

with purchases from outside the country in which the construction was performed and from countries in which the United States holds no excess foreign currencies. Purchases of foreign-made materials with nonexcess foreign currencies or dollars have an adverse effect on the United States balance of payments.

The most significant instance which we noted of using foreign-made materials, paid for with nonexcess foreign currency, was in the construction of an annex to the American Embassy in New Delhi, India, completed in 1965. We identified purchases totaling about \$273,000 in individual amounts of over \$1,000 from suppliers in England, Germany, and France made by the Indian contractor during construction. All the items noted appeared to be of a type that could have been purchased in the United States.

Although we did not attempt to ascertain the full extent of the foregoing practice, it seems possible, in view of the size of the Foreign Service building construction program (about \$14 million for fiscal year 1966), that the Department could make a worthwhile contribution toward alleviating the United States balance of payments problem by making an appropriate modification in its present procurement regulations to require the maximum use practical of American-made materials in its construction projects.

The Department expressed general agreement with our findings and conclusions and stated that it had undertaken to review and alter the policies leading to a greater use of American-manufactured products within the limits of practicality in contracts executed after March 1, 1966. The Department stated, however, that there was a practical limit with respect to its use of dollars for the purchase of American products in that the Congress annually requires the Foreign Service building program to expend local currencies in amounts which approximate 70 percent of the annual appropriation. There is no requirement that such local currencies be excess or near-excess to United States needs.

We believe that the Department's indicated actions will achieve the desired result, within the limitations imposed by the appropriation acts, if properly implemented and given the continued attention of responsible management officials. Therefore, we are making no recommendation to the Department at this time but plan to examine into the effectiveness of the actions taken at a later date. With regard to the Department's comment concerning the mandatory use of local currencies in the Foreign buildings program, we are suggesting that the Congress may wish to consider changing the language used in the annual appropriation act to the effect that the use of foreign currencies for constructing and operating foreign buildings is made mandatory only in those instances where such usage will be beneficial to the United States balance of payments.

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OPPORTUNITIES FOR REDUCING THE NUMBER OF VEHICLES MAINTAINED IN FLEET, SOIL CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE

Our review of the available evidence on the utilization of 453 vehicles assigned to selected Soil Conservation Service offices in three