

our purchase actions, representing 27.2 percent of our purchase dollars, resulted from competition between two or more bidders. Additionally, as was reported to you by Comptroller General Staats, in January of 1969 DPSC surveyed about 1,000 firms in an attempt to increase competition in the procurement of some 400 items, 290 of which were single source. As Mr. Staats noted, only 104 companies replied, and 88 of those replies were negative in nature. This low rate of positive response is another indication of the problems faced by DPSC in its continuing objective of expanding competition, and increasing the participation of small business.

It is appropriate to mention here that the solicitations mentioned previously are also provided to representatives of foreign drug industries. When we know of a specific foreign manufacturer or foreign licensee, DPSC makes overtures directly to that company. While we do successfully buy a few products in Europe, and we will continue to do so when permitted by law and administrative regulation, more frequently the attempt is frustrated. In a recent example, we learned that the price of chlorpromazine in Canada was materially lower than our then current contract price. The Canadian licensee refused to bid on our requirements, as their licensing agreement restricted their sales to Canadian customers.

Senator NELSON. May I ask a question there, General?

General HAYES. Certainly.

Senator NELSON. Hasn't the patent run out on chlorpromazine?

General HAYES. Yes.

Senator NELSON. What was the date of the Canadian company's refusal to bid?

Colonel SNYDER. This was a verbal inquiry by me, Senator Nelson, and at the time this was the answer given, the reason they did not submit an offer. I have talked to them as recently as last week. They say now that they will bid, that their license does not preclude participation. However, they do not have an NDA, which is one of the problems that we are faced with continually.

There is no patent now prohibiting—their license does not prohibit. The NDA is now the bar. We talked to the president personally, as a matter of fact, twice last week.

Senator NELSON. In any event, then, previously you had to buy chlorpromazine from the American licensee?

General HAYES. Yes.

Senator NELSON. Let me read you this. This is from a hearing held in 1968.

Rhone-Poulenc, a French firm, discovered chlorpromazine. They licensed a company in the United States to produce it and they licensed a company in Canada to produce it, each of them with the exclusive market in their respective countries. So neither the company in the United States nor the company in Canada spent any money on research. It was just a question of each one of them having an exclusive market, both in the same Continent, with adjoining borders.

The price charged by the U.S. licensee for 25-milligram tablets to the Defense Supply Agency was \$32.62 a thousand. The price of the Canadian licensee to Canada's Department of Veterans Affairs was \$2.60 a thousand.

Now, that was a figure we were using in 1968. I don't know what you had to pay in 1969 and in 1970. But are you aware of the statute referred to by Mr. Staats, the Comptroller General, in his testimony