

# Overview of the Japanese Pharma & Healthcare Market JETRO Seminar October 2013

Anil Vaidya  
Life Science Consultant

email: [anil@anilvaidya.co.uk](mailto:anil@anilvaidya.co.uk)

# Japanese Economy

- Abenomics (LDP)
- Bank of Japan (BoJ), new governor Kuroda-san
- Nikkei hits 14,000 first time since 2008
- Bring inflation up to 2% in 2 years
- Creation of special economic zones (tbc)
- Buy back longer dated government bonds
- Cheaper currency, weaker yen increase cost of imports, cheaper exports
- Consumer Tax increase (VAT), 2014, 8%, 2015, 10% - discussion
- Controversial approach but ratings high
- Free trade agreement discussions with EU

# Demographics

- Population 127.48 million
- Low birthrate, 2009 1.37 births/couple
- 22.8% are over 65 years old
- 10.9% are over 75 years old, 2013  
expected to add 1,000,000 people
- 2022 predicted to be 15.3% over 75  
years

# Medical Costs

- Public healthcare system, privately supported co-payment 30%, Elderly 10-20%
- Healthcare costs: Japan 9.5% of GDP comparable to UK 9.6%
- Social security costs (pensions, healthcare, welfare) 23% of GDP
- Over 65 years account for 49% of medical costs
- Over 70 years account for 26% of medical costs
- Deaths over 65 years:
  - Cancer: 23%
  - RA/OA: 24%
  - Dementia: 24%
  - Life Expectancy: Men: 79.55 years old, Women: 86.30 years old
  - Infant mortality: 1/1000 new born, low obesity, high smoking

# Policy Shifts

- Review of Japanese social healthcare system
- Medical long term care - more in the community & early recovery
- Health & Care Medical Strategy in Cabinet Office as well as MHWL
- Medical Care Innovation:
- Develop centres for innovative drugs (core hospitals)
  - Since April 2013 MHWL, MEXT and METI collaborating with research centres to develop new medicine - called Creating New Medicine Network.
  - Support from retired company people and bridge basic research and clinical work and choose potential research. Kyoto University professor ex Astellas CEO. Also applies to medtech (tbc).
  - 'Reinforcement' of examination system for drugs and medical equipment
  - Government will reduce regulations in 2014 for developing new medicines. University hospitals research results making new medicines for serious diseases. 15 hospitals chosen and aim to reduce length of time for trials (reduce by 5years ?) japan will compete with US and EU in drug development
- Promotion of Multi-regional studies, Tripartite Cooperation Japan/China/Korea

# Japan Pharma I

- 2nd Largest pharmaceutical market
- Generic increase, MHWL estimate 50% of drugs can be switched to generic
  - Target 30% usage by 2012
  - Ranbaxy owned by Daiichi-Sankyo
  - Dr Reddy's MOU with FujiFilm
- Innovation - focus ? Reward innovation
- Japanese pharma looking to identify assets globally in Europe, USA, Latin America
- SBI Pharma open office in Bahrain

# Japan Pharma II

Ranking	Pharmaceutical company
1	Takeda
2	Astellas
3	Daichi Sankyo
4	Otsuka
5	Eisai
6	Mitsubishi-Tanabe
7	Dainippon Sumitomo
8	Shionogi
9	Kyowa Hakko Kirin
10	Ono

## Company Type - Top 20

1. Global / International Players
2. Keiretsu Players
3. Domestic Players
4. Speciality Players

Ref: 2013, Sales ex foreign owned pharma



# Japan Medtech

- 2nd largest market in the world
- Japan imports more than exports in medtech
- Global scale Japanese medical device companies: 16th Olympus, 19th Toshiba, 20th Terumo.
- Japanese companies focus on non-interventional products - CT, Ultrasound
- Joint Japanese & Russian imaging centre set up in Moscow. Utilising Japanese medical equipment & treatment to detect cancer and brain aneurysms at an early stage.
- Interventional products (non treating): respiratory machines, stent imported
- Japanese regulatory system and risk adverse hence not keen in developing devices for the treatment of individuals



# News

- Takeda Pharmaceutical law suit \$6.5million for Actos diabetes medication - failing to disclose potential bladder cancer implications. 3000 potential lawsuits
- Japanese delegation from Toyama visited India to discuss collaborations
- Japan and Russia enter into agreement to develop cancer centre in Moscow
- Panasonic sold healthcare unit to KKR
- Otsuka buys Astex Pharmaceuticals (formally Astex Therapeutics, UK)
- Mitsubishi-Tanabe buys Medicago
- AZ to seek more sales in Japan
- March 2013 NICE International hosted a delegation from the Institute for Health Economics and Policy (IHEP)
- Japan's first public-private partnership to facilitate R&D of new technologies for the developing world.

# Some Thoughts

- Innovation talked about as engine of growth:
  - Da Vinci Surgical Robot sketch in Japanese professors office designed 30 years ago
  - Japan huge amount of innovation - never sees the light of day
  - Commentators view - last chance to compete on ageing issues
  - Regulations prevent innovation but also.....culture
- iPS cells push following Prof Yamanaka's winning of nobel prize.
- Competition - Korea, China and the rest of the region
- Bioventure companies - number are not increasing and have decreased. 2011 , 538 companies, 2006, 587 companies.
- Japan - good in fundamental research but poor in applied research
- Number of clinical research papers is low and far behind China and India ranking 25th in the world.

# Conclusion

- Quietly optimistic about Japan but only so much government can do in promoting innovation, companies/individuals have to take the risk

# Contact Details

- Anil Vaidya
- The Cator Technologies Ltd
- Email: [anil@anilvaidya.co.uk](mailto:anil@anilvaidya.co.uk)