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## Systems of goods geographical indications: EU and Ukraine experience

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**Abstract.** Goods with geographical indication are an important component of the world economy, they have an impact on social and cultural development, help to preserve natural and cultural resources of the regions, therefore their investigation is relevant. The purpose of the study is to compare the systems of goods with geographical indications in the EU and Ukraine, to determine the dynamics of formation and advantages of this system functioning in Ukraine. An analysis of the literature on geographical indications in various fields is carried out; the regulatory framework that regulates geographical indications in specific countries and regions; the effectiveness of legal mechanisms for geographical indications protection, economic consequences of using geographical indication for regional markets is examined. It was proved that geographical indication introduction has advantages: it allows to determine the place of commodity production, to ensure its quality and uniqueness; contributes to the development and support of local economies, traditional industries; protects and supports traditional methods of production, recipes and other aspects of cultural heritage related to a certain region; provides consumers with an additional level of trust in the product. These aspects contribute to the development of international trade, create conditions for fair competition, promote innovation and protect the interests of producers and consumers. Studies show that producers with geographical indications can experience a positive impact on their markets due to the increased value of their goods. It is noted that geographical indication introduction can contribute to preserving and supporting traditional methods of production and cultural heritage. Analysis of registration practice and protection of geographical indications in different countries allows to identify shortcomings and opportunities for improving legislation and processes. Research indicates that consumers find the products with geographical indications more attractive and trust them because of associations with a specific region. Studying the international aspect of geographical indication allows you to understand how the use of this tool affects international trade and economic relations. The research results contribute to the development of recommendations for policies, improvement of the

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practice of geographical indications registration and protection, as well as to the expansion of understanding the importance of this tool for the development of various industries and regions

**Keywords:** goods of protected origin; the country of origin; food; sustainable development; traditional production; marking

## Introduction

Goods with a protected denomination or goods with geographical indication (GI) constitute a special group of goods in international trade. The main feature of these products is a unique combination of natural and human factors, which, strengthening each other, contribute to creating a product that is unique in terms of quality and taste characteristics. Natural factors, such as climatic conditions, insolation, the amount of sunlight throughout the year, ampeological characteristics of soils, special varieties of plants and animal species are reinforced by factors of cultural development: traditions, population mentality, specific skills, traditional technological equipment passed from generation to generation. Thanks to such a combination, it is possible not only to supply high-quality traditional goods to the commodity markets, but also to preserve the authenticity of certain population groups, their cultural traditions and crafts. The protection of goods with geographical indications has a purely economic significance – it contributes to sustainable development, increases the level of income and production efficiency in remote regions, promotes the development of ethno- and gastrotourism. The system of geographical indications in Ukraine is just beginning to function, the use of geographical indications and appropriate goods marking is unfamiliar to both producers and consumers. Therefore, complex commodity studies, which take into account trade and economic aspects of using geographical indications, are quite relevant both for scientists and Ukrainian producers of goods.

This issue has been extensively researched by European sociologists, marketers and commodity market researchers. The vast majority of works are devoted to economic aspects of using geographical indications, their influence on the commodity markets functioning. In particular, C. Li *et al.* (2023) investigated the actual impact of using geographical indications on the development of agricultural regions, in particular, proved the contradiction of the statement about the rapid and undeniable increase in the production of a certain product after assigning it a GI. F.S. Meirelles *et al.* (2023) studied the economic consequences and transaction costs of using geographical indications. N. Saavedra-Rivano (2012) analysed the role of geographical indications in international trade, determining the positive impact on the preservation of traditional technologies for cultivating raw materials and producing the finished product. Considerable attention of scientists was paid to the consideration of conflicting normative and legislative

aspects of using GIs in different countries, in connection with which there is an urgent issue of standards harmonisation in the field of marking goods with protected geographical denomination (Baer-Nawrocka, 2023). D.A. Niranjan *et al.* (2023) researched the limitations associated with using geographical indications, in particular, the influence of insufficient awareness of both product manufacturers and consumers on the prospects and feasibility of assigning GI marks to commodities.

Considerable attention is also paid to the study of consumer trust in geographical indications. A. Rabadán *et al.* (2021) and V.A. Cardoso *et al.* (2022) investigated the effect of the presence of GI marks on the products on forming consumer demand and determined the level of consumer trust in the marking of the product geographical origin. At the same time, the authors proved that the level of trust in GI is generally low and is significantly higher among consumers of Northern European countries. The researchers also determined the level of perception of GI, the willingness to pay more for goods marked with GI, among consumers of different ages, analysed in detail the purchasing behavior of consumers of food products that are certified according to geographical origin schemes (Barbu *et al.*, 2022). Some certain works are devoted to the consideration of legal aspects of using and protecting geographical indications in different countries (Zito, 2019; Baer-Nawrocka, 2023).

In Ukraine, there are few scientific works on geographical indications, mostly they relate to the European practice of using geographical indications (Dumanska, 2020). Also, a significant number of works are devoted to legal aspects. In particular, a number of authors consider a geographical indication as an object of intellectual property (Kodynets & Sidorenko, 2020). A lot of works concern the need to codify the legislative norms of Ukrainian legislation in accordance with the requirements of the EU and Cooperation Agreement between the EU and Ukraine and the prospects for the development of the legal field regarding goods with protected denominations in Ukraine (Barskyi & Dvornichenko, 2021).

There are practically no scientific studies on the real economic benefits of using geographical indications for Ukrainian producers; regarding the order of sale and customs movement of goods with a protected denomination in Ukraine. With the consistent implementation of geographical indications system in Ukraine, the need for thorough research on this topic will increase. This

study aims to compare the geographical indications systems of the EU and Ukraine, to determine ways of implementing this system in Ukraine.

## Materials and methods

This study was carried out during 2023 by the scientists of Lutsk National Technical University. The period 2019-2023 was chosen for data analysis, since it was at this time that the system of geographical indications began to be actively implemented in Ukraine, and the legislation on geographical indications was changed in the EU countries in connection with risk factors of their use.

Practical aspects of using geographical indications were studied by analytical and statistical methods. Analytical methods were used considering the term “geographical indication” itself, analysing scientific publications, economic indicators regarding the implementation effectiveness of systems for controlling the geographical origin of goods, which were determined on the basis of European Commission reports (the last official European Commission report was prepared by AND International and Ecorys Brussels) (Publications Office..., 2021) and report of Food and Agriculture Organization UN (Report of FAO, 2023). Statistical methods were used in the processing official statistical data, in particular, in the analysis of quantitative indicators of geographical indications in European countries – based on the analysis of register data eAmbrosia register (2023) and State Register of Geographical Indications of Ukraine (2024). System analysis was used to verify claims regarding the positive impact of geographical indications on the commodity markets functioning, the growth of the individual regions economic development, and the prospects determination for the wider introduction of systems of goods control for origin on the territory of Ukraine. A comparative approach was used to compare the level of the product market coverage by geographical indications in European countries and in Ukraine, which made it possible to clearly determine the feasibility of faster implementation of geographical indications system in Ukraine, the need to register Ukrainian goods in the international registers of goods with protected denominations.

A diverse selection of sources became the key prerequisite for a qualitative analysis of the issue. This study was carried out on the basis of the analysis and systematisation of the European Commission normative documents and reports data (Publications Office..., 2021), Food and Agriculture Organization (Report of FAO, 2023). Research on using geographical indications in Ukraine was conducted based on official legislative and regulatory documents of Ukraine, in particular, Law of Ukraine No. 752-XIV (2023), official data of Ukrainian National Office of Intellectual Property and Innovation, State Service for Intellectual Property Protection of Ukraine. Analytical materials of the EU project “Institutional and political reform for small-scale

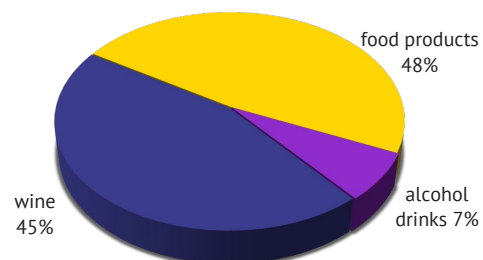
agriculture” were also used in the work (IPRSA) (EU IPRSA, 2021). Secondary data for the research of this topic are scientific publications from open sources for 2018-2023, which contain the results of research on using geographical indications in different countries of the world. Cross-comparative and chronological search was used to select scientific sources. For the analysis, articles were selected that deal with economic (economic efficiency for manufacturers, impact on the economic development of regions, risks) and product science (consumer trust in GI marking, the influence of GI on consumer behavior, the peculiarities of trade in goods with GI, etc.) Aspects of using geographical indications.

## Results and discussion

Geographical indications are an element of sustainable development in the modern world and an integral part of the international system of intellectual property agreements TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights). The volume of goods with a geographical indication of the place of manufacture in 2020 amounted to 74.76 billion euros (Publications Office of the European Union, 2021). The absolute advantage of using GI is the product recognition, its differentiation among similar ones, and, accordingly, the provision of competitive advantages. The price of goods with GI increases twice on average: the growth index is 2.85 for wines, 2.52 for other alcohol drinks and 1.5 for food (Publications Office..., 2021).

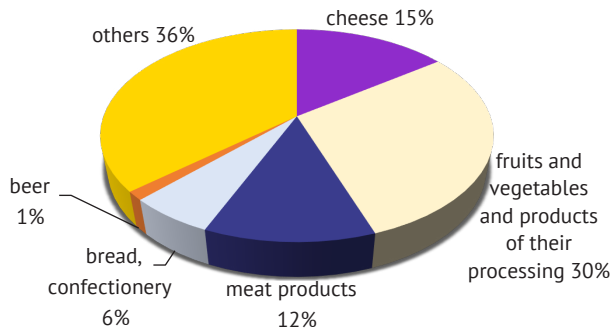
Compliance with traditional technologies, use of high-quality raw materials ensures high quality of the final product. Accordingly, food products with GI receive wider access to sales markets, in particular, this applies to cheeses and wines. Another advantage worth mentioning is the increase in production, in particular, according to some scientists, during 2019-2022, 49% of traditional product manufacturers in the countries increased their production volumes (Report of FAO, 2022).

As of November 2023, 3841 names of goods with legal protection of geographical origin are registered in the EU. All of them are divided into three main categories: wines, food and alcohol drinks. Wines and food products make up approximately equal shares – 45 and 48%, respectively (Fig. 1) (eAmbrosia register, 2023).



**Figure 1.** Distribution of goods with a protected denomination according to categories  
**Source:** developed by the authors based on the eAmbrosia register (2023)

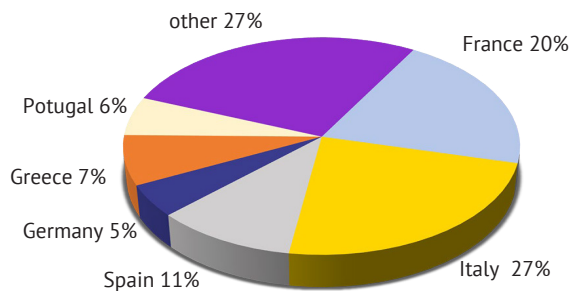
Analysing the distribution of GI goods by product type, it should be noted that in the category “Food products” the largest share falls on fruits and vegetables and products of their processing – 30%. The share of cheese is also significant – 15% (Fig. 2) (eAmbrosia register, 2023).



**Figure 2.** Distribution of products with a protected denomination in the “Food products category”

**Source:** developed by the authors based on the eAmbrosia register (2023)

Out of 3841 goods registered by geographical origin in the EU, 3542 goods are from EU countries, other 299 are from the other countries of the world. And it should be noted that 110 of them come from China. It is worth saying that the rather uneven distribution of GI products by the country of affiliation. 73% of all goods are accounted for 6 EU countries: Italy – 24%, France – 20%, Spain – 11%, Greece – 7%, Portugal – 6%, Germany – 5% (Fig. 3) (FAO, register of Geographical Indications, 2023).



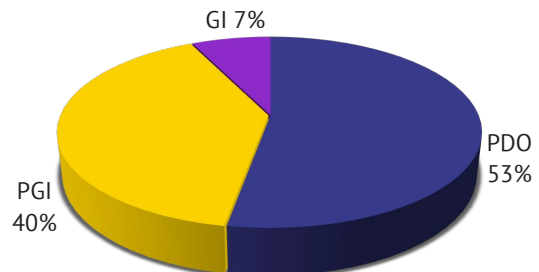
**Figure 3.** Distribution of goods with a protected denomination by country of origin

**Source:** developed by the authors based on FAO register of Geographical Indications (2023)

For example, Poland has only 40 protected denominations, Lithuania – 15. Such an uneven distribution brings a certain imbalance into international trade, giving greater competitive advantages to producers from larger countries. Therefore, in 2023, the European Commission slightly softened the conditions for GI registration, taking into account trade and economic interests of small countries.

The main geographical indications of the EU include:

- PDO – protected denomination of origin (food and wine);
- PGI – protected geographical indication (food and wine);
- GI – geographical indication (alcohol drinks) (Fig. 4) (eAmbrosia register, 2023).



**Figure 4.** Distribution of goods with protected origin according to schemes of geographical indications

**Source:** developed by the authors based on eAmbrosia register (2023)

In addition, EU countries have developed a special marking system for products manufactured in remote regions of the EU (Treaty “On the Functioning of the European Union”, 2017). These measures aim to help the most remote regions of the EU, which face particularly difficult natural conditions, such as extreme remoteness. According to Articles 349 and 355 of the Treaty “On Functioning of the European Union” (TFEU), these regions include: overseas departments of France – Guadeloupe, French Guiana, Reunion and Martinique – as well as the Azores, Madeira and the Canary Islands (Treaty “On Functioning...”, 2017). To ensure greater consumer awareness of agricultural products from these regions, a special logo was created as an optional term of quality.

Also, in European countries, the term “mountain product” is widely used when marking certain types of products, which emphasises the features of a product made in a mountainous area with difficult natural conditions. The use of such a designation creates certain trade advantages for both farmers and consumers. This allows farmers to sell the product better, but also ensures that certain characteristics are clear to the consumer. The technical requirements for using this designation are following: raw materials and animal feed originate exclusively from mountainous regions; production of the final product also takes place in the mountainous area.

Beyond its borders, the EU takes many steps to protect the authenticity of products and guarantees the recognition of European product quality worldwide. The protection of GI helps to fight against counterfeit products, which threaten the reputation of authentic local and regional products and their producers earnings. In the EU countries, in which systems of geographical indications have been operating for several decades, they are constantly working on improving the regulatory

support for their functioning, developing clear and understandable mechanisms for registering goods and controlling their quality.

According to Law of Ukraine No.752-XIV (2023), “a geographical indication defines the specific place of product origin, fully identifies it as coming from a certain geographical place and having a special quality, reputation or other characteristics due to this geographical place of origin, and at least one of the stages of its production (production (extraction) and/or processing, and/or preparation) is carried out in a defined geographical area”.

Ukraine undertook to comply with European norms regarding geographical indications. According to geographical indications, the conditions of international treaties are higher than the norms of the Laws of Ukraine. In accordance with the norms of international law, the legal protection of a geographical indication is valid indefinitely, with the exception of early termination of a geographical indication registration.

Geographical indications of Ukraine, which are subject to protection in EU countries, include 5 names: Petrykiv painting, Krolevets towels, Melitopol cherry, Hutsul sheep bryndzia (cheese), Hutsul cow bryndzia (cheese) (State Register of Geographical Indications of Ukraine, 2024). In total, 55 products with protection on the territory of the EU are included in the national register of goods with protected geographical indications, and 20 products are at the stage of application consideration (State Register of..., 2024).

The project “Institutional and political reform of small-scale agriculture” (IPRSA) is successfully operating in Ukraine, which periodically conducts educational training programs for farmers, representatives of local agribusiness, employees of the Ministries of Economy and Agrarian Policy, the State Consumer Service of Ukraine. This project cooperates with the Ukrainian National Office of Intellectual Property and Innovation (UKRNOIPI) in order to establish the process of certification and control of products with geographical indication. Practically all draft laws on the functioning of the geographical indications system in Ukraine are developed with the support of IPRSA. For the effective operation of the geographical indications system, it is important to improve the ability of state bodies to work stably with GIs and introduce product certification in accordance with EU rules and practices. The Ministry of Agricultural Policy is responsible for approving specifications of agricultural products, authorising certification bodies, and approving control plans. Therefore, it is important for experts in this sector to understand the specifics of GI certification and to understand the nuances that should be taken into account during this process in order to ensure an efficient and less burdensome work for all sides involved in the process.

It is important that the Ministry of Economy understands the necessary requirements for GI registration applications for submitting an application for further

certification of products in the EU, since the Ministry of Economy approves the relevant regulatory and legal actions. In its turn, UKRNOIPI validates applications for registration of GI, therefore, the skills of working correctly with such applications and understanding the requirements of the product specification for correct certification are very important for office specialists. State control is also an important part of the geographical indications system. This function is entrusted to the State Production and Consumer Service, therefore its specialists must know how to carry out control procedures in accordance with the approved GI. The unification of all these institutions and structures in one educational program made it possible to establish a unified approach to the Ukrainian system of geographical indications.

With the support and funding of the EU, the program “Geographical Indications of Ukraine” was developed in Ukraine, which was valid until 2021 (Geographical Indications of Ukraine, 2021). The main goal of this program is the development of a clear and understandable system of geographical indications of Ukrainian goods, promotion and support of Ukrainian GIs on the European market. However, it should be noted that no significant progress has been made in this direction. During the period of the program implementation, only three Ukrainian products – Hutsul cow bryndzia (cheese), Hutsul sheep bryndzia (cheese) and Melitopol cherry – received the official status of international protected geographical indications. It is worth remembering that the successful implementation of the GI program in Ukraine would contribute to the development of country's craft production, the development of ethno- and gastrotourism, the popularisation of the cultural heritage of Ukraine, the development of autochthonous regions of Ukraine, such as Ukrainian Bessarabia, Tavia, Volyn and others. At the beginning of 2024, not all regions of Ukraine presented traditional products of their regions for consideration. Certain products received the status of GI in the territory of Ukraine, but there are very few of them.

As a part of IPRSA project, together with the Food and Agriculture Organization of the United Nations (FAO), a program of geographical indications for Zakarpattia wines is developed – “Silver Land Wines”. In 2023, grape growers and winemakers of Zakarpattia united in the Association of Grape Growers, Winemakers and Distillers of Zakarpattia with the aim of expanding the production of local wines and registering the geographical indication for their products “Silver Land Wines”. For this purpose, during the year, trainings and meetings with producers and representatives of the state administration were held in various wineries within the framework of IPRSA project. In November 2023, this Association concluded a cooperation agreement with the Association of Manufacturers of Traditional Carpathian High Mountain Cheeses for the purpose of popularising the geographical indications system, developing the production of traditional products,

and promoting gastro- and ethnotourism based on geographical indications.

Similarly to some European projects (“Whiskey Road” in Scotland, “Wine Roads” of Spain and others) in Ukraine “Wine and Taste Roads” have been developed in such regions as Ukrainian Bessarabia, Zakarpattia, Kherson region. Before the start of Russia’s full-scale invasion, these projects were quite successful with the support of such well-known Ukrainian manufacturers as Shabo and Kolonist. The leading Ukrainian agro-ecological recreation cluster “Frumushyka-Nova” implemented a complex offer: wine plus local traditional products. In result, “Wine and Taste Roads” was included in the programs of individual Ukrainian tour operators. During the first year of the program, the flow of tourists to the location and the sale of local products increased significantly – up to 30%, according to the manufacturer data.

Organisations-managers of geographical indications “Hutsul bryndzia”, During 2022-2023, the Association of Producers of Traditional Carpathian High Mountain Cheeses and the Association of Carpathian Watags actively developed gastronomic tourism based on geographical indications in their region. Volyn, as a region with ancient and stable traditions, could also submit a number of unique products for geographical indication registration, in particular, Polish honey, Volyn mead, Porytsk cheeses. The first steps in this direction are already done. So LLC “Staryi Porytsk” developed and put into production the recipe for cheese (type of bryndzia with herbs), which is made according to the ancient recipes. The Swiss Research Institute of Organic Agriculture (FiBL), which is a partner of Volyn producer, is ready to invest in new developments of organic cheese factory. Of course, registering new geographical indications is not an easy task and requires joint efforts. So in case of registration of alcoholic drinks new name as “Volyn mead”, it is necessary to unite the representatives of small and medium-sized businesses of Volyn region.

In Ukraine support for projects related to geographical indications is carried out selectively, in the form of pilot projects. Thus, in 2023 with the support of the EU and FAO a grant program to support agricultural producers in certain regions is being implemented (State agrarian register of Ukraine, 2023). This support provides grants in the form of investments for the geographical indications development. In 2023 small agricultural producers from such regions could take part:

- Lviv region (berry growing, vegetable growing, aquaculture);
- Zakarpattia region (Hutsul sheep bryndzia, Protected Denomination of Origin (PDO), Hutsul cow bryndzia, Protected Denomination of Origin (PDO), Zakarpattia honey, Protected Geographical Indication (PGI), Zakarpattia wine);
- Ivano-Frankivsk and part of Chernivtsi region (Hutsul sheep bryndzia, protected denomination of origin (PDO), Hutsul cow bryndzia, protected denomination of origin (PDO).

Funds in the amount of 10000 dollars for small farms and 25000 dollars for medium-sized enterprises and cooperatives were allocated for this program (State agrarian register of Ukraine, 2023).

The issue of geographical indications in Ukraine has the potential for further development and the support for various branches of the economy and agriculture. Here are some prospects for the development of geographical indications in Ukraine:

- protection and promotion of the regions uniqueness: GIs can help to protect and emphasize unique regional features and qualities of goods. This can become an important factor for the promotion of products in the domestic and international markets;
- increasing the competitiveness of products: protected GIs can help the products to compete in the market based on quality and origin, this can contribute to increasing the value of goods and the demand for them;
- agriculture and rural development: GIs can support the development of rural areas and contribute to the creation of new jobs in agriculture and related sectors such as tourism and gastronomy;
- attraction of foreign investments: GIs can create new opportunities for investments in regional projects and support the development of infrastructure and technological innovations in various sectors of economy;
- export growth: protected geographical indications can contribute to the promotion of Ukrainian goods on international markets and the expansion of export opportunities;
- forming consumer awareness: geographical indications can increase consumer awareness of the products quality and origin, which helps to increase consumer confidence in these products.

In accordance with the requirements of Ukraine-EU Association, Ukrainian manufacturers must completely stop using names legally protected in the EU to denominate their products by 2026. From November 1, 2022, the import of alcoholic products labeled Cognac in Ukraine was terminated, if such products do not meet the technical requirements for using this protected name. On January 24, 2022, as a result of adoption of new regulatory acts, which include the protection of GI, the name “Cognac” was included in the customs register, which is a mandatory condition for implementing the protection of GI “Cognac” on the territory of Ukraine. A transition period was established so that importers could change the labels on their products that do not comply with this GI. The transition period was extended until October 31, 2022 (inclusive), taking into account the dramatic circumstances in Ukraine (Association Agreement EU-Ukraine, 2023).

Starting from November 1, 2022, the corporation “Ukrvynprom” together with the National Interprofessional Bureau of Cognac (“BNIC”) are responsible for the protection of GI “Cognac” on the territory of Ukraine and abroad, and will take the necessary measures against

products imported and presented under the name “Cognac” and/or “Коньяк”, if they do not meet the technical conditions established for GI “Cognac”, in accordance with Association Agreement signed between the EU and Ukraine (Association Agreement..., 2023). Earlier, until December 31, 2019, such requirements were fulfilled by Ukraine for sparkling wines Champagne.

From January 1, 2023, there would be no cheese in Ukrainian stores Parmigiano Reggiano, Roquefort and Feta of Ukrainian manufacture, however, on the shelves of all supermarkets there is a wide range of Ukrainian-made Feta cheese (Association Agreement..., 2023). Although the union of dairy enterprises of Ukraine jointly with the European project “Institutional and policy reform for small-scale agriculture” (IPRSA), the association of dairy industry proposed new names for Ukrainian producers – “Felata” and “Nabil”.

In October 2023, the Cabinet of Ministers submitted to Verkhovna Rada for consideration a draft law proposing to introduce fines for violating the requirements of the legislation on the protection of GIs for food products and alcoholic beverages (Draft Law No. 10162..., 2023). The purpose of this regulatory act is to settle issues of using geographical indications and establishing responsibility for violations in the field of quality schemes and geographical indications. The project provides for administrative responsibility for such violations like non-fulfillment or untimely fulfillment of the central executive body orders, which implements state policy regarding quality requirements for agricultural products, food products and alcoholic beverages with geographical denominations. The following types of responsibilities are also provided for:

- civil responsibility: a person who illegally uses a geographical indication can be sued for damages caused to GI owners or other interested parties;
- administrative responsibility: the legislation provides for fines for the persons who violate the rights to geographical indications. The amount of fine can be determined according to the violations, and be indicated in monetary equivalent;
- criminal responsibility: for some serious violations of geographical indication rights, criminal sanctions are provided (imprisonment, confiscation and significant fines).

This problem is widely studied by foreign scientists. In particular, the issue of both positive and negative impact of GI on the development of regional production is actively considered. During the research, it was established that close cooperation between producers of a certain region is necessary for GI registration. Since the producers of GI products are mainly small regional enterprises, their cooperation will contribute to the coordination of certain stages of production (growing, processing, packaging, etc.) and product sales, the determination of the strategy for the traditional industries development, the creation of a unified quality

assessment system. Scientists S. Singh & N. Bharti (2023) hold the same opinion, who claim that certification by geographical origin will contribute to the stable development of the region and social cohesion of small rural communities, will ensure the preservation of unique natural resources.

It was also proved during the research that using GI has a social aspect. The use of traditional technologies for goods production and the significant influence of the human factor and mentality on the production process contribute to preserving the cultural identity of a certain area. The expansion of traditional production contributes to the increase in the number of jobs, the development of other related industries, in particular, tourism. Such influence is widely studied by scientists. In particular, H. Pamukçu *et al.* (2023) examined the positive impact of GI products on the social and cultural and economic development of certain regions of Turkey, noted that in the regions of GI products production during post-pandemic period the development of gastrotourism is observed, the interest of the local population in their culture and traditions is growing.

It is worth noting the interest of Ukrainian scientists in researching the influence of GI products on the development of ecotourism. L. Matviichuk *et al.* (2023) in their work not only studied the development of eco- and gastrotourism in the EU countries, but also developed mechanisms for the formation of tourist routes on the basis of the Ukrainian tourism system, which will contribute to the support of the Ukrainian producer, the presentation of certain regions of Ukraine, and the activation of domestic tourism in Ukraine.

Undoubtedly, the use of GI is beneficial for consumers. Such indications on the marking are usually a guarantee of high product quality, which ensures the possibility of a correctly realised choice of the product by the consumer. If Ukrainian consumers still do not associate GI marking with quality, consumers in European countries prefer GI products when choosing products. Such results were established by Hungarian scientists Á. Török *et al.* (2022), they investigated the influence of GI marking on the choice of local products, finding that the vast majority (65%) of consumers are willing to pay a higher price for GI-labeled products, perceiving them as high-quality products.

However, the implementation of GI has a number of problems. The main one is the significant costs of registering a geographical indication, compliance with the requirements of traditional production. Strict registration rules lead to the exclusion of some products from the registers of protected GI products and the gradual refusal of manufacturers to register products according to their origin. Taking into account these problems, the question of the need to reform the system of geographical indications arises. B. Calabrese (2023) examines in detail proposals for reforming the system of geographical indications in the EU. In particular, he points to the

need to observe clear rules regarding the registration of alcoholic beverages and food products and the implementation of origin registration scheme for industrial goods, traditional crafts. The necessity of reforming the European system of geographical indications is also considered by X. Song (2024), who questions the objectivity and legality of origin certification by private rather than public organisations.

S. Joosse (2021) states that the implementation of the geographical indications system needs to provide some flexibility when following traditional technologies. Sometimes traditional technologies are quite inefficient, resource-consuming and non-ecological. Therefore, when developing new GI products, it is necessary to try to maintain a reasonable balance between sustainable traditions and innovations.

Another obstacle to using GI is the need for coordinated cooperation of different manufacturers, who often see each other as competitors. The creation of regional or branch unions of producers often leads to excessive organisational and bureaucratic costs, uneven representation of the producers interests. A. Bonanno *et al.* (2020) give thorough recommendations on ensuring the effective activity of producer unions; emphasise the necessity to coordinate actions on compliance with the traditions of product cultivation and production, cooperation in the direction of creating unified laboratory complexes for checking product quality. In order to improve the functioning the geographical indication systems, it is necessary to reduce the bureaucratic influence on the process of GI products registration. The registration process should be as transparent and clear as possible, carried out by independent, disinterested organisations.

For effective use of GI, it is necessary to ensure full access to the required information. Moreover, such information should be provided to both producers and consumers. M. Hofmeier *et al.* (2023) point out that sometimes producers, with the aim of obtaining higher profits, try to register their product as “protected by denomination” without understanding or not knowing what responsibility rests on them. Wide information about trade advantages, requirements for the quality of protected products, the level of responsibility for compliance with traditional technologies relies on the state management system. The problem of lack of information also affects consumers, who in the vast majority do not orientate themselves in GI systems. A. Goudis & D. Skuras (2021) studied the level of European consumers awareness regarding GI marking and found that from 5 to 35% of consumers understand the gradation systems of geographical indications (from 5% in Denmark to 35% in France).

It is worth noting that scientists do not consider the issue of reforming the GI system in Europe, in particular, regarding the registration of industrial goods of traditional manufactures. These issues are important for Ukraine, because there are many centers of traditional folk crafts on its territory, and authentic products have significant export potential.

## Conclusions

Geographical indications are one of the modern drivers of international trade. The use of geographical indications links products to local heritage, tradition and reputation, offering a guarantee of origin and special characteristics. Consumers are often willing to pay a higher price for GI-certified products. The production of goods protected by geographical origin increases the reputation and value of local products and supports local businesses. Marketing and promotion of such products creates a positive image of the product in the minds of consumers and often contributes to the economic development of the entire region of origin. Thanks to the collective action required by the management and promotion of geographical indications, local producers have more opportunities to sell their local products abroad. This increases the international prestige of the region and stimulates the development of tourism.

The close connection between products and their geographical origin emphasise the need to preserve local natural resources, without which long-term production would be impossible. Producers of traditional products are particularly motivated to use environmentally sustainable production methods and contribute to the sustainable development of the region.

However, geographical indications have both their advantages and disadvantages, which lead to the trade barriers. The main problem is the significant costs for geographical indication registration, compliance with traditional production. Strict regulations on traditional production methods can inhibit innovation, leading to higher costs of producing a GI product. Value assignment and power asymmetry, lack of information and consumer mistrust of labeling are other barriers that are quite difficult to overcome.

However, despite the shortcomings, geographical indications have significant prospects for use in Ukraine, in particular, with a wider access of Ukrainian goods to European markets. Therefore, it is necessary to develop and implement a clear and understandable registration system of goods with geographical indications, to conduct merchandising and sociological studies on the effectiveness of such products introduction, economic studies on economic expediency.

Further research could be directed at finding ways to reduce costs associated with GI registration, especially for small producers and regions with limited resources. This may include simplification of procedures and governmental support. It is also worth considering the question of Ukrainian consumers' trust in the marking GI goods, since this issue has not been investigated before.

## Conflict of interest

None.

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## Системи географічних зазначень товарів: досвід ЄС та України

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**Анотація.** Товари з географічним зазначенням є важливою складовою світової економіки, вони мають вплив на соціокультурний розвиток, сприяють збереженню природних, культурних ресурсів регіонів, тому їх вивчення є актуальним. Метою дослідження є порівняння систем товарів географічних зазначень в ЄС та Україні, визначення динаміки становлення та переваг функціонування цієї системи в Україні. Здійснено аналіз літератури про географічні зазначення у різних галузях; досліджено нормативну базу, яка регулює географічні зазначення в конкретних країнах, регіонах; ефективність правових механізмів захисту географічного зазначення; економічні наслідки застосування географічного зазначення для регіональних ринків. Встановлено, що введення географічного зазначення має переваги: дозволяє визначити місце виробництва товару, забезпечити його якість, унікальність; сприяє розвитку та підтримці місцевих економік, традиційних галузей виробництва; захищає, підтримує традиційні методи виробництва, рецептури та інші аспекти культурної спадщини, пов'язані з конкретним регіоном; надає споживачам додатковий рівень довіри до товару. Ці аспекти сприяють розвитку міжнародної торгівлі, створюють умови для чесної конкуренції, сприяючи інноваціям та захищаючи інтереси виробників та споживачів. Дослідження показують, що виробники, які мають географічне зазначення, можуть зазнавати позитивного впливу на свої ринки через підвищену цінність їх товарів. Зазначено, що введення географічного зазначення може сприяти збереженню, підтримці традиційних методів виробництва та культурної спадщини. Аналіз практики реєстрації, захисту географічного зазначення в різних країнах дозволяє виявити недоліки та можливості для поліпшення законодавства та процесів. Дослідження вказують на те, що споживачі вважають товари з географічним зазначенням більш привабливими та довіряють їм через асоціації з конкретним регіоном. Вивчення міжнародного аспекту географічного зазначення дозволяє зрозуміти, як використання цього інструменту впливає на міжнародну торгівлю та економічні відносини. Результати досліджень сприяють виробленню рекомендацій для політик, удосконаленню практики реєстрації та захисту географічного зазначення, а також розширенню розуміння важливості цього інструменту для розвитку різних галузей та регіонів

**Ключові слова:** товари захищеного походження; країна походження; продукти харчування; сталий розвиток; традиційне виробництво; маркування