

NOTES ON MEETING WITH IMPERIAL TOBACCO LTD. - 16/11/93

1. CANADA DOMESTIC

Discussions with Mac Harrison - National Sales Director resulted in agreement as follows:

- SEFK is withdrawn from Vancouver due to low sales and pending packaging restriction.
- The project, however, should be regarded as "on hold"
- Currently Imperial and RJR are taking legal action against the government on the commercial restrictions C51 Bill imposes. Next hearing in the Supreme Court within a week. Assumptions that there may be a receding ultimately of the more extreme measures of C51 Bill.

Why?

- If a relaunch of SEFK could be attempted in the future, then Imperial would now be happy for BATCo to
 - Launch nationally
 - Trade direct with key distributors to ensure penetration of specific target markets / consumers
 - Have the service support of the Imperial sales force.

2. CARIBBEAN - GENERAL

Discussions with Richard Ward, Export Manager, covered the following issues and topics

- RB explained latest changes to BATCo local structure i.e. move of A. Boyce: Appointment of Eric Bardet.
- RB explained latest BATCo Group Strategy initiatives involving Exports and OpCos. R. Ward had been party to the original meetings two years ago. The promotion of BHSF as the key Regional brand was discussed together with the current research to identify a mid-price brand for the French Caribbean. Du Maurier could be the brand name utilised and sourced ex Europe. R. Ward suggested bought-in Canadian manufacture of the brand but only in terms of a general recommendation.

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- R. Ward assumed any new policies for the Caribbean would not affect his recent agreement with WITCo to import Du Maurier into Trinidad to pursue Canadian tourists.
- RB outlined latest BATCo/BW initiatives and status to date.

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3. BAHAMAS

R. Ward assumes no change to his current trading situation as transfer of market responsibility for BATCo brands to B&W does not directly affect his trading relationship. Assumption is he would continue to directly manage his brands with Distributor as with past practice. RB unable to clarify further at present.

should not !!. the idea is to take one identity in front of the distributor

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○ To be decided - future payments of ITL's commission charge to BATCo for usage of their distributor.

- RB and RW to jointly visit Bahamas at end of January to assess viability of current distributor. RB would have to co-ordinate this visit with B&W.
- Imperial invoice Solomon Bros. in US not Canadian Dollars therefore do not receive any favourable exchange treatment from Bahamian Customs.

4. JAMAICA

R. Ward had received K. Dunt letter regarding legal situation. RB clarified the issues. R. Ward will be passing the request to stop trading to his Board of Management.

5. CUBA

C.B

With increased Canadian investment in the island plus rapid expansion of hotel accommodation, R. Ward has been developing Du Maurier business with the island. He utilises a Spanish distributor based in the Bahamas and sells CIF Havana. Sold 15 million in the second half of 1992. Utilises promotional girls activity in key resorts. The Germans, with HB, have joined Richard in this venture.

6. DOMINICAN REPUBLIC

Imperial import Du Maurier direct to Santo Domingo utilising George Azel, SMT, Miami as the official importer.

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7. ITL USA

Imperial have set up an office in Delaware, USA and all exports are administered through this location. Prime purpose is to avoid recent Canadian Government requirement that all export customers should have individual codes printed on the packs. All Imperial brands are shipped from a store in Liverpool, New York State.

8. ITL EXPORT PRICES

As from December 6th, Imperial are raising their prices to the following markets: (All in US Dollars)

	New Price	
Bahamas	\$19.50 per mille	(+\$1.00)
Bermuda	" "	(-\$0.65)
Barbados	\$18.00 "	
Cayman/Antigua/St. Kitts/St. Lucia	\$23.00 "	(+\$1.75)

This is the first increase for four years with further rises in the near future.

9. OTHER BUSINESS

• I.T.I. are participating in the BAT Industries policy regarding "Visits to Group Companies" - copy attached. Therefore all BATCo delegates to Caribbean Conference in Montreal next year will have to be approved

• R. Ward enquired whether BATCo / B&W are taking any NAFTA initiatives for Mexico. He would like to know BATCo's position.

Ampl. Section B
R. Brentnall
B & W initiatives

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