

Summarized Text of Presentation by
Ken Keck, Executive Director, Florida Department of Citrus
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This presentation will demonstrate how an industry comprised of many small and medium-sized enterprises can increase the economic well-being of the owners, their employees and the larger economy through the use of intellectual property.

There are an estimated 8,000 growers of citrus in the state of Florida, U.S.A. The average size of these entities is 100 acres. Some entities have grown in size and revenues over the past century, and many tend to be family operations which are passed to succeeding generations.

Overall, the annual economic impact and multiplier effect of the citrus business in Florida is \$9 billion (source: Food and Resource Economics Department, University of Florida). Planted acreage is 570,000 acres, and nearly 80,000 jobs are dependent on citrus.

In 1935, the citrus growers petitioned the legislature of the state of Florida to establish a taxation and governing structure for the industry, which specifically would advertise and promote the quality and reputation of Florida citrus fruit in domestic and foreign markets.

The establishment of the Florida Citrus Commission (FCC, the twelve-member governing board) was remarkable because the growers asked for a mandatory tax to be applied to themselves. Entities which grew citrus, packaged citrus, or shipped citrus in Florida, were all subject to the rules of the Florida Citrus Commission.

The Commission's rules focused on standards and quality. The FCC also conducted research into the health benefits of citrus.

The Florida Department of Citrus was eventually established in statutes as the state agency (a department of Florida government), with the FCC as the agency head.

The connection between promotions and certification marks was made early in the history of the Florida Citrus Commission. Indeed, other commodity regulation and promotion programs that have been established in the U.S. since were based on the Florida citrus model.

The Commission determined that equity could be built around Florida-specific identification promotional and marketing programs, so long as the quality of the citrus products produced in Florida remained of the highest order.

Thus began the FCC's acquisition and active protection of symbols, slogans and certified trademarks, and nearly 70 years of aggressively promoting Florida citrus products in national and international markets.

The FCC, utilizing rulemaking authority granted it by the legislature, establishes grade and quality standards for citrus and citrus products grown and placed into commercial channels of trade. In turn, the FCC establishes these rules for the use of trademarks and certification marks for which it grants licenses for use in commerce. Packagers of juice and shippers of fresh citrus are able to utilize these marks via license, alongside the trade promotions and slogan-based national advertising conducted by the Florida Department of Citrus.

The practical effect of the paradigm utilized in Florida is that the benefits of state ownership of marks accrue to any grower, packer, or processor whose products meet the standards of such marks.

Numerous studies have proven the value of the growers' investment in the promotional and advertising programs. Internal, external, industry and academic studies have all found positive per-dollar invested benefits. The range is \$2-\$5 for every dollar invested. (Sources: "FDOC Marketing Impact on Orange Juice Demand," Marketing Accountability Partnership, October 2009; "Financial Benefits of Florida Generic Orange Juice Marketing," Thomas & Canter, Agricultural and Resource Economics Review, November 2009; "Generic Promotions of Florida Citrus," Ward et al, April 2005; "Evaluating the Economic Impacts Associated with Advertising Efforts of the Florida Department of Citrus," Forecasting and Business Analytics LLC, May 2003.)

Enough cannot be said, indeed, it is impossible to overstate the importance of promotion programs. Merely establishing rules and acquiring intellectual property on behalf of agricultural commodity producers is not enough. Such certified products must be actively promoted in consumer markets on a sustained basis. Otherwise, consumers will not learn about the superior attributes for which they should pay a premium price over other like, yet inferior, commodities.