

Mr. DWINELL. Of course, the point you just made illustrates probably better than I can illustrate or have tried to in my statement, the difference between our technical assistance program and the commodity import program. In other words, in the technical assistance program, purchases are made by the GSA or the Defense Supply Agency, or by ourselves, in extreme cases of emergency, such as earthquakes or floods, where we need a quick action for relief purposes, not only of pharmaceuticals, but of other commodities as well, by competitive bidding according to Government purchasing regulations.

Senator NELSON. These transactions are not purely commercial, because we are paying all of the dollars at this end. So we do have some influence over what happens. We do not have to pay it at all. And I would just go on to say that I think that the foreign countries are paying a tremendously exorbitant price because in those countries they do not have the expertise to make a judgment of their own. I think we ought to be much more vigorous in advising those countries as to what are the best drugs at the most reasonable prices.

Mr. DWINELL. Mr. Chairman, to continue with my statement, I think I might resume at that point where I was putting our procurement activities into perspective with respect to the volume of transactions.

During fiscal year 1969, AID-financed commodity expenditures totaled \$1.02 billion. Pharmaceutical products accounted for \$20.6 million, or about 2 percent of that total. The figures for fiscal year 1968 showed a higher ratio for pharmaceuticals with expenditures of \$31.7 million or 2.7 percent of the \$1.06 billion expended for commodities. Detailing these figures further, commodity expenditures for specific technical assistance projects totaled \$5 million in fiscal year 1969 and \$13 million in fiscal year 1968. These were respectively, 24 and 41 percent of total expenditures for pharmaceuticals.

I have already referred to the fact, as I point out on the top of page 5 of my statement, that the purchases financed under technical assistance for project use, for the most part, were purchased by other U.S. Government agencies, such as GSA or Defense Supply Agency of the Department of Defense.

The procurement practices and procedures followed by GSA are those set forth in the Federal procurement regulations, supplemented by "Additional Program Bidding Terms and Contract Provisions" developed expressly by GSA for its procurement on behalf of AID. These additional terms and provisions cover such items as eligible source, bidding terms, taxes and duties, shipping, labeling, and other requirements peculiar to AID. The Defense Supply Agency in its procurement for AID follows rules of the armed services procurement regulation. Purchases made directly by AID conform to requirements of the AID procurement regulations. Those by a borrower-grantee or its private sector agent, must comply with the rules in AID Regulation 1, usually with an added requirement that the formal invitation for bid procedure be used.

We spent most of our time this morning on the commercial transactions. The amount involved with respect to pharmaceuticals was valued at \$15.6 million in fiscal year 1969 and \$18.7 million in fiscal year 1968. And it has been already pointed out that under these