

Policy Brief 4 - Competition Policy

Competition can reduce medicine prices and increase availability if the right conditions are in place. Competition is not effective unless there is credible medicine quality regulation and other supportive policies. Competition law usually has the objective of maintaining and enhancing competition in order to improve consumer welfare. It can help secure competition at all stages of the medicines supply chain. Review of regulations and practices that limit competition may reduce medicines prices. Competition in medicine markets works best when the buyers are priceconscious, expert institutions, such as hospitals, social health insurance agencies, specialist procurement agencies or pharmaceutical benefit management organisations. Institutional buyers can use generic competition to achieve lower prices for off-patent medicines. They can also reduce prices for on-patent products that have close therapeutic substitutes through competition for formulary listing. When individual consumers buy medicines and pay out-of-pocket, competition is imperfect for all but the most familiar over-the-counter medicines.

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