

SMOKE

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Until September 1998, Italy was held under a government monopoly that severely limited the availability of tobacco products. Mario Lubinski was the central figure in changing that system. Mario Lubinski says the Italian system would have evolved without him, but most industry people who know the dynamics and history of the problem thank one man for the current open market: Mario Lubinski. Lubinski is a manufacturer, distributor, importer and exporter of tobacco and accessories in Italy. President of Lubinski Ltd, he is tall, wiry, gregarious, articulate and expressive, and he refuses credit for the wide variety of tobacco that Italy now enjoys. But the fact remains that before he started his campaign and strategies to open the market, Italy was almost barren of quality cigars and pipe tobacco, and had been that way for generations.

When Mark Twain visited Italy in the late 1800s, he found an exasperating scarcity of tobacco products. The best cigar available at the time, he reported, was called the Virginia: It looks like a rattail file, but smokes better, some think. It has a straw through it; you pull this out and it leaves a flue, otherwise there would be no draught, not even as much as there is to a nail. Some prefer a nail at first.

Twain discovered that the situation for Italian pipe tobacco was little better:

It is loose and dry and black, and looks like tea grounds. When the fire is applied it expands and climbs up and towers above the pipe, and presently tumbles off inside one's vest. The tobacco itself is cheap, but it raises insurance.

Twain was a keen observer who knew tobacco better than most, being an avid consumer of the product from the time he was a boy. Famous for buying only the cheapest of cigars, if Mark Twain complained about the tobacco, there could be no doubt of its inferiority. The Italian retail tobacco industry definitely needed improvement.

Even a hundred years later, very little in the way of premium tobacco was obtainable in Italy. The Italian government held a strict monopoly, and only a few government sanctioned tobacco products were available for distribution. The bulk varieties of pipe tobacco were virtually all that was available; imported tins were nearly unheard of. Premium cigar smokers also had limited choices, because only 6 premium cigars were permitted in the country: 2 different Dunhills, 2 Macanudos, the Montecristo n.4 and the R&J Churchill. Even this paltry selection was difficult to find, however, because Italy was simply not equipped for premium cigar sales.

There were no humidified warehouses," says Lubinski. "There were no humidors in the tobacco shops—only three or four shops had humidors. Most Italians were driving to Switzerland for cigars." In fact, there was very little market for premium tobacco because most Italians had never experienced it and you can't miss what you've never had.

Mario Lubinski decided to change all that. How he happened to be in a position to try such a thing, though, is a story in itself. If not for a chance meeting his father had with a stranger in a cemetery in 1958, Lubinski may never have had even an interest in tobacco, let alone set out to revolutionize his country's tobacco distribution regulations.

His father's name was Wojciech Lubinski. At the beginning of World War II, Wojciech was imprisoned by the Russians, as many Poles were, and sent to Siberia. As military action escalated, he was set free and taken by train from Siberia to Iraq for military training; from there he became part

of the allied forces invading Italy. On his second tour of duty in Italy, Wojciech was shot. While in the hospital he met his future wife and after his convalescence they returned to Poland, where Mario was born.

In 1958, when Mario was seven years old, the family returned to Italy for a one-month visit with Mario's grandmother. While there, Wojciech attended a ceremony for fallen Polish soldiers at a local cemetery, where he happened to strike up a conversation with the gentleman standing next to him, a man named Stanislov Kuckiewicz.

Kuckiewicz was a genius," says Lubinski, "at making his hobbies his job. He was a pipe smoker and a fisherman. He made his living at the time he met my father by making fishing lures. He made aluminum flies. He held several worldwide patents. I remember him saying, 'I wouldn't like to live if I couldn't fish.'"

The two men became friends. Kuckiewicz gave Wojciech Lubinski two or three tobacco pipes and told him to quit smoking cigarettes. He also offered to help Wojciech stay in Italy. "It was a hard decision for my father to leave Poland and start over in Italy," says Lubinski, "but he did it and worked for Kuckiewicz as a sales representative selling fishing lures." Wojciech traveled around Europe with Kuckiewicz's lures, until during a trip to London he saw Falcon pipes for the first time and had an idea. He bought 10,000 Falcon pipes.

My father started selling Falcons to shops all over Italy," says Lubinski. "It was a tough start; he had to work very hard. He was traveling all the time." All that travel, though, and all that hard work, brought Wojciech to the attention of a man who has become a legendary figure in the pipe industry: Alberto Paronelli. Paronelli is still known as a pipe carver, of course, but here in the United States it is not well known to that he also distributed pipes. In Italy at that time Paronelli distributed Kriswell, Comoy's, Butz Choquin and Stanwell. "Paronelli called my father," says Lubinski. "He said, 'Come see me in Milan.'" Soon, Wojciech Lubinski was the sales rep for Paronelli and found himself selling all of these pipe brands as he traveled throughout Italy.

After a few years, it became time to start a separate company, and in 1975 Wojciech split from Paronelli. He and his son Mario started a company called Ital Impacs. We started negotiations with Peterson in Ireland at that time," says Lubinski, but they held off on a distribution agreement. However, Ireland would later have an important impact on the company.

Comoy and Kriswell followed Wojciech and moved distribution right away. Stanwell moved its distribution to Ital Impacs in 1976. As things settled and became more established, Wojciech retired. A new company was formed, Lubinski Limited, with Mario Lubinski as Amministratore Unico.

One of the first success stories of this new company was with Giancarlo Guidi of Mastro de Paja pipes. "When Giancarlo started making his own pipes," says Lubinski, "he first went to Paronelli for distribution, but Paronelli turned him down, so then he came to us." Guidi brought with him 12 system pipes he had designed and carved. "They were horrible pipes," laughs Lubinski. "Very wet smoking pipes. But after a year he changed to more normal engineering. At first we too said no, but his talent was so obvious that we gave him a chance and started distributing Mastro de Paja pipes." The pipes kept improving and growing in popularity, becoming an important part of the company's distribution. However, that business relationship lasted only four years. "A sales rep of mine got together with Giancarlo and they went their own way," says Lubinski.

That piece of bad luck was offset, though, when a short time later Lubinski Ltd acquired the distribution rights to Peterson pipes. "Now," says Lubinski, "26 years later, we are the oldest Peterson agent."

More high-grade pipes followed. Ashton came next. "Then, in 1978," says Lubinski, "we got Il Ceppo and now hold world distribution rights to that brand. Then Amorelli joined us. We've gone on-and-off with Upshall for many years." Later on, Radice joined the company as well. Today, Lubinski Ltd is the biggest pipe, tobacco and accessories distributor in Italy.

Recent business has turned to cigars, of course," says Lubinski, "especially cigar accessories." The cigar boom in the United States helped with that, of course, but Lubinski had a foothold and was in the right place at the right time to take advantage of it. That right place was Fermo, Italy, where the company is based in a shoe manufacturing district, so it was natural to pursue leather goods. "It was a small segment of our sales until 1992 to 1993," says Lubinski, "when the American boom hit." Suddenly, leather goods were in impossibly high demand by the American tobacco industry. "We were providing the Romeo y Julietta cases, and that grew into a large business," says Lubinski. Distribution of cigar cutters and humidors became enormous. "We were supplying JR, Lane Ltd, Colibri, Cigar Aficionado, Ashton—many large accounts. Demand was extraordinary."

Lubinski started manufacturing his own range of products as well as distributing existing items. "We built a large export business," he says, "providing many American companies with their own special, name brand products." The company became a mainstay for the huge market in the U.S.

When the need for cigar accessories finally began to wane in the United States, demand was just building up in Europe, and Lubinski filled that need as well. From a small Italian company, Lubinski Ltd had become a worldwide distributor. "Fifty percent of our products are now exported," he says. Still, even with the rest of Europe now following the American trend in tobacco, Italy remained closed up to the gigantic variety of cigars and pipe tobacco that was becoming ever more popular worldwide. Lubinski was well aware of the advantages of an open market and he began a campaign of letter writing that would last several years. The Italian government, however, wanted to maintain the monopoly, of course. But Lubinski's perseverance brought some gradual concessions from the government. "I obtained the first license in the country for a bonded warehouse," he says. "The Ministry of Finance conducted an experiment in license control, and I was the subject."

It became a monumental gamble, but Lubinski is a self-confident man with a keen sense of calculated risk. To maneuver around the state monopoly would require a colossal investment requiring several years of planning and campaigning, and almost \$1,000,000 for construction of the bonded warehouse along with a huge inventory of cigars and pipe tobacco, during a time when the American cigar boom was demanding every quality cigar being produced worldwide. This all had to happen, of course, before he even knew if it would work, before his distributor's license was approved, before such licenses even existed, and it all had to happen long before the first lire of business capital could be made.

With no real infrastructure in place, it was difficult to figure out a new system. There were so many checks and balances that almost nothing could get done. But after a five-year debate, the Italian government decided to officially bring Italy into the European Community, and that provided a loophole that Lubinski was ready to capitalize upon. Basically, the new rules for the united Europe community indicated that trade could not be restricted between different member countries. Lubinski then founded a company in Ireland to import tobacco products, and from there, they could be exported to Italy. The Italian government could no longer restrict trade. Suddenly, Italian smokers found themselves with a wealth of variety never experienced before.

Well, perhaps "suddenly" is the wrong term. It took terrific effort to prepare Italy for the variety of tobacco that was now available. "Italian shops are small," says Lubinski. "The shops themselves had to be educated on humidification of cigars, proper storage, selling, stocking and many other things. We spent much time and energy educating retail customers." It all worked out well for consumers, though. Where only 6 premium cigars were formerly available, dozens are now evident. The shops could have been difficult to convince, but Lubinski is a man who is very well respected. His company had not simply been handed to him, regardless of it being the family business. He had worked long hours as a route salesman and he knew the people he was dealing with. Even more important, those people knew him. His personal convictions, hard work and willingness to take great risks for the right cause rallied the industry.

Lubinski Ltd distributes many of the brands that became available with the new system, including Ashton, Indian Tobac, Toraño, Macanudo and Perdomo, to name just a few. Pipe tobaccos new to the Italian market are also distributed by Lubinski, such as McConnell, Ashton and Rattray's. However, says Lubinski, "Italy is still a small market. Of the six tobacco distributors in Italy, we were the first. But the fifth independent distributor is Cuban, and 80 percent of the demand for cigars in Italy is for Cuban cigars."

Although the tobacco market in Italy is no longer restricted, the Italian government, like governments everywhere, still institutes taxes that make it difficult to maintain a profit margin.

"Excise taxes amount to 74 percent," says Lubinski. "Our turnover is only 16 percent. Tobacco is a very tough product. We do it because Italy deserves to have good products, and our customers are very happy to have good tobacco."

Lubinski Ltd is there to provide that tobacco, but it all could have been very different. "If my father had stood two meters away in that cemetery that day in 1958, we would have gone back to Poland," says Lubinski. Wojciech Lubinski would not have met Stanislov Kuckiewicz, would not have started selling those fishing lures, would not have discovered Falcon pipes and become involved with Paronelli, would not have started a company with his son who would expand the business to global proportions and eventually open the Italian tobacco market. "An accidental meeting," muses Lubinski, "drove it all."