I think it is clear, probably, to the committee, but I would like to emphasize this.

Senator NELSON. I do not see that Uncle Sam is losing anything. I think he is coming out very well. I think the American manufacturers of drugs are coming out very well. I think, on the other hand, the poor consumer and poor undeveloped countries that we claim we are helping are coming out very poorly.

Mr. DWINELL. May I only say this, Mr. Chairman, that AID does not, in any sense, dictate to its client country what it shall buy. In other words, under a program loan, it is the choice of the host country or the lesser developed country, to whom we make this loan, to use the foreign exchange which is made available by this loan for a wide range of commodities.

So if the country, by its own policy, decided that it did not want pharmaceuticals imported from the United States, if it felt that the interest of the country would be better served by using those dollars for some other product or commodity, it has a choice to do so.

Senator NELSON. But are we not dealing with a situation in which there is no sophisticated pharmaceutical expertise in any developing country in the world? Most of these countries rely upon our standards, FDA, or European, so you are dealing with a developing country in which the local subsidiary decides the particular drug to be purchased.

Who is going to make the judgment over there as to whether or not it is wise for them to buy an expensive, duplicative type of tetracycline for several times as much as plain tetracycline HCL would cost, while the Medical Letter claims they are all therapeutically equivalent.

So we are dealing with a country that has no qualifications to make a judgment, simply because they do not have a sophisticated pharmaceutical industry comparable to ours, or pharmaceutical expertise. Do we not have some obligation to say to them, don't pay $2,200 a kilogram, pay $100, because the Medical Letter says they are all therapeutically equivalent and, in fact, tetracycline is the drug of choice among all of these? Why don't we so inform them?

Mr. EYTAN. Mr. Chairman, when a foreign government receiving AID funds buys drugs for public purposes, we require that government to advertise its needs in terms of a generic description of the drug, not in terms of brand name. When a private importer advertises for offers from American suppliers, we also require him to state his needs in generic terms.

A further category of cases exists, however, in which importers are not required to buy under formal competitive bid procedures, or to advertise, but can buy directly from American suppliers. Now, in such a situation, the importer is left to his own private negotiating standards, and he may choose.

Senator NELSON. Private importer—whom is he negotiating with?

Mr. EYTAN. Well, if he is not related with the American supplier, he advertises his requirements by generic name in the AID Financed Export Opportunities circular, he chooses the supplier he wishes, he bargains over the price, he decides whether to buy by brand name or some other basis. Of course, if you are talking about a subsidiary of