



## The Austrian Pharmacy Market - Recommendations from a Competition Law Perspective

	Problem Analysis	Consequences	Recommendations	Benefits
<b>1</b>	<b>Entry regulations</b>			
	<p>Operating a public pharmacy requires an official license by the competent authority. The license requires an existing need for a new pharmacy.</p> <p>The need is particularly guided by the current supply with pharmaceuticals (by another public pharmacy or a physician), a certain distance to an already existing pharmacy and the number of people to be supplied.</p>	<ul style="list-style-type: none"> <li>- Public pharmacies hold a monopoly-like competitive position in their territory</li> <li>- Pharmacies basically operate free from competitive pressure</li> <li>- Even pharmacies, which are economically poorly managed or offer low quality products for customers, don't have to worry about economical continuance</li> <li>- Hardly any quality competition between public pharmacies</li> <li>- Hardly any price competition between public pharmacies</li> </ul>	<p>Abolition or modification of the entry regulations by legal measures</p> <p>Maintenance of the factual ban of pharmacy chains and third-party ownership. This avoids further vertical integration of pharmaceutical wholesalers into the pharmacy market and accompanying negative effects e.g. market foreclosure.</p>	<ul style="list-style-type: none"> <li>- Increased number of pharmacies and thereby improved supply with pharmaceuticals (especially in rural areas)</li> <li>- Increased quality competition between public pharmacies (especially concerning the consultation and other services in pharmacies)</li> <li>- Increased price competition in areas where there is no statutory price regulation</li> </ul>
<b>2</b>	<b>Branch pharmacies</b>			
	<p>The operator of a public pharmacy is allowed to run another branch pharmacy. The location of the latter may not be farther away than four kilometers from the main pharmacy. For the branch there are low-threshold provisions concerning opening hours and equipment.</p>	<ul style="list-style-type: none"> <li>- Avoidance of economies of scale by limitation to two pharmacies</li> </ul>	<p>Increasing the permitted number of branch pharmacies run by a pharmacist by legal measures.</p> <p>Positive effects will compensate for the strengthened market position of a pharmacist within a certain territory.</p>	<ul style="list-style-type: none"> <li>- Increased number of pharmacies and thereby improved supply with pharmaceuticals (especially in rural areas)</li> <li>- Creation of economies of scale for pharmacists</li> </ul>
<b>3</b>	<b>Opening hours</b>			
	<p>There is a complex system of regulations for opening hours and after-hours services of public pharmacies. Pharmacies are being highly restricted when scheduling their opening hours.</p>	<ul style="list-style-type: none"> <li>- Restriction of pharmacies to schedule their opening hours</li> <li>- No quality competition between public pharmacies by means of individual opening hours</li> <li>- Restricted supply of customers with pharmaceuticals (especially at off-peak hours)</li> </ul>	<p>Alignment of opening hours of pharmacies with opening hours of shops by legal measures; maintaining after-hours services.</p>	<ul style="list-style-type: none"> <li>- Extended opening times of pharmacies and therefore improved supply with pharmaceuticals</li> <li>- Increased quality competition between pharmacies by individual opening hours</li> </ul>

<b>4</b>	<b>Services</b>			
	There are restrictive regulations for the provision of services in public pharmacies and the (joint) use of pharmacy premises.	<ul style="list-style-type: none"> <li>- No quality competition between pharmacies by the provision of (other) services</li> <li>- Pharmacies as central healthcare facilities and their knowledge are not being sufficiently used</li> </ul>	Legal measures to enable pharmacies to provide services more easily and to use and share their premises.	<ul style="list-style-type: none"> <li>- Pharmacies will be established as central healthcare facilities</li> <li>- Increased quality competition between pharmacies</li> </ul>
<b>5</b>	<b>Online Retail</b>			
	Due to dense regulation, the entry into the market of online retail of pharmaceuticals is difficult for Austrian pharmacies. Currently, there is only a small number of Austrian pharmacies, which operate an online pharmacy.	<ul style="list-style-type: none"> <li>- Substantial competitive disadvantage for Austrian pharmacies in comparison to foreign pharmacies, which ship to Austria</li> <li>- Considerable entry barriers (eg requirement of a stationary pharmacy) and restrictions on the operation of an online pharmacy</li> <li>- Little price competition</li> </ul>	Partial liberalisation of the online retail market of pharmaceuticals by legal measures (e.g. by abandoning the requirement of a stationary pharmacy).	<ul style="list-style-type: none"> <li>- Improved supply with pharmaceuticals (especially in rural areas)</li> <li>- Increased price competition between online and stationary pharmacies</li> <li>- Increased quality competition (improvement of the consultation and other services provided by stationary pharmacies)</li> </ul>
<b>6</b>	<b>Delivery Services</b>			
	Public pharmacies are allowed to deliver urgently needed pharmaceuticals to customers within an area of six kilometers by means of proprietary delivery services. Modalities of delivery vary considerably. Both prescription and non-prescription pharmaceuticals may be delivered, but they must be required urgently. The regulatory "Apothekeneigene Zustelleinrichtungen" (pharmacy-internal delivery services) of the Austrian Chamber of Pharmacists precisely governs the conditions for delivery services.	<ul style="list-style-type: none"> <li>- Unequal treatment of pharmacies and lack of transparency by the provisions of the regulatory of the APC</li> <li>- No competition between comparable services of stationary pharmacies and online pharmacies</li> </ul>	<p>Repeal of all provisions of the regulatory of the Austrian Chamber of Pharmacists, which diverge from statutory provisions.</p> <p>Removal of the designated area of delivery services by legal measures.</p>	<ul style="list-style-type: none"> <li>- Improved supply with pharmaceuticals (especially in rural areas)</li> <li>- Increased competition between stationary and online pharmacies</li> </ul>
<b>7</b>	<b>OTC Pharmaceuticals</b>			
	OTC pharmaceuticals are only allowed to be sold in pharmacies. However, a small amount of OTC pharmaceuticals is allowed to be sold by both public pharmacies and non-pharmacy retailers like drugstores.	<ul style="list-style-type: none"> <li>- Public pharmacies' monopoly in the area of OTC-pharmaceuticals</li> <li>- Only little competition in quality and price between pharmacies</li> </ul>	<p>Liberalisation of the retail of OTC pharmaceuticals by legal measures</p> <p>Partial liberalisation of sales and advertisement of OTC pharmaceuticals</p>	<ul style="list-style-type: none"> <li>- Improved supply with OTC-pharmaceuticals</li> <li>- Price competition between pharmacies and non-pharmacy retailers</li> <li>- Price transparency</li> <li>- Quality competition between pharmacies and non-</li> </ul>

			<p>Optionally: A wider range of OTC pharmaceuticals, which are allowed to be sold by non-pharmacy retailers like drugstores by legal measures</p> <p>Consultation by qualified pharmacists and high quality and safety standards for OTC pharmaceuticals have to be guaranteed in non-pharmacy retail businesses.</p> <p>No unrestricted sale of OTC-pharmaceuticals</p>	<p>pharmacy retailers, (especially concerning the consultation)</p>
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