

Extract from CSRT Minutes of meeting 22nd October 1986

3. Mr. Heard presented a paper on the funding of R&D. It was noted that the majority of the R&D effort (costing around £30m) was funded by the company in which the work was done. There was a free interchange of the information arising from this work through a common database and it had been decided that it would be inefficient to try to make charges between companies for this information.

However, there was about £2m of work in Southampton and £0.55m of work in Souza Cruz which was classified as fundamental research of a type which was essential but which was not carried out in the other R&D departments.

It was agreed that the cost of the work in Souza Cruz should be carried in that company but that the £2m of expenditure in Southampton should be covered by the other companies. It was agreed that a reasonable allocation would be £0.5m each to be paid by BATCo. and BATUS, £0.4m each from BATIG and Inasco but only £0.2m from Amatil (taking into account the relatively low volumes of cigarette sales in Amatil).

- It was agreed that BATCo. should negotiate payments on this basis for 1987.

It was also agreed that BATCo. should check back with the Strategy Team in future years, to agree both the level of expenditure on fundamental work and also the allocation of the charges.

4. It was agreed that the current level of R&D effort was generally adequate to meet the requirements of the Tobacco activity.

However, it was suggested that Souza Cruz might give further consideration to the possibility of commissioning work with NFI on the application of biotechnology to developing specific characteristics in tobacco.

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