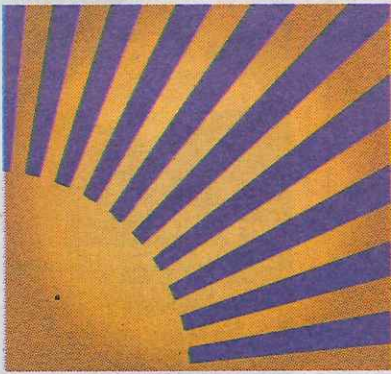


Added pain in Minn. shutdown: It costs millions **US & WORLD
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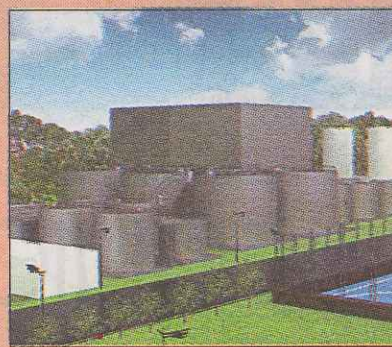
YEAR 3, NO. 980

PUERTO RICO

Daily Sun

THURSDAY, JULY 7, 2011

50¢



Courtesy

New rum distillery to begin operations in PR

ECONOMY PAGE 7

New police chief named

Emilio Díaz Colón was major general in Army National Guard

LOCAL PAGE 3



Daily Sun/Humberto Trías

Some 200 senior citizens of limited resources, ages 60 and up, received a free pair of eyeglasses Wednesday for participating in the "Visual Graduation: Health, Happiness, Security ... Celebrating our Participants 20/20 Visions" activity at the InterAmerican University Optometry School in Bayamón. Participants had to be over 60 years old and live in a public housing project in Carolina, Trujillo Alto, San Juan or Bayamón.

OBJECTIVE REPORTING IS OUR LEGACY





New rum distillery to begin operations in PR

Will operate in old Glaxo, Smith, Kline plant

THE DAILY SUN STAFF

A new rum distillery will start operating next year in the facilities of the old Glaxo, Smith, Kline pharmaceutical plant in Cidra.

Club Caribe Distillers, LLC is expected to invest more than \$10 million in machinery and new equipment in the conversion of the already existing facility in Cidra, abandoned in 2009 after Glaxo Pharmaceuticals closed shop.

"We have identified the opportunity to revitalize a pharmaceutical plant with significant infrastructure compatible with the distilling of rum. That is why we say already have a \$30 million investment in the site," Club Caribe Distillers vice president and chief financial officer Alberto Rivera, said of the 87 acre, 500,000-square-foot facility in Cidra.

Puerto Rico Industrial Development Co. Executive Director José Pérez announced Club Caribe Distillers will benefit from Law 178, which now allow reimbursement of up to 25 percent to local rum distillers from the federal rum tax reimbursement program to Puerto Rico.

The commonwealth gets \$13.25 of the \$13.50 federal tax per gallon of Puerto Rican rum sold in the U.S.

"We are going to produce private rum brands, beside our own, and we are going to produce rum in bulk, which is used by our clients in the U.S. to manufacture their own products," explained Rivera, who emphasized marketing of Club Caribe brands and products will be mainly in the U.S.

"We consider there is a great opportunity to increase demand for Puerto Rican rum in the U.S.," Rivera added.

Club Caribe brands include Ron Carlos (gold rum), Black Roberts (spiced rum) and Club Caribe (silver rum), among others.

The new distillery is expected to create 25 new direct jobs, with a gross payroll of \$1 million.

"This collaboration with Club Caribe Distillers is necessary to protect Puerto Rico's rum industry, while promoting at the same time other areas of the economy, such as competitive business environment and job creation," said Pérez.

In 2008 Puerto Rico's rum industry was shaken when distilled spirits giant Diageo decided to move its operation to the U.S. Virgin Islands after negotiating very profitable incentives and conditions, including a new rum distillery built completely by the local government. The USVI government extended its negotiations to Washington, D.C. in an effort to obtain the same benefits Puerto Rico has for the soon to be produced local rum. Up to then, Diageo's brands were being produced in Puerto Rico by Destileria Serrallés in Ponce. This situation unleashed



Courtesy

Above, an illustration of the Cidra Industrial & Tourism Complex is shown.

the so called rum wars.

The economic impact the Diageo move to the USVI had on Puerto Rico is \$140 million less in federal rum tax reimbursements to the commonwealth.

Pérez did not elaborate on the jobs lost at Serrallés as a result of the move.

While Pérez insists the new distillery is a good step for the recovery, its immediate contribution to the island's treasury

is expected to be "\$20 million, eventually," according to PRIDCO's assistant director Jorge Junquera.

"You have to realize DIAGEO's operation had reached its peak when it moved out.

Still we expect Club Caribe Distillers operation to increase in the near future and start attracting other investments to Puerto Rico," said Pérez.



Courtesy

Above, this undated file photo shows an aerial view of the former Glaxo, Smith, Kline plant in Cidra, which will house the new Club Caribe Distillers operation.