

Diageo Plans Kentucky Distillery

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LOUISVILLE, Ky. (AP) — Global liquor giant Diageo PLC on Thursday announced plans to build a new distillery in Kentucky amid a global boom in American whiskey sales.

The U.K.-based company called the \$115 million project about 30 miles east of Louisville a significant investment in the state's growing bourbon industry. It still needs approval from local government officials, but Diageo hopes to complete the project by the end of 2016.

A variety of current and future Diageo bourbon and whiskey brands would be distilled at the facility, with a production capacity of 750,000 9-liter cases per year.

"Diageo has a long tradition within the craft of whiskey-making, and we look forward to bringing this artisanship to the new distillery," said Diageo North America President Larry Schwartz.

Diageo's brands include Johnnie Walker, Smirnoff, Guinness, Bulleit Bourbon and George Dickel Tennessee Whisky. Global rival Brown-Forman Corp., maker of Jack Daniel's Tennessee Whiskey, is headquartered in Louisville.

In the U.S., sales volume for bourbon and Tennessee whiskeys has grown 26 percent over the past decade, according to the Distilled Spirits Council, an industry group. Exports of U.S. whiskeys have grown to roughly \$1 billion last year, more than double what it was a decade ago.

State and local officials expressed enthusiasm about the project, which is expected to create about 30 jobs for whiskey distillation and maturation.

"Distilled spirits remain a marquee industry in the commonwealth, and Diageo's new distillery will ensure that even more Kentucky bourbon is enjoyed around the globe," said Gov. Steve Beshear.

State Sen. Paul Hornback, who represents the district, said it would be a "fantastic investment" for the community.

"We are thankful for the positive economic impact this will bring and are proud that bourbon, a signature industry of Kentucky, will now be made right here in Shelby County," Hornback said.

The proposed 300-acre distillery site would also include six barrel storage warehouses. Barrel storage has become a legal issue for Diageo in neighboring Tennessee, where the company has sued the state to halt the enforcement of a law requiring whiskey made there to be stored in-state.

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Dickel said it stores all of its Tennessee Whisky at its distillery near Tullahoma, about 60 miles south of Nashville. But other products made there are stored at a company-owned distillery in Kentucky. The federal lawsuit claims that state law violates interstate commerce rights under the U.S. Constitution.

If the law isn't tossed out, the company said it would have to decide whether to expand storage capacity in Tennessee or reduce production of spirits other than George Dickel Tennessee Whisky at the distillery, which would likely lead to job cuts there.

Diageo spokeswoman Kristen Crofoot said Thursday's announcement was unrelated to the Tennessee litigation.

"Those warehouses will be for the product we make there," she said of the new facility.

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