

ADDRESSES: Send written comments to the Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, DC 20503, ATTN.: Desk Officer for the Federal Trade Commission (comments in electronic form should be sent to aira_docket@omb.eop.gov), and to Secretary, Federal Trade Commission, Room H-159, 600 Pennsylvania Ave., NW., Washington, DC 20580 (comments in electronic form should be sent to consumersurvey@ftc.gov, as prescribed below). The submissions should include the submitter's name, address, telephone number and, if available, FAX number and e-mail address. All submissions should be captioned "Consumer Fraud Survey—FTC File No. P014412."

FOR FURTHER INFORMATION CONTACT: Requests for additional information, such as requests for the Supporting Statement, related attachments, or copies of the proposed collection of information, should be addressed to Nat Wood, Assistant Director, Office of Consumer and Business Education, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue, NW., Washington, DC 20580. Telephone: (202) 326-3407, e-mail: consumersurvey@ftc.gov.

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501-3520), Federal agencies must obtain approval from OMB for each collection of information they conduct or sponsor. On December 4, 2002, the FTC published a **Federal Register** notice with a 60-day comment period seeking comments from the public concerning the collection of information from consumers. See 67 FR 72186. No comments were received. Pursuant to the OMB regulations that implement the PRA (5 CFR part 1320), the FTC is providing this second opportunity for public comment while seeking OMB approval to conduct the collection of information presented by the proposed survey.

If a comment contains nonpublic information, it must be filed in paper form, and the first page of the document must be clearly labeled "confidential." Comments that do not contain any nonpublic information may instead be filed in electronic form (in ASCII format, WordPerfect, or Microsoft Word) as part of or as an attachment to e-mail messages directed to the following e-mail box: consumersurvey@ftc.gov. Such comments will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with section 4.9(b)(6)(ii) of the Commission's

Rules of Practice, 16 CFR section 4.9(b)(6)(ii).

Description of the Collection of Information and Proposed Use

The FTC proposes to survey approximately 3,000 consumers in order to gather specific information on the incidence of consumer fraud in the general population. This information will be collected on a voluntary basis, and the identities of the consumers will remain confidential. The FTC has contracted with a consumer research firm to identify consumers and conduct the survey. The results will: (1) Assist the FTC in determining whether the type and frequency of consumer fraud complaints collected in its Consumer Sentinel database representatively reflect the incidence of consumer fraud in the general population; and (2) inform the FTC about how best to combat consumer fraud.

Estimated Hours Burden

The FTC will pretest the survey on approximately 100 respondents to ensure that all questions are easily understood. This pretest will take approximately 15 minutes per person and 25 hours as a whole (100 respondents \times 15 minutes each). Answering the consumer survey will require approximately 15 minutes per respondent and 750 hours as a whole (3,000 respondents \times 15 minutes each). Thus, cumulative total hours attributable to the consumer research will approximate 775 hours.

Estimated Cost Burden

The cost per respondent should be negligible. Participation is voluntary and will not require start-up, capital, or labor expenditures by respondents.

By direction of the Commission.

Donald S. Clark,

Secretary.

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FEDERAL TRADE COMMISSION

[File No. 021 0100]

Dainippon Ink and Chemicals, Incorporated; Analysis To Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed consent agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis To Aid Public Comment describes both the allegations in the

draft complaint that accompanies the consent agreement and the terms of the consent order—embodied in the consent agreement—that would settle these allegations.

DATES: Comments must be received on or before March 3, 2003.

ADDRESSES: Comments filed in paper form should be directed to: FTC/Office of the Secretary, Room 159-H, 600 Pennsylvania Avenue, NW., Washington, DC 20580. Comments filed in electronic form should be directed to: consentagreement@ftc.gov, as prescribed below.

FOR FURTHER INFORMATION CONTACT:

Katherine Havelly, FTC, Bureau of Competition, 600 Pennsylvania Avenue, NW., Washington, DC 20580, (202) 326-2093.

SUPPLEMENTARY INFORMATION: Pursuant to section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46(f), and § 2.34 of the Commission's rules of practice, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of thirty (30) days. The following Analysis To Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for January 31, 2003), on the World Wide Web, at <http://www.ftc.gov/os/2003/01/index.htm>. A paper copy can be obtained from the FTC Public Reference Room, Room 130-H, 600 Pennsylvania Avenue, NW., Washington, DC 20580, either in person or by calling (202) 326-2222.

Public comments are invited, and may be filed with the Commission in either paper or electronic form. Comments filed in paper form should be directed to: FTC/Office of the Secretary, Room 159-H, 600 Pennsylvania Avenue, NW., Washington, DC 20580. If a comment contains nonpublic information, it must be filed in paper form, and the first page of the document must be clearly labeled "confidential." Comments that do not contain any nonpublic information may instead be filed in electronic form (in ASCII format, WordPerfect, or Microsoft Word) as part of or as an attachment to e-mail messages directed to the following e-mail box: consentagreement@ftc.gov. Such comments will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with

§ 4.9(b)(6)(ii) of the Commission's rules of practice, 16 CFR 4.9(b)(6)(ii)).

Analysis of Proposed Consent Order To Aid Public Comment

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an Agreement Containing Consent Orders ("Consent Agreement") from Dainippon Ink and Chemicals, Incorporated ("Dainippon"), which is designed to remedy the anticompetitive effects resulting from Dainippon's acquisition of Bayer Corporation's ("Bayer") high performance pigments business. Under the terms of the Consent Agreement, Dainippon will be required to divest its perylene business to Ciba Specialty Chemicals Inc. and Ciba Specialty Chemicals Corporation (collectively, "Ciba").

The proposed Consent Agreement has been placed on the public record for thirty (30) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the proposed Consent Agreement and the comments received, and will decide whether it should withdraw from the proposed Consent Agreement or make it final.

Pursuant to an asset purchase agreement dated February 15, 2002, Dainippon, through its wholly-owned U.S. subsidiary, Sun Chemical Corporation ("Sun Chemical"), agreed to acquire Bayer's high performance pigments business for approximately \$57.8 million (the "Proposed Acquisition"). The Commission's Complaint alleges that the Proposed Acquisition, if consummated, would violate section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, in the worldwide market for the research, development, manufacture, and sale of perylenes.

The Parties

Dainippon is a diversified global chemicals company based in Tokyo, Japan. Primarily through Sun Chemical, Dainippon manufactures and sells a full range of organic pigments, including perylenes. Sun Chemical is the third largest supplier of perylenes in the world. Sun Chemical's perylenes are produced through two third-party, "toll" manufacturers, Lobeco Products and Forth Technologies, which are located in South Carolina and Kentucky, respectively. Sun Chemical provides these toll manufacturers the intellectual property, manufacturing know-how, and

raw materials, as well as some of the equipment, to produce perylenes.

Bayer is a subsidiary of Bayer AG, a diversified, international healthcare and chemicals group based in Leverkusen, Germany. Headquartered in Pittsburgh, Pennsylvania, Bayer engages in the healthcare, life sciences, polymers, and chemicals industries. Bayer manufactures organic pigments at its facilities located in Bushy Park, South Carolina, and Lerma, Mexico. Bayer primarily participates in the high performance pigments segment and is considered a leader in the production of perylenes, which it manufactures at the Bushy Park plant. Bayer is currently the second largest supplier of perylenes in the world.

The Perylene Market

Pigments are small particles that are used to impart color to a wide variety of products, including inks, coatings (such as automotive coatings and housepaints), plastics, and fibers. Broadly speaking, there are two main categories of pigments: organic and inorganic. Organic pigments are chemically synthesized, carbon-based compounds that generate a broad spectral range of brilliant, transparent, or opaque color shades. Inorganic pigments, on the other hand, are generally based on metal oxides and tend to impart a narrower range of dull, opaque earth tones. Because of these differences, organic and inorganic pigments often are blended together to achieve a particular color shade and effect, and thus are used as complements rather than substitutes.

Organic pigments can be further categorized into two main groups: Commodity (or classical) organic pigments and "high performance" pigments. High performance pigments offer far superior durability and light-fastness compared to commodity organic pigments. Accordingly, high performance pigments are necessary to prevent color fading in products that endure prolonged exposure to sunlight and weather, such as automotive coatings. Commodity organic pigments, because of their lower quality, cannot substitute for high performance pigments in such demanding applications. High performance pigments are significantly more expensive than commodity organic pigments.

Perylenes are a class of high performance pigments that impart unique shades of red, such as maroon and violet, and offer a particularly high degree of transparency. Perylenes are primarily used to impart color to automotive coatings, and are used to a

lesser degree in plastics and carpet fibers. Because no other pigment or colorant offers the same combination of unique color shades and high performance characteristics that perylenes provide, perylene customers could not achieve the same colors and performance levels in their products without perylenes. Thus, there are no substitute products that perylene customers could turn to, even if faced with a significant price increase for perylenes.

As Sun Chemical and Bayer are two of only four viable suppliers of perylenes in the world, the perylene market is already highly concentrated, as measured by the Herfindahl-Hirschman Index ("HHI"). The Proposed Acquisition would significantly increase concentration in the market to an HHI level of 4,856, an increase of 680 points. The Proposed Acquisition would also eliminate the vigorous head-to-head competition between Sun Chemical and Bayer that has benefitted perylene customers in the past. By eliminating competition between Sun Chemical and Bayer in the market for perylenes, the Proposed Acquisition would allow the combined firm to unilaterally exercise market power, as well as increase the likelihood of coordinated interaction among the remaining perylene suppliers. As a result, the Proposed Acquisition would increase the likelihood that purchasers of perylenes would be forced to pay higher prices for perylenes and that innovation and service in this market would decrease.

Entry into the perylene market is not likely and would not be timely to deter or counteract the anticompetitive effects that would result from the Proposed Acquisition. It would take a new entrant well over two years to complete all of the requisite steps for entry, including: Researching and developing perylene technology; building a perylene manufacturing facility; perfecting the art of manufacturing perylenes; and passing the rigorous battery of tests required for customer approval. Additionally, new entry into the perylene market is unlikely to occur because the capital investment required to become a viable perylene supplier is high relative to the limited sales opportunities available to new entrants.

The Consent Agreement

The Consent Agreement requires Dainippon to divest Sun Chemical's perylene business to Ciba, a diversified specialty chemicals company that is a leading supplier of pigments (but does not manufacture or sell perylenes). This divestiture would fully remedy the

Proposed Acquisition's anticompetitive effects in the perylene market for several reasons. First, Ciba is the best-positioned acquirer of Sun Chemical's perylene business. Second, under the terms of the Consent Agreement, Ciba will receive everything it needs to step into the shoes of Sun Chemical in the perylene market. Finally, the Consent Agreement includes certain measures that will help ensure an effective transition of the Sun Chemical perylene assets to Ciba.

Ciba is the best-positioned acquirer of Sun Chemical's perylene business for several reasons. First, Ciba is committed to the high performance pigments market. Ciba is already a leading supplier of other high performance pigments, such as quinacridones and diketopyrrolo pyrroles. As a result, Ciba has the ability and incentive to take over and further develop Sun Chemical's perylene business, because the divestiture will enable Ciba to offer a wide range of high performance pigments. Second, because Ciba already has a reputation for quality and consistency with the customers of high performance pigments (such as automotive coatings manufacturers), it will be relatively easy for Ciba to convince these customers that it can be a viable supplier of perylenes. Finally, customers that have expressed concern about the Proposed Acquisition's likely harmful effects on the perylene market feel that a divestiture of Sun Chemical's perylene business to Ciba would resolve their concern.

Ciba will receive all of the assets it needs to replace the competition offered by Sun Chemical in the perylene market before the Proposed Acquisition. Under the Consent Agreement, Sun Chemical will divest its entire perylene business to Ciba. The divestiture includes: All of Sun Chemical's current perylene products; all perylene research and development; manufacturing technology; scientific know-how; technical assistance and expertise; customer lists; raw material, intermediate, and finished product inventory; and perylene product names, codes, and trade dress. Because Sun Chemical manufactures perylenes through toll manufacturers, no manufacturing equipment or facilities are included in the divestiture. Instead, as required by the Consent Agreement, Ciba has entered into contracts with Sun Chemical's perylene toll manufacturers—Lobeco Products and Forth Technologies—that will become effective upon closing the divestiture.

Additionally, the Consent Agreement includes several measures to ensure an effective transition of the tangible and

intangible assets related to the perylene business from Sun Chemical to Ciba. First, Ciba will have the opportunity to hire one or more Sun Chemical employees who have key responsibilities in connection with the company's perylene business. These former Sun Chemical employees will help Ciba not only to understand Sun Chemical's perylene manufacturing, research, and development process, but also to identify any missing or incomplete assets in the divestiture. Second, the Consent Agreement requires Sun Chemical to provide technical assistance to Ciba for a period of one year following the divestiture to help Ciba successfully take over Sun Chemical's perylene product line. Third, under the Consent Agreement, the Commission may appoint an interim monitor to supervise the transfer of assets and assure that Sun Chemical provides adequate technical assistance to Ciba.

Finally, in the event that the divestiture of Sun Chemical's perylene business to Ciba fails, the Consent Agreement includes certain contingent provisions to remedy the Proposed Acquisition's anticompetitive effects. If, before the Commission finalizes the Consent Order in this matter, the Commission notifies Dainippon that Ciba is not an acceptable acquirer of Sun Chemical's perylene business or that the manner in which the divestiture to Ciba was accomplished was not acceptable, the Consent Agreement requires Dainippon to rescind the transaction with Ciba and divest Sun Chemical's perylene business to an acquirer that receives the prior approval of the Commission within ninety (90) days of the rescission. Additionally, if Dainippon does not divest Sun Chemical's perylene business to either Ciba or a Commission-approved acquirer within the time required by the Consent Agreement, the Commission may appoint a trustee to divest Sun Chemical's perylene business in a manner that satisfies the requirements of the Consent Agreement.

The purpose of this analysis is to facilitate public comment on the Consent Order, and it is not intended to constitute an official interpretation of the Consent Order or to modify its terms in any way.

Quinacridones

Sun Chemical and Bayer also manufacture quinacridones, another class of red-shade high performance organic pigments. Unlike for perylenes, however, the Proposed Acquisition would not increase the likelihood that customers would pay higher prices for

quinacridones, or that service and innovation for these products would decrease. Two companies—Ciba and Clariant—are by far the largest manufacturers of quinacridones in the world, and they are the top two choices for many customers. With respect to quinacridones, Sun Chemical and Bayer are each less than half the size of Ciba or Clariant. Unlike for perylenes, where Sun Chemical and Bayer often vigorously compete head-to-head for business, the parties are less likely to face each other in head-to-head competition for quinacridone business. Many customers believe that, after the Proposed Acquisition, the combined Sun Chemical/Bayer will become a stronger quinacridone competitor, able to compete more effectively against Ciba and Clariant. In addition, several new quinacridone suppliers recently have entered the market, and those suppliers will provide increasing competition.

By direction of the Commission.

Donald S. Clark,

Secretary.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Public Meeting of the President's Council on Bioethics on March 6-7, 2003

AGENCY: The President's Council on Bioethics, HHS.

ACTION: Notice.

SUMMARY: The President's Council on Bioethics will hold its 10th meeting, at which it will discuss the regulation of biotechnology, with presentations on professional self-regulation of the assisted reproduction industry by: Dr. Sandra A. Carson, president of the American Society for Reproductive Medicine (ASRM) and Dr. George J. Annas, Boston University School of Public Health. The Council will also hear from Dr. Steven Pinker, Massachusetts Institute of Technology (MIT), on human nature, and Dr. Steven E. Hyman, Harvard University, on pediatric psychopharmacology. Subjects discussed at past Council meetings (and potentially touched on at this meeting) include: Human cloning; embryonic stem cell research; the patentability of human organisms; preimplantation genetic diagnosis and screening (PGD); sex selection techniques; inheritable genetic modification (IGM); international models of biotech regulation; organ procurement for