

# Future opportunities in the UK Life Sciences ecosystem

## Key Determinants of Progress

A view from the Japanese global pharmaceutical industry



October 2024

## Japanese pharmaceutical companies consider the UK to be of high importance as a place for their businesses and Research & Development.

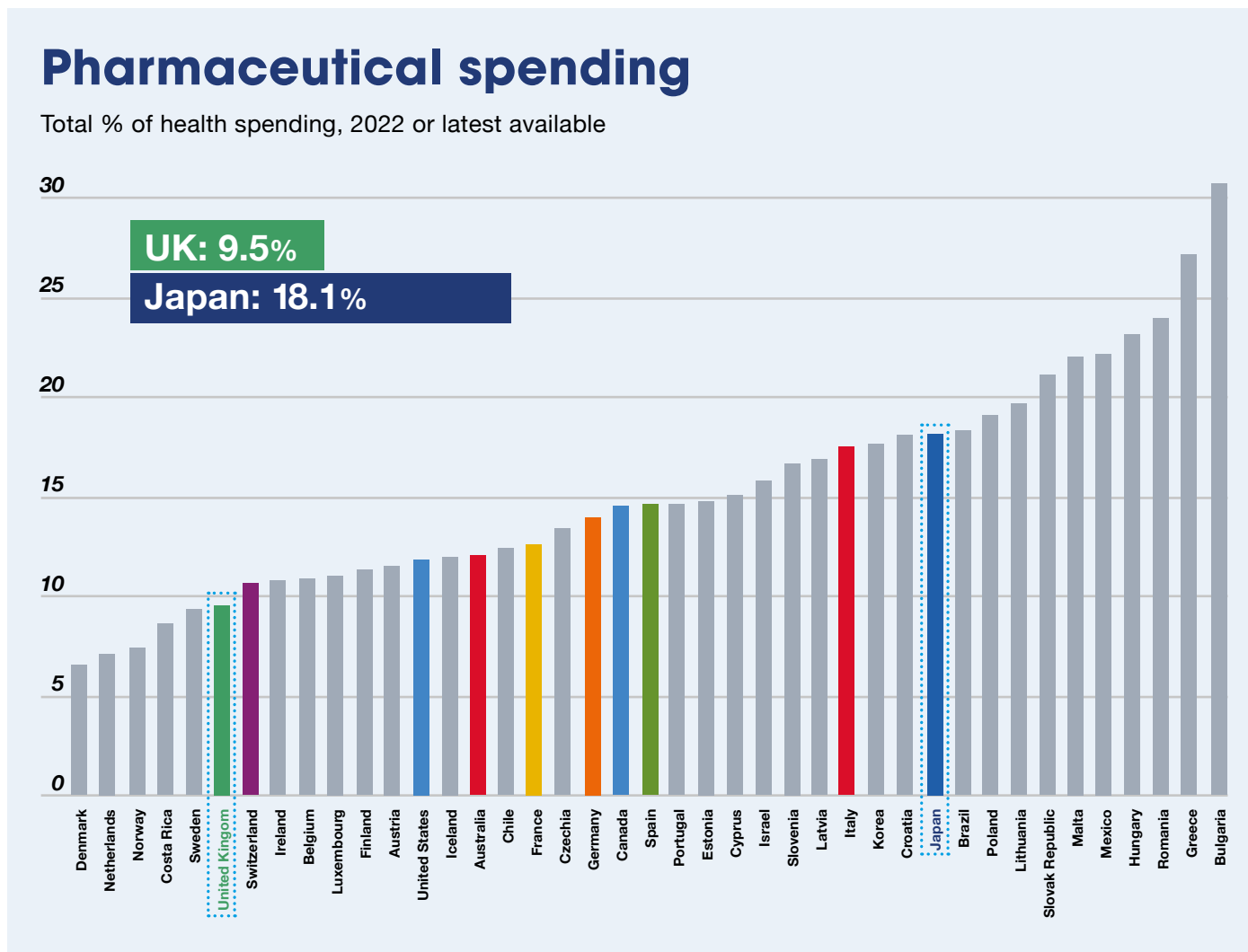
JPMA highly values the UK as one of the few countries with a clear and continued pro-IP position, supported by clear pro-innovation policies with a number of initiatives and funds to support the industry.

Whilst the commercial landscape within the UK is seen as increasingly challenging, we remain optimistic that there is a significant opportunity to work collaboratively to drive investment and make progress on the Government's growth ambitions.

To achieve this, it is essential that the Government provide consistency and predictability, a pre-requisite for a supportive business environment that drives investment.

JPMA welcomes the Government's commitment to deliver important improvements for the sector through its recommendations in the 'Prescription for Growth' report published earlier this year. We strongly support the commitment to a more integrated, mission-led approach across relevant Government departments, to ensure alignment of priorities and decision-making. This will help to accelerate implementation of policy priorities which we believe can create important improvements in the life science ecosystem and, ultimately, improve patient access to medicines.

Pharmaceutical spending as a total % of health spending is a key measure of an economy's uptake of innovation. Although health spending cannot be assumed to have a direct relationship with patient outcomes, nor the relative efficiency of a health system, this is an indicator that our companies consider in decision making and we question the low rank of the UK versus comparator countries. In the UK it is half of what Japan spends:



Source: OECD data. Health expenditure indicators.

**Access to medicines is one of the key drivers of investment decisions and the UK continues to fall behind comparable countries when it comes to patients benefitting from new medicines. There needs to be a strong and symbiotic R&D and commercial environment for innovative sectors to thrive.**

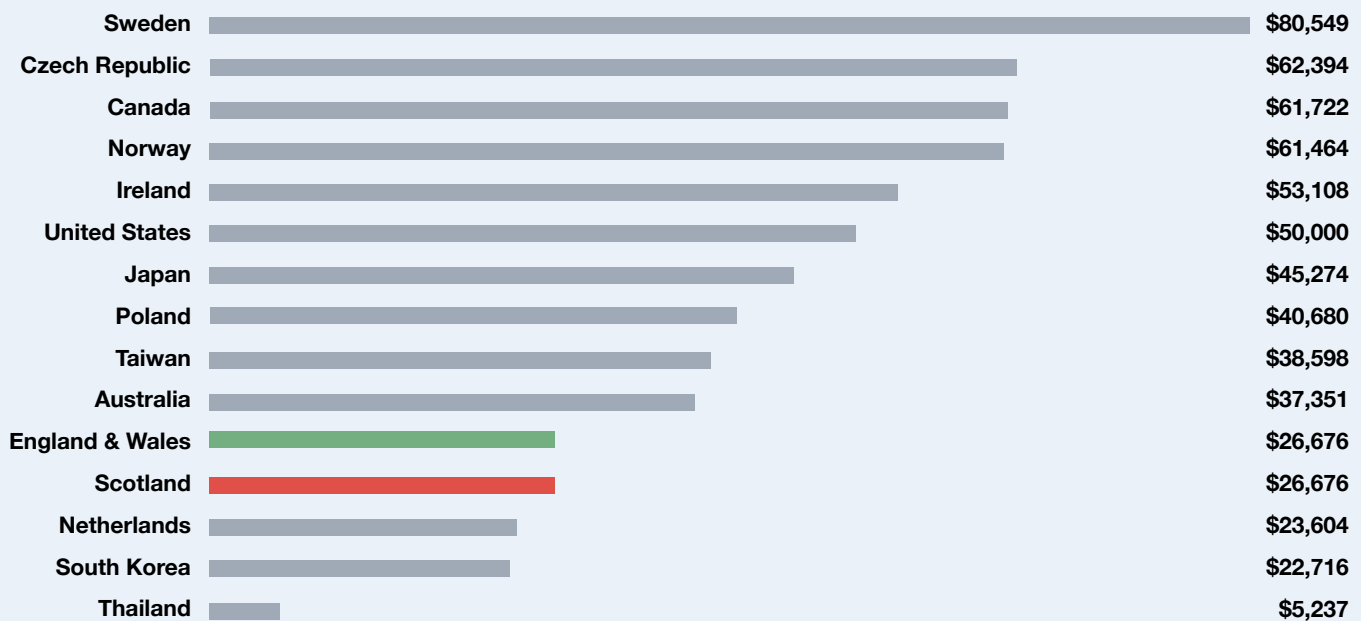
In this context a recommendation by NICE for the use of a new technology in the NHS determines whether a medicine can be offered to patients in England and Wales. It is notable that the NICE cost effectiveness threshold has remained at the same level for over two decades and is now notorious for its strictness on the international stage and the difficulty companies face in trying to satisfy this.

In addition, the new criteria for disease severity are in our view inadequate to appropriately evaluate innovative products.

Challenges of this nature influence a company’s future appetite for investment. We wish to draw the new Government’s attention to this important influence - unsuccessful experience with these will lead to the loss of opportunities for UK patients and in economic growth from a sector which invested over £14 billion in global R&D in 2023\*.

## Lowest or most quoted cost-effectiveness thresholds by county

US\$ - 2018 prices

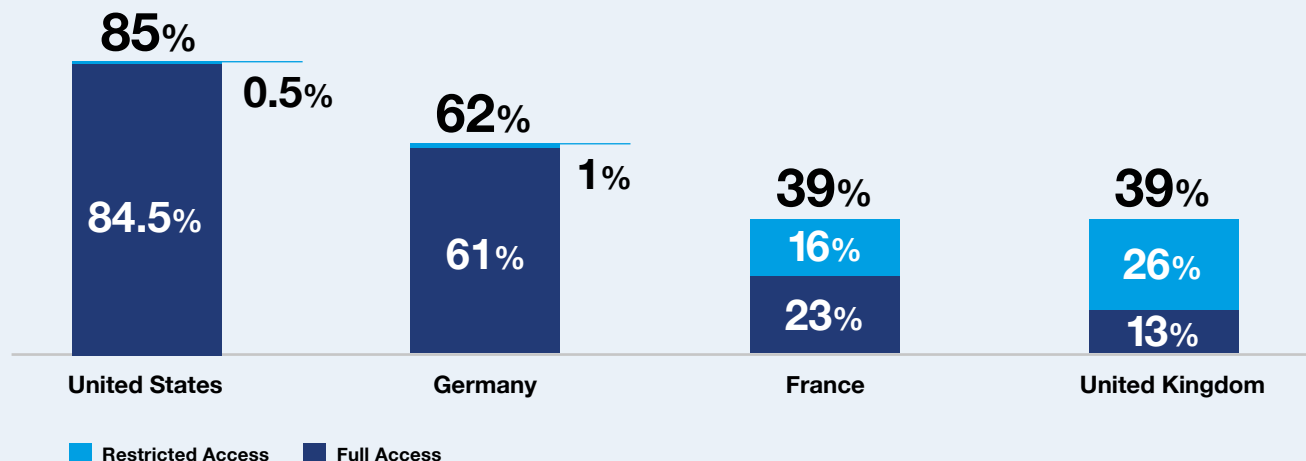


Source: ABPI and PwC, Transforming Lives, Raising Productivity 2022.

\*Source: JPG Member Company Report and Accounts

# NICE recommends full coverage for only 13% of new medicines

% of new medicines reimbursed by public insurance plans with full vs. restricted access by country (of all 268 new medicines launched from 2017 to end of 2021)



Source: PhRMA, Analysis of Access Restrictions for New Medicines in the United Kingdom 2023.

We welcome recent actions on MHRA reform and believe that there is now a chance that the UK can work independently from the EU post-Brexit to take bold decisions and transition at greater speed, with a view to putting UK patients at the front of the queue for our new innovations; we would ask the new Government to note, however, that this chance can only be meaningful when it results in adoption by the NHS and access for its patients.

In summary, we urge the Government to implement strategies related to streamlining regulation and improving access and uptake of medicines.

We believe this would help to create an environment that fosters innovation; leads to early access to innovation for UK patients; supports new collaborations for the NHS and subsequent improvements in healthcare; and drives economic growth from life science investment into the UK.

The Japanese pharmaceutical industry's experience of the previous government was that we saw little improvement in access and uptake despite government commitments to change and multiple representations that we made.

We are extremely hopeful and encouraged by the new government's plan to "deliver and make a change" that enables UK patients to access innovative medicines.



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