
Mr Vytenis ANDRIUKAITIS
European Commissioner for Health
European Commission
Rue de la Loi, 200
1049 Brussels

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29 June 2015

Dear Commissioner,

Following the meeting that my EFPIA colleagues and I had on 28 May 2015 with members of your cabinet in relation to the ongoing crisis in Greece, I am writing to follow up with more details on our concerns about what might happen within the medicines market in the event that Greece fails to reach a deal with its creditors and is forced to leave the Euro. In the worst-case scenario of 'Grexit', we believe the integrity of the medicines supply chain may be in jeopardy, which would create a risk to public health. As such we believe it prudent and responsible to ensure there is a dialogue between the Commission and the pharmaceutical industry on concrete contingency plans.

There are two broad categories of issues that we believe may disrupt the supply of medicines under the Grexit scenario:

1. The first relates to the potential for **general practical disruption in the operation of the business environment**. Technical breakdown in infrastructure supporting transactions, uncertainty on the validity of contracts, coupled with general social unrest, is likely to lead to problems throughout the economy. The Greek medicines supply chain is complicated compared with other European member states and therefore we think that the medicines supply chain may be particularly vulnerable to the sort of disruption described here. We believe, for example, that several hundred wholesalers are involved in the purchase and distribution of medicines to Greek pharmacies (a supply chain that is much more fragmented than in other EU countries).
2. The second issue relates **specifically to the potential for medicines shortages that could arise from excess parallel trade**. If a new currency emerges, the value of that currency is likely to depreciate rapidly, creating significant room for EU arbitrage on medicines. Whilst parallel trade in medicines is a normal part of the single market, the unusual circumstances of a euro exit plus potentially extreme depreciation may, irrespective of action taken by individual companies, give rise to medicines shortages that would be a threat to public health.

European competition law prevents coordinated industry action on either of the above issues. For the first issue, as EFPIA, we are aware that many individual companies have been developing contingency plans to secure, as far as possible,

the normal functioning of their commercial operations. We are not, though, aware of the detail of those plans, their scope, nor what portion of the medicines market would effectively be covered. On the second issue, we request a further specific dialogue with the Commission about potential solutions. We believe that a number of temporary and proportionate options could be explored that both respect the European Treaty whilst mitigating what we believe to be a significant risk to public health that would arise if the risk of Grexit became a reality. Some of these options would either require Commission action or prior Commission approval.

In addition to the imperative of securing patient access to medicines in Greece, under the worst-case scenario of a Greek exit from the Eurozone, it is important that economic consequences for the legitimate commercial interests of pharmaceutical companies are also minimized. Given the extensive practice of international reference pricing (26 out of 28 member states refer to the prices of other countries), it is certain that any abnormal effective price reductions in Greece would spread around Europe. This would be the case if prices were denominated in a new (but depreciating) currency, or if prices remained in Euros and companies wished to lower prices in order to help secure access. In either scenario, EFPIA calls on the Commission to facilitate a political agreement by the EPSCO Council of Health Ministers that member states will not refer to Greek prices.

I would be grateful if you would indicate your availability so that we can discuss these urgent matters further. I am also copying this letter to Commissioners Bienkowska, Katainen, Moscovici and Vestager whom we consider should be involved in these discussions. I look forward to hearing from you at your earliest convenience.

Yours sincerely,



Richard Bergström
Director General

c.c. Elzbieta Bienkowska, Commissioner for Internal Market, Industry,
Entrepreneurship, SMEs
Jyrki Katainen, Vice-President for Jobs, Growth, Investment & Competitiveness
Pierre Moscovici, Commissioner for Economic & Financial Affairs, Taxation &
Customs
Margrethe Vestager, Commissioner for Competition