American Origin Products and Current Trade Treaties
Where are the Stakes?

Geographical Indications and TPP: Japanese Case

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Two realities for Japanese farmers
Scene One
Two realities for Japanese farmers

Scene Two
Access to Japanese Market

BEEF
- reduce tariffs 38.5% (present) → 10% (10th year) → 9% (16th year)

DAIRIES
- low fat milk and butter imports total 60,000 ton (present) → 70,000 ton (6th year) (Nikkei Oct 6, 2015)

✓ Japanese agricultural total production will be 3 trillion YEN (26.4 billion USD) less after TPP
✓ Subsidies budgets for agriculture is 310 billion YEN (2.6 billion USD) in 2015 (Nikkei Oct 6, 2015)
<table>
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<th><strong>Governmental Supports to Farmers</strong></th>
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<td><strong>Rice</strong></td>
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<td><strong>Wheat</strong></td>
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<td><strong>Beef &amp; Pork</strong></td>
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<td><strong>Dairy products</strong></td>
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<td><strong>Sweet Resources</strong></td>
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Nikkei Nov 26, 2015
WEAKNESSES
Low Productivity

- Low productivities of agriculture in Japan
  - 2013 added value of farmer was 1,907,000 YEN/per capita (16,000 USD) which is 1/3 of average of 7,148,000 YEN among 11 industries (Nikkei June 22, 2015)
  - Reasons are (1) part-time farmers, and (2) small narrow farmlands

- For dairy farmers
  - 100 kg milk production costs 9,131 YEN (80 USD), which results in decrease of the numbers of dairy cattle. (Nikkei Dec 19, 2014)
  - Caring one dairy cattle costs 10 times more, compared with New Zealand. (Nikkei Jan 26, 2016)
OPPORTUNITIES 1/2
Brand based on product quality

- GI Registered YUBARI Melon producers have expectation on Japan GI for raising Brand Value. (Nikkei Dec 22, 2015)

- Exports for 2020 would be 1 trillion YEN (8.3 billion USD) which is 1.6 times more than 611.4 billion YEN in 2014. (Nikkei Nov 7, 2015)

- UNESCO registered WASHOKU (Japanese culinary) as Intangible cultural heritage
  - 90,000 Japanese restaurants in the world (1.6 times in 2.5 years) (Nikkei Nov 7, 2015)

- Japanese government procurement market will be opened for Intellectual Property among TPP partners. (Nikkei Oct 10, 2015)
OPPORTUNITIES 2/2
Brand based on product quality

Development of distribution channel for exports

- Low tariffs on 200 ton of Japan WAGYU presently, after implement of TPP enters into force no tariffs for 3,000 ton, and 15 years later removal of tariffs

  ✓ In 2014, 153 ton Japan WAGYU were exported to the US, which is 5 times more than 2 years ago (Nikkei Nov 7, 2015)

- In Asian countries brand rice is already popular in the prestigious supermarkets. Vietnam removes tariffs of 22.5% right after TPP activation (Nikkei Nov 7, 2015)
OPPORTUNITIES of JAPAN Brand 1/2
(case of WAGYUU)

In late 1990s, Japan WAGYU was imported to Australia. In 2010, 136,500 cattle were raised in Australia, which is 6% of total Australian cattle. Successfully put 4 times higher premium price than ordinal cattle. (Nikkei Jan 7, 2013)

– Sichuan-style WAGYU
– WAGYU Burger at Rockpool Bar with the price of 24 Australian dollars
Chances to expand Foreign Market

- Exports to partner countries of TPP as highly reputative product

- In the US, Japan WAGYU is applied low tariffs on 200 ton (present) and will be no tariffs on 3,000 ton, ends up to no tariffs at all in 15th year (Nikkei Dec 29, 2015)

- In Macau, Kobe beef has premium price of 5,200 yen/100 gram (Nikkei May 28, 2012)
WEAKNESS of JAPAN Brand  
(Case of WAGYU)

In Domestic Market, Price Japan WAGYU is too high, ends up with Price Competition against foreign beefs

- Japan WAGYU, due to the high rates of farming leaves, prices go high. In specific, 20-30% more expensive compared to one year ago. (500-600 yen/100g of retail price for dairy cattle leg)  
  (Nikkei Oct 31, 2015)

- Price of an 11-month-old calf is 708,000 Yen (5,900 USD, 32% higher than 2 years ago), Price of KOBE Beef calf is 1,060,000 Yen (8,800 USD)

- WAGYU wholesale price is 2,800 Yen/1kilo (24 USD/1 kilo), and retail price of WAGYU sirloin is 1,335 yen/100 gram (11 USD/100 gram)
Key concepts of GIs are

1. TERROIR (Territory)
2. Traditions
3. Links between product’s characteristics and origin’s characteristics

- Differences may result from a variety of factors such as soil, climate, and topography, as well as the traditional technology and practices developed by the local population over long periods of occupation that were delicately fine-tuned to the local environment (Barham 2003)

- GI as rightful cultural and intellectual property...GI is a vehicle for economic development, a means so differentiate and add value to traditional European cheeses in the marketplace; it also is viewed as a means for preserving cultural continuity (Barham 2003)
Components of TERROIRE

1. Geographical Border
2. Climate, Temperature Terrain
3. History
4. Tradition, Culture
5. Human Hands

Based on Barham 2003
Amendment of Geographical Indications

Mutual Protection of GI

In TPP, shared rule is agreed for mutually protecting GIs (cf: US IDAHO Poteto and Japan YUBARI Melon are to be mutually protected)

1. Without individual application to other countries
2. Appeal process needs to be conducted in advance
3. Reasons of registration reject need to be clarified and described (Nikkei Dec 23, 2015)
PART 1

✓ Impact of Regional Collective Trademarks on Farms

PART 2

✓ GI Managerial Strategies in Japan
PART 1

Impact of Regional Collective Trademarks on Farms
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1  Research Question

2  Expected Effects of Regional Collective Trademark (RCTM) in Japan

3  Methodology

4  Description

4  Limitations of RCTM

4  Conclusion
Food product under Japan RCTM have improved:

1. Their economic results and market recognition

2. Producers’ motivation to continue their activity
2. Expected Effects of RCTM in Japan

1. Sales and/or price increase

2. Countermeasures against counterfeits

3. Quality improvement

4. Recognition of products and improvement of its image by distributors and/or consumer

5. Improvement of producers’ motivation

(Japan Patent Office)
Methodology

Registered 581 products (Jan 2015)

1. 30% agro-food products (about 60 Vegetables, rice, flowers, about 50 meats, about 40 fruits, and about 16 teas)
2. 20% processed foods such as cheese
3. 40% crafts or industrialized goods
4. 10% others including fishery products and spa

1. Questionnaire-based analysis of 34 registered products (11% of the overall 304 registered food products under RCTM)
2. Interviewed Director Saka at Ministry of Agriculture, Forest and Fishery (Sep 3, 2015)
15 products out of 34


Gujo ayu fish price increased 30%.
17 products out of 34

- Shizuoka green tea requested for reinvestigation against Chinese trademark of Shizuoka green tea.

- Yaeyama Kamaboko steamed fish paste obtained suppression power against Yaeyama Kamaboko manufactured outside the region.

- Nango tomato applied for RCTM for prevent tomato producers in outside the region from using the name of Nango tomato.
26 products out of 34

Akashi tai (sea bream) uses tag which clearly tells the excellent quality and distributors can distinguish it from other sea breams.

Ichida kaki (dried persimmon) group actively manage product quality improvement, including forming hygiene management manual and hygiene management check sheet.
4/5 Improvement of recognition and image of products among distributors and/or consumers

27 products out of 34

Ichikawa pear, by using symbol mark, received recognition among consumers.

Nagasaki Castella (sponge cake) received numerous phone calls asking about the product after registration.
22 products out of 34

- Masaki wakame (sea weed) is regarded as symbol of reconstruction from Tokai TSUNAMI disaster among the producers, and they obtained self-confidence and motivation.

- Chiya beef RCTM registration accelerated stakeholders to collaboratively work together and formed constructive relationships.
5 Limitations of RCTM

1. No competitive advantage
   - Two many registered products in the same category, for example, 43 beefs are registered, competitions among regions/prefectures
   - In big cities or export, 43 beefs are beaten prices down.

2. No quality control
   - Product quality is not guaranteed to consumers
     Even in the bad harvest year, they still can be RCTM products and have risk to dissatisfy consumers
<table>
<thead>
<tr>
<th><strong>Applicant</strong></th>
<th>Common Property in region Producer Groups, Processor Groups or local branding association. Formal legal status is not required.</th>
<th>Exclusive License Cooperative associations, NPOs or commerce and industry associations.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td>A product name with a place name, or without a place name if consumers generally understand the product to be tied to a particular region.</td>
<td>Pairing a place name and product name is required.</td>
</tr>
<tr>
<td><strong>Familiarity</strong></td>
<td>N/A</td>
<td>A name must be well-known as a trademark among consumers</td>
</tr>
<tr>
<td><strong>Production History</strong></td>
<td>Must be “traditional” (approximately 25 years)</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Quality standard</strong></td>
<td>A quality standard must be established and officially announced</td>
<td>N/A only self rule</td>
</tr>
<tr>
<td><strong>Quality control</strong></td>
<td>Registered producer group must practice quality control following production process control rules.</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Enforcing Entity</strong></td>
<td>MAFF</td>
<td>Proprietor of the trademark</td>
</tr>
<tr>
<td><strong>Length of protection</strong></td>
<td>Indefinite</td>
<td>Ten years (renewable)</td>
</tr>
</tbody>
</table>
6 Conclusion

1. Unexpected effects of RCTMs
   1. Trigger of forming systematic organization
      ▶ Solidarity of cooperative associations and its members
   2. Positive mentality of producers
      ▶ Producers are confirmed that they are protected by associations and that their products are protected.

2. Recently introduced GIs system
   1. The two systems would practice different Marketing activities and can be co-exist.
   2. Some RCTM food products with consolidated traditional method of production, with a relevant market potential in the domestic and international market, are eligible from the GIs system
PART 2

GI Managerial Strategies in Japan
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1. Research Question
2. Methodology
3. Description
4. Findings
地理的に表示登録第1弾

GI（地理的表示）マーク

北海道：夕張メロン
但馬牛
神戸ビーフ
兵庫県
鹿児島の壱造り黒酢
福岡県

青森市、青森県東津軽郡
茨城県稲敷市、牛久市桂町
八女伝統本玉露
鹿児島県霧島市福山町・同市隼人町
1 Research Question

What do applicants expect on GI registration in Japan?
Hypothesis
Depending on conditions of products, GI applicants have different expectations on registration effects.

1. Recognition
   - Well Known
   - Little Known

2. Necessity
   - Optional
   - High Expectation
YUBARI Melon 10,400 USD
1.25 million YEN (9,200 EURO)
Expected Effects of Japan GIs

1. Differentiation as a regional brand product which is reflected in the pricing

2. Producers protect brands without legal expenses

3. High quality products since only those which abide by quality standards can be introduced to the market

4. Export as authentic Made-in-Japan products
   (Ministry of Agriculture, Forestry and Fisheries)
2 Methodology

Case studies

- Aomori Cassis (Fruit)  24 Aug, 2015, Mr. Kudo
- KOBE BEEF (Meat)  21 Aug, 2015, Mr. Watadai
- Miwa somen (Pasta)  25 Aug, 2015, Mr. Ikekawa
- Tokachi Raclette (Cheese)  23 May, 2015, Mr. Miyajima

Interviewed representatives of producer groups who applied for Japan GIs
3. Description

Big King (1/4)

KOBE BEEF

- 43200 JPN YEN (320 EURO)/kg
- started export from 2012
- 3,000 cows/year
- 1,360 breed farmers and 360 fattening farmers

【Objectives】

Countermeasure against infringement of intellectual property rights

1. Well known and highly repetitive
2. successful in sales and pricing
3 Description
Ambitious Pigmy (2/4)

AOMORI cassis

- 210 members
- 12 ton production/year

【Objectives】

Authoritative Assurance

1. Protect producers from competitors from same region
2. Increase production to 10 ton a year
3. Expand distribution channel
3 Description

Old Glory (3/4)

Miwa somen noodle

- 90 members
- 4,320,000 kg/year

【Objectives】

Industry Revitalization

1. Market is shrinking
2. Competitors from other regions such as IBO somen noodle
TOKACHI Raclette
(Moor Wash) cheese

- Highly expect on code-of-practice
- Mature cheese in shared cantina
- Not understand GIs concept
  - applied with Raclette name first

【Objectives】

Initiator for Local Industry

1. Not launched in the market yet as Moor Wash
2. Cannot fail
Types of GI Applicants

High Recognition

- **Big King**
  - Kobe Beef
  - Yubari Melon

- **Old Glory**
  - Miwa Somen noodle

Low Recognition

- **Ambitious Pigmy**
  - Aomori Cassis fruit

- **Newcomer**
  - Tokachi Raclette Cheese

Low Necessity

High Necessity
4 Findings

What do applicants expect on GI registration in Japan?

Depending on conditions of products, applicants have different expectations on GI registration effects.
Components of Territory

1. Geographical Border
2. Climate, Temperature, Terrain
3. History
4. Tradition, Culture
5. Human Hands

Based on Barham 2003
Conclusion

How could GIs work effectively?

Concept of TERROIR needs to be understood and appreciated by both farmers and consumers
Thank you for your listening.