

Tobacco Strategy Review Team

SECRET

A meeting of the Tobacco Strategy Review Team was held on 18th May 1990.

Present: Mr. P. Sheehy, Mr. M.F. Broughton, Mr. B.D. Bramley,
Mr. R.J. Pritchard, Mr. U. Berter, Mr. L.J. Saboia e Silva, Mr.
J-L. Mercier, Dr. R. Salter (Secretary)
Mr. P.J. Rombaut and Mr. T. Wylie also attended the meeting
Mr. A.L. Heard attended for items 47-50.

1. The minutes of the meeting held on 9th February were agreed.
2. **Inter-company transfers** : Mr. Bramley reported that 2 transfers had been implemented since the last meeting and that the respective Personnel managers were due to meet in June to discuss further additions to the list of transfers to be arranged. The Chairman stressed the need for continuing involvement by the Chief Executives, who should give clear instructions to their Personnel managers on specific transfers to be arranged.
3. **Central Additives Register** : Mr. Bramley reported that the preparation of the register was scheduled for completion in August. It was noted that because of the possible need for disclosure of both the chemical and usual names of additives to cigarettes (as was already the case in Canada), further consideration would need to be given to the identification of substitutes for those additives which, although they were not harmful, had usual names which might give rise to adverse reactions when disclosed in this way.
4. **Regulatory Issues** : Mr. Pritchard reported that although Senator Kennedy's Smokers Education Bill was still in committee, there was a strong possibility that it would reach the floor of the House in September. Key provisions in the Bill were stricter enforcement of penalties for sales to under-age smokers and the setting up of a Tobacco Centre with funding of \$185 million and a remit to oppose smoking. A new regulation requiring additives to be listed on the carton would also be introduced. However, it was not thought that the Hatch Bill, on further advertising restrictions, would be introduced during the next session. It was noted that in Canada the introduction of a maximum \$25,000 fine for sales to under-age smokers could have an adverse effect on distribution as some retailers might be unwilling to stock a product whose sale could expose them to the risk of incurring a fine on this scale.
5. It was noted that the European Council of Ministers had agreed to a tar limit of 15 mg for 1993, reducing to 12 mg in 1998. However, the directive on advertising had not yet been agreed.
6. **Smoking Issues** : The Chairman drew attention to the recent article in the UK Sunday Times criticising the apparent strength of BAT cigarettes sold in certain countries in Africa. He stressed the importance of being able to defend the sale of cigarettes with higher tar levels than were usual in Europe and North America, putting these into context with the requirements and practice in the relevant markets. In addition, the continuing long term aim would be to work towards progressively lower deliveries in all markets.
7. It was noted that the article had not given rise to any correspondence from shareholders. However, BAT had taken the initiative in providing major shareholders with a statement of the Group's position on this issue and there were also plans to inform interested MPs, including the Minister for Overseas Development. Putting the company's case on this issue would remain a high priority.

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