
Cuban cigar sales hit record as China demand surges

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On a roll

A surge in sales of Cuba's legendary cigars in China helped manufacturer Habanos S.A.'s global revenue rise 12 percent to hit a record of around \$500 million last year, the company said on Monday at the start of Cuba's annual cigar festival.

Sudden demand in China

Habanos S.A., a 50-50 joint venture between the Cuban state and Britain's Imperial Brands Plc, said sales in China, its third export market after Spain and France, jumped 33 percent in value in 2017.

"Without doubt, there is potential for China to become the biggest market at a global level," Habanos Vice President of Development Jose María Lopez told Reuters after the company's annual news conference, while puffing on a smoke.

Best in the world

The Cuban cigar company's hand-rolled cigars, which include brands such as Cohiba, Montecristo and Partagas, are considered by many as the best in the world, and the festival attracts wealthy tobacco aficionados and retailers from all over for a week of extravagant parties and tours of plantations and factories.

Lopez said that growth in global sales of Cuban cigars last year outpaced the luxury goods market, which expanded 5 percent, according to consultancy Bain & Co. He put sales growth down to several good tobacco harvests and new products.

The Habanos executive said the outlook was also positive, given solid demand and "excellent" climatic conditions. Hurricane Irma, which wrought havoc throughout much of Cuba last year, left the western, prime tobacco-growing state of Pinar del Rio mostly unscathed.

Top exports for Cuban economy

Cigars are one of the top exports for the Cuban economy.

However, the Caribbean island cannot sell its signature export to the biggest market worldwide for cigars, the United States, due to the decades-old US trade embargo.

Trump's hostility has no effect on sales

Improved US-Cuba relations under former US President Barack Obama stoked a boom in international travel to Cuba and boosted cigar sales on the island, with American visitors able to take home as many cigars as they wanted.

Lopez said US President Donald Trump's more hostile policy toward Cuba, including tighter restrictions on US travel, did not appear to have impacted sales so far. Domestic revenue rose around 15 percent last year.

"We trust that despite Trump's measures the Cuban market will continue to grow in 2018," he said.

Cuban symbol

Cigars have been Cuba's signature product ever since Christopher Columbus saw natives smoking rolled up tobacco leaves when he first sailed to the Caribbean island in 1492.

Late revolutionary leader Fidel Castro was often seen puffing on his favored kind, the long and thin 'lancero', until he quit in 1985.

