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NORMATIVE ASPECTS AND BENEFITS PROTECTION OF GEOGRAPHIC INDICATIONS IN INCREASING THE ECONOMIC VALUE OF REGIONAL PRODUCTS

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Abstract
Geographical Indication (GI) protection is an intellectual property law instrument that plays a crucial role in maintaining the reputation, quality, and characteristics of products associated with their region of origin. Normatively, GI protection is regulated by Law Number 20 of 2016 concerning Trademarks and Geographical Indications, which provides a legal basis for producers to protect the identity and uniqueness of their products from counterfeiting or misuse. From an economic perspective, GI protection has been shown to increase product added value through increased selling prices, expanded market access, and strengthened competitiveness at the national and international levels. This study aims to analyze the normative aspects of GI protection in Indonesia and examine the economic benefits arising for regional products that receive such recognition. The research method used is a normative juridical approach with a legislative, conceptual, and case study approach to several GI products such as Gayo Coffee, Kintamani Coffee, and Amed Salt. The results show that GI protection contributes to increasing the economic value of products by 20–50%, expanding market access, and strengthening regional identity. However, its implementation still faces obstacles such as a lack of understanding and awareness among local communities regarding the importance of GI protection and the complexity of GI registration procedures. Based on these findings, it is concluded that Geographical Indication protection in Indonesia needs to be strengthened through increased outreach and legal assistance for producer communities, as well as enhanced inter-institutional coordination, to create an effective GI protection system.

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I. INTRODUCTION

Geographical Indication (GI) is a type of protection in Intellectual Property Rights (IPR), in addition to patents, trademarks, copyrights, trade secrets, and others. A GI is a trade name associated with, used, or attached to a product's packaging and serves to indicate the product's place of origin. This place of origin indicates that the quality of the product produced is strongly influenced by the geographical factors of the region, making the product unique and well-known to the public. This indicates that the region has a special advantage in producing certain products in the eyes of consumers (Ayu, 2006). A GI is a trading tool that can provide benefits to producers, consumers, and the community in identifying products and providing quality assurance, avoiding fraudulent practices, assisting the development of local producers, and supporting the preservation of nature and traditional knowledge. The GI system guarantees the maintenance of product quality and, of course, can be developed into a marketing strategy to increase reputation and market demand. Obtaining a GI will provide a competitive advantage for products in both domestic and global markets (Crescenzi, et al., 2022).

Indonesia has great potential to develop geographical indication products due to its extraordinary diversity of natural and cultural resources. By 2024, at least 182 products had been registered as Geographical Indications, 167 of which were domestic and 15 from abroad, according to data collected by the Directorate General of Intellectual Property (DJKI) (IWM, 2025). In the same year, 55 new GI applications were filed, a 324% increase, more than threefold from the previous year's 17 applications (Ministry of Law and Human Rights of the Republic of Indonesia, 2024). According to an international study, in 2023 Indonesia had 138 GI certificates for local products from 34 provinces, plus 15 certificates for foreign GI products (Almusawir, et al., 2025). Products that have received GI certification include Gayo coffee (Aceh), Kintamani coffee (Bali), Amed salt (Bali), Sumbanese ikat weaving (NTT), and Sumbawa honey (NTB). These products are known not only for their taste and quality, but also for their connection to the local geographic environment and traditions. However, compared to the existing potential, this number is still very small, while the Ministry of Tourism and Creative Economy recorded 261 potential products that meet GI criteria throughout Indonesia.

Legal protection for GI in Indonesia is regulated in Law Number 20 of 2016 concerning Trademarks and Geographical Indications, which states that GI is an element of Intellectual Property Rights (IPR) that is communal in nature. This law is an implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement), particularly Articles 22–24, which discuss legal protection for products with specific geographical reputations. However, various challenges still hinder the implementation of GI protection in Indonesia, such as a lack of public knowledge regarding GI registration procedures, limited regional institutional capacity, and suboptimal mechanisms for monitoring and law enforcement against GI violations. This condition indicates that legal protection for GI is not yet fully effective in ensuring legal certainty and economic protection for producer communities.

From an economic perspective, GI plays a crucial role in increasing the economic value of regional products. Products with GI certification tend to have a selling price between 20% and 50% higher than similar products without legal protection, due to the formally recognized guarantee of quality and authenticity (WIPO, 2017). For example, after Gayo Coffee obtained GI certification in 2010, Aceh coffee exports increased by an average of 8% per year, while demand from European and Asian markets continued to grow (BPS Aceh, 2024). This demonstrates that GI protection has an impact on legal aspects and improves the welfare of producer communities, creates jobs, and strengthens the local economy based on regional wisdom.

However, various studies have shown that GI's contribution to increasing regional economic value in Indonesia is less than optimal. Most previous studies have focused on administrative and procedural analysis of GI registration, rather than on the substantive relationship between GI legal protection and its economic impact. Furthermore, there is a gap between the existence of regulations and their implementation on the ground. Legal regulations exist, but their implementation has been ineffective due to weak integration between the central government, regional governments, and producer community groups.

Research on GI protection is becoming increasingly important given the significant potential of regional products in Indonesia, which are still not optimally utilized legally and economically. This is evident from the analysis of normative aspects, namely the legal framework, registration mechanisms, and institutional management of GI, which are crucial to ensure that formulated policies are not only normative and conceptual, but also have utility in implementation at the local level and can have a real impact on businesses and the community. As a report from the Directorate General of Intellectual Property (DJKI) states, GI protection is not only a marker of product origin but also a pillar of the regional economy that requires more targeted regulations and implementation strategies. Without a comprehensive understanding of these normative aspects, GI registration policies may fail to achieve their primary objectives.

Furthermore, this research is expected to contribute to the development of a GI protection system and increase the added value of regional products by providing recommendations that can be used by policymakers, producer associations, local governments, and local industry practitioners. This research aims to strengthen the argument that GI is not just a legal instrument, but also a strategic tool for economic development. The research results can form the basis for recommendations for local governments to strengthen GI mentoring programs, expedite the registration process, strengthen local GI management institutions, and integrate GI into creative economy and tourism development strategies. Therefore, this research is not only academic but also practical in nature to encourage local products to become sustainable economic leaders..

II. RESEARCH METHOD

This study employs a normative juridical research method, focusing on applicable positive legal norms, both those enshrined in legislation and in legal doctrine and principles (Soekanto & Mamudji, 2019). This method focuses on problem formulation, emphasizing legal regulation and protection in efforts to increase the value of regional products. This study employs three approaches: the statute approach, the conceptual approach, and the case approach. The statutory approach examines the hierarchy of relevant laws and regulations at the national and international levels (Marzuki, 2021). The conceptual approach examines basic concepts related to legal protection of geographical indications and their relationship to increasing economic value. The case approach provides a concrete illustration of the implementation of geographical indication protection through case studies of regional products that have obtained GI certification, such as Gayo Coffee and Amed Salt from Bali. Data were obtained from primary legal materials such as Law Number 20 of 2016 concerning Trademarks and Geographical Indications, Government Regulation Number 51 of 2007 concerning Geographical Indications, Regulation of the Minister of Law and Human Rights, and international legal instruments such as the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). Secondary legal materials used include supporting literature such as law books, scientific journal articles, and research results discussing the protection of Geographical Indications and their impact on the regional economy. In addition, tertiary legal materials used in the form of legal dictionaries and other supporting sources were used to clarify the analysis. Data collection techniques were carried out through library research, and analyzed qualitatively using descriptive-analytical methods.

III. RESULTS AND DISCUSSION

3.1 Normative Aspects of Geographical Indication Protection Are Regulated in National and International Law

GI protection is part of the intellectual property law regime, playing a strategic role in protecting the identity of local products and promoting regional economic growth. Geographical indications not only reflect the unique characteristics of a product, influenced by geographic and cultural factors, but also possess economic value that can increase competitiveness in national and global markets. In a legal context, the normative aspects of GI protection have received attention in both national and international legal spheres.

Normative protection in Indonesia regarding Geographical Indications (GI) is regulated through a number of comprehensive laws and regulations. The primary foundation is Law Number 20 of 2016 concerning Trademarks and Geographical Indications, which integrates GI into the national intellectual property system. Furthermore, there are derivative regulations supporting its implementation, such as Government Regulation Number 51 of 2007, Regulation of the Minister of Law and Human Rights Number 10 of 2022, and Regulation of the Minister of Law and Human Rights Number 12 of 2019, which regulate in detail the procedures for GI protection and registration. This national legal framework is also in line with Indonesia's international commitments, particularly through the TRIPS Agreement (Agreement on Trade-Related Aspects of Intellectual Property Rights), which influences the development of GI regulations in Indonesia to meet global standards.

From an international legal perspective, Indonesia, as a member of the World Trade Organization (WTO), is bound by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), specifically Articles 22–24, which regulate the recognition and protection of geographical indications. According to TRIPs, member countries must provide legal protection for names of regions of origin used for products with a specific reputation. Furthermore, TRIPs prohibits unauthorized parties from using such names.

Furthermore, Indonesia also refers to the principles of the Lisbon Agreement for the Protection of Appellations of Origin (1958), which emphasizes that protection of product origin is intended to prevent the use of geographical names that mislead consumers. The implementation of these two instruments in national law demonstrates that Indonesia's GI legal system is aligned with international standards, and this increases the credibility of GI products in the global market.

In the Indonesian legal system, the GI registration procedure is intended to provide strong normative protection for communal intellectual property rights. This aligns with Philip M. Hadjon's theory of legal protection, which emphasizes the prevention of infringement through preventive administrative mechanisms and repressive enforcement when necessary (Hadjon, 1987). This theory is relevant because GI registration aims to protect the reputation and quality of regional products and encourage local economic development through the recognition of exclusive rights, which aligns with the utilitarian theory of IPR that views protection as an incentive for innovation and quality maintenance for the benefit of the wider community, as adapted in the Indonesian context to prevent unfair competition (Ramli, 2015).

A product classified as a Geographical Indication (GI) will receive legal protection if it has been officially registered with the Directorate General of Intellectual Property (DJKI). GI registration adheres to a constitutive registration system, namely a mechanism in which exclusive rights to geographical indications are granted to the party who first submits a registration application (first to file principle) (Riswandi, 2005), so that parties who register afterward will not receive legal protection for the GI. In addition to the constitutive system (first to file principle), there is also a declarative system, namely a system where legal protection for IPR is granted to the first user of the IPR. This provision applies as long as no other party can prove that they are the first user of the IPR Indication. IPR registration under this system only constitutes a legal allegation as the first user (Trohna, et al., 2025).

A Geographical Indication Certificate, as proof of registration of an original Indonesian product with distinctive characteristics, is obtained after the Geographical Indication registration process. The main requirement for Geographical Indication registration is the distinctive characteristics or reputation of the local product related to the region where the product is produced. Natural factors, human factors, or a combination of the region where the product is produced provide certain distinctive characteristics that differentiate it from similar products produced outside the production area. Regional conditions play a significant role in producing Geographical Indication products. This has an impact on improving product quality, which ultimately can support an increase in the selling value of the product (Ayu, 2006). To determine the relationship between product characteristics and regional factors, in-depth research is needed so that the relationship is scientifically proven. This needs to be done first before registering a Geographical Indication.

Products that wish to be registered to obtain Geographical Indication protection must meet the provisions stipulated in the Law on Trademarks and Geographical Indications. Registration can be submitted for geographical indication products originating from Indonesia or from abroad. The registration application process can be carried out through an electronic system or manually (non-electronic), if done electronically it can be done through the official DJKI website at https://ig.dgip.go.id, IG registration applicants according to Article 53 paragraph (3) state that applications for Geographical Indication registration can be submitted by:

1. An institution that represents the community in a certain geographic area that produces goods and/or products in the form of:
    a. natural resources,
    b. handicrafts; or
    c. industrial products.
2. Provincial or district/city regional government.

The community representative body that registers Geographical Indications is commonly referred to as the Geographical Indication Protection Society (MPIG). MPIG members are stakeholders in Geographical Indication products, including producers such as farmers or artisans, local governments, local cooperatives, and the private sector. MPIG members also guarantee the quality of Geographical Indication products and represent members in the event of disputes (Rahmayanti, 2022).

Next, the applicant must complete the administrative requirements required for the GI registration process, including a special power of attorney, proof of payment of the registration fee, a product description document, and a recommendation letter from the authorized agency explaining the territorial boundaries. The Geographical Indication Description Document includes: (State Gazette 2019, Number 694)

1. data of the applicant for the Geographical Indication whose registration is being requested;
2. the name of the geographical indication for which registration is requested;
3. product names protected by Geographical Indications;
4. An explanation of the characteristics and qualities that differentiate certain goods from other goods in the same category;
5. description of the geographical environment as well as natural and human factors which form a single unit in influencing the quality or characteristics of the goods produced;
6. description of the boundaries of the area and/or map of the area covered by the Geographical Indication;

7. An explanation of the history and traditions related to the use of Geographical Indications to mark products produced in the region, including the recognition of the Geographical Indications by the community.
8. An explanation of the production, processing and manufacturing processes applied to enable every producer in the area to produce, process or make related products.
9. Description of the methods used to test the quality of the products produced.
10. Labels used on goods and containing Geographical Indications.

After the application is submitted, the next step is an administrative audit. At this stage, the examiner will carefully review the application to identify any deficiencies or non-compliances with the established requirements. If deficiencies are found, the examiner will notify the applicant to make corrections within a maximum of 3 (three) months. If the deficiencies are not corrected within this timeframe, the application will be deemed rejected. If all application documents are declared complete, the DJKI will set a receipt date, and the application will then be announced in the Official Gazette of Geographical Indications no later than 15 (fifteen) days from the date of receipt.

Announcement or publication of applications for registration of Geographical Indications, whether originating from within the country or abroad, is carried out for a period of 2 (two) months through the Official Gazette of Geographical Indications. The purpose of this announcement is to provide an opportunity for interested parties to submit objections or oppositions to the application in question. During the announcement period, each party may submit a written objection to the DJKI by paying an administrative fee in accordance with applicable provisions, namely IDR 1,000,000.00. The objection or opposition must be accompanied by reasons and supporting evidence in accordance with the provisions of Law Number 20 of 2016 concerning Trademarks and Geographical Indications. DJKI will submit a copy of the objection or opposition to the applicant or his/her attorney no later than 14 (fourteen) days from the date of receipt of the objection. Furthermore, the applicant or his/her attorney is given the opportunity to submit a response or rebuttal to the objection within a maximum period of 2 (two) months from the date the copy of the objection is sent.

Certain requirements must be met before the substantive examination process can begin. One of them is that the IG Applicant or his/her proxy has received a notification letter from the DJKI regarding the order to submit an application, as well as payment for the substantive examination of geographical indications. The applicant has paid the substantive examination fee for IG in accordance with Government Regulation Number 45 of 2024 concerning Types and Tariffs for Types of Non-Tax State Revenue Applicable to the Ministry of Law and Human Rights, amounting to IDR 1,000,000 (State Gazette of 2024 Number 240, Supplement to State Gazette Number 7000). After the application is submitted and payment is made, the substantive examination can be carried out immediately. In the substantive examination, a Geographical Indication Expert Team (TAIG) will be formed according to their respective competencies according to the goods or products for which the Geographical Indication application is submitted, this is in accordance with the provisions of Article 58 paragraph (1) of the MIG Law that the substantive examination of IG is carried out by the Geographical Indication Expert Team.

Based on the provisions of Article 59 paragraph (1) of Law Number 20 of 2016 concerning Trademarks and Geographical Indications, it is stated that "The Geographical Indication Expert Team as referred to in Article 58 paragraph (1) is an independent team tasked with assessing Geographical Indication Description Documents and providing considerations or recommendations to the Minister regarding registration, changes, cancellations, and/or supervision of national geographical indications." In this case, the substantive examination process for Geographical Indication applications is carried out within a maximum period of 150 (one hundred and fifty) days or approximately 5 (five) months. This examination aims to verify the conformity between the product description document and the factual conditions in the field, as well as assess the reputation, quality, and characteristics of the product as stated in the description document. TAIG will provide recommendations on the Geographical Indication application. If this application is approved, an announcement of the Geographical Indication registration application will be made in the Official Geographical Indication News. If there are no objections or objections, the DJKI will issue a Geographical Indication Certificate. After the geographical indication product is registered, the protection period is as long as the reputation, quality, and characteristics of an item are maintained (Law Number 20 of 2016 concerning Trademarks and Geographical Indications (State Gazette of the Republic of Indonesia of 2016 Number 252). Geographical Indication applicants whose applications are approved, then their group members can use the registered Geographical Indication label on the products they produce. The use of this label provides assurance to consumers that the product truly comes from the specified area and has guaranteed quality. By registering a GI, the community group or interested producer is legally recognized as the holder of the rights to the GI, and can sue legally if there is misuse or falsification of the GI by another party. This is in line with the theory of legal certainty put forward by Gustav Radbruch which states that the law must fulfill three fundamental values, namely legal certainty, justice and benefit (Rahardjo, 2012).

IG registration cannot be carried out if it is contrary to state ideology, law, morality, religion, decency, or public order; (Law Number 20 of 2016 concerning Trademarks and Geographical Indications, Article 56 paragraph (1) letter a) misleads or deceives the public regarding the reputation, quality, characteristics, source of origin, manufacturing process of goods, and/or their use; (Law Number 20 of 2016 concerning Trademarks and Geographical Indications, Article 56 paragraph (1) letter b) and is a name that has been used as a plant variety and is used for similar plant varieties, unless there is an additional equivalent word that indicates a similar geographical indication factor. IG applications can be rejected if the IG description document cannot be proven to be true and/or has similarities in its entirety with an IG that has been registered. An appeal can be submitted to the trademark appeal commission against this rejection. IG can be removed if the reputation, quality, and characteristics that are the basis for granting IG protection to a product are not maintained. IG can also be deleted if it violates provisions that are contrary to laws and regulations, morality, religion, decency and public order.

Violations of IG include; (Law Number 20 of 2016 concerning Trademarks and Geographical Indications, Article 66) (1) use of IG either directly or indirectly on goods and/or products that do not meet the IG description document; (2) use of an IG mark either directly and/or indirectly on goods and/or products that are protected or not protected with the intention of indicating that the goods and/or products are comparable in quality to goods and/or products protected by IG, gaining profit from such use, gaining profit from the reputation of IG; (3) Use of IG that can mislead the public regarding the geographical origin of the goods; (4) Use of IG by non-registered IG users; (5) Imitation or misuse that can be misleading regarding the place of origin or quality contained in, packaging or information in advertisements, information in documents regarding goods and/or products, or information that can be misleading regarding their origin in a package; (6) Other actions that can mislead the public regarding the truth of the origin of the goods and/or products.

The right to a Geographical Indication is an exclusive right granted by the state to the holder of a registered Geographical Indication, as long as the reputation, quality, and characteristics that form the basis for granting protection to the GI still exist (Law Number 20 of 2016 concerning Trademarks and Geographical Indications, Article 1 number 7). Legal protection of GI is important for the central and regional governments because GI rights will give rise to exclusive rights and economic benefits for the holder, and have the potential to improve the local and national economy.

The next step to protect GI products is to conduct supervision, as stipulated in Article 71 of the MIG Law, which states that GI supervision is carried out by the central and regional governments in accordance with their authority, and can also be carried out by the community. The purpose of this supervision is to ensure the reputation, quality, and basic characteristics of products produced based on GI, as well as to prevent the unauthorized use of GI. Although regulations governing supervision exist, their implementation is not easy. This often gives rise to various problems, especially because GI is a shared or communal right involving many individuals with different characteristics and interests (Sasongko, 2018).

The central and regional governments have the authority to supervise GIs, but the public can also participate in this oversight to ensure the continued reputation, quality, and distinctive characteristics that underpin GI issuance and prevent unauthorized use. The results of this oversight are then communicated to GI rights holders and/or the relevant Minister. Regulations regarding guidance and supervision play a crucial role in GI protection management, as guidance is an effort, step, and activity in the form of education or training implemented efficiently and effectively to achieve optimal results.

In terms of law enforcement, the MIG Law regulates two main types of sanctions for GI violations: civil sanctions and criminal sanctions. In civil cases, a party who feels they have been harmed can file a lawsuit for damages against the violating party. Compensation claims can be resolved out of court (negotiation, mediation, arbitration), and in court through the Commercial Court. In criminal cases, a party who feels they have been harmed can report the violating party to the local Indonesian National Police in accordance with the provisions of Article 101 of the MIG Law. The penalty imposed is a maximum of 4 (four) years' imprisonment and/or a maximum fine of Rp2,000,000,000.00 (two billion rupiah).

The registration of GI Potential is not without its challenges, including a lack of understanding and awareness among local communities regarding the importance of protecting Geographical Indications and the complex procedures for registering Geographical Indications. Although the concept of Geographical Indications has long been regulated by Indonesian law, not all communities understand this concept. Educational factors also influence public understanding and awareness of the protection of Geographical Indications.(Aziz, et al., 2023). Therefore, continuous education is necessary to raise producers' awareness to maintain product quality, thereby maintaining Geographical Indication protection and gaining added value from their products (Saputri & Tongat, 2024).

Another challenge is the complexity of Geographical Indication registration. The first stage of Geographical Indication registration is the formation of a Geographical Indication Protection Society, one of whose roles is to accommodate stakeholders to protect Geographical Indication products. At this stage, it is necessary to align the perceptions and visions of various stakeholders for registering Geographical Indications. This is crucial to ensure that no party feels left behind and thus does not support the Geographical Indication registration process. Synergy from all stakeholders is a factor in the success of registering original products as Geographical Indications (Rialin, 2023). The next stage is the preparation of the Geographical Indication Book. The material in the Geographical Indication Book needs to provide a basis that the product has a relationship between regional factors and its characteristics or quality. To overcome the complexity of the Geographical Indication registration process, assistance is needed, which can come from the government (Sitohang, et al., 2023). and other competent parties, such as universities, also assist in the process of compiling the Geographical Indication Book.

3.2 The Benefits of Geographical Indication Protection Contribute to Increasing the Economic Value of Local Products

GI protection brings economic, social, and ecological benefits to producing regions. Economically, GI increases the market value of products, ensures quality, and protects against fraud. It also supports infrastructure development, expands markets, and creates jobs. For producers, GI prevents counterfeiting, increases product added value, and strengthens the local economy. Legally, GI provides protection for both producers and consumers. Ecologically, GI helps preserve the natural environment and the reputation of the region, while socio-culturally, GI strengthens farmer relationships, preserves customs, and enhances regional dynamics. Therefore, understanding the benefits of GI protection is crucial in assessing its contribution to increasing the overall economic value of local products.

A GI serves as a product identity, guaranteeing that the product originates from a specific geographic region and possesses distinctive qualities, reputation, or characteristics. This uniqueness adds value to the product, which in turn enhances its reputation and market value. As a recognized identity, a GI helps consumers distinguish genuine products from similar, unregistered products, providing greater assurance of quality and authenticity.

Products with a registered GI tend to be better known and valued because consumers trust the quality they offer. A product's reputation is strengthened by government recognition of its quality and origin. For example, Gayo Coffee, which has a GI, conveys the impression of high quality in the international market, which has been well-received in many countries, increasing its selling value. Products with a GI are often priced higher than similar products without a GI. The uniqueness of the GI gives the product greater value in the eyes of consumers, both domestically and internationally. Products with a GI are typically priced higher because consumers perceive them as more special and authentic.

According to a study by the Organisation for Economic Co-operation and Development, the existence of GIs plays a crucial role in creating a differentiated value proposition, a unique market position that differentiates GI products from similar products without geographic recognition. This advantage not only strengthens local branding but also increases consumer loyalty to products whose origin and quality have been verified geographically. Thus, GIs serve as a strategic tool in building consumer trust and expanding the market share of local products (OECD, 2021).

GI protection significantly enhances the competitiveness of local products, both in domestic and international markets. Products that have obtained GI certification have a unique reputation inherent in their geographic region of origin. This reputation serves as a guarantee of product quality, authenticity, and identity in the eyes of consumers. These characteristics are not only determined by the physical quality of the product, but are also influenced by cultural heritage, traditional production techniques, and natural environmental conditions such as soil, climate, and unique local ecosystems. GI protection grants a group of producers exclusive rights to use a legally registered geographical name. In a marketing context, this makes GI a powerful form of "region-based branding," allowing products to be clearly distinguished from similar products that lack a legitimate geographic link. As Bramley points out, GIs create strong differentiation value because they are linked to unique factors that cannot be easily imitated by competitors outside the region of origin (Bramley et al., 2009).

Furthermore, GI protection is internationally recognized through the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. Articles 22 to 24 of TRIPS stipulate that WTO member countries are obliged to protect GI from misuse or misrepresentation, and to provide fair treatment to GI originating from other member countries (WTO, 1995). This opens up significant opportunities for local Indonesian products to enter the global market, especially after undergoing international registration and recognition.

One concrete example of successful GI implementation that increases competitiveness is Muntok White Pepper from Bangka. This product has been registered as a Geographical Indication in Indonesia and has received recognition in several European countries. GI certification helps local farmers and exporters penetrate export markets at higher selling prices, as international markets, particularly in Europe, place high importance on the authenticity and traceability of agricultural products (DJKIK R, 2022). Muntok pepper is known for its distinctive aroma and high piperine content, which are not found in white pepper from other regions. In addition to protecting against counterfeiting and misuse, GIs also serve as a strategic instrument in trade diplomacy. In some cases, GIs are even part of the market entry requirements in several countries, particularly the European Union. Therefore, GIs serve not only as quality assurance but also as official access to the global supply chain.

GI protection benefits local farmers and producers by increasing their economic income. Products certified with GI certification generally have a higher selling price than similar, unverified products. This is because GIs serve as a guarantee of quality, origin, and authenticity, directly influencing consumer preference and loyalty to the product. Consumers, particularly in global and premium markets, tend to be willing to pay more for products with a strong and legally verified geographical reputation. In this context, GIs act as a value-added instrument, where quality is determined not only by the product's physical characteristics but also by its cultural identity, traditional production methods, and its connection to its unique natural environment. Therefore, GIs not only protect product reputations but also contribute to local economic empowerment and a more equitable distribution of value within the supply chain (OECD, 2021).

Producers participating in GI schemes have the opportunity to sell products with higher profit margins, as they do not have to compete in a market rife with counterfeit products and low-price competition. GI protection also prevents the practice of free-riding, which is the use of geographical names by outsiders without contributing to the local producer community. Legal protection safeguards collective rights to geographical names and reputations, preventing the added value of products from being stolen or diverted to unauthorized businesses (Giovannucci et al., 2010).

Furthermore, GI systems are generally implemented through producer associations or cooperatives, which play a role in setting production standards, quality control, and crop distribution. This collective structure allows for a more equitable distribution of benefits, not only for large businesses but also for smallholder farmers and local MSMEs. A study by Vandecandelaere et al. showed that effective GI implementation can empower local communities, increase incomes, and support equity in the value chain (Vandecandelaere et al., 2010).

For example, the successful implementation of GI on Kintamani Bali Arabica Coffee demonstrated a significant economic impact. After this product received GI certification, the selling price of the coffee in the export market increased from around IDR 18,000 to over IDR 30,000 per kilogram. Furthermore, farmers received a larger share of profits than before, due to collective trademark protection and increased international demand (DJKI, 2022). This demonstrates that GI is not only a geographic promotion tool but also a tangible instrument in boosting the economic well-being of local producers.

GI protection not only impacts the agricultural and trade sectors but also significantly contributes to the development of tourism and the creative economy based on local wisdom. The implementation of GI through the tourism sector has significant potential to support the economic prosperity of a region (Mariana et al., 2025). The protection of products registered with Geographical Indications will contribute to the development of Indonesian tourism. Regions where products with Geographical Indications are produced not only have the potential to be production areas but can also be developed as tourist destinations. The arrival of tourists to Geographical Indication production sites is one form of contribution to tourism. This tourist arrival opens up opportunities for the development of various tourism packages that include Geographical Indication products, thereby creating new jobs in these tourist areas. The creation of jobs and increased income for producers of Geographical Indication products is expected to improve the welfare of the region. Not only from an economic perspective, but also from a Geographical Indication registration contributes to preserving traditions and the environment (Listiasari et al., 2025). Products recognized through GIs often become cultural icons and strong geographic identities, thus attracting tourists to visit their regions of origin. GI products such as Amed salt, Balinese arak, Kintamani coffee, or Troso weaving are sought not only for their quality but also for their unique stories, traditions, and production processes. This creates opportunities for regions to develop various forms of thematic tourism, such as agro-tourism, culinary tourism, and even local cultural festivals that focus on these GI products (Belletti et al., 2017).

According to the FAO and the SINER-GI Project, integrating GI and tourism can create authentic experiences for tourists, raise awareness of local culture, and strengthen the economic value of authentic regional products. GI products serve as a gateway to broader exposure to local cultural richness, thereby extending the duration of visits and increasing tourist spending in the region.

The economic impact of developing GI-based products is multiplicative and cross-sectoral. When tourists are interested in learning about and experiencing the production process and cultural values of a GI product directly in its region of origin, demand for various tourism support services increases. This includes tourist spending on accommodations, local transportation, food and beverage consumption, and the purchase of handicrafts and souvenirs.

This situation creates an economic multiplier effect, where the economic benefits are felt not only by the producers of GI products themselves, but also by various other economic actors in the service and creative sectors. The hotel industry, restaurants, transportation providers, creative economy actors, and even local tour guides benefit positively from the increasing flow of tourists motivated by curiosity about authentic local products. GI products become a driving force in building a community-based tourism value chain. The presence of GI strengthens the image of a destination not only in terms of natural beauty or infrastructure, but also through cultural stories, traditional practices, and direct interaction with local communities. This aligns with the sustainable tourism approach, which emphasizes the importance of direct economic benefits for communities and the preservation of local culture.

Local products with unique and reputable reputations are often the target of counterfeit practices by outsiders. These counterfeit products are generally marketed using names of regions of origin that they do not actually represent, with substandard quality. This not only harms consumers but also damages the reputation of the original producers and creates market distortions that harm local communities. Geographical Indication (GI) protection is a very important legal instrument. With a GI, local producers have the exclusive right to use a registered geographical name, and outsiders who do not meet standards and are not from the region are prohibited from using the name for commercial purposes. This protection is affirmed in Article 56 of Law Number 20 of 2016 concerning Trademarks and Geographical Indications, which provides legal protection against the use of names that are misleading or imitate registered GIs.

Under international law, the principle of GI protection is regulated in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), which is part of the World Trade Organization (WTO) agreement. Article 22 of TRIPS stipulates that member countries must provide protection for geographical indications to prevent their use in misleading consumers about the geographical origin of a product, and to protect the interests of legitimate producers from harm resulting from the unauthorized use of geographical names (WTO, 1995). This provision includes a prohibition on any form of use of GI names by producers outside the region of origin that could cause confusion in the market, including when the name is translated, misused, or combined with terms such as “type,” “style,” or “imitation.” This protection strengthens the position of local producers in the face of counterfeit products in the international market and ensures that geographical reputations are not manipulated by outsiders who have no historical or technical connection to the product.

From an economic perspective, GI plays a crucial role in maintaining local market stability. By eliminating the entry of cheap, low-quality counterfeit products, local producers avoid the need to compete aggressively in costly price wars and can instead focus on improving quality, innovation, and business sustainability. Local business continuity is also more assured because the added value of their product reputation is not stolen by outsiders.

Furthermore, with law enforcement mechanisms in place, such as administrative, civil, or criminal sanctions for GI violators, consumer trust in authentic products will be maintained. This indirectly increases the collective brand value of local products and strengthens the bargaining position of authentic producers in regional and global supply chains.

Based on the above description, it can be concluded that legal protection for Geographical Indications (GI) plays a significant role in increasing the added value of local products. GI regulations not only protect the rights to the name of a product with a distinctive reputation and quality, but also encourage the standardization of product specifications through description documents, the establishment of geographic boundaries, and the development of a strict traceability and quality control system. This protection allows consumers to transparently identify the origin and quality of products, thereby increasing market confidence and product selling prices. Thus, GIs contribute directly to increasing the economic value of local products and the welfare of producers in their regions of origin.

This phenomenon aligns with the Value Added Theory, which states that a product gains higher value through a process of improving quality, differentiation, and establishing a strong identity in the eyes of consumers. Legal protection for Geographical Indications is a crucial element in economic development strategies that focus on local potential, as it can increase product value while preserving the distinctive character and traditions of the local area (Candi, et al., 2019).

IV. CONCLUSION

GI protection is regulated in Law Number 20 of 2016 concerning Trademarks and Geographical Indications, which provides a legal framework for the registration, supervision, and enforcement of GI rights. This law grants producers exclusive rights to maintain the authenticity and reputation of their products. GI protection is valid as long as the product characteristics are maintained and may be subject to criminal or civil sanctions in the event of violations. However, the implementation of GI protection still faces challenges, such as a lack of understanding and awareness among local communities regarding the importance of GI protection and the complexity of GI registration procedures. Furthermore, GI protection is supported by legal instruments such as the Lisbon Agreement for the Protection of Appellations of Origin and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement).

GI protection contributes to increasing the economic value of local products by guaranteeing their authenticity, quality, and origin. GI protection also increases the income of local producers, reduces counterfeiting, and strengthens regional identity. Furthermore, GIs encourage tourism and a creative economy based on local culture, while protecting markets from counterfeit products. With international recognition, GIs open up export opportunities and support local economic sustainability.

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