

purposes, when a 6 or 12 percent differential, plus import duties, does not result in a greater evaluated price for the foreign products.

The effect of adding these price differentials can be seen in a procurement of 310,464 units of tetracycline hydrochloride tablets by DPSC in April 1971. The low foreign bid was \$.85 a unit, excluding duty, and the low domestic bid was \$1.19 a unit. After an evaluation using the 12 percent factor plus duties, the foreign bid was still low. But, an evaluation using the 50 percent differential resulted in the domestic bidder being low and receiving the contract. After considering discount and freight, this procurement cost almost \$107,000 more than it would have from the foreign source.

Because of the above influences neither DPSC nor VA normally make any special effort to develop foreign sources for their drug requirements even though prices of drugs of foreign origin, as a general rule, are lower than domestic prices. Efforts to obtain bids from foreign sources are limited to the actions normally taken to obtain bids from any source, that is, solicitations are sent to the few foreign firms on the bidders list at the time they are sent to other potential suppliers and the proposed procurements are announced in the Commerce Business Daily. The VA also sends copies of its solicitations for items to be procured competitively to publishers of a number of marketing publications.

In November 1971 VA wrote to several Canadian firms inquiring whether they marketed three specific drug items in the United States. Four of the eight replies said that the