



## **Regional Development in the Perspective of Recognition of the Geographical Indication: the case of the valley vineyards**

**Autores y e-mail de la persona de contacto:**

**1º Autor:** Aleteia Hummes Thaines

**Departamento:** Departamento de Ciências Administrativas, Contábeis, Econômicas e da Comunicação - DACEC

**Universidad:** Universidade Regional do Noroeste do Estado do Rio Grande do Sul - UNIJUI /BRASIL

**Co-autor:** Dr. Dieter Rugar Siedenberg

**Departamento:** Departamento de Ciências Administrativas, Contábeis, Econômicas e da Comunicação - DACEC

**Universidad:** Universidade Regional do Noroeste do Estado do Rio Grande do Sul - UNIJUI /BRASIL

**Co-autor:** Dr. Daniel Knebel Baggio --- Autor para contacto

**E-mail:** danibaggio@gmail.com

**Departamento:** Departamento de Ciências Administrativas, Contábeis, Econômicas e da Comunicação - DACEC

**Universidad:** Universidade Regional do Noroeste do Estado do Rio Grande do Sul - UNIJUI /BRASIL

**Co-autor:** Dr. Luis Ferruz Agudo

**Departamento:** Departamento de Contabilidad y Finanzas

**Universidad:** Universidad de Zaragoza

**Área Temática:** 14 - Sesión Especial: Análisis Financiero y Espacio.

**Abstract:** This research deals with the issue of recognition of the geographical indicators as a factor of development. He examines the socioeconomic development of the area surrounded the Vineyards Valley Region located in the cities *Bento Gonçalves*, *Garibaldi* and *Monte Belo do Sul*, in *Rio Grande do Sul*, Brazil, through the recognition of the geographical indicators. First of all, we discuss about development concepts (local, endogenous), intellectual property and geographical indication, in order to hold up this research. So as to demonstrate the promotion of the development in the Vineyards Valley by the origin indicator of this region, we analyzing it looking for to show the social and the economic implications as the recognition of the development of this region.

**Key-words:** Development. Regional development. Indication of origin. Vineyards Valley. Geographical indication.

**JEL Classification:** O1 Economic Development - O13 Agriculture; Natural Resources; Energy; Environment; Other Primary Products.

## **Introduction**

This text is approached and deepened the study of regional development from the perspective of recognition of the geographical indication. It breaks from the assumption that the geographical indication can be considered as a tool to leverage the territorial development. Thus, we analyze the case of the Valley of the Vineyards, located between the cities of Bento Gonçalves, Garibaldi and Monte Belo do Sul in the state of Rio Grande do Sul, the first Brazilian's region to officially obtain such recognition.

The recognition of the geographical indication of a particular product in a globalized, competitive and increasingly demanding market provides opportunities, through mechanisms such as the designation of origin or indication of origin, socio-economic growth of regions, protecting the quality and origin of products produced there, adding value to these and conquering new markets and consumers.

As will be seen throughout this study, the regulation of geographical indications is given both nationally and internationally, which can also be seen as a facilitator for the inclusion of products from these regions in the external market, promoting their social and economic development in addition to legally protect them against unfair competition. This means that the matter involves not only socio-economic aspects, but also some legal and juridical approaches.

Thus, in order to analyze the process of economic and social development of the Valley of the Vineyards region, from the recognition of the geographical indication, this paper is structured as follows: related concepts are first discussed and presented some relevant legal and juridical aspects related to the topic. In a second topic are detailed methodological procedures used to develop the survey. The third topic is the region characterized and explained the process of recognition of the indication of origin. In the last section sets out the results of the analysis highlighting economic and social aspects, obstacles, difficulties and joints triggered in the territory said.

### **1. Geographical indication as a factor of development**

Much has been studied about the developed subject local / regional in recent decades, addressing not only economic, but also integrating social and environmental factors in these analyzes. The predominant binding of development with economic growth has long been surpassed, but not yet established in the social sciences a clear distinction between these two concepts. Caiden & Caravantes (1985) explains that:

The concept of development has contributed more than any other to promote a closer relationship between the disciplines of social science, separated by a century of positivist influence. The obvious ambiguity of this concept certainly does not fail to be related to their fertility. Having originated in the area of economics, where the emphasis is on its quantitative aspects, on the growth form, the concept inevitably exceeds that context and enters the domain of other social disciplines, where growth can not be viewed as one homothetic, or process can not be understood in the absence of a system of values that the economist is unable to integrate into its conceptual framework (Caiden & Caravantes, 1985, p. 45).

In same line of thought, Sachs (2004) points out that economic development differs from economic growth because the former goes beyond mere multiplication of material wealth. While growth is a necessary way, but not sufficient to achieve the goal of a better, fuller life for all, as it does not widen employment does not reduce or mitigate inequalities and poverty.

To Boisier (2006), the concept of development is currently in transition between the old conception that assimilated the idea of growth, associating it with the material wealth, and the new design, that is as an intangible process that is associated more to attitudes than to material achievements themselves.

In this perspective, Fischer (2002) believes that development is a concept, or rather, a network of concepts that are directly associated with adjectives like "local, integrated and sustainable", it is not possible to speak in local development without reference to concepts such as poverty and exclusion, participation and solidarity, production and competitiveness. Thus, it is noticed that the development is seen as a sequential and interdependent process, comprising, at the same time, shared processes and results achieved; visions of future utopian built by organizational or collective and concrete change.

From another perspective, Amartya Sen, Nobel laureate in economics, emphasizes that development is an integrated process of interrelated substantive freedoms, stating that "freedoms are not only the primary purpose for the development, but also the main means" (Sen, 2000, p. 25), that is, individuals need to have freedom to make choices. In

this sense, the author brings the concept of development as freedom, that is, progress, industrialization and technological innovations expanding human freedom, however, for this to occur, it must be given the development in the social, human, economic, legal and cultural.

Anyway, while in academia expand and deepen concepts on socioeconomic development in the world of life increased production, consumption and competition between markets occurs, leading regions and countries to adjust their production system, stimulating the emergence a new organization of the regions systems (Barquero, 2001). In another way: in spite of the hegemony of this new paradigm (of global economy), also emerges, and with great force, the concept of local / regional development, proposing to enhance the quality of life, preserving the environment and the peculiarities of each region.

To Barquero (2001), local development is linked to the process of growth and structural changes, which are triggered by the transfer of resources from traditional activities to those who value local people and improve their quality of life In the same sense Siedenberg (2006) states that the term local development is intrinsically linked to social and economic changes occurring in the productive matrix of a given geographical area, one should take into consideration that these changes also involve interconnections between public institutions, business structures and social organizations in the region.

Llorens (2001) argues that there are some components of local development initiatives, ie territorially more balanced, boosting job creation and income to fight poverty and marginalization, creating economic, social, political, cultural and institutional environments to diffuse innovations, and reorganize the business bases and deploy basic infrastructure, and train human resources and create local information systems.

With regard to regional development in rural areas more specifically<sup>1</sup>, an important factor, according to Sachs (2004) are the creations of associations, which show competition including cooperation, commonly called Local Productive Arrangements (APLs). Such arrangements are of fundamental importance in creating public policy targeted to the gradual transformation of smallholders microentrepreneurs .

The category of 'small producers' includes all those involved in small-scale realized outside the universe of modern business activities, and that these categories account for the majority of jobs in the economic sector. For that author, it is necessary to give to

---

<sup>1</sup> It is worth remembering here that the so-called Valley of the Vineyards is typically set as a rural area, formed by three municipalities of Serra Gaucha: Bento Gonçalves, Garibaldi and Monte Belo do Sul

small producers the opportunity to improve their skills through training, and, thus, will increase in agricultural areas, modernization and the establishment of biomass processing industries. Thus, the expansion of services must occupy a prominent place in rural development, offering many vacancies for non-agricultural jobs and reducing the social gap between the city and the countryside. The pluriactivity tends to become a keyword for farmers and their families (Sachs, 2004).

Based on these considerations, it can be stated that endogenous actions reinforce the potential of territories such as the Valley of the Vineyards, especially considering that these are articulated both by society and by the state and the market, through the creation of incentives and investments as well as supported by specific legislation.

However, it is necessary to consider that each region has its history, its culture, its heritage and its own political and economic characteristics. Therefore, a regional development process can not simply transfer or seeking strategies, plans and methodologies implemented in other regions, as each region is unique. "Every region that intend to be subject not only object in the new global scenario have to know itself, know your strengths and weaknesses, strengths, opportunities and threats" (Siedenberg, 2007, p.11) then seek to trigger strategies aimed at socio-economic development and improving the quality of life of that territory.

It is in this context that crystallizes the concept of endogenous development. According to Amaral Filho (1996). Endogenous development is

[...] An internal process of continuous expansion of capacity to add value on production as well as the absorptive capacity of the region, whose unfolding is the retention of the economic surplus generated in the local and / or economy to attract surpluses from other regions. This process has resulted in the expansion of employment, product, and local income or region, in a model of regional development set Amaral Filho (1996, p. 37).

This process also requires an ability to innovate and transform the existing socio-economic system in a territory, an ability to respond to external challenges, promoting social learning and the ability to enter specific forms of social regulation at the local level that promote development of the territory in question. In this sense Barquero (2001, p. 39) notes that

Endogenous development is proposed to meet the needs and demands of the local population through the active participation of the community involved. More than gains in terms of the employed by the local production system in the international or domestic division of labor position, the objective is to pursue economic, social and cultural well-being of the local community as a whole. Besides influencing the productive aspects (agricultural, industrial and services), the development strategy also seeks to act on the social and cultural dimensions that affect the well-being of society.

The same author also draws attention to the fact endogenous development processes in three dimensions need to be considered, namely:

Economic, characterized by a specific production system capable of providing local entrepreneurs efficient use of production factors and the improvement of productivity levels that guarantee their competitiveness; another sociocultural, in which economic and social actors integrate local institutions and form a dense network of relations, which incorporates the values of society in the development process; and a third, which is politically and materializes in local initiatives, enabling the creation of a local environment that encourages the production and promotes sustainable development (Barquero, 2001, p. 42).

Moreover, it is also necessary to consider that endogenous processes the possibilities of development are linked to the volume of existing social capital in a community, ie the bonds of solidarity, interpersonal trust and social participation. The capital allows the creation of networks of trust and cooperation, providing many benefits and features that can be activated and used.

To Albagli & Maciel (2004), social capital facilitates the sharing of information and knowledge, as well as reduce costs due to relations of trust, cooperation, common goals and sociocultural factors. It also improves coordination of actions, giving greater stability to organizations because of the processes of collective decision making. Also provides mutual knowledge, increasing the predictability of agent behavior, which leads to a decrease of opportunistic behavior within a community, creating a greater commitment toward the group.

The social capital is related to interactive learning and cooperation, especially when it is conceived as a dynamic process of social relations in networks that establish and construct knowledge. For this reason, it is considered a facilitator in collective actions that generate articulated clusters. Thus, "the immaterial or intangible, present resources in social networks, when directed to a joint effort of development [...], favor the production and reproduction of tacit knowledge, catalyzing processes of innovation and diffusion" (Albagli & Maciel, 2004, p. 2).

In this sense, both the processes of endogenous development as the capital became cornerstones for the prosperity and competitiveness of communities and organizations. However, for such processes gain strength, is needed, in addition to mobilizing the region, the creation of public policies and specific laws, to protect and foster this

development. An example of judicial review is to contribute to the development of a given region is the recognition of the geographical indication<sup>2</sup>.

In this sense, it appears that in processes of territorial development both as endogenous latent potentialities joints and capital have become key parts for the prosperity and competitiveness of communities and organizations. However, for processes of development of territories with great specificity - such as the Valley of the Vineyards - to be undertaken, it is necessary, besides mobilizing the region, the creation of public policies and specific laws, to protect and foster such characteristics and specificities. And a good example of judicial review is to contribute to the development of a given region is the recognition of the geographical indication.

A geographical indication is not a new institute. To Bruch (2008), the origin of geographical indications is given to the evolution of human history, behold, already in antiquity products were related to their place of origin. According Kakuta (2006, p. 7) there are reports referring to the fourth century BC in ancient Greece, referring to "wines Corinthian Icarus and Rodhes" as well as in Rome, referring to the "Carrara marble and wines Falerne".

However, the current conception of geographical indication, in particular the designation of origin, originated in Europe, where winemakers used to designate the name of the wine region where it was produced. This designation was given because of its characteristics, mainly due to specific climatic factors. But legal protection of the institute opened, so to speak, in the mid nineteenth century, with France as a pioneer, "when the producers of the French regions of Burgundy and Bourdeaux were invited to be the official suppliers of wines would be served in a international exhibition to be held in Paris" (Rodrigues & Menezes, 2000, p.3). Given this need and to ensure that the wines of the event were produced in those regions, producers rated their wines, and this classification is now the basis of the designation of origin<sup>3</sup>.

Because of this event, other French regions and also some European countries interested in establishing mechanisms to protect their products, especially wine products. This

---

<sup>2</sup> It is necessary to consider that geographical indication is, in legal terms, a branch of the Institute of Industrial Property, established by Federal Law 9,279 of May 14, 1996. This law regulates the rights and obligations relating to industrial property, trademarks and patents, as well as concerning the geographical indication (in particular in art. 176-182) aspects.

<sup>3</sup> France was the first country to establish an official seal to ensure and control the quality of the food produced in your country. The stamp is called Appeal of Controlled Origin (AOC), which was created to regulate and protect "the use of geographical names designating agricultural products and foodstuffs" (Kakuta, 2006, p. 10).

protection was to guarantee their characteristics and defend their products from competitors. From that moment began the legislative and administrative building to identify and protect geographical indications about these products (Rodrigues & Menezes, 2000).

Currently, in addition to Europe, other emerging nations such as China and India are investing in the recognition of new geographical indications, in order to protect the origins of their products as well as ensuring their original quality (Kakuta, 2006).

According Brabet & Pallet (2005), the European Union established in 1992 the EEC Regulation n. 2081/92, aiming to protect the use of geographical names of agricultural products and foodstuffs, and this regulation extends over all states members. The European Community currently has approximately 4,900 Protected Geographical Indications, and 4,200 of these are wines and spirits and 690 other products such as cheeses, fruits, meats, vegetables and olive oil (Kakuta, 2006). Thus, it is evident that European countries, particularly France and Italy, foster geographical indications to protect and promote the territorial peculiarities, adding the products a competitive edge, with a view to developing a particular region, seeking to preserve the culture and the identity of the local community (Gurgel, 2005).

In Brazil, the law establishing the geographical indications (Law 9279 of May 14, 1996), distinguished between indication of origin and denomination of origin. In designing Locatelli (2007, p. 229), the crux of the distinction between the indication of origin and denomination of origin is the requirement of the latter have a "strictly bound peculiar quality or characteristic of the product or service to its origin," while that, for the indication of origin, just the "reputation of the geographical origin of a particular product or service."

According to the provisions of the PTO website (INPI, 2014):

Indication of Origin - is the geographical name of a country, city, region or locality of territory that became known as a center of production, manufacturing or extraction of a product or providing a particular service. It is important to remember that in case of indication of origin, it is necessary to submit documents proving that the geographical name is known as a center of extraction, production or manufacture of the product or service delivery.

Designation of Origin - is the geographical name of a country, city, region or locality of its territory, which designates a product or service whose qualities or characteristics are due exclusively or essentially to the geographical environment, including natural and human factors. At the request of the IG of Designation of Origin, shall also be submitted to describe the qualities and characteristics of the product or service stand out solely or primarily because of the geographical environment, or natural and human factors.

The fact that the Brazilian legislation have included not only the products but also services as a possible determinant of the quality or characteristic that links the geographical environment, ensure the recognition and protection of geographical indications arising from the peculiar hand labor local or human factors such as the handmade products.

The Brazilian law relating to industrial property created conditions and requirements for the registration of geographical indications, as well as grant to the National Institute of Intellectual Property in the conditions that this record will be granted (Rodrigues & Menezes, 2000). The sec. 182 and its sole paragraph governing this matter:

Section 182. The use of the geographical indication is restricted to producers and service providers set in place, even if demanding in relation to designations of origin, the service quality requirements.

Sole Paragraph - The PTO set the conditions for registration of geographical indications (Law No. 9.279/96).

With regard to the registration of geographical indications in the country, this is the responsibility of the INPI, which must comply with the flows and conduct regulated by Resolution no. 075 of November, 28, 2000, and the Normative Act. 134, of April 15, 1997, which establish standards and procedures for applying for registration (INPI, 2009). This Resolution establishes the procedures that these claims must be submitted to the approval or non-recognition of the geographical indication.

The requirements for the grant of registration for both the indication of origin as to the designation of origin, pursuant to Resolution 075/00 are:

a) request relating to a single geographical name; b) application in which they are assigned the geographical name, the description and characteristics of the product or service; c) instrument that proves the legitimacy of the party requesting the record; d) specific regulation that governs the use of the geographical name; e) instrument evidencing the delimitation of the area; f) in the case of graphic or figurative representations, the relevant labels; g) if order placed by attorneys, the attorney with authority to do so; h) proof of payment of the amount required for registration; i) elements justifying the existence of a control structure on the products and service that are legitimized to use the geographical name as well as about the products or services; j) evidence of producers or providers services who are established in the area bounded to the geographical indication are effectively exerting production or services.

In terms of specific requirements for the designation of origin, beyond the requirements of common use, the applicant shall provide a description of the quality and characteristics of the product or service that is exclusively or essentially to the geographical environment, including natural and human factors, besides presenting the

description of the method of obtaining the product or service or process that should be local, loyal and constant. (Art. 7, § 2, paragraphs "a" and "b" of Resolution no. 075/00).

In Brazil, Geographic indications are still a niche to be explored, since there are few requests for records required and approved by the INPI, considering that only in 2002 was the recognition of the first Indication of Origin (Valley of the Vineyards) and in 2010 the recognition of the first Denomination of Origin (rice North Coast Gaicho), both granted by the INPI (Thaines, 2011).

## **2. Methods**

Aiming to give account of the goals in this research (analyzing the economic and social development in the Valley of the Vineyards region from the recognition of the geographical indication) was adopted as main technical procedures the bibliographic and documental research, complemented by fieldwork (application questionnaires based on semi-structured routes) through which primary datas, information and perceptions were collected from a number of producers of wines from that region, as well as managers of their association, which gave rise to enterprise, government representatives and technicians who fostered the process of recognition of the indication of origin.

In this sense, a qualitative approach was used to verify the perception of respondents regarding new markets and advantages obtained in addition to the implications embedded in the process, after recognition of the Indication of Origin of Valley Vineyards; concerning social and organizational implications of the establishment of a geographical indication; as to the conditions and requirements and barriers and / or difficulties found by actors to achieve this status; and to explain how the joints expanded forms of cooperation and fostered the development of the region.

Thus, this research falls within the field of Social Sciences, with the motto analysis of a historical process from the subjects themselves, i.e., the people who "live in the present marked by the past and projecting the future in a constant clash between what is given and what is being built" (Minayo, 1994, p. 13). Therefore, the study has an important phenomenological character. This method is not deductive or inductive; understanding of the facts is given from the view of people that are living and experiencing, and therefore transcendental and subjective character. In this method, hermeneutics is used, whose understanding requires reading the context , where "diaries, bibliographies, centered in the daily reports, case studies, observations, content of texts for analysis are the main sources of data for the researcher" (Vergara, 1998, p. 13).

### **3. Characterization of the Valley Vineyards and the process of recognition of indication of origin**

The region of the Valley of the Vineyards was the first to be colonized by Italian immigrants, from mid-1875. Ali developed initially like farming and also producing items consumed in Rio Grande do Sul region was colonized by immigrants coming from the regions of Trento and Veneto in Italy, they brought their cultural heritage, especially the cultivation of vines and wine production, and started planting grapes to produce wine for their own consumption (Site of Brazilian Wine 2009, Aprovale, 2009).

The Vale Vineyards is located in the Serra Gaucha in Upper Hill Northeast of Rio Grande do Sul, which has altitudes ranging from 200 to 742 meters. The region of the Valley of the Vineyards has two references: a political-administrative, which refers to the Valley of the Vineyards District, which belongs to the city of Bento Gonçalves, and the other concerns the area bounded by the geographical indication, which encompasses part of towns of Bento Gonçalves, Garibaldi and Monte Belo do Sul the geography of the place exerts considerable influence on the vines, which reflects the choice of cultivation techniques and the art of winemaking, causing them to have their own identity, allowing they are not repeated. The variable climate is similar to other world regions producing wine (Dalcin, 2008).

Belong to the Valley of the Vineyards all land whose runoff occurs in Arroyo Pedrinho, a territorial conjunction taking part in the three municipalities (Aprovale, 2009), totaling an area of approximately 81 square kilometers (Locatelli 2007). The Valley of the Vineyards District was created in 1990 from the city of Bento Gonçalves after emancipation Monte Belo do Sul. The District is divided into lines, which, in turn, are divided into communities named according to the local chapel or according to the numbering of land given to immigrants. Currently, the formation of communities is: Leopoldina Line, composed of Capela de Nossa Senhora das Neves Capela das Almas Capela das Glorias and St. Lucia; Graciema line composed by 08 of Graciema, Graciema of 15, 40 of Graciema Nossa Senhora de Lourdes do Ceará of Ceará; and Zamith Line, consisting of the Chapel of the Holy Trinity (Aprovale, 2009).

With the increased cultivation of the grape growers began to sell their produce to large enterprises and cooperatives in the region. However, in the early 90s, the wine industry suffered a severe crisis, which caused great damage to growers of the Valley of the

Vineyards region, since they no longer had anyone to sell their production. Thus, these producers sought new strategies to stay on the market, which led them to unite in an association in order to forward a recognition process that resulted in the geographical indication - Indication of Origin of Valley Vineyards (IOVV), here that the instrument is intended to protect the quality and origin of the products produced there, with the objective of adding value to these and win new customers.

In addition to the above facts, triggering the recognition of indication of source process is related to the opening of the Brazilian economy, especially after the signing of the Treaty of Asuncion in 1991, which stipulated a zero tariff on imports from Mercosur countries, and the fact that already in this period Embrapa Grape and Wine began to visualize a differential for the production of wines in the Serra Gaucha, based mainly European wines. Aiming to provide answers to the concerns of producers, this Embrapa unit sought to leverage competitiveness elements that represented a difference for wines produced in the region, being a pioneer in provoking discussion on the topic of Geographical Indications.

For the recognition process came to fruition, it was necessary, at first, awareness of local producers about the benefits and potential of using this instrument of intellectual property. Secondly, there was the need to study the specific case and demonstrate its applicability to producers and the region, which did not have a specific law on the subject because the subject was new and Walkthroughs should be built. Earlier, six small wineries in the Valley of the Vineyards region accepted and supported the project of Embrapa Grape and Wine and UCS and organized themselves into an association, Aprovale - Producers Association of Fine Wine Valley Vineyards<sup>4</sup>.

In 1995 were available all data and indicators required. In collaboration with the University of Caxias do Sul region was characterized and geographically bounded and Producers Association and its rules were created. On May 14, 1996 was enacted Law no. 9,279, which regulated the rights and obligations relating to industrial property, legally endorsing the issue of geographical indications.

Finally, after some adjustments needed due to the promulgation of this Law, the project with the application of geographic reconnaissance was referred to the INPI in 1998, and its adoption did not occur until 2002.'s Valley of the Vineyards was the first region in

---

<sup>4</sup> Reportedly the official website of Aprovale (<http://www.valedosvinhedos.com.br>), the Association currently has 26 wineries and 43 associated projects to support tourism, including hotels, hostels, restaurants, crafts, cheese factories, workshops crafts and antiques and others.

the country to achieve a geographical indication, the indication of origin of the Valley of the Vineyards. In 2007 the indication of origin of Valley Vineyards has been recognized by the European Union, which facilitated the entry and marketing of wines produced in the region in the European market. Finally, in 2010 was sent to the PTO the process of designation of origin, approved in 2012 (INPI, 2013).

#### **4. Importance of geographical indication in the development of the Valley Vineyards in perception of local actors<sup>5</sup>**

In the opinion of the representative of the Government (RG), the official recognition of the Indication of Origin (IO) and the Designation of Origin (DO) obtained for the Valley of the Vineyards in 2002 and 2012, respectively, had a strategic role in the development of the region:

*The indication of origin or geographical indication is a distinctive form of protection to products, whose main purpose is to distinguish the origin of that product by identifying its production area, while preserving local characteristics, valuing and certifying quality. In my opinion, the geographical indications serve to add value to products and highlight them on the market. An indication of origin protects products originated in the region, benefiting producers who have commercial interest and subject to the fulfillment of production rules, as well as benefiting consumers who are guaranteed authenticity of origin and the minimum standard of product quality. (Testimony of RG).*

The representative of the Board of Aprovale (RBA) is even more emphatic in outlining the benefits of the recognition of Geographical Indication:

*The Indication of Origin of Valley Vineyards helped open doors abroad because our associates can export to the European Union with the identification of variety and harvest, besides producing region. This is not possible with other domestic producers are not entitled to the use of the indication of the Valley of the Vineyards. The recognition of the Indication of Origin of Valley Vineyards, the European Union, is the rise of Brazilian wine to an equal footing with other world wine regions, producing wines of recognized quality. (Testimony of RBA).*

Due to the great success that the recognition of the indication of origin brought to the wine industry of small businesses located in the Valley of the Vineyards, other sectors and enterprises began to incorporate the Association, such as hotels, hostels, restaurants, dairies, handicrafts, agro-industries and enterprises connected to the gastro tourism.

Especially for being the first Brazilian region have recognized geographical indication, the Valley of the Vineyards gained national and international notoriety, leading to a significant increase in tourism. This increase has led some companies to the hotel and

---

<sup>5</sup> To protect the identity of respondents, their testimony will be uniquely identified by their functions: RG - Representative of the Government; RAB - Representative of the Aprovale's board, ABA - Aprovale Businessman Associate

gastronomy sector settle in the region in order to exploit this new market niche as an affiliate entrepreneur exposes Aprovale:

*I saw an opportunity to install here [in the Valley of the Vineyards] complement what was already a winery and wine project, which is part of the cuisine and hotel. So here we developed this project we call the Tourist Complex Valley Vineyards, which is more than a hotel, has a series of compound. [...] In addition, other industries were developed, such as gastronomy, to have several restaurants that came to settle in the region, so that [...] in 10 years, there was actually a modification, for the better, of course, despite the difficulties faced by victimized and winemakers. There was a very great progress. (Testimony of EAA).*

In relation to tourism development in the region, the representative of the Aprovale's board of (RBA) showed some consistent data:

*Tourism is one of the most important weapons of all wine regions and we are no different. In just over 10 years, we have grown over 240% in visitors. In 2001, we received 45,000 visitors and, only last year, about 200,000 tourists visited us. For this, there was and there continues to be a growth of supply in the hospitality area, restaurants and linked to gastroturismo and services. (Testimony of RBA).*

The same way, in addition to the evolution of tourism, in terms of social development, it can be seen that local residents emphasize a very positive perception of the quality of life and the development of the region, which also contributed to the maintenance these people in their land:

*Those who visit the Valley of the Vineyards [...] is surprised with the quality of life of residents, by default, not only economic, but also the degree of dedication that our residents have. (Testimony of ABA).*

There is no statistical data available specifically on the socioeconomic situation of the Valley of the Vineyards; these data are available only to municipalities as a whole. Thus, it is not possible to deepen a quantitative analysis on the socioeconomic development of the region in particular. However, in evaluating a local public manager is on the evolution of the whole enterprise transpire many positive aspects:

*I have no doubt in saying that the Valley of the Vineyards has grown. Even before certification ever saw strong investment, however, from 2002 onwards, with a geographical indication, the process was accelerated. New investments have succeeded, horizons were opened, the Valley has become a reference transposed borders and grew even more, making space even for business tourism and leisure. Consider the region developed [Valley of the Vineyards], it has unemployment and very low poverty. Its economy is in full swing, and with the expansion of tourism, the Valley of the Vineyards diversified its economy, suffering less with the oscillations of \_ grape and wine market. (Testimony of RG).*

Corroborating this perception, it appears that entrepreneurs in the region also manifest favorably on the trajectory of local development to address the issue of generating employment and income as well as other aspects, as follows:

*[...] In the generation of employment, all these ventures are hotels, restaurants, have many social implications. Actually when we, about 15 years ago, here [in the Valley] we occupied exclusively hand-to-work site today, to be able to meet the demand, it is necessary to use large majority, 60-70% of workforce labor coming from other regions. (Testimony of ABA).*

*In this social aspect and the generation of employment and income really say, this development [\_ the Valley of the Vineyards region] led not only to the local population, but for people who come from other regions, to enhance their work. (Testimony of ABA).*

*[...] That here [the Valley of the Vineyards], 10 years ago had nothing; or asphalt, we had, it was unpaved road. Then, the potential of the Valley Vineyards has is infinite, today everyone wants to invest here (Testimony of ABA).*

As understood by the content of the statements listed among the various actors (government, association and businessmen), opinion on the benefits of Geographical Indication recognition of the Valley of the Vineyards is practically unanimous. However, it is also necessary to consider that this valley had untapped potential as a tourist route. The Path to the recognition of the indication of origin had to overcome, including the absence of specific legislation related to the theme because the joints started in the early 90s and only in 1996 was enacted relevant law.

Another difficulty to obtain recognition of the geographical indication was the completion of a job convincing the producers, seeking to instill in them the idea that the geographical indication could be an interesting tool for the wine industry in the Valley, since such recognition aggregate a differential in the products produced in the region.

For this process to prosper and yielded fruit, it was necessary to incorporate new concepts in order to produce the grapes and make the wine, which of course required investments by producers. For the recognition Indication of Origin of Valley Vineyards was necessary a revolution in the production process, from the vineyards' counterclaim<sup>6</sup> (the trellis to trellis system), to the form of winemaking aimed at quality.

To obtain the recognition of the Indication of Origin of the Valley Vineyards, was necessary to create a strong joint that had the cooperation of several segments. The process of indication of origin itself obliges producers / businessmen to mobilize for the

---

<sup>6</sup> The conduction system called trellis or traditional (horizontal vines shaped ceiling), compromises the quality of production due to low light of the bunches, too much humidity and excess production. The conduction system espalier (vertical) results in a decrease in quantity produced, but an increase in the quality of the product but is widely recommended by research and technical assistance as the best way for the production of wine grapes.

creation of an association, and the holder of the indication of origin is the association and not the producer or service provider.

In the Valley of the Vineyards region, one realizes that these joints and cooperation made themselves very broad way, a process that had the partnership of various segments, such as Embrapa Grape and Wine, University of Caxias do Sul, wine producers and some entrepreneurs in the region. However, representatives of government (municipalities in the region) recognize that the participation of this segment in the whole process was very small, just "formalizing support through a letter to join the process." However, after the process consolidated:

*The municipality included the Valley of Vineyards with a Master Plan<sup>7</sup> that stops unbridled and indiscriminate expansion, which ensures the existing identity. The Valley also has a Subprefecture able to meet the demand of requests, which streamlines services and provides a constant link with the government. The Valley also has a Governing Council, which evaluates each and every project. At the level of Department of Economic Development, we have a law that provides incentives for us to contemplate the benefits of the business class with more varied, so that the vast majority of Valley entrepreneurs enjoyed the largesse of this law. (Testimony of RG).*

Despite the hard work Aprovale and his associates in the dissemination of Seal Indication of Origin of the Valley Vineyards, such disclosure is poor, since most actors, even installed some wineries in the valley, know the meaning of the Seal of IPVV.

As one of the objectives of the seal is to differentiate the product produced in the Valley and add value to this, the wineries are feeling that is not happening this recognition, which entails an obstacle, since companies are investing in the acquisition of this stamp and which are not obtaining all the necessary return.

*Not yet had a very visible return because it was not working the seal. There was a failure of us, from Aprovale, and how Aprovale are us, it missed further exploration of this stamp, being the first in Brazil, besides being recognized in Europe, so we missed our internal work. I use quite the seal, as a company, but as a whole, had this fault, ie, differentiation [product] for the issue of postage. (Testimony of ABA).*

The current perception among members belonging to the wine industry of the Valley of the Vineyards is all are articulated and cooperating with each other, aiming at regional development. However, some entrepreneurs at the Valley, which are not of this segment dispute this perception and claim that there is still need to improve cooperation mechanisms.

---

<sup>7</sup> It should be emphasized that this is a policy implemented by the city of Bento Gonçalves and covers only the Valley of the of the Vineyards District of the region and not the defined area. In this sense, each local government is responsible for individual programs and projects aimed at the development of the Valley of the of the Vineyards only in the area that belongs to your municipality.

## 5. Conclusions

Globalization and the decline of borders led to increased market competitiveness, challenging regions to mobilize to balance the effects of this process in its territories, seeking to promote the generation of employment and income in order to enhance and improve the quality of life the population.

In this sense, it appears that the development of regions is the creation of mechanisms that increase the potential of the territory upon endogenous actions, articulated by society, the market and the state.

Seeking to find answers to the challenge of development in the Valley of the Vineyards region, primarily technical Embrapa Grape and Wine previewed the geographical indication a tool to leverage the territorial development, assuming that this mechanism generates development, benefiting producers, consumers and local products, by classifying products and guarantee of origin.

Historically other ways of tackling the problem had been experienced so far as Cooperatives and Producer Associations. Attempting to deploy the geographical indication has forced producers to work jointly to make decisions jointly, to meet the criteria of production and certification predetermined. Achieve this effect, in an innovative way, in the absence of a formally established and legal support in an environment marked by a system of competitive and individualized production, is hardly surprising.

Today there is no doubt that the geographical indication is a fact that triggered different processes of socioeconomic development in the Valley of the Vineyards leading to a significant improvement in quality of life of the local population, it kept the population in the countryside, valuing their property (land) and encouraging producers to increasingly invest in their businesses. It appears also that not only directly related to the indication of origin wine industry benefited from the recognition, but several other sectors (hospitality, tourism, handicrafts, gastronomy. Etc..). (On the other hand, this development has brought to the region property speculation, causing some inconveniences to the point of being required to contain the rampant real estate expansion, the interference of government by creating a master plan for the Valley of the Vineyards District.

Finally, we find a general way, that the recognition of the Indication of Origin and Denomination for Origin Valley of the Vineyards helped in promoting the

socioeconomic development region and its impact on the economy reflected in the form of job creation and income and quality of life of local people. This process became an inducer of local territorial development, since it promoted the interaction between the product, the producer, the consumer and the landscape of the region, adding other activities in the main chain, and keep man in his territory.

Therefore, it is concluded that the geographical indication is a new tool able to boost regional development in its social aspect, economic, political and cultural, as a differential adds to products and services, giving notoriety to the region.

## 6. Bibliography

Albagli, S., & Maciel, M. L. (2004): *Informação e conhecimento na inovação e no desenvolvimento local*. Available in: <<http://revista.ibict.br/index.php/ciinf/article/viewArticle/587/532>>. Accessed at: 08/05/2014.

Amaral Filho, J. (1996): Desenvolvimento regional endógeno em um ambiente federalista. In: *Planejamento e políticas públicas*. Brasília, Ipea, n. 14. Available in: <<http://www.ipea.gov.br/pub/ppp/ppp14/amaralfilho.pdf>>. Accessed at: 12/02/2010.

APROVALE – *Associação dos Produtores de Vinhos Finos do Vale dos Vinhedos*. Available in: <[http://www.valedosvinhedos.com.br/conteudo.asp?sSecao=aprovale&sSubSecao=indicacao&sTipo=texto&sCodTexto=IPVV\\_didatico](http://www.valedosvinhedos.com.br/conteudo.asp?sSecao=aprovale&sSubSecao=indicacao&sTipo=texto&sCodTexto=IPVV_didatico)>. Accessed at: 20/11/2009.

Barquero, A. V. (2001): *Desenvolvimento endógeno em tempos de globalização*. Porto Alegre: Fundação de Economia e Estatística.

Boisier, S. (2006): Desenvolvimento. In: Siedenberg, D. R.. *Dicionário desenvolvimento regional*. Santa Cruz do Sul: EDUNISC.

Brabet, C., & Pallet, D. (2005): Os selos oficiais de qualidade dos alimentos na França e na Europa. In: Lages, V., Lagares, L., & Braga, C. L. (org.). *Valorização de produtos com diferencial de qualidade e identidade: indicações geográficas e certificações para competitividade nos negócios*. Brasília: SEBRAE.

Brasil – Presidência da República. Casa Civil. Subchefia para Assuntos Jurídicos. (2014): *Lei 9.279, de 14 de maio de 1996*. Available in: [http://www.planalto.gov.br/ccivil\\_03/leis/19279.htm](http://www.planalto.gov.br/ccivil_03/leis/19279.htm). Accessed at: 23/05/2014.

- Bruch, K. L. (2008): Indicações geográficas para o Brasil: problemas e perspectivas. In: Pimentel, L. O.; Boff, S. O., & Del’Omo, F. de S. (org.). *Propriedade intelectual: gestão do conhecimento, inovação tecnológica no agronegócio e cidadania*. Florianópolis: Fundação Boiteux.
- Caiden, G. E., & Caravantes, G. R. (1985): *Reconsideração do conceito de desenvolvimento*. Caxias do Sul: EDUCS.
- Dalcin, M. S. (2008): *Vale dos Vinhedos: história, vinho e vida*. Bento Gonçalves: MSD Empreendimentos Culturais; Gráfica Pallotti.
- Fischer, T. (2002): *Gestão do desenvolvimento e poderes locais: marcos teóricos e avaliação*. Salvador: Casa da Qualidade.
- Gurgel, V. A. (2005): Aspectos jurídicos da indicação geográfica. In: Lages, V.; Lagares, L.; Braga, C. L. (org.). *Valorização de produtos com diferencial de qualidade e identidade: indicações geográficas e certificações para competitividade nos negócios*. Brasília: SEBRAE.
- INPI - Instituto Nacional da Propriedade Industrial (2009): *Resolução n.º 075, de 28 de novembro de 2000*. Available in: <<http://www.inpi.gov.br/>>. Accessed at: 03/10/2009.
- INPI – Instituto Nacional da Propriedade Industrial (2013): *Indicações geográficas reconhecidas*. Available in: [http://www.inpi.gov.br/images/docs/indicacoes\\_geograficas\\_15\\_10\\_2013.pdf](http://www.inpi.gov.br/images/docs/indicacoes_geograficas_15_10_2013.pdf). Accessed at: 22/05/2014.
- INPI – Instituto Nacional da Propriedade Industrial (2014): *Indicação geográfica*. Available in: [http://www.inpi.gov.br/portal/acessoainformacao/artigo/indicacao\\_geografica\\_1351692102723](http://www.inpi.gov.br/portal/acessoainformacao/artigo/indicacao_geografica_1351692102723). Accessed at: 22/05/2014.
- Kakuta, S. M. (2006): *Indicações geográficas: guia de respostas*. Porto Alegre: SEBRAE/RS.
- Llorens, F. A. (2001): *Desenvolvimento econômico local: caminhos e desafios para a construção de uma nova agenda política*. Rio de Janeiro: BNDES.
- Locatelli, L. (2006): Indicações geográficas e desenvolvimento econômico. In: Barral, W., & Pimentel, L. O. (org.). *Propriedade intelectual e desenvolvimento*. Florianópolis: Fundação Boiteux.
- \_\_\_\_\_. (2007): *Indicações geográficas: a proteção jurídica sob a perspectiva do desenvolvimento econômico*. Curitiba: Juruá.

- Minayo, M. C. de S. (1994): *Pesquisa social: teoria, método e criatividade*. Petrópolis, RJ: Vozes.
- Rodrigues, M. A. C., & Menezes, J. C. (2000): Soares de. A proteção legal à indicação geográfica no Brasil. *Revista da ABPI*, n. 48, set/out.
- Sachs, I. (2004): *Desenvolvimento: includente, sustentável, sustentado*. Rio de Janeiro: Garamond.
- Sen, A. (2000): *Desenvolvimento como liberdade*. São Paulo: Companhia das Letras.
- Siedenberg, D. R. (2004): Desenvolvimento: ambiguidades de um conceito difuso. *Revista Desenvolvimento em Questão*, n. 3, jan/jun.
- \_\_\_\_\_. Desenvolvimento. (2006): In: Siedenberg, D. R. *Dicionário desenvolvimento regional*. Santa Cruz do Sul: EDUNISC.
- \_\_\_\_\_. (2007): Prefácio. In: Dallabriga, V. R., & Bittenbender, P. L. (org.). *Gestão, inovação e desenvolvimento: oportunidades e desafios para o desenvolvimento da região Fronteira Noroeste*. Santa Cruz do Sul: Edunisc, 2007.
- Site do Vinho Brasileiro. (2009): Available in: <<http://www.sitedovinhobrasileiro.com.br/>>. Accessed at: 03/10/20092009.
- Thaines, A. H. (2011): Desenvolvimento Regional sob a ótica do Reconhecimento da Indicação Geográfica: o case do Vale dos Vinhedos. *Dissertação de Mestrado no Programa de Pós-Graduação em Desenvolvimento*. Unijuí: Ijuí.
- Vergara, S. C. (1998): *Projetos e relatórios de pesquisa em administração*. 2. ed. São Paulo: Atlas.