

Mergers: Commission approves GlaxoSmithKline's acquisition of Pfizer's Consumer Health Business, subject to conditions

The European Commission has approved, under the EU Merger Regulation, the acquisition of Pfizer's Consumer Health Business by GlaxoSmithKline. The decision is conditional upon the global divestment of Pfizer's topical pain management business carried out under the *ThermaCare* brand.

GlaxoSmithKline ("GSK") and Pfizer's Consumer Health Business are both manufacturers and suppliers of a variety of consumer healthcare pharmaceuticals, which are typically available to patients without a prescription from a doctor and generally referred to as "over-the-counter" ("OTC") pharmaceutical products.

Both companies are active in the European Economic Area ("EEA") in a number of OTC product categories, namely topical pain management (creams, gels, sprays and patches to treat pain locally), systemic pain management (products for oral intake targeting pain centrally), cold and flu treatments (e.g. multi-symptom treatments, antitussives), gastrointestinal treatments (e.g. antacids, antiflatulents, antiulcerants), nutrition and digestive health (e.g. vitamins, supplements, laxatives), as well as sedatives and sleeping aids.

The Commission's investigation

The Commission examined the effects of the proposed transaction on competition in the markets where the activities of the companies overlap.

Based on the investigation, the Commission was concerned that the acquisition would reduce competition for topical pain management products, possibly resulting in price increases in a number of EEA countries, including Austria, Germany, Ireland, Italy and the Netherlands.

In the market for topical pain management products, the Commission found products to be broadly substitutable irrespective of their different format or composition (e.g. patches and gels, medicated or not).

For topical pain management products, GSK is a leading OTC supplier in the EEA with its range of *Volta*-branded products (including *Voltaren*, *Voltadol*, or *Voltarol*). These products are mainly sold as medicated gel, creams or spray but also as medicated and non-medicated patches. Pfizer is mostly active in the EEA with its range of *ThermaCare*-branded products, which consists mainly of non-medicated patches.

The proposed remedies

To address these concerns, the companies offered to divest Pfizer's topical pain management business carried out under the *ThermaCare* brand globally. This includes all relevant assets that contribute to the current operation or are necessary to ensure the viability and competitiveness thereof.

These assets will have to be divested as a package to one suitable purchaser to be approved by the Commission. The commitments provide in particular for the divestiture of a Pfizer manufacturing facility located in the US, which is dedicated to the production of *ThermaCare* products, of all intellectual property rights relating to the *ThermaCare* products and brand, as well as products under development.

These commitments remove almost entirely the overlaps between GSK and Pfizer's Consumer Health Business in the topical pain management category in the EEA.

Therefore, the Commission concluded that the proposed transaction, as modified by the commitments, would no longer raise competition concerns in the EEA. The Commission's decision is conditional upon full compliance with the commitments.

Companies and products

GSK, based in the UK, is a pharmaceuticals company active worldwide in research, development, manufacturing, and marketing in three broad segments, i.e. prescription pharmaceuticals, vaccines, and consumer healthcare products.

Pfizer, based in the US, is a pharmaceuticals company active worldwide in the research, development, manufacturing and marketing of innovative medicines. **Pfizer's Consumer Health Business** offers products in five major areas: (a) pain management; (b) gastrointestinal health; (c) respiratory; (d) dietary supplements, and (e) personal care products (e.g. lip care).

Merger control rules and procedures

The transaction was notified to the Commission on 17 May 2019.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II). This deadline is extended to 35 working days in cases where remedies are submitted by the parties, such as in this case.

More information will be available on the Commission's [competition](#) website, in the Commission's [public case register](#) under the case number [M.9274](#).