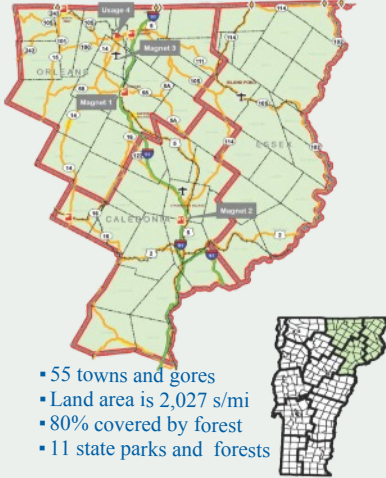


Foreign Trade Zone #286 The entire Northeast Kingdom!



Opportunity!

NVDA continues to work to provide opportunities to strengthen key industry clusters, and recently orchestrated and manages *Foreign Trade Zone #286* which encompasses Caledonia, Orleans and Essex Counties (and soon to add Lamoille County).

The pharmaceutical industry has been one of the biggest uses of the Foreign-Trade Zones program over the last several decades. While pharmaceutical corporations warehoused roughly \$1,007,000,000 worth of finished products in 2012, most pharmaceutical companies were involved in manufacturing for tariff exemption and inverted tariff benefits.

Biomedical/biomechanical industries are a much newer phenomenon. In 2012, the optical, photographic and medical instrument industries imported an estimated \$420,000,000 worth of products for warehousing and distribution activities. optical, photographic and medical instrument companies imported roughly \$195,000,000 of raw materials and intermediate products for manufacturing activities.



Northeastern Vermont Development Association (NVDA), has been granted Foreign Trade Zone Status by the U.S. Department of Commerce for the Northeast Kingdom of Vermont (NEK). This gives companies located in the NEK a big advantage!

Foreign Trade Zone benefits include:

- direct delivery
- breaking and affixing customs seals
- deferred payment of tariffs
- quarterly HMF payments
- the ability to warehouse stock until sold without payment of duty
- weekly entry
- reduced Customs Processing Fees.

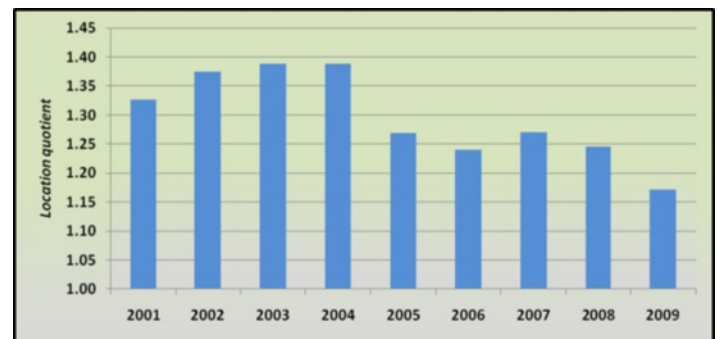
See How You Can Join This List Of Companies Saving Money Utilizing Foreign Trade Zones!

- Bellegrove Medical Supply
 - Ameona USA
 - Millipore Corporation
 - Ortho Biologics, LLC
 - GlaxoSmithKline, PLC
 - Cooper Vision Caribbean Corp.
 - Baxter Healthcare Corp.
- (See attached)

NEK's Biomedical/biotechnical Industry Cluster:

Identified as one of the "opportunity" clusters in the Northeast Kingdom, the bio-medical /biotechnical industry cluster is made up of biomedical oriented manufacturing sectors, equipment and supplies wholesalers, health and personal care stores, and ambulatory health care services.

With a 2009 employment base of 1,600 workers, this industry cluster clearly represents an important part of the Northeast Kingdom economy. An additional 600 workers, classified as either non-employers or self-employed, are engaged in the broader industry. With respect to its export orientation, the regional biomedical/biotechnical cluster services markets beyond the Northeast Kingdom.



Biomedical/Biomechanical cluster

Bellegrove Medical Supply, provides first aid, medical/surgical, medical equipment and other medical supplies to the cruise ship and maritime industries. Bellegrove utilizes the Foreign-Trade Zone to warehouse and distribute supplies.

- Exemption from duty on all imported products re-exported via cruise ships.
- Deferred duty on warehoused products distributed to the domestic market.
- Direct delivery.
- Exemption from duty on any broken products.
- Ability to break and affix Customs Seals.
- Weekly entry and associated reduction in Merchandise Processing Fees.

Ameona USA, imports, warehouses and distributes post-cancer medical supplies for women.

- Deferred duty on warehoused products distributed to domestic and NAFTA market.
- Direct delivery.
- Ability to break and affix Customs Seals.
- Weekly entry and associated reduction in Merchandise Processing Fees.

Biomedical/Biomechanical Processing in Foreign-Trade Zones

Millipore Corporation, manufactures 900,000 polyvinylidene fluoride filtering devices, annually, using Foreign-Trade Zone benefits. The finished product includes centrifugals, capsule filters, pressure/vacuum cartridge filters, tangential flow devices, cassettes and stacked, cut-disc membrane filters used in the pharmaceutical, electronics and food/beverage industries. blends foreign and domestic raw materials to produce cake, biscuit, bread a cookie premixes for export.

- Exemption of Customs duty payments on all foreign components that are used for export production.
- Inverted tariff benefits for all domestic and NAFTA shipments.
- Duty deferral and/or reduction on all foreign production equipment until the equipment is operational.
- Direct delivery.
- Ability to break and affix Customs Seals.
- Weekly entry and associated reduction in Merchandise Processing Fees.
- Quarterly HMT payments.

Mallinckrodt Medical, Inc., produces diagnostic pharmaceutical products for use in radiology, cardiology, anesthesiology and nuclear medicine. Foreign-sourced components account for roughly 20-30% of the finished products' value.

- Exemption from duty payments on the foreign materials that are used in the production of items for export.
- Inverted tariff benefits for all domestic and NAFTA shipments (reducing tariffs from 7.9-13.5% to 6.9%).
- Direct delivery.
- Ability to break and affix Customs Seals.
- Weekly entry and associated reduction in Merchandise Processing Fees.
- Quarterly HMT payments.

Ortho Biologics, LLC, manufactures intermediate chemicals for the pharmaceutical industry. Most of the product is exported for further processing into a hormone which stimulates red blood cell production. Foreign-sourced materials account for 14% of the intermediate chemical's value.

- Exemption from duty payments on the foreign materials that are used in the production of items for export.
- Inverted tariff benefits for all domestic and NAFTA shipments (reducing tariffs from 3.9% to 0%).
- Exemption from duty on scrap/waste, estimated at 10% of the imported material.
- Direct delivery.
- Ability to break and affix Customs Seals.

(Orthic Biologics, LLC cont.)

- Weekly entry and associated reduction in Merchandise Processing Fees.
- Quarterly HMT payments.

GlaxoSmithKline, PLC, manufactures various medical products, including respiratory inhalers, tablets and capsules.

- Exemption from duty payments on the foreign materials that are used in the production of items for export.
- Inverted tariff benefits for all domestic and NAFTAZ shipments (reducing tariffs from 0-6.4% to 0%-6.5%).
- Duty deferral and/or reduction on all foreign production equipment until the equipment is operational.
- Direct delivery.
- Ability to break & affix Customs Seals.
- Weekly entry and associated reduction in Merchandise Processing Fees.
- Quarterly HMT payments.

CooperVision Caribbean Corporation, manufactures, warehouses and distributes 800 million disposable contact lenses, annually. Products are sold domestically and internationally. Foreign-sources components represent up to 65% of the total material inputs, by value.

- Exemption from duty payments on the foreign materials that are used in the production of items for export.
- Inverted tariff benefits for all domestic and NAFTAZ shipments (reducing tariffs from 0-6.5% to 2%).
- Direct Delivery.
- Ability to Break & Affix Customs Seals.
- Weekly entry and associated reduction in Merchandise Processing Fees.
- •Quarterly HMT.

Baxter Healthcare Corporation, operates a facility manufacturing, warehousing and distributing intravenous products for the export and domestic markets. Zone procedures are used for making the laminated film IV bags.

- Exemption from duty on all foreign components and materials used in export production.
- Inverted tariff benefits for all domestic and NAFTAZ shipments (reducing tariffs from 4.2% to 0%).
- Direct delivery.
- Ability to Break and Affix Customs Seals.
- Quarterly HMT payments.
- Weekly customs entry with associated capped Customs Merchandise Processing fees.

***Use of foreign-trade zone procedures is a privilege, not a right. The Foreign-Trade Zones Board reviews each application for production activity on a case-by-case basis analyzing current import laws, import restrictions, the public interest and domestic industry impacts to determine whether or not to approve components.