

Japan Tobacco sees gain in Russia

LONDON (Bloomberg) Japan Tobacco Inc. said Thursday Russian sales are rising as taxes force up the prices of budget competitors to its Winston and LD brands.

Cigarette volumes in Russia climbed 1.5 percent from January to March, Executive Vice President Masakazu Shimizu said at a press conference in London. "People are starting to trade up from the value segment" as prices rise, he said. "When people who used to belong to higher pricing products are trading down, we have the expansive presence in the midpricing zone to catch them."

Taxes on tobacco are being increased incrementally until 2011 in Russia, where 42 percent of the population smokes, according to Japan Tobacco. Tax currently accounts for around one-third of the retail price on filtered cigarettes in the country. Japan Tobacco includes Russia in its Rest of the World unit, which accounted for 17 percent of sales last business year.

Japan Tobacco's U.K. market share rose to 39.2 percent in April from 38 percent a year earlier, the company said.

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