

## QUALITY SIGNS FOR CHESTNUT IN ALBANIA - METHODOLOGICAL APPROACH

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### Abstract

*Within Albanian's agricultural sector, chestnut production is showing more and more a potential for contribution in regional development, and mostly in the northeast. Indeed, Albania is part of the world market on the chestnut production.*

*In order to label an agricultural product as a GI, we have to consider these three components. First, it is significant to identify the product and its specific quality, history, reputation etc. Second, is necessary to make evident the relationship between the product with the local territory in terms of local natural resources, soil, climate, breed, varieties and know-how. Third, a significant component are people in terms of their awareness, motivation, traditions, engagement on collective actions, creation and preservation of the process.*

*For the producers, labeling chestnut and chestnut honey products with quality sign it is expected to add a significant value on the products and specifically a premium price. For instance, referring to AND International (2012), products bearing a GI compared to non-GI products had a premium value. The value premium rate of GI products was estimated at 2.23, which means that GI products were sold 2.23 times as high as the same quantity of non-GI products. Addition advantages through GI quality sign for the producer are protection against misuse of the name and unfair competition, good tool for accessing the market with products different from industrial products (avoid standardization of goods on the market), good tool for increasing the producer income and a way to transfer traditional know-how/practices.*

**Key words:** Chestnut, geographical indication, labeling, quality sign

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## 1. INTRODUCTION

Within Albanian's agricultural sector, chestnut production is showing more and more a potential for contribution in regional development, and mostly in the northeast. Indeed, Albania is part of the world market on the chestnut production. Taking into consideration that more than 47% of the region's population lives in the rural areas, agricultural opportunities especially in terms of wild fruit collection are significant. In this line, chestnut forests, mostly in the north of Albania, constitute a significant source for rural development. More specifically, in Malësi e Madhe and Tropoja which represent the target area of this study, chestnut forest is extended on a surface of 2545 ha with a production is of 3000-3500 ton/year ensuring roughly 70% of their incomes.

Apart the important potentials that chestnut represent for socio-economic development and biodiversity preservation of Malesi e Madhe

and Tropoja areas, there are several constrains that farmers are facing.

Farmers of this areas are dealing with production concerns and consequently current massif of natural chestnut production is exploited only at 75% of its potential.

Furthermore, chestnut fruits are commercialized as fresh products, and in most cases without processing, packaging and labeling, lack of their organization in terms of cooperation which has significantly affected a decrease on farmers' income in some cases. Chestnut is delivered to the consolidators, retailers or directly to the market even exporting, without a brand or name and without a packaging. In this line, within today's dynamic and high risk markets, it is important to identify the origin linked products in order to preserve their producers from false manufacturers, to get a premium price and to facilitate the expansion of their market. Additionally, it is needed to protect this product against misuse of the name and unfair

competition, and meantime to increase the producer income and to transfer traditional know-how/practices. However, the need for more intensive communication and coordination of all stakeholders in the value chain for preservation and promotion of this local product is undisputable. In order to address these above constraints, it is needed to implement to the chestnut production activities the methodological quality virtuous circle of Geographical Indication (GI). While quality virtuous circle of GI is considered a significant methodology for addressing the above mentioned concerns, there is a lack of literature that investigate its significance at the origin linked products and producers' perception. Consequently, the goal of the study is to investigate the significance of the quality virtuous circle of GI and perception of producers toward its implementation at chestnut in northeast of Albania

## 2. METHODOLOGY

To analyse the chestnut and chestnut honey activities, a multiple-step research methodology was developed. First, chestnut and chestnut honey producers all over the target area are identified using primary and secondary information from direct contacts, Minister of Agriculture, Rural Development and Water Resources (MARDWR), chestnut grower associations, university colleagues, internet etc.. In order to exploit contacts to other contacts, during this phase a snowball technique and the focus group technique to gather more information are implemented. Additionally, an in-depth literature review is fulfilled.

### QUALITY VIRTUOUS CIRCLE OF GI

Several famous ancient brands are related with products that have a specific geographical origin. Recently one of the most handled brand related to the geographical origin is GI. Referring to the WIPO (2012) "a geographical indication is a sign used on products that have a specific geographical origin and possess

qualities or a reputation that are due to that origin".

Within this definition we might identify three significant components, such as product, place and people. Thus, in order to label an agricultural product as a GI, we have to consider these three components. First, it is significant to identify the product and its specific quality, history, reputation etc. Second, is necessary to make evident the relationship between the product with the local territory in terms of local natural resources, soil, climate, breed, varieties and know-how. Third, a significant component are people in terms of their awareness, motivation, traditions, engagement on collective actions, creation and preservation of the process.

The success model on the GI are European Union (EU) countries. Thus, referring to the AND international (2012) at 27 countries of EU, 2 768 GIs are registered over the 2005-2010 period (wherein agricultural products and foodstuffs accounts 867 GIs, 31.3% of the European GIs) and the worldwide sales of these GI products was estimated at €54.3 billion in 2010 at wholesale stage in the region of production; it increased by 12% between 2005 and 2010. Additionally, GIs represented 5.7% of the total food and drink sector in the EU27 (AND international, 2012). The leading State on using GI quality sign is France, followed by Italy with and Germany (AND international, 2012).

However, to label an agricultural product with GI it is important to consider different interlinked stages of a methodological quality virtuous circle for sustainable development based on the promotion of an origin-based product (FAO, 2010). The stages of this methodological quality virtuous circle are identification, qualification, remuneration and reproduction.

1. Identification stage of the chestnut require to consider several indicators such as; specific description of the product, inventory practices and existing resources, population engaged, delimitation of the geographical areas, collective dimension and awareness

of local farmers. Activities related to this stage will be covered by applicant.

2. After the identification of the chestnut product in the frame of the GI process, it is necessary to qualify it. Thus, in framework of the qualifying stage it is crucial to compile the Code of Practices. Code of practice is a set of rules, mostly provided by farmers itself, for chestnut and chestnut honey production and marketing. Indeed, codes of practices are the most significant documents of the future operation of the farmers in framework of the organizations in order to continually produce GI products.
3. Regarding the remuneration stage of the GI methodology implementation, will correspond to the mechanisms by which society will pay the producers for the services included in the origin-based product: the specific attributes related to intrinsic quality, preservation and promotion of natural or cultural resources etc.
4. Reproduction stage of the GI process it means that resources are preserved, renewed, and improved along the circle in order to allow sustainability of the origin-based product system on a long-term basis.

### 3. DISCUSSIONS AND CONCLUSIONS

In order to address these above constraints, it is needed to implement to the chestnut the methodological quality virtuous circle of Geographical Indication (GI).

While quality virtuous circle of GI is considered a significant methodology for addressing the above mentioned concerns of origin linked products, there is a lack of literature that investigate its significance at the origin linked products and producers' perception toward this quality virtuous circle.

Implementing GI quality sign on the chestnut and chestnut honey are perceived and expected by chestnut producers to affect them in economic terms.

For the producers, labeling chestnut and chestnut honey products with quality sign it is expected to add a significant value on the products and specifically a premium price. For

instance, referring to AND International (2012), products bearing a GI compared to non-GI products had a premium value. The value premium rate of GI products was estimated at 2.23, which means that GI products were sold 2.23 times as high as the same quantity of non-GI products. Addition advantages through GI quality sign for the producer are protection against misuse of the name and unfair competition, good tool for accessing the market with products different from industrial products (avoid standardization of goods on the market), good tool for increasing the producer income and a way to transfer traditional know-how/practices.

Apart the producers, the significance of the GI quality sign on the chestnut and chestnut honey is expected to affect even consumers and more wide rural economic development.

Thus, by consuming products with GI quality sign are provided with more detailed information on the origin and quality of the product, have a wider range of choice, are more confident in the product and acquire a sign of belonging to an upper social class.

As regard to the rural economic development, it is expected to create new jobs, promoting tourism, support small scale farms etc. Furthermore, through labeling chestnut and chestnut honey with GI contributes to the maintaining and protecting the agriculture heritage, protection of environment through the biodiversity preservation, using of plant varieties or breeds endangered (extinction), avoid standardization of food product on the markets and prevents to keep culinary uses and traditional recipes and finally provide protection to the landscape and the resources by a sustainable development.

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