

HOUSE OF COMMONS TB51A

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HEALTH COMMITTEE : SESSION 1999-2000

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INQUIRY INTO THE TOBACCO INDUSTRY

AND THE HEALTH RISKS OF SMOKING

FURTHER EVIDENCE BY DUNCAN CAMPBELL

IN RESPECT OF

- **SMUGGLING IN AFRICA BY BRITISH AMERICAN TOBACCO PLC**
- **OBSTRUCTION OF ACCESS TO EVIDENCE**

Wednesday, 15 January 2000

1. In previous written evidence to the Committee, I expressed my view that BAT had deliberately obstructed investigations into its involvement in tax evasion and smuggling, by means of a policy of unreasonably restricting access to its Depository and to copies of the documents contained therein.

2. I regret to say that these practices are being continued, despite the concerns which Members of the Committee have already expressed to the company. BAT have refused to make important and relevant material available for the Committee today.

3. I visited the Guildford Depository yesterday. I inspected previously unseen company files which gave extensive details of BAT smuggling operations in Africa. Because of the difficulties to which I have referred, it had not been possible previously to make inquiries to this area. I wished to be able to provide the Committee with evidence about this further aspect of BAT's conduct.

4. I inspected files concerning the departments within the British American Tobacco Company Ltd, which were responsible during the 1990s for organising smuggling into west Africa and parts of Francophone Africa. Another document described BAT's strategic company plan to increase smuggling into India and Nigeria.

5. I asked for copies of these important documents to be made. I also asked for the one file concerned with smuggling in Africa to be copied in full, so that it might be put before the committee at its hearing today. This request was refused, on the ground that this would be "jumping the queue" in respect of earlier copying requests.

6. BAT's stated (and written) policy is to supply copies of all documents requested within ten days. In our experience, documents have never been supplied in less than two months, while other requesters have had to wait four months. If this type of conduct is permitted to continue, effective investigations of the company's will be frustrated

BAT smuggling in Africa

This note is taken entirely from BAT file numbers **FJ3201** and **BB0123**. File **FJ3201** is one of six files concerning the planning, organisation and management of BAT smuggling into Africa, particularly to Nigeria, Camerouns, and other countries in Francophone Africa. The files show that the departments of BAT responsible for organising this activity were known as "Unit 1" and "Unit 2". These Units were based at the then BATCo headquarters at Staines, Middlesex. The files show that cigarettes to be smuggled to these countries were manufactured in Southampton and then shipped to Antwerp or Marseille. A Lichtenstein based BAT agent called Soropex then passed the containers on to a network of smugglers, using a variety of routes including Benin. The names of many of the smugglers and the routes they used are listed in the files.

Among the documents in BAT file **FJ3201** are a memorandum concerning a visit to Yaounde, Camerouns on 18 October 1991 by the then BAT Industries chairman Sir Patrick Sheehy. BAT policy in Camerouns was described on the second page of this document:

"Unit 2 Fixed assumptions ...

3. GT movements to this market will remain a priority throughout the period."

"GT" stands for "General Trade", and is a company euphemism for smuggling.

The next page of the same document confirms that GT sales were unlawful, observing that:

"the import of BHSF legally is not an available option"

"BHSF" stands for Benson and Hedges Special Filter [cigarettes].

The note explained that because BAT cigarettes could not be legally imported, they could not be advertised within the country. Sir Patrick was therefore advised that BAT conducted advertising into Camerouns from nearby Gabon, where the company was spending about £100,000 advertising on the "Africa no1" radio station. The note continued :

"even if legal imports were allowed ... GT shipments will remain the mainstay of our activity [and] the Malabo distribution channel will have to be maintained"

If imports were to become legal, the company would

"maintain a minimum cover level of BHSF via legal imports ca 1 20' TC every 10 weeks"

In other words, even if imports to the Cameroons became legal, these would only be used to facilitate more sales of smuggled cigarettes. The suggestion quoted above meant that about one 20 foot container of cigarettes would be sent legally to the Cameroons every 10 weeks as "cover" for smuggling.

Sir Patrick Sheehy was told that the BAT subsidiary company BAT (UK and Export) Ltd ("BATUKE") wanted to develop legal "cover" for their cigarettes in Cameroons. The minute records:

"4. When the issue of Unit II was discussed where BATUKE wish to appoint a domestic importer enabling us to provide **cover for advertising and GT business, Sir Patrick felt that it was perfectly acceptable** for BAT Cameroon to appoint a domestic importer".

In the same file, a BATCo company summary of the Cameroons market says :

"The Unit II market produces a valuable contribution and it is intended to continue investment in order to protect it from further erosion. **As there are no legal imports** – which have been rejected in the past due to legal clausung on the packs – **no local media is used. However a major campaign on the Africa No 1 radio programmes transmitted from Gabon is funded from Unit 2 resources** [...]

Pricing varies throughout the country and is largely related to the risks to which supply routes are subjected. **There have been no controls on imports at retail level but road controls and customs activity inhibit the free movement of wholesale stocks**".

The file also contains a copy of a letter written on 23 April 1991 by Tony Pereira, whose official post was a senior export manager at BAT's Staines HQ. He wrote to Unit 1 about detailed smuggling routes into Cameroons. Mr Pereira was in fact employed by BAT as its worldwide smuggling co-ordinator. He was then directly answerable to Mr Paul Adams, who remains a member of BAT Plc's Management Board to this day. Mr Pereira wrote

"Neither of these customers of Gerconal has the a facility to redeploy any of his activity in Benin should the routes change and therefore **it is in our interests to assist them and motivate them in order to keep the northern routes open**".

[Gerconal was an intermediate smuggling distributor used by BAT.]

BAT has refused to make this file available to the Health Committee today.

(The emphases in the quotations above are mine.) 15 February 2000