

Mr. WOLL. This is actual dollars. If we figure an overall 12 percent it would be eight times that. This contract also covers some transportation but basically it is for rehabilitation and storage.

Mrs. HECKLER. Does the 15 percent we talked about earlier include storage cost?

Mr. WOLL. Yes. That includes everything except port handling and ocean transportation to the recipient. Our European operation has grown from November 1964, when we signed our first contract, to the point today it is our largest single operation worldwide.¹

To give you a few statistics on that, property which we acquired in fiscal 1964, the total was \$1.1 million; for fiscal 1965 it was \$12.9 million; for fiscal 1966 it was \$18.1 million; and for the first three-quarters of fiscal 1967 we have requested approximately \$41 million, of which quite a bit has not as yet been received at our marshaling site. We differentiate between receiving and requesting. In the past there have been times when we have requested or issued a transfer document to the military for a certain item they had declared excess, and subsequently they have realized they had a need for it themselves and they have kept it. For in some cases where we have issued a document covering a large number of items, by the time we receive them they are short. So we only consider property is ours when we have received it.

On shipments, in fiscal year 1964 we shipped out \$300,000 acquisition cost; in fiscal 1965, \$7.6 million; in fiscal 1966, approximately \$13 million; and for the first three-quarters of fiscal 1967 we have shipped out approximately \$12 million. Our program goal for all of 1967 is \$16 million. We have every expectation of meeting it and will probably exceed this figure.

I believe during GAO's brief talk here they brought up the 15-percent surcharge, and I made a statement in regard to this. I believe it would be helpful for all concerned if I go into this a little further at this time.

We do not charge anything at all for the property itself. This 15-percent surcharge is necessary for us to recoup our expenses for our revolving fund. As I explained, in many instances we spend 20, 25, 30, or 40 percent, depending on what is necessary to spend in order to put a piece of equipment in operation. In other instances we pick up items like clothing, metals, beds, cots, which only involve packing and such as that, and maybe it only costs 3 or 4 percent, so that with what we make on items like that and what we lose on items we go to 30 or 40 percent on, we think we can live on the 15 percent average.

Mr. MONAGAN. The fund charges an amount plus the 15 percent; is that it?

Mr. WOLL. No, sir. The fund does not charge any amount. The 15 percent is the total charge.

Mr. MONAGAN. There is no reimbursement from AID?

Mr. WOLL. The recipients reimburse the fund.

Mr. MONAGAN. That is 15 percent of acquisition cost?

Mr. WOLL. Yes.

Mr. MONAGAN. So that could be high?

¹ For cumulative production figures at all EPRO 4 marshaling sites, see app. 2, *infra*.