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DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[Docket T-2-2012]

Foreign-Trade Zone 59 – Lincoln, Nebraska
Application for Temporary/Interim Manufacturing Authority
Novartis Consumer Health, Inc.
(Pharmaceutical Product Manufacturing)
Lincoln, Nebraska

An application has been submitted to the Executive Secretary of the Foreign-Trade Zones Board (the Board) by Lincoln Foreign-Trade Zone, Inc., grantee of FTZ 59, requesting temporary/interim manufacturing (T/IM) authority at two sites within FTZ 59 at Novartis Consumer Health, Inc. (Novartis) facilities, located in Lincoln, Nebraska. The application was filed on January 24, 2012.

The Novartis facilities (568 employees, capacity of 450 million units/year) are located within FTZ 59, at Sites 3 and 4, in Lincoln, Nebraska. Under T/IM procedures, Novartis has requested authority to produce over-the-counter (OTC) pharmaceutical products, such as analgesics, cough/cold medicine, antihistamines/decongestants, and penicillin-based antibiotics (HTSUS 3004.10, 3004.40, 3004.90 -- duty free). Foreign ingredients that would be used in production (representing 25**%** of the value of the finished products) include: menthol (HTSUS 2906.11), ibuprofen (HTSUS 2916.39), sodium salicylate (HTSUS 2918.21), aspirin (HTSUS 2918.22), terbinafine (HTSUS 2921.49), diphenhydramine citrate (HTSUS 2922.19), diclofenac sodium (HTSUS 2922.49), acetaminophen (HTSUS 2924.29), tolnaftate (HTSUS 2930.20), lansoprazole (HTSUS 2933.39), loratadine (HTSUS 2933.39), pyrilamine maleate (HTSUS 2933.39), dextromethorphan HBr (HTSUS 2933.49), clemastine fumarate (HTSUS 2933.99), acesulfame K (HTSUS 2934.99), bensalkonium chloride (HTSUS 3402.13), and microcrystalline

cellulose (HTSUS 3912.90). Duty rates on these inputs range from duty free to 6.5**%**. T/IM authority could be granted for a period of up to two years.

FTZ procedures could exempt Novartis from customs duty payments on the foreign components used in export production. The company anticipates that some 5-10 percent of the plant's shipments will be exported. On its domestic sales, Novartis would be able to choose the duty rates during customs entry procedures that apply to the OTC pharmaceutical products (duty free) for the foreign inputs noted above. Novartis would also be exempt from duty payments on foreign materials that become scrap or waste during the production process.

In accordance with the Board's regulations, Diane Finver of the FTZ Staff is designated examiner to evaluate and analyze the facts and information presented in the application and case record and to report findings and recommendations pursuant to Board Orders 1347 and 1480.

Public comment is invited from interested parties. Submissions (original and 3 copies) shall be addressed to the Board's Executive Secretary at the following address: Office of the Executive Secretary, Foreign-Trade Zones Board, U.S. Department of Commerce, Room 2111, 1401 Constitution Ave. NW, Washington, DC 20230. The closing period for their receipt is ***[insert date 30 days from date of publication]***.

Novartis has also submitted a request to the FTZ Board for FTZ manufacturing authority beyond a two-year period, which may include additional products and components. It should be noted that the request for extended authority would be docketed separately and would be processed as a distinct proceeding. Any party wishing to submit comments for consideration regarding the request for extended authority would need to submit such comments pursuant to the separate notice that would be published for that request.

A copy of the application will be available for public inspection at the Office of the Foreign-Trade Zones Board's Executive Secretary at the address listed above, and in the "Reading Room" section of the Board's website, which is accessible via www.trade.gov/ftz. For further information, contact Diane Finver at Diane.Finver@trade.gov or 202-482-1367.

Dated: January 24, 2012

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Andrew McGilvray
Executive Secretary

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