

The Army is in process of developing a 19-tube improved launcher designated the XM-160.

We are also monitoring a concurrent Navy development of a new and improved 19-tube launcher and at some time in the future will make some decision on its adoption. At the present time, however, Army requirements for a 19-tube launcher must be met with the Chromcraft XM-159/C.

There have been several procurements of the three launchers that I have discussed. At tab A of this statement, I have attached a complete listing by contract showing quantities, unit costs, date of award and total dollar value.

In summary, on the XM-157 launcher, we have made eight awards to Chromcraft through December 1967 for a total of 4,155 launchers. Because it is a proprietary item these have been sole source negotiated contracts.

On the M-158 launchers, we have made four awards: two to Chromcraft, on a competitive basis, for a total of 1,833; one award to Brown Engineering, sole source emergency procurement for 330 launchers and one award to A. C. Electronics—this is not a division of General Motors—small business set-aside, competitive, for 422 launchers.

On the XM-159 there have been five awards through December 1967 to Chromcraft for a total of 3,742 launchers. Since this was a proprietary item, all procurement was sole source negotiated with Chromcraft.

With respect to deliveries, although Chromcraft has not always met their initial schedules, they have exceeded their schedules in some cases and must be characterized as an excellent producer.

The committee has also indicated an interest in the pricing of the sole source contracts awarded to Chromcraft. In short, we are satisfied that the Government has received a fair and reasonable price.

In support of this position, negotiations have been conducted with the benefit of audit support and complete cost and price submissions under Public Law 87-653, sometimes referred to as the Truth in Negotiation Act. Indicated profits have likewise been supported by the weighted guidelines profit policy.

With respect to future requirements, there is attached at tab B a listing of the fiscal year 1968 and fiscal year 1969 procurements and requirements. It is noted in fiscal year 1968 some contracts have already been awarded and others are under negotiation with award scheduled momentarily. The fiscal year 1968 program is already on contract for the M-158 launchers. Remaining fiscal year 1968 requirements for the XM-157/B and XM-159/C will necessarily have to be met by sole source procurement from Chromcraft.

In fiscal year 1969 the M-158 requirements are [deleted] and will continue to be procured competitively. Fiscal year 1969 requirements for the XM-157/B are [deleted] and for the XM-159/C [deleted].

These requirements may have to be procured sole source from Chromcraft depending upon our determination and timing in the procurement of technical data and drawings. The Army development of the XM-160 launcher will not have progressed to the point that it can be procured as a replacement for the XM-159/C in fiscal year 1969.

Now I should like to address the matter of what the Army has done to secure competition in the procurement of its requirements.