

# WIRSPA

West Indies Rum & Spirits  
Producers' Association Inc.

## NEWS ROUNDUP

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### Long Road Ahead to Recovery

Following a 10-week lockdown, WIRSPA members are assessing the future prospects for business recovery. While most producers have experienced an almost complete collapse of sales due to the lockdowns, producers in countries where alcohol was banned have suffered the most, and the recovery is expected to be slow.

In many countries, the re-opening of the economy will be phased and the resurgence of the bar and restaurant scene, events and live entertainment is still some time away. The shutdown of the tourism sectors and annual festivals, such as Carnival and Crop Over, will also continue to impact heavily on sales in our domestic markets, well into 2021.

Internationally, the picture is not far different. While media stories of increased consumption and stockpiling have been aplenty, evidence shows a [substantial drop in consumption](#) as drinking occasions have dramatically contracted with lockdown measures. This contraction in consumption will eventually feed through to export sales, with the internationally respected data provider IWSR predicting that international spirits [consumption will not recover until 2024](#).

While most WIRSPA producers have managed to maintain their full staff complement, the coming months will present many challenges and require new strategies to ensure business sustainability, in the face of a slow recovery to markets.



In the intervening period, [WIRSPA producers have lent their full support](#) to the COVID-19 fight. From the outset of the pandemic declaration and the rapid increase in demand for supplies of sanitation products, the industry has stepped forward to shift production from rum, to produce ethyl alcohol for these products. In many cases, distilleries experienced serious staff shortages due to lockdown provisions and a significant shortage of raw materials with the collapse of international shipping. Nevertheless, the industry, from the largest producers in Barbados ([West Indies Rum Distillery](#), [Mount Gay Distilleries](#)), Dominican Republic ([Casa Brugal](#), [Ron Barceló](#)), Guyana ([Demerara Distillers](#)), Jamaica ([J. Wray and Nephew](#), [National Rums](#)) and Trinidad ([Angostura](#)), to the smallest in the [OECS](#), Belize ([Travellers Liquors](#)) and Suriname ([Suriname Alcoholic Beverages](#)) have all responded. Many producing at cost, and with numerous examples of donations of these vital supplies to essential services, health agencies and quarantine facilities, as well as schools, care homes and hospitals.

The next few months will see WIRSPA and its members addressing the challenges ahead as a group, to develop strategies and plans to support the recovery of the industry, into what we continue to believe is a promising future for high quality premium and super premium rums.

## Industry Pushes Back Against WHO /PAHO Messaging

The COVID-19 pandemic has rightly increased public health messaging around Non-Communicable Diseases (NCDs) and the impact of poor diet, lack of exercise, smoking and the harmful use of alcohol. In the scenario where persons are confined to their homes, and where many have lost their employment, mental health is also a big concern.

Regional agencies like PAHO and the WHO in Europe have taken advantage of this situation by dramatically ramping up [anti-alcohol messaging](#), with the bottom-line advice being to stop drinking altogether.

Despite a lack of scientific rigour, there have been many linkages drawn between alcohol consumption and reduced immunity, being used to reinforce these messages, a message that would concern anyone in this pandemic.



Our industry is clear on [its position](#) that current science demonstrates that the responsible use of alcohol is part of a normal and active lifestyle. However, we fully acknowledge that the excessive use of alcohol is a particular danger in this period and:

- should not be used as a coping mechanism, and those with experiencing mental health challenges should seek professional help.
- excessive use of alcohol can indeed have a negative impact on the efficacy of medication and general susceptibility to disease, as well as contribute (especially in lockdown) to increased domestic abuse.

An additional danger during the lockdown, due to the reduced availability of alcoholic beverages, has been increased black market activity, including an upsurge in homemade alcohol and consumption of alcohol-based cleaning products. In some cases, [deaths from adulterated products](#) has caused substantial casualties.

In response to these trends, producers have ramped up [public messaging](#) concerning the dangers of consuming non-beverage alcohol products, drinking responsibly and following the government lockdown guidelines, especially the stay-at-home messaging.

## **United Kingdom Adopts Global Tariff in Preparation for Full Brexit**

In late May, the UK published its [new Global \(MFN\) Tariff](#) containing the list of import duties that will be implemented, once the UK leaves the EU and takes control of its own trade regime.

Importantly, the UK tariff maintains the so-called Residual Tariff on rum – a vital protective measure put in place by the US and Europe in the early 2000's, following intense lobbying by WIRSPA producers, in collaboration with their counterparts in the French departments of Martinique and Guadeloupe.

The tariff is applicable to non-CARIFORUM imports of low value bulk and bottled products, many of which emanate from countries which subsidise their sugarcane industries, and in some cases the rum producers themselves – such as the case of the US cover-over arrangement. It also places a duty on all high-ester rums which compete with those produced in Jamaica, Guyana and the French departments.



This tariff has been an important, albeit limited, bulwark for WIRSPA producers against cheap subsidised products, and continues to give us some space in the markets. Its maintenance is a triumph for WIRSPA advocacy, working hand in hand with CARIFORUM governments and their representatives in the UK (High Commissioners).

### **WIRSPA ACR Brands Exploit Digital Media**

The cessation of international travel has resulted in the postponement of virtually all market visits and specialist rum trade and consumer events. For WIRSPA, the brand exposition originally planned for Guyana in May had to be postponed and is expected take place in 2021. This has seen a shift to virtual events by brands, to intensify their online delivery of messaging to keep consumers and the trade engaged.

WIRSPA Secretariat is continually examining ways to support producers' efforts, particularly those smaller brands less able to take advantage of the plethora of online initiatives available.



One such initiative is a collaboration with [Zavvy.co](http://Zavvy.co) for a fortnightly series of livestreams featuring member-producers. Only just started, the end of May saw the first session featuring [Demerara Distillers](#), followed by [St. Lucia Distillers](#), with both [Antigua Distillery](#) and [Angostura](#) also being featured independently. In these livestreams, the focus is technical rather than being specifically brand oriented, as the objective is to present a unique offering, unfolding the story of Caribbean rum's diversity and authentic heritage. Shows are moderated by WIRSPA's Community Envoy, Matt Pietrek, and **next up is National Rums of Jamaica on June 25<sup>th</sup>**.

In an effort to continue supporting our producers' online presence, WIRSPA Secretariat has organised a webinar, which will also be hosted by Matt Pietrek, on "**Adapting Brands Digital Presence (websites & social media channels)**." This members-only webinar, scheduled for 2 July, will offer guidance to members sharing their unique stories, with informative and engaging content.

## Technical Seminars Go Online

The Secretariat [cancelled TechCon 2020](#), WIRSPA's annual technical conference, which was scheduled to be held in St. Lucia from 28 September to 2 October, with an array of producers and technical service providers participating. **TechCon 2021** is expected to be rescheduled on similar dates (27 Sept - 1 Oct). Stay tuned!

Meanwhile, the Secretariat has been developing a TechWeb series, a cycle of webinars for member-producers, which will focus on technical content such as research and development, quality assurance, brand experiences and troubleshooting, and in some cases, supplier presentations from a technical perspective and not merely sales pitches.

We have received initial feedback from both producers and suppliers on their interests but welcome any additional comments or suggestions, as we move forward.

The first webinar, "**Molasses Market Outlook and Insights for the Future**" by ED&F Man, was held on June 3<sup>rd</sup>, with participation by most of our members.

Our next webinar, on "**Flavour Development in Distillation**" by Lallemand Biofuels & Distilled Spirits, is scheduled for July 1<sup>st</sup>.

**TECHWEB SERIES**

**WIRSPA WEBINARS**

Fortnightly  
Thursdays - 12 Noon  
UTC/GMT -4



**Robert Fotheringham**  
LALLEMAND BIOFUELS & DISTILLED SPIRITS  
(Scotland)

**FLAVOUR DEVELOPMENT IN DISTILLATION**

1 JULY 2020 @ 12:00p.m.

REGISTER HERE  
[www.wirspa.com](http://www.wirspa.com)

► WIRSPA Producers only ◀

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## Distilleries Continue to Face Tight Molasses Market

As the main raw material for rum production, molasses is the dominant input cost for distilleries, and in many cases the transport logistics are convoluted and expensive, especially for small inland distilleries. Add to this a series of droughts which impacted sugar production in several key producers in 2019 meant that 2020 was always going to be a very difficult year both in terms of available volumes and prices. The recent WIRSPA webinar, with a presentation from ED&F Man, explored these issues and the outlook for the remainder of the year and into 2021.



It is clear that despite the effects of the pandemic (with a collapse in fuel alcohol consumption) the underlying pressures on molasses availability continue – a increasing animal feed market and climate pressures which affect sugar crops. An interesting note from the webinar was the pandemic impact on merchant shipping as well as the oil glut

which absorbed tanker tonnage as temporary storage. All things considered, the road ahead continues to be uncertain, but the outcome is that producers should expect that prices will remain high throughout 2020 with perhaps some settling in the market moving through 2021.

The webinar was not recorded but you may [contact the Secretariat](#) for the PowerPoint slides.

## Education Initiative for Hospitality Sector Professionals

Many persons employed in the regional hospitality sector and particularly beverage service professionals are now unemployed. Even as economies re-open, the road to full economic recovery will be protracted, as many of these professionals were in the tourism sector.

WIRSPA has been in discussion with the [Wine & Spirit Education Trust \(WSET\)](#) to deliver education resources to these individuals in this period of under employment and redundancy. This is a way of supporting the sector and giving those individuals on the frontline of our brand efforts, the tools to enhance and develop their skills.



**WSET**  
WINE & SPIRIT  
EDUCATION TRUST

WSET is perhaps the foremost international provider of wine & spirits education to the trade and is pursuing similar initiatives in other areas of the globe, as in the [US](#) and [Australia](#), as well as brand

financed efforts in the [UK](#) and [Canada](#). WIRSPA producers will sponsor beverage serving professionals across its member countries, in achieving the [WSET Level 1 certification in Spirits](#), which is fully accessible online.

This initiative is expected to be paired with a series of free webinars on wine & spirits, aimed at the hospitality sector, but with a focus on Caribbean rum, as the home of this international spirit.

Any producers wishing to participate in these initiatives should [contact WIRSPA Secretariat](#), if they haven't already done so.

## Careers Page Coming for WIRSPA.com



WIRSPA members, particularly the smaller producers, have faced challenges over the years in identifying suitable candidates for vacant positions in distilleries. There is not a lot of rum specific education around (we're working on that! 😊) but the industry is always on the lookout for science-based graduates.

Based on feedback from our producers, the Secretariat is developing a careers page for the website - [www.wirspa.com](http://www.wirspa.com), where producers may post vacancies and interested job seekers may post their resumes, providing a clearing house function for the industry.

We believe this effort will help to address some of the challenges faced by our producers in attracting skilled individuals.

## Upcoming Events - 2020

- [Zavvy.co](http://Zavvy.co) Live Stream – 25 June  
National Rums of Jamaica
- **TechWeb Series: Flavour Development in Distillation – 1 July** ▶ WIRSPA Producers only ◀  
Robert Fotheringham, Lallemand Biofuels & Distilled Spirits (Scotland)
- **WIRSPA Webinar: Adapting Brands Digital Presence – 2 July** ▶ WIRSPA Producers only ◀  
Matt Pietrek, WIRSPA Community Envoy /Spirits and cocktail writer, Cocktail Wonk
- [Zavvy.co](http://Zavvy.co) Live Stream – 9 July  
Travellers Liquors Ltd.
- **TechWeb Series: 15 July** ▶ WIRSPA Producers only ◀  
Presenter TBC
- **TechWeb Series: Congener Development – 29 July** ▶ WIRSPA Producers only ◀  
Corinne Cluis, Lallemand Biofuels & Distilled Spirits (Canada)

## Follow Us on Social Media



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