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Can Geographical Indication Increase Household Welfare and Reduce Poverty? Evidence from Rural Northeastern Thailand

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Abstract

Can a Geographical Indication (GI) which indicates that a certain product originates from a certain region with a given quality being attributable to its place of origin, become a tool to promote socio-economic livelihoods of rural communities? A GI is one kind of intellectual property right which has gained increasing 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 Organisation (WTO). Thung Kula Rong-Hai Thai Hom Mali Rice (TKR) being traditionally produced in the Thung Kula Rong-Hai (TKRH) area in the Northeast of Thailand is the first registered GI Jasmine rice in Thailand. The producers in the TKRH area along with other business operators of the TKR value chain have to apply for GI certification which then provides protection against any counterfeiting by parties other than the genuine producers. This case study aims at finding the potential impact of the GI certification adoption on household welfare and rural poverty. It uses data obtained from a cross-sectional household survey of 541 TKR households in two districts of the TKRH area from 2009. A non-parametric Propensity Score Matching (PSM) analysis is applied to assess the causal effect of the GI certification on farm household's welfare. The central question is whether GI certification adoption for Jasmine rice results in improved household welfare in terms of increased consumption expenditures and in a decreased propensity to fall below the poverty line. The study finds a significant and positive effect of GI certification adoption on the household welfare and poverty reduction in rural Thailand. However, a long lasting positive impact on household welfare and poverty in rural communities depends on the awareness and the rate of adoption of the TKR households to make use of their embedded right to apply for GI certification. The results stress the importance of a sustainable and well-functioning and for the producers reachable GI registration system which facilitates the registration procedure for GI certification to TKR producers.

Keywords: Geographical indication, propensity-score matching, rural household welfare, rural livelihoods, rural poverty, Thailand