

Abstract for Tropentag 2011 “Development on the Margin“

Factors Determining Behavior of Thai Households in Adopting Geographical Indication Certification for Jasmine Rice

Chuthaporn Ngokkuen^{}, Pradyot Ranjan Jena^{**} and Ulrike Grote^{***}*

- ^{*} Institute of Environmental Economics and World Trade, School of Economics and Management, Leibniz University of Hannover, Königsworther Platz 1, 30167 Hannover, Germany; Phone (49) 5117624087; Fax: (49) 5117622667; email: ngokkuen@iuw.uni-hannover.de.
- ^{**} Institute of Environmental Economics and World Trade, School of Economics and Management, Leibniz University of Hannover, Königsworther Platz 1, 30167 Hannover, Germany; Phone (49) 51176219569; Fax: (49) 5117622667; email: jena@iuw.uni-hannover.de.
- ^{***} Institute of Environmental Economics and World Trade, School of Economics and Management, Leibniz University of Hannover, Königsworther Platz 1, 30167 Hannover, Germany; Phone (49) 5117624185; Fax: (49) 5117622667; email: grote@iuw.uni-hannover.de.

Abstract

Geographical indications (GIs) as a tool to promote socio-economic livelihoods of rural communities have gained more interest among policy makers and in academia alike since its protection has been ensured multilaterally under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement of the World Trade Organization (WTO). Thung Kula Rong-Hai Thai Hom Mali Rice (TKR) being traditionally produced in the Thung Kula Rong-Hai (TKRH) region in the Northeast of Thailand is considered as the first registered GI rice. A GI certification is licensed to producers and other business operators of the GI production line through a membership application in a GI-Club. It provides protection to its producers against any counterfeiting by parties other than the genuine producers. This paper aims to identify factors that are likely to predict the behavior of Jasmine rice households in the TKRH area in adopting a GI certification and to estimate marginal effects of key factors on the probability of adoption. Base on a primary data of 370 households, the empirical analysis follows a two-step approach – first, logit models are used to find the key determinants for GI adoption and finally, the marginal effects of these key factors are estimated to show the relative strength of the determinants. A major finding of this study stresses the importance of institutional and social factors, i.e. access to information and membership of a cooperative which mostly determine the probability of GI certification adoption by Jasmine rice households in the TKRH area. The price premium seems also essential in compensating transportation costs associated with the GI certification adoption and in guaranteeing the net benefit of being GI farmers. Thus, successful introduction and promotion of a GI system depends particularly on the information provided to farmers and on the information sources. Strengthening the role of organizations such as cooperatives which serve as a crucial intermediary between a

primary source of information about GI, i.e. government and farmers may therefore promote the effectiveness of information dissemination. Better access to points of sale for certified GI households should be also provided in order to increase the farmers' incentives to adopt GI certification.

Keywords: Geographical Indications, Certification, Logit Model, Jasmine rice, Thailand