

2pm 8.12.89

17/1

SECRET

Note to Dr T Hirji

c.c. Dr R Binns

Minutes of the Tobacco Strategy Review Team

I am enclosing copies of Minutes 5 to 9 (inclusive) which relate to issues directly under your control. There are a number of implied actions which I hope you will pursue in readiness for the next meeting which is on 7th February.

Would you:

1. crystallise your plan for proving the ability of Ammonia Technology to be incorporated into the DEER processes (this should include consumer panel validation in comparison with CPCL).
2. provide an update of the planned use of DEER in operating companies.
3. confirm the freedom from the Patent position for each of the territories where the processs will be applied.
4. prepare a new set of objectives for EPCOT oriented towards the product benefit aspects rather than cost. We agreed that you would have pre-discussions with marketing ahead of our meeting on 11th January where firm ideas need to be developed.

On Greendot it was agreed that we would (a) seek to reduce dependence on glycerol and (b) seek to use Y-1 as a source of high nicotine (it would be interesting to identify other developments where you would wish to use Y-1 as it becomes available).

You should aim for a target date of Wednesday 17th January for formal response to each of these issues.

ALH

A L Heard

ALH visit 17.1.89

ALH/LEW
5th December 1989

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5. Mr. Heard reported on developments in the use of extrusion as a method for reclaiming offal in the manufacturing process. It was noted that:-
 - (a) The process was already in use in Germany where IX extruded tobacco was incorporated in HB. There were no problems and there was a significant saving in cost.
 - (b) Canada had made good progress in trials and hoped to have the process in commercial production in 1-2 years, replacing AJAX. Benefits from the new process were expected to include reduced energy costs and reduced pollution.
 - (c) Brown & Williamson were still evaluating the process but preferred the sheet process because ammonia treatment, which was important for US blends, was easier to apply. They would also need to obtain reassurance on the patent position before they could consider adopting the process commercially.
 - (d) Souza Cruz had not yet evaluated the process because of the difficulty in obtaining a suitable extruder in Brazil.
6. Mr. Heard said that R&D believed that the process could be used without infringing other companies' patents. BAT's own patents had been published fourteen months ago and there had not been any serious attempts to contest their validity.
7. It was agreed that there should be increased efforts to apply the process throughout the Group and that independent advice should be taken on the patent position in each territory where the process would be applied. Companies would report back on progress at the next meeting.
8. As a separate issue, the Chairman stressed the importance of introducing ammonia treatment as the means for producing an authentic US taste. This was particularly important in the case of Souza Cruz where this was not yet applied. It was noted that BATCF had developed a process for treating lamina and it was suggested that this should be communicated throughout the Group. Progress on the extension of ammonia treatment would be reported at the next meeting.
9. Considering the possible use of extrusion as a total manufacturing process for cigarettes (project EPCOT), it was agreed that although exploratory development work should continue, further consideration needed to be given to the potential net benefits that this process might be expected to give. The current view of the team was that the technical benefits claimed (eg increased homogeneity) were not significant and the main issue was likely to be whether the capital and cost savings projected could be achieved without impairing smoking qualities. In addition, the introduction of extra chemicals or other additives was seen as counter to the current trend towards reducing these components. Revised objectives for this development would be reported to the next meeting.

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