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I would be grateful if you would be kind enough to let me have, by Thursday, 4th April, any amendments which you feel are necessary to the above key area papers, or confirmation that they will remain unchanged.

Unless a key area paper is to be substantially rewritten, only the amendments, with references to the text, need be noted.

M. Norworthy

MN/SJB
14th March 1991

c.c. Mr. D. J. Stinson (Production paper only)
Mr. J. W. Drummond (Leaf paper only)

I will make some comments but basically I think they need a complete rewrite to emphasize the key points and cut out some of the dead wood (also to improve the layout). Do we need to stick to the 'consumption' theme, otherwise good!

These drawings

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→ and JWB: KEY AREA PAPER
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NOTE TO MR. DAVIS

KEY AREA PAPERS

I enclose copies of the key area papers on Security and Economy of Leaf Supplies, and Productivity of Production Resources which fall within your departmental responsibilities. Key area papers are now updated as and when necessary, rather than being rewritten regularly every year. All the papers will be reviewed at the Board meeting on Thursday, 18th April, in order that Territorial Directors will have the latest amendments and updates approved before the guidelines to operating companies are due to be drafted in May.

I would be grateful if you would be kind enough to let me have, by Thursday, 4th April, any amendments which you feel are necessary to the above key area papers, or confirmation that they will remain unchanged.

Unless a key area paper is to be substantially rewritten, only the amendments, with references to the text, need be noted.

M. Norsworthy

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MN/SJB
14th March 1991

c.c. Mr. D. J. Stinson (Production paper only)
Mr. J. W. Drummond (Leaf paper only)

I've made some comments but basically I think they need a complete rewrite to emphasize the key points and cut out some of the 'dead wood' (also to improve the English). Do we need to stick to the 'Commonwealth' theme, otherwise forget!

Here comes...

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- 1.2.3 Direct involvement in domestic tobacco production will continue to require the provision of expertise and, in certain cases, the provision of the necessary financial inputs although these should continue to be met, wherever feasible, from external sources. Operating Companies will continue to be involved in arranging and managing this financing.
- 1.2.4 Operating Companies must reduce and control all components of crop expenses and processing expenses. *while ensuring that* farmers growing such tobacco ~~must~~ obtain returns from their tobacco crops in line with other competing crops and prices which reflect domestic inflation movement.
- 1.2.5 Economies in fuel consumption for curing and the replanting of trees to replace wood fuels should be encouraged. Reafforestation should exceed in population the number of trees used for tobacco curing fuel. Agro-forestry should be given greater attention to ensure that trees are grown not only to provide wood fuel but also to enhance soil fertility.

1.4 Strategies

- 1.4.1 By being directly involved in domestic tobacco production to ensure that, as far as possible, requirements are met not only from increased acreage, but also from increased yields. A minimum yield of 1,200 kgs per hectare must be sought; this will ensure not only higher farmer efficiency and income, but also improve land utilisation and the cost of the final product. Increased yield will not be sought to the detriment of quality.
- 1.4.2 Direct involvement in domestic tobacco production must be allied to the development and expansion of compatible food crops.
- 1.4.3 Operating Companies directly involved in domestic tobacco production will practise fuel economy and participate in reafforestation schemes and in the provision of alternative fuels.

2. IMPORTED TOBACCOS

2.1 Assumptions

- 2.1.1. There will be a continuing reduction in the quantities of uncommitted tobaccos (all types) of acceptable quality at the end of the processing seasons in the traditional world producing areas.

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2.2.5 Where B.A.T. is not involved in tobacco production and/or procurement, B.A.T. will assess the performance of different merchants and place orders with those dealers who have a business policy worldwide which does not contravene B.A.T. interests.

2.3 Objectives

2.3.1 B.A.T. will, whenever possible, consider purchasing tobacco originating from Operating Companies, in preference to similar tobacco available from those countries where tobacco has to be purchased through independent dealers.

2.3.2 Subject to political and financial constraints, and in order to maintain their competitive advantages, Operating Companies will strive to maintain their imports of tobacco until suitable alternatives are available locally.

2.4 Strategies

2.4.1 B.A.T. will maintain an effective market intelligence system and continually examine forward positions of leaf supplies and prices. Forecasts will continue to be sent to Operating Companies quarterly.

2.4.2 B.A.T. will provide the necessary improving classification, processing systems to meet the more stringent requirements of the final product.

2.4.3 B.A.T. will use credit and stock from countries of origin as long as those countries are lower than other countries and the risk is acceptable.

3. EXPORTS FROM OPERATING COMPANIES

3.1 Assumptions

3.1.1 The current world supply/demand, the possibility of increasing demand programmes; the demand for better quality tobacco; the pressure to maintain blend composition; and the demand for filler tobaccos.

3.2 Policies

3.2.1 B.A.T. will assist Operating Companies in their exports in particular through those Companies, as well as through those to whom it has influence.

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2.2.5 Where B.A.T. is not involved in tobacco production and/or procurement, B.A.T. will assess the performance of different merchants and place orders with those dealers who have a business policy worldwide which does not contravene B.A.T. interests.

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2.4.2 B.A.T. will provide the necessary assistance in improving classification, processing and grading systems to meet the more stringent specifications of the final product.

2.4.3 B.A.T. will use credit and stockholding facilities in countries of origin as long as carrying charges in those countries are lower than in the receiving countries and the risk is acceptable.

3. EXPORTS FROM OPERATING COMPANIES

3.1 Assumptions

3.1.1 The current world supply/demand situation will offer the possibility of increasing/developing export programmes; the demand for better filling power and pressure to maintain blend cost will increase the demand for filler tobaccos.

3.2 Policies

3.2.1 B.A.T. will assist Operating Companies in promoting their exports in particular to other Operating Companies, as well as through independent dealers with whom it has influence.

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