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BRITISH-AMERICAN TOBACCO COMPANY LTD

A member of the B·A·T Industries Group

29th October 1986

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ALH/DET

Mr. J-L Mercier,
Imperial Tobacco Limited,
Canada.

Dear Jean-Luis,

The replies from the CAC Chairmen to Mr. Bruell's note on Fundamental R&D in Southampton showed that there was general agreement for the retention of these projects. Subsequently, the item was raised at the Tobacco Strategy Review Meeting which also supported the projects. It was agreed that the work costing £2 m at Southampton should be covered by the CAC companies (with the exception of Souza Cruz who would continue to fund the Group Strategic work on tobacco processing and leaf in their R&D Centre).

It was agreed that a reasonable allocation of costs for ITL would be £0.4 m and it was suggested that BATCo negotiate payment on this basis for 1987.

It was also agreed that the T.S.R.T. would approve both level of total expenditure on fundamental work and the allocation of charges each year.

In order to ensure that this activity at Southampton remains clearly identified and closely tied to CAC requirements, it is proposed that Dr. Baker is accountable for it to the Research Policy Group and will report on this work at the Research Conference. Additionally, as agreed at this year's Conference, an in-depth review of Southampton research will constitute one of the agreed technical specialist meetings and I propose to chair that meeting.

I would appreciate confirmation of your agreement to contribute at the recommended level for 1987.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'A. L. Heard'.

A. L. Heard

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

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