

CAC X

Introduction to Item H - Thursday, 14th May 1987

Tobacco I

Following the presentations on Legal Issues, on Smoking Issues, and on Research and Development, delegates will be invited to discuss the following questions:-

1. Are there any new initiatives which the B.A.T Industries Group should be taking on:-
 - (a) Product Liability Issues.
 - (b) Smoking Issues.
2. The majority of BAT's tobacco R&D resources are being placed behind short term, market driven and cost reduction, objectives, e.g. Actron, Ultra Slim, Apex, smoke quality improvement, low cost expansion processes, etc., and in ensuring an appropriate response to smoking issues. Only a very minor part of total R&D resources are spent on the basic, long term research necessary for more radical product development. Is the total level of resources (£230 million per annum) adequate, and are the proportions currently spent on these objectives correct?

Tobacco II

B.A.T Industries' objectives for its tobacco interests should continue to envisage a real increase in profitability and cash flow over the next decade.

Following a review of market trends, of possible opportunities in monopoly markets and of BAT's position relative to competitors, delegates will be invited to discuss:-

1. Whether it is accepted that growth prospects in Tobacco are limited and hence that the main priority must be to optimise the cash generation from the business.
2. The options and preferred strategies for achieving the objectives for Tobacco.

3rd March 1987

201796008