BARBADOS
PRIVATE SECTOR
TRADE TEAM
A DIVISION OF THE BARBADOS PRIVATE SECTOR ASSOCIATION

Sub-Sector Profile

Barbados' Rum Industry: An Analysis of the First Fourteen Years of the 21st Century

Economic Contribution of the Rum Industry

Barbados' rum industry continues to be an important prop to the overall economy. The industry: provides valuable foreign exchange and government revenue through taxes gained by businesses in operation; supports the sustainability of many other businesses within the manufacturing sector; and contributes significantly to maintaining jobs in the services sector, inter alia.

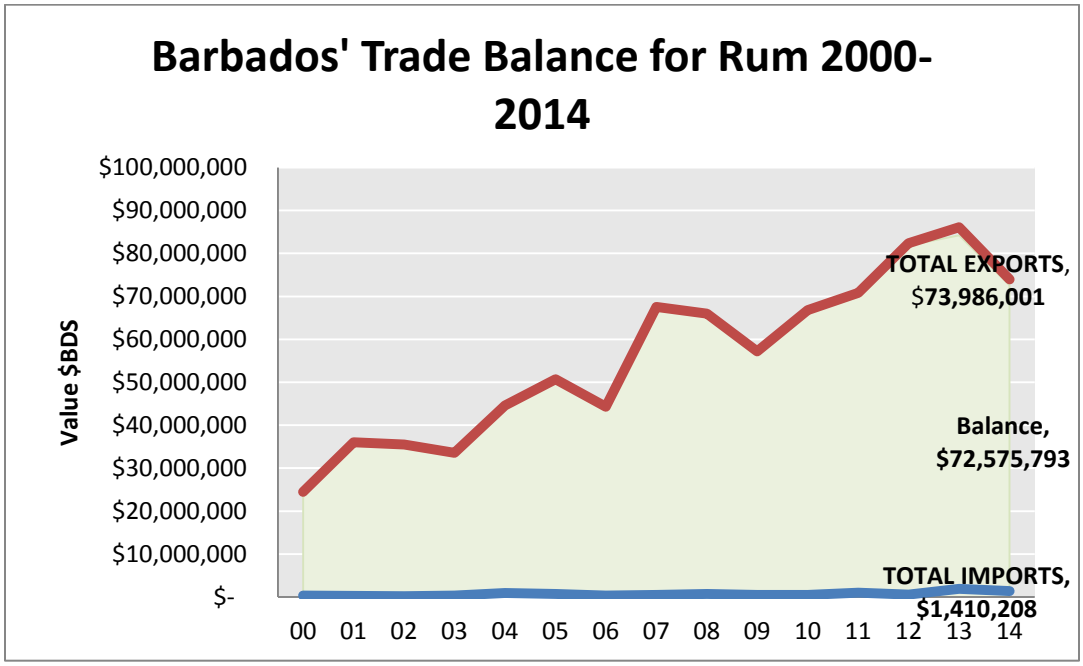
Regionally, rum is the fourth largest non-service foreign exchange earner after sugar, bauxite and bananas (Jessop, 2002). More specific to Barbados, rum is the main agro-industrial export sector. In 2013 rum generated approximately BDS$86 million in foreign exchange for the country (UWI, 2013).

Across the region there are approximately 15,000 workers directly employed in the rum industry and another 60,000 jobs that benefit from the sector (Sanders, 2012.) In Barbados' case the rum industry has fortified the sustainability of other businesses and has created employment for many persons in the services sector. For example, the labelling industry has benefited from the success of the local rum industry. The Barbadian company, Caribbean Label Craft Ltd. specialises in printing high quality labels for the rum and spirits sector. The company employs artists who are instrumental in the crafting of these labels. In addition, there are a number of chemists that are directly employed by the rum industry.

The rum sector also has important linkages to both the agriculture and tourism sectors. The West Indies Rum and Spirits Producers Association (WIRSPA) in 2009 reported that visitors to rum facilities increased by 100% since 2003. The story of Barbados' rum legacy is used as an important marketing strategy to boost our tourism product. Barbados has some of the oldest rum and distilleries in the world. For example, Mount Gay has been bottling amber liquid gold since 1703; Foursquare Rum Distillery and Heritage Park is an important site to heritage visitors because of the history behind the rum and the location of the site; and the West Indian Rum Distillery was born in 1893. The Food, Rum and Wine Festival in Barbados is another hallmark of the importance of rum to the tourism marketing strategy.

Overall/General Competitiveness of Barbados Rum Industry

The rum industry is one of the few sectors in Barbados that can boast a strong trade surplus. The rum industry has expanded mainly because of the export of high quality rums, which are aged, blended, packaged and labelled in Barbados, maximising the value added in the local economy. Between 2000 and 2014 Barbados maintained a positive trade surplus as illustrated below:



Source: Compiled by the Barbados Private Sector Trade Team with statistics sourced from Barbados Statistical Services

Barbados' Trade Balance with World for Rum 2000-2014			
	TOTAL IMPORTS	**TOTAL EXPORTS**	**Balance (BDS)**
2000	$ 332,750	$ 24,498,711	$ 24,165,961
2001	$ 287,913	$ 36,002,632	$ 35,714,719
2002	$ 216,731	$ 35,519,894	$ 35,303,163
2003	$ 320,235	$ 33,591,830	$ 33,271,595
2004	$ 915,942	$ 44,614,557	$ 43,698,615
2005	$ 711,557	$ 50,712,842	$ 50,001,285
2006	$ 357,285	$ 44,301,183	$ 43,943,898
2007	$ 498,058	$ 67,549,086	$ 67,051,028
2008	$ 692,514	$ 65,980,906	$ 65,288,392
2009	$ 476,623	$ 57,203,943	$ 56,727,320
2010	$ 493,241	$ 66,764,463	$ 66,271,222

2011	$ 1,012,818	$ 70,855,433	$ 69,842,615
2012	$ 554,653	$ 82,403,181	$ 81,848,528
2013	$ 1,922,958	$ 86,130,392	$ 84,207,434
2014	$ 1,410,208	$ 73,986,001	$ 72,575,793

Source: Op cit

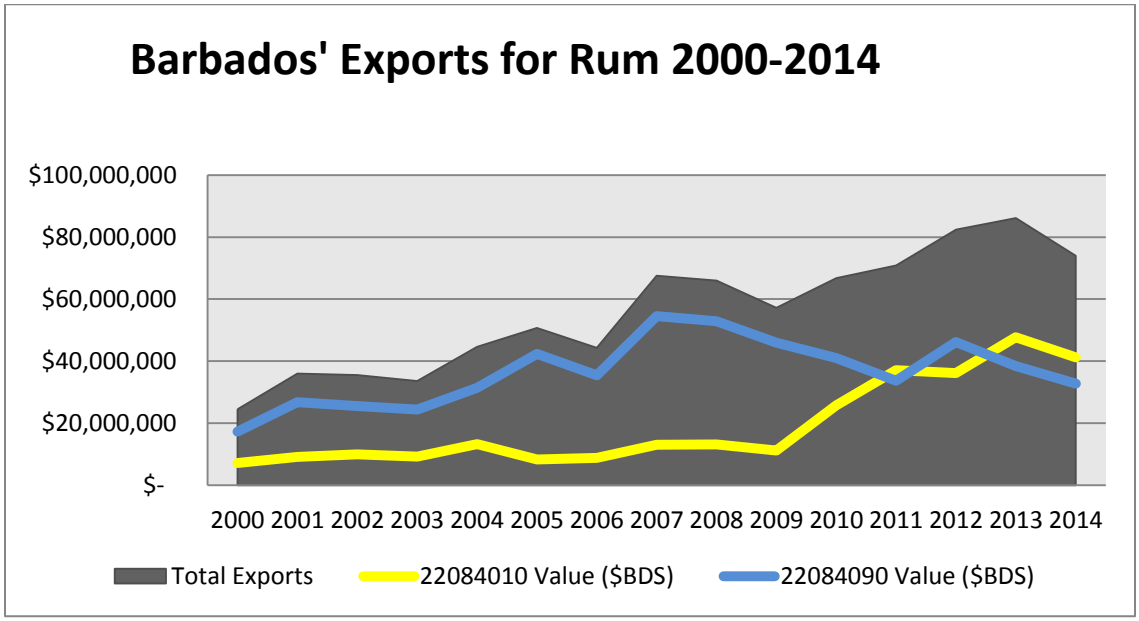
Between 2000 and 2014 Barbados exported more rum than it has imported, although there was variation in the consistency of imports and exports. Imports of rum fluctuated over the last fourteen (14) years with significant increases recorded in 2011, 2013 and 2014. In the first four years of the period under review (2000-2003), figures maintained a fairly consistent import rate between $216,000 and $333,000. However, a dramatic increase was documented in 2004 at a little more than 1/2 million Barbados dollars ($595,707). With this significant jump in imports in 2004, the trade balance also increased as the export value of rum also rose dramatically by $BDS 11,022,727.

Overall, exports of rum increased at a fairly steady rate over the 14 year period with only one severe decline recorded in 2009 when exports declined by $8.7 million. A decline was also slightly visible in 2008. In the last year of analysis (2014), there was a noted decline in both imports and exports.

Disaggregated Competitiveness of Bulk and Branded Rum
(22084010-branded and 22084090 bulk)

EXPORTS

Bulk rum, between 2000 and 2010, has traditionally been Barbados' main export in the rum category. Nevertheless, this trend shifted in 2011 when exports in branded rum increased over that of bulked rum. Exports of branded rum reached $BDS 37, 133, 701 while bulked rum lagged at $BDS33, 721,732. By 2012, Barbados' exports of bulked rum regained dominance, registering an export figure of $BDS 46, 192, 216. Exports of branded rum fell to $BDS 36, 210, 965. By 2013 bulked rum exports was again in decline below that of branded rum. Although branded rum exports increased in 2013 by 2014 both categories decreased. Nevertheless, branded rum remained the top export category between 2013 and 2014.

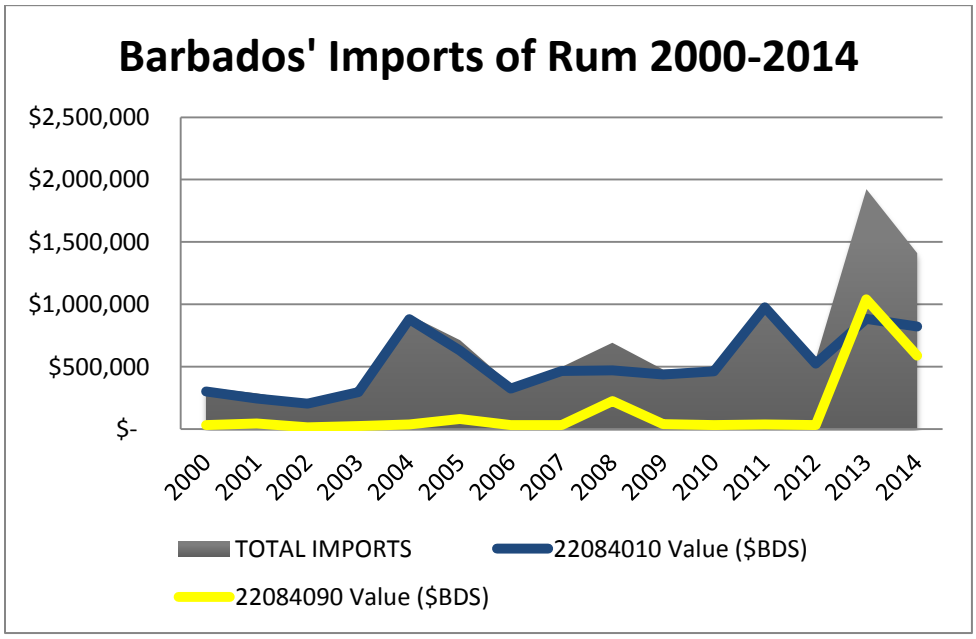


(22084010-branded and 22084090 bulk)

Domestic Exports for Rum 2000-2014						
	22084010 (branded) (46% vol. and under)			22084090 (bulk) (Other Rum)		
Year	**Mass**	**Qty**	**Value ($BDS)**	**Mass**	**Qty**	**Value ($BDS)**
2000	876197	896162	$7165772	5630877	6441143	$17332939
2001	909421	961490	$9184876	8654340	9310239	$26817756
2002	1046494	995428	$10003230	8497975	9501002	$25516664
2003	1081069	1001316	$9211327	7549514	8295319	$24380503
2004	1762807	1351438	$13242762	9945399	11370999	$31371795
2005	1170319	814038	$8353606	12841342	13833150	$42359236
2006	1688186	980549	$8845199	8779629	11529595	$35455984
2007	2920650	1510798	$13066478	11053247	13682105	$54482608
2008	1862762	1143849	$13124976	9817690	12081675	$52855930
2009	1468699	922581	$11245484	8410812	10070408	$45958459
2010	2915994	1911393	$25765214	9763966	11833888	$40999249
2011	3784295	2630077	$37133701	8454442	10458134	$33721732
2012	3830870	2386281	$36210965	12049755	14861088	$46192216
2013	4724563	3000832	$47677479	9168091	11218892	$38452913
2014	4234784	2658975	$41173725	8161620	10033539	$32812276

IMPORTS

Barbados' imports of branded rum have fluctuated within the 14 year period. On the other hand, imports of bulked rum were more consistent. Imports of bulked rum increased consistently between 2012 and 2013. Nevertheless, in 2013 and 2014 there were declines.



Barbados Imports for Rum 2000-2014							
	22084010 (Rum/tafia 46% vol. and under)				22084090 (Other Rum)		
Year	**Mass**	**Qty**	**Value ($BDS)**		**Mass**	**Qty**	**Value ($BDS)**
2000	49266	106758	$	302,010	4810	4803	$ 30,740
2001	39261	22477	$	243,190	8238	6795	$ 44,723
2002	29577	23133	$	202,324	1980	2740	$ 14,407
2003	54434	32664	$	296,278	4273	2698	$ 23,957
2004	58239	44678	$	879,736	9117	3567	$ 36,206
2005	162604	52260	$	630,661	38241	49259	$ 80,896
2006	45945	28125	$	324,992	5595	5420	$ 32,293
2007	61530	40924	$	466,129	5738	3704	$ 31,929
2008	59431	36022	$	469,526	82352	76126	$ 222,988
2009	52888	31113	$	438,114	8350	3541	$ 38,509
2010	55749	28692	$	461,423	6626	5082	$ 31,818
2011	90781	55504	$	975,813	7804	3253	$ 37,005
2012	75009	39493	$	523,307	6589	3765	$ 31,346
2013	121135	64917	$	883,332	97095	82923	$ 1,039,626
2014	123062	51329	$	822,232	62921	55895	$ 587,976

MARKETS

Over the aggregated fourteen year period, the top export market was the United States of America (USA), followed by Canada. European countries (namely the United Kingdom, France, Spain and the Netherlands) followed closely behind Canada. Bermuda and Germany ranked 7th and 8th respectively while Guyana and Italy took position 9th and 10th.

Barbados' Top Export Markets 2000-2014		**($)**
1	**UNITED STATES**	**408519543**
2	CANADA	**149413608**
3	UNITED KINGDOM	**86710332**
4	FRANCE	**54006886**
5	SPAIN	**25646181**
6	NETHERLANDS	**17923559**
7	BERMUDA	**12762868**
8	GERMANY	**9654974**
9	GUYANA	**7099530**
10	ITALY	**7049098**
11	NETH. ANTILLES	**6117230**
12	BR. VIRGIN IS.	**6061111**
13	ST. LUCIA	**5472297**
14	**U.S.VIRGIN IS.**	**5018769**
15	CAYMAN ISLANDS	**4520692**
16	ST.VINCENT	**3817150**
17	NEW ZEALAND	**3457584**
18	AUSTRALIA	**2804772**
19	ANTIGUA	**2628043**
20	TRINIDAD & TOB.	**2122160**
21	ANGUILLA	**1997885**
22	CHINA, PEO.REP.	**1904551**
23	MEXICO	**1880062**
24	BAHAMAS	**1861129**
25	GRENADA	**1706822**
26	FRENCH GUIANA	**1341719**
27	BRAZIL	**1239972**
28	PANAMA	**1142338**
29	ST. KITTS/NEVIS	**1062504**
30	TURKS & CAICOS	**413911**

As it pertains to imports, Barbados imports most of its external rum from the Caribbean region, as illustrated in the below table. Some of the brands imported include: El Dorado, Appleton and Fernandes. Other top exporting countries to Barbados are: France, the USA and the UK.

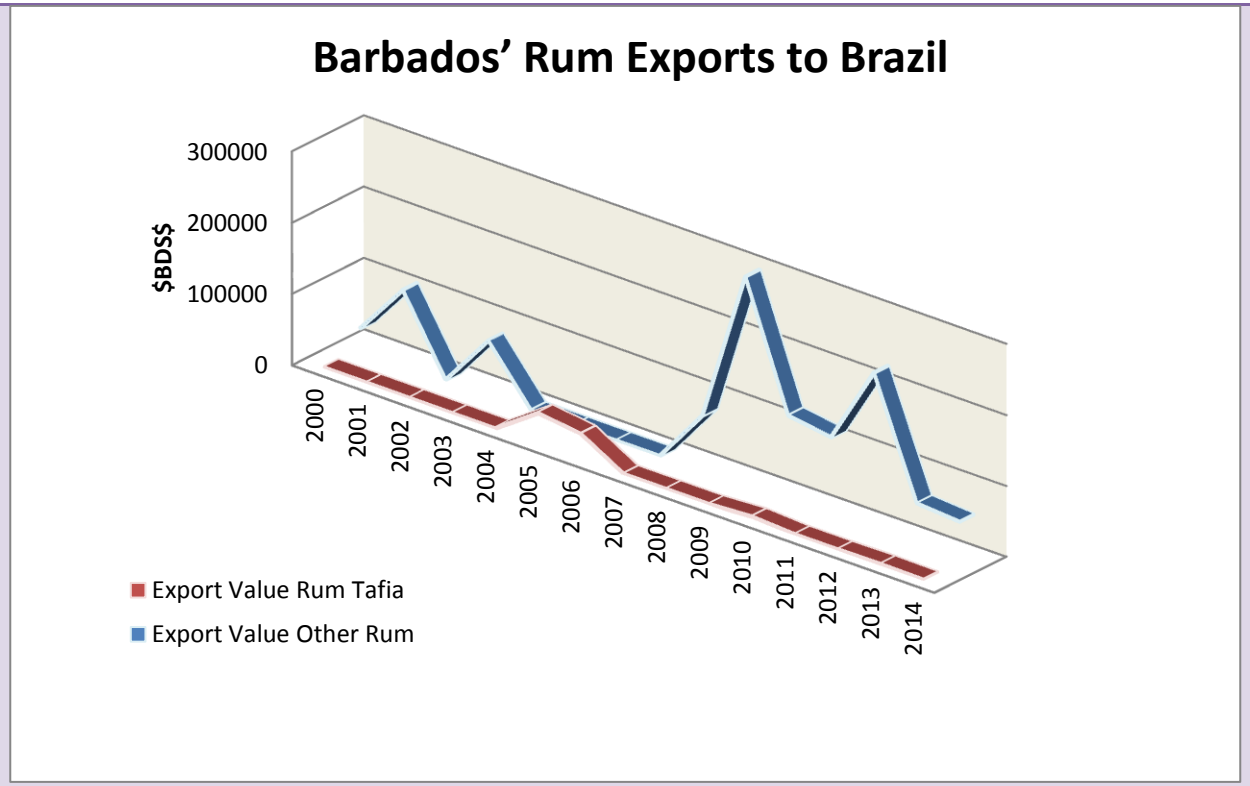
Barbados' Top Importing Countries 2000-2014		($)
1	GUYANA	2400399
2	JAMAICA	1838670
3	TRINIDAD & TOB.	1478346
4	FRANCE	1116396
5	PUERTO RICO	1107319
6	UNITED STATES	735618
7	ST. LUCIA	390709
8	UNITED KINGDOM	264177
9	U.S.VIRGIN IS.	248909
10	GUATEMALA	198532
11	CANADA	120344
12	CHINA, PEO.REP.	62500
13	MEXICO	43338
14	ANTIGUA	38277
15	AFGHANISTAN	14791
16	BRAZIL	13136
17	ST.VINCENT	12457
18	CUBA	11658
19	GRENADA	11363
20	NICARAGUA	10851
21	ITALY	10303
22	ANGUILLA	8790
23	DOMINICAN REP.	8493
24	BELIZE	8392
25	BAHAMAS	8193
26	NETHERLANDS	7881
27	SHIPS STORES	7349
28	ST. KITTS/NEVIS	6802
29	PORTUGAL	5711
30	PANAMA	1888

Random Market Analysis: Graphical Analysis of the Specific Markets

Brazil

Brazil placed 27th in the list of export markets during the fourteen year assessment period. The country received more exports of bulk rum than branded rum between 2000 and 2014. Nevertheless, its imports for bulk rum from Barbados fluctuated significantly over the period. No exports in either category were recorded in 2002, 2004 and 2007.

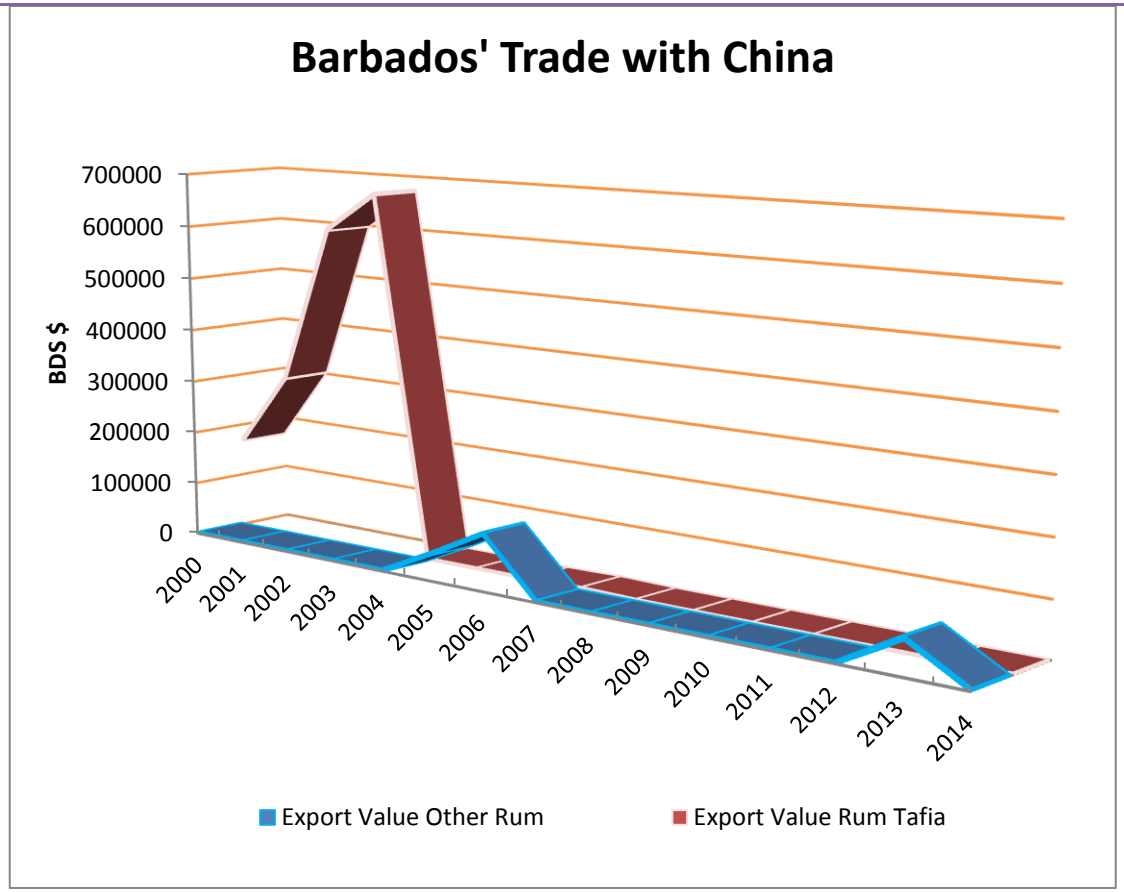
Year	Export Value	
	Other Rum (bulk)	Rum Tafia (branded)
2000	**29414**	**0**
2001	**104520**	**0**
2002	0	0
2003	**76299**	**0**
2004	**0**	**0**
2005	**0**	**42884**
2006	**0**	**35368**
2007	**0**	**0**
2008	**78347**	**0**
2009	**294306**	**0**
2010	**120970**	**3607**
2011	**111839**	**0**
2012	**223811**	**0**
2013	**61188**	**750**
2014	**56575**	**0**



China

China placed 22nd in the export markets over the 14 year period. Branded rum was exported between 2000 and 2004 when it peaked at $673,393 in 2003. Since then, no significant exports of branded rum have been traded. Few exports of bulk rum were recorded in 2005, 2006 and 2013. In 2014, there were no exports in either category. Generally, the private sector views some parts of China as expensive to do business.

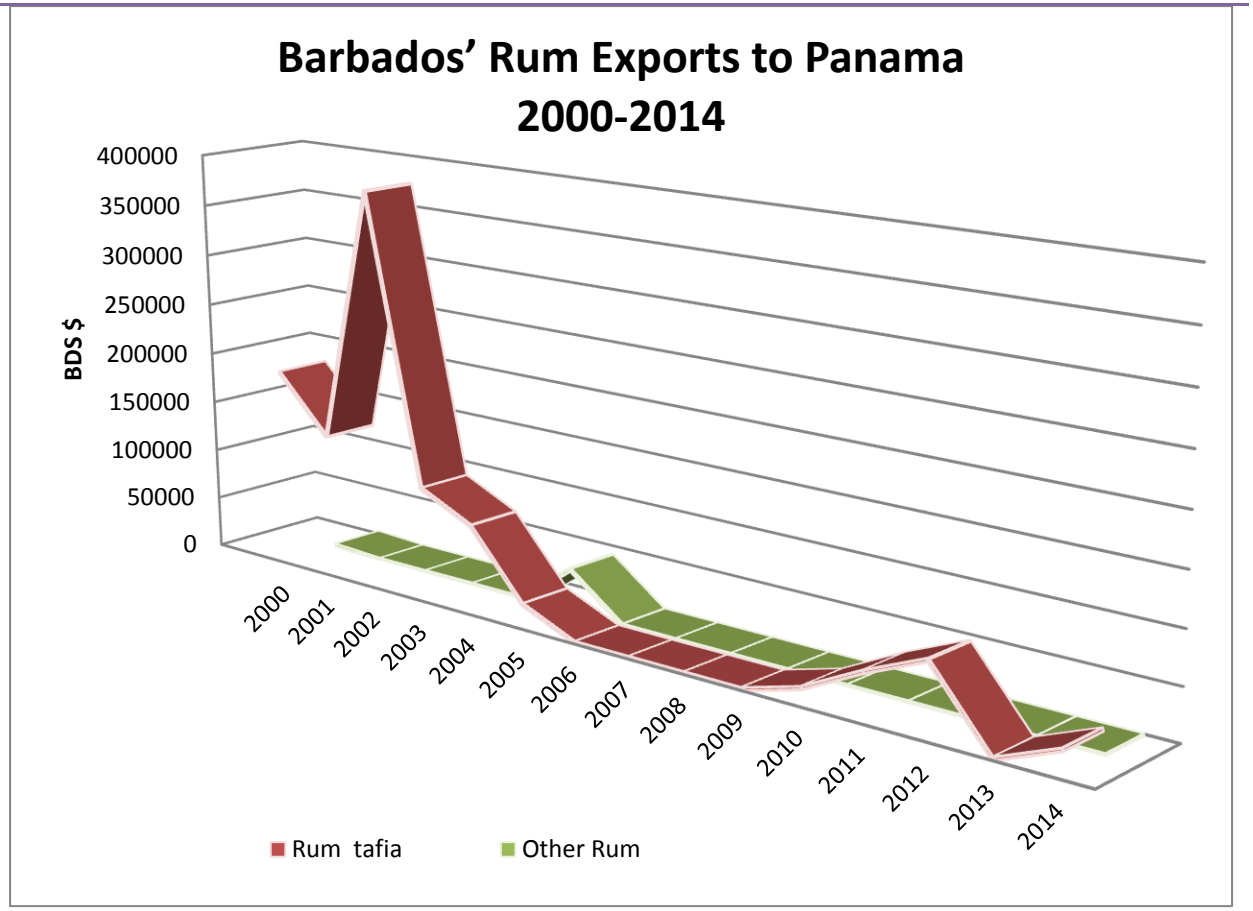
Year	Export Value $BDS	
	Other Rum (bulk)	Rum Tafia (branded)
2000	**0**	**169719**
2001	**0**	**305223**
2002	0	**601208**
2003	**0**	**673393**
2004	**0**	**0**
2005	**49701**	**0**
2006	**103337**	**0**
2007	**0**	**1970**
2008	**0**	**0**
2009	**0**	**0**
2010	**0**	**0**
2011	**0**	**0**
2012	**0**	**0**
2013	**62500**	**0**
2014	**0**	**0**



Panama

Panama ranks 28th in Barbados' list of top export markets. Exports to Panama have been sporadic over the 14 years. The country mostly imports branded rum.

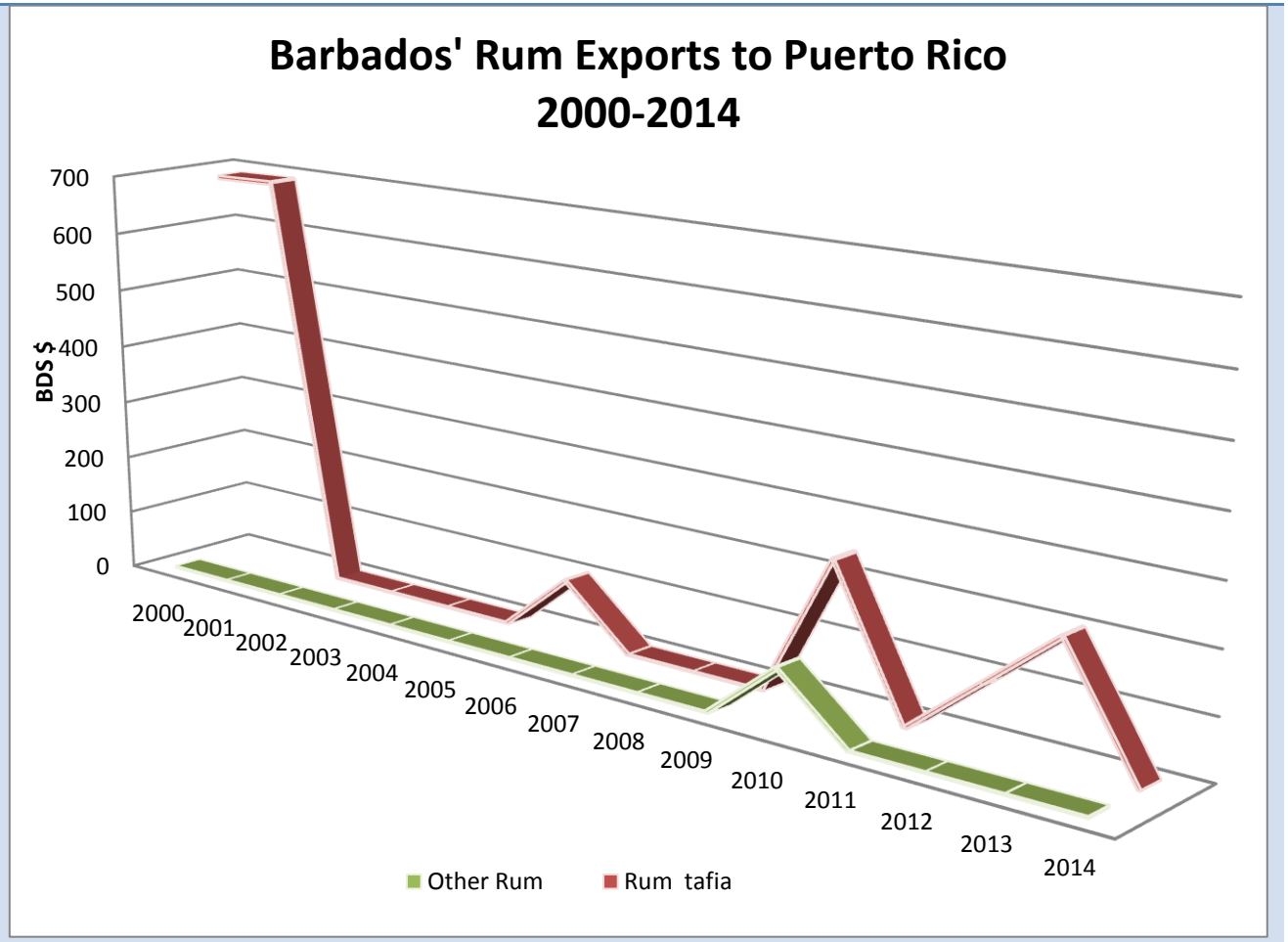
Exports	Export Value BDS$	
	Rum tafia (branded)	Other Rum (bulk)
2000	194732	2448
2001	140233	0
2002	387501	0
2003	110841	82
2004	86128	0
2005	22938	41130
2006	0	0
2007	0	0
2008	0	0
2009	0	0
2010	16034	0
2011	45521	0
2012	70580	0
2013	0	0
2014	24170	0



Puerto Rico

Puerto Rico received a very limited amount of rum exports from Barbados and did not rank in the top 30 export markets for Barbados.

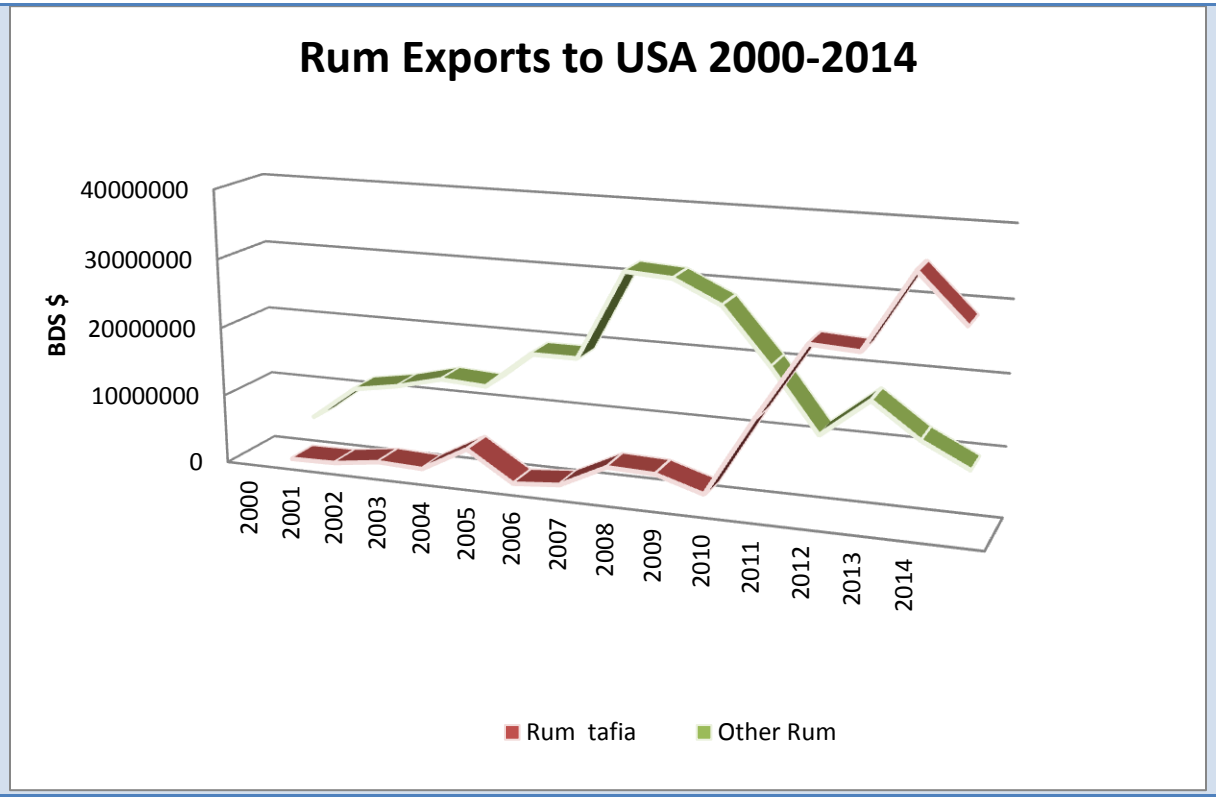
Year	Export Value $BDS	
	Rum tafia	Other Rum
2000	685	0
2001	688	0
2002	0	0
2003	0	0
2004	0	0
2005	0	0
2006	100	0
2007	0	0
2008	0	0
2009	0	0
2010	238	100
2011	0	0
2012	100	0
2013	200	0
2014	0	0



United States of America

The United States is Barbados' top export market with data recorded for every year in both bulk and branded rum. In recent years, branded rum was the most exported category to the United States. In 2014 both categories were on the decline.

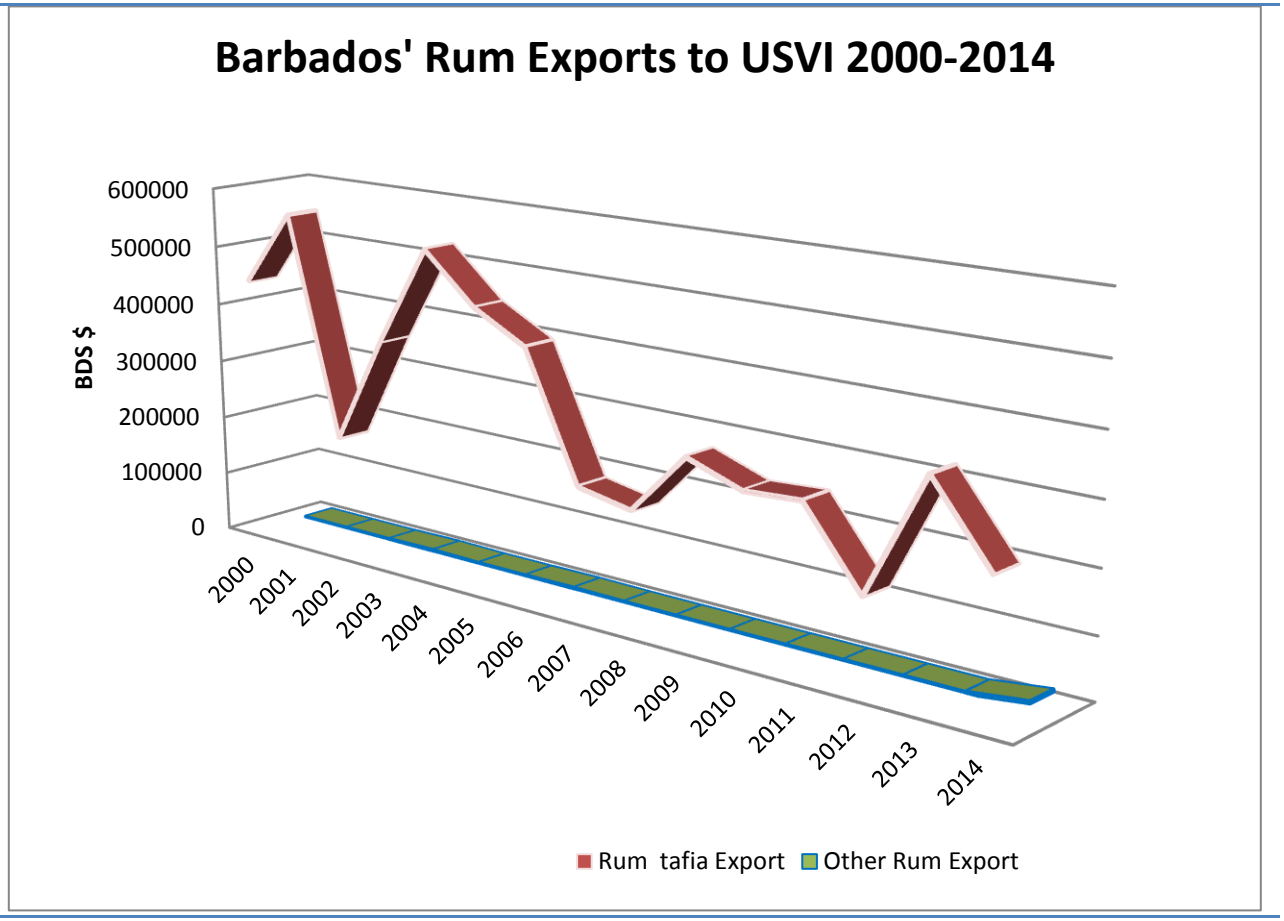
Year	Export Value BDS$	
	Rum tafia (branded)	**Other Rum (bulk)**
2000	1495852	5807586
2001	1614203	10738567
2002	2492596	11829379
2003	2232135	13474990
2004	5840804	13084173
2005	1621041	18369792
2006	2199079	18385580
2007	5489170	31126666
2008	5269975	30707317
2009	3204165	27547629
2010	14510373	19763116
2011	25067702	10897662
2012	24681400	16358103
2013	35686399	11615526
2014	29134070	8274493



USVI

The USVI receives exports of branded rum on a consistent annual basis. Very little exports for bulk rum were recorded.

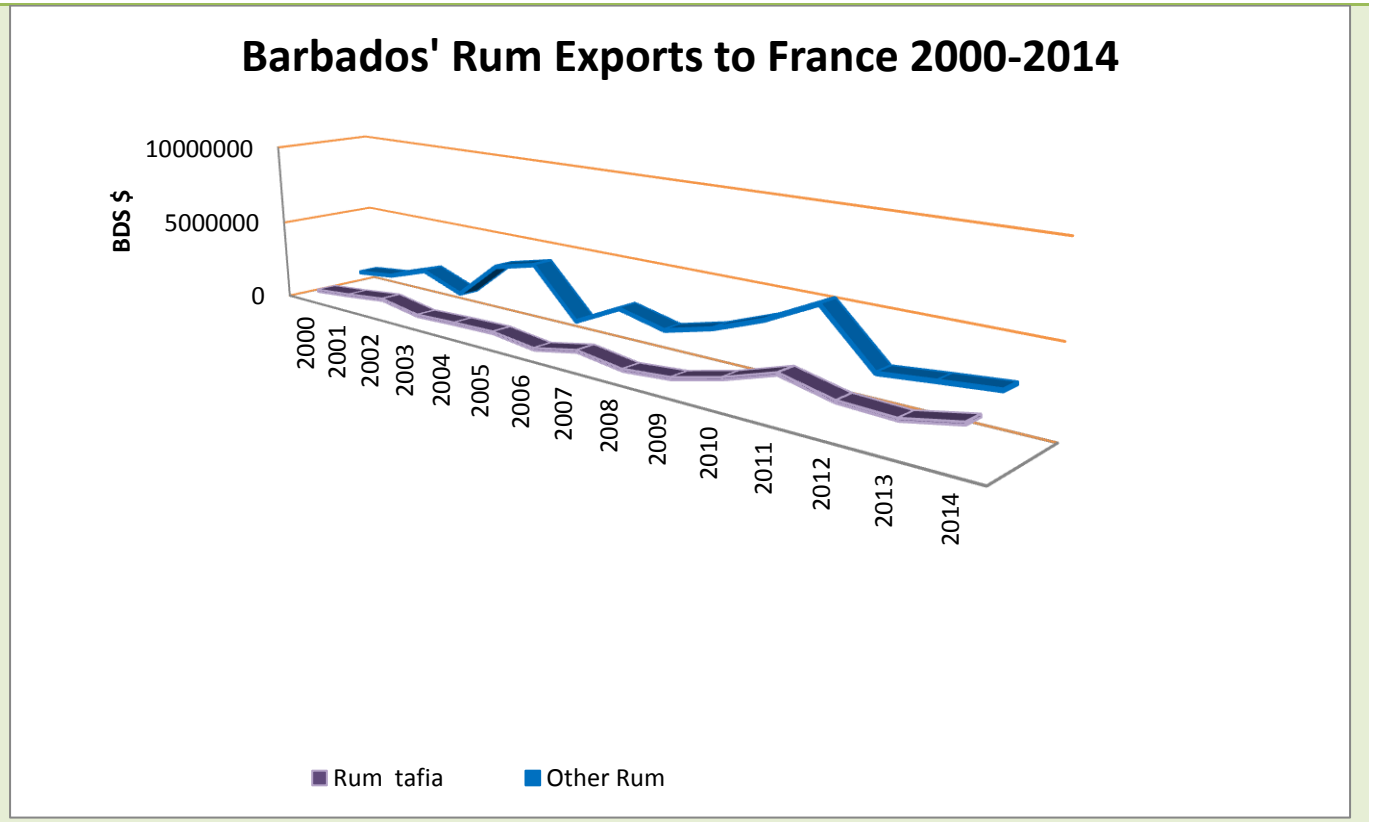
Year	Export Value BDS$	
	Rum tafia (branded)	Other Rum (bulk)
2000	444103	0
2001	568960	0
2002	203124	0
2003	383800	1200
2004	547415	0
2005	467101	0
2006	419492	806
2007	214005	0
2008	196728	0
2009	298432	0
2010	265812	0
2011	271176	0
2012	150342	0
2013	348530	0
2014	226343	11400



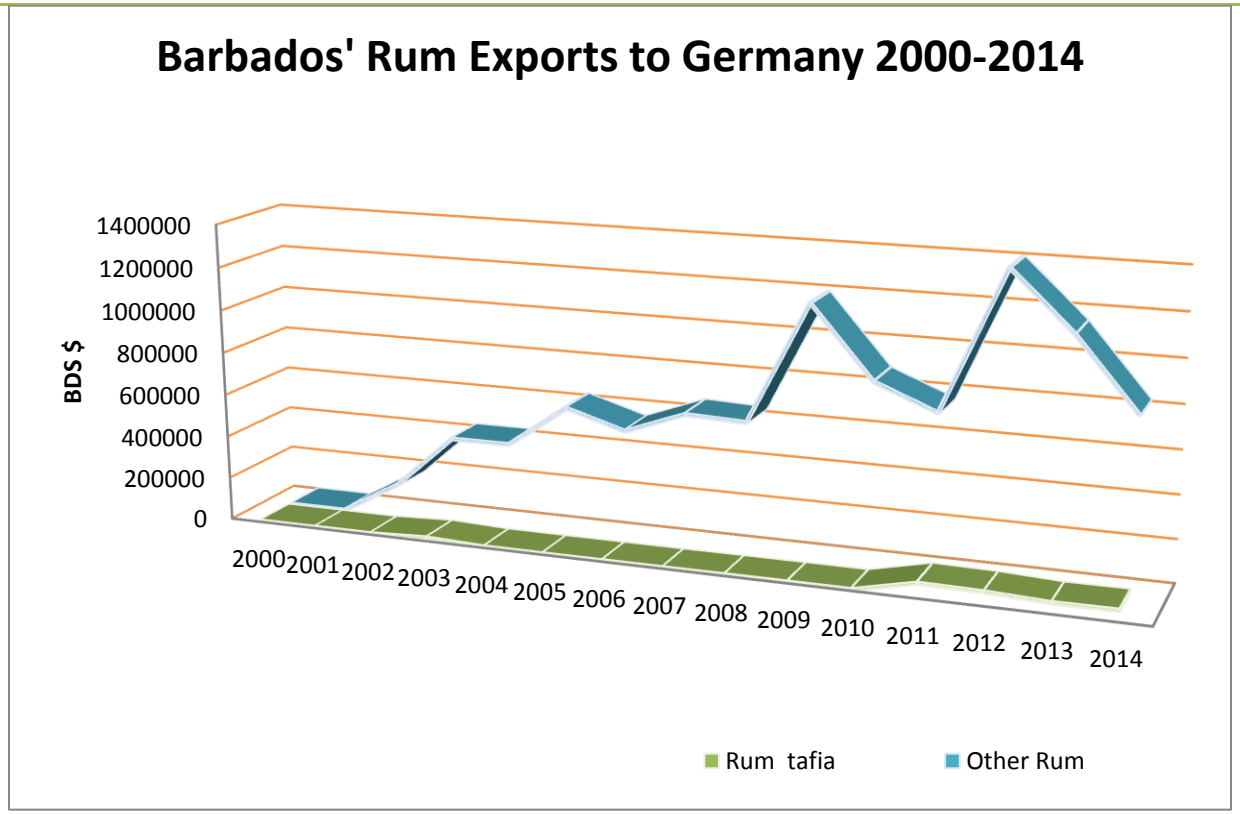
Europe (France, Germany, Spain and the United Kingdom)

France and the United Kingdom are the most consistent importers of Barbados' rum of the four analysed European markets. Based on the statistics, France is the highest importer of branded rum. The country also imports large quantities of bulk rum. The United Kingdom also imports a significant quantity of bulk rum from Barbados.

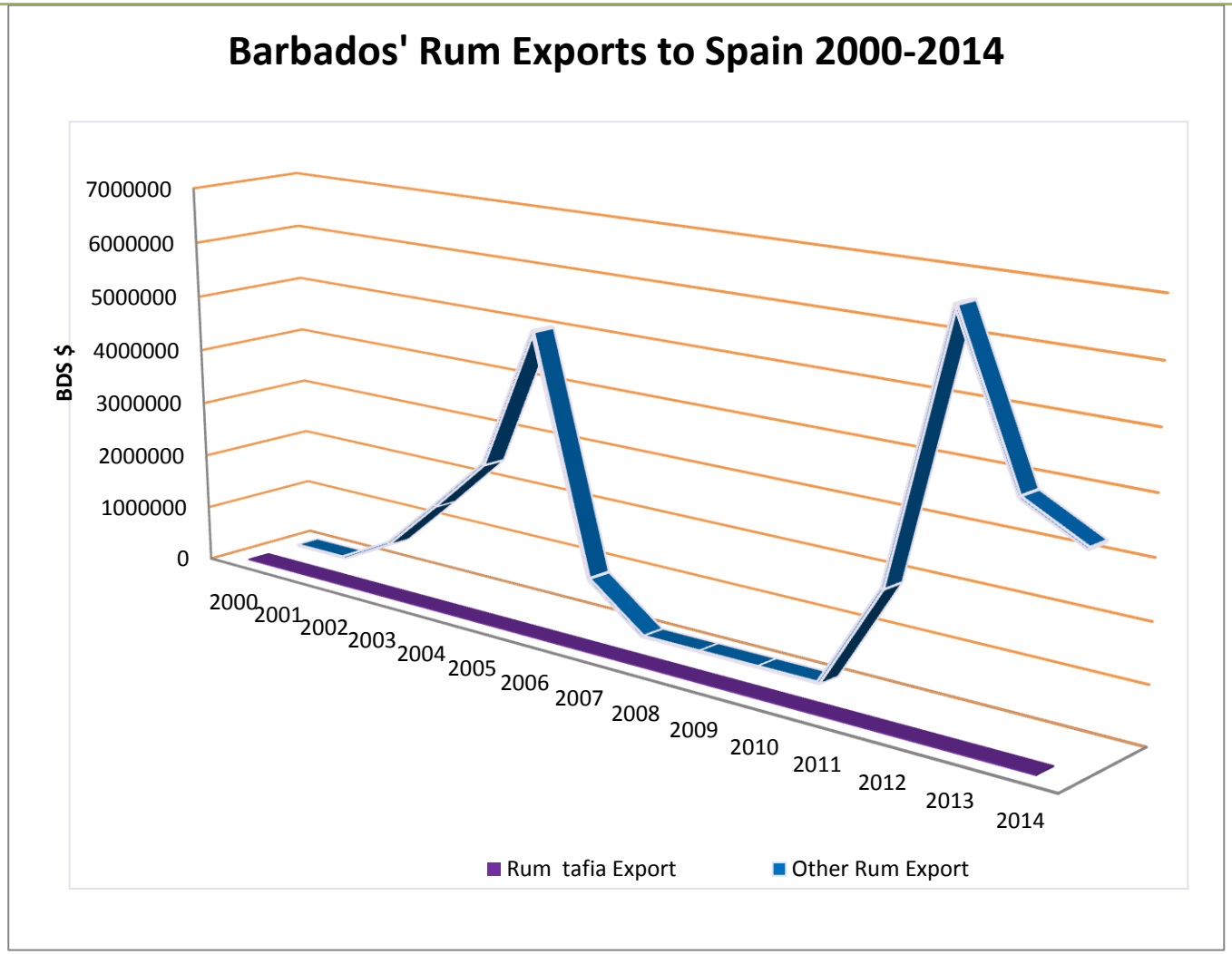
Year	Export Value BDS$	
	Rum tafia (branded)	Other Rum (bulk)
2000	414116	1047144
2001	655435	1346208
2002	945197	2187931
2003	487049	1234275
2004	595638	3508367
2005	667129	4141892
2006	313276	1240175
2007	861507	2606422
2008	456836	1949696
2009	704771	2677501
2010	1417529	3772759
2011	2377829	5231908
2012	1695317	2268535
2013	1578478	2572897
2014	2191288	2859781



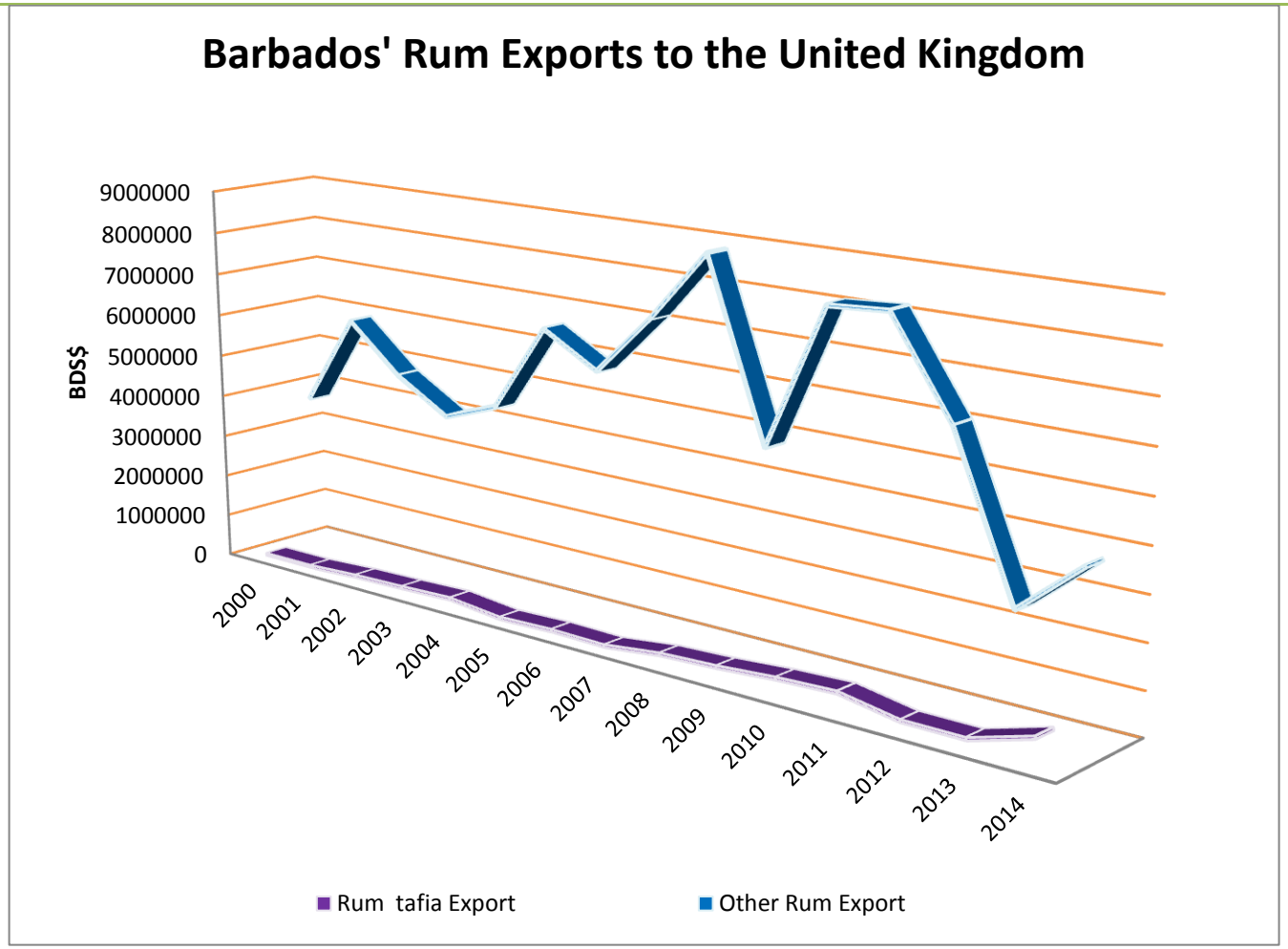
Year	Rum tafia	Other Rum
2000	0	400
2001	0	0
2002	180	156780
2003	11538	405656
2004	600	406256
2005	0	605587
2006	0	522923
2007	60	626970
2008	844	616206
2009	1182	1174707
2010	802	850741
2011	63720	737702
2012	59171	1387662
2013	45839	1127685
2014	47567	804196



Year	Export Value BDS$	
	Rum tafia	Other Rum
2000	0	0
2001	0	0
2002	0	515912
2003	0	1460961
2004	0	2440041
2005	0	5001271
2006	0	795479
2007	10	0
2008	500	0
2009	24	0
2010	0	0
2011	0	1859178
2012	10	6573182
2013	0	3784812
2014	0	3214801



Year	Export Value BDS$	
	Rum tafia Export	Other Rum Export
2000		
2001	23822	5840267
2002	90404	4722061
2003	122988	3960704
2004	169447	4427493
2005	28828	6493078
2006	72086	5746326
2007	50528	7157316
2008	207490	8770319
2009	268993	4762242
2010	369168	8042422
2011	426191	8131677
2012	182330	6007475
2013	180045	2468796
2014	596198	3679793



Main Challenges Facing the Rum Industry

THREATS FROM CHEAPER RUM EXPORTS THROUGH GLOBAL TRADE LIBERALISATION

As rum producing nations around the world negotiate trade agreements with other nations lower or even zero rates of duty are being offered to Barbados' competitors. At the same time, Barbados' preferential treatment in the international trade, made possible through the Generalised System of Preferences (GSP) and one-way preferential trade agreements, has expired. This is threatening the products of Barbados and the wider region price competitiveness in external markets. By extension this could result in the diversion of sales to cheaper brands, especially in the current economic climate where spending power is on the decline, unless consumers continue to be motivated by quality.

SUBSIDIES

Puerto Rico and the US Virgin Islands (USVI), both competitors of other Caribbean rum manufacturers, have to their advantage US government refunds of excise taxes charged on rum. If the use of such subsidies are not monitored the funds could be used for rum production and marketing for huge multinational companies in these jurisdictions. Subsidised marketing could make it virtually impossible for regional rum brands to compete. In addition, subsidies could result in new rum capacity for companies benefiting under the USA cover over program, allowing them to supply more bulk rum to the mainland of the USA.