

depots. The plan for Europe is to be compatible in format and concept to the logistics organizations and procedures being developed for application in the continental United States as well as in other theaters.

We will follow the progress being made in the implementation of these plans to evaluate the effectiveness of supply operations under the new concepts.

ARMY'S SUPPLY ACTIVITIES IN VIETNAM

In September 1967 we started a review of Army supply activities in Vietnam to complement the work we did last year. Based on our work to date, the Army's supply system in Vietnam appears to be responsive to the needs of the units supported in terms of providing, on a timely basis, the supplies and equipment necessary to accomplish their missions. This responsiveness has been achieved despite adverse conditions in Vietnam, by using special techniques not contemplated in the normal Army supply system. We recognize that special measures taken during the buildup possibly were necessary; however, we believe that current conditions as described below dictate greater attention to effective management to maintain the proper degree of supply support at a lower cost.

The Army is not yet in a position to know, within a reasonable degree of confidence, what stocks are on hand and what stocks are actually excess to their needs. Generally, military officials at various levels are aware of these problems and various projects or programs to alleviate the conditions are being undertaken or planned. We are of the opinion, however, that the economic and supply system benefits involved warrant continuing emphasis and attention at all levels.

Our tentative observations of the principal matters which warrant additional management attention and application of resources are—

1. The identification and prompt redistribution of the large number of excess items in Vietnam. The Army in Vietnam believes, on the basis of admittedly unreliable records, that significant quantities of supplies on hand are excess to established stockage objectives.
2. The establishment of accurate data on stocks on hand and consumed, to facilitate sound determinations of needs and consequently avoid accumulation of further excesses.
3. The application of additional supply discipline to reduce, to a minimum, the use of system disturbing high-priority requisitions.
4. The development of controlled programs which will insure the return of repairable components to the supply system.
5. The establishment of an effective program in Vietnam to insure a maximum degree of inter- and intra-service utilization of supplies.

We are keeping Army officials in the Pacific advised of our findings and observations during the course of our review, and actions are being taken either to correct or study the indicated problem areas. In addition, we have recently briefed DOD officials in Washington on our observations and tentative findings to date so that appropriate attention can be given them at that level. Our review is scheduled for completion in December 1967 and a draft report will be submitted shortly thereafter to the Department of Defense for its comments.