

Note to G.L. Dennis, Esq.

*Dr. Jean-Louis Mercier
L.D.S. Sec. Head 11.11.87
See ... needed ...*

ITL - Fundamental Research Costs

01.21

There are several points to cover in response to the letter from Jean-Louis Mercier. Firstly, he agrees outright to remit a sum of £300,000 towards the Southampton Fundamental Research Programme; this figure, however, is taken from the minutes of our Research Conference in October, when I purely indicated the proposal I would make to the Tobacco Strategy Review Team based on the same project base as agreed in late 1986, i.e. totalling £2 million p.a. This proposal called for a reduction in contribution by ITL from £400,000 in 1987 to £300,000 in 1988. This was not accepted by the TSRT and the ITL contribution was retained at £400,000. However, this is of academic importance. As you know, I went on to present to the TSRT two new projects, responding to the RJR smokeless cigarette initiative. These call for additional funds which I could only estimate to be £1 million in 1988. Allowing for these, the ITL contribution for all Group Fundamental Research would be £570,000.

(The Scientific Research Group budget for S&H type external research of £60,000 is quite separate and is negotiated by Dr. Thornton.)

Turning to the real point at issue, Jean-Louis Mercier is clearly concerned that, whereas BAT failed to respond to Canadian pressure to pursue radical product research, we have appeared to respond quickly to the RJR initiative.

This could be debated at length but what really matters is that we have BAT support to open up this whole area. As he rightly acknowledges, precisely what course is pursued and a better insight into what funds will be required, will be hopefully resolved at my meeting in New York (4th/5th January). ITL will be well represented at the meeting.

In the interim, recognising the approximate nature of the additional funds (beyond £400,000) needed for these projects, we would like to work on an ITL budget figure of £570,000 for 1988. We may need to make an adjustment later.

The £60,000 allocation for Scientific Research Group projects is additional.

I hope this clarifies the issues raised.

Alan L. Heard

A.L. Heard

c.c. E.A.A. Bruell, Esq.

ALH/DET
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