

Extract from TSRO Minutes of 5th November 1987

4. Mr. Heard believed that the design of the product was such that the nicotine was derived from the tobacco and hence the product was likely to be classified as a cigarette rather than as a drug. He believed that the product could have a major impact on the market and that BAT should build up research effort specifically aimed at competing with this initiative.
5. Mr. Heard presented a paper proposing a programme of basic research for the BAT Group, similar in cost and content to the programme presented last year. However, he also suggested that, in addition to this basic programme costing £2m in 1988, there should also be a supplementary programme to provide a competitive response to the RJR smokeless cigarette. Initial estimates were that this would cost a further £1m in 1988, £1.8m in 1989, £2.7m in 1990 and £2.5m in 1991.
6. It was suggested that the funding of the £3m programme in 1988 should be shared between the 'CAC' companies with the USA providing £0.9m, the UK £0.75m, Germany and Canada £0.57m each and Australia £0.21m.
7. Both the research programme and the proposals for its funding were accepted as a reasonable basis on which to proceed. It was also noted that the next review of R&D would be in the autumn of 1988, at which time a progress report would be presented on the work related to the RJR smokeless cigarette.

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BATCo document for Province of British Columbia 20 April 1999