



**BRITISH AMERICAN
TOBACCO**

20th May 2013

Ms Deborah Arnott
Chief Executive FRCP (Hon)
Action on Smoking and Health
Suites 59-63, 6th Floor, New House
67-68 Hatton Garden
London EC2N 8JY

Globe House
4 Temple Place
London WC2R 2PG
United Kingdom

Tel +44 (0)20 7845 1000
Fax +44 (0)20 7240 0555
www.bat.com

Dear Ms Arnott

Thank you for your letter of the 25th April addressed to our Chairman. It has been passed to me for a detailed reply. I set out below our response to your questions. (Your questions are in bold type.)

- 1. In Australia documents from a whistle blower revealed that BAT had covertly spent £1.5 million on a mass media campaign against standard packaging as part of a much broader campaign against standard packaging in that country.**

In the UK JTI has admitted to spending at least £2 million campaigning against standard packaging. How much has BAT spent in the UK, Europe and New Zealand to date on campaigning both directly and indirectly against standardised packaging, and the budgeted expenditure for the remainder of 2013?

We refute the allegation that British American Tobacco Australia acted covertly in any way; all its campaigning was done openly and transparently. By way of example, I attach a copy of the Alliance of Australian Retailers' (AAR) advertorial clearly stating British American Tobacco Australia's support for the campaign. On 17th May 2011, British American Tobacco Australia's CEO launched a national campaign against plain packaging at a press conference attended by a large media contingent of national and international reporters. The event was broadcasted on national TV. All advertising and promotional materials (print, radio, billboards and social media) clearly disclose that the campaign is funded by British American Tobacco Australia. The campaign spanned the period 2010 to 2012 and cost AUS\$ 3,482,247.

In the UK, British American Tobacco has spent £2 million on corporate and regulatory issues since April 2012. This amount incorporates a wide range of engagement activity in the UK including plain packaging issues and revisions to the existing European Union Tobacco Products Directive.

As regards the EU, BAT has an office in Brussels which engages the EU institutions on a broad range of issues, including plain packaging. Please see below our approximate expenditure for this office's engagement for the past three years, which also appears on the European Commission's Transparency Register.

- 01/2010 - 12/2010: € 500.000
- 01/2011 - 12/2011: € 450.000
- 01/2012 - 12/2012: € 1.000.000

On 22nd August 2012, British American Tobacco New Zealand's CEO publicly launched a national media campaign at a news conference attended by TV, print and radio journalists. All the campaign materials (print, radio, TV and social media) clearly disclose that the campaign is funded by British American Tobacco New Zealand. For the period 2011 and 2012 BAT New Zealand spent NZ\$3,993,940.

2. Please specify all specific activities which BAT is funding or has funded either directly or indirectly as part of its campaign against standard packs separately in the UK, Europe and New Zealand? In particular I want to know whether BAT has provided any funding or support, either direct or indirect, to lobbying and campaigning activities by third parties including the NFRN against standard packaging of tobacco products.

British American Tobacco is happy to support those who believe in the same things we do. Our support may be financial or resources in-kind but we do not tell these bodies what to say or how to spend the money.

In the UK, BAT has not supported the NFRN specifically for any campaigning on plain packaging. We have only contributed our normal annual subscription.

We have provided financial assistance to the following organisations, with our support acknowledged on either their websites or campaign materials.

Entity	Activity	Disclosure of support
FOREST	Hands Off Our Packs (HOOP) campaign.	BAT's support is clearly disclosed on the HOOP website.
Common Sense Alliance	Seeks evidence-based regulation across a wide range of topics.	BAT's support is clearly disclosed on the Common Sense Alliance website.
Rural Shops Alliance	Funding support for research project.	BAT's support is clearly identified in the report.
Scottish Wholesalers Alliance	Funding support for postcard campaign during the consultation.	BAT's support is disclosed on each postcard.
Tobacco Manufacturers Association (including the Tobacco Retailers Alliance)	Funding support for retail postcard campaign during the consultation plus engagement by the TMA on plain packaging.	The TMA's support (of which BAT is a member) is identified on each postcard.

In the EU, our financial contributions to third party associations in the EU are not related to plain packaging in particular, but instead relate to a broad range of policy issues or activities that are of general interest to the business community and the tobacco value chain.

In New Zealand, British American Tobacco New Zealand has supported retailers. For the period 2011 and 2012 we spent NZ \$48,869.

3. There is a track record of BAT funding the Institute of Economic Affairs from 1963 onwards. How much funding did BAT provide to the IEA in each of 2010, 2011 and 2012 and how much is budgeted for 2013?

British American Tobacco has supported the Institute of Economic Affairs with a normal annual corporate membership fee:

2010	no payment
2011	£10,000 plus £ 1,056 for IEA hosting an event
2012	£20,000

4. Historically BAT has also funded the Adam Smith Institute. How much funding did BAT provide to the Adam Smith Institute in each of the 2010, 2011 and 2012 and how much is budgeted for 2013?

British American Tobacco has not provided any funding to the Adam Smith Institute for the period 2010–2012.

Thank you for attending our Annual General Meeting.

If at any time you would like to meet to discuss any of the issues addressed in this letter or any other topics I am more than willing to arrange a suitable time and place.

Yours sincerely,



Simon Millson
Group Head of Corporate Affairs

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AN OPEN LETTER FROM THE ALLIANCE OF AUSTRALIAN RETAILERS

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AS OWNERS OF AUSTRALIAN CORNER STORES, CONVENIENCE STORES, MILK BARS, NEWSAGENTS AND SERVICE STATIONS WE ARE FED UP WITH EXCESSIVE REGULATION THAT IS MAKING IT HARDER FOR US TO RUN OUR BUSINESSES.

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The government proposal to mandate plain packaging for cigarettes is the last straw.

Let's be clear – we believe that reducing smoking is good for our community. But good policies require more than good intentions.

There is no reliable evidence anywhere in the world that plain packaging will stop people from taking up smoking, or help people to quit. But we do know that it will make it harder for us to run our businesses.

That's why we have formed the Alliance of Australian Retailers, a group representing 15,000 mostly small business owners. We employ almost 200,000 Australians, and we say to Canberra loud and clear that enough is enough!

Politicians like to describe businesses such as ours as the backbone of the economy, particularly in rural and regional Australia.

But in recent times we have been hit with an excessive excise tax increase, which makes our businesses a target for theft and will fuel the flourishing black market in tobacco products.

On top of this, every state in Australia has moved to ban the display of tobacco products in stores. So if our customers can't even see cigarettes when they walk into our stores, how will plain packaging make any difference?

Plain packaging has been considered in the UK and Canada, and both countries rejected it.

This is why our alliance is saying: enough is enough!

It's time to support hard working Australians instead of pursuing unproven policy for the sake of a newspaper headline.

SHERYLE MOON
Director, Alliance of Australian Retailers

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