Senator NELSON. May I ask a question at this point? How do you determine the market price?

Mr. DWINELL. The market price is determined by a review made by the Commodity Eligibility and Price Branch headed by Mr. Barondes who is present. In the case of pharmaceuticals, as was indicated in our previous appearance before you, Mr. Chairman, we are guided either by published prices or by prices which are submitted to us by the exporter. Intensive review is made. Documentation is required to show what comparable sales may have been. Previous to the new rules which I am about to explain to you with regard to pharmaceuticals themselves, it was determined that the prevailing price would be the price at which at least 51 percent or more of comparable sales were made.

Senator NELSON. What does that mean? Fifty-one percent or more of what?

Mr. DWINELL. Of comparable sales of a given product.

Senator NELSON. The market price would be 51 percent of——

Mr. DWINELL. No. If there are varying prices, we would require that the prevailing price be the price at which at least 51 percent of sales of that commodity had been sold.

Senator NELSON. How do you find that out?

Mr. DWINELL. By investigation, by various means.

Senator NELSON. I am still confused about what the market price is. Do you use published list prices. What is the market price?

Mr. DWINELL. Where there are published prices, yes, Mr. Chairman. Where not, it is required that the exporting company submit price data.

Mr. Barondes, who is in immediate charge of that function, can amplify this point if you would desire.

Senator NELSON. Is this all bulk prices, not finished products?

Mr. DWINELL. Yes, Mr. Chairman. It is all bulk pharmaceuticals. We do not finance any longer—and have not for several years—under our commodity import program—transactions involving pharmaceuticals in finished dosage form.

Senator NELSON. That is what I am puzzled about. Then how do you find out what the market price of the bulk product is?

Mr. DWINELL. Based on——

Senator NELSON. Who is buying it so there is a market price? One drug company buying it from another?

Mr. DWINELL. Quite frequently that is the case. A subsidiary in a lesser developed country which has a loan for commodity imports from AID, may get an export license from the government of that country to import pharmaceuticals from the parent company in the United States.

Senator NELSON. But that does not determine the market price that you are relying upon here.

Mr. DWINELL. Well, Mr. Chairman, it determines the market price in that the exporting company sells the product not only under AID financed sales but it sells to other purchasers around the world. There is a pattern of pricing for those exports which can be determined.

Senator NELSON. Do you check the bulk price of these compounds as sold by other foreign countries in the world market? In