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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

MAY 17 1971

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Dear Mr. Chamberlain:

In May 1968, you expressed concern at the use of foreign-made motor vehicles abroad by the Department of Defense because of the detrimental effects this might have on federal expenditures and the United States balance-of-payments position. You asked this Office to study the situation.

We issued two reports to the Congress--one in February 1970 on the use of foreign buses and another in February 1971 on the use of foreign trucks. Both reports concluded that significant cost and balance-of-payments advantages could be realized by our military forces, at some overseas locations, if they were to use more American vehicles instead of relying so heavily on contractors who used mostly foreign-made vehicles.

The Department of Defense has recently furnished us information indicating that the Army has taken steps to significantly increase the use of American buses abroad. The current status in Pacific area countries commented on in our February 1970 report follows:

	<u>FY 1972 Bus Requirement</u>	<u>Sources of buses to be used</u>
Japan	55	32 American buses are being phased-in as replacements for foreign buses. Fiscal year 1973 requirements are to be satisfied with American buses.
Korea	132	100 American buses were delivered and 32 additional American buses currently are planned for delivery.
Thailand	44	44 American buses are to be delivered as replacements for foreign buses.
Okinawa	143	A determination was made that it would be more economical to continue to lease foreign buses.
Vietnam	334	153 American buses are scheduled for delivery in June 1971. An additional 111 American buses now are on hand. 70 foreign buses will be leased during fiscal year 1972.


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We are pleased to have been of assistance to you in this matter. Your interest has resulted in significant economic advantages through the increased use of American buses abroad by the Army. We estimate that balance-of-payments benefits of about \$1.2 million and cost reductions of approximately \$218,000 annually will accrue to the United States Government because of the actions for increased use, by the Army, of American buses in Japan, Thailand and Vietnam.

When a reasonable period of time has elapsed, we plan to obtain, from the Department of Defense, a report on the actions it has taken to increase the use of American trucks abroad, and we will let you know the results.

Sincerely yours,


Acting Comptroller General
of the United States

The Honorable Charles E. Chamberlain
House of Representatives