Will the Republic of Cuba permit a limited edition of 10,000 “Cuban-American” hand-rolled cigars to be created in the United States from one hundred pounds of filler, binder, and wrapper sourced from the Republic of Cuba? If they do, a United States company is ready and may ask the Biden-Harris Administration to authorize crop financing.

It has sort of happened before.

For the Republic of Cuba, the re-introduction to the United States marketplace of tobacco leaf grown in the Republic of Cuba would provide a third Hecho en Cuba- Made in Cuba moment, or, depending upon labeling regulations, Procedente de Cuba- Sourced from Cuba moment.

The government of the Republic of Cuba, through Republic of Cuba government-operated Corporacion Habanos S.A., (2020 revenues US$507 million; 2019 revenues US$531 million) prefers to add value to its agricultural commodity patrimony- grow the tobacco, process the tobacco, create the cigar, create the cigar band, create the cigar box, and then export the final product, thus gaining added-value for its twenty-seven cigar brands.

With the Biden-Harris Administration (2021- ) training its Republic of Cuba policy towards supporting the self-employed and privately-owned businesses, including those within the agricultural sector, Washington DC might approve an importation and even financing, but how will the [Miguel] Diaz-Canel Administration in Havana respond?

There are tobacco plantations (small, medium, and large) in the Republic of Cuba that were, prior to the 1959 Revolution, and have remained since, owned by families rather than the government of the Republic of Cuba. They sell their crop to the government of the Republic of Cuba.

Tampa, Florida-based J.C. Newman Cigar Co. confirmed the company would entertain providing crop financing for a tobacco plantation which conforms to the “independent Cuban entrepreneurs” requirements of the United States Department of State. In 2016, the United States Department of State certified certain coffee plantations and charcoal sourcing areas in the Republic of Cuba as meeting the requirements- and those requirements continued to be maintained, without interruption, through the Obama-Biden Administration (2009-2017) and Trump-Pence Administration (2017-2021).

On 2 June 2021, J.C. Newman Cigar Co. wrote to the United States Department of State to request that raw tobacco from the Republic of Cuba grown by “independent Cuban entrepreneurs” be eligible for import to the United States. From 1895 to 1962, J.C. Newman Cigar Co. imported tobacco from the Republic of Cuba and retains custody of the last bale of pre-embargo tobacco imported from the Republic of Cuba.

The request was to “include section IV, chapter 24, heading 2401 (unmanufactured tobacco)” in the list of Goods and Services Eligible for Importation. LINK To Letter
Control Regulations (31 CFR Part 515 – the CACR) authorizes the importation into the United States of certain goods and services produced by independent Cuban entrepreneurs as determined by the State Department as set forth on the Section 515.582. The goods whose import is authorized by Section 515.582 are goods produced by independent Cuban entrepreneurs, as demonstrated by documentary evidence, that are imported into the United States, except for goods specified in the following sections/chapters of the Harmonized Tariff Schedule of the United States (HTS).”

To date, only coffee beans (one importer) and charcoal (two importers) have been included on the list of goods authorized for export from the Republic of Cuba to the United States. Republic of Cuba government-operated Cubaexport (under the auspice of the Ministry for Foreign Trade and Foreign Investment of the Republic of Cuba) has refused requests to authorize coffee beans for direct export to the United States and thus far refused requests to authorize bulk honey and cocoa beans for direct export to the United States.

In August 2016, New York, New York-based Nestle Nespresso USA, Inc., a subsidiary of Vevey, Switzerland-based Nestle SA (2019 revenues approximately US$93 billion), introduced to the United States the first of multiple releases of the “Cafecito de Cuba” capsule. The coffee beans are exported from the Republic of Cuba to Switzerland for processing and then exported to the United States and other countries for sale-at-retail.

In January 2017 and July 2018, Hialeah, Florida-based Fogo Premium Lump Charcoal purchased a total of four twenty-foot containers of charcoal from the Republic of Cuba for distribution throughout the United States.

In May 2019, Foley, Alabama-based GulfWise Commerce LLC, affiliated with Foley, Alabama-based Woerner Companies (2019 revenues exceeded US$40 million) purchased two forty-foot containers of charcoal from the Republic of Cuba for distribution (including through Amazon.com and True Value hardware stores) throughout the United States.

From Mr. Drew Newman, General Counsel, J.C. Newman Cigar Co.: Premium cigar tobacco generally ranges from US$6.00 per pound (basic filler tobacco) to between US$20.00 and US$50.00 (for the finest wrapper leaves). In general, sixty pounds of tobacco is required to create approximately 1,000 cigars. One hundred pounds of tobacco can create approximately 1,600 cigars. Cigars are a blend of tobaccos. At minimum, five different types of tobaccos are needed to make a cigar (a wrapper leaf, a binder leaf, and three different types of filler leaves). To create a “Clear Havana” or a cigar with 100% tobacco from Cuba, we would need five different types of tobacco leaves. With one hundred pounds of one type of tobacco from Cuba, we could blend it with tobacco from the United States to create approximately 10,000 cigars.

Investment & Financing?

Currently, only donations to the self-employed, small and medium-sized businesses in the Republic of Cuba are authorized by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury.

If the Biden-Harris Administration authorizes direct investment and direct loans to the self-employed and small and medium-size enterprises in the Republic of Cuba, particularly those focused upon agriculture, then J.C. Newman Cigar Co. would have both an opportunity and incentive to engage directly with a family-owned tobacco plantation located in the Republic of Cuba and provide crop financing as is standard in the tobacco industry throughout the world. That financing could include funding to purchase agricultural equipment.

Antioch, Tennessee-based Wirtgen America, Inc., a subsidiary of Windhagen, Germany-based Wirtgen Group (2019 revenues approximately US$3 billion), a construction equipment machinery subsidiary (acquired in 2017) of Deere & Company has also delivered products to the Republic of Cuba. Deere & Company reported that the company would provide financing for equipment purchases by authorized Republic of Cuba entities.

Caterpillar Inc.’s distributor for Caribbean Sea-area countries, San Juan, Puerto Rico-based RIMCO, manages a distribution center in Havana which provides sales, service and rental of brands including Caterpillar and Duluth, Georgia-based AGCO Corporation (2019 revenues approximately US$9.3 billion). There are no United States government prohibitions upon Caterpillar or RIMCO from providing, directly or indirectly, payment terms and/or financing for equipment exports from the United States to the Republic of Cuba.

Additional Observation

If cigar tobacco from the Republic of Cuba were to be permitted to be exported to the United States for the purpose of being a component(s) of a cigar produced in the United States, which component(s) of a cigar would be likely from the Republic of Cuba—wrapper, binder, or filler, to produce the highest quality and most marketable cigar for distribution in the United States?

From a long-time tobacco industry insider with direct knowledge of the Republic of Cuba: It is not a simple, direct answer. The complicated part is there is a perennial debate in the cigar industry about the influence of the wrapper on the taste of cigar. Two schools, diametrically opposed; one says that the wrapper accounts for 70 percent of the flavor; the other says exactly the opposite, no more than 30 percent of the final flavor profile, something that more closely reflects the proportion of the wrapper leaf to the whole cigar. I happen to fall in the former category. So, if that being true, then the key ingredient would be the wrapper leaf. Cuban wrapper, at its best which is not always a given, is distinct in its coloration (Colorado or deep reddish brown) and, IMHO, its unique taste, a somewhat indescribable combination of earthiness and spiciness only rarely found in wrapper outside Cuba. But that observation -- the uniqueness in Cuban tobacco flavors -- suggests that the filler is also a dynamic ingredient in the final flavor profile. With filler, the variability is probably less of an issue -- top quality wrapper leaf requires a consistency of appearance in addition to its taste -- and therefore might be a key element in producing a cigar that mirrored the often-alleged superiority of Cuban cigar taste profiles, again, something I would describe generally as earthier and spicier than most non-Cuban tobaccos. What has been a constant among the most knowledgeable men in the industry is that they have talked wistfully about being allowed to use Cuban tobacco in their own blends with Dominican and Nicaraguan tobaccos, using those distinct flavor elements to create something entirely new to the market. Binder tobacco seems to me to be less of an issue...it's one leaf that might add some complexity but wouldn't be a game-changer in any interpretation of the role the three leaf varieties have in a final product.