

Mr. DiGIORGIO. One of the problems that might come up in determining the cause of the items not being fully operable on receipt is that they were not properly checked upon receipt from the contractor, or this may be due to the limitation on the amount paid to the contractor. If an estimate is made that is limited to 15 percent of the cost, it may be the contractor will arbitrarily take it to 100 hours of repair work and if it gets rolling he may not go further. So it may not be a matter of quality control but a question of the price dictated by AID.

Mr. MIKUS. Fifteen percent is not a limitation on any particular item. I think Mr. Woll will agree with me that sometimes in trying to preserve this revolving fund they are working from they will try to accumulate 15 percent of the acquisition cost, but if a contractor says they need 200 hours and it is 20 percent, they will go up to 20 percent. In the desire to preserve this \$5 million fund, there may be a tendency to perhaps short-cut or bring pressure on the contractor to keep down the hours he spends.

Mr. WOLL. If I can explain this, each piece of equipment is set up on a work order when it comes to the contractor's shop. It is tested out and the number of hours and number of parts needed are agreed to. If for some reason after the completion of this number of hours and this number of parts needed for the item it is found the item is not in serviceable condition, the work order is amended and additional hours and/or parts are added. So the 15-percent limitation has no basis in fact at all. We have gone as high as 30 or 40 percent of the acquisition cost if we have found it needed and worthwhile. On the other hand, we acquire many items that require no rehabilitation whatsoever, so in many instances we can exceed the 15 percent and make up the difference on items that do not require the full 15 percent. We call it an average service charge.

Mr. ROMNEY. Could you comment on the adequacy of storage in Germany of property that has been removed from France? This would break down between the Air Force and the Army and also perhaps between mission stocks and property that has become excess and property not yet in the process. This is a long question but I hope we can get a short answer to some of these.

Mr. DiGIORGIO. A short answer to a long question? Let me say this. The question of storage is one we are concerned with in two ways. One is that the storage that does exist in Germany is not being fully utilized; and the second is that new storage space must be found. Some property moved out of France may be held in open space and may deteriorate. We may not need new construction if better utilization is made of the storage space that now exists.

Mr. GILROY. There are items today that are stored outside in Germany that are deteriorating from not having proper storage. We can't give you quantities. In our FRELOC report we did estimate, based on Army estimates, that there would be a given amount lost each year because of deterioration. We are now attempting to go across the board in the Army and Air Force and find out what they will build and find out why and find out what they have available in warehouse space. We can see no reason why, if the Air Force has warehouses that are not completely utilized, why the Army could not utilize it and take the stock that is outside and put it in that storage space. We don't