

Minister of Health Announces That Prices of Medicines Will Be Raised by 26,4% from 19 February 2019

The Euro exchange rate used for approval of medicine prices in Turkey is determined as per the Decision on Pricing of Human Medicinal Products ("Decision"). The Euro exchange rate which has long been fixed to TRY 1.9595 and not updated according to the current rate was determined as 70% of the average Euro value of the previous year by the new Decision which was published on 24 February 2017. Accordingly, the Price Evaluation Commission would gather within the first 45 days of every year and announce the 1 (one) Euro value based on calculation of 70% of the average value of the previous year.

After entry into force of the Decision and just before announcement of the Euro rate applicable for the year 2018; on 22.01.2018, a provisional clause was added to the Decision which regulated that the value of one Euro would not exceed more than 15% of the one Euro value set for the previous year. Thus, although 70 % of the average value for the year 2017 was more; the Euro exchange rate applicable to medicine prices in 2018 was increased only by 15% as against the previous year and it was determined as TRY 2.6934.

As of January 2019, the pharmaceutical sector and all stakeholders have been impatiently waiting for announcement of the Euro exchange rate to be determined for the year 2019. Considering that the average Euro value for the year 2018 was around TRY 5.65, the rate applicable to the year 2019 should have been announced a value close to TRY 4 as per the Decision. However, with the amendment which was published in the Official Gazette on 14.02.2019, the rate of "70%" given in the Decision was changed to "60%". Thereafter, Minister of Health Fahrettin Koca made an explanation and stated that the rate was determined as TRY 3.40 with an increase of 26.4% compared to the last year.

There are groups who evaluate the rate of 26.4% given for 2019 favorable in comparison to the increase of 15% which was made in 2018. With the same perspective, Minister of Health stated that the increase of 26.4% was made because they wish foreign and particularly local manufacturers take a firm action for a foreseeable investment period. However, we think restriction of the increases with last-minute amendments made to the Decision for two consecutive years and the permanent change of the rate from 70% to 60% caused disappointment in the sector in respect of future expectations from public authorities.



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