

on Tobacco-related R&D was £30 million. The majority of this was managed and funded locally but there was a co-ordinated programme of Group Strategic R&D accounting for around 10% of total expenditure. Total expenditure in 1988 had been budgetted at £3.3 million split as follows:-

(a) Smoking Issues Research (External)	£0.3 million
(b) Fundamental Research (mainly BATUK&Z)	£2.0 million
(c) Project Greendot (BATUK&Z)	£0.5 million
(d) Project Airbus (Brown & Williamson)	£0.5 million

- 4 -

24. It was suggested that the expenditure on the Fundamental Research, on Greendot and on Airbus should be funded on a similar formula to that applied in 1988 giving allocations as follows:-

<u>£m</u>	<u>1988</u>	<u>1989</u>
BATCo.	0.75	1.73
Brown & Williamson	0.90	2.08
BATCF	0.57	1.32
ITL	0.57	1.32
Anatil	0.21	0.48
TOTAL	<u>3.00</u>	<u>6.93(a)</u>

Note (a) £3.38 million of the additional expenditure is accounted for by Airbus and is subject to a favourable review of that project in March 1989.

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Appendix

The simplest formula for deriving the contributions from the CAC countries (excluding Brazil) is to divide the £2 m into 5 equal shares of £0.4 m, i.e.

BATco	0.4 m	(0.7 m)
USA	0.4 m	(0.4 m)
Germany	0.4 m	(0.4 m)
Canada	0.4 m	(0.3 m)
Australia	0.4 m	(0.2 m)

In practice, we may anticipate a settlement from Canada at 0.3 m and Australia at 0.2 m. It is proposed that the shortfall is reflected in an increased contribution from BATCo.

ALH/DET
10th October 1986

Extract from TSRT Note prepared by Alan Heard
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