



# BRITISH-AMERICAN TOBACCO COMPANY LTD

A member of the B-A-T Industries Group

2nd October 1986

Souza Cruz Indústria e Comércio,  
Brasília.

Dear Sirs,

Registered Office:  
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Following the R&D Conference, a programme of research across the Group has now been agreed. Inevitably, some of the projects do not have a specific sponsor and because of their nature and the expertise required to conduct them, they are best carried out in Southampton, although they do not relate to any specific short term requirements of either BATDKE or BATCO. These projects, equivalent in cost to 7% of the total Group R&D expenditure, are all of a long term nature but in each case are directed at business goals.

Important topics include the formation and control of individual smoke components which we anticipate becoming a subject of regulatory intervention, the formation, composition and control of sidestream/ambient smoke, again increasingly the subject of regulatory interest, and enhancement of smoke sensory attributes by modifications to aerosol formation. The latter, which relates to nicotine release from smoke, is considered a key approach to product taste and flavour improvement and will be particularly relevant as regulatory authorities create consumer interest in low tar/regular nicotine products.

Following the closure of the main biological activity at Southampton, a responsibility remains to monitor external developments in biological testing and this is part of the Fundamental Research activity. Finally, the kind of basic research on process science that produced both APEX, our own expansion process, and DEER, our new tobacco extrusion/expansion process, lie within this activity.

At the time when the new arrangements for Group research were agreed with BAT Industries, I gave the commitment that no research fundamental to our long term needs or enabling us to remain competitive, would be abandoned in the restructuring. Alan Heard is of the opinion that these activities fall into this category and should be retained. At the Research Conference, the Research Directors of the CAC companies supported the retention of the Southampton fundamental research projects (subject to there being no erosion of their resources). However, in presenting the position to BAT Industries, it is essential that I obtain a balanced view reflecting also your own perspectives. Clearly, when presenting this plan to BAT Industries, the question of funding will arise.

In order that I can prepare a position paper for the next Tobacco Strategy Review meeting, I would be grateful for your reply by 9th October.

Yours sincerely,

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