

Cancel.

FILE NOTE - I T L FILE AGREEMENT

NEGOTIATIONS WITH MR R GIBB AND MR R BEGIN, 26 JUNE 1980

I explained that we agreed with most of the points made in Gibb's letter to me of 16 April, plus attachments, and in principle with the modifications suggested for the agreement. The specific points to emerge were:-

1. It must be clear that Imasco Ltd trades outside tobacco and, hence, the formula must unequivocally relate to the net turnover in the tobacco division.
2. There is no need to comment on percentage payable after December 31, 1981 (the agreement has a typographical error - 1982).
3. Begin and Gibb were concerned that B A T might license a competitor to the disadvantage of Imasco. Hence, they would like to re-initiate the sentence in section 5 concerning Imasco having prior rights.
4. The termination period was agreed to be 12 months.

I said I would have the agreement finalised to take in, the above points, as appropriate, and then sent to Begin.

I use the various tables in the 1980 R & D Research Programme to indicate just how meticulous we are in differentiating between costs which are to be shared among Participants and those which are recovered directly from Associates or M B. Mr Begin said he was fully convinced and thought that he would have little further trouble with the Canadian tax authorities after he was able to give them sufficient information.

I agreed to prepare as a matter of urgency a draft document to cover the years 1979 and 1980 and to forward it to Mr Begin for comment.

Mr Begin mentioned that at one time in the recent negotiations, the tax inspector thought he should visit Southampton to verify the scale and cost of our activities. He seems, however, to have cooled on the idea for the present at least.

In summary, the meeting was very constructive and effective.

*LCF*

L C F BLACKMAN

4 July 1980

C C Miss A Johnson  
Mr K Etherington

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