

# Spirit of innovation or historical tradition? The complex dilemma of EU policy for renowned products

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The preservation of origin through the Geographical Indications scheme has evolved from an EU policy tool for high-quality agrifood products to an instrument of international governance, green transition and property right competition. The new 2024 EU Law of GI aims to strengthen the historical value of such scheme and support its role in indirectly generating socio-economic spillovers at the territorial level. This article analyses the effects of GI EU policy on innovation adoption in the agrifood technological field at the municipality level over the 1991-2020 period in Italy. While the EU scheme is preserving the essence of tradition, it may in fact impede the adoption of innovative practices, which, according to the EU Green Deal, are considered crucial for bolstering competitiveness, sustainability, and resilience. However, the linkage between products and the region of origin triggers a virtuous circle of informal inter-organizational collaborations and shared values that may spur innovations. Methodologically, we use Propensity Score Matching and Difference-in-Differences models (static and staggered). Results show that GIs overall do not limit innovation performance of territories, but there is not a significant increasing effect on it, suggesting that more steep policy actions are needed