

# **Veterinary Medicines**

A report on the supply within the United Kingdom of  
prescription-only veterinary medicines

Volume 2: Appendices



COMPETITION COMMISSION

# Veterinary Medicines

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**Presented to Parliament by the Secretary of State for  
Trade and Industry by Command of Her Majesty  
April 2003**



# Volume 2 contents

<i>Appendices</i>		<i>Page</i>
(The numbering of the appendices indicates the chapters to which they relate.)		
1.1	Terms of reference and conduct of the inquiry .....	1
1.2	Issues statement .....	3
1.3	Statement of Provisional Conclusions on Complex Monopoly and Hypothetical remedies .....	25
2.1	The proportion of supply of POMs by veterinary surgeons engaged in conducts of concern .....	36
3.1	Recommendations of the Independent Review of Dispensing and the Government's response.....	43
6.1	BMRB telephone survey of veterinary surgeons (BMRB1) .....	45
6.2	BMRB postal survey of veterinary surgeons (BMRB2) .....	113
6.3	Surveys of pet owners (PSR and BMRB3).....	163
6.4	Comments on the CC's analysis of BMRB survey data.....	185
6.5	Submission from a corporate veterinary practice regarding pharmacy costs.....	189
6.6	Fort Dodge index.....	190
6.7	BVA/SPVS/VPMA: Annual and Quarterly Practice surveys .....	192
7.1	Manufacturer sales and market shares .....	193
8.1	Results of the comparison of the 2001 average net ex-manufacturer prices, product-by-product.....	204
8.2	NOP International price survey.....	209
8.3	Analysis of international price data.....	219
8.4	Comments on the differences in international prices of specific medicines .....	236
9.1	Analysis of local price variation.....	237
11.1	List of veterinary surgeons submitting written evidence .....	248
	Glossary .....	251
	Index .....	257

## **Note by the Department of Trade and Industry**

In accordance with section 83(3) and (3A) of the Fair Trading Act 1973, the Secretary of State has excluded from the copies of the report, as laid before Parliament and as published, certain matters, publication of which appears to the Secretary of State to be against the public interest, or which she considers would not be in the public interest to disclose and which, in her opinion, would seriously and prejudicially affect certain interests.

**The omissions are indicated by a note in the text or, where space does not permit, by the symbol ✂.**

## **Terms of reference and conduct of the inquiry**

1. On 9 October 2001 the DGFT sent the following reference to the CC:

### **Terms of reference—prescription only veterinary medicines**

The Director General of Fair Trading in exercise of his powers under sections 10(3), 10(4), 47(1), 49(1) and 50(1) of the Fair Trading Act 1973 hereby refers to the Competition Commission the matter of the existence or possible existence of a monopoly situation in relation to the supply within the United Kingdom of prescription only veterinary medicines.

The Commission shall investigate and report on the questions whether a monopoly situation exists and, if so:

- (a) By virtue of which of the provisions of sections 6 to 8 of the said Act that monopoly situation is to be taken to exist;
- (b) In favour of what person or persons that monopoly situation exists;
- (c) Whether any steps (by way of uncompetitive practices or otherwise) are being taken by that person or those persons for the purpose of exploiting or maintaining the monopoly situation and, if so, by what uncompetitive practices or in what other way;
- (d) Whether any action or omission on the part of that person or those persons is attributable to the existence of the monopoly situation and, if so, what action or omission and in what way it is so attributable; and
- (e) Whether any facts found by the Commission in pursuance of their investigations under the preceding provisions of this paragraph operate, or may be expected to operate, against the public interest.

For the purposes of this reference:

‘prescription only veterinary medicines’ means medicinal products that are subject to an order under section 58 of the Medicines Act 1968 and which may be sold only by veterinary surgeons or veterinary practitioners for administration to animals under their care or by pharmacists on a written prescription from a veterinary surgeon or veterinary practitioner.

‘medicinal product’ means a product falling within either section 130 of the Medicines Act 1968 or Article 1.2 of Council Directive 65/65/EEC.

‘veterinary surgeon’ and ‘veterinary practitioner’ have the meanings given to these terms by section 132(1) of the Medicines Act 1968.

The Commission shall report upon this reference within a period of 15 months from the date hereof.

9 October 2001

*(signed)* JOHN VICKERS  
*Director General of Fair Trading*

2. The composition of the Group of members responsible for this inquiry and report is indicated in the list of members in the preface.
3. Notices inviting interested parties to submit evidence were placed in:

*Farmers Weekly*  
*Farmers Guardian*  
*Horse & Hound*

*The Veterinary Record*  
*Veterinary Times*  
*Kenel & Cattery Management*

*Cat World*  
*Dog World*

4. In addition, we sought evidence and views from manufacturers and wholesalers of veterinary medicines, veterinary surgeons, consumer bodies, professional and trade associations and other organizations, pharmacists, government bodies and animal charities. We received evidence from a number of these and from individual livestock farmers and owners of companion animals.

5. Two surveys of veterinary surgeons were carried out on our behalf by BMRB (see Appendices 6.1 and 6.2). PSR carried out a survey of cat and dog owners on our behalf and BMRB also carried out a survey of owners of companion animals (see Appendix 6.3). An International Price Survey was carried out for us by NOP Healthcare (see Appendix 8.2).

6. During the course of the inquiry CC members and staff visited Pfizer's site at Sandwich and NVS's head office and distribution centre near Stoke-on-Trent. Visits were also made to animal hospitals run by The Blue Cross and the PDSA, Goddards Veterinary Group headquarters and the Dragon Veterinary Clinic.

7. We held hearings: three each with the BVA and the VMD, and two each with Bayer, Fort Dodge, Genus, Intervet, Merial, Novartis, NVS, Pfizer, Schering-Plough, Virbac, the NFU and the RCVS. The following also attended hearings: Boehringer, Dunlops, Elanco, Leo, Norbrook, Pharmacia, Vétquinol, Defra, the AHDA, BETA, the BSAVA, Jobsons, the NFUS, NOAH, the NPA, the PDSA, the RABDF, the RPSGB, the SPVS, Vetcel, and a number of individual veterinary surgeons, some of whom attended joint hearings in Bristol, Edinburgh and London to make representations about our provisional conclusions and hypothetical remedies.

8. On 16 April 2002 we sent an Issues Statement to manufacturers and veterinary wholesalers and to veterinary surgeons with addresses in the UK, setting out the matters which had been identified by the Group for further consideration (see Appendix 1.2). The statement was made public by way of a press release and was available on the CC's web site and by written request.

9. We held a public hearing in London on 26 April 2002, which was attended by manufacturers, veterinary wholesalers, veterinary surgeons, professional and trade associations, charities and members of the public. This hearing was transmitted in a simultaneous web-cast. A transcript of the hearing was made available on the CC's web site and by written request.

10. On 17 September 2002 we published a statement of our provisional conclusions on complex monopoly and hypothetical remedies (see Appendix 1.3). At that stage the CC had not reached final conclusions on any aspect of its inquiry, but it wished to consult interested parties on possible remedies in respect of any matters which it might find to operate against the public interest. The statement was sent to those veterinary surgeons with addresses in the UK and to manufacturers and veterinary wholesalers. It was also made available on the CC's web site and by written request.

11. Some of the evidence obtained during the course of our inquiry was of a confidential nature and our report contains only such information as we consider necessary for a proper understanding of our conclusions.

12. We should like to thank all those who helped us in our inquiry.