



WIRSPA Note on Rules of Origin for Rum

Issue Statement

Many product rules of origin in international trade are based on substantial transformation (sometimes described through a valued added percentage). In some countries it is therefore possible to produce rum by using ethyl alcohol or a third country distillate which can then be 'substantially transformed' by one or more processes to obtain origin for sale on the local market or export.

The West Indies Rum & Spirits Producers' Association, representing 13 independent countries in the Caribbean, argues that rum origin is inextricably linked to its place of production – fermentation and distillation – and that origin cannot be conferred through manufacturing/processing operations that occur post-distillation.

While rules that require substantial transformation are satisfactory for many manufactured goods, it is not for rum. Substantial transformation post distillation - through flavouring, blending and/or ageing does not recognise the special significance of rum as a product historically and culturally linked to its original place of production. Nor do they alter the essential character of the rum.

This paper argues that origin for rum must be the place of production, such that origin would be conferred solely by the place of fermentation and distillation from products of sugar cane (juice, syrup or molasses).

Rum Origin is determined by the place of fermentation and distillation

Over centuries, rums produced in the Caribbean have been directly linked and attributed to place of production, that is, the place where the raw materials (sugar cane juice, syrup, or molasses) were fermented and distilled. They are described by their place of production, possessing peculiar characteristics, and intrinsic flavours and/or other attributes, including reputational, related to that place.

As international trade has become more regulated, and trade standards developed, the definition of rum origin for CARICOM/CARIFORUM producers has been specifically defined in relation to the place where it was produced through a process of fermentation and distillation of sugar cane materials, and possessing the organoleptic characteristics of the raw material.

This understanding of rum origin – and the meaning of 'product of' – is the definition of what constitutes rum at a national level across the ACP Caribbean. It is increasingly becoming codified through regulations such as national GIs which link rum production and origin across the Caribbean.



Rum cannot be produced from Ethyl Alcohol

Within the context of the Rules of Origin which are applicable amongst the Caribbean Community states and in the context of FTAs between CARICOM and third parties, the origin rules for rum specify that products classified under tariff heading 2208 may not be produced from imported materials classified under tariff heading 2207 (i.e. ethyl alcohol or 'neutral spirit') in their manufacture.

Products of 2207 – Ethyl Alcohol and Neutral spirits – are described in the HS system by the World Customs Organization as alcohol from which the characteristics of the respective raw materials have been largely removed.

In contrast, the HS Explanatory notes and classification rules for spirits, describe products of 2208 (including rum) as products which retain, wholly or partly, the secondary constituents (esters, aldehydes, acids, higher alcohols, etc.) which give the spirits their peculiar individual flavours and aromas characteristic of their respective raw materials, whatever their alcoholic strength.

Rum therefore cannot be classified under 2207 and cannot be produced from products (Ethyl Alcohol or Neutral Spirits) of 2207, no matter the strength.

Blending and Ageing Cannot Change Identity or Confer Substantial Transformation

As a means of modifying the organoleptic characteristics of rum, often in order to present a more premium product, rum may be aged. It is also commonly blended with other product of the same origin which might be produced by a different distillation method (column still or pot still) or it may be blended with rum of different ages¹.

The practice of ageing and blending is not in any way considered to confer a substantial transformation so as to cause a change in origin. Whether freshly distilled, or aged and blended, the products maintain the organoleptic profiles arising out of the peculiar fermentation and distillation practices, albeit modified by the subsequent processes referenced above.

Fermentation may be conducted using different types of yeast (for instance natural fermentation using wild yeast, or a proprietary yeast) or under varying conditions which produce unique flavours. The type of still in which the product was distilled (column or pot still) and the draw-off point will also dictate the flavour and aroma and will often be known as a particular 'mark'.

These characteristics of the peculiar fermentation and distillation practices persist through the ageing process and form an important factor in the provenance and innate quality of the product.

¹Where products of different origins are blended, the product loses its single origin status. In some cases brands may opt to state the several origins of the final product.



These practices are very common to rum and are not considered by the trade to change the origin of the product no matter where they are carried out. In this way, rum produced in the Caribbean and exported to third countries (aged or not) and further aged, is considered to maintain its original origin. In fact, the maintenance of original place of production becomes an important component in the value of the product.

The attribution of origin, as indicated by the place where the product was originally fermented and distilled, is valued equally by producers and marketers, who recognise the intrinsic value conferred by authentic provenance.

Rum Origin Being Circumvented

There is an increasing trade in bulk ethyl alcohol for the purpose of processing (re-distillation and or ageing and blending) and turning into 'rum'. This product may be imported as ethyl alcohol/neutral spirit classified as 2207, or distilled spirit/rum classified as 2208.40. This practice seeks to take advantage of loose customs controls, or ignorance of spirits production and international trade classification.

Such examples of product assembly can result in origin claims which confer preferential treatment under regional trade agreements. In other cases, products traded under non-preferential arrangements loosely define substantial transformation or have reduced levels of due diligence placed on their importation and are allowed onto the market.

These practices have become more commonplace as the market for premium rums has mushroomed, along with increased interest in rum origin and provenance. There is much anecdotal evidence of instances of new brands emanating from traditional and non-traditional sources, being assembled from imported distillate in the so-called country of origin, as opposed to being fermented and distilled there.

Conclusion

WIRSPA advocates for product-specific rules of origin for rum that recognise the historical and inextricable link between rum and origin – the place where it was fermented and distilled. This rule should require rum to be produced from the materials of sugar cane – juice, syrup or molasses – and should prohibit production from products of 2207. The place of production – fermentation & distillation – should be the single factor in determining origin.

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