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FOR IMMEDIATE RELEASE

Drug Pricing Reform Proposals Presented to Date Unacceptable

- Proposals continue to threaten early patient access and Japan's global reputation as a pro-innovation country -

Tokyo, Japan (December 8 2017) — The following is a joint press statement issued by the Pharmaceutical Research and Manufacturers of America (PhRMA) and the European Federation of Pharmaceutical Industries and Associations (EFPIA).

The innovative pharmaceutical industry clearly laid out its shared concerns about proposed changes to Japan's drug pricing system at the November 29 meeting of the Chuikyo. While various new adjustments are being considered by Japanese policymakers, none of them address the fundamental flaws with the proposed system that the industry shared on November 29. Our concerns remain the same – the intended cuts to innovation are too deep and the new system would create an unpredictable environment for future innovation until approval is granted. Should Japan move forward and adopt the proposals without major changes, Japan's pro-innovative environment will be seriously eroded and Japan's global reputation as a country that actively fosters and supports pharmaceutical innovation will be significantly tarnished. We view this as a very serious situation which could significantly threaten:

- Japanese patients continued early access to innovative medicines and treatments.
- Future R&D investments in the innovative pharmaceutical sector in Japan.
- Potential growth in the Japanese economy coming from this sector.

PhRMA and EFPIA call for the immediate revision of the draft proposal to ensure that innovation can still flourish in Japan and the drug lag does not return. In particular, coverage of the Price Maintenance Premium (PMP) program must be further expanded in order to achieve its purpose of adequately rewarding and spurring further new innovation in Japan.

PhRMA and EFPIA will continue to strive for pricing policy revisions that ensure that the drug budget remains well controlled, but at the same time fully support the development of new drugs in Japan in a stable and predictable pricing environment.

About PhRMA

The Pharmaceutical Research and Manufacturers of America (PhRMA) represents the country's leading innovative biopharmaceutical research companies, which are devoted to discovering and developing medicines that enable patients to live longer, healthier, and more productive lives. Since 2000, PhRMA member companies have invested more than \$600 billion in the search for new treatments and cures, including an estimated \$65.5 billion in 2016 alone.

About EFPIA

European Federation of Pharmaceutical Industries and Associations (EFPIA), headquartered in Brussels, the capital of Belgium, represents the pharmaceutical industry operating in Europe. Through its direct membership of 33 national associations and 42 leading pharmaceutical companies, EFPIA is the voice of 1,900 companies committed to developing and bringing new treatments to patients around the world that will improve the quality of life.

- PhRMA Tokyo Office Website <http://www.phrma-jp.org>
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- EFPIA JAPAN Website <http://efpia.jp/index.html>
- EFPIA Website <http://www.efpia.eu/>

For any media inquiries,
Contact at PhRMA PR Office (at Japan Counselors Inc.)
Tel: +81-3-3291-0118 Fax: 81-3-3291-0223
E-mail: phrma_pr@jc-inc.co.jp