

# The Virgin Islands Consortium

## Diageo To Move Rum Maturation Warehousing To U.S. Mainland; Move Will Not Impact Employment, Rum Cover-Over Funds

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ST. CROIX -- Diageo USVI said on Friday that would be moving its U.S. Captain Morgan rum maturation warehousing to Relay, Maryland, in its continuous efforts to improve efficiency.

According to a statement issued to this publication, Diageo said the move enables more efficiency in its supply chain and also saves the firm money due to improved logistics costs. The transition will occur over the coming months, and is expected to be completed before the end of 2017, according to the statement.

Crucially, Diageo says the change of location for maturation warehousing would not come at the cost of jobs at the distillery. The approximately ten employees currently working in maturation and warehousing will retain their positions through the transition, and those who choose to continue working with Diageo will be afforded other opportunities at the distillery, according to the statement.

"Everyone currently working in maturation and warehousing who wants to continue working at DUSVI will have an opportunity to apply for other roles within DUSVI," reads the statement.

The change will not affect rum cover-over revenues, either, according to the statement, as rum will continue to be distilled and produced in the territory.

"We will continue to comply with our agreement with the USVI government to distil rum on St. Croix, which helps deliver much-needed cover over revenue to the USVI economy," the statement concluded.

Diageo's presence in the territory has come to play a crucial role in the U.S.V.I.'s financial well-being. Along with spirits produced by Cruzan Rum, the territory collects just over \$200 million in federal excise taxes annually, which the USVI uses to pay for its bonds. The federal government collects \$13.25 in taxes on every proof gallon of rum made in the territory and sold in the U.S., and returns most of the funds to the local government.

In [August, 2015](#), the Mapp administration asked the U.S. Office of Insular Affairs for a drawdown of the money before its due date -- a tradition for past administrations -- which he said would "greatly assist the government in managing its cash flow and providing essential public services to the people of the Virgin Islands."