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Senator Charles Grassley  
Chairman  
Senate Finance Committee  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

Attention: MTB

Re: Comments in Support of Duty Suspension and Extension Bill; S. 3318:  
Hydrated Hydroxypropyl Methylcellulose

Dear Chairman Grassley,

On behalf of our client, Forest Laboratories ("Forest Labs") of Inwood, New York, and in accordance with the July 11, 2006 press release of the Senate Finance Committee, we hereby submit the following comments in support of S. 3318, introduced jointly by Senators Hillary Clinton and Charles Schumer, to extend and amend (from partial suspension of 0.4% to full suspension of 0%) the duty reduction on Hydrated Hydroxypropyl Methylcellulose ("HHM") (CAS No. 9004-65-3).

HHM is a patented chemical used in pharmaceutical applications as an excipient which, when added with other excipients to a pharmaceutically active ingredient, functions as a time-release agent for the drug. HHM is primarily used in Isosorbide Dinitrate, a sustained release cardiovascular drug, for which only HHM is authorized by the U.S. Food and Drug Administration. HHM is also used in theophylline, an asthma drug.

Forest Labs imports HHM from Ireland. Because HHM is a unique, patented product, there are no U.S. manufacturers and no direct substitute that is commercially available. The normal duty on HHM does not protect any domestic producer or industry, and reversion of the current partial suspension (0.4% *ad valorem*) to the regular tariff rate (4.2% *ad valorem*) upon expiration of the existing partial suspension, will not benefit any member of the pharmaceutical or chemical industries. Consequently, imposition of the regular tariff will serve only to increase unnecessarily Forest Labs' U.S. manufacturing costs and increase costs to consumers.

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HHM is classifiable under subheading 3912.39.00 of the Harmonized Tariff System of the United States, and is currently subject to a duty rate of 4.2% *ad valorem*. The revenue impact of the proposed duty suspension will be less than \$500,000 per year; this is true even with the proposed change from a partial to a full suspension, because imports of the chemical have declined since the underlying suspension was first proposed. We are aware of no domestic opposition to this proposal, and there has been no opposition during the life of this suspension. Therefore, the bill should be treated as non-controversial for purposes of the Committee's consideration of miscellaneous tariff legislation.

Continuing the suspension of this tariff will permit Forest Labs to continue to lower its production costs, increase profitability, and maintain its competitiveness in the international market. This, in turn, will help control costs to consumers of cardio-vascular and asthma medications, and support the 3,000 jobs which Forest provides in New York and other states.

Finally, the WTO Doha Round of Multilateral Negotiations was recently suspended indefinitely, due to negotiators' difficulties in forging a consensus on agricultural trade liberalizing measures. Although the negotiations can continue until the President's Trade Promotion Authority expires in mid-2007, there is a wide-spread expectation that the prospects for tariff reduction agreements are slim in the near term, outside of bilateral Free Trade Agreements. Therefore, legislative tariff reductions will not undermine the USTR's negotiating leverage in the near term, and will contribute to the pharmaceutical industry's competitiveness, supporting public health policy over the longer term.

For the above reasons, Forest Labs strongly supports the duty suspension extension proposed in the above-referenced bill. Should you have any questions or require additional information, please contact the undersigned.

Sincerely,



Matthew T. McGrath  
Cortney O'Toole Morgan

Barnes, Richardson & Colburn  
Counsel to: Forest Laboratories