

Mr. EYTAN. There are importers in nearly every country who are not subsidiaries of American firms.

Senator NELSON. There do not seem to be any of them who have succeeded under this program except American subsidiaries.

Mr. EYTAN. Just a few minutes ago, we mentioned that over three-quarters of a million dollars was financed by AID for drugs in fiscal 1969 for small business on sales by small business concerns from the United States. We have a list here of some 30 or 40 small business concerns and we doubt that any of these have overseas subsidiaries. So we do not believe it is correct to say that all AID sales in the drug area take place between parents and subsidiaries.

At least with respect to this three-quarters of a million dollars—those were sales between private importers and private U.S. companies having no relationship to each other at all.

Senator NELSON. All of these duplicative brand name tetracyclines have no competitors except tetracycline hydrochloride which is the drug of choice. It would be considered irrational prescribing and purchasing by medical experts to take anything other than tetracycline hydrochloride at the lowest price according to the Medical Letter. I wonder how a company that has a brand name is charging a price many times more, some 1,000 or 2,000 percent more than the world price and much more than the cheapest of the available tetracyclines.

How do they get the foreign government to give them an importer's license, even though it is going to cost 2,000 percent of the world price, and it is no better than tetracycline hydrochloride and you have no competitor because you are the only one who makes this brand name drug? I am puzzled about how this works.

Mr. EYTAN. You have, of course, described the situation quite accurately when you say that an American company who controls the product by brand name X, or otherwise, or who has an overseas subsidiary in that particular country, is really going to try to maximize its sales to that country through its subsidiary. And when that subsidiary competes with other importers in that country, it could point out to the license-issuing authority that it is the subsidiary of the American producer of the product.

And if it makes out a case with the licensing authority that there is a strong need or demand, which may be the same thing, in the country for this particular item, the country will usually issue licenses to it.

Senator NELSON. Please proceed.

Mr. GORDON. Could you give us for our record the percentage of sales moving from parent to subsidiary under the commercial import program for drugs?

Mr. EYTAN. Percentage of sales of all pharmaceutical products?

Mr. DWINELL. Just pharmaceuticals?

Mr. GORDON. That is right. Percentage of sales going from parents to subsidiaries.

Mr. EYTAN. It will be a considerable job but we can do it, of course.

Mr. GORDON. And the number of small businesses.

Mr. EYTAN. Yes, we have the list prepared on small businesses.¹

¹ See p. 7393.