The UK Life Sciences Ecosystem One Year On

A view from the Japanese global pharmaceutical industry

by the Japanese Pharmaceutical Manufacturers Association (JPMA)

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Introduction

On an annual basis a JPMA delegation visits the UK as part of a wider European tour to gain firsthand insight into the relative competitiveness of the environment and reflect on recent developments.

One year on from our last visit to the UK a lot has happened. A new Industrial Strategy, Life Sciences Sector Plan and the NHS Ten Year Plan have all been launched. The economic partnership between our two nations has been cemented by the new UK-Japan Economic Partnership (2+2)[i] which has life sciences at its core and gives great cause for optimism.

Yet the UK-based pharmaceutical industry has faced a significant deviation from international norms in the VPAG 2025 payment rate – something that is challenging long-held beliefs about the UK. Moreover, new research among JPMA members conducted two weeks ahead of our visit, indicates that the actions of the US Government are already affecting Japanese companies' sentiment on global investment, which could materially impact opportunities for the UK.

On the occasion of our meetings in the UK, JPMA is taking this moment to share our perspectives with Government and the wider life sciences community.

The potential to lead not lose

The UK is still one of the most important markets in Europe for JPMA member companies and remains an early launch market for most Japanese companies despite being ranked seventh in 'market share of leading ten national pharmaceutical markets', after the US, China, Germany, Japan, France, and Italy.[1]

But with the crisis caused by the 2025 VPAG payment rate, and growing interest in early access schemes in Spain, Italy and France, the position is fragile. Yet the UK has the potential to lead, not lose its position in global market access through a combination of having the earliest price published globally, supported by the potential for positive impact of NICE recommendations.

The UK continues to be a powerhouse in discovery research with its leading universities and rich biotech ecosystem. Together with the availability of R&D tax schemes such as the Patent Box, the pre-clinical research landscape is highly attractive to JPMA companies. Also, early clinical research in the UK is still highly prized. The actions taken by the UK in the implementation of the O'Shaughnessy recommendations are a prime example of where shared goals and continued commitment at the highest levels make positive changes happen.

The Prime Minister's promise to reduce trial set-up times to an average of 150 days is a further boost as there is still work to do. Thanks to the routine publication of performance indicators for trials we know where the focus needs to be. The latest UKCRD KPI report notes 8% of trials were set up in the target 60 days and 14% had recruited the first patient within the target 30 days. (September 2025 Report data)

One year on we congratulate the Government on the ambition of the Life Sciences Sector Plan (LSSP) seeking leadership in Europe by 2030 and to be third globally by 2035, alongside the pro-innovation commitments it sets out. We encourage the Government to look to the O'Shaughnessy review as an exemplar for turning policy into practice in other areas.

Commercial environment and investment climate

All but one company (that took part in our recent survey)[2] believes that the most important action the UK needs to take to meet its LSSP goals is reform of the VPAG payment rates and the NICE ICER threshold.

It is regrettable that the highly challenging commercial environment in the UK is overshadowing the welcome proposals set out in the LSSP. While discovery and pre-clinical research are still somewhat insulated, JPMA members point to growing disquiet over UK investment in clinical research, manufacturing, and their commercial footprint.

Stable pricing policy is essential to retain the UK's competitive edge in life sciences. The current VPAG payment rates are significantly higher than in competitor countries, and the uncertainty of rate fluctuations cannot be planned for. We join the rest of the industry in calling for rates that are competitive with European counterparts[ii] and welcome progress made in recent discussions between Government and industry - we hope for an outcome that satisfies the ambition of the LSSP and addresses concerns with the downward trend in the UK's commercial environment.

Impact of the US Most Favoured Nation (MFN) pricing policy

In May 2025, President Trump reinstated the Most Favoured Nation (MFN) drug pricing policy which aims to cap US drug prices at the lowest level paid by OECD countries with similar GDP per capita.

The MFN Drug Pricing Policy may cause companies to postpone launches in countries like the UK to avoid setting low price benchmarks that would be referenced under the MFN model. Delayed launches and strategic reprioritisation could see NHS patients face slower access to innovative therapies, especially in oncology and rare diseases.

Five of the seven JPMA companies responding to our survey indicated that investment in the UK would decrease because of MFN. This suggests that Government needs to redouble its efforts to counteract this threat and we are encouraged by recent reports that Government is considering an increase in the NICE ICER threshold.

This could be a pivotal moment for the UK – another opportunity to lead not lose, the first Government to take such a step, and an opportunity that we hope is not missed by underestimating the scale of change needed. JPMA members seek alignment to the generally accepted ICER thresholds in other global markets. JPMA supports the wider industry position that an appropriate level would be between £40,000 to £50,000, to rebalance a legacy of inaction.

The JPMA survey clearly shows that reform of the threshold is the most important action that Government can make to benefit patient access. If medicines discovered in the UK do not have access, investment will move to other countries, especially to the US.

Agile regulatory regimes

One year on **our members repeated a ranking exercise on factors considered when investing and we found the efficiency and transparency of regulatory regimes has also grown in importance.[2,iii]**

We urge MHRA to continue to maximise international referencing routes and align as much as possible to the processes of other regulators, notably the EMA, FDA, and PMDA to minimise duplication and additional resource burden on industry. In line with this, of all the measures set out in the LSSP, parallel approvals between NICE and MHRA, alongside support for NHS use of approved products, hold the highest interest to JPMA members at the present time. We are ready to collaborate with Government, MHRA and the NHS on successful delivery of these commitments.

JPMA member companies have an enduring respect for the UK and continue to attach importance to this market. *One year on* we remain committed to working collaboratively with Government on the goals of maintaining existing investment and, with the right conditions, to make progress on the Government's growth ambitions. To achieve this, the UK Government must sharpen its focus on the commercial environment. Beyond VPAG, JPMA believes that a combination of regulatory agility and a meaningful shift in the NICE threshold are the foundations for delivery of the LSSP's ambition.

Additional notes and References

i. In 2019, the UK exported £23.3 billion worth of pharmaceutical goods. 3.3% (£0.76 billion) of this was to Japan, making pharmaceutical products the third-highest good in value terms exported from the UK to Japan. (https://committees.parliament.uk/writtenevidence/10434/html/#_ftn1).In March a new UK-Japan Economic Partnership (Economic 2+2) was announced, billed as a new way for the two countries to co-ordinate international economic policy. (https://bccjapan.com/news/uk-japan-economic-22). It seeks to strengthen UK and Japanese cooperation in a range of areas with life sciences as a strategic priority, (https://www.gov.uk/government/news/uk-japan-industrial-strategy-partnership-update) focusing on innovation, investment, and collaboration across biotech, engineering biology, and medical research.

ii. Average repayment rates: France 5.7%, Italy 6.8%, Germany 7%, Spain 7.5%, Belgium 7.9%, and Ireland at 9%.[3]

iii. Average marketing authorisation approval times are 450 days in UK and 332 in Japan.[3]

1. https://www.statista.com/statistics/245473/market-share-of-the-leading-10-global-pharmaceutical-markets/

2. The competitiveness of the UK as a location for global investment -perspectives from the Japanese life sciences industry (Available on request from JPG)

3. ABPI Competitiveness Framework, 2025 https://www.abpi.org.uk/media/15kbdh4h/abpi-competitiveness-framework-report-september-2025.pdf

For further information

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JPMA

About JPMA

The Japan Pharmaceutical Manufacturers Association (JPMA) is an industry group established in 1968 that is comprised of R&D-based pharmaceutical companies that have a business foundation in Japan. We strive to contribute to improving human health around the world and the quality of medical treatment through the development of innovative pharmaceutical products.