

purchase order or even enter into some other agreement with its parent, to accomplish the importation. The transaction itself on the commercial side begins after the importer has his license from his government, by having the importer go to a commercial bank.

He goes to a commercial bank with respect to a proposed AID-financed import in exactly the same way that he would go to the same bank in his country in a non-AID sale. He goes to the bank with a request that that bank open a letter of credit to pay for goods to be purchased from a foreign country—in our case, from the United States—a letter of credit to be issued in the name of the designated supplier.

In our case, let us say, the parent company——

Senator NELSON. Let me ask a question at this stage. There is a purchasing agent, of course, for the foreign country and they decide that of their \$10 million of loan, they need to buy \$1 million of drugs, let us say. Right?

Mr. EYTAN. With respect to the commercial sector——

Senator NELSON. No, I am just talking about getting an import license——

Mr. EYTAN. If you are talking about a \$10 million loan with the commercial sector, there really is no——

Senator NELSON. Let us say, some part of it is allocated for import licenses for drugs; right?

Mr. EYTAN. Right.

Senator NELSON. How is it decided that some particular type of tetracycline gets the import license? How do they decide that? Do they have a bid on different tetracyclines or negotiate, or what do they do?

Mr. EYTAN. The Government determines how to apportion the money for drugs.

Senator NELSON. We have already passed that. They apportioned some money for drugs.

Mr. EYTAN. At that point, the various applicants come in, each one seeking a license to import a particular bulk product.

It is going to be a very rare situation where the total dollar sum involved in the application does not vastly exceed the amount of money available. The country then will require under its own procedures, its applicants for import licenses to make out the best case that they can—why they should be granted the import license in the amount they seek or a portion of that amount, as opposed to others competing for licenses for similar or different drugs.

Senator NELSON. Who would be the other competitors? Other American subsidiaries?

Mr. EYTAN. Not necessarily. Any importer.

Senator NELSON. Do you have a list of drug importers of the various countries which have been getting drugs under this program?

Mr. EYTAN. Our mission abroad, that is, the AID mission in a particular country, would have or could secure the names of importers in any area. And if you would like us to do so, to solicit our overseas missions for names of importers of drugs, both AID and non-AID, we could do so.

Senator NELSON. Who are the competitors for AID imports?