

Industry Leads Work Together

Before booths and exhibition spaces were ready for opening day, manufacturers informally met on Thursday at the request of Rocky Patel. Drew Estate's space provided an impromptu venue for many of the industry heavyweights to finally come together to protect a shared interest. Jose Oliva, Jonathan Drew and Marvin Samel, Rafael Nodal, Robert Levin, Kurt van Keppel, Nick Perdomo, and others were present not as competitors but as allies in order to come together and ultimately defeat the proposed Federal tobacco excise tax increase that unfairly targets premium cigars.

A subsequent meeting was held on Sunday following the close of the first day of the trade show and was open to all show attendees. Rocky Patel's introduction at the 5pm meeting stated a common goal: to exclude premium cigars from the bills currently before Congress and the Senate as cigar taxation makes up only 1% of total tobacco taxes at the federal level. He raised three main points: First, that new legislation has the potential to destroy an entire industry and workers' livelihoods which are supposed to be protected by the Central America Free Trade Agreement, 'CAFTA.' Second, that the cigar industry operates on a value chain and that the lower demand from higher taxes would obviously result in less tax being collected. Finally, that cigars are iconic, having as much, if not more, of a cultural role and legacy than the wine industry.

Following Rocky was Alejandro Martinez-Cuenca, president of Hoya de Nicaragua and a member of the Nicaraguan Cigar Guilders Association. Alejandro, who was heavily involved in the CAFTA negotiations, asserted that "this is probably the most crucial moment in the cigar industry's history." He informed attendees that this legislation had moved through the Senate at an unbelievable speed and he was concerned about the misinformation confusing the industry. "We thought that signing CAFTA was an invitation to trade with the USA," Alejandro passionately stated. "Cigars are smoked for pleasure. Demand for premium cigars is extremely sensitive to price increases and the quantity consumed will be lowered due to a tax increase."

When mentioning the ambiguity of House Resolution (HR) 3162, Alejandro noted that "they (politicians) don't even know how to interpret the law." He continued by suggesting that not only will individual cigar rollers suffer, but so too will their extended families and communities who depend on the cigar trade and their associated industries for employment. "More than 700,000 jobs and 3.5 million citizens benefit from cigar making in Central America and the Dominican Republic." He finished by declaring that a Presidential veto is not the end of the battle. "Even if there is a veto, it will come back next time!"

What began as a spontaneous meeting between manufacturers on the RTDA show floor has the potential to play a major role in leading the fight against legislation and future taxation issues.

