

Boosting Japan's Biotech Ecosystem

01 September 2024 | Opinion | By Andrew Sanden, Co-CEO, Intrinsic Japan K.K. / Intrinsic Innovations

Requires concerted efforts from the government, industry, and academia



Japan's biotech ecosystem is at a pivotal moment, characterised by both challenges and opportunities. Despite a rich history of scientific achievement, including significant contributions to biochemistry and medicinal chemistry, Japan has struggled to cultivate a vibrant startup culture in biotechnology. This stagnation is partly attributed to stringent drug pricing controls that have stifled innovation and investment in the sector.

The Japanese government and major pharmaceutical companies are now recognising the need for a robust biotech ecosystem. Initiatives are being launched to foster innovation, including increased support for startups and collaboration with global partners. For example, Kobe's Port Island, home to the Kobe Biomedical Innovation Cluster (KBIC), has become a significant biotech hub. Established in 1998, KBIC has attracted over 350 institutions and companies, ranging from promising startups to multinational healthcare giants.

Entities such as Intrinsic Japan aim to increase activity in this sector and grow international collaboration. Intrinsic Japan, a subsidiary of the Canadian incubator and venture capital firm Intrinsic Innovations and Intrinsic Venture Capital, has established its first Japanese base in Kobe to support medical and biotech ventures in entering Japanese and overseas markets.

Key facilities in biotech clusters often include research institutes, innovation centres, and support networks. For instance, the Creative Lab for Innovation in Kobe (CLIK) offers state-of-the-art research facilities and promotes open innovation among startups, large companies, research institutions, and academia.

However, Japan's biotech sector still faces significant hurdles, particularly in attracting venture capital. In 2023, Japanese biotech investments were a mere fraction—3 per cent—of those in the United States, indicating a critical funding gap that needs to be addressed.

Moreover, Japan's integration into the global biotech ecosystem is crucial. Recent discussions between Japanese and US leaders emphasise a mutual interest in enhancing biopharmaceutical collaboration, particularly as Japan seeks to leverage its scientific expertise to compete internationally. However, challenges remain, particularly in developing the skilled workforce necessary for a thriving biotech sector. There is a pressing need to attract talent and foster an environment that embraces risk and innovation, which are essential for success in this competitive field.

In conclusion, while Japan's biotech ecosystem has significant potential, realising this potential will require concerted efforts from the government, industry, and academia to create a supportive environment for startups, increase funding, and enhance global collaboration.

Andrew Sanden, Co-CEO, Intrinsic Japan K.K. / Intrinsic Innovations