Assessment of the Impact of the Rectification of the Jamaica Rum Geographical Indication

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October 2026

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II. Executive Summary

Jamaica rum is one of the country's most historically significant and economically valuable agro-processing industries, contributing to manufacturing activity, export earnings, employment and rural economic development. Its international reputation is closely associated with its distinctive production traditions and geographical origin, which are protected through the Jamaica Rum Geographical Indication (GI). The GI provides a means of differentiating authentic Jamaican rum from alternative spirits, safeguarding the industry's reputation and strengthening its commercial positioning in international markets.

In October 2024, the Jamaica Intellectual Property Office (JIPO) ruled in favour of the rectification of the Jamaica Rum GI specification, introducing stricter production requirements, most notably the requirement that rum be aged in Jamaica. Other provisions include restrictions on the source of water, the use of genetically modified yeasts and the additives permitted during production. While these requirements seek to strengthen the authenticity, traceability and international reputation of Jamaican rum, the prohibition on offshore aging has generated disagreement among domestic distillers. In particular, National Rums of Jamaica Limited (NRJ), which relies heavily on offshore aging as part of its bulk export business model, challenged the ruling. Enforcement of the rectification has consequently been stayed pending the outcome of the appeal.

This study assesses the potential economic and competitive implications of the rectification, examining its effects on distillers' operations, production costs, export performance, market structure and the wider Jamaican economy. The assessment draws on production, domestic sales, and export data covering 2019–2024, supplemented by stakeholder surveys and an economic analysis of the likely market adjustments arising from the ruling. The Commission invited the Spirits Pool Association (SPA) and all four domestic distillers to participate in the survey. Responses were received from the SPA and three distillers: NRJ, Everglades Farms Limited (Hampden Distillery) and Worthy Park Estate. J. Wray & Nephew Limited opted out of participation.

Industry Structure and Market Performance

The analysis reveals that Jamaica's rum industry is highly concentrated across production, export and domestic sales. Between 2019 and 2024, aggregate production totalled approximately [redacted]

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million litres of absolute alcohol (LAA), increasing from [redacted] million LAA in 2019 to a peak of [redacted] million LAA in 2022, before contracting to [redacted] million LAA in 2024. NRJ and J. Wray & Nephew collectively accounted for an average of [redacted]% of industry production, with J. Wray & Nephew emerging as the largest producer from 2020 onwards.

Export markets represent the principal commercial outlet for Jamaican rum, accounting for approximately [redacted]% of industry production. Export revenue remained relatively stable throughout the assessment period, averaging approximately US$[redacted] million annually and reaching US$[redacted] million in 2024. J. Wray & Nephew remained the leading exporter, although its average share of export revenue declined to [redacted]% over the period. NRJ accounted for an average of [redacted]%, while Everglades Farms and Worthy Park accounted for [redacted]% and [redacted]%, respectively. Despite some improvement in the competitive positions of the smaller distillers, export market concentration remained high, with an average Herfindahl-Hirschman Index (HHI) of approximately [redacted] points.

The domestic market exhibited a different performance trajectory. Domestic sales volume declined from approximately [redacted] million LAA in 2019 to [redacted] million LAA in 2024. The market also remained highly concentrated, with J. Wray & Nephew and NRJ collectively accounting for an average of [redacted]% of domestic sales volume and an average HHI of [redacted] points. Despite this concentration, the two leading distillers experienced changes in their relative market positions, with NRJ emerging as the leading domestic supplier in [redacted] and [redacted]

These findings establish that the rectification will operate in an industry characterised by substantial concentration and a strong dependence on export markets. Consequently, any significant disruption to the operations of a major distiller could have implications extending beyond the affected distiller, including changes in market concentration, competitive conditions, and the industry's contribution to the Jamaican economy.

Stakeholder Perspectives on the Rectification

Stakeholder responses reveal divergent assessments of the rectification, largely reflecting differences in production practices, cost structures, and export strategies.

NRJ opposes the stricter specification, arguing that the prohibition on offshore aging threatens the commercial viability of its existing bulk export model. The company reported that approximately [redacted]% of its production was aged overseas during the assessment period, [redacted]

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[redacted] Its concerns centre on three major areas: increased production costs arising from higher evaporation losses under Jamaica's tropical conditions; substantial capital expenditure required to establish additional domestic aging facilities; and potential customer attrition [redacted] NRJ estimates that replicating its existing offshore warehousing capacity in Jamaica would require an initial investment of approximately J$610 million to J$915 million. It also estimates annual evaporation losses of 6–10% in Jamaica, compared with 2–3% in temperate offshore locations.

NRJ further cautions that the rectification could undermine its competitiveness against alternative rum suppliers in other jurisdictions, disrupt established export relationships and reduce the industry's foreign exchange earnings. It also raises concerns that a substantial contraction in its operations could affect employment, agricultural linkages, government revenue and the competitive balance of the domestic industry.

Conversely, Everglades Farms and Worthy Park support the rectification. Both distillers already undertake their production and aging activities in Jamaica and therefore consider the stricter requirements consistent with their existing business models. They argue that the rectification strengthens the authenticity and international reputation of Jamaican rum, protects the value of the GI designation and reinforces the premium positioning of products associated with Jamaican provenance. Everglades Farms also considers the rectification commercially beneficial given the importance of authenticity to its overseas buyers, while Worthy Park regards full domestic production and aging as central to its long-term brand development strategy.

The SPA does not hold a unanimous position on the matter. The disagreement among stakeholders therefore reflects competing commercial interests concerning the relative importance of production-cost efficiency and the protection of geographical origin.

Economic Assessment of the Rectification

The Commission's assessment identifies channels through which the rectification could affect the rum industry. These include higher barriers to entry, productive inefficiencies, customer attrition, reduced export market diversification, changes in market concentration, disruption to strategic planning and potential interruptions to the industry's wider socio-economic contributions.

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The prohibition on offshore aging raises the minimum capital and technical requirements for participating in the Jamaica Rum GI market. It may therefore create additional barriers for prospective entrants and existing producers whose operations depend on offshore aging. Furthermore, the requirement to age rum in Jamaica introduces a potential productive inefficiency because of the higher evaporation losses associated with tropical aging conditions. These costs are particularly relevant to NRJ, whose existing commercial arrangements have been structured around the lower production losses associated with temperate-climate aging.

The Commission also recognizes the potential for short-term customer attrition and reduced export earnings if NRJ's existing supply arrangements are disrupted. [redacted] disrupting established commercial relationships could also affect Jamaica's geographic diversification and international market presence.

From a competition policy perspective, the potential contraction of NRJ's export operations warrants particular attention. The Commission's sensitivity analysis indicates that, if NRJ were to exit the export market, the industry's export HHI could significantly increase [redacted]. Even a 50% reduction in NRJ's export market share could increase the HHI to approximately [redacted] points. These illustrative scenarios demonstrate that the rectification could further entrench the industry's existing concentration, particularly if the production capacity of compliant distillers is insufficient to replace any reduction in NRJ's output. Nevertheless, the potential expansion of Everglades Farms and Worthy Park could contribute to competitive rebalancing over time.

Validation of Stakeholders' Concerns and the Commission's Economic Outlook

To assess whether the potential costs identified by NRJ would outweigh the benefits of compliance, the Commission undertook an economic assessment of the likely adjustment in the market for Jamaican rum. The analysis considered the competing substitution and quality effects associated with the rectification.

The substitution effect reflects the possibility that higher production costs and prices could encourage international buyers to switch to cheaper alternatives. The quality effect, conversely,

arises from the potential improvement in the perceived authenticity, provenance and commercial value of Jamaican rum resulting from stricter GI requirements.

The Commission's assessment finds that the Jamaica Rum GI is an important determinant of derived demand for Jamaican rum. The [redacted] the ability to market products under the Jamaica Rum designation is an important purchasing consideration. [redacted] Jamaican rum is differentiated from alternative products and that buyers may be willing to absorb a marginal price increase to preserve the commercial value associated with its geographical origin.

Accordingly, the Commission considers that the negative substitution effect arising from potentially higher prices is likely to be outweighed by the positive quality and consumer preference effects associated with compliance. On this basis, the Commission concludes that the rectification is unlikely to reduce aggregate demand for Jamaican rum over the foreseeable future. The assessment therefore provides sufficient grounds to refute the claim that [redacted] customers are likely to migrate to cheaper alternatives or that the benefits of compliance will be insufficient to recover the associated costs.

The Commission also conducted a cost-benefit assessment of NRJ's likelihood of complying with the rectification. [redacted]. Given the Commission's assessment that the rectification is unlikely to undermine aggregate demand, it concludes that compliance would be a rational strategic decision for NRJ. Consequently, if the ruling is upheld, NRJ is more likely than not to comply with the rectification to remain in the market.

Managing the Transition and Wider Economic Implications

Although the Commission considers continued participation by NRJ to be the most likely outcome, the timing and manner of enforcement remain important determinants of the economic consequences of the rectification. The study identifies two possible transition paths: immediate implementation and regulatory forbearance.

Under immediate implementation, non-compliant distillers would be required to suspend their participation in the Jamaica Rum GI market until their operations satisfy the revised specification.

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Given NRJ's substantial contribution to industry production and exports, this could initially reduce the supply of Jamaican rum, creating temporary shortages and upward pressure on prices. The duration and severity of this adjustment would depend on the availability of excess production capacity among compliant distillers and the time required to expand existing facilities. The subsequent re-entry or expansion of producers would increase supply, allowing the market to move towards a new equilibrium characterised by stronger demand associated with the enhanced provenance of Jamaican rum.

Under regulatory forbearance, enforcement would be delayed for a predefined period to allow existing distillers to adjust their operations and achieve compliance. This approach would avoid the immediate exclusion of non-compliant distillers and reduce the likelihood of a sudden contraction in supply. It would also allow the industry to transition more gradually towards the stricter GI requirements, thereby minimising potential disruptions to export earnings, employment and other economic benefits.

The Commission therefore finds that the interruption to the industry's wider socio-economic contributions is unlikely to be persistent and would be minimised through appropriate regulatory discretion. The potential disruption to foreign exchange earnings, employment, fiscal revenue and agricultural linkages nevertheless warrants consideration when determining the appropriate transition arrangements.

Overall Findings and Implications

The study concludes that the rectification presents both adjustment costs and potential long-term economic benefits for Jamaica's rum industry. While the requirement for domestic aging introduces additional production costs and raises barriers to participation in the Jamaican rum market, it also strengthens the link between Jamaican rum and its geographical origin, potentially enhancing the industry's international reputation and commercial positioning.

The Commission's analysis provides sufficient information to refute three principal concerns raised regarding the rectification: (i) that it may cause customers to switch away from Jamaican rum to cheaper alternatives; (ii) that the benefits of compliance may not outweigh the associated costs; and (iii) that it may cause a persistent disruption to the socio-economic benefits generated by the industry.

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Nevertheless, the potential for short-term market disruption, increased concentration and uneven adjustment costs remains relevant to the implementation of the rectification. The pace of enforcement, the capacity of compliant distillers to expand production and the ability of existing distillers to make the necessary investments will influence the extent of any transitional disruption.

Ultimately, the Jamaica Rum GI represents an important instrument for protecting the authenticity and commercial value of one of Jamaica's most internationally recognised products. Realising its potential will require an appropriate transition that balances the long-term benefits of stronger geographical protection against the need to preserve competitive conditions, facilitate industry adjustment and sustain contributions of Jamaica's rum industry to the wider economy.

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III. Introduction

1. Jamaican rum enjoys global recognition for its quality, contributing to the country's brand identity and foreign exchange earnings. It is one of Jamaica's historically significant and economically valuable agro-processing industries, with strong linkages to agriculture, manufacturing, exports and tourism. The rum industry is a key component of the food and beverage industry, which accounted for roughly 5% of Gross Domestic Product (GDP) and contributed 61% of the manufacturing sector in 2023[1], having earned more than US$50 million in 2021 (RJR News, 2022).

2. Globally, governments endeavor to protect the commercial value of exports using an observable symbol of authenticity– the Geographical Indication (GI). Well-known GIs include "Blue Mountain Coffee" from Jamaica, "Champagne" from France, "Parma Ham" from Italy, and "Darjeeling Tea" from India. Each product carries a unique identity shaped by the natural conditions and traditional methods associated with its geographical location. GIs serve several important commercial purposes. They protect the reputation of traditional products by ensuring that only producers within a designated area, using recognized practices, can use the name. This safeguards the product's integrity, enhances its market value, promotes rural development, and allows local producers to benefit from premium pricing. GIs also prevent unauthorized producers outside the region from misusing or imitating product names, protecting both consumers and legitimate producers. Furthermore, they play a vital role in preserving cultural heritage by maintaining traditional production methods and reinforcing cultural identities. Lastly, GIs enhance consumer confidence by signaling quality and authenticity, helping consumers easily identify genuine products.

3. In general, a GI is a type of intellectual property right used to identify products that originate from a specific place and possess qualities, reputation, or characteristics that are essentially attributable to that geographic origin. These indicators can be names or signs used on goods such as foodstuffs, wines and spirits, handicrafts, and agricultural products.

[1] https://statinja.gov.jm/NationalAccounting/Annual/NewAnnualGDP.aspx

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4. GIs are recognised internationally under the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), which requires member countries to provide legal means to prevent the misuse of GIs. Many countries have also developed national legislation to register and protect GIs.

5. Jamaica enacted the Protection of Geographical Indications Act in 2004, later amended in 2017, establishing a legal framework for origin-based products (Jamaica Parliament, 2017).

6. In April 2016, the Spirits Pool Association Ltd. (SPA), the trade association for rum distillers in Jamaica, applied to register Jamaica Rum as a GI. It was officially registered by the Jamaica Intellectual Property Office (JIPO) on December 1, 2016. This framework has also supported other GIs, such as "Jamaica Jerk" (Bonadio, et al., 2023). In 2021, Jamaica Rum secured GI status in the European Union, strengthening its legal standing in a key export market.

7. Rectification to the GI has since been adopted. In 2020 and 2021, National Rums of Jamaica (NRJ) and the SPA submitted diametrically opposed proposals to revise the Jamaica Rum GI specifications. A JIPO tribunal ruled on the matter in October 2024 (JIPO, 2024).

8. The response to the ruling differs, and it has not been unanimous. Distillers such as J. Wray & Nephew (‘Wray and Nephew’), Worthy Park and Everglades Farms have endorsed the stricter GI standards. They argue that these measures are essential for protecting the integrity of the Jamaica Rum GI and enhancing its global reputation (Jamaica Observer, 2024). In contrast, NRJ has challenged the JIPO tribunal's ruling. NRJ contends that the rectification, particularly the requirement that the rum be aged in Jamaica, could negatively affect NRJ's operations and the broader rum industry. NRJ appealed the ruling, arguing that the GI should accommodate traditional practices, including offshore aging under Jamaican authorized supervision.

9. The study aims to assess the implications of the rectification to the Jamaica Rum GI. Ultimately, the findings provide evidence-based insights into the likely outcomes of the rectification.

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IV. Overview of Jamaica's Rum Industry

Historical Origins and Development

10. The term "rum" first emerged in Barbados around the 1620s, derived from the English word "rumbullion," meaning "great tumult," a nod to the spirit's fiery nature (Onestop Vacations, n.d.). Rum production in Jamaica is tied to the island's colonial history and the sugar economy. Although sugar cane was introduced by the Spanish following the arrival of Christopher Columbus in 1493, large-scale cultivation and rum production only became firmly established after the English conquest of Jamaica in 1655 (Spence-Minott, 2020) and (Pamplin, 2021). By the late 17th century, Jamaica's rum was already being exported to Europe and North America, gaining a reputation for its strength and distinctive character.

11. Jamaica's rich rum heritage was built on methods using molasses fermented in large wooden vats and distilled in pot stills. This approach led to the island's distinctive, high-ester style known for its strong, aromatic "funk." Techniques such as the use of dunder and muck pits, along with long fermentation times, helped Jamaica's rum gain global recognition (The History of Jamaican Rum, n.d.) and (Jamaican Rum, n.d.). During the 18th and 19th centuries, production expanded rapidly alongside the sugar plantation system. By 1893, about 148 distilleries operated across the island. However, the abolition of slavery in 1838 and subsequent structural changes led to a sharp decline. By 1948, only 25 distilleries remained, and the industry has since continued to consolidate.

Modern Industry Structure

12. Four companies, controlling six distilleries, are currently operating in Jamaica: (i) Wray and Nephew Limited (operating Appleton Estate & New Yarmouth Limited; (ii) NRJ (operating Long Pond Distillers Limited & Clarendon Distillers Limited); (iii) Everglades Farms Limited; and (iv) Worthy Park Estate.

Production, Styles and Brands

13. Rum is produced in several distinct styles, including white, gold (amber), dark, overproof and premium long-aged rums, each reflecting different aging periods and flavour profiles. Popular, internationally recognised brands include Appleton Estate, Wray & Nephew,

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Worthy Park Estate (Rum-Bar), Hampden Estate and Monymusk (MainStreetRoseHall, n.d.). These brands are sold in over 70 countries worldwide (Villa Rosa, 2019).

14. Rum is sold in two primary forms: (i) bulk rum, which refers to unbottled rum sold for further maturation, blending, or bottling by intermediate consumers; and (ii) case/ retail rum, which refers to finished, bottled rum packaged for direct distribution to retailers and final consumers.

15. The SPA acts as the coordinating body for distillers in Jamaica. Originally called the Rum Pool and established under the Rum Pool Agreement of 1932, the SPA oversees production levels, maintains quality standards, coordinates sales, manages pricing agreements and safeguards the collective commercial interests of its members.

Economic Impact

16. Rum makes a significant contribution to Jamaica's manufacturing and export sectors. The rum industry supports thousands of direct and indirect jobs across the supply chain, from sugarcane farming to bottling, distribution and marketing. It also contributes significantly to government revenues through excise taxes, corporate income taxes and export duties, while playing an important role in the viability of rural economies where sugarcane is grown.

17. Rum ranks among Jamaica's top manufactured exports and is a key source of foreign exchange earnings, generating over US$160 million annually (Jamaica Observer, 2024). Key export markets include the United States of America (USA), the United Kingdom (UK), Canada, and continental Europe.

V. The Rectification

18. Distillers use the GI to emphasize traditional production methods, local sourcing, and heritage, all of which are key selling points in premium and craft spirit segments. The rectification, which tightens the conditions for protection under the Jamaica Rum GI, may therefore have far-reaching implications for how distillers market their products in export markets.

19. Key provisions of the rectification include:

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- Onshore Aging**:** Rum must be aged in Jamaica, using food-grade wooden barrels not exceeding 250 litres.
- Water Source**:** Only naturally filtered limestone water from specific Jamaican aquifers is permitted.
- Fermentation**:** The use of genetically modified yeasts is prohibited; however, locally grown bacterial and yeast cultures are allowed.
- Additives**:** Post-distillation additions are limited to pure filtered water and cane sugar caramel for colour correction.
- Production Methods**:** Rum must be produced from sugar cane derivatives like molasses or sugar cane juice, using copper stills.

20. It is reported that the rectification constitutes revisions aimed at strengthening the authenticity, traceability, and market positioning of Jamaican rum (The Gleaner, 2025). The core of the rectification lies in the imposition of tighter production standards that require all stages of production to occur in Jamaica– particularly the fermentation and aging processes. This includes a prohibition on aging rum in offshore facilities, even under Jamaican supervision, and mandates the exclusive use of local inputs such as naturally filtered limestone water and non-genetically modified yeasts.

21. Prior to the rectification, rum aged offshore could have satisfied the specification of the Jamaica Rum GI. The rectified GI specification, however, removes the flexibility of aging rum offshore to ensure a stronger connection between the final product and its geographic origin. The justification for this rectification is to preserve the integrity and global reputation of Jamaican rum as a premium product rooted in Jamaica's unique climate, culture, and production traditions (The Gleaner, 2025).

22. It is argued that stricter specifications for the Jamaica Rum GI reduce the risk of misrepresentation, ensure consistent quality, and enhance the value of the GI designation in international markets. By limiting the GI to rums distilled and aged in Jamaica, the rectification seeks to protect the GI from dilution and support long-term growth of the industry through stronger market differentiation (Lawrence, 2025).

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Compliance with Other Rectification Provisions

23. Beyond prohibiting offshore aging facilities, the rectification mandates the use of naturally filtered Jamaican limestone water, prohibits genetically modified yeasts, and restricts post-distillation additives to water and cane sugar caramel. The distillers that responded to the survey indicated compliance or near-compliance with these provisions in their existing production processes, and none identified these requirements as a source of operational disruption or additional cost. These elements of the rectification therefore represent a consolidation of existing practice rather than a departure from it, and their impact on production costs is reportedly minimal across the industry.

VI. Objectives and Scope

24. The study explores the impact of the rectification on operations, investment decisions and competitiveness in the markets in which distillers of Jamaican rum participate. For this study, Jamaican rum is defined as rum produced under the protection of the Jamaica Rum GI. Additionally, the study explores the rum industry's market structure by evaluating the relevant markets in which Jamaican rum is sold.

25. More specifically, the study:

- Estimates market shares of rum distillers, using data on production, sales, and exports for the period 2019–2024.
- Assesses how changes to the GI specification may affect producers' operations, costs, and strategic decisions.
- Examines the likely effects of the GI rectification on export markets.

26. The study is guided by the following core research questions:

i. What is the economic impact of the GI rectification on Jamaica’s rum producers?

ii. How might export markets and international trade relationships be affected by the updated GI requirements?

iii. What are the likely effects on production practices, including aging, sourcing, and compliance costs?

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iv. How might the rectification influence market structure, investment trends, and industry expansion?

27. The study examines data spanning the 2019 to 2024 period and focuses on the rum distillation segment of the broader spirits industry.

VII. Methodology

28. The study implements a quantitative, descriptive research design to assess the market structure of the rum market. The methodology focused on gathering and analysing production, sales and export data to determine market shares and measure market concentration. The analytical framework comprised four key stages: data collection, market concentration analysis, growth rate analysis and export performance analysis.

Data Collection

29. Secondary data were sourced from the SPA, which provided industry-wide production aggregates. The Statistical Institute of Jamaica (STATIN) supplied official export and trade data, used to validate distiller-level reports. Additional global trade data were referenced from the Observatory of Economic Complexity (OEC), World Integrated Trade Solution (WITS) / UN Comtrade database (HS Code 220840), and market intelligence reports from Market Reports World.

30. Primary and secondary data were collected for the period 2019 through 2024. Primary data on production volumes [measured in Litres of Absolute Alcohol – (LAA)], export volumes and sales revenue (USD), and domestic sales revenue were obtained directly from three of the four rum distillers in Jamaica.

31. Data attributed to Wray and Nephew were imputed using industry totals reported by SPA and STATIN and data reported from the other distillers.

Market Concentration Analysis

32. Market concentration was assessed using the two-firm concentration ratio (CR2) and the Herfindahl-Hirschman Index (HHI). While market concentration provides important contextual background, the principal analytical focus of this study is the assessment of how the rectification alters the conditions of demand and supply of Jamaican rum. To facilitate

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the market concentration analysis, distiller-level market shares were calculated along three dimensions: (i) production volume, (ii) export revenue (USD) and (iii) domestic sales volume. For each distiller $'i'$ and year $'t'$, market share $'s_{it}'$ was computed as:

$$s_{it} = \frac{Q_{it}}{\sum_{i=1}^{n} Q_{it}} \times 100$$

where Q_{it} represents the dimension attributed to the distiller and the denominator represents the dimension attributed to the industry for that year. Shares were averaged over the 2019–2024 period to establish relative competitive positions. distillers were classified as market leaders, secondary competitors, or niche players based on their respective market share.

Export Performance Analysis

33. A multi-dimensional analysis of export performance was conducted to complement the market structure assessment:

- Market Concentration (Export-Specific HHI): HHI was calculated using only export markets to determine if concentration differed in export markets.
- Export Trends: Revenue (USD) trends were plotted to identify peaks, contractions and cyclical patterns.
- Geographic Diversification: Export destination data from WITS, NRJ and Everglades Farms were analysed to assess market spread across North America, South America, Europe and the Caribbean. Diversification was evaluated qualitatively based on the number of exports markets and their relative shares.

VIII. Discussion

34. In the section, the study presents stakeholders' perspectives on the rectification through a summary of responses to the surveys administered to distillers and the SPA. Further, the section highlights the Commission's interpretation and analysis of the pertinent issues raised by stakeholders.

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A Report on Survey Response

Overview of Survey Design and Respondents

35. To complement the quantitative market structure analysis, the Commission invited the SPA and all four distillers of Jamaican rum to participate in a survey. The survey collected distiller-level data on production volumes, domestic sales, export performance, and overseas aging operations, as well as stakeholders' perspectives on the rectification.

36. Four (80%) of the five entities responded to the invitation– the SPA and three of the four distillers. Wray and Nephew Limited was the only distiller that did not submit a response.

Production Volumes and Sales Performance (2019–2024)

Total Production

37. The SPA reported that industry-wide production expanded between 2019 and 2022, growing from [redacted] million LAA to a peak of [redacted] million LAA, a compound annual growth rate of 24% over that three-year period. Production subsequently contracted, declining to [redacted] million LAA by 2024, representing a 23% reduction from the 2022 peak. This contraction may reflect a combination of demand-side adjustments in export markets and operational decisions by individual distillers.

38. NRJ contributed a large share of total production, with annual output ranging between [redacted] million and [redacted] million LAA. Worthy Park and Everglades Farms expanded over the period, with Worthy Park increasing production from [redacted] million LAA in 2019 to [redacted] million LAA in 2024, and Everglades Farms growing from [redacted] million LAA to [redacted] million LAA over the same period. Table 1 presents distiller-level production volumes.

Table 1: Rum Production by Distiller, 2019–2024 (LAA)

Producer	2019	2020	2021	2022	2023	2024
NRJ (Long Pond & Clarendon)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Worthy Park Estate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Everglades Farms (Hampden)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

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Producer	2019	2020	2021	2022	2023	2024
Wray & Nephew	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
SPA Industry Total	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Note: *Figures for Everglades Farms reflect their financial year ending 30 September. Figures reported for Wray and Nephew were imputed from industry total and responding producers' data). LAA = Litres of Absolute Alcohol.*

Export Performance

39. Export markets represent the major revenue source for Jamaican rum. The SPA estimates that approximately [redacted]% of total industry production is directed to export markets, and this is broadly consistent with the data reported by NRJ and Everglades Farms. NRJ reported that an average of [redacted]% of its annual production was exported. Everglades Farms' export volumes similarly comprised most of its output.

40. Table 2 below presents a comparative overview of export revenues by distiller. NRJ is the second largest exporter, generating between US$[redacted] million and US$[redacted] million per year in export revenue across the review period. Everglades Farms reported strong growth in export revenue, rising from US$[redacted] million in 2018/19 to US$[redacted] million in 2023/24, representing a compound annual growth rate of approximately 16%. Worthy Park, which operates a more diversified portfolio of both bulk and cased goods, generated export revenues of between US$[redacted] million and US$[redacted] million annually.

Table 2: Export Revenue (in USD) by Distiller, 2019–2024

Producer	2019	2020	2021	2022	2023	2024
NRJ	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Everglades Farms (Hampden)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Worthy Park Estate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Wray & Nephew (imputed)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Note: *Totals were taken from STATIN. Figures for Everglades Farms reflect a financial year ending 30 September. Figure reported for Wray and Nephew were imputed.*

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Performance in Domestic Market

41. Table 3 below presents a comparative summary of domestic sales volumes. Sales volumes in Jamaica are considerably smaller than export volumes but remain an important revenue source for distillers. Domestic sales totalled approximately [redacted] million LAA over the 2019–2024 period, equivalent to roughly 22% of industry production (Table 7). This is broadly consistent with the SPA's estimate that about 80% of output is exported.

42. NRJ reported domestic sales volumes ranging between [redacted] million LAA (2019) and [redacted] million LAA (2022), with associated domestic revenues growing from J$[redacted] million to J$[redacted] billion over the review period. Worthy Park's local sales (including duty-free channels) ranged from [redacted] LAA to [redacted] LAA annually, with revenues expanding from J$[redacted] million in 2019 to J$[redacted] billion in 2024, reflecting both volume growth and premium pricing gains. Everglades Farms, operating as a smaller boutique distillery primarily oriented toward bulk exports, recorded the most modest domestic sales volumes, ranging from approximately [redacted] to [redacted] LAA per year, with local revenues between J$[redacted] and J$[redacted].

Table 3: Domestic Sales Volume (in LAA) by Distiller, 2019–2024

Producer	2019	2020	2021	2022	2023	2024	Total
NRJ	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Worthy Park Estate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Everglades Farms (Hampden)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Wray & Nephew*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Note: **Totals are SPA industry domestic sales volumes (LAA). Everglades Farms figures were converted from litres to LAA at a factor of 0.86 and reflect its financial year ending 30 September. Data attributed to J. Wray and Nephew Limited were imputed as the residual of the industry total less reporting distillers.*

Export Markets and Geographic Diversification

43. NRJ and Everglades Farms (Hampden) submitted data on the distribution of exports across international markets. Worthy Park reported a broad list of export markets for cased goods

and bulk rum, covering over [redacted] countries across [redacted]. The percentage breakdown by destination was not disclosed.

National Rums of Jamaica Limited

44. Table 4 below presents the percentage breakdown of NRJ's export revenue by destination country. [redacted]

Table 4: NRJ Export Revenue Contribution (%), by Export Market, 2019–2024

Country	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Note: *Percentages are based on USD export revenue as reported by NRJ. Totals may not sum to 100% due to rounding.*

Everglades Farms Ltd (Hampden Distillery)

45. Table 5 presents Everglades Farms' export distribution. [redacted]

[redacted].

46. Everglades Farms sells exclusively in bulk to overseas buyers and does not age rum outside Jamaica.

Table 5: Everglades Farms (Hampden) Export Revenue by Export Market (%), 2019–2024

Country	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Note: *Percentages are based on USD export revenue as reported by Everglades Farms Ltd (T/A Hampden Distillery). Figures reflect the financial year ending 30 September.*

Domestic Aging Provision of the Specification

47. The prohibition of offshore aging is central to the controversy among domestic distillers spurred by the GI rectification. Survey responses revealed divergent practices among the three responding distillers. NRJ reported that a significant proportion of its production (averaging [redacted]% annually over the review period) is aged offshore. NRJ's overseas-aged volumes ranged from approximately [redacted] million LAA (2024) to [redacted] million LAA (2020). These operations are integral to NRJ's commercial relationships with major intermediate consumers in export markets that rely on temperate-climate aging to control costs and manage evaporation losses (angel's share), which are higher in the Jamaican climate.

48. By contrast, Worthy Park Estate and Everglades Farms (Hampden Distillery) reported that they do not age rum offshore.

49. The SPA reported that at least one of its members aged rum offshore but noted that specific volume data were not available at the association level and would need to be sourced directly from distilleries.

50. In what follows, the study summarises the stated perspective of stakeholders regarding the impact of the rectification.

Stakeholder Assessment of the GI Rectification: Potential Impacts

National Rums of Jamaica Limited

51. NRJ argues that the rectification exposes it to several overlapping and mutually reinforcing risks.

52. **Commercial and contractual exposure:** NRJ maintains major long-term supply contracts with [redacted], representing a committed volume of approximately 4 million LAA. [redacted]. NRJ asserts that it would be unlikely to secure replacement contracts under the specification imposed by the rectification.

53. **Production Inefficiency:** NRJ argues that due to the ambient temperature at warehouse facilities, the angel's share loss of rum during aging is higher in Jamaica, compared to the loss in locations with cooler ambient temperatures. NRJ noted that in Jamaica, angel's share loss ranges from 6–10% per annum, compared to the angel's share loss of 2–3% per annum at offshore facilities in temperate climates. This increased production loss from aging in Jamaica represents a cost burden that would materially reduce profitability since the rectification prohibits distillers from aging rum in more accommodating climates.

54. **Capital Expenditure:** NRJ estimates the capital cost of replicating its current offshore facilities in Jamaica is approximately J$305 million per warehouse, with two warehouses

required annually for the first two to three years, implying an upfront capital investment of J$610–915 million, excluding barrels and liquid. While the per-warehouse cost may be recoverable within approximately six years under stable market conditions and uninterrupted demand, NRJ cautioned that market stability cannot be assumed if the ruling drives buyers to seek alternative supply arrangements.

55. **Competitive viability and market distortion:** NRJ expressed concern that the prohibition on offshore aging facilities places it at a structural cost disadvantage relative to distillers in jurisdictions benefiting from the USA rum cover program and lower production costs, including rum produced in the U.S. Virgin Islands. In a scenario where rum distilled in Jamaica does not meet the specification for the Jamaica Rum GI, due to offshore aging facilities, NRJ argues that buyers may migrate toward blending neutral alcohol with Jamaican high-ester rums and marketing the result simply as "Caribbean Rum," which would diminish the commercial value of Jamaican origin and undermine NRJ's revenue base.

56. **Spill-over Effects:** NRJ posited that if it is unable to sustain operations due to the rectification, the consequences would extend beyond the distiller level. NRJ estimates that the loss of revenue from its exports represents more than US$15 million annually to the Jamaican economy. Fixed costs exceeding [redacted] per month would become unsustainable at reduced production volumes. NRJ raised the prospect of distillery closures and the discontinuation of legacy brands including Monymusk and Long Pond. It further argued that the rectification would facilitate the consolidation of market power among distillers with a cased-goods, fully Jamaica-based production model, to the detriment of distillers with a bulk rum export model, characterising this outcome as the facilitation of an oligopoly.

Everglades Farms Ltd (Hampden Distillery)

57. Everglades Farms expressed its support for the rectification. The distiller views the rectification as essential to protecting the authenticity and premium market positioning of Jamaican rum and as a deterrent against counterfeiting and product manipulation during offshore aging phases. Everglades Farms noted that brands that age their rum in offshore facilities have, in its assessment, progressively lost their strong Jamaican identity over time

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and no longer command the premium pricing that full provenance commands in the market. Everglades Farms contends that its "cane to bottle" philosophy is closely aligned with the rectification and is cited as a key differentiator in its marketing to international connoisseurs and craft spirits buyers.

58. Everglades Farms [redacted] not directly exposed to the contractual risks identified by NRJ. Its business model involves bulk sales to premium importers in [redacted] for whom the Jamaica Rum GI designation and authentic Jamaican provenance are considered key purchasing criteria. Everglades Farms anticipates that the rectification strengthens, rather than undermines, its commercial position, since Everglades Farms ages rum exclusively in Jamaica and has invested over US$[redacted] million in domestic warehousing infrastructure over the past five years.

Worthy Park Estate

59. Worthy Park Estate expressed support for the rectification, describing it as beneficial to the reputation of the Jamaica Rum GI and consistent with its operational practices. As a fully Jamaica-based distiller, from fermentation and distillation through to aging and bottling, Worthy Park already meets the conditions for protection under the Jamaica Rum GI. The distiller indicated that it has no formal contract with overseas partners and therefore faces no contractual exposure.

60. Worthy Park expressed the view that the rectification protects against the risk of product quality degradation in offshore aging facilities, which can introduce variables outside the distiller's control. Worthy Park also noted a broader strategic consideration: that brands which have gradually moved their aging offshore have, over time, weakened their authentic Jamaican identity, reducing their premium market positioning and value in the supply chain. This observation reinforces Worthy Park's investment thesis in domestic warehousing and full in-country production, which it views as central to long-term brand equity.

Spirits Pool Association

61. The SPA occupies a somewhat ambivalent position since not all of its members have endorsed the stricter specification of the Jamaica Rum GI. Nonetheless, the SPA formally

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applied for and supports the rectification, but enforcement remains suspended pending the outcome of ongoing legal proceedings initiated by NRJ. The SPA advised the Commission that industry-wide enforcement cannot proceed unless the appeal to the ruling is upheld. Although Everglades Farms indicated that it complies with the Jamaica Rum GI rules, it has refrained from using the GI designation symbol on its bottled products, citing a change in position by another member of the SPA in recent years. Given that the member is also involved in court proceedings concerning the GI designation, this suggests that the ongoing dispute has created uncertainty among distillers regarding the use of the symbol, even where they consider themselves compliant with the GI rules.

Synthesis of Stakeholder Perspectives

62. The survey reveals a divide among distillers, rooted in divergent business models and export strategies.

63. Worthy Park and Everglades Farms, operating fully Jamaica-based business models and selling into premium international markets based on provenance and authenticity, are aligned in their support for the rectification. Both distillers argue that the rectification validates and protects their business model, guards against market dilution by lower-cost competitors, and enhances the premium positioning of the Jamaica Rum GI as a globally recognised symbol of quality. They argue that their support is therefore not merely principled but is commercially rational.

64. NRJ, by contrast, operates a business model in which offshore aging is integral to both its cost structure and its customer relationships. In response to the rectification, NRJ advises that it must either absorb higher expenditure (in the form of higher angel's share losses and capital investment in domestic warehousing) or risk losing significant revenue from major international supply contracts. NRJ expressed concern that the rectification would entrench an oligopolistic market structure, favouring distillers with installed domestic aging facilities at the expense of distillers without such infrastructure.

65. The absence of a response from Wray and Nephew, the largest distiller, represents a gap in the evidence base. The Commission remains uninformed as to the extent of any overseas aging operations, or the implications of the rectification for supply contracts, if any.

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66. Table 6 below summarises the responses of respondents regarding the usage of the Jamaica Rum GI symbol, the participation in export markets and investment in offshore aging facilities. It provides a structured basis for the economic impact analyses presented later in this study.

Table 6: Summary of Survey Respondents and Positions

Respondent	GI Designation Symbol Used?	Exports Rum Overseas?	Offshore Aging Facilities?
Everglades Farms Ltd (Hampden Distillery)	Yes (label only; GI symbol not yet applied)	Yes	No
Worthy Park Estate	Yes	Yes	No
National Rums of Jamaica Ltd (NRJ)	Yes	Yes [redacted]	Yes (significant volume)

Note: *Hampden has adopted the GI specifications in practice but has not yet formally applied the GI designation symbol to its products, citing the contested position of NRJ.*

Market Segment Analysis

Production Analysis

Industry Production Trends

67. Table 7 below presents the annual production volumes of distillers. Aggregate rum production shows a pattern reflecting a period of post-pandemic expansion followed by retrenchment. Production expanded from l[redacted] LAA in 2019 to a peak of [redacted] LAA in 2022, representing growth of approximately 93% over three years and a compound annual growth rate (CAGR) of 24.50% across the period. However, production contracted from 2022 onward, declining to [redacted] LAA by 2024, a reduction of 23% from the peak. This pattern may be attributable to softening global demand, inventory adjustments among overseas buyers, and individual distiller decisions.

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Table 7: Rum Production (in LAA) by distiller, 2019–2024

Year	Industry Total	Wray & Nephew*	NRJ	Everglades Farms (Hampden)	Worthy Park
2019	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2020	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2021	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2022	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2023	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2024	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Note: **Data for Wray & Nephew are imputed. LAA = Litres of Absolute Alcohol.*

Market Share Distribution

68. Table 8 below presents the market share distribution and market concentration.

Table 8: Production Market Shares (in %), Concentration Ratio and HHI, 2019–2024

Year	Wray & Nepphew (%)	NRJ (%)	Everglades Farms (Hampden) (%)	Worthy Park (%)	CR2 Wray & Nephew+NRJ (%)	HHI
2019	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2020	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2021	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2022	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2023	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2024	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Average	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Note: *Average market share is computed as simple averages of annual percentage shares. CR2 represents the combined share of Wray & Nephew and NRJ. HHI is computed from the distribution of market share each year.*

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69. In 2019, NRJ was the leading distiller, accounting for [redacted]% of industry production, while Wray & Nephew held [redacted]%. This position reversed from 2020 onwards, with Wray & Nephew establishing and maintaining itself as the market leader, with its market share subsequently hovering between [redacted]% and [redacted]%.

70. By 2024, Wray & Nephew accounted for [redacted]% of industry production, while NRJ's share had declined to [redacted]%. Everglades Farms and Worthy Park Estate each accounted for approximately [redacted]% of production in 2024, representing a modest but growing contribution, particularly in the case of Worthy Park, which more than doubled its production from [redacted] million LAA in 2021 to [redacted] million LAA in 2024.

71. Market concentration (based on production volumes) remained high throughout the period, [redacted] the 2,500-point threshold for highly concentrated markets.

Performance Analysis (Export Markets)

Overall Export Market Trends

72. Table 9 below presents data on export revenue and market concentration. Export markets represent the principal revenue channel for distillers, with revenue fluctuating between US$54.5 million and US$63.2 million annually. Beginning at US$55,976,000 in 2019, revenue declined slightly to US$54,497,000 in 2020 before recovering modestly through 2021 and 2022. Export markets recorded their strongest performance in 2023, reaching US$63,187,000, an 11.99% increase over the previous year, before contracting by approximately 9.96% to US$56,891,000 in 2024. The modest CAGR of 0.32% over the period, reflects a flat trajectory after accounting for the cyclical peak in 2023.

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Table 9: Export Revenue (in USD) and Market Concentration (HHI), 2019–2024.

Year	Total	Wray & Nephew*	NRJ	Everglades Farms (Hampden)	Worthy Park	Market Concentration (HHI)
2019	$55,976,000	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2020	$54,497,000	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2021	$56,091,000	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2022	$56,420,000	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2023	$63,187,000	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2024	$56,891,000	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

***Sources:** STATIN and distillers. Data attributed to Wray & Nephew are imputed.*

Market Shares (Export Markets)

73. This pattern of relative stability in export revenue, interspersed with periodic fluctuations, is consistent with a mature bulk export market subject to demand-driven cycles among the international buyers.

74. Table 10 below presents the share of revenue generated by distillers in export markets.

75. Wray & Nephew was the leading exporter, though its share trended downward from [redacted]% in 2019 to [redacted]% in 2024. NRJ, by contrast, increased its export share from [redacted]% in 2019 to a peak of [redacted]% in 2023, before decreasing to [redacted]% in 2024.

76. Everglades Farms demonstrated the most consistent growth trajectory in export markets, with its share of revenue more than doubling from [redacted]% in 2019 to [redacted]% in 2024.

77. Worthy Park's export share grew modestly from [redacted]% in 2019 to [redacted]% in 2024, with its premium cased goods offering gaining traction in an increasing number of export markets.

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Table 10: Distribution (%) of Revenue in Export Markets Among Distillers, 2019–2024

Year	Wray & Nephew (%)	NRJ (%)	Everglades Farms (Hampden) (%)	Worthy Park (%)
2019	[redacted]	[redacted]	[redacted]	[redacted]
2020	[redacted]	[redacted]	[redacted]	[redacted]
2021	[redacted]	[redacted]	[redacted]	[redacted]
2022	[redacted]	[redacted]	[redacted]	[redacted]
2023	[redacted]	[redacted]	[redacted]	[redacted]
2024	[redacted]	[redacted]	[redacted]	[redacted]
Average	[redacted]	[redacted]	[redacted]	[redacted]

Note: *Shares are computed from STATIN annual export totals. Data attributed to Wray & Nephew are imputed.*

Market Concentration (Export Markets)

78. The export market was persistently highly concentrated over the period, with the HHI [redacted] points, though a downward trend is evident as Everglades Farms and NRJ gained share. The following section assesses how the rectification is likely to alter the structure of the export markets by raising impediments to entry.

Geographic Market Diversity

79. Jamaican rum is exported in geographically diversified markets spanning North America, South America, Europe, the Caribbean, Oceania and Asia. This diversity extends beyond simple geographic spread to encompass different consumption patterns, volume requirements and regulatory frameworks across destination markets, contributing to the resilience of export markets.

80. According to data from the World Integrated Trade Solution (WITS), Jamaica exported rum and tafia to an average (median) of 92 countries annually over the assessment period.[2] The geographic footprint was broadly stable at 92 countries between 2019 and 2021. A

[2] Tafia is an inferior rum made especially from distilled sugarcane juice in the West Indies.

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notable expansion occurred in 2022; however, rum distilled in Jamaica was exported to 101 countries, possibly reflecting post-pandemic recovery in global trade and renewed international demand for premium spirits. However, this momentum subsequently reversed: the country count declined to 96 countries in 2023 and fell further to 81 in 2024, the lowest number of destination countries recorded during the period. This consolidation may reflect shifts in, among other things, buyer behaviour and/or marketing effort toward core high-value markets.

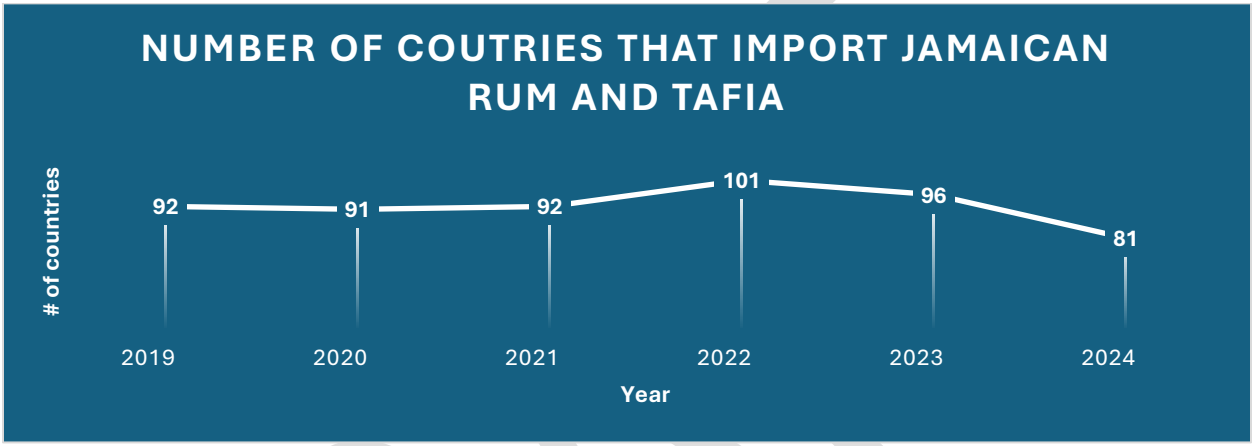

Figure 1: Number 96of Countries Importing Rum from Jamaica, 2019–2024

81. Europe is the leading destination for Jamaican rum, consistently accounting for the largest share of export earnings across the period. Exports to Europe peaked around 2022 and remained substantial through 2023 and 2024. North America represents the second-largest export market, with revenue growing noticeably from 2021 onwards. Oceania and Asia represent meaningful secondary markets, each exhibiting moderate year-to-year variation; Asia registered a notable spike in 2023 before pulling back in 2024. The Caribbean, though geographically proximate, accounts for a comparatively modest share of export earnings.

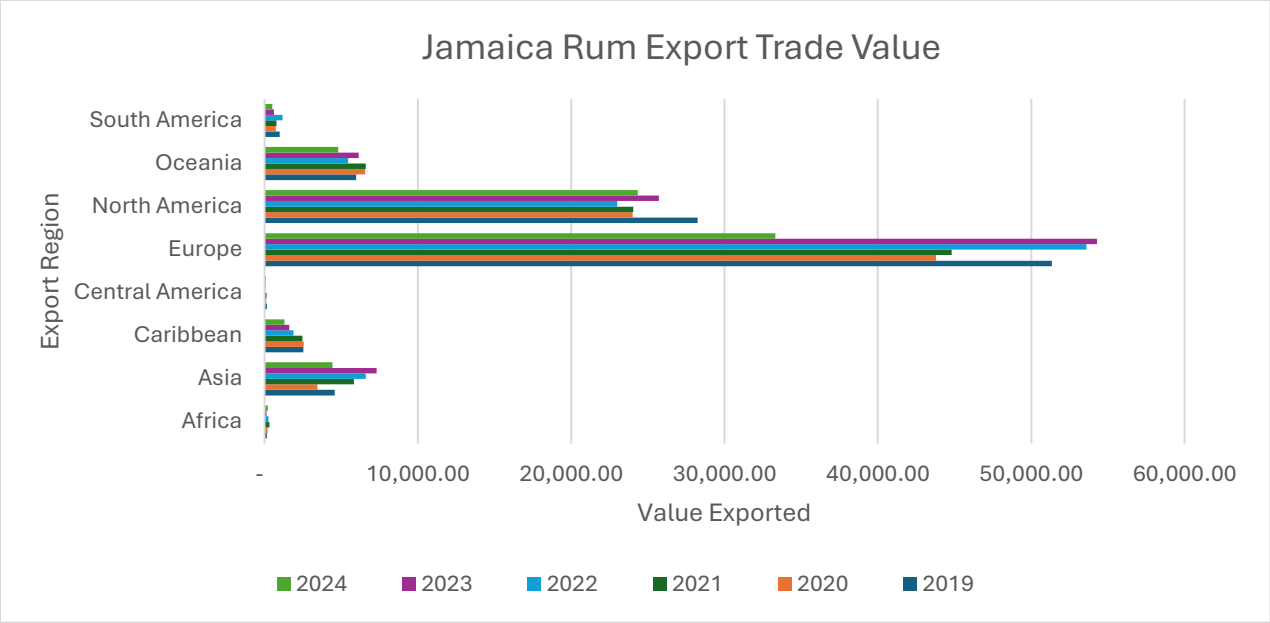

Figure 2: Value of Jamaica's Rum Exports by Region, 2019–2024

82. Jamaica's share of global rum and tafia exports declined between 2019 and 2022 before partially recovering. As shown in Table 11 below, Jamaica's global export share fell from 3.94% in 2019 to a low of 2.55% in 2022, a sustained decline that may reflect supply-side disruptions and post-pandemic realignment of global trade flows. A recovery to 3.40% in 2023 and a near-stable 3.39% in 2024 suggests a degree of competitive repositioning, potentially supported by increasing premiumisation of the Jamaica Rum GI in international markets and the broader global interest in craft and origin-specific spirits. Nonetheless, Jamaica's global market share remains below the level observed at the start of the review period.

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Table 11: Jamaica's Share of Global Rum and Tafia Exports, 2019–2024

Year	Share of Global Rum Exports (%)
2019	3.94
2020	3.57
2021	3.03
2022	2.55
2023	3.40
2024	3.39

Note: *Source: World Integrated Trade Solution (WITS) / UN Comtrade, HS Code 220840.*

Domestic Market Analysis

Volume Trends in the Domestic Market

83. Table 12 below presents sales data in the domestic market. Sales volume in the domestic market contracted over the review period, declining from [redacted] million LAA in 2019 to [redacted] million LAA in 2024, a CAGR of approximately -6.04%. Year-on-year performance was volatile, however, and the overall CAGR masks fluctuations within the period. The market contracted by 22.63% in 2020, likely reflecting the impact of the COVID-19 pandemic on on-trade and tourism-linked consumption. Recovery began in 2021 (9.25% growth) and continued in 2022 (12.93%), with the domestic market reaching [redacted] million LAA that year. Growth stalled in 2023, with a marginal decline of 0.89%, before a further sharp contraction of 22.58% was recorded in 2024, bringing the domestic market to its lowest level since the start of the assessment period.

84. The domestic market therefore reflects a distinct trajectory from the export market: while exports were broadly stable with a positive but modest CAGR, the domestic market declined materially over the same period, suggesting structural headwinds in domestic consumption that extend beyond the pandemic-related disruption of 2020.

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Table 12: Concentration (HHI) and Domestic Sales Volume (in LAA) by Distiller, 2019–2024

Year	Total	Wray & Nephew	NRJ	Everglades Farms (Hampden)	Worthy Park	Concentration (HHI)
2019	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2020	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2021	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2022	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2023	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2024	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Note: *Everglades local LAA figures were calculated at litres × 0.86. Data attributed to Wray & Nephew were imputed. LAA = Litres of Absolute Alcohol.*

Domestic Market Share Distribution

85. Table 13 below presents the distribution of shares in the domestic market. Competition is more dynamic in the domestic market than it is in export markets, with the top two distillers (Wray & Nephew and NRJ) rotating the top position during the review period. Wray & Nephew held the leading market position with a share of [redacted]% in 2019, but it declined to [redacted]% in 2022, its lowest share during the period, as NRJ's market share climbed to [redacted]%. Wray & Nephew recovered its leading position in 2023, with a share of 58.7%, before declining again to [redacted]% in 2024 as NRJ's share rose to [redacted]%.

86. This pattern of rotating domestic market leaders between Wray & Nephew and NRJ, with NRJ holding the leading market share in two of the six years reviewed [redacted], reflects the competitive intensity of the domestic market and contrasts with the more consistent performance of Wray & Nephew in the export markets.

87. Worthy Park's share in the domestic market grew modestly from [redacted]% in 2019 to [redacted]% in 2024, consistent with the growth of its premium cased goods in the domestic market.

88. Everglades maintained a negligible presence in the domestic market throughout the period, with its share not exceeding [redacted]% in any year.

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Table 13: Domestic Market Shares (in %) and Concentration (HHI), 2019–2024

Year	Wray & Nephew (%)	NRJ (%)	Everglades Farms (Hampden) (%)	Worthy Park (%)	CR2 Wray & Nephew+NRJ (%)	HHI
2019	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2020	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2021	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2022	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2023	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2024	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Period Average	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Note: *Period average shares are computed as simple averages of annual percentage shares. CR2 represents the combined share of Wray & Nephew and NRJ. Data attributed to Wray & Nephew are imputed.*

Market Concentration (Domestic Market)

89. Table 13 below shows that the domestic market is highly concentrated. Despite the observed changes in market leadership, the domestic market remained highly concentrated throughout the period, with an [redacted] points and a two-firm concentration ratio of [redacted]%, leaving limited space for the smaller distillers.

90. While the domestic market is structurally a tight duopoly, the distribution of power between its two leading distillers is not static. This structural context provides a baseline for assessing how barriers to entry under the rectified GI may affect competitive dynamics going forward.

Summary of Concentration Across Market Segments

91. Across all three dimensions (production, domestic sales, export revenue), the rum market is persistently highly concentrated. While these metrics describe the baseline market structure, they do not sufficiently illuminate how the rectification is likely to affect commerce involving the markets in which Jamaican rum is supplied.

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92. The following section examines the primary mechanisms through which the effects of the rectification are likely to be transmitted through export markets.

Economic Outlook: Stakeholders' Perspectives

Overview and Analytical Framework

93. This section assesses the impact of the rectification by examining the extent to which it exposes distillers to: (i) impediments to entry; (ii) productive inefficiencies; (iii) customer attrition; (iv) impeded market diversification; (v) market power erosion; (vi) disruption to strategic planning; and (vii) disruption to socio-economic benefits. The analysis draws on the quantitative findings in the preceding sections and integrates qualitative information from the stakeholder survey.

Exposure to Impediments to Entry

94. The rectification introduces impediments to entering the market by mandating the use of onshore aging facilities. Immediately prior to the rectification ruling, distillers seeking protection under the Jamaica Rum GI could age rum in offshore facilities. The rectification removed this discretion and thereby constitutes a regulatory barrier to entry. It raises the minimum capital and operating cost thresholds required to participate in the market, thereby restricting the set of distillers capable of sustained compliance with the GI.

95. The study finds that the rectification increases barriers to entry by requiring distillers to adopt a less efficient production technology, i.e., one with a greater angel's share loss during aging. This impediment affects not only prospective entrants but also incumbents whose existing technology (specifically, offshore aging facilities) is rendered non-compliant. Two channels reinforce this barrier. First, a sunk-cost barrier arises from the need to acquire domestic warehousing; NRJ estimated this at J$610 million to J$915 million for an initial transition programme. Second, a technical barrier exists in the form of specialised expertise required to manage long-term tropical aging, including climate control, barrel management, and evaporation accounting, which differs materially from temperate-climate warehouse management.

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Exposure to Productive Inefficiencies

96. The rectification supports (static) inefficiencies since offshore facilities would reduce the inherent production loss in aging rum, relative to the use of facilities in Jamaica. In tropical climates such as Jamaica's, the annual evaporation loss from barrels (the angel's share) typically ranges from 6% to 10% of total volume per annum. In the cooler temperate climates where NRJ's rum is principally aged, the analogous loss is estimated at 2% to 3% per annum. The angel's share differential of 3 to 8 percentage points per year compounds significantly over the multi-year aging period characteristic of premium rum, resulting in higher volume losses and commensurately lower recoverable product for each barrel of rum assigned to aging.

97. For NRJ, which aged an average of approximately [redacted] million LAA per year in offshore facilities during the review period, even a conservative estimate of the additional angel's share cost suggests a volume loss in the range of [redacted] to [redacted] LAA per year at the lower end of the differential, rising over a typical aging cycle of three to twelve years. This has direct implications for recoverable yield, pricing strategy, and the commercial viability of existing customer contracts that were priced based on the offshore aging model.

98. By contrast, Worthy Park Estate and Everglades Farms, both of which already age rum exclusively in Jamaica, face no incremental production loss because of the rectification. Their existing business models already internalise the tropical evaporation rate, and their pricing strategy reflects it.

Exposure to Customer Attrition

99. The rectification may result in the significant loss of customers. The export market represents the largest market for Jamaican rum, accounting for an estimated 80% of total production. The impact on export channels is therefore of central economic importance.

100. NRJ identified [redacted] supply contracts, [redacted] as the principal sources of contractual risk. These agreements [redacted] represent a minimum committed volume of approximately [redacted] million LAA, corresponding to a substantial share of NRJ's average annual export volume [redacted]

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LAA over the review period. [redacted]

101. [redacted]

102. [redacted]

103. NRJ anticipates an extremely low chance of replacing sales lost through the termination of [redacted] major contracts. Overseas buyers who have structured their supply chains around the flexibility of temperate-climate aging are unlikely to absorb the higher costs associated with Jamaican-aged rum without price renegotiation, and competing distillers in other jurisdictions may offer a more cost-effective alternative. NRJ argues that the risk of customer attrition, rather than merely a temporary price renegotiation, is therefore a material consideration.

104. The Commission assesses the prospects of customer attrition later in this report.

Exposure to Reduced Market Diversification

105. The rectification may reduce the diversification in export markets. The analysis of export destination data highlights an additional structural vulnerability in Jamaica's rum industry

that the GI rectification may amplify in the short term. As documented in the findings, export markets for distilled rum are heavily concentrated in Europe and North America, with the top five destination markets accounting for over 81% of exports in 2024. [redacted]

106. If the GI ruling disrupts the bulk export model and [redacted] buyers migrate to alternative sources, the geographic concentration of exports means that Jamaica's total export earnings could be disproportionately affected. This risk is compounded by the observed trend in Jamaica's global export market share, which declined from 3.94% in 2019 to a low of 2.55% in 2022 before partially recovering to 3.39% in 2024.

107. The rum market is highly concentrated, [redacted] and consistently above 4,000 points in the domestic market. Wray & Nephew is the leader in the export and domestic markets, with average market shares of [redacted]% in exports and [redacted]% in the domestic market, respectively. NRJ is the next largest distiller with a market share of [redacted]% and [redacted]% in the export and domestic markets, respectively.

108. The rectification could temporarily increase market concentration even further. If NRJ suspends operations in the market, the resulting contraction in its output would flow to distillers already compliant with the rectified GI.

109. Table 15 below illustrates the sensitivity of market concentration to changes in NRJ's export market share.

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Table 14: Projected HHI Sensitivity to Changes in NRJ Export Market Share

Current Scenario (Baseline)	Derived Market Share Distribution	Projected HHI (Export)	Change from Baseline
Current (2019–2024 average)	Wray & Nephew [redacted]%, NRJ [redacted]%, Everglades [redacted]%, Worthy Park [redacted]%	~4,326 points (Highly Concentrated)	-
NRJ exits export market (full contract loss)	Wray & Nephew ~[redacted]%, Everglades ~[redacted]%, Worthy Park [redacted]%	~6715 points (Highly Concentrated: Approaching Monopoly)	+2390 points
NRJ reduces exports by 50%	Wray & Nephew ~[redacted]%, NRJ ~[redacted]%, Everglades ~[redacted]%, Worthy Park [redacted]%	~5,027 points (Highly Concentrated; increased)	+702 points

Note: *Projections are illustrative scenarios based on the 2019–2024 average market share distribution. Wray & Nephew shares are imputed. Scenarios are derived by proportionally rescaling the period-average baseline shares. The baseline HHI of [redacted] represents the average of the six annual export HHI values computed from distiller-level data.*

110. In the scenario where NRJ suspends its participation in the export market, the projected HHI would increase to 6,715 points. Even a partial reduction in NRJ's export share of 50% produces a projected HHI of approximately 5,027 points, an increase from the already elevated current level.

Competition Policy Considerations

111. NRJ expressed concern that the rectification would facilitate the development of an oligopoly bulk rum export model. This concern has merit from a competition policy perspective, though it must be assessed carefully.

112. The rectification which raises barriers predominantly for NRJ can raise substantive competition concerns.

Potential for New Entry and Competitive Rebalancing

113. It is necessary to consider whether the GI rectification might stimulate new market entry or investment by existing smaller distillers in a manner that offsets any concentration effects arising from NRJ's potential market exit. By tightening GI standards, the

rectification effectively raises the technological threshold for satisfying Jamaica Rum GI, potentially creating barriers for new distillers who lack installed domestic aging infrastructure.

114. However, to the extent that the rectification strengthens the overall value proposition of Jamaica Rum GI in international markets, it may also stimulate investment by existing smaller distillers, such as Everglades and Worthy Park, who are positioned to expand under the rectification. Everglades and Worthy Park reported investment plans consistent with growing their production and export capacity, and if realised, these expansions would partially offset the concentration effects of NRJ's decline. The net structural outcome therefore depends on the pace and scale of investment by GI-compliant distillers relative to any contraction in NRJ's market presence.

115. The Commission assesses the prospects for reduced market diversification later in this report.

Exposure to Market Power Erosion

116. The rectification may reduce the extent to which distillers of Jamaican rum are able to charge prices above the competitive level. Rectification introduces static inefficiency in the rum market, through greater angel's share loss during the aging process. Supporters of the rectification argue, however, that it also generates dynamic efficiencies by facilitating long-term gains from innovation, quality enhancement and brand value creation.

117. The Commission takes no position on whether aging rum in offshore facilities compromises the flavour profile of rum bearing the Jamaica Rum GI label– that determination is solely the remit of JIPO. This study proceeds on the presumption that the rectification is designed to preserve the Jamaica Rum GI's integrity by ensuring that all environmental variables shaping the final product remain tied to the geographic origin. The Commission notes that distillers compliant with the rectification support the proposition that rum aged in Jamaica would command higher (premium) prices.

118. Everglades Farms and Worthy Park experienced growth in revenue per litre exported during the review period. Their investment in domestic warehousing and process innovation suggests that provenance-based positioning resonates in premium international markets. If the GI designation strengthens credibility in these markets, higher average

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export prices may increase total export revenue and, ceteris paribus, contribute positively to GDP. This represents the benefit side of the efficiency trade-off: short-term productive efficiency cost costs in exchange for potential long-term dynamic gains in brand equity and export value.

119. The consumer confidence dimension is also relevant in the context of Jamaica's established EU GI status, secured in 2021. Rigorous domestic enforcement of the Jamaican Rum GI specification is a prerequisite for maintaining the credibility of EU GI protection and for defending against legal challenges from competing distillers or importers who may seek to exploit any inconsistency between domestic and EU GI specifications.

120. The Commission assesses the prospects for diminished market power later in this report.

Exposure to Disruption to Strategic Planning

121. The rectification introduces uncertainty for distillers contemplating capital expansion. Exposure to disruptions in strategic planning is directly linked to the extent to which a distiller's current strategic plan conforms with the rectification of the Jamaica Rum GI and the distiller's assessment of long-term market conditions under the rectification.

122. NRJ stated that if the JIPO ruling is upheld, it would be compelled to pause all expansion plans and limit its capacity to attract external investment. The combination of unplanned capital expenditure (estimated at J$610–915 million in domestic warehousing alone) and the uncertainty surrounding major customer contracts makes the business case for new investment in production capacity or brand development extremely difficult to support. NRJ further noted that the fixed cost base of the business, [redacted] would be difficult to sustain at reduced production volumes, effectively foreclosing the option of a gradual managed transition. The requirement for aging exclusively in Jamaica therefore creates a scenario in which NRJ must simultaneously bear new capital costs, absorb higher ongoing operational costs, and manage the potential loss of major revenue streams, a combination that poses a genuine risk to the long-term viability of the Long Pond and Clarendon distilleries and the legacy brands they produce.

123. The investment outlook for Everglades Farms and Worthy Park is more positive. Everglades Farms has already demonstrated its commitment to domestic investment

through the expenditure of over US$[redacted] million on warehousing infrastructure over the preceding five years. If the GI ruling is upheld, this investment position will become a competitive asset and provide a foundation for further expansion. Worthy Park, which produces both bulk and premium cased goods, anticipated a supportive and stable investment environment under the rectification, with no interruption to its ongoing development plans.

124. At the industry level, the net investment effect of the rectification is therefore likely to be negative in aggregate in the short to medium term, with the reduction in productive capacity outweighing the incremental investment by compliant producers. In the longer term, if the GI designation successfully enhances the market premium for Jamaica Rum and attracts new international demand, the investment environment may improve.

125. The Commission assesses the prospects for mitigating potential disruptions to strategic planning later in this report.

Exposure to Disruption to Socio-Economic Benefits

126. The rectification could disrupt the positive externalities created by exporting Jamaican rum. Jamaica's rum industry contributes to the national economy, generating over US$160 million in foreign exchange earnings annually and supporting thousands of direct and indirect jobs across the sugarcane, distilling, bottling, distribution and tourism sectors. The macroeconomic implications of the GI rectification are therefore a material concern for policymakers and extend well beyond the commercial interests of individual distillers.

127. **Foreign exchange earnings:** The most direct macroeconomic risk associated with the GI rectification is the potential reduction in foreign exchange earnings from a contraction in export revenues. As documented above, NRJ estimates that losing its major export contracts alone could reduce annual foreign exchange inflows from the rum sector by at least US$15 million. Over a five-year horizon, and assuming no compensating growth from other distillers, this represents a cumulative foreign exchange loss of at least US$75 million or above, a noteworthy sum for a small open economy such as Jamaica's, where foreign exchange management is a structural macroeconomic priority.

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128. Conversely, if the rectification supports higher prices in export markets, the increase in export value could offset losses in export volume, support foreign exchange earnings and contribute to GDP over the medium to long term. The net macroeconomic effect therefore depends on the elasticity of demand for Jamaican rum and the speed at which incumbent distillers can expand output to fill any supply gap.

129. **Employment and rural livelihoods:** The industry's employment base is geographically dispersed, with direct employment concentrated in the parishes where distilleries operate, including Trelawny (NRJ's Long Pond Distillery and Everglades Farms' Hampden Estate), Clarendon (NRJ's Clarendon Distillery and Wray & Nephew's New Yarmouth Distillery), St. Elizabeth (Wray & Nephew's Appleton Estate) and St. Catherine (Worthy Park Estate). A significant reduction in NRJ's production would have localised employment consequences in the communities surrounding the Long Pond and Clarendon facilities, potentially affecting both direct distillery workers and the agricultural supply chain that provides sugarcane and molasses inputs. The broader multiplier effects on rural economies, which are already among the more economically marginalised in Jamaica, should be factored into any policy assessment of the rectification's net social impact.

130. **Fiscal revenue:** The industry contributes to government revenues through excise taxes on domestically sold spirits, corporate income taxes on distillery profits, and export-related levies and duties. A contraction in NRJ's operations would reduce taxable revenues, diminish excise collections on domestic sales of NRJ brands, and reduce the corporate tax base of the affected entities. While the fiscal effect is difficult to quantify precisely without detailed cost structure data, the order of magnitude of NRJ's reported revenues, ranging from J$2.37 billion to J$4.21 billion annually over the review period, suggests that any significant reduction in output would produce a non-trivial reduction in government revenue.

131. **Agricultural linkages:** The industry is a key buyer of locally produced sugarcane and molasses, and any reduction in distilling activity has upstream consequences for sugarcane farmers and sugar processors. In a sector where agriculture already faces structural challenges in profitability and productivity, losing a significant off-take purchaser could disproportionately affect farming communities in the relevant parishes. This downstream

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agricultural linkage should be given appropriate weight in the policy evaluation of the rectification.

132. Based on NRJ's reported export revenues, the rectification could lead NRJ to temporarily suspend its participation in the market. In turn, this could lead to the temporary loss of between US$13.24 million and US$20.32 million in annual foreign exchange earnings from NRJ alone. NRJ estimates that the total annual revenue loss to the Jamaican economy from this scenario would exceed US$15 million. Given that total extrapolated Jamaica's rum exports are estimated at approximately US$56.89 million in 2024, the potential loss attributable to NRJ contract disruption would represent a reduction of approximately 28.16% of total industry export revenue in a single year, a contraction of macroeconomic significance.

133. For Everglades Farms and Worthy Park, the picture is considerably more positive. Everglades Farms sells exclusively to [redacted] importers who value provenance and authenticity, and the formalisation of the GI requirement may in fact strengthen Everglades Farms' positioning in those markets by increasing the exclusivity and verifiability of the Jamaica Rum designation. Worthy Park, with an established and geographically diversified export portfolio spanning over [redacted] countries across multiple regions, assessed that the rectification presented no material threat to its export relationships and anticipated no adverse contractual consequences.

134. The Commission assesses the prospects for managing the potential disruption to the socio-economic benefits later in this report.

Summary of Stakeholders' Perspectives

135. Distillers of rum in Jamaica are at odds over the net impact of rectifying the Jamaica Rum GI. Distillers have identified two opposing effects of the rectification: the quality effect and the substitution effect.

136. Proponents of the rectification argue that the quality effect is most likely to be a legacy of the rectification. The quality effect arises because the rectification enables distillers to promote Jamaican rum as an authentic, geographically rooted product, preserving the

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cultural heritage of Jamaica's rum production, and reinforcing the credibility of the GI designation in international markets.

137. Opponents of the rectification, on the other hand, argue that the substitution effect is most likely to be the legacy of the rectification. They contend that since the rectification increases the average production cost, it will incentivise [redacted] customers to switch to cheaper alternatives and thereby reduce the aggregate demand for Jamaican rum. Opponents also argue that the rectification poses a material risk to these objectives through its concentrated impact on NRJ, whose bulk export model (and the jobs, revenues, and agricultural linkages it supports) is structurally incompatible with the revised GI requirements due to the differential in production loss. The rectification increases impediments to entry by mandating less efficient technology, with consequent risks of higher costs, reduced competitiveness, and increased market concentration. Further, opponents argue that the risk of output contraction and possible exit of NRJ is a legitimate socio-economic cost that must be weighed against the anticipated long-term marketing benefits of the rectification.

138. Table 14 summarises stakeholders' perspectives.

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Table 15: Stakeholders' Perspectives on the Impact of the Rectification, by Distiller

Dimension	NRJ	Everglades Farms	Worthy Park	Wray & Nephew*
Exposure to Productive inefficiencies	Significant exposure: Adjusting business model to satisfy the rectification would increase production loss (higher angel's share).	No exposure: Current business model complies with the rectification.	No exposure: Current business model complies with the rectification.	Minimal exposure: Current business model complies with the rectification.
Exposure to Unplanned Capital Expenditure	Significant exposure: Adjustments to satisfy the rectification would require additional capital expenditure of J$610–J$915 million.	No exposure: Current business model complies with the rectification.	No exposure: Current business model complies with the rectification.	Minimal exposure: Current business model complies with the rectification.
Exposure to Customer Attrition	Significant exposure: Failing to adjust the business model to remain compliant with the rectification would likely result in [redacted]	Minimal exposure: Current business model complies with the rectification.	Minimal exposure: Current business model complies with the rectification.	Minimal exposure: Current business model complies with the rectification.
Exposure to Market Power Erosion	Significant Exposure: Failing to adjust the business model to remain compliant with the rectification would likely weaken bargaining power.	Minimal exposure: Market power is likely to be enhanced by the rectification.	Minimal exposure: Market power is likely to be enhanced by the rectification.	Minimal exposure: Market power is likely to be enhanced by the rectification
Exposure to Disruptions to Strategic Planning	Significant exposure: Expansion plans will be paused if the rectification ruling is upheld.	Minimal exposure: Current business model complies with the rectification.	Minimal exposure: Current business model complies with the rectification.	Minimal exposure: Current business model complies with the rectification.

Note: **Impact on Wray & Nephew was imputed. Impact on other distillers was self-reported.*

139. In the following section, the Commission identifies and tests claims asserted by stakeholders regarding the impact of the rectification.

Economic Outlook: Validation of Stakeholders' Perspectives

Analytic Framework

140. In this section, the Commission seeks to validate various positions asserted by distillers. The validation exercise is based on the Commission's interpretation and analysis of the information gathered during the study.

141. In forming its opinion on the impact of the rectification, the Commission identified information from a variety of credible sources, including stakeholder perspectives and other information concerning the markets at issue. Documents of industry participants that were created during the normal course of business ([redacted]) are often an important and reliable source of information about patterns of behaviour and specific decisions in an industry. Consequently, the Commission often uses the information in such documents to develop and test hypotheses regarding each of the major topic areas involved in the assessment.

142. The Commission validated stakeholders' perspectives by implementing dynamic analysis to describe the most likely impact of rectifying the Jamaica Rum GI on the conditions under which Jamaican rum is traded in international markets. Through dynamic analysis, the Commission highlights the role of the regulator and distillers in the speed of adjustment between the status quo equilibrium and the prevenance equilibrium. Dynamic analysis describes the impact of the rectification by highlighting how the market transitions to its final state of equilibrium.

Stakeholders' Hypothetical Future Markets

143. Table 16 below highlights three plausible states (scenarios) the market for Jamaican rum could transition to. The hypothetical future market in which the rectification ruling is overturned on appeal is reflected in the first scenario (*status quo*). NRJ prefers this scenario to the other two. Hypothetical future markets in which the rectification ruling is upheld are reflected in the other two scenarios (*compliance* and *non-compliance*). Worthy Park and Everglades prefer these scenarios to the other one.

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Table 16: Summary of Alternative Hypothetical Market for Jamaican Rum

Scenario (Hypothetical Market)	**Key Developments**	**Estimated Impact on NRJ Export Revenue**
Status Quo: Rectification ruling overturned.	Supreme Court overturns JIPO ruling; offshore aging permitted.	No material disruption to NRJ operations. All parties maintain existing arrangements. Industry continues under pre-rectification GI rules.
Compliance: NRJ decides to meet the rectification.	Supreme Court upholds JIPO ruling; NRJ increases investment in onshore aging; Production loss increases to 6–10% per annum; overseas buyers accept revised price. NRJ remains in the market for Jamaican rum.	Revenue maintained but margins compressed by ~4–8 percentage points annually due to higher angel's share loss. Capital investment of J$610–915M required upfront.
Non-Compliance: NRJ decides not to meet the rectification.	Supreme Court upholds JIPO ruling; NRJ chooses not to satisfy rectification; Major customers terminate contract; NRJ unable to replace customers; NRJ exits the market for Jamaican rum; Other distillers increase and expand production.	Loss of approximately 4 million LAA in contracted volume. Export revenue reduction estimated in excess of US$15 million p.a. Risk of operational non-viability at current fixed-cost base ([redacted]).

Note: *Scenario impacts are based on distiller-level survey data and the market structure analysis presented in this study. The adverse and moderate cases relate specifically to NRJ given its identified contractual exposure. All scenarios assume J. Wray and Nephew either maintains or modestly improves its current market position.*

144. If the ruling is overturned, the market's evolution is straightforward to forecast: the current trajectory is a reasonable guide for developments in the foreseeable future.

145. If the ruling is upheld, however, forecasting the evolution of the market is slightly more intricate, as it will depend on whether NRJ complies with the rectification and therefore remains in the market. Characterising the development of the market if the ruling is upheld therefore boils down to determining whether NRJ is more likely than not to comply with the rectification. If NRJ is more likely than not to comply with the rectification, then the *compliance* scenario in Table 16 above reflects the key developments in the market in the near future. If NRJ is less likely to comply with the rectification, then the *non-compliance* scenario in Table 16 above reflects the key developments in the market in the near future.

NRJ's Likelihood of Compliance

146. The Commission implemented a cost-benefit analysis to determine the likelihood that NRJ would comply with the rectification. NRJ is more likely than not to comply if the expected benefit of compliance exceeds the expected cost. The expected benefit of compliance is the present value of incremental revenue– determined as the difference in the revenue earned supplying rum under the Jamaica Rum GI designation, relative to supplying rum without the designation. Similarly, the expected cost of compliance is the present value of the incremental cost- determined as the additional capital expenditure and angel's share loss from selling rum under the protection of the Jamaica Rum GI, relative to supplying rum without the designation.

147. Compliance with the rectification is likely to affect NRJ's expected costs and benefits of supplying Jamaican rum going forward.

148. Regarding the expected cost, NRJ's incremental cost comprises the additional warehouse facilities and the increased production costs NRJ would face in complying with the rectification, relative to non-compliance. NRJ reported that the additional capital expenditure is estimated between J$610-J$915 million, with the increased angel share at approximately 2%-3% per annum.

149. Regarding the expected benefit, NRJ's incremental revenue accounts for the change in demand NRJ would face when complying with rectification, relative to non-compliance.[3] The impact of the rectification on demand for NRJ's rum can be decomposed into opposing effects: the (i) *quality effect;* (ii) *substitution effect; and (iii) preference effect*. Firstly, the *quality effect* holds that the rectification, by improving the perceived quality of Jamaican rum, would stimulate demand for Jamaican rum. Secondly, the *substitution effect* holds that the rectification, by increasing production costs, would reduce demand by encouraging customers to switch to cheaper alternatives. Finally, the preference effect maintains that a greater preference for Jamaican rum would increase demand.

[3] The analysis assumes that NRJ would maintain its price-cost margin if it decides to comply with the rectification. This is a simplifying assumption and does not materially affect the conclusions drawn from the analysis.

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150. Accordingly, the net effect of the rectification on the demand for Jamaican rum is therefore *a priori* indeterminate. The information provided by stakeholders allows the Commission to assess the relative magnitude of these opposing effects. NRJ reports that the incremental cost of compliance could be recovered within six or seven years, assuming that the current demand for Jamaican rum is maintained. Therefore, NRJ anticipates that the expected benefit of compliance exceeds the expected cost if the current demand for Jamaican rum does not decline in the foreseeable future.

151. NRJ further expressed concern that the demand for Jamaican rum may decline going forward due to the rectification. Implicitly, NRJ speculates that the substitution effect would be the dominant effect of its compliance. NRJ's apprehension that customers would switch to cheaper alternatives implicitly presumes that Jamaican rum is perfectly substitutable with these alternatives. The Commission's analysis of information collected, however, rebuts this presumption.

152. The Commission discerns the substitution pattern of final consumers from the purchasing patterns of business customers. The demand exerted by business customers is ultimately derived from the demand of final consumers. As such, the purchasing patterns of business customers often faithfully reflect final consumers' preferences.

153. Supply contracts is a credible source of consumer preference as they often reflect the business customer's assessment of consumer preference. Supply contracts suggest that business customers cater to final consumers who perceive no reasonably close substitutes for Jamaican rum. [redacted].

154. In such export markets, therefore, final consumers- and, by extension, business customers- would be willing to pay a marginal increase in price for Jamaican rum. This is evidence

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that Jamaican rum is differentiated from alternatives and therefore rebuts the presumption that Jamaican rum is perfectly substitutable. As such, any assessment of the rectification must account for the impact of product differentiation on the demand for Jamaican rum. To the extent that Jamaican rum has no reasonably close substitute, the Commission deduces that NRJ could profitably introduce a small but significant non-transitory increase in price arising from compliance with the rectification.

155. The key conclusion from this analysis is that the *substitution effect* arising from a small increase in price is likely to be neutralised by the stricter preference for Jamaican rum. The report next examines the relative size of the quality effect.

156. Another crucial observation is that the Jamaica Rum GI designation is the primary driver of the derived demand for Jamaican rum; the characteristics of the product ("flavour profile") appear to be less critical indicia of demand from business customers, [redacted] To the extent that provenance is the central theme of any geographical indication, the rectification is likely to enhance the demand for Jamaican rum by improving the consumer's perception of the quality of brands bearing the Jamaica Rum GI designation. Accordingly, the rectification is likely to improve the perceived quality of Jamaican rum, irrespective of whether it enhances the flavour profile. The key conclusion from this analysis is that the *quality effect* arising from compliance is likely to be non-negligible.

157. The overall conclusion is that compliance would not reduce the demand for Jamaican rum, since the negative impact of the substitution effect is likely to be mitigated by the positive impact of the quality and consumer preference effects.

Summary

158. The Commission implemented a cost-benefit analysis to assess whether NRJ was more likely than not to comply with the rectification. The Commission determined that it would be rational for NRJ to comply with the rectification and thereby remain in the market, given that the expected benefits of compliance exceed the expected costs. The overall conclusion, therefore, is that the *Compliance* scenario in Table 16 presented earlier in the report coincides with the most likely characterisation of the Jamaican rum industry if the rectification ruling is upheld.

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Verification of Stakeholders' Claims

159. The analysis above allows the Commission to develop and test two significant stakeholder claims about the impact of the rectification.

160. (i) NRJ's Customer Migration. The Commission concludes that sufficient information exists to refute the claim that the rectification will lead [redacted] customers of Jamaican rum to switch to other rum produced at a lower cost (i.e., age rum in locations with lower angel's share loss).

161. (ii) Reduced Aggregate demand. The Commission concludes that there is sufficient information to refute the claim that the rectification will reduce aggregate demand for Jamaican rum.

Commission's Outlook on Market Transition

162. The Commission now synthesises the discussions above and offers a more rigorous assessment of how the rectification will impact the conditions under which Jamaican rum trades in international markets. The Commission predicts how the rectification will change market equilibrium conditions and describes the role of key economic agents in transitioning the market from the current "status quo" equilibrium to a new "provenance" equilibrium.

163. The analysis refers to an initial state of market equilibrium as the "status quo." If the rectification is upheld, the market will ultimately transition to a final state of market equilibrium referred to as the "provenance" equilibrium. Between these two states of equilibrium, the market could transition to an intermediate state of market equilibrium referred to as the "premiumisation" equilibrium.

164. The regulator and the incumbent distillers would determine the market's transition between the initial and final states. The Commission identifies two alternative transition paths: delayed enforcement ("forbearance") and immediate enforcement ("implementation"). Under the forbearance path, the regulator delays enforcement of the rectification until each incumbent distiller satisfies the specifications of the Jamaica Rum GI. Under the implementation path, however, the regulator enforces the rectification immediately.

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Market Transition Along the Implementation Path

165. The first phase along the implementation path is the transition from the initial (status quo) equilibrium to an intermediate (premiumisation) equilibrium.

166. Along this transition path, market conditions of the status quo would be altered by a reduction in the supply of Jamaican rum arising from immediate enforcement of the rectification, with the demand for Jamaican rum unchanged. Immediate enforcement would lead any non-compliant distiller to suspend sales in the market until its operation complies with the rectification. At the price level prevailing in the status quo, the reduction in supply would create disequilibrium in the market because the volume supplied would be insufficient to meet the volume demanded.

167. To restore equilibrium, price would increase until the shortage is eliminated. The upward movement in the price would mitigate the shortage by concurrently increasing the volume of Jamaican rum supplied and reducing the volume of Jamaican rum demanded. The price would continue to increase until the market transitions to the premiumisation equilibrium. At the premiumisation equilibrium, price and volume traded would be higher, relative to the status quo.

168. The speed of adjustment during the first phase would depend on the excess capacity installed by incumbent distillers. If the excess capacity is sufficient to cover the shortage, then the adjustment period would be transient. Otherwise, the speed of adjustment would depend on how long it takes incumbent distillers to expand production capacity. The market would rest at this intermediate equilibrium until either re-entry or new entry eliminates the shortage.

169. The second phase is the transition from the intermediate (premiumisation) equilibrium to the final (provenance) equilibrium. In the second phase, market conditions are altered by an increase in the supply arising from entry/re-entry of distillers (such as NRJ) as well as an increase in demand stimulated by the stricter conditions of provenance governing the Jamaica Rum GI (described earlier in the report as the quality effect).

170. At the price level prevailing in the premiumisation equilibrium, market entry would create a disequilibrium since the volume supplied would exceed the volume demanded. To restore

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equilibrium, price would decrease until the glut is eliminated. The downward movement in the price would mitigate the glut by concurrently decreasing the volume of Jamaican rum supplied and increasing volume of Jamaican rum demanded. Price would continue to fall until the market reaches the final (provenance) equilibrium. Compared to the premiumisation equilibrium, price in the provenance equilibrium would be lower, and volume traded would be higher. Compared to the status quo, however, price and volume traded in the provenance equilibrium would be higher because of the increased demand for Jamaican rum during the second phase.

171. The speed of adjustment during the second phase is likely to be quicker than the first phase since entrants would have sufficient incentives to undercut the relatively high pre-entry prices which prevailed during the premiumisation equilibrium.

Market Transition Along the Forbearance Path

172. The market will transition to its final equilibrium state in a fundamentally different manner along the forbearance path, relative to the implementation path.

173. If the regulator delayed enforcement of the rectification, the market bypasses the intermediate (premiumisation) equilibrium and transitions directly to the final (rectification) equilibrium. This occurs because forbearance prevents the abrupt (albeit temporary) exclusion of non-compliant distillers in the market for Jamaican rum and therefore prevents the shortage that would have triggered the intermediate (premiumisation) equilibrium. Along this path, market conditions would shift as demand rises from the eventual enforcement of the rectification, with supply of Jamaican rum unchanged.

174. At the price level prevailing in the status quo, the increase in demand would create disequilibrium in the market since the volume supplied would be insufficient to meet the demand. To restore equilibrium, price would increase until the shortage is eliminated. The upward movement in the price would mitigate the shortage by concurrently increasing the volume of Jamaican rum supplied and reducing volume of Jamaican rum demanded. The price would continue to increase until the market transitions to the provenance equilibrium at which price and volume traded would be higher relative to the status quo.

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The Impact of Market Transition on the Wider Economy

175. International markets are important to domestic policymakers. As discussed earlier in the report, the export markets generate socio-economic benefits (i.e., jobs, foreign exchange, fiscal revenue) for the wider domestic economy, with the benefits being proportional to the volume of Jamaican rum traded.

176. The volume of Jamaican rum traded in export markets may vary significantly between the two alternative transition paths. As such, managing the rectification has significant implications for interruptions to socio-economic benefits.

177. The benefits of the Jamaican rum market to the wider economy are less likely to be interrupted along the forbearance path. Along the forbearance path, the regulator facilitates, for a predefined period, the continued participation of non-compliant incumbent distillers. Along the implementation path, however, the regulator forecloses the market to non-compliant distillers. Since NRJ is non-compliant with the rectification, the implementation path would lead to a significant reduction in the volume of Jamaican rum traded, as it would have removed significant production capacity from the market.

178. In summary, the export of Jamaican rum confers significant socio-economic benefits on the wider economy. The rectification of the Jamaica Rum GI could interrupt these benefits by temporarily reducing the volume of Jamaican rum traded in export markets. The interruption of these benefits would be mitigated, however, under either of two conditions: (i) sufficient excess capacity of compliant incumbent distillers; or (ii) regulatory forbearance.

IX. Limitations of the Study

179. This study has limitations that should be considered when interpreting the findings. These include:

180. **Non-response of the J. Wray and Nephew Limited:** Wray & Nephew opted out of participating in the survey. Data attributed to Wray & Nephew were imputed and therefore subject to errors of estimation. Wray & Nephew's cost structure, overseas aging practices, and contractual exposure relative to the GI rectification therefore remain unverified, and

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all findings pertaining to Wray & Nephew should be read as best estimates rather than confirmed data.

181. **Data gaps affecting competitive analysis:** Data constraints limit the depth of the competition assessment. Domestic market shares were calculated on a volume basis (LAA) rather than value, which may understate the competitive relevance of premium distillers such as Worthy Park. The study also does not analyse pricing behaviour or vertical relationships across the supply chain, areas where Wray & Nephew's distribution network may amplify its market power beyond what production and export shares alone suggest. Everglades Farms' non-calendar financial year-end introduces minor temporal discrepancies in aggregate calculations, though the impact on overall findings is assessed as minimal.

X. Conclusion

182. The rum industry is a key component of the food and beverage industry, which accounted for roughly 5% of Gross Domestic Product in 2023 and earned more than US$50 million in 2021. The Jamaica Rum geographical indication (GI) is a key factor underpinning the resilient demand for Jamaican rum in international markets.

183. The ruling of the Jamaica Intellectual Property Office on the rectification removes the protection of the Jamaica Rum GI for distillers aging rum offshore. However, enforcement of the rectification has been stayed pending the outcome of an appeal.

184. This study assessed the potential impact of the rectification on the economic performance of distilleries at the micro and macro levels in the international markets where Jamaican rum is exported. The analytical framework allowed the Commission to test several important hypotheses based on the reported outlook of distillers regarding the potential impact of the rectification.

185. Firstly, the Commission concludes there is sufficient information to refute the claim that the rectification will lead customers to switch away from Jamaican rum to cheaper alternatives.

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186. Secondly, the Commission concludes that there is sufficient information to refute the claim that the benefit of complying with the rectification will not cover the attendant cost.

187. Thirdly, the Commission concludes that there is sufficient information to refute the claim that the rectification will cause a persistent disruption in the socio-economic benefits generated by Jamaican rum sold in international markets. Further, the duration of the interruption to the socio-economic benefits could be minimized through appropriate regulator discretion.

188. The Jamaica Rum GI has the potential to drive the long-term growth and global positioning of one of Jamaica's most historically significant and economically valuable industries. Fully exploiting the rectification will depend on the ability of policymakers, regulators, and other stakeholders to isolate and navigate the appropriate adjustment path.

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