

GEOGRAPHICAL INDICATIONS AND LOCAL DEVELOPMENT: THE STRENGTH OF TERRITORIAL EMBEDDEDNESS

How to promote local economic development in rural areas? This paper explores the impact of Geographical Indications (GIs) that identify and endorse agri-food products which are strictly embedded within the territory from which they originate.

By using counterfactual techniques - Propensity Score Matching and Difference in Difference - this paper analyses the impacts of GIs on the local economic development of Italian rural municipalities, focusing on demographic trends and the sectorial composition of the economy. Methodologically, we compare local economic development trajectories of rural municipalities afforded GIs with the correspondent dynamics of a counterfactual group of similar municipalities that did not receive GI status.

Evidence of positive effects are found: rural municipalities with GIs experience population growth and economic reorganisation towards non-farming sectors, which frequently involve higher value-added activities.