

bidders of VA-bought items are not FDA-approved as a rule. This, I am sure, you will find to be true.

Senator NELSON. There are lots of drugs purchased by our own drug companies from overseas and resold in this country, and I will wager that a substantial number of drugs that the VA pays for are purchased by American companies from either foreign subsidiaries or foreign manufacturers. The testimony is full of that. In the case of an anti-infective, they meet exactly the same standards the FDA has. Every anti-infective imported into this country is batch tested.

Mr. WHITWORTH. FDA, sir, has certified all of those from whom we buy, even though the source of a raw material is foreign and this is an FDA-approved item or manufacturer from whom we are buying. The point is it has to be FDA-approved before we can do business with them.

Senator NELSON. Since 80 percent is sole source, why not, as a matter of policy, check the price of the foreign product in the world market, of which there are many excellent suppliers. There are companies selling drugs in the United States who have exclusive licenses in America and never have made an ounce of the bulk material. Every single ounce is imported, with only the finished product being made here. The price charged here is tremendously higher than in the foreign market for the same compound manufactured by the same foreign firm.

But, what I am saying is, how do we protect the taxpayers' dollar unless when you are negotiating you exercise all the power you have? Why can't you say: Here is the price of a distinguished foreign company, here is the world price, yours is 500 percent, 1,000 percent, 300 percent above it, and unless your price comes somewhere close to the world price, we will not purchase. Why shouldn't that be a matter of automatic, consistent policy of any Federal purchaser of large numbers of drugs?

Mr. WHITWORTH. Mr. Chairman, as Dr. Wells said a while ago, it is a matter of quality control, sir. We feel we do not have the resources to determine that we are getting the quality that we require.

Senator NELSON. Well, I understand from the testimony that you regularly check for quality of your drug. It is no problem for any other buyer, New York City, for example, which buys its own drugs. It takes bids, then checks to see whether they meet USP standards and if they do, they accept the lowest bid.

With the kind of purchasing that Government is doing, why is that any more difficult for the Federal Government to do this than for New York City?

Mr. WHITWORTH. Well, sir, the foreign buying that we have done, we have depended solely upon the military and FDA for our quality control.

The quality control the Administrator described in his statement, sir, strains our resources to keep up with the domestic market. Any purchase we have made foreign we have asked the Department of Defense and the FDA to check for quality control.

Senator NELSON. If you do not monitor the prices as a regular matter, how do you decide when you ought to seek foreign contracts?

Mr. WHITWORTH. I can only say, sir, that as a matter of policy we