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The Jamaican Association of  
Sugar Technologists

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J.A.S.T. JOURNAL

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FOR THE YEAR 1958*

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This able executive has given me invaluable assistance before and during my term of Presidency and I can only say that besides being highly efficient he is one of nature's rare gentlemen. This should not be hard to understand if we would think back for 4,000 years. At the time when Chinese culture was at its zenith, we were still using clubs to overcome our opponents, who were more often than not dragging their women into caves by their hair!

May I conclude by paying tribute to the entire staff of the Research Station, and long may they continue to play the leading role in guiding the destiny of this great industry which is in truth the backbone of Jamaica's economy. Having lived through the changes that I have described and now that the Island has an efficient and progressive sugar industry I can only hope that reason will prevail in all quarters, namely among labour, staff and management, and that our joint efforts will continue to bring forth the results I feel the friendly and industrious people of this beautiful Island of Jamaica so richly deserve.

**Mr. H. D. Campbell** expressed appreciation of the President's fine and forthright address. In his short association with the Executive Committee, Mr. Campbell said, he had become more conscious of Mr. Cahusac's high honour and sense of duty to the industry. As regards the address, he hoped that the gathering would take the time to read it again and to act upon

it. He wished Mr. Cahusac, on behalf of the meeting, God's speed and hoped he would continue to give the industry the benefit of his experience.

**Mr. R. D. Smedmore** seconded Mr. Campbell's remarks.

**Mr. H. C. Cahusac** said that he loved the game of life and would not voluntarily change his work and role in the industry of Jamaica. He hoped that the audience would excuse his oration, but he was deeply moved and felt it a unique honour to serve as President of the Jamaican Association of Sugar Technologists.

**Mr. M. B. Floro** said he had worked in close association with Mr. Cahusac for many years and although there were occasions on which they had held different opinions, those differences were always amicably settled. Mr. Cahusac's period of service as President had been like a "shot of adrenalin" to the Association; his efforts to revive interest amongst the technologists had proven a great success. The J.A.S.T. had been extremely fortunate in having him as their President for the last three years.

**Mr. H. C. Cahusac** replied thanking Mr. Floro for his kind remarks. He then introduced the incoming President, Mr. G. F. Clarke.

**Mr. G. F. Clarke** thanked the members for the honour they had conferred upon him in electing him their President. It was a terrific responsibility and he aspired to measure up to Mr. Cahusac's achievements. His initial aim would centre on mechanization and he urged all members to write to the Hon. Secretary giving any ideas they had for putting mechanization on a more practical basis, whether in the field or factory.

## The Formation and Operations of the Rum Pool

C. A. BLOOMFIELD, The Sugar Manufacturers' Association (of Jamaica) Limited

I am very glad to have the opportunity of telling you something about the formation and operation of the Rum Pool, for two reasons:—

- (1) In preparing this address it has given me the opportunity of refreshing my memory on the events of the past, including the occasions on which we were at war with some of our friends, and
- (2) It is doubtful whether more than one or two of us in this room are aware of the many difficulties which had to be overcome in forming the Rum Pool and in steering its operations to the safe position it now occupies within the framework of the Association's activities.

### PREVIOUS TO THE FORMATION OF THE RUM POOL

For some years prior to 1931 the rum industry of Jamaica had been in a very depressed condition due mainly to over-production and the consequent low prices; with the result that rum production fell from about two million liquid gallons in 1916 to about one million liquid gallons in 1931, and even then production was well in excess of demand. Prices for new crop rum were as low as 9d. per liquid gallon delivered in

bond in new containers, the cost of which at that time was about 6d. per gallon; and even at such low prices all the rum produced could not be sold.

Efforts had been made to effect a voluntary restriction of rum production by the rum manufacturers at the time. Those efforts were unsuccessful and in an attempt to preserve the industry, Government intervened and passed the Rum Regulation Law, 1931. This law provided that for 1932 only approved manufacturers could produce rum and that the production of each approved manufacturer was limited to one-half of his average production for the years 1929, 1930 and 1931. As a consequence of this Law, rum production for 1932 dropped to about 575,000 liquid gallons.

### FORMATION OF RUM POOL

In October, 1931, influenced by the success they had achieved in the formation of the Sugar Pool, which had been in existence for nearly two years, the manufacturers got together and incorporated a company called the Jamaica Sugar and Rum Manufacturers Limited (now The Sugar Manufacturers' Association (of Jamaica) Limited). The object of this company, *inter alia*, was to promote and regulate the manufacture and marketing of sugar, rum and the by-products of the juice of the sugar cane. Then in March, 1932, the



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first two agreements were signed between all the local rum manufacturers and the company (the Rum Pool). These two agreements were to commence on 1st December, 1932, and to last for ten years, with the option of termination on 30th November, 1937.

The first of these agreements, commonly referred to as the General Pool Agreement, was between the company and all the rum manufacturers except four, and it provided that the signatories thereto should only manufacture rum to the order of the Pool and that the company would not give any order to a manufacturer unless it had a previous binding contract for the sale of the rum which was the subject of the order. In other words, the manufacturers of those days were determined, as they are today, to obviate the production of more rum than the trade required, a situation which was largely responsible for the deplorable state of the rum market at that time. This provision, I may say, has been the rock on which the Rum Pool was founded, and it has been responsible largely for the success of the operations of the Pool.

The General Rum Pool Agreement also included two other very important clauses under which the Pool was to use its best endeavours:—

- (a) To market the rum of the manufacturers to the best advantage of the manufacturers and generally to take such action as it considers necessary in their interests, and
- (b) to sell each special mark of rum to the persons who, prior to the agreement, used to purchase such mark, and to give each such person from time to time the first refusal at the current price.

These two clauses were inserted because the manufacturers, although they hoped it would be, were not certain that the Rum Pool would be a success, and they were individually anxious to ensure that the formation of the Pool would not prejudice their previous connection with their buyers; and also because they regarded as a valuable asset the established practice for their buyers to obtain their rums under the marks on which they had built up their business.

Now there is no doubt that at that time each manufacturer thought his rum was the best and correspondingly each buyer considered that the marks of rum he purchased and sold were the best on the market. The manufacturers were at particular pains therefore to safeguard their business connections and to ensure the continuance of the business they had built up in the past. It should be explained here that at that time rums were sold by marks and that the name of the estate on which the rum was made was of little interest to the buyers, especially those in the U.K., our largest export market. So much was this the case that there have been instances when the identical rum sold under different marks fetched different prices. This practice of selling similar rum under different marks developed from the habit of certain manufacturers making more rum than their regular buyers could take. They gave the surplus another mark and sometimes sold it at a lower price in order to dispose of it.

The second of the two agreements I mentioned earlier was referred to as the Regulation Agreement. This agreement was between the Pool and the four rum manufacturers who were excluded from the General Rum Pool Agreement, and they are:—

Appleton Central Ltd. (now J. Wray & Nephew Ltd.) as the owner of Appleton Estate, Sherriff & Co. (Ja.) Ltd., as the owner of Long Pond Estate, Edwin Charley, as the owner of Innswood Estate and Walter Wooliscroft, as the owner of Green Park Estate.

This agreement provided that the output of the four estates involved would be restricted to the quantities specified in the said agreement. The reason for this Regulation Agreement was that each of the four rum manufacturers who were parties thereto contended that they had a special market for the rum manufactured on their estates—three of these manufacturers being themselves merchants. This agreement, however, also limited the production of the other rum manufacturers to a total quantity of 1,050,000 gallons which could be exceeded only with the consent of the other four or proportionately to such increased quantity as the latter wished to produce. In other words all the manufacturers were limited to a total quantity which could only be exceeded by agreement amongst themselves or in proportion to each others' production.

#### **FIRST FIVE YEARS OF RUM POOL AND INTRODUCTION OF GOVERNMENT CONTROL**

For the years 1933 and 1934 therefore the production of rum was thus regulated on a voluntary basis by reason of the General Pool Agreement and the Regulation Agreement, and in consequence the production in those years dropped to about 361,000 and 759,000 liquid gallons respectively. However, there was nothing at that time to prevent any other persons than those bound by these two agreements from manufacturing rum and thus stultifying the purpose of the agreements. In 1934, therefore, the manufacturers suggested to Government that the manufacture of rum should be controlled by legislation, and as a result the Rum Control Law, 1934, Law 22 of 1934, was passed to control and regulate the manufacture and sale of rum. This Law provided that while the Pool Agreement was in force no person other than an approved manufacturer could manufacture rum and then only in accordance with the provisions either of the General Pool Agreement or the Regulation Agreement. It further provided that any sugar manufacturer could become an approved manufacturer by becoming a party to the General Pool Agreement, and in addition, it provided for the creation of a Rum Control Board (now the Spirits Control Board) and gave power to the Governor to fix the maximum retail prices of rum in Jamaica.

Objection was taken to the passage of this Law by certain buyers on the ground that it placed one producer-merchant—J. Wray & Nephew Ltd.—in a favoured position, and a petition was addressed to the Secretary of State, who suggested certain amendments



so as to provide more effective control by Government and prevent a manufacturers' cartel. Consequent on the suggestions of the Secretary of State, the Rum Control Amendment Law, 1937, was passed. This gave greater powers to the Spirits Control Board and it provided that no amendment could be made to either the General Pool Agreement or to the Regulation Agreement without the prior approval of Government, and that the Regulation Agreement should terminate (unless sooner determined) on 30th November, 1942. There were other provisions but I will not weary you with them.

After the General Pool Agreement had been signed and the operations of the Pool commenced it was realized that as the agreement stood, the Pool could force a manufacturer to make quantities of rum which could be uneconomic either because the quantity requisitioned was too small or too large. It was necessary therefore to remedy this position and an appropriate amending agreement was drawn up and signed later in 1932. This is known as the First Supplementary Agreement.

It was subsequently brought to the notice of the Pool that although the production of continental flavoured rums necessitated the use of certain quantities of sugar material, the formula provided in the General Pool Agreement for the payment of manufacturing allowances did not enable the manufacturers to be compensated for this additional expense. These continental flavoured rums fetched higher prices and therefore contributed more revenue to the Pool than the other types of rums. A second amending Agreement was therefore prepared and signed in March, 1935, and is known as the Second Supplementary Agreement. This agreement enabled the manufacturers of those rums to obtain payment for the sugar material used by them. It also provided a formula for determining the economical production of these rums, as well as a basis for compensation in the event that they were called upon and agreed to make an uneconomic quantity of rum.

As time went on the Pool came to the conclusion that on the basis of the business conducted by Edwin Charley in Innswood Rum and Walter Wooliscroft in Green Park Rum, there was no justification for continuing the Regulation Agreement with these parties and that they should be persuaded to sign the General Pool Agreement. However, since there were two other parties to the Regulation Agreement (Appleton Central Limited and Sherriff & Company (Ja.) Limited), and the agreement was between the Pool and the four parties, the Pool had no alternative but to give notice to all four parties of its intention to terminate this agreement on 30th November, 1937, which he it remembered it had a right to do if it so desired. It was the intention of the Pool to renew the Regulation Agreement with Appleton Central Limited and Sherriff & Company (Ja.) Limited, but owing to the opposition of certain buyers to the passage of the Rum Control Law and the consequent provision that the agreement should be terminated on 30th November, 1942, unless it was terminated earlier, the Pool was

prevented from carrying out its intention. The Pool therefore was forced to offer Appleton Central Limited and Sherriff & Company (Ja.) Limited a different agreement which conformed with the principle that they should purchase the rum produced on their estates through the Pool under a formula which enabled the Pool to obtain a contribution to its expenses. It was felt that this was only reasonable since the formation of the Pool had stabilized the rum market and that since all parties had benefited therefrom, Appleton Central Limited and Sherriff & Company (Ja.) Limited should share in the cost of operating the Pool.

The Regulation Agreement was thus brought to an end after a period of five years. Edwin Charley and Walter Wooliscroft became parties to the General Pool Agreement. J. Wray & Nephew Ltd. and Sherriff & Company (Ja.) Limited were each given a Separate Pool Agreement based on the General Pool Agreement but with the provision that they should buy back from the Pool all the rum manufactured by them subject to the formula mentioned before. These Separate Pool Agreements were for a period of five years and they provided, among other things, that if the business of rum manufacturer and rum merchant were severed the agreements would terminate automatically.

The General Rum Pool Agreement, as amended by the two Supplementary Agreements and the Separate Pool Agreements with J. Wray & Nephew Ltd. and Sherriff & Company (Ja.) Limited are still in existence and operative and, with the exception of amendments in order to extend the life thereof and to increase the payment of manufacturing allowances to cover increased costs, there have been no material changes to these agreements.

## MAIN PROVISIONS OF GENERAL RUM POOL AGREEMENT

Before telling you about the actual operations of the Pool, it is necessary that you should know something of the main provisions of the General Rum Pool Agreement and the reasons therefor. I have already dealt with the main provisions of the First and Second Supplementary Agreements (the two amending Agreements).

The first and most important problem which arose when the General Pool Agreement was being negotiated was to find a formula for the distribution of the Rum Pool proceeds which would be acceptable to all manufacturers. It was felt at the outset that a manufacturer who was not required to make rum was just as much a contributor to the stabilization of the market as the manufacturer who was called upon to make rum, and that therefore the former should be compensated by participation in the proceeds. These could not be divided up on the basis of rum made by each manufacturer because as rum could not be produced unless the Pool had previously received an order for it, it was envisaged that owing to the existing chaotic condition of the market, it might be some years before some manufacturers would be able to make rum (which proved to be the case) and in the meantime they would not



participate in the proceeds. It was also realized that at least in the case of some estates (especially the Trelawny Estates) the quantity of sugar produced did not necessarily govern the quantity of rum made. Indeed, in the case of the estates just mentioned more rum was produced per ton of sugar than in the case of others, because substantial quantities of sugar material was sent direct to the distilleries. Furthermore, it was known that the less efficient factories produced more molasses and therefore more rum per ton of sugar. Eventually one member had the bright idea that cane ground was the most equitable basis for the division of the Rum Pool proceeds since cane had a more direct bearing than sugar on molasses output. Therefore as long as a sugar manufacturer was an approved manufacturer and ground cane and had a distillery he would participate in the Rum Pool proceeds. This formula was duly accepted and incorporated in the General Pool Agreement, and it has remained in force ever since.

Then there was the question of reimbursing those manufacturers who were required to make rum for the cost they incurred in making the rum ordered by the Pool. After some deliberation it was decided that a reasonable rate, having regard to the costs ruling at the time, would be 7½d. per liquid gallon or one-fourth of the net stripped price received for each manufacturer's rum, whichever was the greater. The manufacturing allowance was intended to give manufacturers a reasonable margin over their actual expenses in order to cover their general overhead expenses, e.g. depreciation.

Under the General Pool Agreement the manufacturers not only bound themselves not to make rum unless it was previously ordered by the Pool, but they also agreed that all by-products including molasses as soon as available was the property of the Pool and could not be used or disposed of without the latter's consent. This gave the Pool complete control over the molasses available and the Rum and Alcohol produced therefrom. Two estates, Gray's Inn and Serge Island used alcohol to operate their railway locomotives during the early years of the Pool. The procedure was for the estates to obtain the consent of the Pool and to account for the molasses used and the alcohol made therefrom. In the old days when illicit distillation was more popular a careful watch was kept on the local purchasers of molasses!

There was also a provision under which manufacturers agreed to ditch or otherwise destroy at their own expense, as and when directed by the company, any by-products which he might manufacture and which might not be sold by the company. Indeed, there was also provision for the imposition of penalties in respect of any rum and/or by-products which a manufacturer may manufacture, sell, or otherwise dispose of otherwise than in accordance with the terms and tenor of the agreement:—

For every Imperial gallon of rum so manufactured .. .. .	£5
For every Imperial gallon of rum so sold or otherwise disposed of .. .. .	£5

For every gallon of by-products so sold or otherwise disposed of .. .. . £1

This gives you some idea of the determination of the manufacturers at the time to obviate the possibility of rum being made which was not required by the trade.

The General Pool Agreement provided that each manufacturer must hold at least one share in the company. It also provided for the inclusion subsequently of parties who became approved sugar manufacturers.

I dealt briefly already with the Separate Pool Agreements accorded to J. Wray & Nephew Ltd., the owners of Appleton, and Sherriff & Co. (Ja.) Ltd., the owners of Long Pond. These Separate Pool Agreements operate under a most complicated formula.

In the case of the agreement for Appleton, Messrs. J. Wray & Nephew Ltd. are charged a price equivalent to the lowest price per proof gallon for common clean rums plus the value (arrived at under the formula in the agreement) of sugar material used in the manufacture of their rum. They are credited with manufacturing allowance at the rate provided for under the General Pool Agreement, for the value of the sugar material used, and with the Rum Pool proceeds. The balance remaining to their credit after these transactions have been completed is shared equally between themselves and the Pool.

In the case of the agreement for Long Pond, Messrs. Sherriff & Co. are charged a price equivalent to the lowest price per proof gallon for common clean rums plus an additional price of 1s. 1½d. per gallon for every £10 per ton of the value (arrived at under the formula in the agreement) for sugar material used, e.g. if the value for sugar material was £30 per ton, the additional price would be 3s. 3½d. per proof gallon (3 times 1s. 1½d.). They are credited with manufacturing allowance at the rate provided for under the General Pool Agreement, for the value of the sugar material used, and with the Rum Pool proceeds. The balance remaining at their debit is paid by them to the Pool.

## THE OPERATIONS OF THE RUM POOL 1932

As the General Rum Pool Agreement and the Regulation Agreement (the two original agreements) were not effective until 1st December, 1932, rum and alcohol had to be produced during the 1932 crop within the scope of the Rum Regulation Law of 1931 which you will remember limited production to a maximum of one half of the average quantity produced during the preceding 3 years. The total quantity made during the 1932 crop was only approximately 5,100 puncheons although approximately 6,400 puncheons could have been produced under the Law. At that time it was estimated that on the basis of sugar produced about 12,000 puncheons could have been made, so that the restriction was more than 50%.

Only 23 estates had so far joined the Pool, but only 18 were called upon to make rum or alcohol, and as this was the first year of the Pool and the rum merchants held fairly large stocks when the Pool was formed, no orders were received in advance of the crop and a



certain quantity had to be made with the hope that orders would be forthcoming later in the year. As a matter of fact about 1,000 puncheons were unsold and carried forward to the 1933 Pool accounts. The records disclose that there was great difficulty and delay in persuading the Pool's bankers to finance the unsold rum until it was disposed of. Indeed, the first and final distribution of the 1932 Rum Pool proceeds was not made until January and April, 1933, respectively. In these days it takes only about 15 minutes to obtain the necessary finance for a rum crop five times as large!

The lowest price charged in that year was fixed at 2s. 6d. per liquid gallon or about 1s. 10½d. per proof gallon delivered stripped on the estate. This applied to rums for the local trade and compares with the present price of 4s. 3d. per proof gallon. Export rums were sold almost entirely to U.K. buyers, through commission houses and brokers who charged a commission, and the terms under which these sales were made were called "London Landed." Under these terms the Pool supplied the containers and paid all the shipping, freight and insurance charges to the U.K. The U.K. buyers would contact the brokers and after negotiation the latter would offer to the commission houses to sell certain quantities of various marks at certain prices and the latter would communicate with the Pool and pass on the offer. The offer was then accepted by the Pool and the manufacturers concerned would be ordered to make the quantities required. Accounts sales were made up by the commission houses and supported by the relevant out-turn documents. The names of buyers were never disclosed and the Pool had no direct contact with the brokers or buyers.

The Pool dividend amounted to 10-67d. per ton cane.

Messrs. Bryden & Evelyn were appointed the brokers for the sale of rum and alcohol and Mr. T. P. Evelyn and Mr. D. J. Verity the managers.

### 1933

For the 1933 crop there were 34 estates in the Rum Pool including the four which were parties to the Regulation Agreement. However, only 14 were required to make rum. Consequently the total 1933 crop was all disposed of during this year.

There were no changes in prices. The Pool dividend amounted to 1s. 0¾d. per ton cane.

The forecast for the next year was optimistic for at the end of the current year orders had already been received for a total of 4,765 puncheons and the stocks in bonded warehouses were going down.

### 1934

There were still 34 estates in the Pool, but in this year 28 were required to make rum only 6 distilleries were not operated. Rum was also made at Denbigh Estate which only possessed a distillery as the factory had been dismantled. By arrangement the rum produced at Denbigh was not sold through the Pool and no further quantities were made by that estate. A total of approximately 6,900 puncheons of rum and alcohol were made, a record so far.

Prices for the local trade remained the same but the export rums fetched 6d. per liquid gallon more than previously.

For the first time orders were received for 264 puncheons of continental flavoured rums.

The Pool dividend amounted to approximately 1s. 9d. per ton cane.

### 1935

Twenty-nine out of the 34 estates were called upon to operate their distilleries (1 more than in 1934) and the total quantity of rum and alcohol produced was 7,272 puncheons, a further record. 863 puncheons of continental flavoured rum were made and a certain amount of uneconomic rum was made for the first time and shared between the manufacturers and the Pool.

Prices remained the same as for 1934.

The Pool dividend amounted to just over 1s. 9¾d. per ton cane.

### 1936

As in the case of the previous crop, 29 estates were required to make rum and the total quantity of rum and alcohol produced was 8,433 puncheons, a further record but owing to exchange restrictions with Germany only 347 puncheons of continental flavoured rum were made and only a small quantity of uneconomic rum was produced at Cambridge.

Prices remained the same as in 1934.

The Pool dividend amounted to 1s. 9¾d. almost the same as in 1935.

In this year, by resolution of an extraordinary general meeting, the name of the company, Jamaica Sugar & Rum Manufacturers Ltd. was changed to Sugar Manufacturers' Association (of Jamaica) Ltd.

There were no changes in prices.

The Pool dividend amounted to just over 1s. 9½d. per ton cane.

### 1937

For the first time all 34 distilleries operated and 11,597 puncheons of rum and alcohol were produced, another record so far.

755 puncheons of continental flavoured rum were produced and again a certain amount of uneconomic rum was made and shared between the manufacturers and the Pool.

There were no changes in prices which remained the same since 1934.

The Pool dividend amounted to approximately 2s. 2¾d. per ton cane, the highest so far.

### 1938

Again all 34 estates were required to operate their distilleries and 13,751 puncheons of rum and alcohol were made. This was considered at the time to be the result of over-buying on the part of the buyers owing possibly to the expected outbreak of the second world war.

Sales of continental flavoured rum amounted to 574 puncheons and again a certain amount of uneconomic rum was made.

There were still no changes in prices except that in the



case of the export rums sold to the U.K. buyers on the "London Landed" terms basis, they agreed to absorb any increases over those rates in 1937 for freight, port charges and insurance.

The owners of Innswood and Green Park signed the General Rum Pool Agreement, and the owners of Appleton and Long Pond were accorded Separate Rum Pool Agreements on the direction of Government. The Regulation Agreement was therefore terminated at the end of 1937.

The Pool dividend amounted to nearly 2s. 5½d., the highest so far.

### 1939

Owing to the closing down and the amalgamation of Shrewsbury, Friendship, Bluecastle, Mint and Masmure with Frome the number of distilleries were reduced by 5 and therefore only 29 operated during that crop. 11,715 puncheons of rum and alcohol were produced and it is interesting to note that the buyers at the time accepted the various rums produced by the Frome distillery as being successful reproductions of the types made at the old distilleries. Sales of continental flavoured rum were 736 puncheons, a small quantity of which was uneconomic.

There were no changes in prices.

Owing to the imposition of quotas in the sugar producing areas of the Commonwealth as a result of the provisions of the International Sugar Agreement of 1937, the island's sugar production was limited and each manufacturer was allotted a quota. In consequence thereof it was decided that for the period during which the system of quotas was in force, Rum Pool proceeds should be distributed on the basis of the canes from which the local and export quotas were produced; but as quotas were abandoned at the end of 1942 (as a result of the war) this basis for the distribution of Rum Pool proceeds only lasted from 1939 to 1942 inclusive; after which distribution was on the basis of the total canes ground as before.

On the basis of "quota" canes the Pool dividend was just over 2s. 8d. per ton cane and on all canes approximately 2s. 1½d., approximately 4d. per ton cane less than the previous crop's dividend which was the highest so far.

For the first time funds were set aside and earmarked for advertising.

As all export rums were sold in containers provided by the Pool and the Pool was responsible for the cost of replacing or repairing defective containers on their arrival in the U.K. under the "London Landed" terms, and as these costs were increasing it was decided to engage the services of a British master cooper who would supervise the making up of the containers on the various estates when export rums were made. This arrangement proved to be very profitable but owing to the outbreak of war the master cooper's services were available for only 1939 and 1940.

### 1940

The number of distilleries which operated during this crop was reduced again as a result of further amalgamations. This time Prospect and Georgia were closed

down, the former was amalgamated with Frome and the latter with Vale Royal.

The rum and alcohol produced amounted to 13,528 puncheons.

Owing to the outbreak of war and the consequent abandonment of trade with Germany, only 35 puncheons of continental flavoured rum were produced and no further quantities of uneconomic rum were made.

In September large quantities of rum were destroyed in the U.K. by air raids and a shortage of "available age" rum resulted. Indeed, so short was the supply of "available age" rum that representations were made by the Association for a reduction of the "available age" from 3 to 2 years, but this was not accepted by the U.K. authorities and trade.

Prices for the local trade rums remained the same as previously but the prices for export rum were increased by 4d. per gallon.

The Pool dividend amounted to 2s. 10d. per ton of "quota" cane or approximately 2s. 9½d. per ton on total canes ground, the highest so far.

For the first time the Pool engaged in a limited advertising campaign in Florida, Bermuda and Nassau during the winter and spring periods.

A company named British West Indies Chemicals Ltd. was formed by the Pool and certain other parties for the main purpose of developing a secondary industry in manufacture of certain products from the use of molasses.

### 1941

As in the case of the previous crop, 27 distilleries were operated and the quantity of rum and alcohol produced was 16,220 puncheons, the record so far.

Sales of continental flavoured rum amounted to only 146 puncheons.

There were no changes in prices; but for the first time export rums were sold on the basis of prices "In Warehouse Jamaica" instead of as formerly on the "London Landed" terms. This change became necessary owing to the outbreak of war and the difficulty if not impossibility of securing shipping space. U.K. buyers had to be content with leaving their rums in storage in the local excise warehouses and, of course, storage space became severely taxed.

The Pool dividend amounted to only 2s. per ton on "quota" cane or approximately 1s. 10½d. per ton on total canes ground although the total proceeds exceeded those in respect of previous crops. This was because sugar production and quotas had been increased substantially, and, of course, the quantity of "quota" canes and "total" canes were increased correspondingly. The Pool's airport advertising was inaugurated early in the year at the Pan American sea plane terminal, and the U.S.A. advertising campaign was stepped up by the inclusion of the New York area.

Mr. T. P. Evelyn resigned his position as one of the joint managers.

The Pool's venture in B.W.I. Chemicals Ltd. proved to be unsuccessful and a decision to wind up the company was taken in August that year.



1942

All the 27 distilleries were operated and 19,259 puncheons, the record production so far, was made, 121 puncheons of continental flavoured rum was made but none of it was uneconomic.

For the first time a substantial quantity, approximately 42,000 gallons of alcohol was sold to the U.K. for war purposes and owing to the shortage of gasoline at that time, 24,000 gallons were sold to members of the Pool for power purposes. (When some of the estates' trucks and cars came into Kingston I understand you could smell them along the road!)

Prices were increased by 7½d. per gallon.

The Pool dividend amounted to approximately 3s. 2½d. on "quota" canes or about 2s. 10¾d. per ton on total canes ground. This was the highest dividend so far.

1943

All the distilleries operated and 18,394 puncheons were made. This included about 27,000 gallons of alcohols sold to the U.K. for war purposes and approximately 5,000 gallons were sold to members for power purposes.

109 puncheons of continental flavoured rum were made.

Prices were increased again by 4½d. per gallon.

The Pool dividend amounted to 3s. per ton on total cane ground, the highest so far.

The system of distributing the Pool proceeds on the basis of "quota" canes was abandoned as owing to war conditions and the necessity to expand the production of sugar, the provisions of the International Sugar Agreement of 1937 became inoperative.

Demand for current crop rums exceeded production.

1944

This year only 26 distilleries operated as the Retreat factory and distillery were closed down at the end of the previous crop. The Retreat canes were supplied to Frome and the Retreat type of rum was produced at the Frome distillery. A total of 17,948 puncheons of rum and alcohol were produced including 323 puncheons of continental flavoured rum.

Prices were increased again by 6d. per gallon and for the first time the export rums as well as the local trade rums were quoted on the basis of prices stripped on the estate and all buyers were placed in exactly the same position irrespective of whether they purchased export or local trade rums. This meant that all buyers not only the local trade ones had to provide their containers or the Pool did so at their expense and assumed responsibility and all charges for the rums once they were transferred to containers.

The Pool dividend amounted to 4s. 3½d. per ton cane and it was the highest so far, although the total revenue was less than that for the previous crop; but this was because sugar production was lower than that for the previous crop and so were the tons of canes.

Although no rums could be shipped to the U.K. owing to war conditions, the U.K. buyers continued to

purchase reasonable quantities. This, however, necessitated the provision of additional warehouse accommodation and Government constructed a rum warehouse and took over from us for conversion to a rum store, the building set up at Bog Walk by the B.W.I. Chemicals Ltd.

1945

All distilleries operated and 17,706 puncheons of rum and alcohol were produced. This included 472 puncheons of continental flavoured rum.

There were no changes in prices, but for the first time all rums and alcohol were quoted on the basis of prices per "proof" gallon instead of as formerly per "liquid" gallon. This resulted in a small additional revenue to the Pool and, of course, buyers paid for the rum they received according to its strength. This necessitated the preparation of Books of Tables of Strengths and this was done by the Pool and circulated to all parties concerned.

In order to expand the sales of Jamaica rum and in particular a lighter type of rum, the Pool admitted as primary buyers, Distillers Corporation Seagrams Ltd., who were anxious to enter the Jamaica rum market. In proof of their *bona fide* they signed a 5-year contract with the Pool for certain quantities. The other primary buyers were also offered 5-year contracts, but as only one buyer was interested it was decided subsequently to abandon the idea.

The Pool dividend amounted to 4s. 6d. per ton of cane, again the highest so far.

In this year a decision had to be taken by the Pool to provide its own additional warehouse accommodation because Government warehouses were almost filled. Government were uncertain as to the future and were not prepared to provide any further accommodation. The Pool therefore took over from the West Indies Sugar Co. Ltd. on a lease, the old Paradise building and converted it to a rum store.

1946

All distilleries operated and 22,103 puncheons of rum and alcohol, the record so far, were made. This included 511 puncheons of continental flavoured rum.

There were no changes in prices.

The practice of selling rum through commission houses and brokers to buyers in the U.K. ended and sales were made direct to the buyers this year for the first time. The Pool was not, of course, very popular for that move, and one of our friends actually threatened legal action. The idea of a 5-year contract was again revived and a somewhat modified version of the original one to take effect from 1947 was offered to the primary buyers. The U.K. buyers and two of the local buyers were interested at first but the others were not and as you will learn subsequently this was one of certain complaints lodged against the Pool by the buyers at the time excluding the newcomer, Distillers Corporation Seagrams Ltd.

The Pool, however, entered into a long-term agreement with Innswood Estate for the purchase of all the rum which could be made by that estate, and it was also



offered a 5-year contract by another local buyer for 1,500 puncheons to be produced by the estate owned by the buyer in question but as the effect would have been the sacrifice by that estate of sugar production, the Pool declined.

The Pool dividend amounted to 4s. 6d. per ton of cane, the same as for the previous crop.

The Paradise Rum Store had to be enlarged and "Greenwich," the old Army camp near Newcastle, was acquired in order to secure a supply of galvanized roofing to complete the expansion of the store. The buildings from which the galvanized roofing were removed were sold to certain estates and the remaining buildings and the land were eventually sold to The West Indies Sugar Co. Ltd.

#### 1947

All distilleries operated as usual and 22,424 puncheons of rum and alcohol were made. This was yet another record year of production but only 37 puncheons of continental flavoured rum were produced, due no doubt to the uncertainty at the time, as to the future of the market in Germany and the other countries on the continent which purchased this type of rum.

There were no changes in prices, but owing to the further increase in demand for rum and pressure from certain secondary buyers to become primary buyers, two more local firms were added to the Pool's list of primary buyers. This, the admission of Distillers Corporation, and the proposed 5-year contract, brought about strong protests from the original primary buyers, who formed themselves into "The Pre-Pool Rum Buyers' Association" and lodged a complaint to Government against the Pool's marketing and production methods. The Governor instructed the Spirits Control Board to hold an enquiry under the Spirits Control Law 182. This was done and the findings were entirely in favour of the Pool. The Pool thereupon introduced 4-year contracts to be effective from 1948 and these were signed by all buyers. At the same time three more U.K. buyers were added to the Pool's list of primary buyers.

The Pool dividend again amounted to 4s. 6d.

This was the first year in which the Pool engaged in a fairly substantial advertising campaign in the U.K. which has continued up to recently, and it also was the first time the Pool's airport advertising was introduced at the Montego Bay Airport.

A decision was taken to take over and convert for rum storage the old Ferry Pumping Station buildings.

#### 1948

Twenty-five distilleries (one less than previously) operated but this was due to the closing down of Cambridge and Raheen and their amalgamation with Long Pond and Appleton respectively, while New Yarmouth operated for the first time. Production amounted to 27,309 puncheons, another record. This included 297 puncheons of continental flavoured rum.

There were no changes in prices, but the 4-year contract referred to previously became effective and

it was at the time confidently expected that the Pool would have disposed of for 5 or more years the quantity produced in this year as above; so much so that the buyers were given the right of first refusal for quantities, additional to those in their contracts, up to 20% of their contracted quantities and the option of continuing their contracts for a further 5 years.

The Fort Rocky premises were leased and the buildings were purchased in order to make available additional rum storage accommodation.

The Pool was therefore operating three rum stores, Paradise, Ferry and Fort Rocky. Incidentally, the Paradise warehouse covered the largest area and accommodated more rum than any other rum store in the West Indies.

The Pool dividend again amounted to 4s. 6d. per ton cane.

#### 1949

Twenty-four distilleries (one less than previously) operated, but this was due to the closing down of Bog and its amalgamation with Monymusk. 27,545 puncheons of rum and alcohol were made including 122 puncheons of continental flavoured rum. This was an all time record of production.

The minimum rate for manufacturing allowance was altered from 7½d. per liquid gallon to 9d. per proof gallon. The Pool dividend amounted to 3s. 11½d. per ton cane, which was due to the increased quantity of cane produced.

#### 1950

Twenty-three distilleries operated during this year as a result of the closing down of the Kew factory and distillery.

Production of rum and alcohol amounted to only 18,886 puncheons including 477 puncheons of continental flavoured rum. The substantial reduction in production was the result of an agreement with the buyers to limit the 1950 and 1951 crop production to a certain level, in an effort to stabilize the market which was showing signs of deteriorating again. The buyers advised that they could not market the rum they were contracted to purchase for those two years and the Pool had no alternative but to agree to the restriction of production.

Prices were increased by 3d. per "proof" gallon in order to provide funds for the continuance of our advertising abroad, but as the additional revenue thus obtained was not adequate, the advertising funds had to be subsidized from the Pool's general revenue.

The Pool dividend amounted to only 2s. 5½d. per ton of cane in consequence of the reduced rum production and the increased quantity of cane ground.

Decisions were taken this year to form two subsidiary companies, Anhydrous Alcohol Ltd. and Jamaica Carbonics Ltd., the former to produce anhydrous alcohol for mixing with gasoline and the latter to make CO<sub>2</sub> from the fermentation of molasses for the production of rum and alcohol. As sugar production was expanding and the sales of rum and alcohol were not keeping pace with the increased quantities of molasses



becoming available, the Association thought that a scheme for producing spirit at the various distilleries for conversion to anhydrous alcohol for mixing with gasoline would be the means of using up molasses not required for rum and alcohol. The manufacture of CO<sub>2</sub> was merely a "side line" which was regarded as a logical process in order to supply the local needs which were being obtained from abroad.

Our advertising abroad was extended for the first time to Canada.

#### 1951

As before 23 distilleries operated, and owing to the limitation of production as agreed on previously with the buyers only 19,656 puncheons of rum and alcohol were made. This included 592 puncheons of continental flavoured rum.

There were no changes in prices.

The Pool dividend amounted to 4s. per ton of cane. This was due to the increased revenue obtained by the Pool from the surplus molasses it sold for export for the first time.

The manufacture of CO<sub>2</sub> commenced late this year, but owing to delay in obtaining delivery of the anhydrous alcohol plant it was not possible to commence the production of anhydrous alcohol.

#### 1952

Only 21 distilleries operated as Ironshore was closed down and Llandovery and Richmond amalgamated.

Sales of rum reverted to the annual basis and owing to the increased demand principally from the U.K. buyers, 25,054 puncheons of rum and alcohol, including 546 puncheons of continental flavoured rum were made.

Prices were increased by 6d. per proof gallon.

The Pool dividend amounted to 4s. 7d. per ton of cane owing to the increase in the sales of rum and the sale of molasses for export. Indeed for the first time the gross revenue to the Pool amounted to over a million pounds.

The anhydrous alcohol plant was operated during the year and 250,000 gallons were made, but owing to a change in the policy of Government it was not operated again.

#### 1953

All 21 distilleries operated but owing to over-buying previously and to the consequent large stocks in the hands of buyers and their customers only 12,508 puncheons of rum and alcohol were made, the lowest since 1939. This included 630 puncheons of continental flavoured rums.

There were no changes in prices.

The Pool dividend amounted to only 1s. 10½d. owing to the reduced sale of rum and a substantial reduction in the price for molasses for export.

#### 1954

Only 19 distilleries operated, as 2 were not required to make rum and again only 12,221 puncheons were made, including 530 puncheons of continental flavoured rum.

There were no changes in prices.

The Pool dividend amounted to 1s. 11d. per ton cane, slightly more than that for 1953, due to the fact that nearly 13 million gallons of molasses were sold for export.

#### 1955

The number of distilleries was further reduced to 20 as Green Park was closed down. However, only 17 distilleries operated and 13,729 puncheons of rum and alcohol were produced including 752 puncheons of continental flavoured rum.

There were no changes in prices.

The Pool dividend amounted to just over 2s. 0¾d. per ton cane.

The molasses sold for export was just over 13 million gallons which constituted an all time record.

#### 1956

Nineteen distilleries operated out of the 20 and for this year production amounted to 20,315 puncheons of rum and alcohol including 769 puncheons of continental flavoured rums.

There were no changes in prices; but the rates for manufacturing allowances were increased under a new formula.

The Pool dividend amounted to 2s. 9½d. per ton of cane owing to the increased demand for rum and again the Pool's gross revenue exceeded one million pounds.

At the end of this year the airport advertising was discontinued by the Pool and handed over to the Tourist Board under an arrangement whereby the Pool granted an annual subsidy approximately the equivalent of the cost of the rum used.

#### 1957

All 20 distilleries operated and 25,129 puncheons of rum and alcohol were made. This included 967 puncheons of continental flavoured rum.

Prices were again unchanged.

The Pool dividend amounted once more to 4s. 6d. per ton cane owing to the increased sale of rum and a substantial increase in the price of export molasses, and the gross revenue of the Pool amounted to the record of approximately £1,425,000.

For the first time since 1946 no direct advertising was conducted in the U.K. as it was decided to set aside the funds available for a somewhat larger campaign in the following year.

#### 1958

All distilleries operated and it is estimated that a total of 25,100 puncheons of rum and alcohol will have been made. This includes 1,200 puncheons of continental flavoured rum.

Prices were increased by 6d. per proof gallon.

The Pool dividend is estimated at 3s. 3d. per ton of cane due to a substantial reduction in the price of export molasses.

For the first time the Pool's advertising in the U.K. took the form of a television advertising campaign which featured Jamaica rum and bitter orange called "Jamaica Rumbo."



## THE PRESENT PROCEDURE FOR THE OPERATION OF THE RUM POOL

About two or three months before the commencement of each crop, decisions are taken by the directors in regard to prices and terms and conditions for the sale of the forthcoming crop's rums and alcohol. These decisions are communicated by circular to those buyers who, by the nature and the size of their business, are recognized by the Association as primary buyers. With the exception of a negligible quantity of alcohol and methylated spirits (denatured alcohol) sold locally for certain purposes and for which separate prices are fixed, all the rum and alcohol of the Pool are distributed through the primary buyers.

Prices are fixed on the basis of a quantitative scale, which at present ranges from a minimum of 250 puncheons to a maximum of 750 puncheons. This means that a primary buyer must buy not less than 250 puncheons and for that quantity he pays the highest price; while if he orders 750 puncheons or more he pays the lowest price.

There are 15 primary buyers, 8 operating in the U.K., 1 in Nassau, Bahamas, and 6 locally.

A "dead line" for initial orders is communicated to the primary buyers at the same time they are advised of the decision of the directors regarding prices, etc.; this is usually the 15th November as it enables the Pool before the crop operations commence to ascertain approximately the quantities of rums which each estate will be required to make. Additional orders are, of course, received subsequently and during the crop, but owing to the lateness of some orders it is not always possible to meet all the additional orders, especially those for the rums which are popular.

In the meantime, estimates of the potential rum and alcohol production are obtained from the estates so that when the orders are received the Pool is in a position to know whether or not the orders can be supplied in full. Where orders exceed estimates, it is usual, when it is possible and practicable to do so, for the buyers involved to be recommended to other rums of similar quality.

Arrangements are then made with the Pool's bankers for such finance as it is estimated will be required to pay manufacturing allowances and other expenses pending collection from the buyers for the rums purchased by them.

When the orders have been received they are confirmed within the limit of the estimated production and, of course, subject to the estimates being realized (a necessary safeguard especially in these days).

The estates are advised of the orders and are requested to make the requisite quantities of rum.

As all rum is sold on the basis of prices delivered stripped on the estate, the buyers have to provide the necessary containers and remove the filled containers entirely at their expense. Indeed, from the moment the rum is transferred to buyers' containers it becomes their property and all charges, including insurance, is for their account.

As soon as the rums are packaged and the contents of the packages are ascertained on the basis of the

estates' gauges, payments in respect of manufacturing allowances are advanced to the estate pending final adjustment when the rums are bonded in Government Excise Warehouses and the Government gauges are ascertained.

When the Government gauges are obtained the buyers are advised that the rums are ready for delivery, invoices are prepared and forwarded to the buyers, who pay for the rums invoiced to them approximately three weeks after the rums have been declared ready for delivery. When payment is received the rums are transferred in bond to the buyers.

As payments are received distributions are made to the manufacturers according to the proceeds available on the basis of the tons of cane it is estimated will be ground during the crop.

When the crop has been completed and all the rum ordered has been made and paid for, final payments are made in respect of manufacturing allowances, and after allowing for the administrative and other expenses, the final distribution is made on the basis of the tons of cane actually ground.

From 1951 the sale of surplus blackstrap molasses (molasses available in excess of what is required for distillation purposes) has formed an important source of revenue to the Pool. Estimates of the quantities available are obtained from the estates at the same time their estimates of rum or alcohol are provided. A certain quantity is reserved for livestock feed and for other local uses, and the balance is offered for export at annually negotiated prices based on delivery at the receiving sump of the tank installations of the molasses company. The service of transporting the molasses from the estates to the tank installations is performed by the Jamaica Transport Ltd. under a long-term contract at annually negotiated rates. After making an allowance for "aeration," the molasses company pays during each month for the molasses supplied during the previous month. The proceeds obtained for surplus molasses sold for export and locally form, of course, part of the Rum Pool proceeds. As all molasses becomes the property of the Pool as soon as it is available, storage and handling allowances are paid to manufacturers under an agreed formula.

From 1947 the Pool has conducted a certain amount of advertising abroad, chiefly in the U.K., and Canada our two largest export markets, and it is customary to take decisions in March of each year in respect of the sums to be appropriated for each territory. When this has been done the advertising agents are advised accordingly and arrangements are then made as to the form the advertising should take and what media should be used. The latter functions are controlled by an advertising committee appointed by the Pool and which includes representatives of the buyers. Previous to 1947 the Pool contributed annually to the funds of the Rum Propaganda Committee of the West India Committee who engaged in a very limited advertising campaign in the U.K. on behalf of all the W.I. rum producing territories.

## TYPES OF RUM PRODUCED

My talk would not be complete without telling you



something about the rums made during the period the Pool has been in existence. As I think I have mentioned earlier, when the Pool was formed there were 34 distilleries:—

Hampden Vale Royal Georgia Kew Cambridge	}	All of these made continental flavoured rum and four also made a "low wine" rum which I believe was a by-product of the continental flavoured type.
Long Pond		

This distillery made a cross between a continental flavoured type and the "Wedderburn" type, a full bodied rum somewhat heavier in flavour than the "Wedderburn" type; it now also makes a substantial quantity of an extra light type of rum.

Bluecastle Mint Retreat Innswood	}	All these made the "Wedderburn" type, but Innswood also makes now a substantial quantity of the "Common Clean" type.
Prospect		

This distillery made a lighter flavoured "Wedderburn" type, somewhat similar to the "Plummer" type which fetched a slightly lower price than the former.

Friendship Green Park	}	These made the "Plummer" type, a rum slightly lighter in flavour than the "Wedderburn" type.

Shrewsbury Frome Masemure Barnett Holland Raheen Richmond Ironshore	}	These made the old export "Common Clean" types. Slightly lighter in body than the "Plummer" types but heavier than the type used by the local trade.
Llandoverly		

This one made two types of rum, an export quality type, which attracted the same price as the "Plummer" type, and a lighter type, the famous TTL rum, which was sold as a "Common Clean" type.

Bog Jamaica Sugar Estates Serge Island Sevens Monymusk Caymanas Worthy Park Bybrook Bernard Lodge Appleton	}	All of these made "Common Clean" rums of the lighter types, some lighter in body than others.
Gray's Inn		

This distillery produces only alcohol.

Fifteen of these distilleries have since been closed down, they are:—

Georgia, Kew, Cambridge, Bluecastle, Mint, Retreat,

Prospect, Friendship, Green Park, Shrewsbury, Masemure, Ironshore, Raheen, Llandoverly and Bog.

One new distillery, New Yarmouth, which produces a light Common Clean type commenced operating in 1948, has been added, so that there are now 20 distilleries.

Vale Royal has discontinued the production of "continental flavoured" rum as no orders were received during the years of the second world war and it now only makes a "Wedderburn" type.

All the types of rums previously produced at Bluecastle, Mint, Retreat, Prospect, Friendship, Green Park, Shrewsbury and Masemure are now made at Frome. The Llandoverly types are now produced at Richmond and the Bog types at Monymusk.

The trend of consumer taste appears to be gradually changing in favour of very light and almost neutral type, and in order to meet this new development, steps are being taken to produce that type of rum.

On the strength of representations of the Pool, the definition of rum in the Excise Duty Law, which originally fixed the maximum strength at which rum may be distilled at 45° over-proof, has been amended three times subsequently, i.e. in 1941 to 50° in 1952 to 55° over-proof, and in 1955 to 65° over-proof. These changes were requested by the Pool so lighter types of rum could be made.

The usual types will, of course, be always available as and when required, and, of course, there is no intention on the part of the Pool to do anything which would prejudice the business it has built up in those rums over the past years.

It might interest you to know that it was recently brought to the attention of the Pool that the descriptions which, hitherto, have been applied to the various types of rums (other than the continental flavoured types) do not convey accurately to the secondary buyers or the trade generally the types of rums being offered and the purpose for which they are best suited. The Pool has decided therefore that in future the following nomenclature will be used:—

- (1) "Wedderburn" (heavy-bodied rum for blending).
- (2) "Plummer" (medium-bodied rum for blending).
- (3) "Light-medium rum" (formerly classified as Common Clean).
- (4) "Light rum" (formerly classified as Common Clean).
- (5) "Extra-light rum" (Column Still production formerly classified as Common Clean).

The Pool is hoping that in the very near future the derogatory term "Common Clean" which has up to now applied to the lighter types of rums will have been forgotten.

Finally, I thought I would give some statistics which might interest you:—

For the 27 years (1932 to 1958) the Pool has been in existence, it has handled—

433,400 puncheons or 66 million proof gallons of rum.

(This excludes the rum produced by the four estates under the Regulation Agreement.)



71 $\frac{3}{4}$  million gallons of molasses (67 million for export and 4 $\frac{3}{4}$  million for local).

The average production per annum for the first five years of the Pool, 1932-37, was 6,200 puncheons, whereas the average production per annum for the last five years 1954-58 was 19,300 puncheons (over three times).

The average gross revenue per annum for the last five years was nine times that of the first five years.

These results of the operations of the Rum Pool are I am sure a very fitting reward to the past and present members for their foresight, their confidence in the future, their determination to work closely together in

mutual trust and for the work they performed in laying so solid a foundation for the activities of the Pool.

#### DISCUSSION

**Mr. C. E. M. Smith** asked how recently had locally bottled rum been accepted on the U.K. market.

**Mr. C. A. Bloomfield** replied that before World War II, Messrs. Fred L. Myers & Son were the only company selling bottled rum in the U.K., but since then locally bottled rum had been generally accepted on the U.K. market.

**The President** thanked all members for being present and in particular those who had given papers and had taken part in the discussions. He then declared the Twenty-second Annual Conference closed.

