

## VALE DOS VINHEDOS AND THE DEVELOPMENT OF GEOGRAPHICAL INDICATIONS IN BRAZIL

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### THE PATH OF GEOGRAPHICAL INDICATIONS FOR WINES IN BRAZIL

#### *Development periods of wine in Brazil*

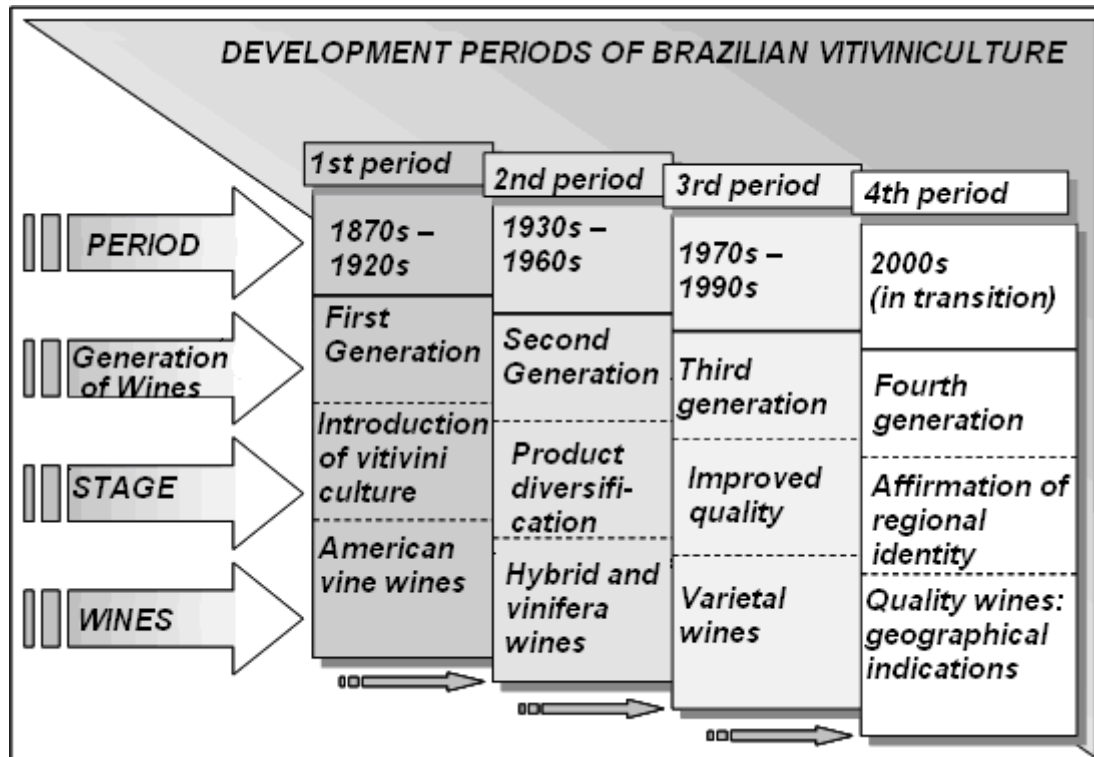
Although vines were first introduced to Brazil in the sixteenth century (Souza et al., 1996), the vitiviniculture that became more important in social and economic terms in Brazil was developed at the time of Italian colonization after the second half of the nineteenth century in the region of Serra Gaúcha, state of Rio Grande do Sul, in the south of the country. Historically, this region has accounted for over 90 per cent of the country's wine production industry. The region is therefore a reference in terms of production and development of the Brazilian wine market.

Following three development periods ("First Generation" – "wines from American vines"; "Second Generation" – "wine diversification using hybrids and viníferas"; "Third Generation" – "varietal wines"), Brazil has just entered its fourth development period (Tonietto & Mello, 2001), which involves the production of quality wines with confirmed regional identity and the introduction of Geographical Indications (GIs) (see Figure 1). It should be emphasized that sustainable vitiviniculture is now also beginning to become important.

#### *Characterizing the terroir effect on Brazilian wines and the beginning of GI policy*

In the early 1980s, our projects at the EMBRAPA Grape and Wine National Research Center were focused on the sphere of vitivinicultural zoning. The aim of the projects was to improve wine quality in Brazil by finding new production zones. At the time, efforts were concentrated on assessing the vitiviniculture potential of new regions in the state of Rio Grande do Sul. Using wine-growing and wine-making experiments, we aimed to identify the best region for quality wines. The results confirmed that the traditional region, la Serra Gaúcha, produced quality wines, but also identified the "Campanha" and "Serra do Sudeste" regions as suitable for quality wine production. Furthermore, the study also highlighted that each region was unique, producing original and typical wines based on the specific characteristics of climate and soil (Tonietto & Carbonneau, 1999). Indeed, the research had demonstrated the terroir effect on the wines of the Rio Grande do Sul regions.

Figure 1: Development periods of Brazilian vitiviniculture, historically based in the region of "Serra Gaúcha", in the state of Rio Grande do Sul: four generations of wines in Brazil up to GIs.



These findings led us to propose the concept of geographical indications to add value to the differentiation of wines based on their origin and terroir. As a result, in the early 1990s we published an article entitled "The concept of Appellation of Origin: an option for the development of the Brazilian vitiviniculture sector" (Tonietto, 1993). The appropriateness of developing a GI was discussed with producers. EMBRAPA's initial idea was to develop a GI for the entire area of the traditional Serra Gaúcha region. However, the proposal was not taken forward. In contrast, in 1995 a few producers from a subregion in the Serra Gaúcha, in the current Vale dos Vinhedos zone, became interested in the idea and formed a GI.

#### *Industrial property for GIs in Brazil*

The Industrial Property Law (LPI) in Brazil (Law No. 9.279, Brazil, 1996) opened the way for recognition and legal protection for geographical indications at the national level. Under this Law, geographical indications in Brazil can be classified as "Indicação de Procedência" (IP) (the indication of source can be the geographical name of the country, town, region or place of its territory, known as the centre of extraction, production or processing of a given product or provision of a particular service) or as "Denominação de Origem" (DO) (the appellation of origin can be the geographical name of the country, town, region or place of its territory, designating a product or service whose qualities or characteristics are exclusively or essentially due to the geographical environment, including natural and human factors). Resolution No. 075/2000 of the Brazilian National Institute of Industrial Property (INPI, 2000), Ministry of Development, Industry and Foreign Trade (MDIC), specifies the conditions for the recognition of geographical indications in Brazil.

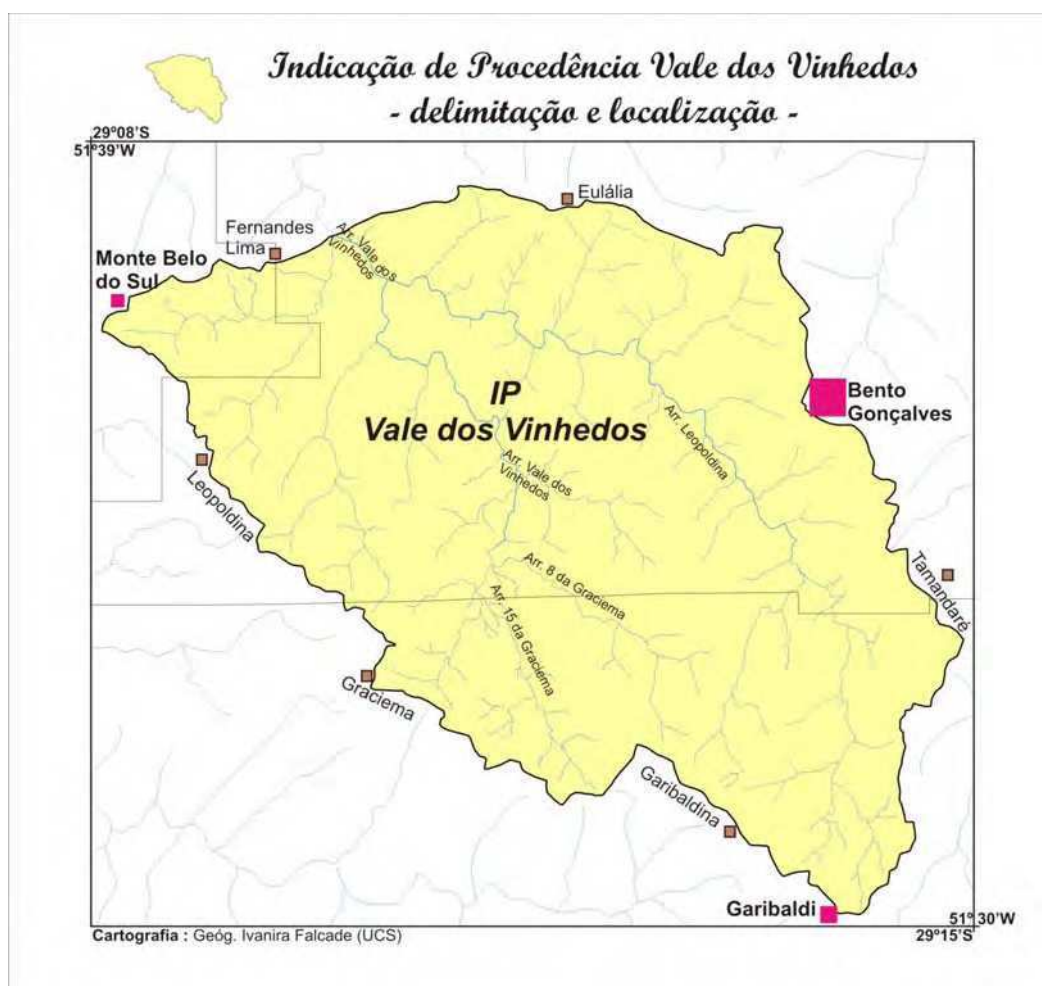
## VALE DOS VINHEDOS: FIRST GEOGRAPHICAL INDICATION IN BRAZIL

The first Geographical Indication in Brazil was recognized by INPI in 2002. Under Brazilian law, it was classified as an "Indicação de Procedência" (indication of source). Its geographical name is Vale dos Vinhedos (Vineyards' Valley) and the owner is APROVALE (Association of Producers of Fine Wines of the Vale dos Vinhedos). The Vale dos Vinhedos IP includes a defined geographical area of 81.23 km<sup>2</sup> (see Figure 2) and protects vitiviculture products such as traditional sparkling and fine wines, among others.

*Motivation of producers for a Geographical Indication policy*

The 1990s heralded a paradigm shift in the production of and market for fine wines in Brazil. Increasing trade openness generated a new domestic market situation, where imported products gained a growing presence in the Brazilian market, in the form of good-quality wines at competitive prices.

Figure 2: Vale dos Vinhedos geographical indication delimited geographical area, Brazil (Falcade et al., 1999).



This new situation, and the EMBRAPA Grape and Wine National Research Center recommendation to develop GIs for wine, raised the awareness of a small group of producers from the Vale dos Vinhedos region. The main elements of the identity of the group at the time were:

- (a) cultural identity of Italian origin, as wine producers in the region since the end of the nineteenth century and, more recently, as small-scale wine producers;
- (b) wine producer-owners based in family businesses;
- (c) wishing to develop towards the production of quality wines;
- (d) wanting to see the region recognized as a quality producer of wines on site;
- (e) aiming to add value to their wines;
- (f) seeking the establishment of conditions for viability, in the medium to long term, of their competitiveness as wine producers;
- (g) adding value to the heritage of wine makers – land, vineyards, wine cellars, cultural values;
- (h) idea to develop a wine tourism project in the region.

#### *Development stages of the GI*

The main development stages of the Vale dos Vinhedos GI, implemented by producers initially motivated by the GI idea, are listed below in chronological order:

- (a) in 1995, creation of APROVALE (Association of Producers of Fine Wines of the Vale dos Vinhedos), with the main aims of developing a geographical indication for its wines and local wine tourism;
- (b) in the years that followed (1995-1999), a series of actions were planned for the development of a GI, including implementation of an R&D project (APROVALE – EMBRAPA – UCS) on vitivinicultural zoning, in order to characterize, quantify, qualify and define the area of the Geographical Indication for vine and wine production;
- (c) 1999-2000, definition of the Code of Practice and the control system for the Vale dos Vinhedos GI;
- (d) 2000-2001, creation of the Regulatory Board (Conselho Regulador) in APROVALE and validation of the GI Code of Practice: first IG wines produced for the 2001 vintage;
- (e) 2001, complete application file for recognition of the Vale dos Vinhedos GI filed with INPI;
- (f) in 2002, INPI recognition of the Vale dos Vinhedos IP, which introduced new ways of organizing production (Tonietto, 2002): a defined production area (see Figure 2); selection of authorized varieties; definition of a series of authorized wines; more stringent grape quality and chemical quality of wines compared with Brazilian vitiviniculture legislation; compulsory sensory assessment by experts on 100 per cent of wines; minimum 85 per cent of wine grapes produced in the defined geographical area; wine-making, ageing and bottling in the defined area; Regulatory Board (Conselho Regulador) set up within the protection body of the geographical indication (APROVALE);
- (g) 2002-2006, consolidation of the GI and development of wine tourism, with an increase in the region's reputation among consumers;
- (h) 2005, introduction of a research, development and innovation project that aimed to have the Vale dos Vinhedos IP recognized as an Appellation of Origin (AO);
- (i) 2007, the Vale dos Vinhedos GI was on that year's list of third countries with geographical indications for wine, in accordance with Article 54 (4) of Regulation (EC) No. 1.493/1999 of the European Union;
- (j) 2008 vintage, first wines made using the AO Code of Practice;
- (k) 2010, application for recognition of the Vale dos Vinhedos AO filed with INPI.

The upgrade from “Indicação de Procedência Vale dos Vinhedos” to “Denominação de Origem” (Appellation of Origin) is the result of about 15 years of development of the land, particularly in the period of the Vale dos Vinhedos IP.

Nowadays, all products have a quality and characteristics determined by natural and human factors in the territory. As a result, the producers have recently applied for the region to be recognized as an Appellation of Origin for its wines, with a new more restrictive Code of Practice to ensure the quality, originality and typicality of AO products.

#### *Challenges to the development of the Vale dos Vinhedos GI*

The success of the development of the Vale dos Vinhedos GI is thanks to the effort and determination of the producers organized within APROVALE.

In our opinion, the main difficulties on this journey have included the following:

- (a) raising awareness of producers about the value of the GI instrument as a policy to develop production and protection of wine products;
- (b) assimilation by producers of GI concepts and values in a country where there was no such tradition in this sector;
- (c) the need for structural changes to production (wine growing and wine making) and to management (joint decisions within APROVALE) to adapt production that was not historically structured to add value to products of origin;
- (d) GI concept unknown or little known among Brazilian consumers.

On the other hand, there have been the following plus points on the way to the Vale dos Vinhedos GI:

- (a) determination of producers to work towards recognition of a GI, and eventually considering an AO;
- (b) the support of several institutions for the APROVALE group: idea of the GI as a sectoral policy instrument; structuring and implementation of RD&I projects for the GI, developed by R&D institutions (EMBRAPA Grape and Wine, EMBRAPA Temperate Climate, EMBRAPA Forestry, UCS, UFRGS, FAPERGS, FINEP and SEBRAE), in coordination with APROVALE;
- (c) long-term support from EMBRAPA Grape and Wine through all stages of GI consolidation (development, recognition, consolidation and evolution over time): wine-tasting group, Regulatory Board (Conselho Regulador), analytical support for certification of GI wines and so on;
- (d) wine tourism developed by APROVALE, which has constantly added value to the GI and vice versa.

#### *Vitiviniculture competitiveness and territorial development*

The development of the Vale dos Vinhedos GI has resulted in progress in wine production and has also developed the defined territory (Tonietto, 2006).

There have been several economic, social and industrial property repercussions in terms of GIs (Yravedra, 1997) since the Vale dos Vinhedos GI. The impacts on the region include the following:

- (a) technological qualification (vineyards, wine-making equipment, staff) throughout the entire wine production process;
- (b) new investments: cellars, vineyards, territorial infrastructure;
- (c) construction of the region’s reputation as a producer of quality wines;

- (d) attraction of new investors and professionals around vitiviniculture production: restaurants, hotels, craft workers and so forth;
- (e) surge in wine tourism;
- (f) increased value added to wines and/or improved wine sale facilities – direct sale, regional, national and international market;
- (g) affirmation of the quality and originality of certain wines, which is the basis for developing the Appellation of Origin;
- (h) legal means of checking counterfeit wines from the Vale dos Vinhedos GI.

There is currently a project under way to assess the economic, social and territorial impact of the Vale dos Vinhedos GI and describe and quantify changes due to the GI (implemented by EMBRAPA, Unicamp, USP and APROVALE).

#### *VALE DOS VINHEDOS AS A REFERENCE FOR NEW GIs IN BRAZIL*

Since the first evidence of the Vale dos Vinhedos GI having positive concrete results for vitiviniculture production, territorial organization, the development of the region's image and wine tourism, Brazil's wine producers have seen the initiative as a plus point for sectoral competitiveness.

#### *Creation of Producer Associations for new wine GIs*

In 2010, INPI recognized the IP for Pinto Bandeira wines, and its producer supervisory association ASPROVINHO. Pinto Bandeira is the second wine GI recognized in Brazil (Flores et al., 2005; Falcade et al., 2010).

There are now several other geographical indications for wines being developed in Brazil (Tonietto & Zanus, 2007) for official recognition, managed by their respective producer associations protecting and adding value to their wines (association acronyms in brackets): Monte Belo (APROBELO), Altos Montes (APROMONTES), Farroupilha (FAVIN) and Submédio São Francisco (VINHOVASF) (see Figure 3).

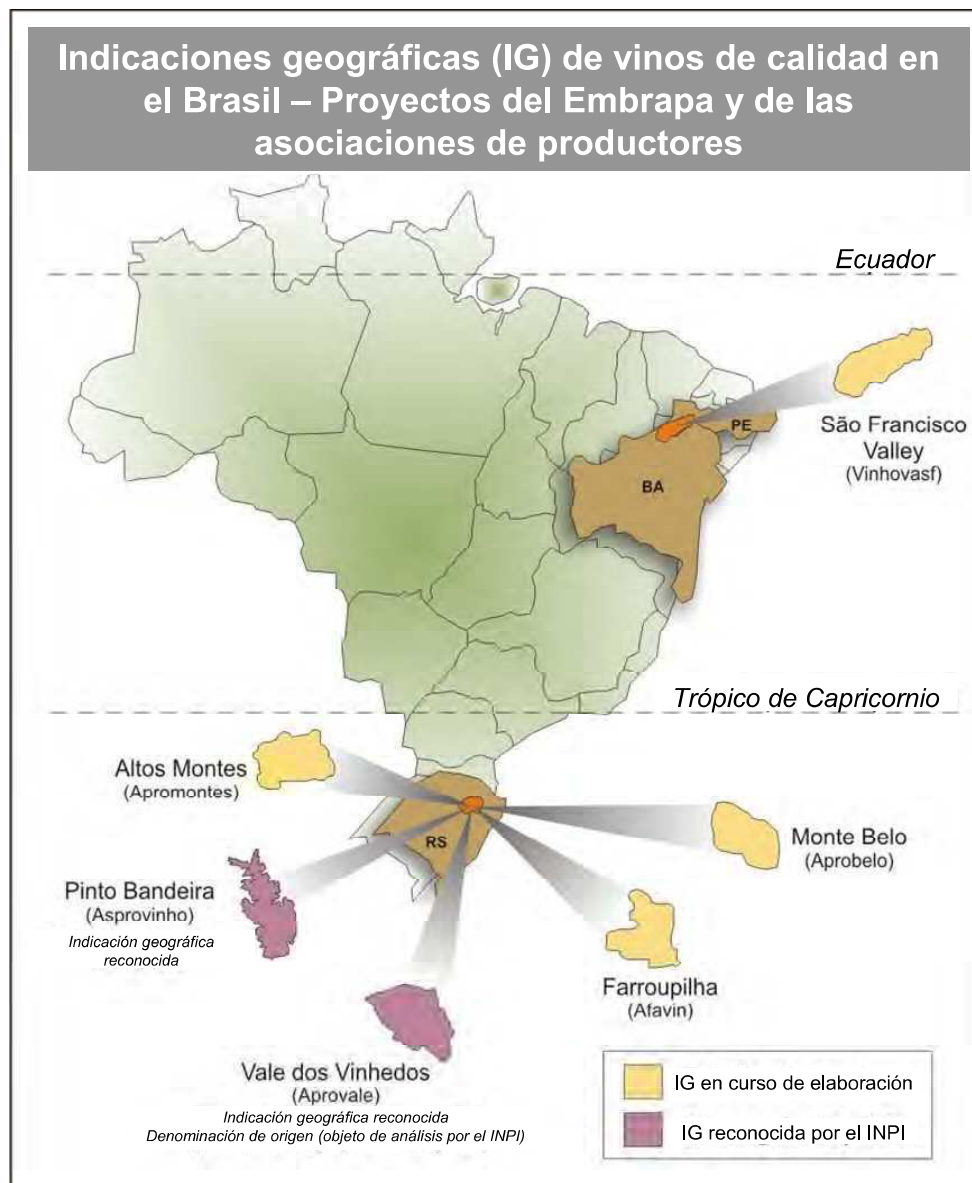
With this in mind, considerable research is being carried out into vitivincultural zoning, in order to help characterize the natural factors (soil mapping, climate zoning, relief, landscape, integrated GIS data analysis, definition of zones) and human factors (varieties, agroviticultural management, wine grape quality, chemical characteristics of the wine, sensory characterization and typicality elements of wines), as these form the basis for defining and drawing up the Code of Practice for geographical indications (Falcade et al., 1999; Flores et al., 2005; Tonietto, 2006).

In other new wine-growing regions in Brazil, such as Campanha, Serra do Sudeste and Planalto Catarinense, wine growers wish to move towards production with more regional identity and the possibility of developing geographical indications. A new EMBRAPA project is under way to develop a GI in the region of Campanha Gaúcha in Rio Grande do Sul (producers' association "Vinhos da Campanha").

#### *Development of GIs for other "Products by Regions" in Brazil*

Particularly from 2003 onwards, other institutions in Brazil have worked to disseminate and train people involved in GIs (SEBRAI, Brazilian Ministry of Agriculture, among others). Symposia and meetings have been held to mobilize the different states to identify potential products for geographical indications.

Figure 3: Recognized geographical indications Vale dos Vinhedos and Pinto Bandeira and others currently being developed in Brazil (Source: Luciana E.M. Prado & Jorge Tonietto – EMBRAPA Grape and Wine).



Alongside the process in the wine sector, a series of other GI projects have emerged in Brazil and have been recognized as GIs (coffee, cachaça, rice, fruits, beef, leather and so forth). The example of the Vale dos Vinhedos GI has always been emblematic: a case study to be used as a model or subject of discussion for GIs of other products.

There are currently a great number of applications for GI recognition filed with INPI, and dozens of projects are being developed in Brazil. The development of GIs in Brazil includes agricultural products, agroindustry products, crafts and precious stones, among others. Brazilian law even makes it possible to recognize services as GIs.

## CONCLUSIONS

In the Fourth Development Period of Brazilian wine making, GIs are part of conceptual and structural change strategies to increase the competitiveness of Brazilian wines in the national and international market. Adding value to the different quality and typicality of products using recognized GIs is becoming a sectoral policy.

Vale dos Vinhedos was the first GI, and the successful example of this industrial property instrument in Brazil has encouraged other initiatives to add value to quality local products, be they wines or other products.

Today more than ever, many potential GIs are being developed throughout several regions of Brazil. Geographical indications may become a strong tool of development and competitiveness policy for Brazilian products on the national and international markets.

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