



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO
MINISTRY OF TRADE AND INDUSTRY

*West Indies Rum & Spirits
Producers' Association Inc.
Annual General Meeting -
Reception*

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ADDRESS

SENATOR THE HONOURABLE PAULA GOPEE-SCOON,
MINISTER OF TRADE AND INDUSTRY

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7th MAY, 2018

It is indeed a great pleasure for me to bring greetings at this reception hosted by the West Indies Rum & Spirits Producers' Association (WIRSPA). WIRSPA which comprises all thirteen (13) rum producing countries within CARIFORUM including the Dominican Republic and Haiti, is an excellent example of regional private sector cooperation. The Association aims to represent the interests of its membership and promote and develop Caribbean rum as a premium category through trade facilitation and advocacy.

The rum industry continues to be the largest agro-based export sector for CARIFORUM, with over 60% of production export and US\$550m earned annually in foreign exchange. Additionally, as a heavily taxed sector it is estimated to contribute payments of over US\$300m annually to regional governments. As early as the 17th century, the industry was identified as a significant non-energy sector foreign exchange earner, its strong linkages to the sugar and tourism industries have created direct employment to 10,000 persons and an additional 100,000 individuals indirectly.

The performance of this industry therefore is of critical interest to regional governments. WIRSPA has a history of long and mutually beneficial interaction with national and regional political representatives. As purveyors of premium products, WIRSPA serves as a symbol of quality seeking to differentiate the Caribbean 'family' of rums and reflect the group's diversity supported via the Authentic Caribbean Rum Marque created in 2005.

The Association's intent to gain recognition for Authentic Caribbean Rums as a high value premium category, much in the way that Cognac or Scotch whisky are recognised, is noteworthy. WIRSPA's commitment to quality underpinned by CARIFORUM quality standards sustains its competitive edge. Distilleries in Haiti, Grenada, Jamaica, Barbados, Guyana and Trinidad and Tobago, among others, regularly produce high quality products including Appleton, Plantation Rum, St. Nicholas Abbey and Mount Gay at world class facilities.

This focus on quality dovetails with the Government of Trinidad and Tobago's objective to create a culture of quality with the introduction of a new National Quality Policy. Quality reflects a business' ability to satisfy customers and is founded on the premise of continued and conscious commitment to improvement in all things. Establishing a quality culture requires a paradigm and cultural shift, with immense rewards for society, business and consumers. The adoption of a quality culture will benefit the country and also impact the competitiveness of both local products and services by introducing robust national quality infrastructure.

In the area of competitiveness this new policy is complemented by the work of state agency exportTT whose emphasis is on strengthening the capability of businesses in the non-energy sector. The company continues to support exporters by providing market intelligence information, facilitating trade missions and a range of other services.

Today, WIRSPA having transitioned the Rum Industry from being bulk exporters to a much more diverse, individualist value-added branded industry and targeting premium markets, is also resourced to support competitive local producers like Angostura to impact the international market.

CARIFORUM governments with financial support from the European Union have partnered with this important industry to create a space in the export market for rum producers, who though large on the regional stage, are relatively small players in the international spirits market which is dominated by global companies. That being said, the industry faces many severe challenges, both in export and home markets.

The last decade presented grave difficulties for the rum industry following the global crisis. From 2008, export markets have contracted and low overall growth in rum has been recorded. Notably, the performance of alcoholic exports has fluctuated, subsequent to the erosion of preferential access to markets and the global financial crisis.

Ladies and gentlemen, as you may all be aware, the spirits market is highly competitive and dominated by global brands, some of which receive extensive subsidies. Other producers benefit from production systems that reduce the cost of key inputs such as cane syrup or molasses. WIRSPA producers receive none of these benefits. Regionally, reduced economic growth has seen consumers shifting to cheaper products and a reportedly growing illegal market through smuggling and counterfeiting.

Other regulatory issues which impact competitiveness are also of concern to producers and are under active consideration by CARICOM governments. Among these are outdated excise systems which are costly to operate, and loss of local market share owing to tax-free importation of spirits by large operators in the hotel sector. In light of this, Trinidad and Tobago continues to pursue the interests of regional rum producers together with our CARIFORUM partners.

On a more positive note, however, over the last two decades the industry has made consistent advances in becoming responsible corporate citizens. Rum producers have introduced energy saving measures and more efficient equipment to reduce their carbon footprint and have actively explored, and in several cases implemented, programmes to increase the use of renewable energies and the capture of energy from waste material.

Investments in improving environmental management while very costly and without immediate and visible economic financial benefit, have been necessary as the industry responds to increasing concerns both nationally and in the international market about the environmental impact of particular products.

Alcohol has long played an integral part in most societies and the place of rum in the social, cultural and historical make-up of the Caribbean is well documented. I am assured that WIRSPA is acutely aware of the impact, on both individuals and society, of inappropriate consumption and that our producers are committed to working towards minimising such behaviour in order to make responsible drinking a valued and enjoyable part of life.

As such, individual producers are active at the national level supporting efforts to promote responsible drinking. In many member countries, producers have played a frontline role in establishing national alcohol beverage associations with the aim of promoting responsible consumption. Over a decade ago WIRSPA proactively established a code of practice for the advertising and marketing of spirit drinks. I have been advised that further strategies will be undertaken to intensify these efforts through stakeholder engagement and practical and implementable strategies to highlight responsible consumption.

The Caribbean rum industry is an industry in transition. As businesses strive to take advantage of a growing international market for premium spirits, and to increase local value added through potential investments in the sugarcane industry, there remains potential to increase the sector's contribution to the regional economy.

As I close, this Reception and Rum tasting signals a continuation of friendship and partnership, which will only deepen the union of the respective interest groups in the quest to become leaders within the global Rum Industry. This gathering here today will not only enhance networking and consolidate partnerships in rum promotion, but it will also nurture the development of Authentic Caribbean Rum Brands as we all seek to sustain our regional hub for Rum trading and distribution.

So please, ladies and gentlemen, raise your glasses and join me in a toast to this Reception and Tasting of Authentic Caribbean Rum brands, and to what I am sure will be its most memorable year yet.

I thank you.