Conflict or convergence?

Products of origin. An analysis of the Swedish case of Baltic Sea fish

by Madeleine Bonow

In response to the contemporary globalization of the economy, food markets are shifting toward differentiation of services and products based on the unique qualities and attributes of the products. A paradigm called the “quality turn” corresponds to the increasing variety of food services. “Alternative foods”, including organic products or products qualified by their origin, and new methods of marketing these foods (farmer’s markets, local contracts, etc.) are developing through the mainstreaming of innovation.

Protected designation of origin (PDO) is a certification scheme that certifies products by their origin, and is one of several important tools to strengthen the competitiveness of rural areas, especially for small-scale food processing in rural and less-developed areas in Europe. A PDO provides groups of producers with protection against unfair competition for products whose unique sensory characteristics essentially depend on the local geographic and cultural conditions as well as the local know-how of the production site. A PDO certification informs consumers that the product quality and its value depend on the geographic origin of the product. Despite the potential value of PDOs for producers, their use is unevenly distributed throughout the EU. The organization of the quality certification systems and corresponding legal provisions vary between countries. France, Italy, and Spain are models for the development of the PDO scheme and have more than 800 PDO-certified products. However, countries such as Sweden, Finland, and Denmark have a much smaller number of products that are certified. In Sweden, several products have applied for a PDO, but only one, Kalix Ljörom, has been certified under the scheme. The reason for this failure is mainly that Sweden’s current customs do not correspond to the PDO scheme. To increase the likelihood of successfully obtaining PDOs, Sweden should work to reinvent local knowledge and local food and to recover its traditional food culture.

Institutional theory

Institutional theory brings together economists, sociologists, and historians whose common interest is the impact of institutions on the behavior of, and coordination among, economic actors. The interdisciplinarity of perspectives from sociology, political science, and business management bring further insight to the economic perspectives. North defines institutions as “formal rules or informal constraints and their modes of implementation that guide and regulate the behavior of economic actors”. “Formal” institutions are explicit and take the form of constitutions, laws, regulations, and codes, and “informal” institutions are often implicit and comprise social norms, conventions, personal habits, and organizational routines. Institutions govern the “rules of the game”, and they generate restrictions as well as create the tactical choices available to firms at a number of levels. These institutions set the fundamental political, legal, and social rules that establish the basis for production, exchange, and distribution.

Terroirs and the institution of PDO

The articulation of the common agricultural policy (CAP) and the development of the common market are components in a massive project of institutional assimilation in which a country’s historical experiences and institutional setting is subordinated to common European institutions. A particular institutional concept in the small-scale food industry is that of terroir. This concept is important to the industry because
the region of origin of a product is a specific asset, and its development has been the cornerstone of the industry’s strategy on a national level. The terroir, traditionally a homogeneous geographical area, can be defined according to a variety of concrete, tangible factors such as soil, geology, geomorphology, hydrology, climatology, and sunshine.14 However, a terroir is also a homogeneous territory endowed with a very strong identity that is characterized by a set of natural, cultural, historical, and social resources enmeshed in both the place and history of the area of production.15 Moreover, terroirs are structures of individual and collective skills explicitly or tacitly transferred from generation to generation that build an enduring collective identity and facilitate the exchange of geographical resources. Economic players and their interactions build terroirs. Thus, a terroir is a territory, and as a territory it can also be analyzed as a “situated institutional setting”. It is no longer an unassuming bounded set of resources, but a social and historical construction of a set of institutions embedded within a given geographical area that gives it its identity. It is a system in which institutions exist in distinct national configurations, it is interesting to see these institutions interact to form national constellations with their own logic and non-random types or patterns.22

In 1993, the EU passed legislation that provided for a system for the protection of food names based on geography or a traditional recipe. The product is awarded one of three marks: PDO, protected geographical indication (PGI), or traditional specialty guaranteed (TSG). Under this system, a named food or drink registered at a European level is given legal protection against imitation throughout the EU.18

As a formal institution, PDO is the cornerstone of the system. France and Italy have a long history of using the scheme, which was developed with the French scheme appellation d’origine contrôlée (AOC) and the Italian scheme denominazione di origine controllata (DOC). Under this system, a named food or drink registered at a European level is given legal protection against imitation throughout the EU.18

Institutions exist in a distinct national configuration.21 The implementation of a PDO in Sweden reflects the implementation of a new formal and informal institutional establishment (laws, traditions, and knowledge). This paper will apply an institutional approach to a comparative analysis of two products: one that has received a PDO, Kalix Löjrom, and one that is applying for a PDO, surströmming. Because institutions exist in distinct national configurations, it is interesting to see these institutions interact to form national constellations with their own logic and non-random types or patterns.22

The aim of this work is to identify the conflict or convergence of the institutions in both cases and the impact this has on the PDO application process and outcome. The study was completed by conducting interviews and participatory observations and text analysis.

The cases under comparison are natural resource-based, embedded in old traditions, and have local tacit knowledge as the primary cognitive basis for their conventions. They sustain small communities, and Kalix Löjrom contributes to the wealth of a larger region. Both cases involve the transformation of a scarce, but harvested, natural resource (fish) according to a specific set of conventions. Kalix Löjrom has moved into the world of alternative niche markets and new conventions, but surströmming is still locked into the old conventions. These case studies explore the changing dynamics of the institutional landscape during the application process for a PDO.

Sweden differs from other countries like France or Italy in the tradition of using terroir. The idea of using a terroir-based certification is unusual in Sweden because terroir, in its most comprehensive geographical and cultural meaning, is not a familiar concept in Sweden. There are many reasons why Swedes do not have any relationship to terroir. First, the structure of the agro-food sector and its near total eradication of traditional agro-food systems resulted from the view that food was a necessity for day-to-day survival. This attitude led to a reduction in the importance of cultural values and sensory quality that has contributed to a less vibrant regional food culture and has affected the buying habits of the population.23 In addition, wine has never been produced in Sweden, and terroir is considered a basic concept in wine production. Furthermore, the geographical distance between Sweden and countries where terroir is known by both producers and consumers is quite significant.24

The application process for Kalix Löjrom and surströmming

Sweden’s first PDO application was submitted to the National Food Agency (NFA) in 2006 for the caviar Kalix Löjrom with the financial support of the municipality of Kalix, the Swedish Board of Fisheries, and the fishermen who produced the caviar. The reason for this application was that in 2005 the Swedish caviar market...
had been penetrated by cheaper alternatives from other nations and by roe from other parts of Sweden that had renamed their products as Kalix Löjrom. This new competition forced all stakeholders to join forces to find a solution to maintain the uniqueness of their product.24

The Kalix Löjrom group encountered many problems with the application process. The first was that the NFA, which is in charge of PDO applications, told them not to apply. Because the PDO application requires a massive amount of information, no previous application had ever been completed in Sweden. However, the one responsible for the PDO application of “Kalix Löjrom”, Tryggve Bergman, contacted another person at the agency who offered some support and guidance. The application was first rejected, but after a visit to Brussels, Bergman learned what mistakes were made and received information about how to complete all of the requirements of the application.25

ANOTHER PROBLEM with the application was defining the specific geographical area where the fish that produce Kalix Löjrom are located.26 A comparative isotope analysis of different caviar harvests in combination with the breeding grounds for the vendace (Coregonus albula), the freshwater fish whose roe is the source of Kalix Löjrom) was performed. The analysis showed that the distinct features of Kalix Löjrom result from the brackish water (low salt level) near the mouths of the four large freshwater rivers in the northwestern area of the Gulf of Bothnia as well as the unique characteristics of the vendace.27

The application was finally accepted in the fall of 2010.28 Because the application was approved, the Swedish government has provided financial support to reinforce the control and implementation of the EU quality scheme in Sweden, and the NFA has developed the first training courses about the EU quality scheme.

The NFA also established a monitoring program to detect fraudulent use of PDO, PGI, and TSG. The application process for surströmming started in 2012. The NFA invited the Surströmmins Akademien (The Surströmming Academy) to apply for a PDO for surströmming because it is a unique product from the Norrland coast. The producers had also started to suspect Chinese interest in making this product in China.29

In this case, the main obstacle in the start-up phase was obtaining financial support to fund the application. Unlike the application from Kalix Löjrom, the Surströmmins Akademien did not have the assistance from the municipality in terms of money or man-hours. The Surströmming Academy applied for funding from the NFA to finance the application process and received 50% of the cost of developing the application for the first year. This was far from enough. Obviously, the NFA was now more willing to help, and their knowledge had increased substantially since the Kalix Löjrom application. However, the infrastructure for supporting the application process was still lacking.

THE AUTHORITIES were more aware of the benefits of PDO certification this time, but the fishermen and small firms producing the product were not. The first task was to ask the producers and fishermen to participate in the application. An initial meeting was held in the autumn of 2012 to convince them of the benefits of this scheme and to persuade them to organize themselves in an association, which is necessary to be able to seek the PDO. None of the producers at that meeting knew anything about the PDO scheme, and there was little willingness to participate and pay money without knowing whether they would gain anything.

Defining the terroir, or the production area, was another major obstacle. The production of surströmming has traditionally taken place near Höga Kusten [The High Coast], where the herring have been caught commercially since the 1600s. This area would be the obvious choice, but today one of the largest producers in this business is located outside of this area and would be excluded from this PDO. This was regarded as a problem because the application process needed their support and money to proceed. No one at that meeting understood why the producers could not be included. These problems could be solved with more information and lobbying activities by the Surströmming Academy. After the seminar, the board of the Surströmming Academy talked to all of the firms producing fermented herring, and the firms agreed to co-finance the application if the Surströmming Academy could obtain sponsorship from the municipalities that have processing firms to help share the cost.30

The largest obstacle was harder to tackle. The fish used to make surströmming have high levels of dioxins and polychlorinated biphenyls (PCBs). Wild-caught fatty fish from the Baltic region, such as herring and salmon, often contain concentrations exceeding the EU limits for dioxin and dioxin-like PCBs. This means that the herring caught in the Gulf of Bothnia to make surströmming are considered toxic and are banned for export. Since 2002, Sweden has had a temporary exemption from the EU dioxin limit, which allows Sweden to sell fish exceeding the limits in the Swedish market if the consumers are informed of its dangers. Sweden received a permanent exemption in 2012.31

CAN A PRODUCT with toxic content apply for a PDO? The firms wanted to know this before committing to any funding of the project. The members of the Surströmming Academy have tried to determine the answer to that question but have not yet succeeded. They have asked the NFA and have received different responses. They contacted many officials in the Ministry of Rural Affairs with similar results. The Surströmming Academy’s view was that if the NFA urged them to apply for a PDO, they would not reject the application because of these toxins when it was submitted.

At a meeting between the Swedish Ministry of Rural Affairs, the Surströmming Academy, and the NFA in December of 2012, the question was raised of how Sweden would handle the PDO application for surströmming given the exemption Sweden has to consume fish caught in the Baltic Sea. The Swedish government replied that they could not accept an application for a PDO that does not follow other European legislation. In other words, the fermented herring should be allowed for consumption in the EU. This would not be possible with the surströmming because it is banned from the European market.32 However, in a meeting on January 16, 2013, the Ministry of Rural Affairs stated that there are no legal grounds to prevent an application for a PDO for surströmming if the requirements of the Swedish dioxin exemption are followed as well as the requirements of an application for a PDO. They pointed out, however, that it is not possible to get advance notice from the European Commission on whether or not they will approve an application for a PDO of surströmming. Another issue mentioned at this meeting was that in light of the Swedish media’s discussion about the dioxin exception, an application for a PDO for fermented herring might result in negative publicity for the product, not the positive publicity that the trade needed.33

In the beginning of 2013, the National Board of Agriculture (NBA) rejected the Surströmming Academy’s application for further funding of the PDO application process. This was a setback to the project because it had no other means to do the laboratory testing and other research required to be able to continue the submission process, and the project is currently on hold.34 From the beginning, all of the actors and institutions involved have been in conflict and no convergence has yet been reached in this process.

The implementation of the PDO for Kalix Löjrom

The implementation of the PDO for Kalix Löjrom caused a number of new problems at local and national levels. First, it greatly increased the bureaucracy concerning the fishing, processing, control, and selling of the product, which caused some frustration.
At the local level, this led to substantial investments in processing facilities that created some controversy between the fishermen and the authorities. The increased control of the production exposed a lack of institutional proximity among organizations and individual actors. The innovation is lost in the practical concerns and conventions of the NFA and other actors. The Höga Kusten region is undoubtedly bordered from a geographic perspective; however, the institutional proximity is still limited. This is mainly because the knowledge on defining the production terroir is lacking, and individual producers do not know how to use the terroir as a resource and how it could build market assets.

In both cases, Kalix Ljörom and surströmming, the main institutional constraint was the lack of infrastructure for the support of the PDO during the application process and the lack of knowledge and the initial reluctance of the NFA and NFA to proceed with the applications. This conflict between the NFA and other authorities was demonstrated by its inflexibility in adopting the new ideas of the PDO and the innovations that, in this case, would improve the product. The lack of understanding of how the regulations worked and the lack of institutional embeddedness among organizations and individual actors formed the basis of the conflict in the surströmming case.

The national authorities are at present too passive, and many producers do not know about the PDO scheme or how to complete a PDO application. This absence of knowledge is a threat to institutional convergence in Europe. Furthermore, the authorities that have the power to grant funding for new applications in Sweden counteract the European quality schemes. As in the surströmming case, this endangers the product.

For Kalix Ljörom, the insufficient resources and knowledge of the NFA about how to secure the PDO has allowed food fraud to flourish, and this jeopardizes the economic base for the fishermen and the reputation of the product.

**The main economic benefits** of possessing this PDO have yet to be realized. Kalix Ljörom is sold as a gourmet item in specialty stores, and the increased income levels for the fishermen might provide the right incentive to secure the compliance of the coastal management program and secure the future survival of the whitefish. Surströmming might not ever sell as a gourmet item, especially outside of Sweden. However, in this case the most important reason to apply for a PDO is to protect the trade and support the local fishermen and municipalities. The municipalities in the fishing areas and especially the rural population of the archipelago might find future income opportunities through tourism and even festivals. But this has yet to materialize.

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**Institutional constraints, conflicts, and convergences**

The purpose of this article was to analyze and highlight some of the main problems and opportunities faced during the application process and the implementation of the Kalix Ljörom PDO and the PDO application process of surströmming. The study also touched upon the notion of the PDO and its institutionalized expression in the terroir at the local level in the two cases. As expressed in this article, this process has proven to be quite complicated.

Kalix Ljörom has successfully followed the path of the PDO system to achieve self-sustained industrial and territorial development. This has involved implementing PDO guidelines for meeting quality standards and increasing value along the production chain. In addition, and perhaps more importantly, networked cooperation between local production systems and regional regulatory and professional bodies diffuse cutting-edge technical and marketing knowledge down the production chain. The ultimate objective is to upgrade the regional system by producing premium caviar for expanding niche markets. The present case study suggests that its implementation represents some institutional innovation that involves many actors and numerous regional levels. From an institutional perspective, the weaknesses of the PDO as an institution are a reflection of the PDO system’s lack of institutional uniformity in Sweden.

The implementation of PDOs requires a high degree of institutional proximity among local actors. In the case of surströmming, a real convergence of views, values, and common rules of action is missing due to the lack of institutional embeddedness among organizations and individual actors. The innovation is lost in the practical concerns and conventions of the NFA and other actors. The Höga Kusten region is undoubtedly bounded from a geographic perspective; however, the institutional proximity is still limited. This is mainly because the knowledge on defining the production terroir is lacking, and individual producers do not know how to use the terroir as a resource and how it could build market assets.

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Note. Kalix Ljörom (vendace roe from Kalix) and surströmming (canned fermented herring, Clupea harengus; literally: sour herring).

MADELEINE BONOW. Lecturer at Södertöms University, PhD in Human Geography (2005). Her recent study on crucian carp fish focused on gastronomy and consumption in relation to place and society in historical times in the Baltic Sea region. Current research focuses on gastronomy and consumption in relation to space and terroir. She is part of the network The Permanent European Conference for the Study of the Rural Landscape (PESCSRL) and the ERG Syal group dealing with local agricultural and food systems.
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