

**Testimony of Ricardo Oberlander
President and CEO, Reynolds American Inc.**

**Before the United States House of Representatives Committee on Energy and Commerce
Subcommittee on Oversight and Investigations**

Chairwoman DeGette, Ranking Member Guthrie, and Members of the Subcommittee; Chairman Pallone, Ranking Member Walden and other Distinguished Members. My name is Ricardo Oberlander. I am the President and CEO of Reynolds American Inc.

I appreciate this opportunity to share information about our company and to continue this important conversation today.

Over a decade ago, Reynolds set a goal to transform the tobacco market through innovative products that could make tobacco harm reduction a reality for adult smokers. Doing so requires us to provide consumer-acceptable products that may present less risk, including products in the vapor category.

In pursuing this goal, we have focused on both innovation and responsibility, because the two must not be separated. The way we bring innovative products to market, and how we market those products, are as important as the products themselves.

Our marketing is important; it is how we communicate with adult smokers about alternatives to combustible cigarettes. As detailed in our submissions to the Committee, we have rigorous standards in place to ensure our marketing is accurate and is responsibly directed to adult smokers 21 and older. We impose numerous restrictions on the content of our marketing and limit with whom we communicate.

Our vapor brand is VUSE. And our consumer demographics confirm our focus on adults: 95% of VUSE consumers are over 25, and 70% are over 35.

With respect to youth vaping, when VUSE was the market leader through 2017, youth vaping rates actually declined. And, the most recent National Youth Tobacco Survey results show that VUSE is not popular among youth.

Thus, we have demonstrated—and continue to demonstrate—that it is possible to responsibly market alternative products, and manufacture them, under rigorous product stewardship standards.

The increase in youth vaping over the past two years, and serious health issues from illicit products, are now at the heart of a national discussion. These issues are being discussed within families, by educators, and in state and local governments. They are being discussed in law enforcement communities, the White House, and here today, in the United States Congress.

We support action by the Administration and Congress to address both issues. It is important to public health, and to adult consumers.

Looking forward, FDA's Premarket Tobacco Application process provides a pathway for vapor products aligned with public health priorities. We believe vapor products can be manufactured and marketed responsibly within this framework. In fact, we have already made extensive PMTA submissions for our VUSE products.

There are some additional actions we encourage you to consider.

First, transparency in the PMTA process is critical. We suggest FDA disclose which products have been submitted for PMTA approval. This would help retailers and the public know which vapor products are undergoing PMTA review and are eligible to remain on the market, and would help FDA and state officials enforce the law.

Second, FDA needs to adopt regulations that expedite important innovations. For example, we are exploring technologies that could provide additional measures for reducing potential youth usage. However, the current PMTA process -- although thorough and welcome -- would significantly delay bringing this type of responsible innovation to market.

Third, FDA should consider adopting additional and rotating warnings for vapor products. These warnings could reinforce that vaping products are not safe and not for youth. We already include many such statements on our packaging and brand website.

And finally, FDA has a track record of success with its youth prevention program. We applaud the Agency's success and encourage it to be continued and expanded.

In conclusion, we believe a level setting of the vapor market through the PMTA process will help address the serious issues facing us today. At the same time, it will foster continued transformation of the tobacco category and significantly benefit public health.

I thank the Committee for the opportunity to share Reynolds' views about these important issues, and reiterate our full commitment to cooperating with this Committee and FDA.