

Mr. WHITWORTH. Sir, we do not normally advertise for foreign products. American brokers get our bids and bid on the foreign product, and in those instances we do apply the Buy American Act; but we do not normally send our invitations to bid to foreign sources, foreign manufacturers. This is not a practice of ours.

Senator NELSON. Aren't their foreign prices readily available on all drugs, just as are domestic prices?

Mr. WHITWORTH. Not to our buyers, sir. We have no need for these.

Senator NELSON. Well, we get them any time we want them. We ask the State Department, and immediately they supply us with price information for any country.

Dr. WELLS. Mr. Nelson, the prices are available, of course, and rather readily so. It is just our practice not to bid in the foreign market.

Mr. WHITWORTH. The agency has always had this policy, sir, not to send our invitations to foreign suppliers. However, brokers in this country sometimes do bid on foreign items.

Senator NELSON. I am just wondering why you should not do this. We had incredible testimony last week showing that in our foreign aid program prices were being paid as high as 8,000 percent over the world price. I cannot understand why the Government should allow itself, using the taxpayers' dollars, to pay these kinds of prices. If the difference was nominal, it might seem tolerable, but we have had a series of cases where the price we paid was anywhere from 200 to 1,200 percent to 2,000 percent to 8,000 percent over the world price.

In your negotiating, since 80 percent of these contracts are sole source, wouldn't good sensible bargaining require that you have available the world price on any of these drugs, and that in negotiation you make some comparison, and when you encounter an excessive price you say, "We will not pay it"? Why shouldn't that be a built-in, automatic policy of any Government purchasing agency in order to protect the taxpayers' dollars?

Dr. WELLS. Mr. Chairman, there have been instances when, indeed, we have done just this, where prices were way out of range.

Senator NELSON. On Panalba?

Dr. WELLS. Yes; and tetracycline was another one. But, one of our great difficulties here was we submit offers to purchase to qualified bidders only, which means we have to have some previous knowledge of the supplier.

Mr. WHITWORTH. We are hard put to conduct the necessary inspections in domestic manufacturing, and so have no resources in foreign locations. In those instances where we can, we use the Department of Defense inspection people to certify the suppliers.

Senator NELSON. Why not use the FDA, who already does that? It is also a Federal agency, and I don't see any sense in duplicating its functions.

Mr. WHITWORTH. There are no foreign manufacturers of end items we buy other than those we have done business with—or there are very few—that FDA gives approval to, sir.

We read, of course, your testimony of last week where you were talking about big, bulk drugs, and larger packaging, but the foreign