

BAT battered after US call for nicotine reduction

By [Giulietta Talevi](#)

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More than R200bn was wiped off the value of British American Tobacco (BAT) shares at one point on Friday after US regulators signalled their plan to cut nicotine in cigarettes to non-addictive levels.



5408435 via [Fxabay](#)

The shares recovered somewhat to close 7% weaker, in a sell-off that also lashed cigarette giants Philip Morris and Altria.

Reinet, whose main investment is its 68.1-million shares in BAT, fell 6.6%. Collectively, the two stocks shed R148bn in market cap by the end of Friday.

According to the Food and Drug Administration's (FDA's) website, it "plans a public dialogue in the US about lowering nicotine levels in combustible cigarettes".

"Because nicotine lives at the core of both the problem and the solution to the question of addiction, addressing the addictive levels of nicotine in combustible cigarettes must be part of the FDA's strategy for addressing the devastating addiction crisis that is threatening families in the US," said FDA commissioner Scott Gottlieb.

"The overwhelming amount of death and disease attributable to tobacco is caused by addiction to cigarettes - the only legal consumer product that, when used as intended, will kill half of all long-term users. Envisioning a world where cigarettes

would no longer create or sustain addiction " needs to be the cornerstone of our efforts," he said.

The FDA's intended crackdown comes just as BAT has stumped up \$49bn, a 26% premium, to buy the 57.8% it did not yet own in US cigarette giant Reynolds. The deal, which was signed off only last week, marked BAT's return to the "lucrative" but "highly regulated US market after a 12-year absence", according to Reuters.

While the FDA explores "clear and meaningful measures to make tobacco products less toxic, appealing and addictive", it has mooted an August 2021 deadline for applications "for newly regulated combustible products, such as cigars, pipe tobacco and hookah tobacco".

Source: AFP

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