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**Global Forum on Competition**

**Competition in the Healthcare Sector – Contribution from Fiji**

**- Session II -**

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This contribution is submitted by Fiji under Session II of the Global Forum on Competition to be held to be held on 1-2 December 2025.

More documentation related to this discussion can be found at: [oe.cd/chthc](https://oe.cd/chthc).

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## *Fiji*

### 1. Summary

1. The Fijian Competition and Consumer Commission (FCCC) is responsible for the promotion of competition within Fiji. Pursuant to this responsibility, the FCCC has carried out a number of market studies and advocacy interventions in healthcare markets in Fiji.
2. Most notable of these was the market study into pharmacy services carried out during the Covid-19 pandemic, which – in addition to general consumer welfare and efficiency considerations – was closely focused on equity concerns. Many areas in Fiji enjoyed only limited access to pharmacy services, and the FCCC concluded that this shortage was in part driven by legislative barriers to entry. As a result of an FCCC advocacy intervention, these rules were liberalized.
3. This has led to some expansion of the geographic coverage of pharmacy services in Fiji, with some rural and maritime areas, as well as smaller towns, now enjoying access to private pharmacy services which did not previously exist.
4. However, some challenges remain, and the experience of the FCCC suggests that regulatory liberalization and pro-competitive reform of the business environment can only go so far in promoting wider geographic coverage.

### 2. Pharmacy Market Study in Fiji

5. The FCCC carried out a market study into the pharmacy market in 2021, with the objective of expanding the geographic accessibility of the pharmacy market. The onset of the global Covid-19 pandemic in March 2020 focused much attention on the healthcare sector, and the importance of effective healthcare infrastructure in the broadest sense. Fiji was relatively successful in containing the spread of Covid-19, and the FCCC decided that efforts should be made to use the breathing space this provided to promote resilience in markets relating to healthcare.
6. This market study was in part motivated by the successes enjoyed by some OECD members states in promoting access to pharmacy services through deregulation. In particular, the FCCC noted that liberalization in Sweden had been relatively successful in encouraging growth in the number of pharmacies active there, and wished to consider whether similar reforms could expand access in Fiji.
7. At the time of the study, pharmacy regulation in Fiji was fairly restrictive of the ownership of pharmacies, and prohibited the formation of chains or groups of pharmacies. No individual could be the beneficial owner of more than two pharmacies. The broad outline of the regulations remains the same, despite some liberalization following the FCCC study.
8. This is intended to promote service quality and prevent the formation of monopolies within the pharmacy sector by ensuring that there is a pharmacist-proprietor with direct responsibility for, and involvement in, the day-to-day operation of the pharmacy. However, ownership restrictions may act as a barrier to expansion in this market and may thereby restrict access to pharmacy services outside major population centres, if pharmacies which would otherwise have been opened are prevented from so doing by the existence of the two-pharmacy rule.

9. Pharmacies were at the time of the study heavily concentrated around a few major population centres in Fiji, which meant that much of the country did not have access to a nearby pharmacy. While there were other sources of healthcare available outside the areas currently served by pharmacies, this nonetheless limited consumer choice in areas with no pharmacies.

10. Almost all of Fiji's pharmacies were concentrated in the Suva-Nausori and Nadi-Lautoka corridors, with poor coverage outside these areas. For example, there was:

- Only one pharmacy between Nausori and Tavua on Viti Levu's east and north coasts;
- No pharmacy on Taveuni, Ovalau, or Kadavu, the third-, fourth- and fifth-most populous islands; and
- Only one pharmacy on Vanua Levu – the second-most populous island – outside of its major town Labasa.

11. In the absence of private pharmacies, consumers in these areas had the option of travelling to an area which did have a private pharmacy, or using the nearest health centre or nursing station. Under the prevailing regulatory environment, these facilities were not faced with the same profit-motive to ensure stock-breadth and -depth as private firms.

12. This created a major challenge for regulators: creating a regulatory regime which allows existing pharmacies to expand into currently under-served areas, but which retains the quality- and antimonopoly assurances of the existing two-pharmacy rule regulatory regime.

13. The FCCC study found that the “two-pharmacy rule” may also deny consumers the ability to benefit from economies of scale or scope in this market, as scale of businesses in this sector was held down artificially by the prevailing regulatory environment.

14. As a result of this study, and the FCCC's subsequent advocacy activities, the legal limit on the number of pharmacies which could be owned by a single owner was expanded from two (2) to five (5).

15. This was intended to encourage the establishment of pharmacies in rural areas and small towns with limited access to private pharmacy services. As noted above, the FCCC considered that the two-pharmacy limit was likely to discourage the establishment of pharmacies outside major settlements, because under the two-pharmacy limit the establishment of a pharmacy in a smaller town or rural area would mean surrendering an opportunity to open a pharmacy in a major conurbation.

16. The FCCC also ensured that the new regulatory regime did not act as a barrier to the establishment of pharmacies in rural areas and smaller towns. The amendments made to the Pharmacy Professions Act 2011 also transferred some licensing and regulatory responsibilities to the FCCC. In designing the FCCC's regulatory regime, we ensured that some parts of the process were expedited or waived altogether when a pharmacist applied to open a pharmacy in an under-served area.

17. This approach has yielded some successes. A number of additional new pharmacies have opened since the reform, and this includes several pharmacies in areas which previously did not enjoy access to private pharmacy services.

18. For example, a new pharmacy has been opened in Korovou since the reform. Prior to the opening of this pharmacy, the closest private pharmacy services available to a resident of this town would have required a lengthy drive to Suva or Lautoka.

19. The introduction of new pharmacies in previously under-served areas is desirable both in its direct effect in providing access to pharmacy services, and in its effect on competition in areas which were already served by pharmacies.

20. Notably, we consider that rural areas were previously characterized by weak competition – with the only option available to consumers in practice being the pharmacy or handful of pharmacies available on the nearest outskirts of major settlements – but are now characterized by more robust competition after the reform of the two-pharmacy limit.

21. Pharmacies in rural areas now compete with existing pharmacies in urban areas, which remain as available as they were to rural consumers prior to the reform. The new rural pharmacies also create additional competitive pressure on urban pharmacies by threatening to take away customers located in peri-urban areas and consumers who commute between rural and urban areas.

22. Access also expanded to some other islands which previously had no private pharmacy access at all. Notably, there is now a pharmacy on Kadavu island where none had existed previously.

23. Nonetheless, there remain some challenges for pharmacy regulation in Fiji. While the regulatory liberalization has achieved some expansion of the geographic coverage of pharmacies in Fiji, it has more often led to the opening of new pharmacies within major urban centres. While this is also a desirable phenomenon, it reflects that some of the challenges of expanding the geographic scope of pharmacy coverage are fundamental, and cannot easily be addressed purely by regulatory liberalization.

24. The fundamental driver of the limited geographic coverage of pharmacies in Fiji is, essentially, market size – small settlements and rural areas may represent a reasonably large number of people in aggregate, but specific rural areas cannot always concentrate demand sufficiently to entice possible entrants to locate there, even in the absence of regulatory barriers.

## 2.1. Subsequent Concerns and Follow-Up Study

25. The FCCC study which led to the liberalization of the pharmacy market was carried out in 2021. While the reforms did give rise to some successes in expanding access to pharmacy services, the FCCC received some further submissions from stakeholders in the pharmacy market which indicated that they still considered the pharmacy market to be characterized by weak competition.

26. In response to stakeholder feedback in the Pharmacy Market, the FCCC carried out a follow-up market study in 2024. This market study aimed to address the following questions:

- How competitive is the market for pharmacy services in Fiji;
- To what extent is competition in the market for pharmacy services in Fiji driven by competitive dynamics in other markets, such as the market for pharmaceutical distribution;
- To what extent are pharmacies in Fiji compliant with competition law and the ownership provisions of the Pharmacy Professions Act 2011;
- To what extent do “chains” of pharmacies exist in Fiji, and to what extent do these chains represent breaches of either the FCCC Act 2010 or the ownership provisions of the Pharmacy Professions Act 2011;

- In so far as chains of pharmacies exist in breach of Fijian law, whether limitations on competition in other markets, such as distribution, have an impact on competition in the pharmacy market in Fiji.

27. In the course of this investigation, the FCCC came to a number of conclusions. Many of these findings were positive – notably that competition in the market for pharmacy services seems to be reasonably intense, and pharmacists seem to face considerable competitive pressures towards providing a range of products and towards reducing prices. Indeed, the most common comment we received from stakeholders in this market was that competitive pressures limited their ability to make profits which they considered reasonable.

28. There were, however, some suggestions from stakeholders indicated that they believed that – in spite of the liberalization supported by the FCCC – compliance with the regulatory regime’s ownership rules may remain imperfect. Consequently, the FCCC has referred the question of pharmacy ownership to other regulatory bodies in Fiji for enforcement.

29. This provides some indication of the difficulties entailed in using competition advocacy to promote desired outcomes in healthcare markets. While it has been possible to promote a wider geographic spread of pharmacies in Fiji through liberalization, fundamental issues around market size and ongoing compliance concerns have not been addressable solely through the removal of legislative barriers to entry.

### 3. Summary

30. In summary, the Fijian experience provides a number of key insights which should inform future approaches to competition policy in healthcare markets:

- Competition advocacy and the removal of legislative barriers to entry can materially promote wider geographic access to healthcare services;
- Given the importance of healthcare services and the small size of some markets, this is essential in promoting equity in key markets; and
- Fundamental issues such as small market sizes and regulatory non-compliance may inhibit the effectiveness even of successful and well-designed advocacy interventions.

31. The FCCC is continuing to work with other regulatory bodies and government agencies to promote consumer welfare in this market, in line with our remit to promote competition in Fiji.