

Dear Colleagues and Stakeholders:



As we enter 2022, we inevitably reflect on what we expected for 2021. At that time, the impending availability of vaccines and a reduction in COVID infections seemed to herald a return to normalcy. The reality, as we know, was quite different. New infection spikes, a slower than expected roll-out of vaccines, and an unexpectedly strong

vaccine hesitancy running through our societies, created a far different year than we anticipated. Whilst much of our industry rose to the challenge, maintaining operations amidst severe staffing constraints, continuing to support our governments' efforts to provide for those in need, as well as assisting frontline workers with much-needed support and supplies, we cannot avoid saying that it was a difficult year on many fronts.

Supply Chains Under Pressure

COVID related stresses in supply chains, which were expected to ease in 2021, only intensified as pandemic impacts and logistical events constrained supply. In a perfect storm, pent-up demand in re-opening economies dramatically impacted supply chains in myriad ways, including a boom in meat production causing a reduced supply of our most important raw material, molasses. This

led to unheard-of price increases substantially affecting our producers' bottom line.

Even as we managed within supply constraints, an increased consumer focus on sustainability and sugar plantations' working conditions, required us to be even more involved in demanding supplier best practice certification and getting certified ourselves. It

is a growing focus for our industry, and rightly so. Where our purchase of raw materials links back to individual sugarcane workers, we have a duty to see that internationally acceptable socio-economic conditions are respected.

Reducing Harmful Alcohol Use

As we navigate the pandemic, there is broad evidence that alcohol consumption declined during lockdowns. However there has been increased harm to those who were already drinking excessively, and an increased psycho-social impact on those using alcohol and drugs as a coping mechanism. We are intensifying our support for efforts to reduce harmful drinking, but this can only bear fruit if our countries pursue society-wide approaches that respond to our local cultures and practices, and involve all stakeholders, including the beverage alcohol sector.

In this vein, we remain disappointed that the World Health Organisation (WHO) and its agencies continue to promote a very blinkered approach to reducing harm, and place virtually no value on education and awareness. Instead, its new strategy focuses on a

limited set of interventions around reducing overall per capita consumption. This is at odds with our circumstances where our growing tourism-based economies equally implies growth in our consumption by the food and beverage sector.

Nevertheless, we continue leading the international drinks industry with ground-breaking commitments to improved labelling implemented by many of our members. These new labels increase visibility of key label elements to convey serving sizes and calorie content per serving and use highly visible advice logos against drinking in pregnancy, underage drinking, and drinking while driving. These improvements have been implemented by most of our members in a challenging economic environment, requiring new labels and in some cases, new bottles. It is testimony to the seriousness with which the industry views this commitment.

In 2022, we intend to complement our labelling work by assessing our compliance with industry marketing codes. Based on the latest international industry standards, these best practice codes guide how our producers promote and sell their products. This first-in-class industry wide assessment is a step towards eventually involving a wider group of stakeholders to hold us to the commitments made to responsibly market and sell our products.

Celebrating Our 50-Year Achievements

Whilst circumstances prevented a larger 2021 celebration of WIRSPA's 50 years as a successful trade organisation, we nevertheless recognised a series of Icons of Caribbean rum via livestreamed interviews, and plan to do more in 2022. In this way,

we have recognised men and women who have contributed to making

Caribbean rum what it is today – the home of quality premium rum, with substantial diversity and heritage, due to our individual styles and practices.

Sadly, the beginning of 2022 saw the passing of one of these icons – Dr. Yesu Persaud of Demerara Distillers Limited, who together with other notable industry leaders, transformed the trade landscape for Caribbean rum and paved the way for the current popularity of the spirit, and rise of brands.

As WIRSPA's mission adapts to new challenges and opportunities, we remain a strong organisation with a committed and growing membership. In 2021, we were pleased to welcome Belize, Haiti, and Grenada as full members of the WIRSPA family, and St. Kitts and Nevis as an associate member.

Deepening Our Contribution

As we continue building sustainable businesses in the export market, and growing our contribution to local economic growth, increasing our links to a vibrant tourism industry is a linchpin. Whilst many of our producers build their visitor experiences around their production and brand story, the industry is collaborating with stakeholders to present the experience of the broader story of rum – where it was produced, and how it is consumed.

This experience must recognise sugar and rum's multi-layered history, out of our horrific legacy of slavery and the colonial

experience, while promoting a new paradigm that does not glorify excessive consumption.

As the Caribbean's best-known origin-linked product, we are keen to protect and grow our intellectual property with tools such as Geographical Indications (GIs). As a group, we have promoted a series of positive collaborations in this area, with origin linked organisations and virtual sessions on rum GIs and IP in the rum industry.

The rapidly growing interest in premium rum offers considerable gains in exports for our producers. However, we must remain mindful of the many challenges small Caribbean brands face, including but not limited to a significant increase in new brands, many with inauthentic credentials and obscure origin claims.

We continue to be impacted by the subsidises that proliferate within the international sugar and rum industries. These include subsidised raw materials in sugar-producing countries, and the US cover-over scheme, which directs production and marketing subsidies to US producers. It is estimated that the cover-over funds delivered US \$315 million to producers in the USVI and Puerto Rico, in 2021. Anecdotally, this amount is estimated at two to three times the basic production costs in those regions.

As we face the challenges of 2022, and the next decade, we continue to value and count on the strong support from our governments, who have traditionally supported industry efforts to become internationally competitive, in myriad ways.

Sincerely,



Komal Samaroo - Chairman, WIRSPA
February 2022