Senator NELSON. Did you previously buy tetracycline HCL at the $2,250 price per kilogram?

Mr. DWINELL. Other forms.

Senator NELSON. Or other forms?

Mr. DWINELL. Yes. At higher prices.

Senator NELSON. As I understand this—if you were to purchase tetracycline HCL, it could not then, under your new rule, exceed by more than 10 percent of the price at which it is available in the foreign marketplace, is that correct?

Mr. DWINELL. That would be one criterion of the four.

The drug of choice for corticosteroids is prednisone and here, too, the difference in prices are equally striking. Prednisone sells for $550 to $600 a kilogram. We have received and denied requests to finance triamcinolone, one of the drugs in this category, at prices over $30,000 a kilogram and betamethasone, another drug in this category, at a price of $30,980 a kilogram.

I would indicate and emphasize, Mr. Chairman, that we have received but we have denied requests to finance at those prices.

The same price situation prevails in the antihistamines. An effective drug in this category is chlorpheniramine maleate, which is available at about $30 to $35 a kilogram. One of the variations of this drug is dexchlorpheniramine maleate, which sells for $650 per kilogram and which according to expert opinion is not superior to the lower priced drug.

In all these cases, we finance only the lower priced drugs.

Under new rule No. 4 AID will not finance a bulk pharmaceutical product at a price which exceeds the lowest price charged by the supplier in any export sales. The lowest priced 5 percent of his sales volume may be excluded by the supplier in the calculation of his price under this rule.

That is for the reason that certain isolated distressed or special situation sales could be excluded if they did not exceed the 5 percent.

Now, under our previous pricing standards, we would not finance pharmaceuticals whose prices exceeded the prices generally charged. Under this test, and this is a point that I referred to earlier, under this test the eligible price was generally interpreted to be the price that would cover at least 51 percent by volume of the sales of the item. This test provides adequate protection for most commodities whose price variations fall within a relatively narrow range.

Pharmaceuticals, as we have indicated, are different. We found that prices for many pharmaceutical items differed from one importing country to another by as much as 10 to 1. We could ascribe the wide difference in price to a number of factors such as patent restrictions, supplier-importer affiliations, and differing competitive conditions from one country to another.

A striking example is the price of trihexyphenidyl hydrochloride which ranged from about $303 to $1,800 per kilogram. Under rule No. 4, the price of this item could not exceed the lower of the two prices.

The new eligibility standards, which became effective on December 31, 1970, are particularly significant for two reasons:

(1) They provide a new and more stringent eligibility test for pharmaceuticals.