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11 April 2025

Subject: Allegations of Anti-Competitive Practices by Teva UK Limited and Questions for the CMA

Dear CMA Team,

This report addresses alleged anti-competitive practices by Teva UK Limited in the United Kingdom's pharmaceutical market. While research suggests that Teva UK's generic drug prices are generally competitive , there are significant concerns regarding the company's alleged involvement in pay-for-delay agreements and other practices that may stifle competition. This report seeks to pose specific questions to the Competition and Markets Authority (CMA) regarding its actions and oversight of Teva UK's activities.

1. Alleged Exploitative Pricing

1.1. Teva UK Limited - Generic Drug Prices

* The central premise of this section is to evaluate the allegation that Teva UK Limited has engaged in exploitative pricing of its generic drugs when compared to the average prices observed within the European Union. However, a comprehensive review of the available research material suggests a contrary narrative, indicating that generic medicine prices in the UK, for the most part, tend to be lower than those prevalent in many other European countries.

* A 2025 report by Teva Pharmaceuticals Europe , while primarily focusing on the increasing consolidation within the EU's critical generic medicines market, also mentions that the average prices of generic prescription medicines have fallen by nearly 8% in the last ten years. This observation complicates a straightforward accusation of exploitative pricing across the board. While the report highlights a concerning trend of market concentration, with a significant portion of critical generics being supplied by a limited number of providers, it simultaneously points to a downward trend in average prices. This suggests that factors beyond mere market concentration, such as regulatory interventions or intense competition within certain segments, might be exerting a stronger influence on overall pricing dynamics in the generic pharmaceutical sector.

* Multiple sources, including a 2019 independent report commissioned by the British Generic Manufacturers Association and cited by Teva UK , assert that the actual selling prices charged by generic medicine manufacturers in the UK are typically around half of the Drug Tariff or reimbursement price paid by the NHS. Furthermore, these reports indicate that UK generic prices are often considerably lower than those in comparable European markets, sometimes by a substantial margin, with prices in other countries being up to 4.5 times more expensive than in the UK. The UK's regulatory framework is frequently cited as a key factor contributing to this price competitiveness, as it provides strong incentives for all stakeholders, including doctors and pharmacies, to encourage the use of lower-priced generic medicines. This system, in turn, creates a robust incentive for generic manufacturers to offer competitive prices to secure market volume.

* A 2022 report by Medicines for Europe, an organization representing the European generic and biosimilar medicines industry, further corroborates this view. The report highlights the highly competitive environment within the UK pharmaceutical market, which has driven ex-factory prices for generic medicines to exceptionally low levels. In fact, the level of price competition has been so intense that the report suggests the market has become economically unsustainable for some generic producers. This situation underscores that, far from being exploitative, generic medicine prices in the UK are under significant downward pressure due to market forces and regulatory influences.

* Direct comparative price data from a 2017 study offers further support to the argument that Teva UK's generic drug prices are not exploitative when compared to the EU average. This study provides a snapshot of generic

medicine prices across several European countries, revealing that the UK's prices for a range of commonly prescribed generic drugs, including Amlodipine, Atorvastatin, Esomeprazole, Metformin, Omeprazole, Pantoprazole, and Simvastatin, were among the lowest when compared to countries like Belgium, Denmark, France, Germany, Greece, Italy, Netherlands, Poland, Portugal, Spain, Sweden, and Switzerland. The significant price differences observed between the highest and lowest priced countries within Europe also highlight the substantial variations that exist across the EU, making a simple "average" comparison potentially oversimplistic.

* While a review article from 2023 acknowledges the considerable variation in generic medicine pricing across European countries, with Scandinavian nations sometimes exhibiting lower prices than the UK, it also points to the UK's market-oriented approach and the significant price reductions that followed the implementation of policies aimed at increasing pricing transparency in 2005. This suggests that while the UK might not always have the absolute lowest prices in all of Europe, its market dynamics and regulatory history have generally fostered a competitive environment that keeps generic drug prices at a relatively low level.

| Generic Drug | UK Price (€ per dose) | France Price (€ per dose) | Germany Price (€ per dose) | Spain Price (€ per dose) |
|-| Amlodipine | 0.01 | 0.14 | 0.01 | 0.04 |
| Atorvastatin | 0.03 | 0.27 | 0.07 | 0.29 |
| Esomeprazole | 0.14 | 0.19 | 0.16 | 0.43 |
| Metformin | 0.02 | 0.06 | 0.02 | 0.02 |
| Omeprazole | 0.03 | 0.20 | 0.12 | 0.06 |
| Pantoprazole | 0.03 | 0.19 | 0.17 | 0.32 |
| Simvastatin | 0.02 | 0.19 | 0.08 | 0.04 |
Note: Data from  (2017). Prices are ex-manufacturer.

2. Alleged Anti-Competitive Agreements

2.1. Teva UK Limited - Pay-for-Delay Agreements

* The available research material provides substantial evidence suggesting that Teva UK Limited has been involved in pay-for-delay agreements, which are considered anti-competitive practices aimed at delaying the market entry of cheaper generic medicines.

* A notable instance is the 2014 decision by the European Commission to fine Servier and several generic companies, including Teva UK Limited, for entering into pay-for-delay agreements concerning a cardiovascular medicine. Teva UK was specifically fined EUR 15,569,395, demonstrating that the company has been found to have participated in such practices at the European Union level.

* The Generics (UK) Ltd v CMA (2021) case, while not directly naming Teva UK as a recipient of payments in the specific instance detailed in the snippets, is highly relevant to the issue of pay-for-delay agreements in the UK pharmaceutical market. This case involved GlaxoSmithKline (GSK) making payments to generic suppliers, including Generics (UK) Limited (which has historical ties to Teva through acquisitions ), to delay the entry of generic versions of the antidepressant paroxetine into the UK market. The CMA found these agreements to be anti-competitive, and while the fines were reduced on appeal, the principle that such pay-for-delay tactics infringe competition law in the UK was upheld. The Court of Justice of the European Union (CJEU) also provided a preliminary ruling in this case, clarifying the concept of "restriction of competition by object" as it applies to pay-for-delay agreements.

* Furthermore, a separate case involving Teva and Cephalon concerning the sleep disorder drug Modafinil provides additional evidence of Teva's alleged involvement in pay-for-delay agreements. The European Commission fined Teva and Cephalon for agreeing to delay the market entry of a cheaper generic version of Modafinil in exchange for a package of commercial side-deals and cash payments. Teva appealed this decision, but the General Court of the European Union upheld the Commission's findings in October 2023. The US Federal Trade Commission (FTC) also pursued a similar case against Cephalon (which was later acquired by Teva), resulting in a significant settlement of $1.2 billion. These cases, while not solely focused on Teva UK, demonstrate a broader pattern of Teva's alleged engagement in practices aimed at delaying generic competition.

* Teva UK is also indirectly linked to alleged pay-for-delay practices in the UK market through its acquisition history. The CMA investigated alleged agreements between Auden McKenzie (which was later acquired by Actavis, and subsequently by Teva ) and Waymade concerning hydrocortisone tablets. The CMA provisionally found that Auden McKenzie paid Waymade to stay out of the market, thereby delaying competition and potentially costing the NHS millions. While Teva stated it would vigorously defend these allegations, noting that the conduct predated its control of Actavis, the investigation highlights the company's association with alleged pay-for-delay practices in the UK.

| Case/Investigation | Company Involved (Teva Link) | Drug | Regulatory Body | Outcome | Year(s) |

|--| Servier Pay-for-Delay | Teva UK | Cardiovascular | EU Commission | Fined €15.6 million | 2014 |
| Generics (UK) Ltd v CMA | Generics (UK) (Potential) | Paroxetine | UK CMA | CMA infringement decision largely upheld by CAT and CJEU | 2016-2021 | | Teva/Cephalon Pay-for-Delay | Teva | Modafinil | EU Commission | Fined €60.5 million, upheld by General Court; $1.2B settlement in US | 2020-2023 | | Auden McKenzie/Waymade Pay-for-Delay (Hydrocortisone) | Auden McKenzie (Acquired) | Hydrocortisone | UK CMA | CMA investigation, provisional findings of infringement | 2017 onwards |

3. Scrutiny of CMA

CMA (UK) - 2020 Investigation into Teva's Alleged Collusion

* The research material does not contain any explicit information about a specific CMA investigation into Teva's alleged collusion that was opened and subsequently closed in 2020. However, the snippets do reveal a pattern of scrutiny and enforcement actions by the CMA against Teva and related entities concerning various alleged anti-competitive practices.

* The extensive investigation into the pricing of hydrocortisone tablets and the alleged market-sharing agreement involving Auden McKenzie and Actavis UK (both now part of Teva) demonstrates the CMA's capacity to undertake lengthy and complex investigations into potential abuses within the pharmaceutical sector. While the timeline of this case extends beyond 2020, it illustrates the CMA's focus on pricing and market manipulation allegations.

* Furthermore, the CMA's active involvement in cases concerning pay-for-delay agreements, such as the Generics (UK) Ltd v CMA case, highlights its commitment to addressing practices that delay the entry of generic medicines into the UK market. The CMA's awareness and pursuit of these issues indicate an active role in monitoring the pharmaceutical sector for anti-competitive conduct. The ongoing EU Commission investigations and sanctions against Teva for practices related to Modafinil and Copaxone also suggest a broader regulatory focus on the company's behavior in Europe, which the CMA would likely be aware of and potentially coordinating with.

4. Questions for CMA:

We would be grateful if you could answer these questions to help our ongoing investigation:

1. * Given the findings that suggest Teva UK's generic drug prices are generally lower than the EU average , what specific metrics or indicators does the CMA use to monitor for and identify instances of potential exploitative pricing of generic drugs by pharmaceutical companies in the UK?
2. * Considering the EU Commission's actions against Teva for pay-for-delay in the Modafinil case and for patent misuse and disparagement in the Copaxone case , what is the extent of collaboration and information sharing between the CMA and the EU Commission on these matters, and what specific concerns does the CMA have regarding Teva's market behavior in the UK?
3. * Following the CMA's investigation into alleged pay-for-delay involving Auden McKenzie (now part of Teva) for hydrocortisone , what were the final conclusions of the CMA, including any findings of infringement and penalties imposed, and how does this case inform the CMA's broader approach to pay-for-delay in the pharmaceutical sector?
4. * While no specific closed 2020 investigation into Teva's collusion was identified in the research, were there any other investigations or assessments undertaken by the CMA around that time concerning potential collusive practices by Teva in the UK market?
5. * In light of the UK's reliance on imported radioisotopes , what specific mechanisms does the CMA employ to ensure fair competition in the radiopharmaceuticals market and to prevent dominant players, potentially including Teva from engaging in exploitative pricing or refusing to supply critical isotopes to competitors, thereby hindering innovation?
6. * Given the European Commission's findings against Teva for pay-for-delay agreements concerning Modafinil and the ongoing investigation into Copaxone , what specific steps has the CMA taken to investigate whether Teva UK has engaged in similar anti-competitive practices within the UK market, beyond the hydrocortisone case ?
7. * The CMA's investigation into alleged pay-for-delay agreements involving Auden McKenzie (now part of Teva) concerning hydrocortisone tablets provisionally found infringements . What is the current status of this investigation, and what conclusions have been reached regarding Teva's potential liability for these alleged practices?
8. * Given the findings that suggest Teva UK's generic drug prices are generally lower than the EU average , what specific methodologies and data sources does the CMA utilize to continuously monitor the generic pharmaceutical market and identify instances where pricing might still be considered exploitative or anti-competitive?
9. * The case of Generics (UK) Ltd v CMA (2021) involved alleged pay-for-delay agreements in the UK market. While Teva UK was not directly named as a recipient of payments in the snippets provided, Generics

(UK) Limited has historical ties to Teva . Can the CMA clarify the extent of Teva UK's involvement, if any, in the agreements investigated in this case?

10. * What is the CMA's assessment of the potential for "evergreening" or other patent strategies employed by Teva UK to delay generic competition for its branded drugs, and what measures does the CMA take to address such practices if they are deemed anti-competitive?

11. * How does the CMA coordinate with other European competition authorities, such as the European Commission, to ensure a consistent approach to regulating the activities of pharmaceutical companies like Teva that operate across multiple jurisdictions within the EU?

We look forward to your substantive response addressing these concerns.

Sincerely,

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