



Dear Stakeholders,

As we can all agree, 2020 has been a severely challenging year for our countries and communities, and families. While we hope that 2021 brings some relief, it will be some time before we can consider ourselves in control of this terrible pandemic and begin rebuilding our economies.

### The Challenge of COVID-19

For our industry, a core challenge has been navigating the negative impact of lockdowns, and the resulting collapse of the travel, tourism, and hospitality sectors. Maintaining a healthy work environment and adapting to new requirements to protect staff from infection have posed special challenges to our production processes regarding work from home measures and physical distancing. Fortunately, the industry has successfully maintained employment at pre-COVID levels, and in some cases increased employment to cope with the demands for sanitation products.

As responsible producers rooted in the communities we serve, we have all stepped forward, from the pandemic's start. We have re-jigged production processes to supply the emergency needs of our populations for sanitation products, including hand sanitisers. All of us have supported frontline healthcare agencies and essential workers, care homes and such, with donations of these products, some 600,000 litres in total as of mid-year when the need was greatest. In addition,

we have provided other forms of support to the needy in our communities throughout the year, as many persons have suffered from lack of employment and access to food.

### COVID and Alcohol

Beyond these efforts, we are very much aware of the need, especially when people are at home for extended periods, and mental health challenges have increased, in promoting responsible consumption. Our advice and messaging have been to consume in moderation, avoiding alcohol where it could conflict with medication, and above all, that alcohol should not be used as a coping mechanism. I am especially pleased to see that many of our producers, even in this challenging year, have kept to their 2019 commitments to upgrade their label information to reflect serving advice and calories, and warning against driving while intoxicated, underage drinking and drinking during pregnancy.

Unfortunately, there has been significant media attention to stories of high alcohol consumption during the pandemic. It has been reassuring to see that most official research, including a recent PAHO study, has shown a decrease in harmful drinking in 2020 as compared with 2019. Indeed, the latest market research show a decline in beverage alcohol sales/consumption in 2020. However, we still face a continued challenge to attack the roots of harmful drinking, as our industry has publicly and jointly committed to do.

As Chairman of WIRSPA, it has been my pleasure to oversee, in collaboration with the executive committee and Secretariat, a very active programme of support to our producers, and an ongoing international engagement to promote and protect the interests of our industry.

### **Pivoting to the virtual environment**

By February 2020 it was obvious that planned market visits and trade events would not take place, nor would our usual WIRSPA technical meetings and conferences occur. Adapting to this scenario the Secretariat pivoted and provided online resources and virtual engagements. Among them, a fortnightly livestream featuring some 14 producers to date, providing a behind-the-scenes look at how we make rum, aimed at an international audience, and which remain available on our social media platforms. This initiative will continue into 2021. In addition, we worked with the Caribbean Export Development Agency to have several smaller brands participate in an EU focussed virtual trade expo.

In this same vein of replacing in-person technical exchange, the Secretariat launched TechWeb, a series of fortnightly webinars addressing technical areas of interest to producers, with 13 webinars held in 2020 with high participation from producers who gave great feedback on its relevance.

Recognising the lockdown's tremendous impact on persons such as bar managers and mixologists, we partnered with the renowned Wine & Spirits Education Trust (WSET) to deliver online Level 1 certification in spirits to over 200 persons. This internationally recognised certification will improve knowledge and better equip recipients with tools to re-enter the job market.

### **The International Trade Arena**

As usual, 2020 saw several international trade issues that warranted WIRSPA attention, key among them the departure of the UK from the

European Union. WIRSPA worked closely with Caribbean governments to ensure continued access to the UK market post Brexit, including maintenance of the so-called Residual Tariff, which ensures the UK continues to tax cheap rum from countries which subsidise production. As the UK and the EU continue to sign new FTAs with other countries, we will advocate for this important tariff protection against subsidised low-price products. Advocacy efforts are also underway in Canada to address the punitive excise taxes faced by Caribbean rum in the provincial markets.

A key and ongoing activity for our group is the promotion of best practice standards for rum production worldwide. We have intervened directly and through WTO mechanisms to promote standards requiring that rum must be made from sugarcane, distilled under 96%, and cannot be produced from artificially flavoured neutral spirit. These basic norms underpin the common rum regulations shared by the WIRSPA group since its late 60's inception. As we strive to differentiate ourselves through true provenance based on authentic origin – we assert that rum is the product of the country in which it is fermented and distilled, and not where it was simply mixed, aged, or blended.

In our efforts we have traditionally worked with other likeminded producers, and specifically have a long-time collaboration with rum producers in the Caribbean French departments of Martinique and Guadeloupe. At the end of 2020 we signed our 6<sup>th</sup> Accord jointly advocating for strong rules for rum and better compliance in global markets.

As a heavily export oriented industry, much of our focus is on the international front. However, our domestic markets remain important

as they often finance market entry overseas. We have been closely involved at the CARICOM level with ongoing projects to reform the CARICOM Common External Tariff and Rules of Origin, to ensure they continue to support our industry. These are the core instruments which enable us to grow in markets where the playing field is decidedly not level and where many import brands benefit from generous subsidies, and/or bend the rules on production and origin, thus providing them unfair competitive advantage.

### **Knowledge Development**

As always, learning through technical exchange, exposure to best practices, and technical advice, is a cornerstone of our group and especially important for our smaller members. The Secretariat and our technical advisers have actively supported our members throughout 2020, whether it be safe production of hand sanitiser, or identification and implementation of new production methods and practices. Ongoing collaboration with the University of the West Indies in developing online education in spirit production has been delayed by COVID, but will continue. In addition, during 2021 we plan to produce two important technical publications for our member brands.

### **WIRSPA at 50**

2021 marks the 50<sup>th</sup> anniversary of the formation of WIRSPA in 1971, although informal collaboration between producers began even earlier. We will mark this important milestone by commemorating the important market opening initiatives undertaken by WIRSPA, and the persons who played key roles in these activities. These ground-breaking achievements created the tariff free global market for quality rum and underpin our growing brand success in the international markets.

Our objective remains to grow this industry and to increase our contribution to our national economies through employment and foreign exchange earnings, as well as creating synergies with the all-important agriculture and tourism sectors.

I remain grateful to my colleague producers who have vested me with the important responsibility of leading this organisation for another year, along with the active involvement of our executive committee. With 50 years of experience, our grouping is poised to maintain and increase growth, ably supported by ongoing collaboration between our brands and producers.

Sincerely,



Komal Samaroo - Chairman, WIRSPA  
January 2021