



## FIJI COMMERCE COMMISSION

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## FINAL DETERMINATION OF PRICES OF ESSENTIAL PHARMACEUTICAL PRODUCTS AS PER THE COMMERCE (PRICE CONTROL) (PERCENTAGE CONTROL OF PRICES FOR FOOD ITEMS (NO 1) ORDER 2010

### Press Statement

#### 1. Introduction

The Government has been concerned for some time with regard to the high and increasing prices of pharmaceutical products, in particular, essential drugs.

The concern was confirmed via a study by the Ministry of Health and Consumer Council that not only drug prices are quite high; the variability of it was substantial within a small geographical location. There are several implications from these two issues:

- a) That low income households could be deprived off from accessing essential drugs thus worsening their health;
- b) That a unhealthy population creates additional costs to Government's health system and thus on its finances;
- c) That lack of full information on drug prices implies those seeking drugs may end up buying drugs from pharmacies whose prices are much higher relative to those whose prices are low.

The problem is further compounded when one notes that there is some degree of collusion between doctors and pharmacies where doctors will only prescribe a brand of drug which is available in the pharmacy that they are connected with rather than prescribing a much cheaper drug.

In light of these issues, this study was undertaken to provide the following:

- a) To bring under price control a list of essential drugs which an average patient would require. In doing so, price variability within a geographical region is brought down to zero;
- b) To bring down prices to a level which provides a margin which bench marked against a reasonable rate of return. In doing so, these drugs are now affordable to the average household;
- c) To have a list which for basic drugs, along with prices, which can be provided to all pharmacies and doctors. In doing so, doctors will prescribe that particular brand that is on the list. Customers requiring a more expensive brand may do so at their own expense and choice.

## **2.0 The Process**

- 2.1 In September, the Commission by virtue of the said Order and Section 106 of the Fair Trading Decree 1992(previous legislation) and Section 119 of the Commerce Commission Decree 2010 requested all importers, wholesalers and retailers engaged in the trade of items specified under Schedule 1 of the Order to furnish copies of all costing data relating to pharmaceutical products.
- 2.2 The Commission had undertaken extensive consultation with Pharmacies, The Fiji Pharmaceutical Society, Ministry of Health, Pharmacy Operators, Private Medical Practitioners and the Government Pharmacist.
- 2.3 To assist in bringing the prices down, the Government will undertake bulk buying of essential drugs which will be wholesaled to pharmacies.
- 2.4 The Commission on 24 December, 2010 sent the draft Commission determined and fixed prices to all the pharmacy owners/administrators and importers and wholesalers inviting comments and suggestions on the proposed Maximum Wholesale Prices (MWP) and the Maximum Retail Prices (MRP) by close of business on 24 December, 2010.
- 2.5 On the request of the stakeholders, the Commission granted an extension till 7 January, 2011 to all the stakeholders to make their submissions on the proposed determined and fixed prices by the Commission.
- 2.6 After the analysis of all the submissions and comments received by the Commission by close of business on 7 January, 2011, the Commission has finally fixed and determined the prices as per this determination.

## **3.0 The Determination**

- 3.1 In furtherance of the obligations of the Fiji Commerce Commission ("Commission") , laid out under the Commerce (Price Control) (Percentage Control of Prices for Food Items) (No.1) Order ,2010 (*vide* Legal Notice No.101) , the Commission has determined and fixed the Maximum Retail Prices ("MRP") and Maximum Wholesale Prices ("MWP") for certain Essential Pharmaceutical Products with effect from January 21, 2011.
- 3.2 The MWP and MRP determined by the Commission shall be reviewed on a quarterly basis, unless:
  - 3.2.1 There is a minimum ten percent (10%) change in the landed cost of the imported Pharmaceutical Products. The Commission sets the trigger point at ten percent (10%), which means that there will be no price revisions in case of up to (plus or minus) ten percent (10%) change in the landed cost or;
  - 3.2.2 The Commission sees any other valid justification that warrants an earlier review.
  - 3.2.3. Standard must be of British Pharmacopoeia (BP) or USP or European Pharmacopoeia and products should be registered in another country as approved by the Pharmacy and Poisons Board; importers are also advised to liaise with the Pharmacy and Poisons Board pertaining to any issues regarding product standards.

3.4 Under Section 38A of the Commerce Commission Decree 2010 read with Section 23B, of the Administration of Justice Decree 2010, the determination of MWP/MRP by the Commission is final.

3.5 Wherever appropriate, **proportionate prices will apply** vide Section 50 of the Commerce Commission Decree 2010, which reads as follows:

*“Where the quantity of goods sold or offered for sale is greater or less than the quantity specified in an order made under the provisions of subsection (1) of section 44 such goods shall, subject to any express provision to the contrary in the order, be sold or offered for sale at proportionately increased or diminished price as the case may be”.*

For removal of doubt, if the price controlled item is a cough syrup having 100ml in volume with MRP set at \$ 2.00 and if the available product is having 110ml, then proportionate prices apply and the MRP set would be deemed as \$ 2.20.

3.6 These prices, when it comes in to effect, will reduce the prices by an average of 30%.

3.7 The prices determined and fixed by the Commission will be effective from 21 January, 2011.

#### **4.0 Unlawful Practices**

4.1 The Commission will be strictly monitoring, the unlawful practices of selling products using unauthorized prices. Any violation by pharmacies would be subject to the penalties as laid down in the Commerce Commission Decree 2010.

4.2 The Commission is looking forward to working with the retailers and traders in its resolve to fully deliver on to the objectives of the Commission as per the Commerce Commission Decree 2010.



Dr. Mahendra Reddy,

Chair, Fiji Commerce Commission.

14 January, 2011.