

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 10447

necessary for our drug procurement system in a responsive and satisfactory manner. Further meetings will commence within a month to discuss details of the proposed transfer of function. There is an obvious requirement that quality assurance activities in the drug procurement field must conform with the Armed Services Procurement Regulations and operate in a timely manner with military procurement acceptance procedures. The Defense Supply Agency and the Defense Medical Materiel Board will be tasked to work closely with the Food and Drug Administration in considering and insuring these important and necessary details are included in any final agreement.

The Department of Defense currently operates a system whereby quality assurance is integrated with other procurement activities. This system has provided over the years a satisfactory result in obtaining useable products while keeping the cost to the taxpayer to a minimum.

We are committed to further improvement of our drug procurement system.

4. The efforts of your Department to (a) promote the use of formularies and encourage the use of generic drug products, and (b) assure that only effective drugs are procured and used in Department of Defense programs.