

Imperial Tobacco



3810, rue St-Antoine Street  
Montréal, P.Q. H4C 1H5  
(514) 932-6161  
P.O. Box 6500 C.P.  
Montréal, P.Q. H3C 3L6  
Cable/Câble 'Telimp'

December 18, 1980.

Mr. J. Walker,  
Westminster House,  
7 Millbank,  
London SW1P 3JE,  
England.

Dear Mr. Walker:

Thank you for making arrangements for Bob Bégin and myself. I promised to write you an outline of the purpose of our trip, but I'm also writing Lionel Blackman about the R&D items of interest.

(1) R&D Agreement

R&D and the role of GRDC occupy a significant part of the agenda of the upcoming CAC Austria. ITL and BAT have at long last (subject to BAT ratification) drawn up an R&D contract. One of the purposes is to have a contract which, together with supporting documentation, will satisfy Canadian tax officials that ITL's payments to BAT for research are tax allowable expenses. It will be helpful in the context of both CAC Austria and the tax situation, for our finance man Bob Bégin to be better informed about GRDC. For this purpose, seeing the physical reality of GRDC, plus direct communication with those who do GRDC accounting will be of benefit.

(2) Expansion Processes

ITL is close to the time where a decision must be made about the choice of tobacco expansion facilities. The choice between DIET and G-13 is conditioned by many factors. I propose to review the latest technical information at GRDC, but presumably there are differences in financial implications. Bégin and I would like to see the Southampton DIET installation but also review whatever cost comparisons are available and to identify the cost factors that ought to be taken into account. I seem to recall hearing that BAT Germany had asked for cost comparisons.

109874851

(3) Computer Services in R&D

Our R&D group uses a variety of computer services: terminal usage of outside computers, some use of ITL's own business-oriented computer, a small R&D computer, etc., but we don't have an R&D group of computer specialists. ITL has just received a consultants' report outlining how the company should plan and implement computer systems in the future. However, the report suggests R&D should probably have its own computer and computer specialists. ITL's computer and support staff is under the jurisdiction of Bob Bégin. Although we don't propose to go into this topic in any kind of technical detail, we would like to have a general discussion at GRDC.

(4) Bob Bégin - Millbank

The arrangements made for discussions in the areas of Finance, Tax, and Planning are splendid.

Many thanks for your help.

Yours sincerely,

  
R.M. Gibb

RMG:pt

c.c. Mr. R. Bégin

b.c.c. Mr. L. Blackman  
Mr. J.L. Mercier

109874852