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PhRMA Welcomes *Honebuto* and Japan Growth Strategy, Calls for Swift Action to Achieve Patented Medicine Market Growth Target

The Pharmaceutical Research and Manufacturers of America (PhRMA) represents 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.

Earlier today, the Takaichi Administration released the Basic Policy for Economic and Fiscal Management and Reform *(Honebuto)* and the Japan Growth Strategy. PhRMA welcomes the innovative biopharmaceutical industry's inclusion as a strategic sector in need of supportive policies and an attractive market, including:

- Consider further recognition of innovation for patented medicines at initial NHI price listing and during the patent period.
- Restore Japan's patented medicines market to 9.6% annual growth, a rate comparable with leading markets.
- Ensure an environment that encourages continued launches of new medicines in Japan given U.S. Most-Favored-Nation (MFN) pricing policy proposals.

To realize these goals and ensure that Japan contributes fairly to the global costs of biopharmaceutical innovation, we recommend action this year on the following pricing rule reforms:

- First, Japan should improve how it sets initial prices for patented medicines by aligning with U.S. price levels after adjusting for GDP.
- Second, Japan should abolish rules that prevent the maintenance of prices during the patent period, including market price revisions, market expansion repricing and related policies (e.g., huge-seller repricing), and cost-effectiveness assessments.

The *Honebuto* also states that Japan will implement an FY2027 drug pricing revision and conclude the ongoing cost-effectiveness assessment system review. PhRMA will engage actively and constructively in these discussions so that patented medicines are excluded from the FY2027 revision and the cost-effectiveness assessment system is not expanded. Both policies would further cut prices during the patent period and undermine the government's own goal to enhance the attractiveness of Japan's patented medicines market.

The release of the *Honebuto* and the Japan Growth Strategy follows the supportive remarks delivered by Prime Minister Takaichi at the Public-Private Council (PPC) for Enhancing Drug Discovery Capability on July 10. We recognize and appreciate that the Prime Minister committed to improve Japan's innovation ecosystem and pricing policies for patented medicines, respond to U.S. MFN pricing policies so that innovative medicines reach Japanese patients without delay and establish a new forum for concrete discussions under the PPC.

With the policy direction now set, PhRMA will participate actively in discussions to translate the Prime Minister's commitments into reforms this year. Only through bold reforms will Japan attract domestic and global investment that drives economic growth, resolves drug lag and loss, and ultimately advances the health of Japanese patients.