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Big Tobacco fights back: how the cigarette kings bought the vaping industry

By [Simon Akam](#) 5/27/15 at 3:31 PM



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At the end of 1999 Kingsley Wheaton found himself in the middle of a coup d'état. At 23, he had joined the cigarette manufacturer Rothmans, who sent him to Dubai. When British American Tobacco acquired Rothmans, Wheaton was given the option of relocating to West Africa. He moved to Abidjan, the commercial capital of Ivory Coast, to promote a portfolio of brands including Craven A, Benson & Hedges and Rothmans. Abidjan, colloquially known as the "Paris of Africa", was considered a desirable posting, but, at the turn of the millennium, a period of stability was ending. On Christmas Eve, President Henri Konan Bédié was overthrown. "We were locked in our houses with gunfire going on for three days," Wheaton recalls. "It was quite spicy."

Exactly 15 years later, Wheaton found himself in the middle of another potential conflict. In the intervening years he had run the Russia office for BAT, and become the youngest-ever board member at the world's second largest international tobacco firm. At the end of 2014, BAT rewarded his hard work by putting him in charge of their "next generation products", responsible for devices that deliver nicotine without smoking. Now 41, thickset and goatee-bearded, Wheaton was charged with steering his company's efforts to enter a field that had the potential to destroy its traditional operations.

"Now you've got to deliver, and the world awaits, and BAT wants results," he says. "But that's fine. That's all part of that excitement, I suppose."

Since the 1950s, the world's major tobacco companies have faced one setback after another. In a study of 40,000 British doctors beginning in 1951, British epidemiologists Richard Doll and Austin Bradford Hill demonstrated the link between tobacco smoking and disease. In the years that followed, Western governments introduced increasingly punitive regulatory and taxation regimes. The US banned TV advertising in 1970. Cigarette logos gradually faded from Formula 1 cars, and health warnings on packs proliferated in size and punch. Finally, in March 2015, the British government followed Australia's example and introduced plain packaging. Tax now accounts for about 80% of the price of cigarettes in the UK and adult smoking prevalence – 22% for men and 17% for women – is less than half its levels in 1974. (According to the Tobacco Manufacturers' Association, the typical price of a packet of 20 premium cigarettes in Spain is £3.78 and in Poland £2.74, compared to £8.99 in the UK. Thirty eight per cent of Polish and 33% of Spanish adult males smoke, according to the latest World Bank data [2011].)

Though the odds were stacking higher against them, the firms could still cope. Big Tobacco acclimatised to falling demand; the developing world offered a growing market and, paradoxically, heavy tax regimes in the West disguised price hikes by the manufacturers. When much of the retail price is taxation, the manufacturer can have a significant increase in their share of the price with a relatively small increase at the retail level. The big four global tobacco companies made \$32bn in pre-tax profits in 2014.



Lately, though, a more drastic change has arrived. In 2003 a Chinese technologist called Hon Lik invented the electronic cigarette, a device that delivers nicotine through an aerosol of propylene glycol and glycerin rather than via the combustion products of dried tobacco leaves.

Independent producers pioneered the product, and the first "e-cigarettes" were crude. For a while Big Tobacco stood on the sidelines, content with the status quo. Soon, though, e-cigarettes improved and the market scaled up. Last year global sales accounted for \$4-\$5bn, a fraction of the \$722bn that conventional cigarettes tallied in 2013, but still a significant sum. Pundits suggested that, in time, e-cigarettes would change the way nicotine was consumed worldwide.

"It's game-changing," says Bonnie Herzog, an analyst at Wells Fargo in the US and one of the most bullish exponents of e-cigs and other "reduced risk products". "I'm of the view that in the next decade consumption of these products will surpass consumption of tobacco cigs."

Big Tobacco began to realise that, rather than just a temporary fad, e-cigarettes represented a new threat to their established markets. And that wasn't all – they might be the prototype of a product the industry had long searched for in vain: the safer cigarette.

"The Kodak scenario, they talk about that," says David Sweanor, a law professor at the University of Ottawa and veteran of tobacco control, referring to the film manufacturer that filed for bankruptcy in 2012, pole-axed by digital photography. "They don't want to do a Kodak."

"The potential for a product which satisfies their customers but doesn't do anything like the harm is something they've been dreaming of for a long time," adds Jonathan Fell, who runs Ash Park Capital, a fund that invests in tobacco stocks. Latecomers to the party, the tobacco firms now began to move. Their mergers and acquisitions teams started to buy up independent e-cigarette producers. In April 2012, American brand Lorillard purchased Blu for \$135m. In 2014, Japan Tobacco took Zandera, maker of E-Lites. Imperial Tobacco concluded a deal with Hon Lik, the Chinese inventor of the e-cigarette. Philip Morris International, the makers of Marlboro, bought Nicocigs. And in December 2012, British American Tobacco purchased a Manchester start-up called CN Creative.

"They want a dog in the fight," says Clive Bates, a former head of the campaign group Action on Smoking and Health, who now blogs on the e-cigarette industry.

This is the story of BAT's dog.

The dancing devil

BAT's research and development facility sits in a former cigarette factory in Southampton on the south coast of England. Downstairs, a production line remains for trialling new products. All UK workplaces went smoke free in 2007. However, BAT has, by special dispensation, a room where their internal blenders and testers can still work in a smoke-wreathed environment.

At the centre of this complex sits Dr David O'Reilly, BAT's group scientific and R&D director. O'Reilly, who has silver hair and makes carefully measured movements, explains that BAT's experiments with alternative products predated the advent of the e-cigarette. The R&D department itself was created in the 1950s in response to Doll and Hill's report on the dangers of smoking. The first head of R&D was the physicist Charles Drummond Ellis. His remit: to invent a safer cigarette. "The report came out," O'Reilly says. "The response of the board was, 'Okay, so we need to find out what's causing this in cigarette smoke and remove the problem!'"



A researcher at work in BAT's research and development laboratory on the site of a former cigarette factory in Southampton Justin Sutcliffe for Newsweek

That quest proved long, and, ultimately, chimerical. At BAT, a final clinical study concluded only three years ago, in 2012. The firm modified the source tobacco plant and inserted selective filtration devices into cigarettes. But the resulting product was no safer. "There was disappointment, but that was offset with, 'We've got a clear answer'," O'Reilly explained. "This gave us a very clear conclusion that there was no merit in pursuing this any further."

In O'Reilly's version of events, when e-cigarettes first appeared the company was uninspired by the initial iterations of the technology, and believed that European regulation would categorise such products as medicinal – a threshold that would be hard to meet using the propylene glycol model. In June 2011, therefore, BAT entered into a partnership with Kind Consumer, a company working on a nicotine inhaler that uses HFA, a chemical found in asthma inhalers. In September 2014, BAT became the first tobacco company to gain a UK medicines licence for a product it called **Voke**.

The founder of Kind Consumer is 32-year-old Alex Hearn. As an undergraduate at Oxford University, medical invention fascinated him. A smoker himself, he read scientific papers suggesting that the real harm came from the smoke, not the nicotine.

Hon Lik, the inventor of the e-cigarette, had had a similar idea. Yet Hearn ruled out heating vapour, wary of the potential of that process to create unwanted chemicals. He founded Kind in 2006. The company attracted investment from former Tesco CEO Terry Leahy. However, he says, the cost of medical licensing made going it alone difficult.

Hearn says he pitched the idea to pharmaceutical and consumer goods companies but that neither wanted to know. That just left Big Tobacco. "Do we partner with the old 500lb gorilla, the dancing devil, which was BAT and others, or do you try and do it yourself?" he says.

The young inventor chose the dancing devil.

The whole addiction element

The collaboration with Kind required BAT, in effect, to construct an in-house pharmaceutical firm. The architect of that institution was Kevin Bridgman, chief medical officer at Nicovations, BAT's subsidiary for medically licensed products.

I meet Bridgman one January afternoon at Globe House, BAT's headquarters on the banks of the River Thames in London. The building's lobby includes a photomural of cheerful smokers titled "Satisfying Consumer Moments", and the hints of eccentricity run deeper. Occasional "Cigar Store Indians" – carved statues of Native Americans traditionally found in tobacconists – adorn the otherwise modern offices.

Bridgman himself has dark hair and is 51 years old. After eight years as a medical doctor he moved into the pharmaceutical industry, where he spent two decades at Pharmacia & Upjohn, Pfizer and then Johnson & Johnson. He had set himself up as a consultant when BAT called in 2012.

"I was, as a physician, a little bit cautious about a tobacco company," Bridgman admits. "So I said, 'I'll come and join as a consultant'." After six months, he enlisted full time. "I actually very quickly became very comfortable with what was going on here," he adds. Doing a pharmaceutical job inside a tobacco company brings complexities, though. Some scientists refuse to accept funding from the tobacco industry. Likewise some academic publications, including the British Medical Journal and its sister publications, refuse to publish research funded by the tobacco industry, suggesting it can be biased.

Voke, which BAT plans to bring to market by the end of this year, consists of a red and white cuboid the size of a normal cigarette packet. A hinge at one side reveals a removable cigarette-like object. There are no electronics; no heating. Compressed HFA powers the device and the consumer inserts the mouthpiece into a port at the base of the packet to recharge it. Unlike an e-cigarette, no vapour is visible when you breathe out.



Vaping now has its own competitive sport, known as cloud chasing, in which contestants try to produce the most vapour David Becker/Reuters

The scale of the cultural collision Voke is creating is clear on another day in February this year at Globe House. In a seminar room Bridgman briefs Kingsley Wheaton on the extensive regulations that apply to medically licensed products. The process takes hours. Bridgman's slides explain the mechanisms required for recording unforeseen events and the ways advertising claims need to be backed up. Tobacco veteran Wheaton looks like a boy on his first day at school.

He turns to Bridgman, who has spent much of his previous career working on pharmaceutical nicotine replacement therapy (NRT) products. "With all the power of big pharma companies," he asks. "With all the insight, everything they have in their toolkit, their inability to really break through with NRT still amazes me," he says.

"There's a major fear, among some parts, of having a product that looks like a cigarette," Bridgman replies. "They don't want any kind of reputational challenge with their core customers, who are doctors. Secondly there's the whole addiction element."

"I see," Wheaton muses. "Because addiction is a disease. Because they're giving people nicotine, they're saying, 'I'm giving them a disease'."

Spaghetti hoops and baked beans

In parallel to the Voke project, BAT bought CN Creative. When questioned, BAT executives suggest the production of a more conventional e-cigarette in parallel to the Voke medically licensed product is an attempt to produce a wide range of products. A device that heats rather than burns tobacco is also in the pipeline for 2016, though BAT will say little about it at this time.

Not everyone agrees. **One public health operative, who did not want to be named because of her public profile**, suggested that a BAT executive called Adrian Marshall pursued the medical licence route with Voke until a separate faction in BAT witnessed the boom in e-cigarettes, and then purchased CN Creative without consulting him. Marshall, now working for an independent e-cigarette firm, Gamucci, did not respond to an interview request. In a statement, BAT says Marshall was "fully consulted regarding British American Tobacco's e-cigarette business plans".

BAT's initial e-cigarette offering, the "Vype", was first launched in July 2013, eight months after the acquisition of CN Creative. In its compact "eStick" form, Vype comes in a container with a U-shaped cross section just over 9cm long. Flipping the translucent lid reveals a removable, cigarette-like object, its base squidgy like a conventional cigarette filter. The eStick starter kit costs £12.99 and the product is available in "blended tobacco," "crisp mint" and "dark cherry" flavours.

The larger ePen, which sells for £14.99 in the UK, features replaceable cartridges in the same flavours. Refills are £5.99 for three. For the time being Vype is only available in the UK.

One day at Globe House Kingsley Wheaton breaks down the "value chain" for "combustible" versus e-cigarettes. With conventional cigarettes in the UK some 80% of the price goes in excise and VAT (elsewhere in Europe taxes are lower). Cigarettes shift rapidly and in large quantities, though, so retailers will accept low margins, and production cost is relatively low due to scale. Profit remains substantial: in 2013, BAT's global operating margin was 38.1%. By comparison, the 10 largest carmakers worldwide averaged a 6% profit margin according to last year's Forbes's Global 2000 survey.

With e-cigarette refills the picture is different. Product cost is higher, as is the retail margin, given that sales are unproven. Yet for the time being there is no excise to pay, just standard VAT at 20%. BAT documentation suggests that, in the UK, a higher profit margin is possible for e-cigarette refills than for cigarettes – more than 20% as opposed to less than 10%.

"There's just two very different shapes," Wheaton says. He would not give figures for current sales of Vype. David Graham, a senior vice-president at the independent e-cigarette firm NJOY, is among those who suggests there is "a powerful conflict" between Big Tobacco's e-cigarette ventures and their existing combustible businesses. Wheaton pointed out, though, that in the UK BAT's share of cigarette sales is just under 10%. If e-cigarettes or Voke take smokers away, there is a good chance they will prise them from another manufacturer. That situation would be different for the two firms that dominate the UK's cigarette market: Japan Tobacco (which markets Benson & Hedges and Camel) and Imperial Tobacco, which sells Lambert & Butler. Others are sceptical of the cannibalisation argument. "Does selling spaghetti hoops hopelessly conflict with selling baked beans?" Clive Bates asks. "Heinz do both."

Gone in seven seconds

How best to market e-cigarettes is a complex question. One Wednesday afternoon in February I accompany Wheaton to Knightsbridge in West London. Three letter acronyms are in triple union at this meeting. BAT has come to WPP, the world's largest advertising agency, to refine its strategy for selling NGP: next generation products.

"This is the year in which it's exploded; it's become part of society and culture," a WPP digital planning director called Malky Brown says, in a Scottish accent. He runs through the advertising tactics of BAT's rivals in the e-cigarette market. Britain banned televised tobacco advertising in 1965 but since November 2014, e-cigarette promotion has appeared, controversially, on screen, as well as in print and online.

Brown shows a campaign from Blu, the brand owned by Lorillard. Up flashes a slide of Blu's "party bus", which traverses bars and clubs disbursing product. The black vehicle sports the slogan, "Freedom for the Taking", in large letters.

"It doesn't look like a party bus, does it," Wheaton says. "If you're, like, 19 years old, Kingsley, you'd think that was a party bus," Brown replies.

Now comes NJOY, the independent brand in which a man steals the oversized head from an American football team mascot. "Friends don't let friends smoke," a voice announces. "Give them an NJOY King electronic cigarette."

For Brown, these efforts fall into two categories. Either they suggest freedom and excitement, like Blu, or they present a healthier alternative to cigarettes, à la NJOY. "It's always about how we can position ourselves as close to cigarettes as we can," he says.

When the presentation is done Wheaton addresses the ad man. "So, Vype?" he asks. "Which of those two do we sit in?" Brown replies. "That's the question."

The answer, he insists, is neither. Brown presents research, suggesting smokers who might switch over to vaping are baffled. "There's this over here and people saying 'let's just get one that looks like a cigarette' over here," he says. "Niche and unrecognised brands. Who do you trust, which one's good?" His solution is to disregard the lifestyle choice idea and the better alternative to smoking. Instead, the line would be "simple, quality vaping products".

Up spins a Vype TV spot. Tingly music plays. Fingers rotate a black ePen against a white field. "We gave ourselves 10 seconds to change the cartridge on our Vype ePen," a voice announces. "We only needed seven."

Wheaton is pleased. "I think it's fantastic," he says. "It's clever, it's clear, it's smart, it's of now. It's cerebral in a way. Very hard to define."



David O'Reilly, Group Scientific and R&D Director at British American Tobacco Justin Sutcliffe for Newsweek

The Golden Dragon

On a number of levels, the e-cigarette situation represents an encounter between individuals and behemoths, though it is not always clear who will prevail.

In Amsterdam in February, fog hangs over the canals and the Dutch cycle with casual disregard for head protection. I have come to meet Hon Lik, the father of the electronic cigarette.

I arrive at the headquarters of Fontem Ventures, Imperial Tobacco's own e-cig subsidiary. It is a strange meeting. Fontem HQ has a start-up feel. Young people tote laptops and wander past stacks of "Puritane" e-cigarettes. In this funky world Hon presents a contrast – a bespectacled middle-aged Chinese man in a dark suit. In close proximity follows his translator, Annie Zheng Yi.

Hon's development of the e-cigarette began when he worked at a Hong Kong-listed healthcare firm called Golden Dragon. At that time he was a heavy smoker – three packs per day. "He had some physical reactions to it, for instance itchy throat, coughing," Zheng Yi explains. "So he realised there are some adverse effects of smoking."

In late 2002, Hon began experimenting with alternative vehicles to deliver nicotine. The idea to use propylene glycol (PG) came from a method of dust removal, in which water mixed with PG is boiled, creating a mist that coats dust particles in the air, pulling them down to the ground.

Later, Fontem sent me a photograph of the initial prototype that he made at Golden Dragon. Its mouthpiece was attached to an external circuit board by umbilical wires. The contraption was designed to test automation; a coil passed through a nicotine solution carried a current, creating vapour. "You can assume that's a test ground," Hon says. "It's not a product, not having the current look and feel. You would not realise it is an e-cigarette."

The first device to come to the market, in October 2004, was called **Ruyan**. Hon's translator explains the etymology. "Ru means "likewise", and sometimes it even means beyond, or better. Yan actually means smoke, and cigarette."

In 2013, Imperial bought the patents from Hon and his firm Dragonite for US\$75m. In March last year Imperial instigated lawsuits against 11 American e-cigarette manufacturers, including NJOY and Logic Technology Development, claiming their products infringed their freshly acquired IP.

There is a wider lesson here: Hon pioneered the product that threatened to disrupt Big Tobacco; 12 years on, he now works for Big Tobacco. Like Alex Hearn in England, he partnered with the 500lb gorilla. Wells Fargo's Bonnie Herzog is among those who believe Big Tobacco will probably emerge as the eventual sector winner, though the market will retain room for "several smaller or independent players".

The Vapelab

Another Goliath vs David case is emerging between Big Tobacco and what has become loosely known as "vaping culture". Vapelab is one of its institutions, based in Shoreditch in East London. In some ways Vapelab is atypical of an alternative culture – "the Harrods of the market", as one vaper says, its prices reflect the cost of London's commercial real estate. Despite that, the atmosphere amid its hipster chic furnishings illustrates how vaping has burgeoned into a phenomenon.

Inside, an ATM is denominated in Bitcoin and bare bulbs hang from long cables. At the counter, serried "e-liquids" – nicotine solutions – sit in tanks. Flavours include "tropical toucan", "bananaquit", and "crème de la vanille". William Francome, a documentary filmmaker, discusses with Leonardo Verzano, one of the shop's employees, how he can follow up on an e-cigarette he has acquired from the United States. Verzano talks Francome through four devices that Vapelab offers as starter kits: the Joyetech Joye510CC, the eCom-C Twist and two products made by TECC: the Curve and the Curve Mini. These range from £30-£50 (€42-€70). None resembles a cigarette.

In this diverse new world, the kinds of devices pioneered by Hon Lik are now known as first generation e-cigarettes, more recent products as second or third generation. The categories are slippery. However, broadly, the following divisions can be drawn: first generation e-cigarettes mirrored conventional cigarettes in form, hence the alternate name of the "cig-a-like". These used sealed reservoirs of nicotine solution – cartridges – that cannot be refilled. Examples in the UK included E-Lites and some incarnations of NJOY. Conventional cigarette dimensions constrained battery size with a consequent impact on performance. Many smokers found cig-a-likes fundamentally unsatisfying.

"Products that look like a cigarette are, for the most part, unfeasibly expensive and, in reality, under normal user conditions, little more than a placebo," says David Joyce, a 44-year-old vaper from Telford.



T-shirts on display at the Vape Summit 3 in Las Vegas, 2 May 2015 David Becker/Reuters

A second-generation device is distinguished by its reusable nature, a battery that can be recharged and a reservoir that can be refilled with liquid. Some have adjustable power settings. At the Vapelab, Hungarian manager Gergely Fülöp, emitting clouds of watermelon mint vapour as he speaks, points to the Joye510CC at £30 (€42), and the eCom-C Twist at £45 (€63) as examples of these. Third party-manufactured e-liquids led to a proliferation of flavours. While these devices tend to be more expensive than cig-a-likes upfront, their "open systems" make them cheaper to use in the long term.

Third generation products are more elaborate still, distinguished by options for user customisation. Users say second and third generation devices are more effective at weaning them off conventional cigarettes.

"I started off with a ciggie lookalike, seven years ago in July," says Chrissie Gray, a property developer from St Blazey in Cornwall. "It helped me cut down drastically, but it wasn't till I got better kit and e-liquids that I managed to completely give up smoking."

That finding is supported by a paper published in the journal *Nature* last year, which showed that new generation devices produced blood plasma nicotine levels 35-72% higher than first generation devices, though delivery was still slower than with conventional cigarettes.

The growth of the vaping subculture is significant for Big Tobacco: it is not entering a virgin market. There are already loyalties, a knowledge base and, in many cases, profound scepticism of traditional cigarette manufacturers. "We've already given them tens of thousands of pounds over the years each," says Kevin Inskip, a 61-year-old graphic designer from West Yorkshire. "There's a certain amount of resentment about giving them any more."

This scepticism was apparent in responses to a thread I started on the E-Cigarette Forum (e-cigarette-forum.com), one of the leading vaping sites, canvassing responses to BAT's "Next Generation Products".

Among some 60 responses scepticism of Vype fell into three main areas: the first was the efficacy of the device itself and how it compares to the offerings of independent producers. The posters suggest the small version, the eStick, is fatally constrained by size limitations on its battery, while even the larger ePen, which has a 640mAh battery, still lacks adequate muscle.

The second area of criticism is the cost. The Vype, in both variants, is a closed system, compatible only with proprietary BAT consumables. The disposable razor blade is analogous; the manufacturer's profit lies with the consumable rather than the initial purchase.

"I would not buy/use anything with proprietary cartridges or threading," says one poster using the handle Klynn. "All that does is keep you hooked to one supplier, creating a monopoly."

Another calculates that Vype would cost four times the amount he currently pays with his independent system to vape the same amount of e-liquid for a year. So far, so negative. However, several posters acknowledge a desire for a simple product that does not require extensive modification.

"I would love it if I could get it down to the convenience similar to reaching into your pocket, pulling out a pack of cigarettes, pulling one out," says "Lunar". Vaper opinion then suggests there is a market for a plug-in-and-play e-cigarette. Vype may though not be that product. When it comes to Voke, BAT's pitch is that there is an untapped market of smokers who would like the reassurance of a device with medical certification. On this theme too the vaping

community is unconvinced: "The MHRA will certainly license a product that may look like an e-cig," says Chris Price, who runs the website E-Cigarette Politics. "It won't be an e-cig though, it will be a repackaged asthma inhaler of some kind, and will appeal to consumers like an expensive and not very efficient enema does."

Quit, die, or vape

Ultimately, the deciding factor in Big Tobacco's entry into the e-cigarette field lies beyond the vapers' control, and in the hands of regulators. When e-cigarettes first arrived in Europe, medicines regulation looked like the probable path. However, the EU's second Tobacco Products Directive, which was approved in February 2014 and will come into effect in May 2016, will instead provide two channels, first with e-cigarette specific legislation that, in some ways, resembles tobacco laws and second as a medical device. The first category will be limited to maximum e-liquid strength of 20mg/millilitre. Most forms of advertising including broadcast and print media will be banned. Refill tanks will be limited to 2ml, which will outlaw some more sophisticated devices.

Taking the medical device route will require a costly regulatory approval process, likely out of the reach of the independent players who pioneered the market. "These developments are central to a view held by many e-cigarette users, that regulators have massively over-reacted to e-cigarettes, encouraged by public health organisations in a way that will choke off the supply of the most effective second- and third-generation products," says Bates. Totally Wicked, a UK e-cigarette company that aspires to be a "modern day tobacconist", is bringing a legal challenge to the TPD. "The metaphorical genie is now out of the bottle, you can't now put it back in," says its MD Fraser Cropper. It remains to be seen whether his challenge will succeed.

Much of the drive for strict regulation has come from those concerned about the health and safety of e-cigarettes. Here, a fierce debate is under way: what is the impact of long-term nicotine use? What is the presence and consequence of contaminants in e-cigarette vapour? Could vaping provide a gateway to traditional tobacco use?



A Capstan advert from the 1950s – the days before health concerns

Rex/Shutterstock

E-cigarette advocates admit long-term studies are not yet available, and so comparison with abstinence is difficult. But they are adamant that the devices are substantially safer than

conventional cigarettes and that a widespread switch to e-cigarettes would have major public health benefits.

Many point to another reduced-risk product, the Swedish refined oral tobacco, Snus, which the EU banned in 1992. Sweden obtained a dispensation to continue selling Snus when it joined the EU in 1995, and the product accounts for much of male nicotine consumption there. European median occurrence of lung cancer deaths for men aged 60-69 is 220 per 100,000. In Sweden the figure is 87. Yet the Snus ban prevents the export of those benefits beyond Scandinavia.

Not all agree. Much of the fissure depends on a basic, and in many ways ideological, division central to tobacco control, and indeed broader drug policy: whether to subscribe to a cessation approach, colloquially categorised as "quit or die", or instead to "harm reduction", acknowledging that a certain fraction of the population is likely to use the product and working out how to limit the damage incurred by those who do so.

The paradox is that while many of the most outspoken advocates of strict e-cigarette regulation come from public health – and are themselves vehemently opposed to tobacco companies – the winners from tight regulation are likely to be the tobacco companies themselves, who have the deep pockets to negotiate it.

Professor Peter Hajek, director of the Tobacco Dependence Research Unit at Barts School of Medicine in London, is concerned that some figures within public health, wary on instinct of anything to do with nicotine, are pushing for levels of regulation that will make e-cigarettes uncompetitive and will maintain the market monopoly of deadly conventional cigarettes.

"I fear the irrational view that the main priority is to eradicate nicotine use – even if it means that smokers are going to continue to die unnecessarily – is going to win," he says in an email. "I'm doing what I can to make regulators realise that they are in danger of repeating the serious mistake made previously with banning Snus."

In November 2014, the second "E-Cigarette Summit" was held at the Royal Society in central London. Traditionally, the tobacco industry convenes at tobacco industry conferences and public health groups get together at tobacco control conferences. Rarely do the twain meet, but the arrival of e-cigarettes has broken this rigid divide. The public health crowd blended – with evident suspicion – with tobacco and independent e-cigarette executives in the lobbies of John Nash's edifice on Carlton House Terrace. At its dénouement, the conference became public theatre. Clive Bates took the stage, calling out "useful idiots", in public health, blindly doing the bidding of tobacco firms through evangelical opposition to anything involving nicotine.

The large firms, tobacco control veteran David Sweanor suggests, are trying to "figure out what to do, while waiting to see if regulators and anti-smoking groups rescue them again". If Big Tobacco carries the day with e-cigarettes, many believe it will have done so with the support of an unlikely fifth column.