

sound financial position and able to better focus its YBS programs as a part of its overall loan portfolio management and its risk management programs. Each Board of Directors should identify risk parameters for YBS lending that are appropriate in relation to the institution's risk-bearing capacity and its YBS program objectives.

III. Sound YBS Programs and Policies

Each direct lender association is required to adopt policies that establish programs to provide credit and related services to YBS borrowers.² Board policies should define the program's purpose and objectives, operating parameters for management, delegated and retained authorities of the board, exception processes, and requirements for reporting to the association's board.

IV. Definitions

To better reflect the current demographics of agricultural producers, the FCA defines a young farmer as 35 years or younger; a beginning farmer as having 10 years or fewer farming, ranching, or aquatic experience; and a small farmer as generating less than \$250,000 in annual gross agricultural or aquatic sales. These new definitions are effective for the reports filed with the FCA as of December 31, 1998.

Dated: December 15, 1998.

Floyd Fithian,

Secretary, Farm Credit Administration Board.
[FR Doc. 98-33670 Filed 12-18-98; 8:45 am]

BILLING CODE 6705-01-P

FEDERAL MARITIME COMMISSION

Notice of Agreement(s) Filed

The Commission hereby gives notice of the filing of the following agreement(s) under the Shipping Act of 1984. Interested parties can review or obtain copies of agreements at the Washington, DC offices of the Commission, 800 North Capital Street, NW., Room 962. Interested parties may submit comments on an agreement to the Secretary, Federal Maritime Commission, Washington, DC 20573, within 10 days of the date this notice appears in the **Federal Register**.

Agreement No.: 207-011371-003.

Title: H. Stinnes Linien GmbH.

Parties:

Hugo Stinnes Schiffahrt GmbH
DSR-Senator Lines GmbH
H. Stinnes Linien GmbH

Synopsis: The proposed modification would change the name of the joint

service agreement from the DSR/Stinnes West Indies Service to H. Stinnes Linien GmbH; change the name of the joint service, which is also a party to the agreement; add the Dominican Republic to the Geographic scope; and restate the agreement.

Agreement No.: 232-011642.

Title: East Coast United States/East Coast South America Vessel Sharing Agreement.

Parties:

A.P. Moller-Maersk Line
Sea-Land Service, Inc.
P&O Nedlloyd, Ltd.
P&O Nedlloyd, B.V.
Compania Sud Americana de Vapores, S.A.
Euroatlantic Container Line S.A.
Braztrans Transportes Maritimos Limitada
Alianca Transportes Maritimos, S.A.
Columbus Line

Synopsis: The proposed agreement authorizes the parties to operate and share space on up to 14 vessels in the trade, with no vessel having a capacity over 2,000 TEUs. The parties may charter vessels to and from each other and redeploy vessels in the trade. They may also interchange containers and related equipment, and may agree between themselves and with third parties for the use of terminal facilities and other shoreside services and supplies. The parties have requested expedited review.

Dated: December 15, 1998.

By order of the Federal Maritime Commission.

Joseph C. Polking,

Secretary.

[FR Doc. 98-33686 Filed 12-18-98; 8:45 am]

BILLING CODE 6730-01-M

FEDERAL TRADE COMMISSION

[File No. 9810153]

Asociacion de Farmacias Region de Arecibo, Inc., et al.; 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 February 19, 1999.

ADDRESSES: Comments should be directed to: FTC/Office of the Secretary, Room 159, 600 Pa. Ave., N.W., Washington, D.C. 20580.

FOR FURTHER INFORMATION CONTACT:

Gary H. Schorr or Steven J. Osnowitz, FTC/s-3115 601 Pa. Ave., N.W., Washington, D.C. 20580, (202) 326-3063 or (202) 326-2746.

SUPPLEMENTARY INFORMATION: Pursuant to Section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46 and Section 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 sixty (60) 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 14, 1998), on the World Wide Web, at "http://www.ftc.gov/os/actions97.htm." A paper copy can be obtained from the FTC Public Reference Room, Room H-130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580, either in person or by calling (202) 326-3627. Public comment is invited. Such comments or views 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 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 to a proposed consent order from the Asociacion de Farmacias Region de Arecibo ("AFRA") and Ricardo Alvarez Class ("Alvarez"). AFRA is an organization of approximately 125 pharmacies operating in northern Puerto Rico and Alvarez, a pharmacy owner in Manati, Puerto Rico, is one of AFRA's officers. The agreement settles charges that the proposed respondents violated Section 5 of the Federal Trade Commission Act by fixing the terms and conditions, including prices, under which AFRA's members would contract with a third party payer to provide

² 12 CFR 614.4165

services to indigents under Puerto Rico's Health Insurance Act of 1993 (the "Reform"), and by threatening to withhold services if AFRA's terms were not met.

The proposed consent order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

The purpose of this analysis is to facilitate public comment on the agreement. The analysis is not intended to constitute an official interpretation of either the proposed complaint or the proposed consent order, or to modify their terms in any way.

The proposed consent order has been entered into for settlement purposes only and does not constitute an admission by either of the proposed respondents that the law has been violated as alleged in the complaint.

Summary of the Complaint Allegations

The Administracion de Seguros de Salud ("ASES"), a public corporation, implements and administers the Reform, the Puerto Rico government program designed to provide health care to the indigent and certain other residents of Puerto Rico. ASES has divided Puerto Rico into regions, soliciting bids for each region from payers to organize and provide services for beneficiaries. ASES currently selects one payer with which to contract per region. That payer then contracts with providers, including hospitals, physicians, pharmacies, and dentists. After reviewing bids from several payers, ASES selected Triple-S to administer the North Region of the Reform beginning April 1, 1995. The North Region consist of the municipalities of: Arecibo, Barceloneta, Camuy, Ciales, Florida, Hatillo, Lares, Manati, Morovis, Quebradillas, Utuado, and Vega Baja. The combined population of these municipalities is 434,000, of whom 260,000 are beneficiaries of the Reform.

Respondent AFRA, whose members are located in the North Region of the Reform, was formed on November 22, 1994, as a vehicle for its members to jointly negotiate with health plans. Each AFRA member agreed that AFRA would serve as its bargaining agent. Respondent Alvarez served as AFRA's president from its inception until March 1997, and is currently its treasurer. Alvarez provided the leadership

necessary to unite otherwise competing pharmacies, and directed AFRA's efforts to set prices and other terms for participation in the Reform by its members.

In January 1995, AFRA began negotiating on behalf of its members with Triple-S. Alvarez served as AFRA's chief spokesman and negotiator. AFRA sought to increase compensation for its members, and to require Triple-S to contract with all AFRA members who were interested in providing services. Alvarez exhorted AFRA's members to refuse to sign contracts with Triple-S until advised to do so by AFRA. The refusal by AFRA members to provide services caused Triple-S to raise the fees paid to AFRA members, so that they would have a viable network of pharmacies to provide services under the Reform.

In March 1996, Triple-S lowered the fees paid to AFRA member pharmacies. In response, AFRA, under Alvarez's leadership and guidance, threatened to withhold its members' services as of June 10, 1996, unless Triple-S rescinded its fee schedule and increased reimbursement to its members. Thereafter, Triple-S acceded to AFRA's demands. The new fee schedule amounted to a 22% increase over the March 1996 fee schedule.

AFRA's members have not integrated their practices in any economically significant way, nor have they created efficiencies sufficient to justify their acts or practices described above.

The complaint alleges that the proposed respondents, by fixing the compensation upon which pharmacies would participate in the Reform, raised the cost of pharmacy goods and services to be furnished to the beneficiaries of the Reform, and thereby deprived the Commonwealth of Puerto Rico, payers, and consumers of the benefits of competition among pharmacies.

The Proposed Consent Order

The proposed consent order would prohibit the proposed respondents from concertedly 1) negotiating on behalf of any pharmacies with any payer or provider; 2) refusing to deal, boycotting, or threatening to boycott any payer or provider; 3) determining any terms, conditions, or requirements upon which pharmacies will deal with any payer or provider, including, but not limited to, terms of reimbursement; or 4) restricting the ability of pharmacies to deal with payers individually or through any arrangement outside of AFRA.

The proposed consent order would, however, allow either of the proposed respondents to engage in conduct (including collectively determining

reimbursement and other terms of contracts with payers) that is reasonably necessary to operate (a) any "qualified risk-sharing joint arrangement," or (b) upon prior notice to the Commission, any "qualified clinically integrated joint arrangement."

For the purposes of the order, a "qualified risk-sharing joint arrangement" must satisfy two conditions. First, participating pharmacies must share substantial financial risk. The order lists ways in which pharmacies might share financial risk. Second, the arrangement must be non-exclusive, both in name and in fact. The order does not permit arrangements that either restrict the ability of participating pharmacies to contract outside the arrangement (individually or through other networks) with third-party payers, or facilitate refusals to deal outside the arrangement by participating pharmacies.

For the purposes of the order, a "qualified clinically integrated joint arrangement" includes arrangements in which the pharmacies undertake cooperative activities to achieve efficiencies in the delivery of clinical services, without necessarily sharing substantial financial risk. For purposes of the order, such arrangements are ones in which the participating pharmacies have a high degree of interdependence and cooperation through their use of programs to evaluate and modify their clinical practice patterns, in order to control costs and assure the quality of pharmacy services provided through the arrangement. As with risk-sharing arrangements, the arrangement must be non-exclusive. Because the definition of a clinically integrated arrangement is by necessity less precise than that of a risk sharing arrangement, the order imposes prior notification requirements. Such prior notification will allow the Commission to evaluate the likely competitive impact of a specific proposed arrangement and thereby help guard against the recurrence of acts and practices that have restrained competition and consumer choice.

The proposed order would permit respondent Alvarez to negotiate with any payer or provider on behalf of pharmacies that he owns. The proposed order would also permit Alvarez to negotiate on behalf of pharmacies that he operates pursuant to a contract, provided that he submits written notice and a copy of the contract to the Commission within ten (10) days of entering into such contract and refrains from negotiations with any payer or provider for at least thirty (30) days after providing such notice.

Part III of the proposed order would require the AFRA distribute copies of the order and accompanying complaint, as well as certified Spanish translations, to each person who, at any time since November 22, 1994, has been an officer, director, manager, employee, or participating pharmacy in AFRA, and to each payer or provider, who at any time since November 22, 1994, has communicated any desire, willingness, or interest in contracting for pharmacy goods and services with AFRA members.

Parts IV and V of the order impose certain reporting requirements in order to assist the Commission in monitoring compliance with the order.

The proposed consent order would terminate 20 years after the date it is issued.

By direction of the Commission.

Donald S. Clark,
Secretary.

[FR Doc. 98-33707 Filed 12-18-98; 8:45 am]
BILLING CODE 6750-01-M

FEDERAL TRADE COMMISSION

[File No. 9410047]

Columbia River Pilots; Analysis To Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: 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 February 19, 1999.

ADDRESSES: Comments should be directed to: FTC/Office of the Secretary, Room 159, 600 Pa. Ave., N.W., Washington, D.C. 20580.

FOR FURTHER INFORMATION CONTACT: K. Shane Woods or Charles A. Harwood, Seattle Regional Office, Federal Trade Commission, 915 Second Ave., Suite 2896, Seattle, Washington 98174, (206) 220-6363.

SUPPLEMENTARY INFORMATION: Pursuant to Section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46 and Section 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 sixty (60) 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 14, 1998), on the World Wide Web, at "http://www.ftc.gov/os/actions97.htm." A paper copy can be obtained from the FTC Public Reference Room, Room H-130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580, either in person or by calling (202) 326-3627. Public comment is invited. Such comments or views 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 4.9(b)(6)(ii)).

Analysis of Proposed Consent Order To Aid Public Comment

The Federal Trade Commission has accepted a proposed consent order from Columbia River Pilots ("COLRIP"). COLRIP is an association of approximately forty marine pilots licensed by the State of Oregon to provide navigational assistance to vessels on the Columbia River. COLRIP facilitates the provision of marine pilotage by its members by, among other things, dispatching marine pilots to incoming and outgoing vessels and collecting and distributing marine pilots' fees.

In 1989, two pilots resigned from COLRIP to form a competing pilotage group, Lewis & Clark Pilotage, Inc. ("L&C"). For the first time in forty years, there was competition for pilotage services on the Columbia River. The benefits from this competition were immediate and significant. L&C made several improvements in its service that reduced costs to shippers.

The profitability of shippers depends on the speed and volume of shipments. Ships cost tens of thousands of dollars a day to operate. Shippers' costs are lower the less time ships are on the river and the more product they ship. Marine pilots play an important role in this effort, because they influence the time a vessel is on the river and how much cargo is transported. L&C quickly improved efficiency on the Columbia River by expanding the hours pilots moved vessels, by working with shippers to get a maximum load for the

time of sailing, and by being available to move vessels twenty-four hours a day, without significant advance notice. The results were dramatic. For example, at Peavey Grain Company, a ConAgra-owned grain elevator that is among the largest on the West Coast, L&C's practices improved the rate at which Peavey funneled grain through its elevators by more than 10%, resulting in significant cost reductions for Peavey.

L&C's innovations reverberated through the market. COLRIP improved its services in response to L&C by, e.g., dispatching pilots more quickly and moving longer and deeper vessels under a broader range of conditions with fewer tugs. Before L&C's entry, COLRIP offered none of the service innovations that L&C provided Peavey. After L&C's formation, the Oregon legislature modified Oregon's pilotage statute to protect competition from regulatory interference in marine pilotage.

Unfortunately, the benefits of competition were short lived. COLRIP took actions to eliminate L&C and any future competitors. Soon after L&C's formation, COLRIP adopted a series of penalties for its remaining members so severe that no other COLRIP pilot was likely to leave COLRIP to join L&C or to form a new company. Any COLRIP pilot who left to compete with COLRIP would forfeit \$200,000, appreciation in stock in a corporation owned by COLRIP members, pension benefits, and six months' work on the Columbia. This last penalty would not only cost the marine pilot approximately \$70,000 in lost revenues, but would also provide grounds under Oregon law for requiring that the pilot either be retrained or have his license revoked. Because COLRIP was responsible for pilot training, this penalty could have effectively ended a pilot's career on the Columbia River.

In 1991, L&C sued COLRIP, alleging that COLRIP instigated a series of acts to eliminate competition and preserve its monopoly, including threatening shipping agents with labor disruptions should they hire L&C for work outside Peavey. See *Lewis & Clark Pilotage Inc. v. Columbia River Pilots*, No. CV91-25 (D. Ore. filed January 8, 1991). COLRIP and L&C settled this litigation on terms that allowed L&C to survive, but restricted competition. COLRIP agreed to let L&C serve shippers berthed at Peavey, but L&C could not provide pilotage to any other vessels. L&C could bid on business at new docks, but it could not expand by more than a single pilot, which limited its ability to serve new business.

In addition, as part of the litigation settlement, COLRIP required L&C not to enter exclusive dealing contracts. L&C's