

ladles used with BOFs; and (6) the North American market for high-alumina bricks for torpedo cars used in steel making.

The proposed complaint alleges that each of the relevant markets is highly concentrated. Specifically, the proposed complaint alleges that RHI and Global control approximately 95 percent of the \$30 million North American market for magnesia-carbon refractory bricks for BOFs. The proposed acquisition thus represents a virtual merger to monopoly in magnesia-carbon bricks for BOFs. The proposed complaint also alleges that RHI and Global control approximately 65 percent of the \$58 million North American market for magnesia-carbon refractory bricks for EAFs; approximately 40 percent of the \$100 million North American market for magnesia-carbon bricks for steel ladles used with BOFs; approximately 46 percent of the \$5 million North American market for magnesia-chrome bricks for steel degassers; approximately 70 percent of the \$50 million North American market for high-alumina bricks for steel ladles used with BOFs; and approximately 52 percent of the \$23.5 million North American market for high-alumina bricks for torpedo cars.

The proposed complaint further alleges that the effect of the acquisition may be to substantially lessen competition and to tend to create a monopoly by, among other things, eliminating actual, direct and substantial competition between RHI and Global in each of the relevant markets identified above. The proposed complaint further alleges that the effect of the acquisition may be to substantially lessen competition and to tend to create a monopoly by increasing the level of concentration in each of these relevant markets and by increasing the likelihood that the firm created by the merger of RHI and Global will unilaterally exercise market power in each of these relevant markets, that purchasers of these products will be forced to pay higher prices, that technical and sales service will decline, and that innovation in the development of these products will decline.

The proposed complaint further alleges that entry into the relevant markets requires significant sunk costs and would not be timely, likely and sufficient to deter or offset reductions in competition resulting from the proposed acquisition. Development of the specialized refractories described above, including determination of the proper chemical composition and manufacturing techniques, is time consuming and requires an extremely high level of expertise. In addition,

customers in the steel industry increasingly require that their suppliers of refractories be able to supply the full line of refractories for particular applications, such as BOFs, EAFs and steel ladles. Thus, a new entrant would have to be able to assume the costs and expertise necessary to develop and supply both magnesia-carbon and high-alumina bricks.

Furthermore, because the refractory bricks at issue are used to control processes and substances at extremely high temperatures, the failure of the products can be catastrophic, sometimes causing the loss of human life. Consequently, customers are extremely resistant to change, and any new entrant would have to undergo months of laboratory testing, followed by extended periods (sometimes taking several years) of field testing, prior to acceptance of product for use in BOF and EAF steel making applications.

The proposed Order is designed to remedy the anticompetitive effects of the acquisition in the relevant markets, as alleged in the complaint, by requiring the divestiture to Resco of: (a) Global's Hammond, Indiana refractories plant, which produces magnesia-carbon bricks for BOFs, EAFs and steel ladles, and related equipment, machinery and intellectual property (including formulas, mixes, presses and molds) and customer lists and contracts; (b) Global's Marelant, Quebec plant, which produces magnesia-chrome bricks for steel degassers, and related equipment, machinery and intellectual property (including formulas, mixes, presses and molds) and customer lists and contracts; and (c) all rights, title and interest in and to specific assets relating to the production of high-alumina bricks for BOF steel ladles and torpedo cars, which are currently produced by RHI at its Farber, Missouri plant, including intellectual property, customer lists and contracts, formulas, mixes and molds. The proposed Order requires the divestiture to take place no later than forty-five (45) days after the date the Commission accepts the Agreement for public comment.

The proposed Order also provides for a magnesite supply contract between Resco and respondent. Currently, Global is one of only two U.S. producers of high purity magnesite, a necessary ingredient of magnesia-carbon and magnesia-chrome bricks, and currently supplies other refractory producers with the material for the production of refractories. In order to ensure that Resco has a continuing supply of high purity magnesite with which it can make the relevant products, and to prevent the possibility that customers

might require re-qualification in the event that the acquirer is forced to obtain an alternate source of supply of this raw material, the proposed Order provides that respondent enter into a one year high purity magnesite supply contract, renewable for two additional one year terms at Resco's option, with most favored nation pricing. The arrangement is intended to be of sufficient duration to give Resco time to assimilate the relevant products into its own line of refractory products, to perfect the production processes, and to test other sources of high purity magnesite without jeopardizing customer contracts in the meantime.

Thus, the proposed Order is designed to promote the viability and competitiveness of the divested businesses by placing the businesses in the hands of a company with extensive expertise in the refractories industry, expertise in related refractories applications, and additional economies resulting from shared research and development, overhead and production. The proposed Order is structured to help assure the success of Resco in operating the divested businesses by providing Resco with the assets required for it to successfully compete in the relevant markets: magnesia-carbon, magnesia-chrome and high-alumina formulas that are well-known, well-respected and already proven in the marketplace; supply contracts with customers; technical assistance and training; production assets; and raw materials supply contracts to ensure the continued and consistent ability to produce the products.

If the Commission determines that Resco is not an acceptable buyer, or that the agreement between Resco and respondent is not an acceptable form of divestiture, the proposed Order provides that respondent shall rescind the Resco agreement and any divestiture to Resco, and divest the identified assets, including RHI's Farber, Missouri plant and fixtures, at the purchaser's option, to an acquirer that receives the prior approval of the Commission. In such an event, the proposed Order also contains provisions designed to ensure that such an acquirer has the benefit, at its option, of all of the raw materials, contracts and technical assistance relating to the businesses to be divested.

The proposed Order also provides that if respondent fails to divest the assets to be divested as required by the proposed Order, the Commission may appoint a Divestiture Trustee to divest the business along with any assets related to the business that are necessary to effect the purposes of the proposed Order.

The proposed Order also provides for the appointment of an Interim Trustee to ensure that respondent expeditiously performs its responsibilities under the proposed Order. The Interim Trustee will oversee the divestiture to ensure the adequacy of the transfer, to ensure that disputes between the parties will be identified and resolved quickly, clearly, and impartially, and to identify possible violations of the proposed Order.

The Agreement requires respondent to provide the Commission, within thirty (30) days of the date of the agreement was signed, with an initial report setting forth in detail the manner in which respondent will comply with the provisions relating to the divestiture of assets.

The purpose of this analysis is to facilitate public comment on the proposed Order. This analysis is not intended to constitute an official interpretation of the agreement or the proposed Order or in any way to modify the terms of the Agreement or the proposed Order.

By direction of the Commission.

Donald S. Clark,
Secretary.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Disease Control and Prevention

[Program Announcement 00029]

Cooperative Agreement for the Operation and Enhancement of a National Public Health Information/Communication Network; Notice of Availability of Funds

A. Purpose

The Centers for Disease Control and Prevention (CDC) announces the availability of fiscal year (FY) 2000 funds for a cooperative agreement program for the operation and enhancement of a national public health information/communication network. This network/program addresses the "Healthy People 2000" priority area of Educational and Community-Based Programs.

The purpose of this program is to coordinate coverage of public health emergencies with State and local health departments; enhance disease prevention and promotion efforts; provide opportunities to relate the stories of health prevention; identify methods to provide health communication education and training

to State health departments; and to elicit the coordination and cooperation of other national, public, private, and voluntary agencies in promoting public health information.

The purpose is also to foster national public health priorities which include strengthening science for public health action and increasing collaboration with health care partners for prevention and promoting healthy living at all stages of life. The network should continue to support the exchange and sharing of information methods and techniques for the improvement of coordination of public information initiatives between State health departments and provide a forum of continuing education opportunities in public health information. The network serves as a facilitator of communications through which Directors of State, territory and federal public affairs may share information and methods for the benefit of improved public health programs.

B. Eligible Applicants

Applications may be submitted by public and private nonprofit organizations and by governments and their agencies; that is, universities, colleges, research institutions, hospitals, other public and private nonprofit organizations, State (*i.e.* public information Directors of State health departments) and their bona fide agents, and federally recognized Indian tribal governments, Indian tribes, or Indian tribal organizations.

Note: Public Law 104-65 states that an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 that engages in lobbying activities is not eligible to receive Federal funds constituting an award, grant, cooperative agreement, contract, loan or any other form.

C. Availability of Funds

Approximately \$200,000 is available in FY 2000 to fund one cooperative agreement. It is expected that the award will begin on or about May 1, 2000, and will be made for a 12-month budget period within a project period of up to 5 years. Funding estimates may vary and are subject to change.

Continuation awards within the project period will be made on the basis of satisfactory progress as evidenced by required reports and the availability of funds.

D. Program Requirements

In conducting activities to achieve the purpose of this program, the recipient will be responsible for the activities under 1., below, and CDC will be responsible for conducting activities under 2., below:

1. Recipient Activities:

a. Plan, conduct, and evaluate an annual national conference and, as required, regional conferences. The purpose of these conferences is to provide a forum for continuing educational opportunities in public health communications. Future conferences will serve as opportunities to update CDC staff on State level communication campaigns and provide a platform for CDC to update States on CDC information/communication campaigns.

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