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# Role of Industry Associations in the GI Value Chain: The Case of Xinhui Orange Peel

Jing LI, Ying LIU, Zuting CHEN<sup>1</sup>

**Abstract** – In China, GIs are expected to promote the integrated development of the primary, secondary and tertiary industries in rural areas. Industry associations are vital to the production, processing, operation, management, marketing and research of GIs. This paper attempts to establish a relation between industry association and value chain, employing the example of Xinhui Orange Peel which is produced in Xinhui district of the Jiangmen City, Guangdong province, China. As the product of the best quality and famous for its special production technique, Xinhui Orange Peel is protected as GI in Europe by the bilateral agreement between China and EU. Xinhui Orange Peel Association, as a leader to promote the industrialization of Peel process, is active in the development of scientific production of Xinhui Peel, promoting development of deep processing products and extending the industrial chain. This paper explores the function and role of Xinhui Orange Peel Association in protection and promotion of Xinhui Orange Peel, analyses the relationship between Peel Association and local government, and discusses the challenges and pitfalls in building the reputation of Xinhui Orange Peel around the world. The methodology of the paper is twofold: case study and empirical study. Finally, this paper offers some resolutions to the challenges mentioned.

**Keywords** – Geographical indications; value chain; industry associations; Xinhui Orange Peel

## TEXT

As a community of stakeholders scattered in different nodes of the value chain, in order to ensure the dominant position of GI products in the market, industry associations assume corresponding responsibilities in different stages of supply, production and marketing.

In the supply stage, the industry association is responsible for the registration application of GI products. Prior to submission to the national audit process, the initial formal review is conducted by an officially authorized industry association within the country of origin of the product. Moreover, industry associations for the development and growth of products to develop a platform. Industry associations can combine the advantages of the products, the introduction of high-tech technology and the development of high-tech enterprises to achieve deep processing of products, so that the industrial chain is extended and the added value of products is

improved. In addition, industry associations have a non-negligible role in guiding the intensive development of agricultural products and improving production efficiency and product quality.

In the production phase, industry associations have a monitoring and control function. Ensuring "product quality" and "authenticity of origin" are two important tasks of industry associations, which can also reflect the advantages of industry associations in participating in and extending the value chain.

In the sales stage, supervising the circulation of products, fighting against infringement of GI products, and participating in lawsuits to defend rights are the responsibilities of industry associations.

However, most of the work of China Agricultural Products Geographical Indication Industry Association is devoted to the application of Geographical Indication to the relevant departments. It neither manages the use of Geographical Indication in the region under its jurisdiction, nor supervises the production process of Geographical Indication agricultural products and formulates unified operation specifications, nor does it cooperate with the relevant government departments to do a good job in market research, quality supervision and related technical consulting services for agricultural products in the region. It can be said that in the management of geographical indications of agricultural products, the role of industry associations has not been fully played, making geographical indications of agricultural products in the market operation, production supervision and other aspects of product self-regulation and self-control, resulting in difficulties in ensuring the quality of products and brand development of the implementation of the war clusters. For the promotion of agricultural exports and to the international high-end market industry associations also did not play a due function.

Therefore, in this paper, our main objectives are to identify the role that industry associations play in the product value chain, to consider the challenges that industry associations face in improving the international reputation of their products, and to propose some relevant solutions.

Xinhui Orange Peel, as a product of the best quality and famous for its special production technique, is protected as GI in Europe by the bilateral agreement between China and EU. Xinhui Orange Peel Association, as a leader to promote the industrialization of Peel process, is active in the development of scientific production of Xinhui Peel, promoting development of deep processing products and extending the industrial chain. Given the typicality of

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Xinhui Orange Peel for China's geographical indications and the complexity of the problems faced by the association of Xinhui Orange Peel. In this paper, we will take Xinhui Chenpi as a case and understand the current development status and difficulties faced by the association of Xinhui Orange Peel by conducting field visits, taking evidence and interviewing the association's related personnel.

Through our research and field visit, we found that the problems faced by Xinhui Orange Peel in the value chain are as follows: the production method is too traditional and the scale of production is small; there are many varieties of further processed products, which makes it difficult to form the brand effect of the products; the sales are limited to the traditional sales area and cannot be expanded to a larger market; adulteration and counterfeiting are frequent and the inspection technology is not perfect, which damages the brand of Xinhui Orange Peel.

In response to specific problems, Xinhui Orange Peel Association should take the following measures: the association should take the lead and act as a liaison between the government and farmers to encourage the large-scale cultivation of Xinhui orange, while ensuring the existing Xinhui orange cultivation area, and continuously improving the scale of Xinhui mandarin operation; secondly, the association should listen to the opinions of experts and conduct extensive public opinion polls, so as to establish a more valuable and economically efficient as the representative of further processing products. The additional products should be "fine" and not "general". Once again, the industry association should take the lead in introducing a team of e-commerce talents to broaden sales channels and create a cultural brand of Xinhui Orange Peel, using the product to drive the development of tourism and other tertiary industries; finally, the industry association should set higher quality standards for product quality control, down to the collection method, weight standard, volume and size of the product and the circulation and preservation of the product, in addition to playing the role of the industry association to safeguard the rights of the product. In addition, the role of trade associations in the defence of rights should be enhanced to improve the efficiency of evidence collection and the traceability of products.

Xinhui Orange Peel is protected under two systems: Geographical Indication which is protected under "Geographical Indications Protection Regulation", and GI trademark(certification mark/collective mark) which is registered under "Trademark Law". The applicant of Geographical Indication is the Xinhui District government. Xinhui District Intellectual Property Bureau is in charge of GI management. The newly established Xinhui Orange Peel Association is specifically authorized by the government to deal with the operation and promotion of GI. What makes it more complicated to understand is that the applicant of GI certification mark is Xinhui District Agricultural Society, which is an association(legal person) under the Agricultural and Rural Affairs Bureau. This makes a tripartite conflict.

Due to the long time and high cost of litigation and the lack of manpower, the Xinhui District Agricultural Society is reluctant to file lawsuits against those who infringe the right of Xinhui Orange Peel in the market, and treats the right to litigate negatively. The Xinhui Orange Peel Association, which is the operating body, is not the registrant of the GI trademark and is therefore not qualified to file infringement lawsuits. This shows that the contradiction in the qualification of the subject of infringement litigation has not been effectively resolved in legislation and judicial practice when the registered subject and the operating subject are not the same subject.

What this contradiction reveals to us is that the government's functions should be clarified and the role of industry associations should be brought into play. Firstly, the government should take a holistic and macroscopic overall view, transcending the confines of individual interests to carry out industrial integration, registration and maintenance of geographical indications and public relations activities, etc., while industry associations should exercise a certain degree of autonomy to coordinate between individual interests. The roles of the government and industry associations should complement each other.

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