

TOBACCO STRATEGY REVIEW TEAM: 26TH FEBRUARY 1992

The following relates to the draft agenda circulated by Roy Salter on 13th January.

1. Minutes of meeting held on 2nd December 1992

2. Marketing: General Issues

(a) November Marketing Seminar - Review (All Members)

This will be a verbal report (relating to para. 4 of the Minutes). A note by MN summarising the replies you received from other Orlando attendees is attached.

(b) L.T. in Selling Seminar (RJP)

No briefing paper (para. 2 of the Minutes).

(c) Marketing Information System (BDB)

Verbal report. Note by PMB is attached (paras 5 and 6 of the Minutes). A key issue here is B&W's involvement.

(d) Competitor Activity (All Members)

Verbal report. A note by PMB is attached, summarising key actions by PM, RJR and Rembrandt (paras 7-18 of the Minutes). Also attached is a copy of PMB's proposals for improving BATCo's monitoring of competitor activity.

(e) Consumer Analysis - Marlboro in Europe (UH)

No briefing paper (para 10 of the Minutes).

(f) IT/ Anti-Dumping (RS)

No briefing paper (para 18 of the Minutes). We understand that RS is likely to suggest that action is not practicable.

3. Key Markets

(a) Eastern Europe (All Members)

(b) Burma, Cambodia, Vietnam, Turkey, Scandinavia (BDB)

(c) Thailand, Colombia, Mexico, Cuba (RIP)

(d) Mercosul Study (AC)

DSW will be attending the meeting for items 3(a) and 3(b) and will, presumably, lead on these subjects. A copy of DSW's 19th February Progress Report on New Business Development is attached.

Also attached is a copy of the Minutes of the Sandwich meeting. Para 5 of these Minutes refer to follow-up action by you in relation to STK/Scandinavia. I am assuming that you are fully briefed on this.

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4. US International Brands

(a) Progress/Plans (RJP)

A note by IH is attached. The routine IFB statistical report is also relevant (see Item 5(a)).

(b) Talisman (MFB)

No briefing paper (para 35 of the Minutes).

5. UK International Brands

(a) Progress/Plans (BDB)

Attached papers are:

- i. Routine IFB statistical report.
- ii. B&H review to December 1991.
- iii. SE555 review to December 1991.
- iv. PGL review to December 1991. Section 3 of this note also updates the PGL strategy, in partial response to para 45 of the Minutes.
- v. JPS review to December 1991.
 - vi. Review of B&H long-term strategy (para 43 of the Minutes).
 - vii. SE555 review of strategy (para 44 of the Minutes).
 - viii. Review of JPS potential (para 46 of the Minutes).

Items (i), (ii), (iii), (iv) and (v) will be circulated to all TSRT members on 21st February.

(b) Smoking Quality (BDB)

We understand that this item will be removed from the final agenda as, in para 47 of the Minutes, it was agreed that you would report back to the TSRT in December 1992.

A background briefing note by TH is attached.

6. Smoking Quality Study (EEK)

See background briefing paper for item 5(b).

7. R&D/Technology

(a) Re-allocation FRC (BDB)

Verbal report (para 52 of the Minutes). I understand that this has already been agreed. Paper is attached.

(b) Upgraded Product Development (All Members)

Verbal reports (primarily relating to B&W and BATCF). TH's briefing note for item 5b is relevant.

(c) Y-1 Tobacco (All Members)

Verbal reports (para 53 of the Minutes). A short background briefing note by TH is attached.

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(d) Reconstituted Stem (All Members)

Primarily focussed on BATCF and Souza Cruz (para 54 of the Minutes). A short background briefing note by TH is attached.

8. Leaf(a) Leaf Processing Seminar (RJP)

14 people from BATCo attended this seminar in Raleigh, North Carolina, including Phil Green from HQ. A file note on the meeting is not available but an agenda and attendance list are attached.

(b) Leaf Costing Guidelines (MFB)

RHP is working through MFB on this and a copy of RHP's paper (attached) has been sent to MFB.

(c) Increased Exports (AC/BDB)

Verbal report. A copy of ND's summary paper is attached (though, as agreed, this will need strengthening prior to submission to the CPC). Para 59 of the Minutes notes that BATCo should have prepared an outline plan for the CPC by the end of 1991 (our defences on this point are firstly, that leaf personnel resources have been redirected to New Business Development work, and secondly, that an outline of the opportunity was provided in the BATCo 1992 - 1996 Company Plan). Also attached, for background information, is a copy of JWD's January situation report on leaf supply/demand (which takes a much more cautious view on future price increases on leaf than is implied in ND's paper).

9. Human Resources(a) Management Training (MFB)

As agreed with you and Roy Salter, RHP is working through MFB on this (as MFB is responsible for reporting back to the TSRT). A copy of RHP's paper (attached) has been sent to MFB (para's 65-67 of the Minutes).

(b) Inter-Company Transfers (BDB)

Verbal report (para 68 of the Minutes). A note by SP is attached. You should also note that, in relation to the review of its 1991 Performance versus Objectives, BAT Industries was provided with the following information:-

Of the 24 current secondees, 7 were implemented in 1990, 11 in 1991 and 6 in 1992. Total secondments started in each year (some of which have finished) were 12 in 1990, 16 in 1991 and 6 so far in 1992.

10. Review of Trading Results (All Members)

Verbal reports, relating to January 1992. A copy of the BATCo Monthly Report for January is attached.

11. Regulatory Issues(a) Environmental Tobacco Smoke (RJP)

No briefing paper (para 62 of the Minutes).

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(b) Fire-Safe Cigarettes (RJP)

No briefing paper (para 64 of the Minutes).

I understand from Roy Salter that there will be an additional agenda item on the European Parliament vote to ban Tobacco advertising, with the expectation that you will brief the TSRT on this issue. David Bacon will be providing a briefing note for you.

Also attached, at your request, are two notes from ND on:-

- (i) Quality.
- (ii) Cellulose Acetate Tow Situation Report.

GJB/btm
19.2.92

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