



India Pavilion at CPhI Japan

18 -20

April 2018, Tokyo Big Sight, Japan

ORGANISED UNDER MDA SCHEME

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PHARMEXCIL PARTICIPATION IN CPhI JAPAN

EVENT AT GLANCE:

CPhI Japan 2018 is Japan's largest and leading pharmaceutical exhibition, which brings together more than 25,000 pharma industry professionals from 50+ countries. CPhI Japan and co-located events ICSE, P-MEC, BioPh and InnoPack represent the entire pharmaceutical supply chain and its key players.

CPhI Japan 2018, a three day exhibition has provided an opportunity to meet key industry stakeholders, manufacturers, suppliers and innovators at one place. The 17th edition of CPhI Japan was held during 18th -20th April 2018 at Big Sight Exhibition Center.

Exhibitor & Visitors Participation:

- No. of Exhibitors: 550 Exhibitors from 30+ countries
- No. of Visitors: 25,000 Pharma industry professional Visitors
- Top Ten Exhibitors by Countries: China, Japan, India, South Korea, Taiwan, Italy, USA, Germany, Switzerland, United Kingdom

Council with the support of Department of Commerce organised "India pavilion" at CPhI Japan fifth time with participation from the following Indian Pharma companies.

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|------------------------------------|-----------------------------------|
| ▪ Aarti Industries Ltd | ▪ Kronox Lab Sciences Pvt Ltd |
| ▪ Alkali Metals Ltd | ▪ Lake Chemicals Pvt Ltd |
| ▪ Anjan Drug Pvt Ltd | ▪ Mody Chemi Pharma Pvt Ltd |
| ▪ Azico Biophore India Pv Ltd | ▪ Nosch Labs Pvt Ltd |
| ▪ Dhara Lifesciences Pvt Ltd | ▪ Nutra Specialities Pvt Ltd |
| ▪ Dr.JCR Bio-Sciences Pvt Ltd | ▪ OC Specialities Pvt Ltd |
| ▪ GR Herbals | ▪ Shashi Phytochemical Industries |
| ▪ Indenta Chemicals(India) Pvt Ltd | ▪ Shubham Speciality Products |
| ▪ Indo Amines Ltd | ▪ Suparna Chemicals Ltd |
| ▪ Infinium Pharmachem Pvt Ltd | ▪ Suvan Life Sciences Ltd |

Trade Enquiries generated: 35

Business Generated: Few business deals are in progress

Brochures:

We have printed 200 copies of the brochures containing information about Indian Pharma industry and its Accreditations, contact details of the participants and distributed to the visitors and local pharma associations. Also distributed Member Directory CDs to the visitors.

INAUGURATION OF INDIA PAVILION

India Pavilion at CPhI Japan was inaugurated by Mr.R.K.Srivastava, Deputy Chief of Mission, Embassy of India on 18th April 2018. Mr.Madan Mohan Reddy, Chairman, Pharmexcil, Mr.Uday Bhaskar, Director General, Pharmexcil, Mr.DVS Reddy, Member COA were present.



The delegates comprising of Mr.Madan Mohan Reddy, Chairman, Pharmexcil, Mr.Uday Bhaskar, Director General, Pharmexcil and Mr.DVS Reddy, Member COA had meetings with important stake holders like

- a) Dr.Kyichi Tadano, Senior Director, GMP Compliance (previously worked in PMDA)
- b) H.E Sujan R Chinoy, Ambassador Extraordinary and Plenipotentiary of India to Japan
- c) Mr.Masayoshi Watanabe, Director & General Manager, Liason Department, Nihon Generic Co. Ltd
- d) Mr.Yasuhiro Hashimoto, Councilor the Minister(War Victims, Relief, Humanitarian Investigation, Promotion of Healthcare industries)
- e) Mr.Naoyoshi Noguchi, Executive Vice President, Japan External Trade Research organization (JETRO)
- f) Mr.Jun Kuroda, Executive Officer, International Business Headquarters, Taisho Pharmaceutical Co. Ltd
- g) Mr.Makoto Seikyama, Chief Operating Officer and Director of International Division, Otsuka Pharmaceutical Factory Inc.
- h) Mr.Shinchihiro Hiroshi, Director, International Affairs, Japan Generic Association
- i) Mr.Hiroyuki Onishi, Director (In charge of Pharmaceutical Department), Watahan Trading Co. Ltd.

The following significant points were identified.

- The Japanese never thought of Generic drugs before 2005, but due to the ageing population (average life expectancy of women 89 years and men 80 years), the health expenses are going up and it has decided by the Government of Japan to target 80% generics (originator) by 2020. It was also indicated it may not be possible to reach the expected target.
- The major exporters of APIs to Japan are EU 24%, Korea 19%. The share of India and China are 4% and 7% respectively.
- The major challenge for them is issues of time limits in imports, so they prefer Japanese source. Filing of DMF they are going for 2 sources to address the said issue.
- Very few manufacturers of API located in Japan. This opportunity can be utilized by starting API manufacturing by Indian company in Japan with Japanese collaboration.

- Council for Minister of Health, Labor and Welfare, Japan has reiterated that they are committed to the use of Generics. As a part of their policy of promoting people health, propagating use of generic medicines to reduce cost.
 - The major challenges of promoting/usage of generic drugs are
 - Patients complains that the generic drugs are not that affective.
 - Doctors receiving complaints from patients.
 - Innovator still have confidence of doctors.

- JETRO: It is working for more collaboration between India and Japanese companies. It is very tough to sell drugs (Generics) in Japan by Indian companies, the best way is to go for collaborations. JETRO will also identify the Japanese company/Investor (match making) to collaborate with Indian companies. JETRO also have an Incubation center in the Headquarters of Tokyo and office space will be provided to potential investors as free of cost for 40 days.
 - Pharmexcil requested JETRO to organize Interactive meeting in India with member companies.

- Japan Generic Medicines Association is working with an objective to contribute to the improvement of national healthcare and access to Medicines in Japan by promoting the use of generic medicines, and to advance the sound development of generic medicine industry. This organization have 43 companies as their members. The annual generic volume share is 65.5% by 2016 against the target of 80% by 2020.
 - The challenges are frequent price up, developing a further production capacities and domestic innovator companies are also in the manufacturing of generics.

FEEDBACK FROM MEMBER COMPANIES

Council participated in CPhI Japan for the fifth consecutive year and organised India Pavilion by taking space of 192 Sqmtrs with participation of 20 member companies.

The Feedback from member companies in general was that the arrangements made by Pharmexcil were nice and would like continue their participation in CPhI Japan 2019 also.

Specific suggestions include:

- 1) It would be of helpful if Pharmexcil can share the list of formulation manufacturers based in Japan prior to the event, for arranging the meetings
- 2) Most of the visitors are traders and increase in the number of manufacturers visiting the Pavilion would facilitate more business opportunities
- 3) Event participation circular from Council should be released in advance.
- 4) Organising BSM at the show would add great value.

In terms of the Business enquiries, members have expressed satisfaction and few companies have received the orders.

Business Enquiries : 50

Orders received : 22

Member companies have requested Pharmexcil to book the space for the year 2019 and we are in discussion with UBM for finalising the space.

Japan has the world's third largest pharma industry. Yet, for many international companies the market has not proved easy to access. Very high barriers to entry have combined with a historically insular domestic market to limit opportunities. This is now changing. Japan's domestic market is looking increasingly at exports, and international companies are seeking opportunities to invest in and access the large, well-funded healthcare system.

Japan is enjoying its longest sustained period of growth in over a decade. The pharmaceutical sector is forecast to reach \$72 billion by 2021, representing 17% growth between 2011–2020. Total annual pharmaceutical spend by Japan is \$93 billion. Government is central, accounting for around 40% of health spending via the national insurance scheme.

An aging population and broad access to healthcare are the driving factors. With over 100 domestic pharma companies, such a fragmented market is likely to develop into an acquisitional environment, particularly with internationals looking to enter. There are a number of challenges ahead as many patents expire and annual price cuts and generics take hold. Another problem is a growing funding gap.

As pharma firms, large and small, begin to reposition themselves in response they will face key challenges. In particular, branded products have seen a gradual reduction in use; they are less resilient to brand erosion and government is targeting 80% generic penetration by 2020. The Japanese government has gone as far as to identify growth of the nation's generic drug market as "imperative to Japan's long-term economic health". Japan has long been a bastion of patented drug consumption, with a strong innovative pharma industry, but as an impending patent cliff has loomed, many companies are now forced to reconsider their long- and medium- term strategies.

Opportunities for both Japanese and international generic companies are clear, especially with public attitudes shifting away from cultural scepticism of generic medicines. Active Pharmaceutical Ingredient (API) and generic finished dosage suppliers who recognize this potential and understand the unique needs and challenges of the Japanese market are well set for significant growth over the coming years.

Interestingly, Japanese companies were much more open to sourcing foreign APIs (as opposed to finished products); from China (60%), India (48%) and Europe (67%: excluding Italy).

Conclusion:

Japan remains an elusive market for internationals. Significant barriers to market entry - economic, cultural and political - cannot be ignored. Demographic pressures on healthcare costs are clearly driving a political agenda that benefits market players who can offer lower costs solutions. Generics are an obvious route, but Japan's status as a highly developed economy with a pharma industry that leads in innovation opens other possibilities, particularly the biologics/biosimilars segment. Crucially, as Japanese pharma markets are in a state of transition towards greater openness; potential rewards for early international movers cannot be ignored. However, an appropriate strategy is essential to overcome factors such as domestic brand loyalty - a local partner or local knowledge is a prerequisite of successful market entry.

Partnership with domestic firms - taking advantage of local knowledge as well as technical expertise - would appear to be the name of the game, for now. However, respondents have a general air of confidence over prospects in Japan. The potential for direct entry and even acquisitions cannot be discounted in the medium term.