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Pharmaceutical Research and Manufacturers of America (PhRMA)

European Federation of Pharmaceutical Industries and Associations (EFPIA Japan)

Joint Statement on the Public-Private Council for Enhancing Drug Discovery Capability

The Pharmaceutical Research and Manufacturers of America (PhRMA) and the European Federation of Pharmaceutical Industries and Associations (EFPIA) represent the world's leading biopharmaceutical research companies operating in Japan. We support an innovation ecosystem that encourages the discovery of medicines that transform lives, and where we work as trusted partners with the Japanese government so that patients can access the treatments they need.

We have repeatedly raised concerns about the declining state of Japan's ecosystem following nearly a decade of unpredictable changes to drug pricing rules and the introduction of annual price cuts to patented medicines. The result has been a decrease in Japan's share of the early-stage pipeline, stagnant R&D investment, and a drug loss in which innovative medicines available in other countries are not launched in Japan.

Today, Japan will hold the inaugural meeting of a new Public-Private Council to enhance drug discovery capabilities. We are participating with the understanding and expectation that the Council will develop and recommend policy actions to address the key research and development, regulatory approval, and reimbursement challenges in Japan's ecosystem.

The work of the Council is especially timely given the recent release of the Basic Policy for Economic and Fiscal Management and Reform (*Honebuto*). The *Honebuto* called for discussions on maintaining drug prices during the patent period, an urgently needed reform, as well as discussions on the use of so-called "cost-effectiveness assessments" that could hinder innovation and patient access. We believe that the Council must take up these important issues.

Our industry remains committed to fighting so that Japanese patients have early access to the latest innovations. We are confident that Japan can prevent drug loss, restore its place as a global leader in drug discovery and attract global biopharmaceutical industry investment with the right policy environment and trust between partners.