

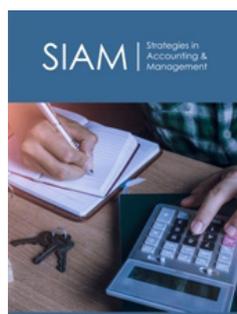
# Geographical Indications as an Added Value Strategy for São Tomé and Príncipe Organic Cocoa

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## Opinion

The geographical indications (GI henceforth) are commonly considered by management and researcher communities as a strategy for increasing added value, through product differentiation and subsequent improved pricing. Products with GI are considered price premium over similar ones that lack such indication [1]. The GI establish intellectual property rights for particular products, which qualities are specifically linked to their area of production. The assumption is that markets are willing to pay higher prices for products of certified origin, because consumers attach specific positive and distinctive features to these products from a particular geographical area. Their attributes are particularly related to special organoleptic qualities, which derive from singular comparative advantages (terrain, climatic conditions or both) and typical production technologies, which confer a traditional and genuine nature [2].

However, some issues are worthy of reflection. In operational reality, the achievement of such premium price constitutes one of the main economic incentives for producers or their representatives to organize themselves, create and manage the GI and bear the additional costs. But, according to Areté's report [3], the GI itself or the added value from producing a GI product cannot be taken for granted. Even when such premium quality is present, its extent may vary according to the specific market situation, and also over time [4,5]. It is important to understand the extend to which GI products affect the consumer's willingness to buy and pay. It is also valuable to explore the net value added cashed by businesses and its role in supporting the public policies aimed at the maintenance or improvement of regional sustainable development. Additionally, it is worth analysing the value-added transference from the sphere of urban areas of consumption to the field of production with GI, which is mainly located in low density territories. In other words, it is important to transfigure these GI products into elements of cohesion and sustainable development and factors of reduction of the strongly asymmetrical distribution of the population, improving quality of life and economic development between the coastal and the inland regions and/or the urban and rural areas [6].

Beans from organic cocoa production in São Tomé and Príncipe (STP) are regarded as premium products of the cocoa sector, the largest contributor to GDP and national exports, and to the sustainability of the ecosystem. However, despite measures to support its production, which is viewed as a valuable national development strategy, the small producers who underwrite it and their two associated cooperatives face several difficulties. Some struggles are related to the socioeconomic context, to the adverse impact of climate changes, to the complex and limited access to global value chains, and to the worldwide demand pressure for higher cocoa quality and productivity [6,7]. Others adversities are the market price instability which is dependent of the cocoa world market prices and the lack of premium price in the domestic

market, even though cocoa is a product with organic value-adding characteristics and attributes. Although producers are integrated into cooperatives through which they sell their organic cocoa beans and receive payments at higher prices, it is not clear whether this strategy contributes to significantly improve their livelihoods. Cooperatives and private companies have focused on technical solutions linked to improving agricultural practices, quality and market prices, with little information on price transmission and governance in the value chain, where the lack of bargaining power contrasts with the concentration of power in other links in the chain [8].

Rethinking organic cocoa value chain involves the development of the already existing GI production with effective official control, a collective promotion that makes possible to gain efficiency or scale, and if strategic and operational articulated with other sectors (tourism, organic coffee and gastronomy, among others) [9]. The GI register for certificate organic cocoa beans produced and/or processed or prepared in STP with its specific high-quality, should constitute part of the quality policy and added value strategy of the country's cocoa sector and be considered a type of intellectual property. It means to have a strategy which simultaneously find the pathways transition to sustainability improvement and be able to contribute to satisfy worldwide growing demand for a reliable supply of high-quality cocoa beans. The expectation is that GI, additionally to the organic certification already existing, may help small farmers and cooperatives to achieve better prices for their cocoa beans and promote them more easily. Also it avoids usurpations in the world market, from sales of cocoa beans as if they came from STP and give the chance to inform world consumers about the specific organic cocoa beans quality linked to STP, helping them to make their chocolate choices. The premium price to be paid by consumers depends on their perception of the products. The consumers must perceive them as superior to conventional ones. This means they recognize how important the quality of the organic cocoa beans is to the final quality of the chocolate they purchase. They recognize the GI and they trust in the positive and hidden characteristics of the product. The assumption is that high-quality cocoa beans certified under the organic (BIO) and GI schemes should be associated with increased farmer profits, their wellbeing and environmental preservation. Public authorities and organic cocoa value chain governance play a crucial role in facilitating producers to catch value-added and convince other stakeholders and the consumers that GI have superior characteristics. Positive stimuli, such as marketing campaigns, may be initiated by cooperatives or national authorities. National authorities might also use the GI legal framework to protect their organic cocoa markets and thus pursue added value goals in international markets. However, the bet on the GI of organic cocoa will be important if its dynamization and management promotes greater producer empowerment and greater control of the process, so to create value

and improve the quality of the final product. The valorisation of organic cocoa resulting from this process should lead farmers to innovate and experiment, or to accept suggestions for technological improvements and for sustainable farming practices that may, for example, associate cocoa planting with other complementary crops or introduce shadow trees in the farms. This may have effects on cultural diversification, health control and ecosystem services and, consequently, economic independence, increased profitability and well-being of producers, as well environmental benefits. Finally, according to Prazeres et al. [7] and in line with GI development, it is worth to mention the need to create an Organic Cocoa Board, which would have custody of the policy development and management of cocoa sustainability-related interventions and policies. This would include GI and all organic cocoa policies and their added value strategy as well as an overseeing of it all. It is also crucial to have solid scientific background, an innovative potential and to build research links between universities (such as the University of Évora which is present in the territory), the University of São Tomé e Príncipe and the research center (Centro de Investigação Agronómica e Tecnológica - CIAT).

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