institutions can impact governance and coordination within the supply chain. This is particularly important in developing countries, where the institutional infrastructure may be less developed. Accordingly, Bowen (2010a and 2010b) concludes that the state in developing countries needs to be particularly supportive for private actors to avoid that external actors take advantage of poor governance.

When it comes to dispute settlement and the enforcement of the rights to which the GI entitles, the institutional and legal systems in many developing countries may not be equipped to provide sufficient domestic and international protection for GIs. This can put the economic benefits of a GI system at risk.

4 The legal and institutional framework of GI in Central Asia

In recent years the development of GI initiatives in Central Asia has been promoted by international organizations and various actors in international development cooperation in conjunction with the national governments in the region. Tasked in the UN system to aim for global food security, the FAO has been promoting geographical indications ‘(...) to strengthen local sustainability and sustainable food systems’ (FAO 2023: 3) since 2007. The focus shifted to Central Asia in December 2017, when the FAO Regional Office for Europe and Central Asia launched a series of bi-annual ‘Regional Consultations on Geographical Indications’. In the course of the CANDY-IV project, funded by the European Union and implemented from 2017 to 2019 by the Austrian organization Hilfswerk, a set of feasibility studies of GI identified several potential origin product suitable for GI registration including At-Bashi white honey from the Naryn region in Kyrgyzstan; Ashtak apricots from the Asht region (Tajikistan); Khorezm melon from the Khorezm region (Uzbekistan); and Aport apples from the Almaty region (Kazakhstan). The German GIZ undertook a similar exercise for wild walnuts from the Jalal-Abad region (Kyrgyzstan).

Generally, there are two different approaches to protect GI legally: first, as favored by the USA in international discussions, a sufficiently well-developed system of existing intellectual property and unfair competition laws can provide protection to geographic indications as well. Second, as promoted by the European Union, legislation is

specifically designed for the protection of GI, so-called *sui generis* legislation. In recent years, all four Central Asian countries considered in this paper adopted *sui generis* laws for the protection of GI. The table below provides an overview about important characteristics of these national laws.

	Kazakhstan	Kyrgyzstan	Tajikistan	Uzbekistan
Law	Law of the Republic of Kazakhstan on Trademarks, Service Marks, Geographical Indications and Appellations of Origin	Law of the Kyrgyz Republic on Amendments to the Law on Trademarks, Service Marks and Geographical Indications	Law of the Republic of Tajikistan on Geographical Indications	Law of the Republic of Uzbekistan on Geographical Indications
Adoption/ amendment	20 June 2022	6 February 2014	3 July 2012	21 December 2021
Applicant	Natural person, legal entity, or an association of persons			
Authority	QazPatent	KyrgyzPatent	Agency of Copyright and Related Rights	Ministry of Justice of the Republic of Uzbekistan
Examination period	3 to 18 months	6 to 18 months	18 to 24 months	1 to 8 months

Table 1. Selected provisions according to GI laws in Central Asia.

5 Specific challenges of GI in Central Asia

While GIs are relatively new in Central Asia with some of the relevant laws and regulations becoming effective only recently, managerial and procedural know-how is scarce, both on the side of food producers and processors as well as on the side of public authorities. For a GI initiative to be successful, cooperation among different actor groups on various stages of the value chain is necessary.

While these issues are relatively similar to the ones discussed above in the context of developing countries, there are at least two aspects in relation to the definition of *terroir*, ie the clear specification of the region of origin, that may complicate GI processes in Central Asia when compared to other regions: the tradition of Nomad livelihoods in large parts of the region and the location of borders between countries. Each will be discussed in the remainder of this section.

5.1 Nomad tradition and GI

Most Central Asian countries have a tradition of Nomad pastoralism and Nomad pastoralists have a peculiar relationship to territory which can raise issues in relation to the geographical definition of an origin product. According to Khazanov (1994) traditional nomad livelihoods differed substantially across Central Asia. While in Kyrgyzstan and other mountainous regions vertical migration between valleys and pasture in higher altitudes dominated, stable migration routes in Kazakhstan and parts of Uzbekistan extended over several hundreds of kilometers in North-South direction. In still other areas, semi-nomads and sedentary agriculturalists traditionally lived side by side with pastureland only a few hundred meters away from the *aul*. Though nomad livelihoods were largely eradicated during the Soviet period, unambiguously tying product standards to a geographically clearly defined region can be problematic when this involves animal products including meat and dairy products (Smanalieva et al 2022) that sedentary agriculturalist typically obtained from nomads by trade. Is the relevant geographical site the agriculturalist site or does it comprise the entire nomad migration route? The challenge could be solved by defining the period of traditional food production and processing short enough but this, obviously, raises post-colonial concerns (Besky 2014). It may not be a coincidence that all Central Asian products being considered for GI registration are traditional agriculturalist products like fruits.

5.2 National border and GI

Contemporary borders between Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan were drawn by Soviet planners between 1920 and 1936, when Moscow reorganized the territory of Central Asia and created five Soviet Socialist Republics (SSR). While this is not the place to discuss the motivation for the exact location of those borders, we follow Roy (2007) that a *divide et impera* logic played an important role for colonialists of Tsarist Russia while Soviet planners were inspired primarily by administrative and bureaucratic concerns. In any case, contemporary borders may divide regions that share common traditions of agricultural production and food processing. The registration of a GI according to the law of any Central Asian country requires the clear geographical definition of the territory located in the same country as the authority in charge for the registration.

An example that demonstrates the challenge associated with this is the Fergana valley located on Uzbek, Kyrgyz and Tajik territory (Reeves 2014). While the site has been described as Uzbekistan's most fertile area, agricultural production is the main source of income in the Tajik and Kyrgyz territories of the region, too. On all sides of the borders the region is well-known for growing apricots and processing foods based on this fruit. Likewise, setting aside the border disputes between the countries, there is potential to develop agro-tourism to the site (Yakubjonova et al 2021). However, given that traditions of agricultural production and food processing are shared, the registration of a GI by national law of a single country is likely to cause irritation in the other two countries and to add to existing tension.

Though unique in the specific context of the Fergana valley, similar issues exist in other countries of the world that have a colonial past. The African Union (2018: 18-19) refers to the example of Kalahaari melon seed oil from Namibia, Botswana and South Africa and puts forward regional GIs for products found in more than one country. Rangnekar and Kumar (2010) discuss the issue of transnational geographical indications in the context of Basmati rice, which is a transborder product of India and Pakistan. The authors present two possible pathways to address the complex issue of transnational geographical indications:

Separate and independent registrations: In this approach, both countries could register the product as a GI under their respective domestic laws (for instance, resulting in an "Indian Basmati" and "Pakistani Basmati"). This could potentially bypass immediate political conflicts between the countries involved. However, it could dilute the unique identity of the product.

Joint Registration: This involves a novel institutional mechanism where both countries jointly register the product as a GI. This approach acknowledges the transborder reality of the product and could strengthen its unique identity on the global stage. However, it requires significant cooperation and agreement between the affected countries, which could be challenging, in particular if there is a history of conflict as between the Central Asian countries sharing the Fergana valley.

6 Conclusions

The purpose of this article was to discuss opportunities and challenges of geographical indications in Central Asia. A review of the economic literature demonstrates that GI can have positive effects for agricultural producers, food processors and other downstream actors in the value chain. The prime benefits for these actors include higher prices and profits through product differentiation and an improvement in international competitiveness and the potential to increase exports. In order to reap these benefits, collective action of all actors along the value chain supported by state actors is required in the identification of an origin product including the definition of its *terroir* and the product specification; the implementation and the enforcement of quality standards for the product and the production processes; clear and efficient procedures of dispute settlement and penalties for the violation of rules commonly agreed upon. While formal rules are important and institutions such as associations are important, experience with GI in other parts of the developing world demonstrates that social capital is an important asset for the GI to be successful. Mutual trust among the actors needs to be built which can be a challenge in environments where individual actors along the value chain are powerful and tend to use this power to exploit other actors, often agricultural smallholders.

The Central Asian countries have come a long way in lawmaking and bureaucratic implementation of GI procedures, often supported by international organizations and actors in development cooperation. Hopefully, strong producer associations will form through collective organization, the number of products registered for GI protection will increase and the benefits will accrue to actors in the region and income gains will trickle down to agricultural smallholders to contribute to rural development and poverty alleviation.

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