



PHARMA MARKET INSIGHTS

BJA & BLCCJ Webinar: The Japanese Government's Growth Strategy 2026

IQVIA Perspectives

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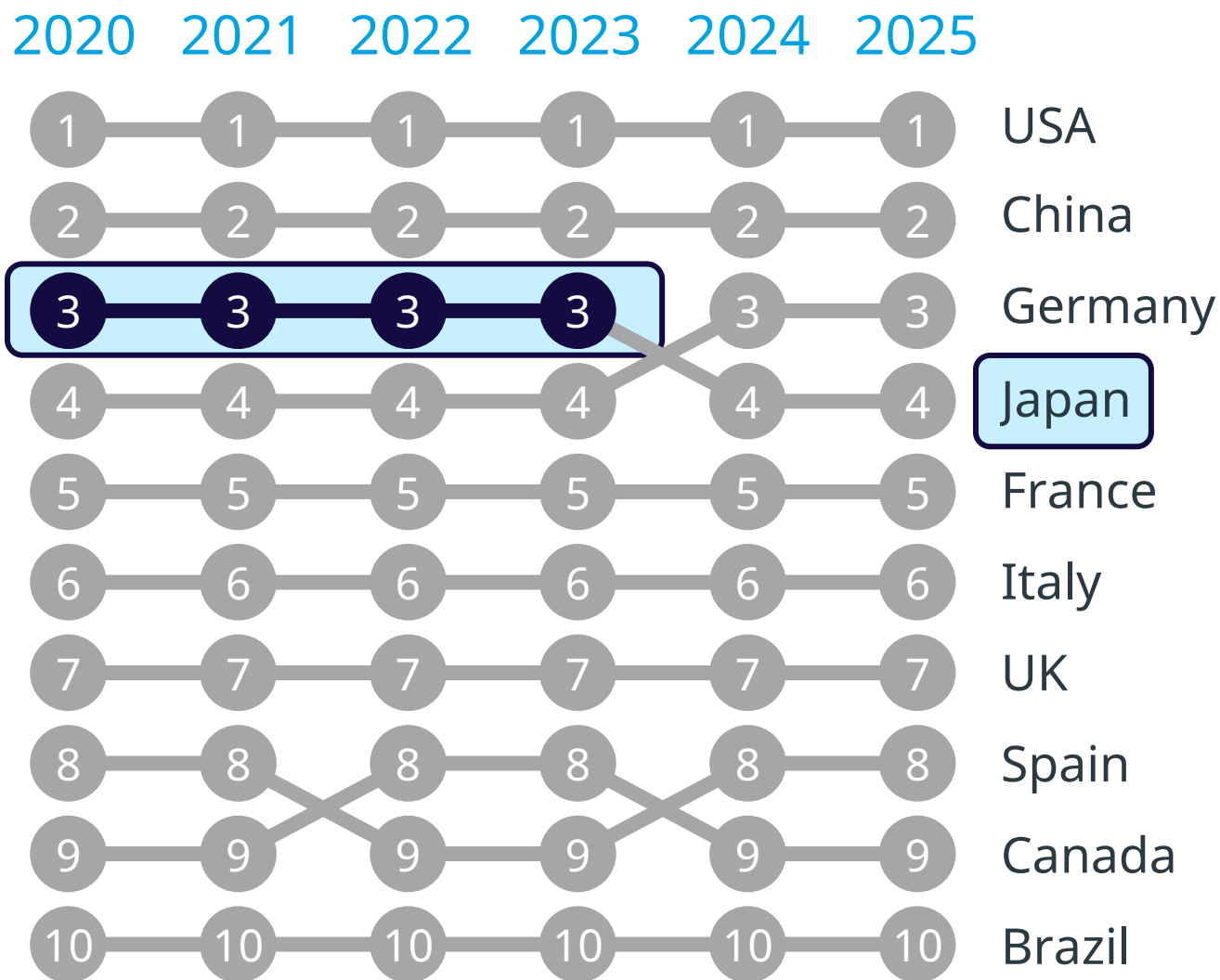
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While Japan maintained the 3rd ranked position globally 2013 ~ 2023, Japan's share of global pharmaceutical spend fell below 5% for the first time in 2021

Leading Countries Total Pharmaceutical Spend



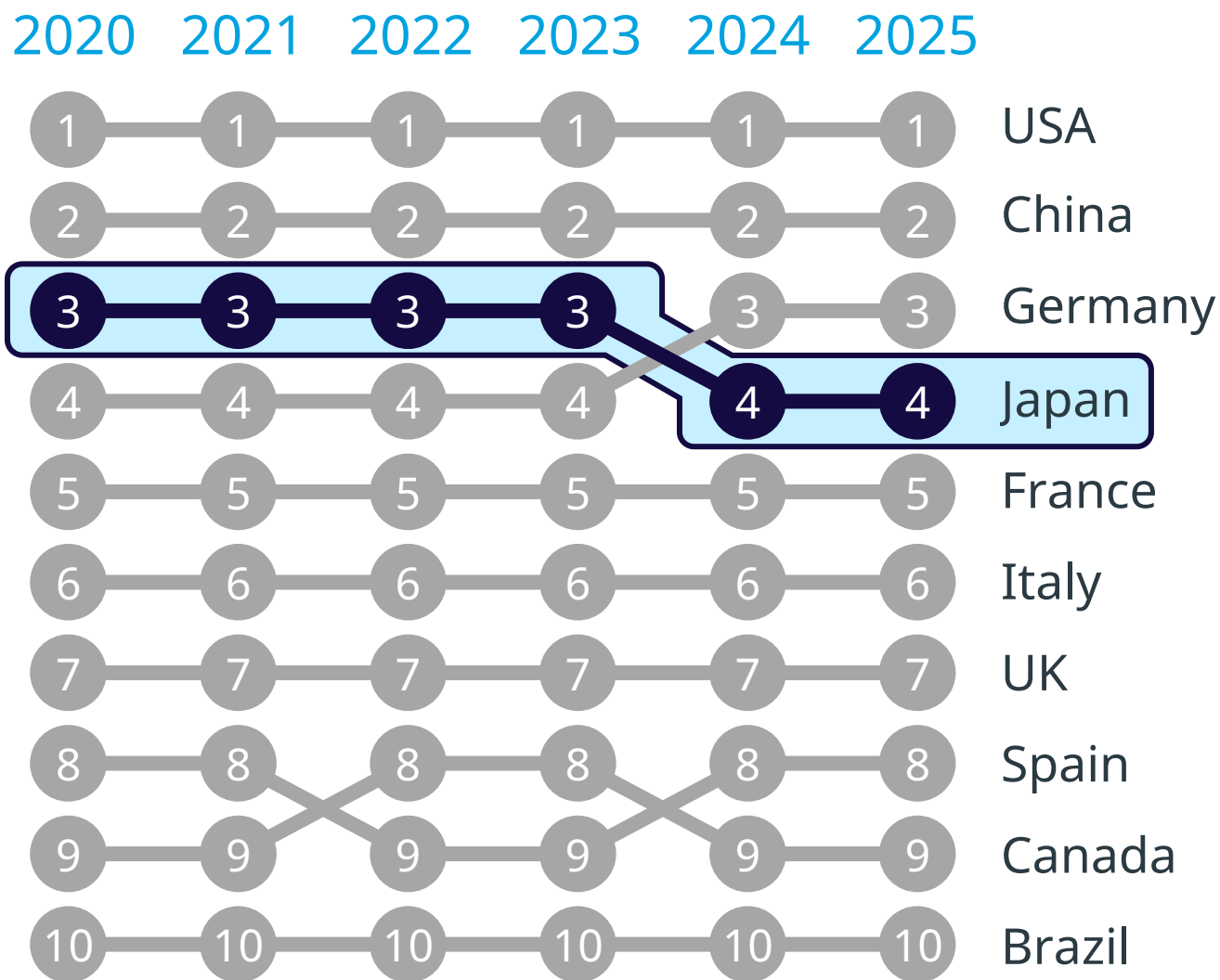
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Japan fell to 4th ranked country by total pharmaceutical spend in 2024 behind the USA, China and Germany, with Japan maintaining the 4th ranked position in 2025

Leading Countries Total Pharmaceutical Spend

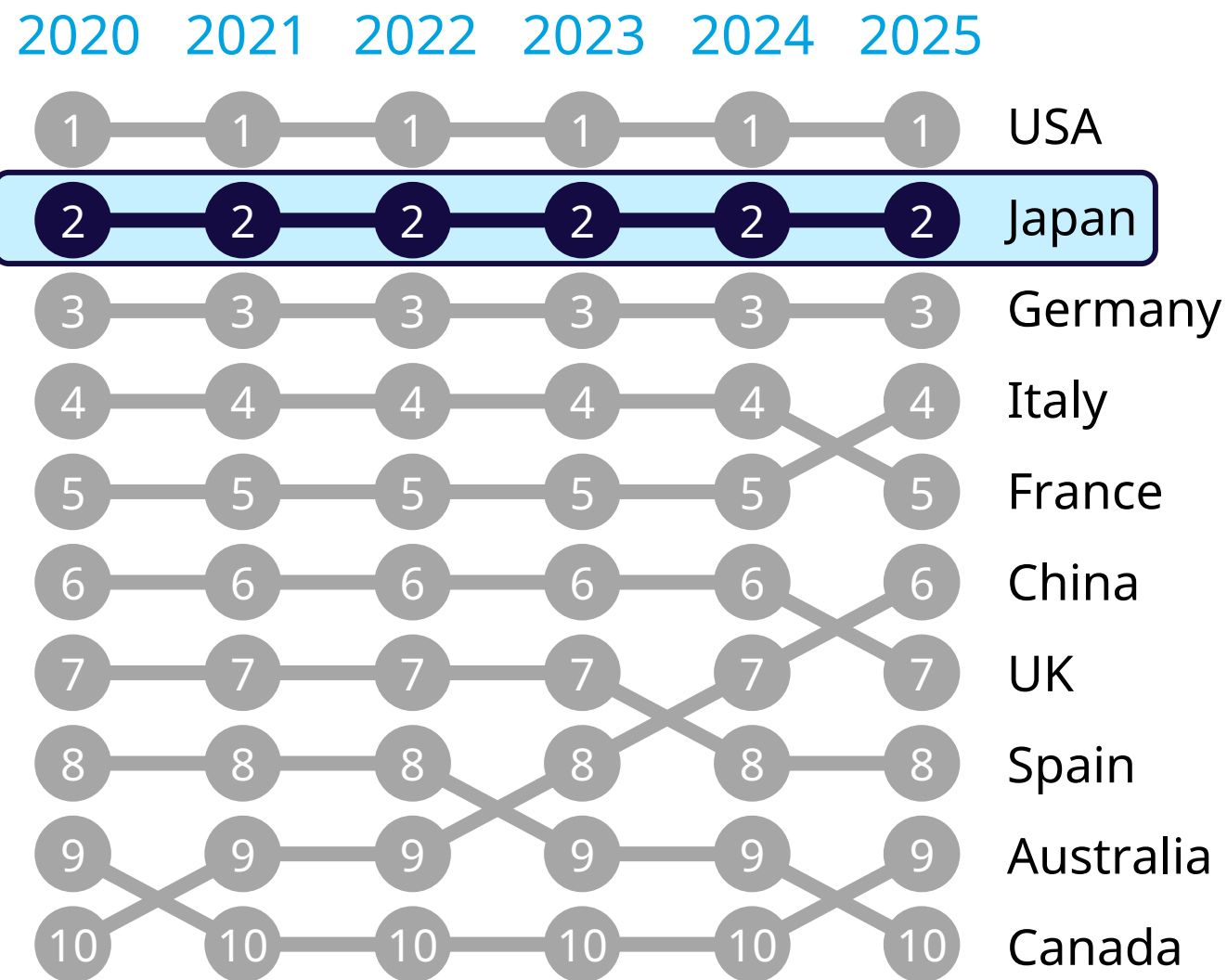


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Despite dropping in global ranking by total pharmaceutical spend, Japan has remained the 2nd largest market for innovative protected branded products

Leading Countries Branded Products Spend

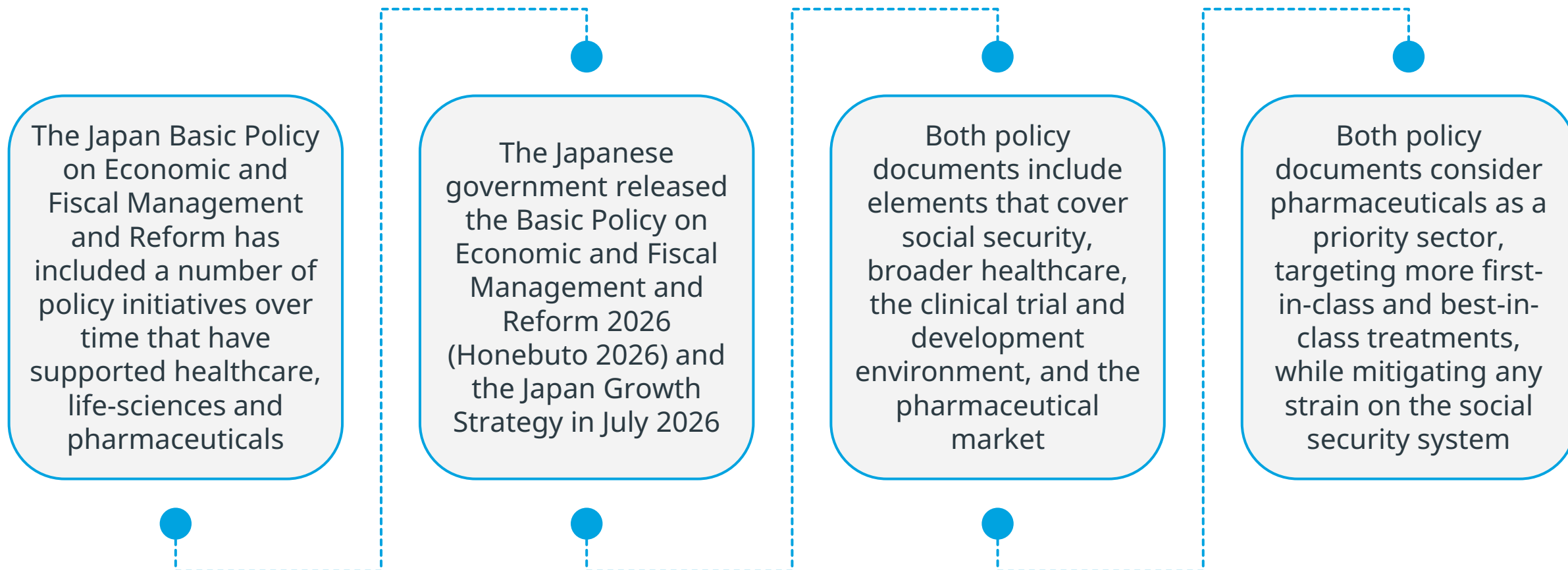


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Basic Policy on Economic and Fiscal Management and Reform (Honebuto) and Japan Growth Strategy





A number of Honebuto 2026 and Japan Growth Strategy initiatives had specific Pharmaceutical related objectives

Key Pharmaceutical Related Policy Elements

- The FY2027 out-of-cycle off-year NHI Price revision will weigh economic and inflation considerations
- The policy references annual global pharmaceutical growth, and aims to achieve ~ 9.6% average growth for Protected Brands to keep pace with global market growth
- Additional pharmaceutical related considerations discussed:
 - Setting a fair NHI Price at launch for new breakthrough therapies to reward innovation;
 - Maintaining protected NHI Price for Protected Brands during respective patent periods;
 - Safeguarding stable supply of Biosimilars and Generics;
 - The future structure and use of CEA (Cost-Effectiveness Assessment), and
 - All while evaluating and mitigating strain on the social security system



Honebuto 2026 and Japan Growth Strategy listed Pharmaceuticals as a priority sector with key focus areas for discussion and investment

Key Clinical Trial and Development Related Policy Elements

- Japan's Growth Strategy considers pharmaceuticals as a priority sector, targeting more first-in-class and best-in-class treatments, and includes discussion on:
 - Public-private investment in drug discovery;
 - Securing drug access amid overseas policy shifts, such as USA Most-Favoured-Nation (MFN)
 - AI use in drug discovery, device development, and diagnosis;
 - Goal to double multi-regional clinical trials in Japan;
 - Address financial and regulatory barriers facing startups and global clinical trials;
 - Establish an integrated ecosystem spanning drug discovery through to commercialization to enable Japanese innovation to move directly into global development programs



USA Most-Favoured-Nation (MFN) was referenced in the main text of the Honebuto, after being excluded from the June 30th final draft

USA Most-Favoured-Nation Related Policy Elements

- The Japanese government ultimately referenced USA Most-Favoured-Nation (MFN) in the main text of the Honebuto, after excluding it from the June 30th final draft
- In terms of the pharmaceutical market, the inclusion addresses concerns that USA reference pricing under MFN could worsen Japan's drug loss and drug lag
 - Drug loss: Pharmaceutical products launched in the USA and other markets globally but not yet in development in Japan
 - Drug lag: the gap (delay) in launch between USA or other first country of global launch and launch in Japan
- Under the policies, the Japanese government commits to respond decisively to possible USA MFN policies to ensure that innovative pharmaceuticals remain available to patients in Japan
- Additionally, a number of pharmaceutical-related policies are arguably targeting possible USA MFN policies :
 - Setting a fair NHI Price at launch for new breakthrough therapies to reward innovation;
 - Maintaining protected NHI Price for Protected Brands during respective patent periods;
 - Achieving ~ 9.6% average growth for Protected Brands to keep pace with global market growth



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