



pharmaceutical
DISTRIBUTORS
FEDERATION

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Member, The Competition Authority,
Director, Monopolies Division,
Parnell House,
14 Parnell Square,
Dublin 1

27th November 2008

Dear Dr Wong,

We welcome your recent invitation to express our views on the collective action by pharmacies on fees in the retail sector. In particular, we understand that the Authority wishes to explore ways in which pharmacies could engage in discussions with the State without falling foul of competition law.

We are not directly involved in community drug schemes, yet as wholesalers we have a vested interest in maintenance of the integrity of the supply chain. Wholesalers represent the vital link in the safe and efficient supply of medicines to patients where and when they need them. Our service intensity is not replicated by any other provider in any other industry – supplying a wide range of perishable medicinal products, twice daily nationwide, in a highly regulated market and controlled environment. The wholesale element of the pharmaceutical supply chain is intensely competitive, as already validated by the Authority.

The importance of an effective and efficient pharmaceutical wholesale model cannot be over-estimated in terms of both access to, and safety of medicines available to the public both in the community and in hospitals. The PDF members are full-line wholesalers in that they provide the full portfolio of pharmaceutical products to all customers in the market, which means they service both products and customers which are individually unprofitable, but they aggregate this across their business. In other European countries, Public Service Obligations exist which ensure wholesalers provide such a service, but they are protected in that the PSOs prevent new entrants from cherry picking more profitable lines; this is not the case in Ireland.

The PDF wholesalers deal with all suppliers of pharmaceutical product in Ireland, they purchase sufficient quantities of product to supply the market, which means a substantial investment in stocks to ensure continuity of supply. Our market is highly regulated and our members operate to the standards of Good Distribution Practice as well as other local legal requirements, as directed by the Irish Medicines Board, from whom our members receive their licence to operate. As such all PDF members have invested heavily in their quality systems in order to ensure compliance with the legislation, but also to ensure that the medicines that they deliver are safe for patients; Ireland has one of the lowest incidences of counterfeit medicine penetration due to the robust supply chain provided by the PDF members.

We believe that the only effective way to maintain the integrity of the supply chain from original supplier to patient is through an inclusive process involving all the stakeholders that ensures the legitimate interests of all are recognised to the benefit of the State and the viability of all.


We believe that in order to move the process forward;

- the various associations, industry stakeholders should be allowed to engage with the Department of Health and HSE within current competition legislation. If this is not the case then the Government and Competition Authority should address this through changes in the legislation.
- the PDF and other associations should be recognized, similar to the IMO, to negotiate for its members within the current or revised legislation.
- The Competition Authority should be actively involved in the process to ensure that there is no breach of competition law and assist in the process allowing meaningful negotiations and agreements.

In our view the outcome of such of any such negotiations would be positive for the consumer as they would most likely lead to lower prices.

The PDF would be happy to engage in an open and transparent process with other stakeholders to deliver efficiencies and further value. The main issue for us, however, is the potential threat of action against officers of the PDF and its member companies, up to and including criminal action.

Yours sincerely,


Kieran O'Brein
Director General