



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS
DIVISION

FEB 14 1978

Commander
U.S. Army Tank Automotive
and Readiness Command
Warren, Michigan 48090



LM090244

Dear Sir:

Reference is made to Foreign Military Sales case FA 17H.

This sale consisted of 2114 cargo trucks and 40 dump trucks costing a total of \$28,443,162. According to the terms of the sale, transportation of these vehicles would be handled by the U.S. Army as a reimbursable service.

We have examined billing records of the Military Traffic Management Command and the Military Sealift Command and estimate that the U.S. Army was billed more than \$9 million on this case for COMUS port handling and ocean transportation services. Records of the Secretary Assistance Accounting Center, Lowry AFB, Colorado, indicate that Saudi Arabia only paid about \$3.5 million. Accordingly, the U.S. Army will lose about \$5.5 million on transportation on this case. The following table of estimated charges shows our computation.

Billings to the Army

Port handling services, 69,963.80 measurement tons @ \$14.45 each	\$1,010,977.
Ocean transportation, 69,963.80 measurement tons @ \$114.80 each	\$8,031,844.
Total	<u>\$9,042,821.</u>

Billings to Saudi Arabia

Port handling services	\$ 421,806.
Ocean transportation	<u>\$3,134,534.</u>
Total	<u>\$3,556,340.</u>

Estimated loss to the Army -

\$5,486,481.

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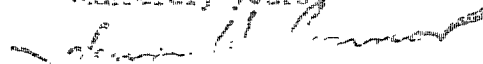
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In view of the large amounts involved and the necessity of the United States to recover all costs in connection with the Foreign Military Sales Program, we recommend that this case be reviewed by your command and necessary case amendments issued to Saudi Arabia to recover the full transportation costs paid by the Army.

Should you desire additional information on this case, please contact Mr. John J. Crousey of my staff on (202) 273-3637. We would appreciate being advised of actions taken.

Sincerely yours,



Larry W. Connor
Associate Director

cc: U.S.A. Security Assistance
Center - DRSAC/POI
Alexandria, Va