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GI EXPECTATIONS IN THE HUNGARIAN FRUIT INDUSTRY THE CASE OF TWO HUNGARIAN CHERRIES

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ABSTRACT
In the agrifood policy of the European Union (EU), Geographical Indications (GI) are considered as one of the most important quality indicators. The European system consists of two parallel classifications: Protected Designations of Origin (PDO) and Protected Geographical Indications (PGI). The main beneficiaries of the system are the Mediterranean countries of the EU, both in terms of number of registered products and their economic importance. On the other hand, Central and Eastern European countries have remarkable lag. In Hungary, most of the GI products have very limited economic value and though the products usually have wide reputation, they are rather confined to the domestic market.Soon two Hungarian cherries will be registered in the EU GI system, one PDO (Szomolya cherry) and one PGI (Nagykörű cherry). The aim of the paper is to analyse the expectations of the Hungarian cherry industry regarding the GI recognition. In order to have an ex-ante examination of the research question, 22 semi-structured interviews were conducted with all the stakeholders (producers, GI consortiums, policy makers and other related experts). Results suggest that the possible success of these products stands on the strong cooperation among the producers and the high level of domestic reputation. In short term, a more stable market share; while on long term increasing prices and export possibilities are expected. However, it also became clear that the benefits of the GI recognition can only be expected if additional improvements in infrastructure (e.g. storing and processing capacities) and in marketing (e.g. using the PDO/PGI label) are also carried out.

Keywords: geographical indications, cherry, protected designation of origin, protected geographical indication

INTRODUCTION

In the EU, the food quality policy is highly linked to the system of Geographical Indications, however its economic importance is quite unclear as the number of empirical papers focusing on this aspect is limited. (TÖRÖK & MOIR, 2018). It has two main components. Protected Designations of Origin (PDOs) have very similar characteristics to the already existing French Appellation d'Origine Contrôlée (AOC) and Italian Denominazione d'Origine Controllata (DOC) systems (ILBERY, KNEAFSEY, & BAMFORD, 2000; LAMARQUE & LAMBIN, 2015). Protected Geographical Indications (PGIs) have a German origin and have a strong reputational element but lesser link to terroir (GANGJEE, 2006). Per definition, in case of a PDO product, "the quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors", while for PGI products the "quality, reputation or other characteristic is essentially attributable to its geographical origin". (EUROPEAN PARLIAMENT, 2012, P. 8)

In some South-European countries, the concept of linking quality of a product to its geographical origin has a long history but the EU has its community level system since 1992. The number of Hungarian GI products (see *Table 1*) in the official EU register (DOOR database) is quite limited, by the end of 2018 altogether 14 products are registered (6 PDO + 8 PGI) (EUROPEAN COMMISSION, 2018). The current Hungarian GI products are

mainly (processed) meat products (5), fresh vegetables (4) and spices (3) and only 1 fruit (Gönci apricot) is on the list. In 2015, the Hungarian government started a GI program in order to increase the number of the Hungarian GI products and to help the existing GI products to benefit more from the EU GI system. The basis for the new GI products is the list of Hungarian agricultural and food products in possession of the national food quality label TTR (Traditions, Tastes, Regions) (DARVASNÉ ÖRDÖG, 2018). Since the introduction of the Hungarian GI program, 14 new registrations are initiated (11 PGI and 3 PDO), mainly fresh fruits (6). Two Hungarian cherries are included to this list, Szomolyai cherry (PDO) and Nagykörűi cherry (PGI).

Table 1. Hungarian GI products in the EU DOOR register based on EUROPEAN COMMISSION (2018)

Denomination	Product category	Status
Szegedi fűszerpaprika-őrlemény/Szegedi paprika	PDO	Registered
Kalocsai fűszerpaprika-őrlemény	PDO	Registered
Makói petrezselyemgyökér	PGI	Registered
Makói vöröshagyma; Makói hagyma	PDO	Registered
Magyar szürkemarha hús	PGI	Registered
Szegedi szalámi; Szegedi téliszalámi	PDO	Registered
Csabai kolbász/Csabai vastagkolbász	PGI	Registered
Gyulai kolbász/Gyulai pároskolbász	PGI	Registered
Gönci kajszibarack	PGI	Registered
Szentesi paprika	PGI	Registered
Budapesti téliszalámi	PGI	Registered
Hajdúsági torma	PDO	Registered
Alföldi kamillavirágzat	PDO	Registered
Szőregi rózsató	PGI	Registered
Szilvásváradi pisztráng	PGI	Pending
Jászsági nyári szarvasgomba	PGI	Pending
Keleméri bárányhús	PGI	Pending
Nagykörűi ropogós cseresznye	PGI	Pending
Nagykun rizs	PGI	Pending
Budaörsi őszibarack	PGI	Pending
Őrségi tökmagolaj	PGI	Pending
Akasztói szikiponty	PDO	Pending
Újfehértói meggy	PGI	Pending
Tuzséri alma	PDO	Pending

Szomolyai rövidszárú fekete cseresznye	PDO	Pending
Győr-Moson-Sopron megyei Csemege sajt	PGI	Pending
Balatoni hal	PGI	Pending

Note: status on 15th November 2018.

MATERIAL AND METHOD

In order to have a comprehensive view of the Hungarian cherry industry and to evaluate the opportunities of the two GI candidate varieties, a qualitative approach with semi structured interviews were initiated. The interviews (*Table 2*) with the stakeholders focused on several topics: expectations toward price, market share, reputation, market orientation, export opportunities, labelling, governance and spill over effects (e.g. farm tourism).

Table 2. Summary of the interviews.

Interviewee	Number of interviews	Remarks, key focus areas
cherry producers	14	3 cherry producers of Szomolyai cherry PDO 5 cherry producers of Nagykörűi cherry PGI 6 cherry producers from other parts of Hungary with no GI production
GI consortiums	2	the leaders of the GI cherry consortiums
local stakeholders	2	1-1 person in charge of the local municipality of Szomolya and Nagykörű
policy maker side	2	the GI rapporteurs of the cherries in the Ministry of Agriculture (1+1 person) the deputy state secretary
Hungarian Vegetable and Fruit Association	1	Vice president, responsible for fruit division
Fruitculture Research Institute of Hungary	1	Main characteristics of the selected varieties, possibilities for improvements

RESULTS

Cherry is an important fruit of Hungary, both economically and emotionally. However, the cherry producers are not well organized, there is no cooperation, the biggest producers export their top quality products directly, however the most important sales channel is the wholesale market and selling to (foreign) collectors on farm. The most important market requirement for cherry is the size of the fruit, taste almost doesn't matter. The average size with extensive production is 24-28 mm and these fruits can be sold only to domestic market. The first class requirement is 28+ mm while for export a size of 30-32+ mm is required. (APÁTI, 2012)

The Nagykörű PGI cherry is harvested on approx. 230,5 ha of plantation (ca. 8,5% of the total Hungarian cherry plantation in this single settlement) but mainly from very small and fragmented cherry farms. Breed varieties of Germersdorfer and Carmen represent 70-80%

of the total plantations and these are mainstream varieties in Hungary – therefore they are produced in the biggest amount and can be sold only with moderate prices. The GI Code of Practice for Nagykörű PGI cherry includes 7 varieties of which only 3 are produced in bigger quantity among the producers (Germersdorfer, Carmen and Bigarreau Burlat), the share of the other varieties are quite limited. Because of the favourable conditions for cherry cultivation in Nagykörű with less intensive cultivation methods, relatively large sized fruits can be produced that makes cherry production popular and profitable here. In Nagykörű somehow everyone is connected to cherry production, in the harvesting season the cherry sector is dominant in the region also in terms of employment. On the other hand, plantations are very fragmented and only ca. 50 families have dominant income from cherry production

The Szomolya PDO cherry is produced on approximately 50 ha in the municipality of Szomolya and in the other 6 eligible settlements. The biggest producer (20 ha) and the Local Municipality of Szomolya (10 ha) owns more than half of the total cherry plantation. Another 7-8 farmers produce cherry professionally while all the others are fragmented cherry farms with small average size. In Szomolya the geological and environmental characteristics of the region are very favourable for cherry production and mainly because of the soil, the nutrient content of the fruit is very special (very high flavonoid content and very dark colour) and the connection between soil and flavonoid content is scientifically proven. This makes the Szomolya cherry (produced in the region of Szomolya) unique. However, more cherry with name of "Szomolya black cherry" is produced outside of the region than in Szomolya, though their quality is inferior compared to the original ones

CONCLUSIONS

The number of cherry varieties in possession of GI labels is very limited, only 8 varieties of Mediterranean EU member states (Greece, Italy, Portugal and Spain) have their own. After the registration, Hungary will be the only country not from this region with GI cherries (*Table 3*).

Table 3 GI cherries in the European Union based on European Commission (2018)

Name	Country	Type	Variety scope
Kerassia Tragana Rodochoriou	Greece	PDO	1 variety (local)
Ciliegia dell'Etna	Italy	PDO	1 variety (local)
Ciliegia di Marostica	Italy	PGI	19 varieties (mainstream)
Ciliegia di Vignola	Italy	PGI	30 varieties (mainstream)
Cereja da Cova da Beira	Portugal	PGI	7 varieties (mainstream)
Cereja de São Julião-Portalegre	Portugal	PDO	1 variety (local)
Cerezas de la Montaña de Alicante	Spain	PGI	8 varieties (mainstream)
Cereza del Jerte	Spain	PDO	5 varieties (local)
*Szomolyai rövidszárú feketecseresznye**	*Hungary*	*PDO*	*3 varieties (local)*
*Nagykörűi ropogós cseresznye**	*Hungary*	*PGI*	*7 varieties (mainstream)*

Note: * GI registration is pending

The list above well indicates the spirit of the EU GI regulation: PDO cherries are usually local varieties produced in limited area with very special attributes (e.g.: special colour,

unique contents) that makes the product unique. On the other hand, PGI cherries are usually mainstream varieties, produced all around the world and have their desirable attributes (mainly the big or very big size) because the endowments of cherry production are very preferable in the PGI region.

The two Hungarian cherries are in line with these characteristics, the Szomolya PDO cherry has great reputation because of its high sugar and flavonoid content and black colour, while the Nagykörű PGI cherry is famous of its big size and crispiness.

Both Hungarian cherries could benefit from the GI registration, but different strategies should be followed. Common requirement of both cherry producing region is the cooperation as the post-harvest manipulation (sorting, cooling, packaging etc.) required for the marketable cherry supply chain requires much more capital investments that would be suitable for a typical individual cherry producer in Hungary (with an average plantation size of several hectares). On the other hand, the specific strategies are quite different for these two cherry producing regions.

Nagykörű PGI cherry has to compete with generic cherries in terms of volume of sale, size of the fruits and price. As the space for cherry plantation eligible for the GI requirements is limited, the volume of sale could be increased only via intensification of the existing plantations with replacements and better care of the neglected territories. The producers currently have to face with very low prices due to the low level of bargain power. The producers try to sell their products individually, obviously in smaller quantity. The requirement of cooperation for the GI initiative might have a positive influence on the selling practices of the producers. Other changes might be derived from changing the sales channels and increase the level of processing. The long term increase of reputation because of the GI label might help the producers to bypass intermediate players of the market and to participate in short(er) food supply chains, that might also result in higher prices. Currently, there is not enough labour capacity to process cherry, mainly because of the labour intensity of the harvest. In case of processing, the collaboration or the manufacturization of the work process can be a solution. The Nagykörű cherry spirit (also PGI to be) can be an example for other cherry products (e.g.: jam made of PGI Nagykörű cherry). Export markets could be reached if the size of the fruit meets the export quality size, otherwise the reputation of the Nagykörű cherry only exists within Hungary.

On the other hand, the Szomolya PDO cherry has unique characteristics among cherries and it was recognized many decades ago in the Hungarian fruit industry. The high reputation of the variety was recognized and cherry producers all around Hungary wanted to benefit from this by producing the Szomolya variety outside of the original region. However, the unique content of the fruit is linked to the soil of the PDO region therefore the main goal of the GI registration is to regain the exclusivity of the name of Szomolya cherry. The PDO label could be a suitable tool for it. Once this expectation is met, based on the unique characteristics of the fruit an increase in production volume (through re-involving the neglected cherry plants) can be achieved and can be exported, mainly as processed products.

However, it should be bear in mind that for the producers the concept of GI label is a sort of marketing tool that could be only beneficial if it is actively and widely used by the eligible producers. Both cherry regions are entitled to use the national food quality label TTR (Traditions, Tastes, Regions), however in practice almost no producers indicate it. Therefore, the GI protection can only benefit the producers in case they believe in the concept and get actively involved with it.

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