

Competition - Estonia

Competition Board Keeps Keen Eye on Pharmaceuticals Market

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In 2007 seven mergers were proposed either between pharmacies or between pharmaceutical wholesalers and pharmacies. One of these mergers was withdrawn and one is currently in the second phase of investigation.

The powers behind merging pharmacies are the pharmaceutical wholesalers, as most pharmacies belong to pharmaceutical wholesalers' groups. In Estonia, there is a tendency in the pharmaceuticals market for big wholesalers to merge with smaller pharmacies, thus making the pharmaceuticals retail level more dependent on the wholesale level. The total market share of the seven major pharmaceutical wholesalers in Estonia counts for 90% of the pharmaceuticals wholesale market.

The Competition Board is concerned about the concentration of the retail level into the hands of the major pharmaceutical wholesalers and thus is actively keeping a keen eye on the pharmaceuticals market. During the third quarter of 2007 the Competition Board conducted detailed investigations into the pharmaceuticals retail and wholesale markets, and in two cases issued second-phase investigations into mergers between a major pharmaceutical wholesaler and a pharmacy or group of pharmacies.

In the Competition Board's opinion, the balance of the pharmaceuticals market between the retail and wholesale levels is shifting. By strictly controlling the concentrations on the market the board hopes to keep the balance fixed and prevent market participants from entering into price-fixing cartels or abusing their dominant position on both the retail and wholesale levels. However, Estonian price policy on the pharmaceuticals market is strictly controlled by law and regulations. It is the Medical Board and not the Competition Board that has control over medicine prices, including price increases and decreases.

Nonetheless, the Competition Board is actively controlling the actions of the pharmaceuticals market and urging market participants to be aware of the compatibility of their actions with competition law and other legislation.

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