

tabulation because these are non-AID cases—a substantial amount of sales was made to a third party in Japan. Japan was the biggest customer. We look at all of those sales and take all of these other factors into account. We find that these companies are selling to West Europe, they are selling to third parties, they are selling to subsidiaries who often have substantial minority interests—subsidiaries who are very much concerned that they do not overpay. We think we get a reasonably fair price.

That is why we have obtained substantial price reductions in many of these cases, and if you wish to go down this list, we could indicate where we have gotten them.

Senator NELSON. You mean we will find a buyer in an industrially developed country willing to buy tetracycline at \$270 a kilogram when it is available in England at \$24?

Mr. BARONDES. I doubt whether you will find that.

Senator NELSON. I doubt it, too, and if you do, that buyer is not going to be in business very long.

Mr. BARONDES. And if we find it happened after our review is completed and if our doubts are confirmed, we will take the necessary action, as we have done in many of the cases you have before you, as I said before.

Senator NELSON. At the bottom of page 3 of your prepared statement on this same issue, I understand your response, even though I do not think I agree with it—

Mr. BARONDES. May I interrupt for a moment. I just received some information on that one item. We have, for example, a sale by the Merck Co., truly arms' length sales, to an independent buyer in Europe—Spain—at \$2,990 a kilo.

Senator NELSON. For what?

Mr. BARONDES. For the item you mentioned, cypheptadine—a sale to Uruguay and another to Yugoslavia at \$3,550.

Senator NELSON. Yugoslavia?

Mr. BARONDES. Not under an AID program. These are non-AID sales.

Senator NELSON. It is nice to get the best of the Iron Curtain once in a while.

Mr. BARONDES. We have to live with what they are getting. In other words, we do not control their prices. If that is what they get, we have to live with it.

Senator NELSON. I am concerned about what these developing countries are paying in sales that just are not arms' length.

Look at the glucocorticoids at the bottom of page 3 of the chart. Merck sells dexamethesone to Merck Colombia at \$27.50 a gram. It is available at the world price of \$7.30 a gram. But more importantly, prednisone is available at 58 cents a gram. The Medical Letter says it knows of no disorder requiring the use of a glucocorticoid for its pharmacological effect, in which prednisone cannot be used as successfully as any other glucocorticoid, especially for long-term therapy.

Therefore, there seems to be no reason not to prescribe a low-priced prednisone. This is the price they are giving to all of the doctors in the country, and yet we are paying Merck \$27.50 a gram while prednisone can be purchased in this country at 58 cents a gram.