

8046 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

stocked drugs were awarded to drug manufacturers classified as small business concerns. Only 3 percent of the negotiated procurements for centrally stocked drugs were awarded to small business concerns. Since negotiated procurements constituted more than 96 percent of the total, small business received only about 4 percent of the total procurements of centrally stocked drugs.

During fiscal year 1970 the Defense Personnel Support Center initiated 1,076 procurement actions, each having a value of \$10,000 or more, with domestic drug manufacturers. Small business was involved in 137 of these actions--representing about 7 percent of the total procurement dollars of about \$71.6 million. For contracts amounting to \$19 million awarded under advertised procedures or negotiated with competition by the Defense Personnel Support Center during fiscal year 1970, small business received about 17 percent of the dollar volume or a total of \$3.3 million.

Drug Procurements From Foreign Sources

The absence of satisfactory prices from domestic drug manufacturers has led both the Veterans Administration and the Defense Personnel Support Center to the procurement of certain drugs from foreign sources. However, neither the Veterans Administration nor the Defense Personnel Support Center are currently making extensive use of foreign sources for their drug procurements.

In recent years the Veterans Administration has bought only one drug from a foreign source and does not actively solicit foreign bids in its procurements.

The Defense Personnel Support Center furnished this Subcommittee with information relative to its foreign procurement of five drug items during 1968 and 1969. During 1970 only one