

equipment is no longer placed there for deprocessing. Most of the equipment brought in to support refugee operations has been delivered and put to good use. The equipment damaged by freezing (mentioned earlier) and the various pieces of equipment loaned to U.S. Army units and turned in at Petrus Ky which were beyond economical repair, have been turned in to property disposal yards. Much of the remainder has been placed into operable condition and delivered to consignees. Of the original 500 pieces of equipment, only 55 are undelivered, and these have been removed to a more secure and suitable work area at Thu Duc. In the meantime, all incoming equipment with the exception of 25 pieces has been placed in operable condition and delivered to consignees. Thus, we now have a backlog of 80 pieces (55 of the 500 in Ministry of Public Works; another 55 in the Ministry of Agriculture facilities; and 67 in connection with the operation of a GVN central repair parts depot and maintenance management center, including mobile teams for assistance to provincial maintenance activities.) Total cost of the contract, which covers a 15-month period commencing in the spring of 1967, was \$1.97 million. By and large the terms envisioned in the original contract have been carried out.

A separate agreement with the Mayor of Saigon stipulated that the AID Mission could schedule up to one-half the workload of the 100 Koreans assigned to the Saigon shop. As planned, about 15 of these 100 were assigned to the deprocessing of newly-arrived equipment (filling batteries, radiators, cleaning, and replacing pilfered items) but not substantially to rehab work on equipment from Japan. More Koreans were later assigned to actual rehab of equipment returned by the U.S. Army after heavy use at the port, and to assist in clearing up the backlog at Petrus Ky.

In summary, only a very small percentage of the total cost of the Philco-Ford contract was devoted to further repair and/or rehabilitation of mechanical equipment received from the Japanese contractor.

System for programming excess property

As stated above, there were in the past emergency situations in which AID did place orders for large amounts of excess property without solid assurances that the property would be utilized and maintained to an acceptable degree. However, a few months ago, the Port congestion situation began to clear up and AID adopted some strict policies with regard to procurement of excess property:

(a) Accurate lists were prepared of all equipment on hand which could not for various reasons be delivered to original consignees. All excess property

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of the Agency's overseas Mission's management of excess property furnished to the Government of Turkey pursuant to section 608 of the Foreign Assistance Act, as amended.

Sincerely yours,

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Assistant Comptroller General
of the United States.