

Japan pharma to grow at 2% CAGR from 2013-20

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Singapore: Simplification of the regulatory process will prove to be the key to the growth of the pharma market in Japan, claimed a recent report by Research and Markets.

The CountryFocus report revolves around the healthcare, regulatory and reimbursement landscape of the Japan industry that has been titled a mature healthcare market that offers universal access to healthcare facilities and insurance.

"Simplification of the regulatory process resulting in an increase in the number of new product launches, growing disease burden and demand for healthcare from the growing elderly population will drive the pharmaceutical market of Japan. However, increasing focus on generic substitution and a biennial pricing review system may limit the extent of growth," the report explained.

As per the report, the pharmaceutical market in Japan was valued at \$54.8 billion in 2007 and reached approximately \$89.1 billion in 2012 at a Compound Annual Growth Rate (CAGR) of 10.2 percent. It is estimated that the pharmaceutical market would grow at a CAGR of 2 percent during the period 2013-2020 and reach \$104.5 billion in 2020.

Based on the pharmaceutical production data, in 2011, the cardiovascular agents, Central Nervous System (CNS) agents, agents affecting metabolism, digestive-organ agents, and blood-and-body-fluid agents dominated the market. Simplification of the regulatory process acts as a key growth driver. The government intends to remove regulatory hurdles by reducing the number of approval reviews required, increasing the number of review members, and reducing the duration of approval timelines in order to reduce the length of the drug approval process.

A total of 6,756 medicines were approved in 2011, of which 3,614 were prescription drugs, 1,031 were OTC drugs, 173 were In Vitro Diagnostics (IVDs), and 1,938 were quasi-drugs (PMDA, 2013).

Additionally, in 2012, the elderly population of Japan accounted for 24.2 percent of the overall population (IPSS, 2012), moreover, it is estimated that by 2050, this population pool would account for 38.8 percent of the overall population (Statistics

Bureau, 2012). Japan's elderly population is growing at a faster rate than that of the US and Europe. Improving healthcare facilities and strong financial support for the elderly have accounted for a higher life expectancy in Japan. The growing elderly population and the associated disease burden further contribute to the growth.

In order to reduce the healthcare expenditure, the government is promoting the use of generics as a cost-containment tool. In 2007, generic drugs accounted for 18.7 percent of the pharmaceutical market in terms of volume, which increased to approximately 28.7 percent in 2012. The government is strictly regulating pricing policies through biennial pricing reviews, reference pricing, and comparator pricing. Increasing generic substitution and biennial pricing reviews restrict the quantum of growth of the pharmaceutical market.

The medical device market was worth approximately \$46.8 billion in 2012 and is projected to reach approximately \$73.9 billion by 2020 at a projected CAGR of 6 percent. Ophthalmic devices (14.8 percent), IVD (10.5 percent), and cardiovascular devices (9.4 percent) were the major segments in 2012. In 2008, the government, in its basic policies for economic and financial reform, announced an action program for the faster evaluation of medical devices, with the aim of increasing foreign investment.