

WIRSPA

West Indies Rum & Spirits
Producers' Association Inc.

NEWS ROUNDUP

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Enduring Covid – Social & Economic Impact Continues



The picture presented in our domestic markets is mixed – several WIRSPA member countries have declining and zero new cases of Covid, with lockdown measures being relaxed and air travel resuming. In others the situation remains highly challenging. The promise of vaccine programs breaking the chain of infection has not come about with the

anticipated speed as vaccine availability has been severely impacted by supply constraints. At this stage it seems that domestic markets will continue to be subdued until vaccinations reach a level that permits a wider relaxation of lockdown measures. Internationally, the export market continues to hold its own, especially with the gradual opening of on-trade activity in Europe, which is a very positive situation for our export brands.

Globally beverage alcohol, having [contracted by 6% in 2020](#) is set to grow by 3% in 2021, with return to pre-covid levels by 2023. Much of that growth is [driven by RTDs](#) however, with spirits on a slower growth curve. These numbers mask a [more positive picture for rum](#) in US market, a very important market for WIRSPA members, which remained mostly open in 2020 and grew by 4%, with good gains made by premium offerings. Europe offers a more mixed picture, with more severe lockdowns, some of them continuing in 2021.

Did We Drink More In The Pandemic?

Over the past 15 months we have been inundated with stories of increased alcohol consumption and the potential for this to translate into increased harm. The true picture so far is very mixed, with a limited amount of substantive research on the issue.

What is clear is that despite an overall contraction in sales, persons in vulnerable situations, and those with a history of alcohol abuse, have been worse affected.

Beverage alcohol producers believe the focus should be on these groups, in terms of psycho-social intervention and policies, as opposed to one-size-fits-all policies being advocated by health promotion agencies and NGOs.

Internationally we continue to advocate against WHO plans to mandate an across-the-board 20% decrease in overall alcohol consumption by 2030, which could have a serious impact on our growing tourism industry – instead, arguing for a focus on the reduction of harmful drinking.

Across the board, the data available from 2020 shows a decrease in harmful drinking in the Americas, and other surveys show most persons maintaining their drinking patterns, with rather more drinking less than drinking more.



Younger persons in particular, perhaps more affected by employment loss with the shutdown of the hospitality industry, have been shown to have drunk more.

WIRSPA and Responsible Consumption



[Rum Producers pivoted](#) in early 2020, ensuring the safe production and availability of alcohol and hand sanitizers and by June 2020, WIRSPA member-producers had donated 600,000 liters of alcohol to governments and frontline agencies. To accompany this, there was heightened corporate messaging relating to safe drinking.

In some national markets, our members are actively cooperating with local authorities to stem the increase in illicit alcohol driven by the unavailability of legal products during lockdowns.

In 2021, in addition to continuing our drive to [improve labelling](#), we are also initiating an assessment of compliance with our Marketing Code of Practice, substantially revised and re-launched in 2018.

WIRSPA 50th Anniversary “Icon Series” Launches

As part of our 50th anniversary celebrations, we have launched our virtual Caribbean Rum Icon series, facilitated on Zavvy.co, with our first interviewee being [Evon Brown](#), former head of National Rums of Jamaica and the Jamaica Rum & Spirits grouping, as well as a former WIRSPA Chairman.

We followed that with [Dr. Yesu Persaud](#), retired Executive Chairman of the Guyana conglomerate Demerara Distillers and also a former chairman of WIRSPA. Together these two icons have over a century of rum and sugar experience amongst them. It is an immense privilege for us to hear from each of these icons and there is more to come!

We are also re-launching our distillery sessions – we have already completed [14 livestreams](#), but there are many more great stories to be told about Caribbean rum – look out for our announcement of the next one.

Supply Chains Under Severe Pressure

As rum producers struggle to manage the plethora of challenges posed by the pandemic, an increasing threat is rising in supply chains for raw material and other supplies.

Key among these challenges is the price of molasses, which makes up a significant component in the direct cost of producing rum – up to 70% for some producers. With continuing shortfalls in regional supplies of molasses, imported molasses prices are rising fast, along with dramatic increases in transport costs.



In some cases, producers are reporting a 100% increase in shipping rates, affecting not just vital supplies of packaging materials and other supplies, but also equipment and spare parts for new investments. Copper, an important component in the stills that produce rum, and widely used in Caribbean rum distilleries, has almost tripled in price in the last 6 months. Prices continue to climb, with tremendous impact on the cost of new equipment.

Even So, The Focus Is Very Much On Sustainability

Even as supply chains tighten, producers are increasingly engaging their suppliers to assess their social and environmental practices. As consumers and importers of rum in the export market demand more information and transparency around supply chains, producers are actively engaging with certification groupings like [Bonsucro](#) in relation to molasses supplies.



Recently the Nordic Alcohol Monopolies made a [joint statement](#) emphasizing their plan to strengthen their sustainability initiatives around rum products. Although the larger WIRSPA brands have the capacity to address these issues on their own, the WIRSPA secretariat is developing collaboration with Bonsucro and others to provide more targeted support to the smaller producers. Caribbean rum producers have made great strides over the past decade to reduce use of fossil fuels (and hence carbon footprints) and improve environmental management systems, a story that will be told in more detail this year.

Caribbean Rum Trails

With Caribbean rum heritage and tradition going back over 300 years in many of our countries it is no secret that this is a major selling point for our products in the international market, and also in our domestic markets. Visitors to our countries value their experiences of these traditions which gives them unique exposure to our products that they take back home with them. This heritage also provides an important asset to our overall tourism offerings.

WIRSPA secretariat is developing a collaboration with the [Interamerican Institute for Cooperation in Agriculture \(IICA\)](#) to develop the links between rum heritage and history and the agriculture and tourism economy.



Already many producers are promoting visitor engagement through visitor centers, and these can be integrated nationally and regionally with other elements of Caribbean culture to present a unique experience. Part of our program will involve exposing producers and other stakeholders to best practice examples internationally and building on these.

Intellectual Property

At WIRSPA, we like to say that Caribbean rum was amongst the first Geographical Indications, even before the term was coined. Country-based rum designations have been widely used for hundreds of years as the bulk rum trade prospered, with the characteristics and reputation of rums linked directly to their origins. Recently several WIRSPA members have been actively developing Protected Geographical Indications (PGIs) and, in some cases, the deeper Protected Denomination of Origin (PDO).

At a broader level, the creation of the [Authentic Caribbean Rum \(ACR\) Marque](#) some 15 years ago can also be seen as the start of a collective identity that serves as a tool for differentiation, education, and intellectual property protection.

Continuing our outreach to producers to build awareness and knowledge around GIs and IP, we are developing a collaboration with [oriGIn](#) and the [Caribbean Intellectual property Initiative \(CarIPI\)](#) project, starting with a series of webinars, the first of which will be on 9th July (Save the Date!), for producers and other stakeholders.



Organization for an International Geographical Indications Network

Active Engagement On The Trade Policy Front Continues

WIRSPA secretariat continues to be engaged on several fronts on regional and international trade issues. Our initiatives are centered around the objectives of providing a level playing field for our producers and ensuring conditions are conducive to market entry and growth. We continue to monitor developments with the UK closely, as post-Brexit the UK strives to extend its trade agreements with countries such as India, a massive producer of rum, but also where 'rum' can be legally produced very cheaply using ethyl alcohol and flavouring. Brexit itself, with the creation of separate customs jurisdictions between the UK and mainland Europe, has caused its own challenges, with Caribbean rum no longer able to move freely across the border, and subject both to increased paperwork and possible tariffs.

Early in the year brought some good news from the US market, with [new regulations](#) that now permit the use of 700ml bottle sizes already in use in Europe, with potential saving for brands in packaging costs. The end of the year also saw the renewal of the [US Craft Beverage Modernization Act](#), which makes permanent the reduced excise tax on imports to the US for the first 100,000 proof gallons (52,500 cases) of rum.

On the regional level we have had some success recently in demonstrating to governments that some trade rules can work to the detriment of rum provenance and authenticity. Terms like '[cumulation](#)' and '[value tolerance](#)' are important trade permissions for many in the manufacturing sector, but work against the very ethos of true rum origin and our premiumisation strategy. We continue to advance this argument in the context of the Caribbean Forum discussions on the Economic Partnership Agreement with the European Union and in other arenas. At the CARICOM level we are also engaged in the processes to review the CARICOM Rules of Origin and Common External tariff, and to revise the HS classification for alcohol and spirits (including rum) that are up- to-date and fit for purpose.



None of these initiatives would be possible without the active support of Caribbean governments and their officials and the regional secretariats, a collaborative framework that has supported the industry over many decades and provided the basis for us to increase our contribution to regional economies.

Upcoming Events - 2021

- Zavvy.co WIRSPA Icon Series – Date TBD
Featuring Patrick J. Mayers, WIRSPA Chairman Emeritus
- Webinar: “Geographical Indications & the Regional Rum Sector” – 9th July 2021
Facilitated by CarIPI – CARIFORUM Intellectual Property and Innovation Project
- WIRSPA Directors Meeting – Date TBD

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