Mr. Barondes. Bristol Myers is one company that has dropped out, and Squibb is another. Schering Corp. is another. Abbott Laboratories has virtually dropped out. Merck and Co. has dropped out except for vaccines. One or two others have also dropped out.

Mr. Gordon. Thank you.

Mr. Campbell. Pharmaceutical suppliers are still subject to the general pricing rules applicable to all AID financed commodity exports. Basically, these rules provide that a U.S. supplier may not charge more than the prevailing market price in comparable export sales from the United States nor may he charge more than the price he generally charges in his own comparable export sales from the United States. Where we determine that a supplier has violated these rules, it is our customary procedure to secure refund of the overcharges from the supplier.

We previously submitted to the committee details on refunds received by AID. In addition to the $2,000,059 that had been refunded as of July 31, 1970, 12 pharmaceutical companies have since that time paid or agreed to pay refunds totaling $950,357.39. Two claims totalling $117,914.47 have been referred to the Department of Justice for collection since July 31, 1970.

Senator Nelson. When you say "where we determined that a supplier has violated these rules," you mean since the new rules were instituted, you are talking about cases of violation since then?

Mr. Campbell. No, sir; I have reference to the general rule that we have, not the new rules that apply specifically to pharmaceuticals.

Senator Nelson. What is the general rule?

Mr. Campbell. This is the rule that a U.S. supplier may not charge more than the prevailing market price in comparable export sales from the United States, or may charge more than the price he generally charges in his own comparable export sales from the United States.

Senator Nelson. But that rule wasn't in effect a year and a half ago when you testified, was it?

Mr. Campbell. Yes; it was, it had been in effect, sir. This is a general rule for procurement by AID. It has been in effect for many years.

Senator Nelson. I thought the figures that we had at that time—I don't have them before me—indicated a large number of cases where they were charging much more than the world market prices.

Mr. Campbell. Mr. Barondes?

Mr. Barondes. Under the new rules where we hold suppliers to approximately the world market price there should not be any claims, because transactions will not be approved for AID financing if proposed prices are higher than world market prices. So, we won't have any claims under the new rules. But most of these claims represent transactions that took place under the old rule where pharmaceutical suppliers charged even higher prices than those allowed under the more lenient rules that are generally applicable.

Senator Nelson. These are refunds to whom?

Mr. Barondes. The refunds are payable to AID.

Senator Nelson. Are those AID expenditures, or were these foreign government expenditures?

Mr. Barondes. They are AID disbursements under loans made to these various countries. Generally when the refunds are received by AID, the money is made available again to those countries who put up the local currency to bring in these pharmaceuticals.