

excess property to recipient countries, (3) quality of property contributed to recipient countries, and (4) negotiation and administration of AID repair contracts.

... plan in the future to furnish your Agency for its information and use ... matters and any other reviews we

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Mr. Chairman and members of the committee, I am Roy Allen. It is a privilege to review with you the support given by the Department of Defense (DOD) to the Agency for International Development (AID) in connection with the movement of excess personal property under Section 608 of the Foreign Assistance Act of 1961, as amended. DOD's authority for providing service to AID under this program is Section 608 of the Foreign Assistance Act of 1961, as amended; Section 402 of the Federal Property and Administrative Services Act of 1949 and the Economy Act of 1932.

The Committee Chairman's letter to Secretary McNamara, dated 12 June 1967, requested the DOD to provide a witness to respond to a number of matters relative to the excess personal property program. In the course of this statement I will address matters posed by the Committee Chairman's letter.

There have been two agreements dated 18 March 1962 and revised on 19 August 1965 applicable to the CONUS excess personal property program which were signed by DA, GSA and AID. These agreements require selected Army installations within CONUS to provide on a reimbursable basis the following services for AID:

- a. Receipt.
- b. Storage.
- c. Repair and Overhaul.

statutory authority for DOD ... however, an inadvertent subsidy was provided. This happened due to interpretation of the regulation governing the application of accessorial charges to AID's Excess Property Shipments. The billing price DOD charges its cus-

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has a higher priority in claiming excess property than your own State Surplus Property Agency. AID can therefore "skim the cream" off the excess property with the State Agency is left to screen what AID discards. State. Under existing law and regulation foreign cities with a right-shipping in obtaining excess equipment than our own cities. A summary of the facts disclosed during the Subcommittee's hearings is enclosed.

It would be most helpful if you would comment on the provisions of S. 1974, indicating your State's need for the excess property being disposed of.