# The competitiveness of the UK as a location for global investment by the Japanese biopharmaceutical industry

Survey of Members of the JPMA International Affairs Committee

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Japanese Pharmaceutical Group

JPMA

# About JPMA and the JPG

- The Japan Pharmaceutical Manufacturers Association (JPMA) is an organization that consists of research and development-oriented pharmaceutical companies. We aim to contribute to improving the health and medical care of people in Japan and around the world through creating innovative pharmaceutical products.
- The Japanese Pharmaceutical Group (JPG) is the voice of Japanese life sciences in the UK with 12 member companies whose global headquarters are based in Japan.
- Our mission is to work in partnership with Government to increase inward investment from Japan. Each year we co-host a global R&D Roundtable in pursuit of this goal.
- In 2023/4 JPG members
  - Made 31 significant investments in UK biotech, with one major acquisition;
  - Invested in 60 academic programmes across multiple universities in England, Scotland and Wales.
  - Participated in more than 10 cross sector research collaborations
  - Undertaking approx. 30 early-stage trials and over 50 phase III
  - Supported over 10 charitable research foundations

# About this survey

- JPG has conducted this survey to mark the October visit of the UK delegation of JPMA, led by Dr Manabe, CEO of Daiichi Sankyo and Vice President of JPMA
- JPG's mission is to seek to work in partnership to increase awareness of the UK life sciences offer in Japan and promote inward investment
- Our goal with the survey is to provide the Government with useful insights that can contribute to the development of its Life Sciences Strategy
- A total of seven companies responded to the survey: Chugai, Daiichi Sankyo, Eisai, Mitsubishi Tanabe, Nippon Shinyaku, Otsuka, and Takeda. These companies represent a good mix of medium and large global companies with varying footprints in the UK. All but one are JPG members
- The questionnaire covered future investment in the UK, priority factors for investment decisions and product launch sequence
- Based on the findings we have prepared a list of recommendations for Government.

# Japanese company attitudes to the UK have been shaped by three major shocks

Brexit – Japanese companies remain concerned about a ‘brain drain’ and labour mobility, as well as the impact of MHRA divergence from the EU

Pandemic – clinical trials in the UK were affected more than elsewhere and have not bounced back as fast

VPAS – the high payment rates of 2022/3 were unprecedented and unexpected, challenging the long-held reputation of the UK market as a place that could be relied upon for relative stability and predictability

# Prospects for future Japanese investment in UK ecosystem

We asked companies if they had any plans for, and the likelihood of, significant future investment. Three provided concrete examples in discovery research.

| Company | Discovery/Pre-clinical | Clinical research | Manufacturing |
|---|---|---|---|
| A | High | Low | Low |
| B | High | Promising | Low |
| C | - | Low | - |
| D | Promising | Promising | Promising |
| E | - | Low | Low |
| F | High | Low | High |
| G | High | High | - |

- where company did not give a response

- The strong heritage and thriving ecosystem in discovery research will continue to attract Japanese investment
- The outlook for future investment in clinical research is of concern and continued action is needed
- The UK is not sufficiently competitive on manufacturing incentives and new measures would be required to attract Japanese investment

# Key factors influencing Japanese investment

The list below has been generated from free text responses. They are in order, based on number of companies spontaneously citing them as a priority (rather than a formal ranking exercise)

| | |
|---|---|
| Financial incentives such as tax relief, grants and R&D funding | ‘US, France & Ireland have better incentives for manufacturing’ |
| Current and future market size (the UK is seen as a good market commercially but is small in the context of clinical trials) | ‘the UK is still an attractive market in Europe’ |
| Pricing and reimbursement systems that are transparent, predictable and value innovation | ‘NICE HTA is the biggest factor decreasing the priority of the UK’ |
| Pool of appropriately skilled workers – scientists, researchers, technicians | ‘Access to a highly skilled and educated workforce, is crucial for successful research and manufacturing activities’ |
| Efficient and transparent regulatory regime | ‘EU exit has caused uncertainty and complexity and separate processes at extra cost’ |
| Policy that drives improvement in clinical research | ‘Decline in clinical research larger than elsewhere post pandemic’ |
| Infrastructure and platforms for drug development | ‘Countries need to offer sustainable returns and innovation friendly measures’ |

Individual mentions also for data infrastructure, intellectual property protection (laws and enforcement), political stability and a company’s established footprint.

# ‘Make room for pioneering’ : Rebooting the Life Sciences Strategy

We asked companies for suggestions to put to Government to improve the UK’s competitiveness for Japanese investment

## Urgent priorities

- Diffuse negative signals and harms being caused by restrictive, inflexible HTA
  - Address the barriers to indication specific pricing set out in the Commercial Framework consultation
  - Reform the NICE severity modifier
  - Make good on the non-financial commitments in the VPAG

**Quick win** - improve communication with global board rooms. *‘It may accelerate investment if their activities are more visible from other countries’.*

## Medium term

- Continue to support the MHRA to streamline pathways to expedite assessment, ensuring that NICE Is adequately resourced to align
- Expand clinical trial capacity, continue to implement O’S recommendations, turbo charging efforts on diversity in trials and speed of set up
- Modernise HTA to improve access – NICE threshold, NICE discount rate, combination pricing, addressing outstanding actions from Methods Review
- Foster cross sectoral collaborations and a willingness to partner with the industry throughout the ecosystem .

## Long term

- Create a suite of investment incentives that are competitive versus other markets and accessible for Japanese companies – across research, manufacturing and clinical research
- Continue support for start-ups and spin-outs to encourage growth of small and medium sized enterprises
- Invest in the pipeline of homegrown skilled scientists and technicians while introducing a supportive visa and international mobility framework.
- Invest in the data infrastructure and maximise the potential of the NHS dataset through enhanced collaboration for data sharing across all stakeholders

***Commit*** *to implementation, with metrics and milestones* ***Strengthen*** *through recognition that companies must make sustainable returns* ***Execute*** *in the spirit of partnership*

# Part 2

Launch Sequence

# Launch sequence

We asked companies where the UK stands in terms of new product launch sequencing, whether this has changed and what actions could protect the UK's status as an early launch market

Decisions are taken on a product-by-product basis but the UK remains a favoured early launch country , typically 1st to 3rd

China, USA, Japan and Germany are considered more important than the UK strategically

None of the companies that responded have made any changes to global launch sequencing in the last five years

But headwinds are growing due to challenging and out of date access hurdles, plus emergence of EUnetHTA and some products/ indications cannot be launched due to system driving lowest global prices

To protect the UK's status and therefore patient access, Government policy should

- Support early and open dialogue between regulators and companies
- Accelerate regulatory pathways
- Act on the industry's challenges resulting from an inflexible HTA system
- Maximise the use of managed entry agreements, early access programmes and real-world evidence

# Launch sequence decision-making - UK

| Drivers of early launch | Barriers to early launch |
|---|---|
| Opportunity to have an early (higher) list price published and referenceable by other markets worldwide | NICE threshold – one of the strictest globally |
| Confidential net pricing opportunity | NICE methods – severity modifier a retrogressive step, absence of solutions for combination and indication-specific pricing |
| Impact of a positive NICE recommendation on other countries world-wide | Emergence of EUnetHTA |
| Stability and predictability of regulatory processes | MHRA divergence from EU on clinical trials regulation |
| MHRA accelerated pathways when implemented | Absence of UK trial data for NICE appraisals |
| Enhancing real world data collection and evidence generation | Weak £ |
| Early and open dialogue between companies and regulatory agencies | |