



Vitalization of a Rural Area by the Development of Gentian (Rhindo) Flowers

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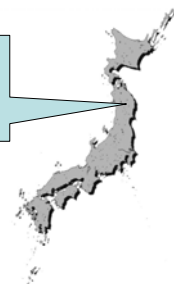
Ashiro District in Hachimantai



Any Place of Ashiro
covered with snow for 4
month.
Gentian grows in the
folds of hills



“Ashiro”
Mountainous
area



Gentian cultivation started in 1971



Sowing the gentian
in Paddy fields

19 young farmers
group began it



Nursery



The seedlings were
directly planted on
the bed of soil
(1971~1989).

Plug tray was
introduced (1990~)



Floriculture Development Center established in 1992.



Facts about Gentian Flower Cultivation in Hachimantai City

Data for 2011

- (1) Number of growers: 186
- (2) Total sales: 1.156billion JPY
- (3) Total number of flowers (plants) sold: 26,190,000
- (4) Unit sales price per plant: 44JPY
- (5) Percentage of original varieties in total production: 93%

(These data show that Hachimantai City leads all categories of gentian flower production in Japan except for unit sales price per stem.)

History of the Development of New Varieties of Gentian Flowers

1971: 19 young farmers start gentian cultivation.

1981: The growers start to fund by Yen1.00 per stem for the compensation when the price is too much low.

1986: A project led by the Flower Production Group of the Ashiro Town Agriculture Cooperative is started to breed new original varieties of gentian (*Rhindo*) flowers in response to the increasingly intense competition among flower production regions in Japan. The above fund is used for the breeding program.

1992: The Ashiro Town Floriculture Development Center is established.

1996: The variety "Ashiro-no-Aki", which is first bred by the project, is registered. Ashiro Town Floriculture Development Center becomes a public research center funded by the Ashiro municipal government.

September 2005: The name of the center was changed to Hachimantai Floricultural Research & Development Center as a result of the merger of Ashiro with neighboring municipalities to form Hachimantai City.

Establishment of the Ashiro Rhindo Development Ltd.

1. The Ashiro Rhindo Development Limited was established in April 2004 by the growers of gentian (*Rhindo*) flowers in Ashiro Town on the occasion of the merger of Ashiro Town and neighboring municipalities to form Hachimantai City. The new corporation succeeded the Ashiro Town Floriculture Association as Ashiro Town's partner in the joint project for breeding new gentian varieties.

2. Ashiro Rhindo Development Ltd. and Ashiro Town signed several contracts, including the "Joint Development Contract" and the "Exclusive Rights for the Utilization of New Varieties of Gentian Developed by Ashiro Town."

3. These contracts have remained in effect even after the merger of Ashiro and neighboring towns to form Hachimantai City on September 1st, 2005.

Relationship between Hachimantai City and Ashiro Rhindo Development Ltd.

The two parties have signed two contracts: a Joint Breeding Contract and an Exclusive Utilization Contract

- (1) New gentian varieties are jointly bred by the growers and the Hachimantai municipal government.
- (2) Funding for breeding activities is provided by both parties. Ashiro Rhindo Development collects 2% of Sales...
- (3) The owner of all varieties developed by the joint breeding is the Hachimantai municipal government.
- (4) Ashiro Rhindo Development Ltd. has the exclusive right of sales in Japan.

Major varieties of summer and autumn

Ashiro no Natsu



Ashiro no Aki



Newly developed gentian varieties (pink type)

Meruhen Ashiro

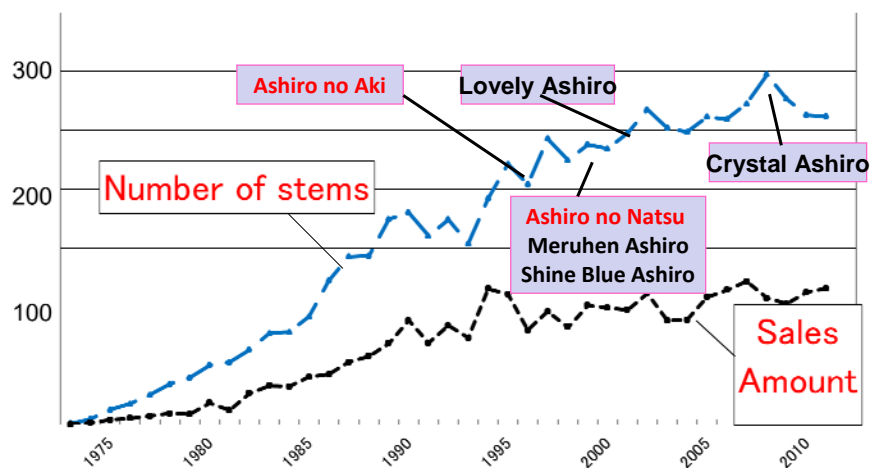


Lovely Ashiro



Transition of Ashiro Rhindo Sales Amount

(One hundred thousand stems)
(Milion Yen)



Licensed cultivation in the Southern Hemisphere and supply to the world market

1. Cultivation in NZ (1995 -)
 - (1) License contract with Green Harvest Pacific Holdings (GHPH) for exclusive cultivation
 - (2) GHPH is in charge of selecting growers, handling contract matters, sales of seedlings, providing cultivation guidance, exportation and collection of royalties.
2. Cultivation in Chile (2003 -)

Cultivation of Ashiro Rhindo in New Zealand



Challenge for the exportation of gentian cut flowers (2002 -)

Strategic goals

- (1) To make ASHIRO RHINDO a leading world brand and to develop new markets for it
- (2) To provide a year-round global supply of ASHIRO RHINDO by growing it in both the Northern and Southern Hemispheres.



Ashiro Rindo
(Trademark)



Measures to Protect Intellectual Property Rights in EU

- PBR registration
- Trademark registration
- Clock registration
- DNA analysis

A Joint Research Project with NZ for the Development of Red Rindo

(conducted since 2001)



Establishment of a Joint Venture Company with NZ for Breeding

Establishment of Rhindo International Ltd.

- (1) The investors are Hachimantai municipal government, Ashiro Rhindo Development Ltd., Mr. John Moffatt and Plant & Food Research Institute.
- (2) One executive is selected from each investor.
- (3) The owner of new Rhindo varieties developed jointly is Rhindo International Ltd.
- (4) The holders of sales rights are Ashiro Rhindo Development Ltd. on the Japanese side and Mr. John Moffatt on the NZ side.

Summary of the Strategy for the Intellectual Property of Floriculture

1. Ashiro Rhindo Development Ltd., a grower of new varieties of Rhindo (gentian) in Hachimantai City, can independently exercise the right of sales by jointly breeding new varieties with the municipality.
2. New varieties (intellectual properties) are supplied to the world market and the royalties collected from the sales are used for the further development of new varieties and for training growers to maintain competitiveness.
3. Growers in Hachimantai City have exclusive rights to cultivate and sell in Japan new varieties of Rhindo developed by joint breeding with foreign partners and the varieties introduced by the foreign partners. This has created a win-win relationship between the city and its foreign partners.

Cut flowers produced in NZ and Chile are exported to EU and US markets to achieve year-round supply of Ashiro brands

