

Local embeddedness of productions and local development: Geographical Indications in Italy

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The Geographical Indications (GIs) system represents a worldwide recognized institution that identifies and endorses, at the local level, those forms of sectorial productions which are strictly embedded with the territory where they take place. A certain production lead to be entitled as Geographical Indication if it is bearer of a territory – i.e. region-of-origin – where a series of informal habits, traditions, entrepreneurship and channels of collaboration were spontaneously born and consolidated, eventually attracting the GIs label. Do territories characterized by such a fertile context experiment better paths of local economic development?

We answered this question by considering most of the major GIs in the world, i.e. the wines produced in some localized Italian areas with the certification of *Denominazione di Origine Controllata e Garantita* – DOCG. In order to identify the DOCG temporal and spatial dimensions, i.e. the involved areas and the starting year of the entitlement, we analysed the code of practice of all GIs existing in Italy, so that arranging an original database at the municipality level. By using Difference in Differences models, we therefore compare the dynamic performances of rural municipalities entitled with the GIs status with the correspondent performances experimented without the GIs status (a counterfactual group of similar municipalities is constructed by leveraging on a broad set of data available at the municipality level).

Preliminary results are obtained with respect to population and employment growth. They suggest that being equal all other characteristics, municipalities where GIs exist experience a better local economic development.

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