International Demand for Bourbon and its Effect on the Kentucky Economy

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[Include any grant/funding information and a complete correspondence address.]

Abstract

[The abstract should be one paragraph of between 150 and 250 words. It is not indented. Section titles, such as the word Abstract above, are not considered headings so they don’t use bold heading format. Instead, use the Section Title style. This style automatically starts your section on a new page, so you don’t have to add page breaks. Note that all of the styles for this template are available on the Home tab of the ribbon, in the Styles gallery.]

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[The body of your paper uses a half-inch first line indent and is double-spaced. APA style provides for up to five heading levels, shown in the paragraphs that follow. Note that the word Introduction should not be used as an initial heading, as it’s assumed that your paper begins with an introduction.]

# WHAT IS BOURBON?

Bourbon whiskey is a type of American whiskey which are barrel-aged distilled spirits made primarily from corn. The use of the term "bourbon" for the whiskey, derived from the French Bourbon dynasty, has been traced to the 1820s, and the term began to be used consistently in Kentucky in the 1870s. It is disputed whether Bourbon County in Kentucky or Bourbon Street in New Orleans inspired the whiskey's name (Kiniry, 2013). Although overall sales of Kentucky Bourbon continued to rise in 2015 (Patton, 2016), international exports of Bourbon peaked in 2014 where sales exceeded $1 billion but dropped by almost 30% in 2015 (Distilled Spirits Council of the United States, 2015).

## Origins of Bourbon Whiskey?

The use of the term "bourbon" for the whiskey has been traced to the 1820s, and the term began to be used consistently in Kentucky in the 1870s (Kiniry, 2013). Jacob Spears, of Bourbon County, is credited with being the first to label his product as Bourbon whiskey (Kleber, p. 103). Louisville historian Michael Veach disputes that Bourbon whiskey is named after Bourbon County and asserts that “the whiskey was named after Bourbon Street in New Orleans, a major port where shipments of Kentucky whiskey sold well as a cheaper alternative to French cognac” (Veach, pp. 7-9)

What Makes a Whiskey, Bourbon? According to the ATF Title 27 CFR, Section 5.22 Bourbon must be (ATF, n.d.):

1. Made from a fermented mash with a minimum of 51% and a maximum of 79% corn
2. Distilled at less than 80% alcohol/volume (160 proof)
3. Stored in a new, charred, white oak barrel at a maximum of 62.5% alcohol/volume (125 proof) for at least 2 years
4. The original color and flavor of the whiskey cannot be filtered or altered in any way
5. Must be produced and stored (for at least one year of the aging) in Kentucky to be called Kentucky Bourbon

Although they typically don’t include the term “Bourbon” on the label, according to these guidelines Tennessee whiskey is also technically Bourbon (McLafferty, 2014). This, with the fact that Jack Daniels, a Tennessee whiskey, that is also the highest selling American whiskey in the world (Stengel, 2012), is owned by Louisville, KY based Brown-Forman Corporation (Jack Daniels, 2010) means that many statistics that report on Kentucky Bourbon also include Jack Daniels in them.

Legal Recognition within the United States. Bourbon whiskey was recognized as a "distinctive product of the United States" by the United States Congress, on May 4, 1964 (Kentucky Distillers' Association, 2010) and regulations were established by the Bureau of Alcohol, Tobacco, Firearms and Explosives as to what constitutes Bourbon. On August 2, 2007, the U.S. Senate passed a resolution sponsored by Senator Jim Bunning (R-KY) officially declaring September 2007 to be National Bourbon Heritage Month, marking the history of bourbon whiskey (Kentucky Barrels LLC, 2003). Federal regulation also defines "bourbon whiskey" to only include "bourbon" produced in the United States (ATF, n.d.).

International Protections.

## Significance to Kentucky.

# WHAT IS THE BOURBON BOOM?

## When did the Bourbon Boom Start?

## How did the Bourbon Boom Start?

### Marketing Factors.

### Economic Factors.

### Supporting Industries.

## Pre-Boom Data.

### Overall Sales.

### International Sales.

### Average Growth Per Year.

### Supporting Industries.

### Kentucky Economy Pre-Boom.

#### Average Growth.

#### Surplus / Deficit.

#### Tax Income.

### General U.S. Economy.

## Post-Boom Data.

### Overall Sales.

### International Sales.

### Average Growth Per Year.

### Supporting Industries.

### Kentucky Economy Pre-Boom.

#### Average Growth.

#### Surplus / Deficit.

#### Tax Income.

### General U.S. Economy.

## Data Analysis

References

Last Name, F. M., Year. Article Title. *Journal Title,* pp. Pages From - To.

Last Name, F. M., Year. *Book Title.* City Name: Publisher Name.

Tables

Table 1

DISTILLED SPIRITS - EXPORTS BY VALUE (U.S. DOLLARS)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2015 | 2014 | $ CHANGE | % CHANGE |
| WHISKEY, BOURBON | 722,755,084 | 1,021,980,075 | (299,224,991) | -29% |
| WHISKEY, OTHER | 355,497,190 | 72,225,068 | 283,272,122 | 392% |
| TOTAL WHISKEY | 1,078,254,289 | 1,094,207,157 | (15,952,868) | -1% |
| RUM | 93,158,899 | 97,457,684 | (4,298,785) | -4% |
| BRANDY | 93,782,350 | 84,810,485 | 8,971,865 | 11% |
| GIN | 6,884,192 | 4,907,460 | 1,976,732 | 40% |
| VODKA | 63,622,174 | 51,000,009 | 12,622,165 | 25% |
| CORDIALS | 90,663,881 | 89,408,273 | 1,255,608 | 1% |
| OTHER DISTILLED SPIRITS | 138,492,124 | 139,856,150 | (1,364,026) | -1% |
| TEQUILA | 5,621,518 | 6,651,931 | (1,030,413) | -15% |
| TOTAL NON-WHISKEY | 492,225,138 | 474,091,992 | 18,133,146 | 4% |
| GRAND TOTAL | 1,570,479,427 | 1,568,299,149 | 2,180,278 | 0% |

Note: Data reflects international sales of Bourbon whiskey as it relates to other distilled spirits sales (Distilled Spirits Council of the United States, 2015).

Figures

Figure 1. Pie chart showing the relationship between whiskey vs Bourbon whiskey and total whiskey sales vs other distilled spirits (Distilled Spirits Council of the United States, 2015)