Colonel WOOD. Sir, as I indicated previously, we expect about a 21 percent savings. These 130 items are for the most part high dollar items, so we would hope in this particular instance, to save somewhere in the neighborhood of $0.5 million.

The CHAIRMAN. In the neighborhood of $0.5 million?

Colonel WOOD. Yes, sir.

The CHAIRMAN. Go ahead, Mr. McKenzie.

Mr. MCKENZIE. Mr. Chairman, I would now like to direct my comments to the matter of drug quality assurance. In hearings before this subcommittee in March, 1974, we indicated that the DOD was willing and ready to work with the Food and Drug Administration to develop a consolidated quality assurance program for Federal purchases of drug that would meet the specific requirements of DOD. We also stated that, assuming these requirements were met and the associated costs were reasonable, we were committed to transfer this function to the FDA.

Mr. GORDON. What is reasonable cost?

Mr. MCKENZIE. Mr. Gordon, by reasonable costs we have in mind obtaining comparable services to those that we now provide inhouse at a cost either approximately the same or less than it is costing us at present. In the fulfillment of this commitment, we met with representatives of the FDA on April 4, 1974, to discuss the possibility of FDA's assuming Defense medical quality assurance activities outside of the United States. The DOD had previously required military Medical Service Corps officers to perform surveys of those plants located in foreign countries that supply active medical ingredients to domestic firms selling pharmaceuticals to the military. After several meetings to discuss the various procedures involved, I am pleased to report that we entered into an interagency support agreement under which we will rely on the FDA to perform our foreign inspections in the future. We are making a copy of this agreement available for the record. It was formally signed on October 22, 1974.