make funds available to developing countries for financing private sector purchases of vitally needed, safe, and efficacious bulk pharmaceuticals at prices which in general compare favorably with prices paid by buyers in sales not financed by AID.

I should like to recapitulate briefly the four special pricing standards that pharmaceuticals must meet to qualify for AID financing. Prices paid to U.S. suppliers are limited to the lowest price resulting from any of the following:

(1) the world market prices plus 10 percent;

(2) the lowest price at which the generic product is available from the United States;

(3) the lower price at which another product can be obtained when experts indicate the lower priced product to be substantially equivalent; and

(4) the lowest price charged in any export sale by the supplier for the same product. Under this latter standard a supplier may exclude the lowest priced 5 percent of his sales volume in his calculation of his lowest price.

On April 5, 1971, rule (4) was modified to make it inapplicable to sales by a supplier of a nonpatented item to a buyer not affiliated with the seller. This change was made so that suppliers could sell nonpatented items at world market prices despite the fact they may have made more than 5 percent of their sales of the item to affiliates at prices below world market prices.

Under Section 604(f) of the Foreign Assistance Act of 1961, as amended, AID is required to approve each proposed transaction in writing as eligible for AID financing. This is the mechanism by which we have enforced the new standards on a preaudit basis. In our judgment these price standards have proved effective. As you know, under rule (3), the Agency made 16 high-priced drugs ineligible for financing. None of these drugs have been financed since December 31, 1970. We are also on the alert to see whether additional drugs should be added to the list of 16.

Mr. GORDON. Would you name those drugs, please?

Mr. CAMPBELL. I have a list of them which I will be very happy to give to you. I can submit it to you now.

Senator NELSON. It will be submitted for the record.[1]

Mr. CAMPBELL. Rule (1) which relates to world market prices on which you have asked us to comment, has been effective. Suppliers have reduced their prices to meet the requirements of this rule. Where they have refused to do so, it has been our policy not to make AID funds available.

Mr. GORDON. Can you give some examples of that?

Mr. CAMPBELL. Yes, sir.

Senator NELSON. You have compared the prices?

Mr. CAMPBELL. I have prepared a list of examples for you of price reductions achieved under the new rules and I would like to make that part of the record.

Senator NELSON. And that shows the prices that they were charging prior to the new rules, and the prices since?

[1] See pp. 8751–8752.