

EESTI APTEEKRITE LIIT

ESTONIAN PHARMACISTS ASSOCIATION

Latvijas Republikas Saeima
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Legal independence of pharmacists

During the last decades, deregulation of public services has taken place in several Member States, also in Estonia. Typical regulations in the pharmacy sector concern the establishment of new pharmacies (based on number of inhabitants), ownership issues (pharmacies owned by independent pharmacists, prohibition of pharmacy chains), as well as the training of pharmacists (regulated by EU directives) and other personnel working in community pharmacies.

Latvian Parliament has followed in its pharmacy regulations the reasoned European experience, preserving control in pharmacy opening and ownership issues. Estonia liberalized pharmacy sector in 1996 by opening pharmacy market (ownership and opening). The rationale behind deregulation was the expectation, that liberalization will increase competition and thus succeed in lowering (or at least containing) expenditure, while accessibility of pharmacy services will be kept stable or even be improved by the opening of new outlets.

As a result of ownership deregulation, Estonia kept in 20,08 after Iceland and Norway, the third position in market share of pharmacy chains (respectively 83 %, 77 % and 75 %) within EU. Now this number is almost 80 %. The market power of Estonian pharmaceutical wholesalers in the pharmacy sector is excessive. Two wholesalers, Tamro (Phoenix) and Magnum with his satellites, have engrossed almost 90 % of wholesale market and over 70 % of pharmacy market. Estonian Competition Authority has made several attempts to intervene, but without success. Last year, in virtue of the 19 May 2009 judgment of Court of Justice of the European Communities, Latvian example and suggestions of Estonian Competition Authority, many discussions in favor of changing the competition situation have taken place in Estonia.

Assuming that increasing competition and cost-containment are the two key aims of deregulation, studies do not provide any evidence that these goals have been achieved through deregulation. The market power of integrated wholesalers/pharmacies has put pressure on owners of marketing authorizations. To compensate discounts to resellers, they have been forced to raise prices of medicines. Several products have left Estonia because of over-concentrated market.

From Estonian lessons of deregulation we can assure that the freedom of ownership leads most likely to vertical integration with pharmaceutical wholesalers. Estonian experience shows, that as a consequence, pharmacists have to follow the objectives of their owners, which include "promoting" selected products, turnover targets, pharmacies clustering in urban areas and closing "non-profitable" rural pharmacies.

Estonian Pharmacists Association is convinced that keeping in force legislation which restricts the right to own a private pharmacy by qualified pharmacist, is highly reasoned. Estonian pharmacists compliment Latvijas Republikas Saeima in preserving the existing law.

With all respect,



Kaidi Sarv
Head Pharmacist