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Jessica Rich,

[FR Doc. 2016-31731 Filed 1-3-17; 8:45 am]

BILLING CODE 6750-01-P

FEDERAL TRADE COMMISSION

[File No. 161 0077]

C.H. Boehringer Sohn AG & Co. KG; 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 methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the complaint and the terms of the consent orders—embodied in the consent agreement—that would settle these allegations.

DATES: Comments must be received on or before January 27, 2017.

ADDRESSES: Interested parties may file a comment at [://](#)

or on paper, by following the instructions in the Request for Comment part of the **SUPPLEMENTARY INFORMATION** section below. Write “C.H. Boehringer Sohn AG & Co. KG File No. 1610077—Consent Agreement” on your comment and file your comment online at [://](#)

following the instructions on the web-based form. If you prefer to file your comment on paper, write “C.H. Boehringer Sohn AG & Co. KG File No. 1610077—Consent Agreement” on your comment and on the envelope, and mail your comment to the following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue NW., Suite CC-5610 (Annex D), Washington, DC 20580, or deliver your comment to the following address: Federal Trade Commission, Office of the Secretary, Constitution Center, 400 7th Street SW., 5th Floor, Suite 5610 (Annex D), Washington, DC 20024.

FOR FURTHER INFORMATION CONTACT:

Michael Barnett (202-326-2362), Bureau of Competition, 600 Pennsylvania Avenue NW., Washington, DC 20580.

SUPPLEMENTARY INFORMATION: Pursuant to Section 6(f) of the Federal Trade Commission Act, 15 U.S.C. 46(f), and FTC Rule 2.34, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing consent orders 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 December 28, 2016), on the World Wide Web, at [://](#)

You can file a comment online or on paper. For the Commission to consider your comment, we must receive it on or before January 27, 2017. Write “C.H. Boehringer Sohn AG & Co. KG File No. 1610077—Consent Agreement” on your comment. Your comment—including your name and your state—will be placed on the public record of this proceeding, including, to the extent practicable, on the public Commission Web site, at [://](#)

As a matter of discretion, the Commission tries to remove individuals' home contact information from comments before placing them on the Commission Web site.

Because your comment will be made public, you are solely responsible for making sure that your comment does not include any sensitive personal information, like anyone's Social Security number, date of birth, driver's license number or other state identification number or foreign country equivalent, passport number, financial account number, or credit or debit card number. You are also solely responsible for making sure that your comment does not include any sensitive health information, like medical records or other individually identifiable health information. In addition, do not include any “[t]rade secret or any commercial or financial information which . . . is privileged or confidential,” as discussed in Section 6(f) of the FTC Act, 15 U.S.C. 46(f), and FTC Rule 4.10(a)(2), 16 CFR 4.10(a)(2). In particular, do not include competitively sensitive information such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names.

If you want the Commission to give your comment confidential treatment, you must file it in paper form, with a request for confidential treatment, and

you have to follow the procedure explained in FTC Rule 4.9(c) as discussedp044 T.11, et the Commission twefore January 27, ite “C.H.

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¹ In particular, the written request for confidential treatment that accompanies the comment must include the factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. FTC Rule 4.9(c), 16 CFR 4.9(c).

AG & Co. KG (“Boehringer Ingelheim”), which is designed to remedy the anticompetitive effects of Boehringer Ingelheim’s acquisition of the Merial Animal Health business (“Merial”) from Sanofi. Under the terms of the proposed Decision and Order (“Order”) contained in the Consent Agreement, Boehringer Ingelheim is required to divest its relevant U.S. companion animal vaccine business to Eli Lilly and Company, which participates in the animal health industry through its Elanco Animal Health (“Elanco”) division. Boehringer Ingelheim is also required to divest its U.S. Cydectin parasiticide product to Bayer AG (“Bayer”).

The proposed Consent Agreement has been placed on the public record for thirty days for receipt of comments from interested persons. Comments received during this period will become part of the public record. After thirty days, the Commission will again evaluate the proposed Consent Agreement, along with the comments received, in order to make a final decision as to whether it should withdraw from the proposed Consent Agreement, modify it, or make it final.

The Transaction

Pursuant to an Exclusivity Agreement dated December 15, 2015, Boehringer Ingelheim proposes to swap its consumer health care business for Sanofi’s Merial animal health business (the “Proposed Acquisition”). In the proposed swap, Boehringer Ingelheim obtains Merial, valued at \$13.53 billion, and Sanofi obtains Boehringer Ingelheim’s Consumer Health Care business unit, valued at \$7.98 billion, as well as cash compensation of \$5.54 billion. The Commission alleges in its Complaint 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 U.S. markets for two types of animal health products: (1) Companion animal vaccines—which include various canine, feline, and rabies vaccines—and (2) cattle and sheep parasiticides. The proposed Consent Agreement will remedy the alleged violations by preserving the competition that would otherwise be eliminated by the Proposed Acquisition.

The Parties

Headquartered in Germany, Boehringer Ingelheim is one of the world’s leading pharmaceutical companies. It manufactures, researches, develops and markets an array of human and animal health products. The

company’s animal health division, Boehringer Ingelheim Vetmedica, Inc., is the sixth-largest animal health supplier in the world.

Sanofi is a multinational pharmaceutical company headquartered in Gentilly, France. The company develops and markets a diverse portfolio of products, including pharmaceuticals, human vaccines, and, through its subsidiary Merial, animal health products. Merial is the fourth-largest animal health supplier in the world.

The Relevant Products and Structure of the Markets

There are three classes of companion animal vaccines in which to analyze the effects of the Proposed Acquisition:

Canine vaccines, feline vaccines, and rabies vaccines. A vaccine is a version

develops and markets a diverse portfolio of products, including pharmaceuticals, human vaccines, and, through its subsidiary Merial, animal health products. Merial is the fourth-largest animal health supplier in the world.

Boehringer Ingelheim, Merial, and Zoetis are the three primary participants in the macrocyclic lactone cattle parasiticide market, and the Proposed Acquisition would combine the two most significant competitors. Merial, the market leader, offers three brands: Ivomec, Eprinex, and LongRange. After Merial, Boehringer Ingelheim is the next largest supplier of macrocyclic lactone cattle parasiticides. Boehringer Ingelheim's sole product is Cydectin, a parasiticide that is functionally identical to Ivomec and Eprinex for beef cattle. Zoetis also offers a macrocyclic lactone product, Dectomax, that is similar to the products of Merial and Boehringer Ingelheim. Merial, Boehringer Ingelheim and Zoetis accounted for 45%, 22%, and 17% of revenues, respectively, of U.S. sales in 2015. Beyond these three companies, multiple manufacturers produce generic versions of Merial's Ivomec. Although these generic products are significantly cheaper than the branded products, they have limited competitive significance. Many customers prefer the branded products because the branded product manufacturers offer valuable technical support, field support, and education. In addition, many customers also perceive the generic products to be inferior and unreliable, preferring to pay a higher price for the guaranteed success of branded products.

Merial and Boehringer Ingelheim are the only two macrocyclic lactone cattle parasiticide suppliers that offer "zero-day milk withhold" products—Cydectin and Eprinex, respectively. The Proposed Acquisition would eliminate the competition between them, effectively leaving dairy cattle customers with a sole supplier.

Sheep Parasiticides

Sheep parasiticides are critical for optimizing wool and meat production. Sheep parasiticides utilize the same compounds as cattle parasiticides, but use a different route of administration. Because a sheep's wool and skin prevent the absorption of topical products and the thickness of a sheep's wool makes injections difficult, customers view oral administration as the only viable option for sheep parasiticides. Both macrocyclic lactones and benzimidazoles can be used as sheep parasiticides, but benzimidazoles are not economic substitutes for macrocyclic lactones in most cases because they do not treat external parasites and are less efficacious.

Merial and Boehringer Ingelheim are the two primary suppliers of macrocyclic lactone sheep parasiticides. Boehringer Ingelheim offers Cydectin

Oral Drench and Merial offers Ivomec Oral Drench. Following the Proposed Acquisition, the merged firm would control more than 78% of this market. The other macrocyclic lactone sheep parasiticides are generic versions of the Merial product, which are of limited competitive significance.

The United States is the relevant geographic market in which to assess the competitive effects of the Proposed Acquisition. The USDA must approve companion animal vaccines before they are sold in the United States. Cattle and sheep parasiticides must be approved by the FDA before being sold in the United States. Thus, products sold outside the United States, but not approved for sale in the United States, are not alternatives for U.S. consumers.

Entry

Entry into the U.S. markets for companion animal vaccines and cattle and sheep parasiticides would not be timely, likely or sufficient in magnitude, character and scope to deter or counteract the anticompetitive effects of the Proposed Acquisition. Three major obstacles stand in the way of a prospective entrant into the relevant markets: Lengthy development periods, FDA and USDA approval requirements, and difficulty of establishing a brand name and reputation and convincing veterinarians to prescribe new products.

Effects of the Acquisition

The Proposed Acquisition would cause significant competitive harm to consumers in the relevant U.S. markets for companion animal vaccines and cattle and sheep parasiticides by eliminating actual or future, direct, and substantial competition between Boehringer Ingelheim and Merial. The transaction would increase the likelihood that Boehringer Ingelheim will be able to unilaterally exercise market power, increase the likelihood of coordinated interaction between or among suppliers, and increase the likelihood that consumers will pay higher prices.

The Consent Agreement

The proposed Consent Agreement effectively remedies the Proposed Acquisition's anticompetitive effects by providing that the merged firm will not acquire, develop, or market any product that competes with the Proposed Acquisition's companion animal vaccine and certain of its cattle and sheep parasiticides assets to Elanco and Bayer, respectively.

Under the proposed Order, the merged firm will not exercise its relevant U.S. rights and interests in its

companion animal vaccine business to Elanco no later than ten days after the consummation of the Proposed Acquisition or on the date on which the proposed Order becomes final, whichever is earlier. Similarly, the proposed Order requires that the merged firm will not exercise all of its respective U.S. rights and interests in its parasiticide product, Cydectin, before Bayer. These requirements include all regulatory approvals, brand names, marketing materials, confidential business information, customer information, and other assets associated with marketing and selling both products. To ensure that the merged firm's requirements are successful, the proposed Order requires that the merged firm will secure all third-party consents and waivers required to permit both buyers to conduct business with the merged firm's assets. Additionally, Elanco and Bayer also will have the right to interview and offer employment to employees associated with the merged businesses.

Elanco is an experienced supplier in the global animal health industry and has the resources and expertise to replicate its role in the companion animal vaccine markets. In 2015, Elanco generated approximately \$1 billion in revenue. Elanco currently offers a limited portfolio of companion animal pharmaceutical products such as parasiticides, pain relievers, and dermatological products. Elanco, however, is not a meaningful participant in any of the companion animal vaccines market, and its proposed acquisition of those assets will complement and expand its existing companion animal portfolio. Elanco is well positioned to replicate immediately Boehringer Ingelheim's competitive position in all companion animal vaccine markets.

Bayer is similarly well qualified to replicate its competitive position in the United States with respect to the Cydectin product line. Bayer is currently the fifth-largest animal health company both worldwide and in the United States. In 2015, Bayer had worldwide sales of \$1.6 billion, of which \$595 million derived from its animal health business. Bayer does not currently offer a parasiticide that controls external and internal parasites to cattle and sheep farmers. However, Bayer offers a variety of other products to cattle and sheep farmers, including anthelmintics and external parasiticide control products.

The Commission has agreed to appoint a Monitor to ensure that Boehringer Ingelheim complies with all of its obligations pursuant to the Consent Agreement and to keep the

Commission informed about the status of the transfer of the rights and assets to Elanco and Bayer.

The Commission's goal in evaluating possible purchasers of divested rights and assets is to maintain the competitive environment that existed prior to the Proposed Acquisition. If the Commission determines that either buyer is not an acceptable acquirer, or that the manner of the divestiture is not acceptable, the proposed Order requires the parties to unwind the sale and then divest the products to another Commission-approved acquirer within six months of the date that the proposed Order becomes final. The proposed Order further allows the Commission to appoint a trustee in the event the parties fail to divest the products.

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

By direction of the Commission.

April J. Tabor,

[FR Doc. 2016-31848 Filed 1-3-17; 8:45 am]

BILLING CODE 6750-01-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Notice Designating State Title IV-D Child Support Agencies as "Public Bodies"

AGENCY: Office of Child Support Enforcement, Administration for Children and Families, Department of Health and Human Services.

ACTION: Notice.

SUMMARY: This notice designates state IV-D child support agencies as public bodies authorized to perform specific functions of the Central Authority under Article 6(3) of the the Hague Convention of 23 November 2007 on the International Recovery of Child Support and Other Forms of Family Maintenance (Convention).and specifies functions to be performed by the state agencies in relation to applications under the Convention.

ADDRESSES: Interested parties may submit written comments on this notice to the United States Central Authority for International Child Support, Department of Health and Human Services, Office of Child Support Enforcement, 330 C Street SW., 5th

Floor, Washington, DC 20201.

Comments received will be available for public inspection at this address from 9:00 a.m. to 5:00 p.m. EST, Monday through Friday.

DATES: The Convention will enter into force for the United States on January 1, 2017.

FOR FURTHER INFORMATION CONTACT: The Division of Policy and Training, Office of Child Support Enforcement, Administration for Children and Families, 330 C Street SW., 5th Floor, Washington, DC 20201.

SUPPLEMENTARY INFORMATION: The President signed the Instrument of Ratification on August 30, 2016, and the United States of America deposited its Instrument of Ratification of the Convention on September 7, 2016. The Convention will enter into force for the United States on January 1, 2017. Section 459A of the Social Security Act (42 U.S.C. 659a) and Executive Order 13752, 81 FR 90181 (Dec. 8, 2016) designate the Department of Health and Human Services as the Central Authority of the United States for purposes of the Convention, and authorize the Secretary of Health and Human Services to perform all lawful acts that may be necessary and proper in order to execute the functions of the Central Authority. Article 6(3) of the Convention authorizes the designation of public bodies to perform specific functions under the Convention, subject to the supervision of the Central Authority. The Executive Order specifically authorizes the designation of the state agencies responsible for implementing an approved State Plan under title IV-D of the Social Security Act, 42 U.S.C. 651, as public bodies authorized to perform specific functions in relation to applications under the Convention. All states have enacted the Uniform Interstate Family Support Act of 2008 (UIFSA 2008) to enable uniform implementation of the Convention in the United States.

Under authority delegated by the Secretary for administration of the title IV-D program, I hereby designate the state title IV-D child support agencies as public bodies authorized to perform functions related to applications under the Convention in accordance with UIFSA 2008, title IV-D and title IV-D regulations, and guidance and instructions, subject to the supervision of the federal Office of Child Support Enforcement. Such functions shall include the provision of support enforcement services to applicants under the Convention, including: Transmitting and receiving applications under the Convention; initiating or

facilitating the institution of proceedings with respect to applications; establishing paternity and support orders; recognizing, modifying, and enforcing such orders; collecting and distributing payments under such orders; and providing administrative and legal services without cost to applicants.

Statutory Authority: Section 459(a) of the Social Security Act (42 U.S.C. 659(a))

Dated: December 29, 2016.

Mark H. Greenberg,

[FR Doc. 2016-31895 Filed 1-3-17; 8:45 am]

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