

Increase in Euro exchange rate set for pharmaceuticals

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The Euro exchange rate set for the pricing of medicines is to increase by 2.5% for some products due to the introduction of a new article in the Council of Ministers' Pricing Decree. Prices for medicines will also increase due to changes made to mandatory discounts that are applied to purchases of some categories of medicines made by the Social Security Institution (SSI).

The pricing of pharmaceuticals is governed first by the Pricing Decree and the Pricing Communique issued by the Ministry of Health in line with that decree. The presently governing decree and communique are those of the year 2017.

The pricing of pharmaceuticals in Turkey follows a reference pricing system, which primarily takes reference prices from EU member states that are in the EU currency. However, previous fluctuations in the exchange rate prompted the government to fix the exchange rates to 70% of the actual rate. However, 70% of the actual rate still corresponds to approximately a 23% increase in the prices of medicines when compared to the preceding term. The government therefore, by way of another decree, set a maximum increase in the rate to 15%, now falling around 8% short of the actual increase in rates even with the 70% rule applied. This, while causing foreign pharmaceutical firms some distress, has caused the prices to remain low in Turkey.

A [*new article*](#) (Turkish language) has been introduced as a provisional article to the Pricing Decree that states that the Euro exchange rate shall be increased by 2.5% for products for which no source price tracking is made. These products are namely products that fall below certain price thresholds. In addition, some changes that benefit foreign pharmaceutical manufacturers and distributors have been made to the mandatory discounts that are applied to purchases made by the SSI, the largest

buyer of medicines. These developments are welcomed by foreign industry, even though the "improvements" to pricing that cover certain products and the SSI discounts may not completely address the problems caused by the exchange rate being fixed to a maximum of 15% more than the preceding term.