

structure for sales in export. After all, the competitive conditions in export can differ more radically than the competitive conditions in this local market.

But the emphasis which we are putting on this test is that a mere comparison of any two prices tells you nothing about the ranges of prices in other sales which would determine the price that is prevailing. In fact, a prevailing price really connotes a range of prices. It may well be that a price of \$100 per kilogram would be below the level of prices prevailing for that particular time.

Senator NELSON. Prevailing where?

Mr. EYTAN. Prevailing in the United States for export shipments.

Senator NELSON. Well, you can see, can you not, that there is certainly a very dramatic difference in 22 days between a price paid by AID at \$100 a kilogram, versus \$270 a kilogram. What happened to change that price so dramatically?

Mr. EYTAN. Mr. Chairman, we finance each year upward of 50,000 separate transactions covering a wide range of commodities and some years the number is closer to 100,000. We have 43 auditors, full-time auditors, who work through this mountain of paper material to develop a case fully on post audit to determine whether AID has overpaid. It invariably takes longer than 6 months.

One has to survey the market, one has to see whether there were, in fact, special reasons to justify the difference in price. We determine whether the two sales that we are comparing are actually comparable. There are different formulations, different classes of end-use customers. We secure commercial information from all sources available. We put the company upon its metal to explain to us the discrepancy. We hold them to a high standard.

After 6 months or longer, when we have the facts down, we apply the test to which the supplier receiving AID financing is certifying and then we demand a refund payment if we have indeed overpaid.

Senator NELSON. Was there a refund in this particular case?

Mr. EYTAN. I cannot tell you whether this case, this particular case, has been completed in our post audit process.

Senator NELSON. Well, one was October 31, 1969, and the other was October 8, 1969. So that has been post audited, I take it?

Mr. EYTAN. I can assure the committee that if an excessive price was paid under our rules, the AID post audit system will catch it. We post audit nearly every sale of pharmaceutical products.

Now, there is, of course, a time lag between the date of sale—actually, the date of shipment is not the day on which we begin the post audit.

Senator NELSON. Have there been any cases in which you have gone back to the company on drugs and said you charged too much?

Mr. EYTAN. A large number of cases, and Mr. Barondes, on my left, can give you the figures.

Senator NELSON. Can you submit for the record those specific instances?

Mr. BARONDES. Yes, Mr. Chairman.¹ We do spend actually an inordinate amount of time on pharmaceuticals compared to many other products. We have submitted a large tabulation of the prices

¹ See p. 7390.