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MARKET STRUCTURE OF THE TURKISH PHARMACEUTICAL INDUSTRY

Abstract:

Oligopolistic firms in the pharmaceutical industry tend to monopolize as making implicit or explicit agreement among firms due the fact that the pharmaceuticals have a necessity good characteristics for the consumer. Therefore, these merges of pharmaceutical companies are closely monetarized by the competition institutions of the countries. The monopolization of pharmaceutical companies tends to adversely affect consumer welfare as well as resource distribution in the economy and income distribution in society. The extent to which firms have competitive inhibition conditions is determined by the concentration indices. For this reason, in this study the market concentration rates of the pharmaceutical sector in Turkey are calculated by using concentration measures such as the k firm Concentration Ratio (CR_k); the Herfindahl-Hirschman Index (HHI); the Hall-Tideman Index (HTI); the Rosenbluth Index (RI); the Comprehensive Industrial Concentration Index (CCI); the Hannah and Kay Index (HKI); the Entropy measure (E); and Gini index with the annual sales revenue data of the 371 companies in the sector. According to the results, pharmaceutical sector in Turkey has moderate concentrate market structure for the term of 2016.

Keywords:

Market Structure, Pharmaceutical Industry, Concentration Measures

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