

Jack Daniel's Opens Barrel-Making Cooperage in Alabama

ERIK SCHELZIG, Associated Press

NASHVILLE, Tenn. (AP) — The maker of Jack Daniel's Tennessee Whiskey on Monday celebrated the opening of a new cooperage in Alabama to supply its distillery with the American white oak barrels that are toasted and charred to give the spirit its distinctive flavor and color.

The facility located in Trinity, Alabama, is about 60 miles southwest of the Jack Daniel distillery in Lynchburg, Tennessee. Within the next few weeks, the cooperage is expected to make about 700 barrels per day out of wood from nearby stave mills owned by the company, and is projected to employ more than 200 workers when it reaches full capacity.

"The American whiskey category is booming with exports of Tennessee Whiskey and bourbon eclipsing \$1 billion for the first time last year," Jack Daniel's Managing Director John Hayes said in a release. "We want to be able to satisfy the world's thirst for our premium Tennessee whiskey, and having this state-of-the-art cooperage will help us meet that demand."

Under a Tennessee law enacted last year, distillers must age their spirits in unused American white oak barrels if they want to label their product Tennessee whiskey. Some smaller distillers led by Diageo-owned George Dickel this year made an unsuccessful attempt to get state lawmakers to repeal the law championed by Jack Daniel's, which is owned by global rival Brown-Forman Corp. of Louisville, Kentucky.

Opponents of the labeling law said they worried about a potential American white oak shortage that could be caused by wet weather conditions or demand from pallet makers, and argued that the law should allow the use of rejuvenated barrels.

But advocates argued that London-based Diageo's motivation was to try undercut Jack Daniel's global growth while its own flagship brand, Johnnie Walker scotch, stagnates. Jack Daniel's master distiller Jeff Arnett led the faction of distillers urging lawmakers to uphold the current law to protect the category against low-quality knockoffs.

"A barrel when it's new is very similar to a tea bag: The first time you use it, you get a lot of color and flavor," Arnett said in March. "It's not to say that you can't re-use a tea bag — you can, but you're not going to get the same result on the second or third use."

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. Exports of U.S. whiskeys have grown to roughly \$1 billion last year, more than double what it

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was a decade ago.

Jack Daniel's is the dominant producer of Tennessee whiskey, which is made in largely the same manner as bourbon other than that it must be filtered through sugar maple charcoal. Jack Daniel's last year sold 11.5 million cases of its Black Label last year, a 5 percent increase from 2012. Dickel, the second-largest Tennessee whiskey producer, sold 130,000 cases in 2013.

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