Japan's Drug Approval Process: A Guide to PMDA & MHLW

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japan drug approval process | pmda | mhlw | pharmaceutical regulation | drug lag | sakigake designation | pmd act | regulatory affairs japan

Executive Summary

The drug approval process in Japan has evolved dramatically over the past two decades to balance rigorous safety standards with timely patient access to medications. The **Pharmaceuticals and Medical Devices Agency (PMDA)** serves as Japan's primary regulatory review body, evaluating new drug applications for safety, efficacy, and quality, while the **Ministry of Health, Labour and Welfare (MHLW)** grants final marketing authorizations based on PMDA reports ([1] pmc.ncbi.nlm.nih.gov) (www.pmda.go.jp). In the 2000s, Japan faced a notorious "drug lag" (delays behind U.S. and Europe) that impeded access to novel therapies. Through major reforms and resource investments, Japan has reduced review times to near parity with other regions; by 2019 the median review time for new drugs was **304 days** (compared to 243 days at FDA and 423 days at EMA ([2] pmc.ncbi.nlm.nih.gov)). Nevertheless, disparities persist in certain fields (notably neurology and psychiatry) where approvals continue to lag due to small domestic markets and development challenges ([3] pmc.ncbi.nlm.nih.gov) ([4] pmc.ncbi.nlm.nih.gov).

To incentivize innovation, Japan has implemented multiple expedited pathways. The **SAKIGAKE designation** (launched 2015) fast-tracks first-in-world therapies by targeting a 6-month review (www.mhlw.go.jp), provided the drug is novel, addresses a serious need, and is submitted first in Japan ([5] pmc.ncbi.nlm.nih.gov) (www.mhlw.go.jp). The **Conditional Early Approval System** (legislated in 2019, effective 2020) permits provisional approval for drugs treating serious illnesses when confirmatory trials are impractical ([6] pmc.ncbi.nlm.nih.gov) ([7] pmc.ncbi.nlm.nih.gov). Japan's **Orphan Drug program** (≤50,000 patients) offers R&D subsidies, priority consultations, tax credits, and extended exclusivity to promote therapies for rare diseases (www.mhlw.go.jp) (www.mhlw.go.jp). Other incentives include **priority review** (9-month target review for therapies with no alternatives) ([8] pmc.ncbi.nlm.nih.gov) ([9] pmc.ncbi.nlm.nih.gov) and pediatric-development planning requirements.

Recent reforms in 2024–2025 further aim to accelerate approvals. MHLW relaxed Japan-only clinical data requirements via a new guideline (Dec 2023) that generally waives the mandatory Japanese Phase I study if foreign data show comparable safety ([10] pmc.ncbi.nlm.nih.gov) ([11] www.clinicaltrialsarena.com). The 2025 amendments to the PMD Act strengthen quality and supply controls (new compliance officers, supply stability managers) and expand R&D support: the conditional approval system will include drugs based on early evidence ([12] insightplus.bakermckenzie.com), pediatric development plans are mandated ([13] insightplus.bakermckenzie.com), and a fund for innovative drug research is created ([13] insightplus.bakermckenzie.com).

Data illustrate the outcome of these efforts. From 2008–2019, Japan approved 400 new active substances (NAS), of which 20% were world-first approvals ([14] pmc.ncbi.nlm.nih.gov). The median drug lag has sharply declined (from 4.3 years in 2008–11 to 1.3 years by 2016–19) ([3] pmc.ncbi.nlm.nih.gov) ([15] pmc.ncbi.nlm.nih.gov). In FY2024–25 alone, PMDA granted 148 approval decisions (66 for new active ingredients) ([16] pharmaboardroom.com) across leading therapy areas (metabolic, oncology, autoimmunity, etc.). Nevertheless, in 2023 about 82 innovations remain "lost" to Japan (never submitted) and 53 have notable lags (as recently reported by JPMA/MHLW) ([17] www.tokyofoundation.org), driven by factors such as past pricing policies, small startup presence, and unique regulatory burdens (e.g. historic local data requirements, prescription limits) ([18] www.tokyofoundation.org) ([11] www.clinicaltrialsarena.com).

This report provides an in-depth examination of Japan's drug approval process. We analyze its history and legal framework, the detailed registration steps, review timelines, and the array of expedited pathways. We integrate statistical analyses and case examples (e.g. recent Alzheimer's and cancer drug approvals) to illustrate regulatory performance. Finally, we discuss the strategic and clinical implications, including efforts to further harmonize globally and to overcome persistent challenges such as drug lag and cost hurdles. This

comprehensive review draws on regulatory documents, peer-reviewed analyses, and industry reports to present a nuanced, evidence-based picture of Japan's evolving pharmaceutical approval landscape.

Introduction and Historical Background

Japan is the world's third-largest pharmaceutical market, making its drug approval environment crucial for innovation and healthcare. Historically, Japan's regulatory system was conservative: before the 1990s, patient access to new medicines lagged significantly behind the United States and Europe, a phenomenon dubbed the "drug lag" ([3] pmc.ncbi.nlm.nih.gov) ([19] www.tokyofoundation.org). Concerns grew in the 2000s that Japan's stringent development requirements – including mandated Japanese clinical data – and extended review times delayed treatments for patients. Recognizing this, Japanese authorities progressively reformed the system to better balance **safety with timely access**.

The legal basis of Japan's regulation dates back to the **Pharmaceutical Affairs Law (Shoyaku-hō)** of 1948, which established broad controls over drug safety and distribution. Over decades, this law was updated multiple times. A landmark change occurred in **2004** with the formation of the **Pharmaceuticals and Medical Devices Agency (PMDA)** (www.pmda.go.jp). The PMDA amalgamated earlier independent bodies (e.g. the Pharmaceuticals and Medical Devices Evaluation Center formed in 1997 (www.mhlw.go.jp)) to provide a centralized, corporate-style reviewing authority.This freed the Ministry of Health, Labour and Welfare (MHLW) to focus on policy and final authorization. In 2004, PMDA began conducting scientific reviews of new drug applications, after which MHLW formally grants marketing approval ([1] pmc.ncbi.nlm.nih.gov) (www.pmda.go.jp). In **2014**, a major overhaul renamed the Pharmaceutical Affairs Law as the **Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices** (often called the **Pharmaceuticals and Medical Devices Act**, PMD Act) (monolith.law), explicitly expanding its scope to include regenerative medicine and gene therapies. This law's Article 1 underscores its objective: to "improve public health by regulating the quality, efficacy, and safety" of drugs, medical devices, cosmetics, and regenerative products (monolith.law).

Japan was an original member of the **International Council for Harmonisation (ICH)**, aligning its standards with global norms. Over time, Japan adopted ICH guidelines for clinical trials and quality. For example, the ICH E5 guideline (1998) on ethnic factors began allowing foreign clinical data to support Japanese approvals. More recently, Japan has issued guidelines to facilitate **multiregional clinical trials (MRCTs)** and encourage global development. These steps have been crucial in reducing unnecessary duplication of trials in Japanese patients. Nevertheless, until 2023, the PMDA often insisted on at least a Japanese Phase I study before joining a global trial (to verify safety/PK) ([20] pmc.ncbi.nlm.nih.gov). This requirement, aimed at protection of Japanese participants, contributed to drug lag by slowing trial start and submissions.

In parallel with review reforms, the **clinical trial system itself** underwent reforms. Historically, any trial to support an NDA (called *Chiken*) required Japanese GCP compliance, and investigators at each site were de facto co-sponsors (a unique feature of Japanese GCP ([21] pmc.ncbi.nlm.nih.gov)). Additionally, academic and early trials had been regulated by non-binding Ethical Guidelines until a new **Clinical Trials Act (CTA)** came into effect in 2018 ([22] pmc.ncbi.nlm.nih.gov). The CTA imposed a legally mandated review process (certified review boards), transparency requirements, and reporting to a public registry. These changes, prompted by misconduct cases, aimed to raise overall trial quality but also increased administrative burdens for investigators ([22] pmc.ncbi.nlm.nih.gov) ([23] pmc.ncbi.nlm.nih.gov).

The Japanese regulatory journey reflects a steady shift: from an isolated, cautious system to one more integrated with global practices. Reforms in the 2010s – including **priority review pathways, SME support,** and staffing increases at PMDA – have shortened approval times. Still, recent commentary highlights concerns about Japan's **economic attractiveness** for innovation. Market share has fallen (from ~25% of world pharma in the 1980s to ~4.4% by 2023 ([24] www.tokyofoundation.org)). This decline is attributed to pricing policies (aggressive

post-listing cuts), as well as persistent regulatory hurdles (e.g. "2-week rule" on prescriptions, extra data requirements) that render Japan a lower priority for some sponsors ([19] www.tokyofoundation.org) ([18] www.tokyofoundation.org). Stakeholders have coined "drug loss" (assets never submitted) and "drug lag" to describe this issue ([19] www.tokyofoundation.org) ([17] www.tokyofoundation.org). MHLW and PMDA have responded with targeted initiatives (discussed below) to reverse these trends.

This report examines Japan's drug approval framework in detail: the legal and organizational structure, step-by-step approval procedures, effect of recent reforms, and statistical outcomes. Throughout, we cite official sources and studies to ensure an evidence-based analysis of how Japan seeks both to protect patients and to foster rapid development of safe, effective new medicines.

Regulatory Framework in Japan

Legislative Basis and Agencies

The **Pharmaceuticals and Medical Devices Act (PMD Act)** is the foundational law governing drug regulation in Japan. Its purpose is to ensure that pharmaceuticals are "safe, effective, and of assured quality" while also promoting necessary research and development (monolith.law). The Act empowers MHLW and PMDA to set standards for manufacturing, clinical trials, and marketing authorization. Under this Act, both **pharmaceuticals** and **medical devices** (and regenerative products) are regulated in an integrated manner.

Two government bodies share responsibilities:

- **Pharmaceuticals and Medical Devices Agency (PMDA)**. Established April 2004 by consolidating earlier agencies (www.pmda.go.jp), PMDA is an *independent administrative agency* (a government-affiliated corporation) that conducts scientific reviews of drug applications. PMDA is analogous to the FDA in its review role. It also handles pre-submission consultations, post-marketing safety surveillance coordination, and provides guidance on regulatory science. PMDA has specialized review divisions (e.g. New Drugs I–V, Vaccine/Blood, Cellular Products) for different therapeutic areas ([25] pmc.ncbi.nlm.nih.gov).

- **Ministry of Health, Labour and Welfare (MHLW)**. MHLW is the cabinet ministry that holds ultimate legal authority. After PMDA completes a review (the *shinsa*), MHLW formally grants marketing authorization. MHLW also sets policies on pricing and reimbursement, enforces post-market actions (recalls, warnings), and issues ministerial notifications implementing new regulatory systems (e.g. orphan drug designation criteria).

Historically, the former Ministry of Health and Welfare ran drug review in-house. A pre-1997 reorganization introduced specialized review teams ("Pharmaceuticals and Medical Devices Evaluation Center" in 1997 (www.mhlw.go.jp)). Later reforms (2004) created PMDA to further professionalize and speed up review. PMDA's independent status (remunerated partly by user fees from industry) helped expand its reviewer staff and expertise, contributing to faster reviews (median approval times have since dropped markedly ([3] pmc.ncbi.nlm.nih.gov) ([26] www.clinicaltrialsarena.com)).

Regulatory Targets

The PMD Act covers a broad array of products (monolith.law). Relevant definitions include:

- **"Pharmaceuticals"**: Medicines for diagnosis, treatment, or prevention of disease (excluding equipment), as well as those listed in Japanese Pharmacopoeia (monolith.law). This includes both prescription and many over-the-counter drugs.

- **"Medical Devices"**: Instruments or apparatus intended for medical use, ranging from bandages to complex machines. Devices are classified (Class I–IV) with varying review levels.

- **"Regenerative Medical Products"**: Introduced in the 2014 revision, this category includes gene therapies (in vivo or ex vivo), cell therapies, and tissue-engineered products (excluding organ transplants and blood products) ([27] pmc.ncbi.nlm.nih.gov).

The Act also defines **"designated drugs"** (narcotics, stimulants, etc.) subject to stricter controls on use and distribution, although these have separate handling outside the standard approval process.

Under the PMD Act and its ordinances, numerous requirements are specified:

- **Good Manufacturing Practice (GMP)**: Factories must be inspected and licensed for GMP before production of ethical (prescription) drugs. Manufacturing changes often require regulatory approval.
- **Good Clinical Practice (GCP)**: Clinical trials for registration must follow Japanese GCP, which aligns with ICH-GCP standards. (Japanese GCP has unique aspects: for investigator-initiated trials, each site's principal investigator is the legal sponsor, and hospital directors share responsibility ([28] pmc.ncbi.nlm.nih.gov).)
- **Labeling and Advertising**: Strict rules govern drug labeling and healthcare claims. All claims must be supported by approved indications, and even cosmetic or food products must be careful not to make drug-like claims (monolith.law).

Compliance with these rules is enforced by MHLW inspections and penalties. Historically, safety scandals (e.g. HIV-tainted blood products, lawsuits in the 1990s (www.mhlw.go.jp)) spurred stronger enforcement and regulatory tightening.

Approvals and Post-Marketing Control

When a new drug is ready for submission, the sponsor (domestic or foreign company) files a **New Drug Application (NDA)** with MHLW, supplying a **Common Technical Document (CTD)** dossier. PMDA conducts a thorough review of the chemistry, manufacturing controls (CMC), pharmacology/toxicology data, and clinical trial results. After the scientific review (which now includes Medical Officer comments, inspections, and sometimes advisory committees), PMDA issues a recommendation. Finally, the MHLW Minister issues the marketing authorization (the *shonin*) based on that recommendation.

Once approved, a drug is listed under Japan's universal National Health Insurance, typically within 2–3 months, enabling reimbursement ([29] www.clinicaltrialsarena.com). Post-approval, the product enters a *re-examination period* (price setting period) of up to 10 years for orphan drugs (www.mhlw.go.jp). During this time, PMDA monitors safety through mandatory post-market surveillance and periodic surveys (known as *all-case surveillance* or *special use-condition surveys*) for certain products. PMDA can issue safety communications ("Blue Letters" and "Yellow Letters") if new risks arise. Label changes, re-examination data, and post-marketing studies are used during this time to confirm real-world efficacy and safety.

Before moving on to detailed steps, it is important to emphasize Japan's evolving approach to international harmonization. Membership in ICH means that guidelines like E3 (CTD format), E6 (GCP), and E8 (general considerations) apply. Japan also participates in global initiatives such as FDA's Project Orbis (multi-country oncology reviews), ICDR (international consortia), and digital transformation of regulation. Such collaboration is intended to streamline simultaneous global development.

The Drug Development and Approval Process

The journey from compound discovery to Japanese approval involves multiple phases, combining global development elements and Japan-specific steps. Below we outline each major phase and their Japanese context.

Preclinical and Planning

Before human trials, sponsors prepare preclinical data (toxicology, pharmacology) largely according to international standards. In the planning stage, companies often engage in **PMDA consultations** to guide acceptable study designs and endpoints. The PMDA offers official scientific advice programs (including early "Consultations on Clinical Trial Protocols" and "Review Consultations") which can help align global development plans with Japanese requirements. While not mandatory, CDC (Consultation on the Drug Development Program) meetings can clarify data expectations and avoid later delays.

For products first developed abroad, a key early consideration is whether Japanese subjects will be required. Traditionally, Japan has insisted on data in Japanese populations (sometimes via a small bridging study) in case of known ethnic differences(([10] pmc.ncbi.nlm.nih.gov) ([18] www.tokyofoundation.org). However, guidance from late 2023 now states that an extra Japanese Phase I trial *is not always necessary* before enrolling Japanese patients in global trials, provided existing data adequately justify safety and PK profiles ([10] pmc.ncbi.nlm.nih.gov) ([11] www.clinicaltrialsarena.com). This change, intended to reduce "drug loss," still requires case-by-case justification and may lead to smaller bridging cohort strategies within broader trials.

Clinical Trials (IND Phase)

In Japan, initiating a clinical trial requires submitting a **Clinical Trial Notification (CTN)** to the MHLW/PMDA, rather than seeking an "investigational new drug (IND)" approval as in the U.S. The CTN includes the trial protocol, investigator qualifications, details of investigational products, and contracting institutions. For registration-directed trials (called *Chiken*), sponsors (including now qualified academic investigators ([30] pmc.ncbi.nlm.nih.gov)) must also register under Japanese GCP. After PMDA receives the CTN, there is a 30-day review period during which any concerns must be resolved. If no issues are raised, the trial may commence ([31] pmc.ncbi.nlm.nih.gov).

Japan's clinical trial landscape has unique features. A network of **Site Management Organizations (SMOs)** plays a critical role: many hospitals and clinics contract with SMOs to manage trials. SMOs provide trained coordinators, consent support, regulatory documentation, and patient recruitment assistance ([32] www.clinicaltrialsarena.com). This arose because Japan historically lacked centralized trial sites and because physicians abroad may not have bandwidth for research. In fact, about 70% of Japanese trial sites involve SMOs ([32] www.clinicaltrialsarena.com). Data show SMO involvement speeds recruitment dramatically (e.g. 110 vs 130 days to first patient) ([33] www.clinicaltrialsarena.com).

Registering clinical trials in public databases (the Japan Registry of Clinical Trials, *jRCT*) became mandatory in recent years. Likewise, institutional ethics committees (now often transitioning toward centralized IRBs) review and approve each site's participation. These processes, introduced under the 2018 Clinical Trials Act ([22] pmc.ncbi.nlm.nih.gov), aim to ensure ethical oversight and transparency. However, they have also increased administrative load on investigators, as discussed later.

New Drug Application Submission (NDA)

Once sufficient clinical data (typically Phase I–III trials) are available, the sponsor compiles a **NDA dossier** in CTD format (Modules 1–5) and submits it to MHLW. A typical J-NDA includes Japanese-language components for Module 1 (administrative info, labeling) and Modules 2–5 (overviews, summaries, and data) mostly in English. Until 2024, Modules 1–2 had to be in Japanese, but **from September 2024**, PMDA now accepts those sections in English if the sponsor has no Japanese affiliate ([34] www.clinicaltrialsarena.com), simplifying global sponsorship.

The NDA dossier covers: chemical/pharmaceutical data (CMC), nonclinical pharmacology/toxicology, and clinical trial reports (Japan-specific and global data). For drugs that have already been marketed abroad, applications may be classified as new indications, new dosage forms, or new formulations, but still require local review. Generic and biosimilar filings follow separate abridged paths (GMP/license data with emphasis on bioequivalence), which are beyond our scope here.

During submission, sponsors can request **priority review** status if the drug addresses a serious condition with no standard therapy (or for certain orphan drugs) ([9] pmc.ncbi.nlm.nih.gov). For a new molecular entity meeting those criteria, PMDA aims to complete review in **approximately 9 months** (compared to 12 months for standard review) ([8] pmc.ncbi.nlm.nih.gov) ([9] pmc.ncbi.nlm.nih.gov). Otherwise, standard review takes up to 12 months (though actual median times have recently been shorter, as noted earlier).

Regulatory Review and Decision

Once submitted, PMDA conducts a scientific review. This usually involves medical officers, chemists, statisticians, and other reviewers examining all aspects of the data. If issues arise, PMDA may issue deficiency letters (requests for clarification or additional data) and schedule pre-approval inspections of manufacturing sites or clinical sites. The review process can include advisory committee meetings for contentious cases, but this is not routine for every application.

PMDA uses a *"team review"* model: specialists in various fields jointly deliberate (a change instituted in 1997 (www.mhlw.go.jp)). This is supplemented by consultation partners (outside experts) for highly novel cases. Importantly, PMDA now has set target performance goals aligning with user fee agreements; these targets have driven median review time down from years in the past to under a year in recent practice ([26] www.clinicaltrialsarena.com).

At the end of review, PMDA issues a report summarizing its conclusions (essentially *recommendation*). The MHLW Minister then officially grants the marketing authorization (in Japanese, "shonin") based on that report. This is generally a formality – MHLW overturns PMDA's recommendations only in rare cases. Upon authorization, PMDA also notifies the sponsor of any conditions of approval (e.g. mandated post-marketing studies or risk-management plans).

Japan's **post-marketing commitments** are stringent. As a condition of approval, the agency often requires "all-case surveillance" for certain products (collecting data on every treated patient for a period), risk management plans (including timely labeling revisions), and formal re-examination studies (usually completed by the end of a 6–10 year re-examination period). New safety findings can lead to urgent communications ("Blue Letters" for rapid communications) or label changes.

The overall sequence – from IND to NDA to approval – can be summarized as follows:

1. **Preclinical Development** (Research, nonclinical studies).
2. **Consultations** (PMDA scientific advice, protocol meetings).
3. **Clinical Trial Notification (CTN)** & Start of Trials (Phase I/II/III).
4. **Investigational New Drug (Registration-Directed) Trials (Chiken)** under GCP.
5. **Data Analysis** and finalization of dossier.
6. **NDA Submission** to MHLW (Modules 1–5, CTD format).
7. **Review** by PMDA (up to ~1 year; priority option ~9 months).
8. **Inspection** of manufacturing and sites (as needed).
9. **Approval (Shonin)** issued by MHLW + price listing negotiation.

10. **Post-Marketing Surveillance** and Re-examination.

(See Table 1 below for a comparison of review timelines and criteria with US/EU systems.)

Regulatory Authority	Review Category	Target Approval Time	Key Criteria
United States (FDA)	Priority Review	8 months (standard 12) ([35] pmc.ncbi.nlm.nih.gov)	Significantly improve safety/effectiveness; serious disease ([36] pmc.ncbi.nlm.nih.gov)
European Union (EMA)	Accelerated Assmnt	~150 days (standard 210) ([37] pmc.ncbi.nlm.nih.gov)	Public health importance; unmet need; strong evidence ([38] pmc.ncbi.nlm.nih.gov)
Japan (PMDA/MHLW)	**Priority Review**	9 months (standard 12) ([8] pmc.ncbi.nlm.nih.gov)	No existing therapy or superior benefit; serious/orphan ([9] pmc.ncbi.nlm.nih.gov)
Japan (MHLW)	**Conditional Approval**	~1 year statutory initial term ([12] insightplus.bakermckenzie.com)	Serious disease; proven utility; confirmatory trials difficult; reasonable efficacy prospect ([6] pmc.ncbi.nlm.nih.gov)
Japan (MHLW)	**SAKIGAKE**	6 months (half standard) (www.mhlw.go.jp)	New MOA; serious indication; prominent effect; first submitted in Japan ([5] pmc.ncbi.nlm.nih.gov)

Table 1: Comparison of expedited review pathways in Japan versus the US and EU. 'Conditional Approval' refers to Japan's Conditional Early Approval System (legislated 2019).

Expedited and Special Approval Pathways

To reduce drug lag and address unmet needs, Japan provides several **facilitated regulatory pathways**. These complement the standard NDA process by accelerating review or lowering data requirements for qualifying products. Key programs include Orphan Drug designation, Priority Review, SAKIGAKE, and Conditional/Time-Limited Approval.

Orphan Drug Designation

Japan's **Orphan Drug/Device Designation System** identifies medicines for rare diseases (≤50,000 patients) (www.mhlw.go.jp). Designation is granted by the MHLW based on medical need, often earlier in development. Incentives for designated orphan products include:

- **Priority Consultation**: Sponsors access expedited scientific advice sessions and reduced user fees for consultations (www.mhlw.go.jp).
- **PMDA Fee Reductions**: Lower fees for review and initial listing of designated drugs (www.mhlw.go.jp).
- **Subsidies and Support**: R&D subsidies through the National Institute of Biomedical Innovation to help defray development costs (www.mhlw.go.jp).
- **Tax Credits**: 12% tax credit on clinical study expenditure during orphan subsidy periods (www.mhlw.go.jp).
- **Extended Re-examination Period**: Once approved (via the usual NDA route), orphan drugs enjoy up to **10 years** before routine price re-evaluation (compared to 8 years for ordinary drugs) (www.mhlw.go.jp).
- **Priority Review**: Orphan drugs additionally qualify automatically for Japan's priority review (see below) (www.mhlw.go.jp).

Orphan designation itself does *not* guarantee approval – it simply triggers these supports. The actual review still requires demonstration of safety/efficacy (under one of the standard or expedited pathways).

Priority Review

Japan's **Priority Review (kyu-kyu shinsa)** allows for shorter target review time (approx. 9 months instead of 12) ([8] pmc.ncbi.nlm.nih.gov). To qualify, the drug must either have **no existing standard therapy** or show **superior clinical usefulness** (e.g. efficacy or safety) compared to alternatives; and it must treat a **serious disease or be an orphan** ([9] pmc.ncbi.nlm.nih.gov). In practice, many cancer and rare-disease drugs receive this designation. PMDA strives to meet performance goals under Japan's user fee law; in recent years, median approval times for priority-designated applications have indeed been shorter (e.g., the average approval time of all PMDA new drug reviews was 332 days in 2023 ([26] www.clinicaltrialsarena.com), roughly matching U.S. FDA).

SAKIGAKE Designation

Introduced in 2015, **SAKIGAKE** (SAKI-"frontier", GAKI-"pioneer") is Japan's version of a groundbreaking-therapy pathway similar to the FDA's Breakthrough Therapy. SAKIGAKE targets **novel medical products first developed in Japan**. Designated products receive **priority consultation** and an extremely accelerated premarket review (>6 months goal, roughly half the normal timeline) (www.mhlw.go.jp). The four legal criteria for SAKIGAKE are ([5] pmc.ncbi.nlm.nih.gov):

1. **Novel mechanism**: The drug should be innovative, in principle having a new mode of action.
2. **Serious indication**: Treats a serious disease (high mortality or few options).
3. **Prominent efficacy**: Demonstrates outstanding effectiveness in early trials.
4. **Japan-first submission**: Application is filed in Japan before any other country.

If all are met, MHLW designates the product as SAKIGAKE. This not only shortens the review clock (to as little as 6 months) but also brings regulatory support (frequent consults with PMDA review partners, planning team, etc.). As of May 2019, 22 drugs had been granted SAKIGAKE status (mostly from Japanese firms) ([39] pmc.ncbi.nlm.nih.gov). Examples include Nobelp's sirolimus for tuberous sclerosis (approved March 2017) and Shionogi's anti-influenza drug baloxavir ([40] pmc.ncbi.nlm.nih.gov). Table 10 of Nagai et al. ([40] pmc.ncbi.nlm.nih.gov) lists these up to 2019.

Despite ambitious goals, actual performance varies. Some SAKIGAKE-designated products have achieved swift approvals (e.g. 9 months or less to decision), while others (notably some regenerative medicine products) remain pending or withdrawn if trials did not confirm efficacy. The unique Japan-first requirement means SAKIGAKE often benefits domestically-developed therapies. The program underscores Japan's strategy to make itself an attractive first-launch market for innovations meeting local needs.

Conditional Early Approval System

Japan's **Conditional Early Approval System** was launched by MHLW notification in 2017 and enshrined in law (effective September 2020) ([6] pmc.ncbi.nlm.nih.gov) ([7] pmc.ncbi.nlm.nih.gov). This pathway allows approval based on preliminary evidence when **confirmatory trials are impractical** and *if the drug addresses a serious unmet need*. Its four conditions ([6] pmc.ncbi.nlm.nih.gov) are:

1. **Serious disease**: e.g. life-threatening or irreversible condition.
2. **Proven clinical utility**: The drug must show significant efficacy in exploratory trials and few alternatives exist.

3. **Difficulty of confirmatory trials**: Due to rarity of disease or urgent need, large Phase III trials are deemed unfeasible or very prolonged.
4. **Reasonable expectation of benefit**: Clinical data (non-confirmatory) suggest the drug can offer adequate efficacy/safety.

When these are met, MHLW may grant conditional approval with a limited re-examination period (typically 3–7 years instead of the usual 8). The approval comes with stringent *post-marketing obligations*. The sponsor must conduct post-approval surveillance and **confirmatory clinical studies** to verify the drug's benefit-risk profile. If follow-up trials fail to confirm efficacy, the product can be withdrawn.

By March 2020, four drugs had been approved under this system ([41] pmc.ncbi.nlm.nih.gov), such as pembrolizumab for certain microsatellite-instability tumors and the exon-skipping drug viltolarsen for Duchenne muscular dystrophy ([42] pmc.ncbi.nlm.nih.gov) ([43] pmc.ncbi.nlm.nih.gov). These cases illustrate the system: for example, viltolarsen was approved on surrogate endpoints (dystrophin expression) in a small uncontrolled study, with the condition that long-term efficacy be confirmed.

This conditional pathway is conceptually similar to **Accelerated Approval** in the U.S. and **Conditional Marketing Authorization** in the EU. It represents Japan's effort to provide early access for patients with dire needs, while still safeguarding against premature widespread use without validation. The system is still maturing; revisions in the 2025 PMD Act intend to broaden its applicability (allowing conditional approval at earlier stages of evidence generation) to spur innovation ([12] insightplus.bakermckenzie.com).

Pediatric- and Strategy-Specific Initiatives

Japan has also enacted measures to encourage pediatric drug development. Recent reform mandates that marketing authorization holders file pediatric study plans for new drugs, aiming to avoid the gap seen in children's access. A new pediatric research fund will support development of child-appropriate formulations ([13] insightplus.bakermckenzie.com). Additionally, Japan's **NIH-like funding** is coordinated by AMED (the Japan Agency for Medical Research and Development, established 2015) to bolster early-phase and rare-disease research.

Another important initiative is the **Parallel Review of Pricing**. Unlike many countries, Japan conducts the drug pricing negotiation *simultaneously* with the approval review. The Central Social Insurance Medical Council (Chuikyo) evaluates clinical value and cost-utility during the approval phase, so that once MHLW approves a drug, a price can be listed within 60–90 days ([29] www.clinicaltrialsarena.com). This accelerates patient access and ensures transparency on reimbursement. In May 2024, the government also implemented a major **pricing reform** to reward truly innovative drugs with premium pricing (biosector.jp), thereby aligning incentives with faster approvals and novel therapies.

In summary, Japan's expedited pathways mirror global trends but include Japan-specific features (e.g. SAKIGAKE's Japan-first rule). These mechanisms have become integral to the **PMDA review strategy**: by FY2024–25, PMDA reported 148 total drug approval decisions, of which 66 were new active ingredients ([16] pharmaboardroom.com)– a testament to the regulatory push for innovation across standard and accelerated channels.

Regulatory Timelines and Statistical Analysis

Evaluating drug approval efficiency requires analyzing quantitative outcomes. In recent years, Japan has made significant strides in reducing approval times and shrinking historical lags. Several studies have documented these trends.

Number of Approvals and Drug Lag

Between 2008 and 2019, PMDA approved **400 new active substances** (NAS) ([14] pmc.ncbi.nlm.nih.gov). Of these, 80 (20.0%) were **first-in-world approvals** granted in Japan (so-called "Japan-first" products) ([14] pmc.ncbi.nlm.nih.gov). The remainder (80%) were first approved abroad (often U.S. or EU). Among global-first drugs, Japan's approval generally lagged behind U.S. FDA and EMA; however, this "drug lag" has shrunk over time.

Tanaka et al. reported that the **median drug lag** (the delay between first worldwide approval and Japanese approval) fell from about **4.3 years** during 2008–2011 to **1.3 years** in 2016–2019 ([3] pmc.ncbi.nlm.nih.gov) ([15] pmc.ncbi.nlm.nih.gov). In contrast, the lag for global-first approvals specifically fell from 4.7 years (2008–2011) to 2.2 years (2016–2019) ([3] pmc.ncbi.nlm.nih.gov). These reductions coincide with PMDA initiatives to accelerate review and encourage simultaneous global filings. Notably, some therapeutic areas saw practically no lag by the 2010s (oncology, metabolic diseases, infectious diseases), while others (neurology, psychiatry) still exhibit multi-year delays ([3] pmc.ncbi.nlm.nih.gov) ([44] pmc.ncbi.nlm.nih.gov).

As evidence of progress, PMDA reported that **in FY2024–25 (Apr 2024–Mar 2025)** it issued 66 approvals of new active ingredients ([16] pharmaboardroom.com). For context, PMDA approved 80 new drugs in FY2019–20 (including AI-based antivirals) and 88 in FY2020–21 ([16] pharmaboardroom.com). These figures are internationally competitive: from 2008–2019, Japan approved 400 NAS versus 447 by FDA and 335 by EMA (Center for Innovation in Reg Science data) ([45] pmc.ncbi.nlm.nih.gov). Thus Japan is no longer dramatically behind its peers in raw approval counts.

Review Timelines

Despite past lags, PMDA's review speed is now comparable to the US. In 2019, a comparison showed median approval times of **304 days in Japan, 243 days at FDA, and 423 days at EMA** ([2] pmc.ncbi.nlm.nih.gov). Similarly, ClinicalTrialsArena reported a 2023 median review cycle of 332 days in Japan (vs 333 in the US and 453 in Europe) ([26] www.clinicaltrialsarena.com). Japan's 9-month target for priority review ([8] pmc.ncbi.nlm.nih.gov) and specialized programs like Sakigake have tightened these schedules. Priority review applications now routinely get decisions within 9–10 months (often faster in practice), whereas in the past they could extend a year or more.

Table 1 (above) summarizes the formal review targets in Japan, showing that its priority program is roughly in line with Western expedited tracks ([8] pmc.ncbi.nlm.nih.gov) ([9] pmc.ncbi.nlm.nih.gov). Further, many drugs in Japan benefit from parallel or rolling submissions. It is now common for sponsors to maintain ongoing dialogue with PMDA (via consultations and so-called *"early consultation" alerts*) throughout development, smoothing final NDA review.

Therapeutic Area Distribution

Analysis of approval data by therapy reveals patterns. In Japan (2008–2019), the most active areas for new approvals were **oncology, metabolic/endocrine, and infectious diseases** ([46] pmc.ncbi.nlm.nih.gov) ([47] pmc.ncbi.nlm.nih.gov). These categories mirror global trends (breakthroughs in cancer immunotherapies, diabetes drugs, antivirals). They also produced the most Japan-first approvals (on the order of 17–35% Japan-first in those fields) ([48] pmc.ncbi.nlm.nih.gov). By comparison, fields like **neurology and psychiatry**, with fewer new drugs developed globally and lower domestic R&D focus, showed very few Japan-first entries and still substantial lag (median >5 years ([49] pmc.ncbi.nlm.nih.gov)).

Figures from Tanaka et al. show that of the 400 NAS approvals, oncology led with ~67 (16.8%), followed by metabolic (like diabetes/osteoporosis) at ~47 (11.8%), and infectious diseases (HCV, HIV, bacterial agents) at

~46 (11.5%) . The median drug lag in infectious diseases by the late 2010s was already under 1 year for most, whereas neurology's lag remained around 5+ years ([44] pmc.ncbi.nlm.nih.gov). This has important implications: many life-saving therapies (e.g. hepatitis C antivirals, immunooncology drugs) reached Japanese patients nearly as quickly as in the West, but schizophrenia or MS medications did not.

First-in-World Approvals

Japan's share of first-in-world (FIW) approvals is noteworthy. Tanaka et al. found ~20% FIW among NAS approvlas during 2008–2019 ([14] pmc.ncbi.nlm.nih.gov). This percentage has slowly increased thanks to initiatives like Sakigake and increased domestic biotech activity. Most Japan-first drugs (like several DMD exon-skipping or rare disease therapies) were developed by Japanese companies (over 80% of domestic company submissions led to global approvals ([50] pmc.ncbi.nlm.nih.gov)). The proportion of Japan-first remained low (~10%) among global-approved products, highlighting that many FIW approvals in Japan occur on "local-approval" products that have not been filed elsewhere ([51] pmc.ncbi.nlm.nih.gov).

Figure 2 in Tanaka et al. (not reproduced here) illustrates that from 2016–2019, Japan-first products (red bars) consistently represented around 15–25% of annual NAS approvals, roughly doubling the rate seen in 2008–2011 (when it was closer to 8–12%) ([15] pmc.ncbi.nlm.nih.gov). This reflects both domestic innovation and strategic global development (e.g. foreign companies filing first in Japan when they can, as in the case of lecanemab's approval in 2023 ([52] www.eisai.com)). Importantly, the study found no evidence that approving drugs first-in-Japan compromised safety: the rate of post-market safety alerts (Blue Letters) was similar between Japan-first and global-first products ([53] pmc.ncbi.nlm.nih.gov).

Comparator and Trend Analysis

For further data, we note that from a user perspective, average approval times include both review and any gaps. Beyond median times, studies have analyzed factors affecting quick approval. For instance, Ueno et al. (2014) found that domestic Japanese companies tend to submit earlier, reducing delay compared to foreign sponsors ([54] pmc.ncbi.nlm.nih.gov). Multi-regional trials with Japanese sites strongly shorten development lag ([55] pmc.ncbi.nlm.nih.gov). Projected continuation of these trends suggests Japan may soon achieve simultaneous global launches in more cases.

On the financial side, stakeholders often cite the pricing code as a key influence. Tokyo Foundation's analysis (Sept 2024) highlighted that aggressive biennial price cuts and strict reference pricing have discouraged companies from focusing on Japan ([19] www.tokyofoundation.org) ([18] www.tokyofoundation.org). While pricing is outside the formal "approval process," it affects strategic decisions to even file in Japan. For example, it was reported that several fast-growing biopharma companies omitted Japanese submissions for high-value drugs, citing the complex regulatory/price environment ([18] www.tokyofoundation.org).

To summarize, **quantitative trends show that PMDA's review speed has improved to Western levels, and the proportion of Japanese innovations (or simultaneous launches) is rising**. However, Japan still wrestles with ensuring equitable access across all disease areas and maintaining attractiveness for global sponsors.

Clinical Trial Environment and Considerations

Japan's unique healthcare and research environment imposes both advantages and challenges on drug development.

Infrastructure and Workforce

Japan's population (≈125 million) has widespread healthcare coverage: nearly **universal national health insurance** provides clinicians and patients broad access to therapies. This means many potential trial participants already receive standard treatments, which can complicate placebo-controlled trials (patients often unwilling to forego therapy) and may require trial designs with active comparators or add-on designs. Moreover, Japanese medical institutions are numerous (as noted by CMIC: "eight times more hospitals than the UK" by headcount ([56] www.clinicaltrialsarena.com), reflecting a decentralized hospital system). This large network can yield diverse patient pools, but it also means investigators and ethics committees are fragmented, leading to slower multi-center coordination.

Efforts are underway to centralize ethics review (shared IRBs) in some regions to streamline this aspect ([57] www.clinicaltrialsarena.com). Language and cultural factors also matter: all trial materials (protocol, consent forms) must be in Japanese. This necessitates translation and local validation of endpoints and instruments, which adds time and cost relative to purely English-speaking contexts. On the other hand, Japanese sites are known for high-quality data and compliance (FDA audits from 2009–2023 found few compliance issues in Japan ([58] www.clinicaltrialsarena.com)). Investigators are generally well trained, and adherence to protocols tends to be strong, reflecting Japan's emphasis on precision and structure.

Role of SMOs and CROs

As mentioned, **Site Management Organizations (SMOs)** are a distinctive element. Many hospitals rely on SMOs to manage research nursing and coordination tasks ([32] www.clinicaltrialsarena.com). By financial year 2023, 70% of Japanese trial sites contracted with SMOs ([32] www.clinicaltrialsarena.com). SMOs help with IRB submissions, patient recruitment (especially important in rare disease trials), and logistics. CDM (clinical data management) work is mostly performed by contract research organizations (CROs). Major global CROs maintain Japanese branches or partners to handle local regulatory interactions.

Cost and Patient Recruitment

Trials in Japan are sometimes considered more expensive than in comparable countries. Factors include high hourly wages for healthcare staff, and elaborate monitoring requirements. Suzuki and others have noted that unless well-managed, a Japanese trial can cost 15–30% more per patient than in Western sites. However, Japan's controlled healthcare system (single-payer, price negotiations, limited litigation) also means that once approved, broad reimbursement is easier to obtain. Hence sponsors often accept upfront trial costs in exchange for a guaranteed market.

Recruitment can be lengthy if only local patients are eligible, due to Japan's smaller share of some disease populations. Multinational trials are thus key: recent guidelines encourage including Japanese patients in global MRCTs. Post-2023 rules allow bypassing a pre-MRCT Phase I (as above ([10] pmc.ncbi.nlm.nih.gov)), meaning Japan can join global Phase IIb/III trials concurrently with the West if criteria are met. This is expected to help accelerate access.

Specific Challenges

Some regulatory peculiarities still require adjustment by sponsors. For example, until March 2023 Japan had a **two-week prescription rule** for newly launched drugs, limiting treatment packs to a maximum of two weeks' supply during initial market entry. Sponsors had to design special packaging (blister packs) for compliance. (*Note: this rule was short-lived and abolished in April 2023 under public pressure*) ([18] www.tokyofoundation.org).

Similarly, the requirement for all-case surveillance or extensive post-marketing studies (often required for drugs approved in accelerated pathways) can deter some companies concerned about liability.

Additionally, differences in **disease prevalence** mean that some globally common illnesses have relatively few Japanese patients (e.g. multiple sclerosis, certain cancers) ([59] pmc.ncbi.nlm.nih.gov). A Japanese participant population must be sufficient to satisfy trial endpoints, sometimes requiring sponsor investment in local patient registries or long recruitment periods. This epidemiological gap is most evident in fields where Japanese companies traditionally have low R&D focus (neurology/psychiatry).

Overall, while Japan's market has clear merits (strong intellectual property protections, centralized listing, and a culture of pharma innovation), its trial environment is less facilitator-friendly than in, say, Singapore or Australia. Recent regulatory changes (CTD English allowance, streamlined IRB, pharma associations educating global CROs) aim to mitigate these barriers.

Case Studies and Real-World Examples

Concrete examples illustrate how Japan's system works in practice and how innovative products have navigated it.

Alzheimer's Disease – Lecanemab (Leqembi)

A prominent recent case is **lecanemab** (Eisai/Biogen) for early Alzheimer's disease. This humanized monoclonal antibody targeting amyloid-beta was approved in the U.S. (as *Leqembi*) in July 2023 after positive Phase III outcomes. Japan's MHLW granted approval in September 2023, just two months later, making Japan the second country to approve ([52] www.eisai.com). This was achieved via priority review ("designated for priority review in January 2023" ([52] www.eisai.com)), reflecting Japan's expedited pathway readiness.

Key regulatory points in this case:

- **Global Trial Data**: The NDA relied on the Clarity AD global trial (over 1,700 subjects) ([60] www.eisai.com). Japanese authorities accepted foreign efficacy/safety data because the trial included Japanese and similar Asian cohorts, aligning with ICH E5 principles.
- **Priority Review**: Lecanemab met priority criteria (severe unmet need, novel MOA). PMDA finished review within ~9 months.
- **Conditional / Post-Marketing Requirements**: MHLW imposed **all-case surveillance** on all patients receiving lecanemab, per approval conditions ([61] www.eisai.com). This means the company must actively follow every treated patient to monitor real-world outcomes (a burdensome commitment akin to Japan's accelerated rehab of safety). Eisai publicly committed to conduct this survey until a set number of patient-years are accumulated ([61] www.eisai.com).
- **Insurance Listing**: Eisai simultaneously engaged with pricing committee. The NDA review and price listing proceeded in tandem, ensuring coverage immediately on approval. Eisai also announced the development of physician training for managing amyloid-related imaging abnormalities (ARIA) ([62] www.ipharmacenter.com) ([61] www.eisai.com), as required by PMDA.
- **Patient Access**: The rapid approval (second in world) exemplified Japan's ability to deliver a breakthrough therapy swiftly once regulatory and commercial processes aligned. It followed extensive public outreach by Eisai (awareness of ARIA, for example) to Japanese neurologists and insurers, showcasing industry-regulator collaboration.

This example underscores several facets of Japan's system: global trial integration, expedited review, stringent post-market surveillance, and coordinated pricing. It also highlights Japan's willingness to follow US/EMA lead when evidence is clear. Notably, in **September 2023**, Eisai held a press conference stating "we have turned a new page in Alzheimer's history" with lecanemab's approval ([63] www.eisai.com) – reflecting the product's significance and Japan's regulatory responsiveness.

Oncology – Gilteritinib and Pembrolizumab

In oncology, **gilteritinib** (Astellas/XL019) and **pembrolizumab** (Merck/MSD) illustrate priority and Sakigake dynamics. Gilteritinib, an FLT3 inhibitor for relapsed acute myeloid leukemia, was SAKIGAKE-designated in 2015 and approved by PMDA in September 2018 ([64] pmc.ncbi.nlm.nih.gov) (NDA filing was Japan-first in 2017). This marked a case where a Japanese company took global lead. Pembrolizumab's gastric cancer indication was also SAKIGAKE-designated, with mixed outcomes: the 2017 application was *declined* ([65] pmc.ncbi.nlm.nih.gov) (likely due to negative Phase III results), illustrating that SAkigake designation does not guarantee approval without data.

Another example: **nivolumab (Opdivo)** for biliary tract cancer. Ono Pharma's application (Japan-first) was SAKIGAKE-designated in April 2017, but remained "No" (not approved at time of listing) ([66] pmc.ncbi.nlm.nih.gov). Eventually, in March 2020, nivolumab was approved for this indication under conventional review after completion of confirmatory trials. This case raised debate about whether SAKIGAKE may encourage too-early filing, though critics note the sponsor withdrew and later refiled with positive results.

These oncology cases highlight Japan's emphasis on novel targets. They also demonstrate the rigorous follow-up: even with SAKIGAKE, PMDA will not approve unless data justify it (unlike an automatic fast-track). They reinforce that Japan can both champion global-first filings (gilteritinib) and hold companies to high evidence standards.

Rare Disease – Viltolarsen (Duchenne Muscular Dystrophy)

Viltolarsen, developed by Nippon Shinyaku, is an antisense oligonucleotide for Duchenne muscular dystrophy (exon 53 skippin g). It is an instructive success for Japan-first development: initial filing in Japan was followed by U.S. submission later. Viltolarsen obtained approval in Japan under the Conditional Early Approval System in August 2020, based on surrogate endpoint data from a small uncontrolled trial ([67] pmc.ncbi.nlm.nih.gov). The US followed with accelerated approval in August 2020 as well (under the name *Viltepso*). This drug illustrates:

- A Japanese company identifying a local genetic target (exon 53 is a notable mutation in Japanese DMD patients).
- Use of conditional approval: MHLW granted it on dystrophin increase (primary endpoint, Table 2 ([68] pmc.ncbi.nlm.nih.gov)), with post-approval requirements (the company must conduct larger confirmatory studies as mandated by PMDA).
- Demonstrates Japan's willingness to approve novel RNA therapies (one of the first approvals of its kind globally) with limited patient numbers.

Though the viltolarsen case is somewhat well-known in biotech circles, peer-reviewed sources from Japan (e.g. Komaki et al.) focus on clinical aspects ([69] pmc.ncbi.nlm.nih.gov). However, regulatory commentary notes it as a case of Sakigake/conditional success.

Pediatric Focus – Pivmecillinam and Others

Japan has enacted pediatric-specific incentives. One example: in February 2025, MHLW approved **pivmecillinam** (an earlier antibiotic) for pediatric urinary infections, after an all-case post-marketing study requirement (PMDA had given a "priority consultation" in 2024 projects to expand pediatric labels). More broadly, Japan has allowed NDAs for certain fields (e.g. Kawasaki disease immunoglobulin therapy) with waivers on pediatric ethics hurdles. Such examples show that regulatory flexibility is being leveraged to push pediatric indications, though systematic data on pediatric approvals is still emerging.

Emerging Therapies and Other Modalities

Japan has also been open to *advanced therapies*. For instance, autologous cancer immunotherapies developed by Takara Genomics (T-alpha1 cell therapy) received conditional approval in Japan due to small benefit in pilot trials. CAR-T cell therapies: Novartis's **Kymriah (tisagenlecleucel)** for leukemia was approved in August 2019, while Kite's **Yescarta (axicabtagene)** for lymphoma was approved in March 2020. Both followed US approvals speedily, reflecting aligned global strategy. Japan's review of complex biologics and cell therapies relies heavily on quality-of-manufacture review; no special paths beyond conditional for these products exist, but the PMD Act does have provisions for regenerative products. Japan also pioneered commercialization of *regenerative medicine*: for example, a mesenchymal stem cell therapy (TEMCELL) was one of the first intravascular autologous cell products fully approved under Japan's Regenerative Medicine law (a conditional paradigm separate from PMD Act). These cases indicate that when data are robust or need is great, Japan will approve at times close to Western regulators.

In summary, these case studies illustrate Japan's application of both standard and special approval mechanisms. Common themes are global clinical trial reliance, expedited review, and strict post-market conditions. They also underscore that Japan often makes regulatory decisions within months of the US/EU in high-profile cases, countering the old narrative that Japan invariably lags by years.

Discussion of Challenges and Implications

While recent reforms have boosted Japan's regulatory performance, several challenges and broader implications remain.

Persistent Drug Lag and Loss

Despite gains, **drug lag and loss** remain concerns ([19] www.tokyofoundation.org). As of 2024, dozens of first-in-world medicines identified by MHLW were still not launched in Japan ([17] www.tokyofoundation.org). Factors include: (1) **Pricing Policy**. Biennial price cuts (often 7–20%) and "reference pricing" linking Japanese prices to other Asian markets have reduced economic incentives ([19] www.tokyofoundation.org) ([70] www.tokyofoundation.org). High launch costs and recycling lower revenues mean some sponsors deprioritize Japan. For instance, novel GLP-1 diabetes drugs (popular in US/EU) faced delayed Japanese rollouts ([70] www.tokyofoundation.org). The 2024 drug pricing reform aims to address this by awarding larger premiums for truly innovative therapies, but the impact remains to be seen. Notably, Tokyo Foundation reported that the combined effect of pricing and shifting global innovation is profound: only ~4% of global new trials are initiated by Japan-based companies, reflecting Japan's diminished position in cutting-edge R&D ([71] www.tokyofoundation.org) ([18] www.tokyofoundation.org).

(2) **Clinical Trial Barriers**. The requirement for Japanese-specific data, though relaxed in late 2023 ([10] pmc.ncbi.nlm.nih.gov), was historically a deterrent, especially for small biotech firms. Language barriers and sponsor unfamiliarity with local rules (e.g. IRB landscape) also dissuade some companies. The multi-

investigator-as-sponsor GCP structure means global companies must negotiate complex legal sponsorship designs for Japan. That said, as [49] reports, the new guideline allowing bypass of pre-MRCT studies may help more companies include Japan from Phase II onward ([11] www.clinicaltrialsarena.com).

(3) **Regulator Perceptions**. Anecdotally, Japanese review was once seen as bureaucratic or risk-averse. However, data from [49] and [45] indicate the opposite: Japan has robust review expertise. In fact, foreign authorities respect PMDA's analysis screen; sometimes the international communities even consult PMDA for local context in multi-regional projects. Collaborative programs like FDA's Project Orbis (global oncology reviews) now include PMDA, highlighting growing mutual trust.

Balancing Speed and Safety

There is an inherent tension between faster approvals and assuring safety. Critics of accelerated pathways warn of premature market entry. Japan has responded by coupling speed with rigorous follow-up. For example, **no Japan-first approval in 2008–2019 was later withdrawn for safety reasons** more often than others ([72] pmc.ncbi.nlm.nih.gov). Moreover, the frequency of serious post-approval safety alerts ("Blue Letters") was low (2–3% of approvals) and similar for Japan-first and global-first drugs ([73] pmc.ncbi.nlm.nih.gov). This suggests that rapid approval has not compromised safety. The conditional approval framework explicitly binds companies to confirm benefit post-launch, aligning incentives.

Going forward, ensuring this balance will require ongoing regulatory vigilance. Postmarketing surveillance in Japan now heavily utilizes electronic data capture from insurance records and hospital registries. PMDA is also promoting greater patient engagement (the "patient-focused drug development" program mentioned by Tanaka ([74] pmc.ncbi.nlm.nih.gov)) to better understand risk–benefit from patients' perspectives.

Harmonization and Global Development

The globalization of drug development means Japan participates more in MRCTs. ICH M4 CTD standardization, ICH E6 GCP harmonization, and ICH E17 (multi-reg trial guidance) all facilitate multinational submissions. The PMDA increasingly accepts foreign data at face value if scientifically justified (e.g. bridging studies, use of global trial subsets). PMDA Washington office (opened Nov 2024 ([75] pmc.ncbi.nlm.nih.gov)) exemplifies outreach to U.S. pharma for information exchange. Japan also cooperates with Asian regulators (e.g. ASEAN/Japan consultations) to extend data utility regionally. Examples include a joint assessment pilot between Japan, US, and EU on an oncology NDA.

However, not all is frictionless. Certain ICH guidelines (like pediatric requirements E11) have had slower uptake in Japan, though they are now fully applied. Cost-effectiveness analysis (health economics) is another area where Japan is diverging – not in the approval process per se but in subsequent pricing (recently implemented). Over time, the line between "approval" and "access" may blur as price negotiations consider a therapy's societal value.

Future Directions

Several trajectories are worth noting for the coming years:

- **Regulatory Science and Innovation**: Japan is investing in regulatory science (through PMDA's offices and external university partnerships) to preemptively address emerging modalities (gene editing, digital therapeutics, AI-generated evidence). For instance, PMDA participated in ICH discussions on digital endpoints (e.g. wearables), and Japan's new law specifically acknowledges regenerative and AI-driven therapies.

- **Continuous Improvement**: The 2025 PMD Act amendments ([76] insightplus.bakermckenzie.com) signal Japan's commitment to evolve. Key elements – mandated quality managers, supply chain oversight, flexible approval-change processes, pediatric plans – all aim to modernize infrastructure. For example, moving quality and safety manager roles into law ([77] insightplus.bakermckenzie.com) should bolster manufacturing reliability after recent global shortages and compliance breaches. The new supply stability requirements (e.g. shipping-notification, national stockpiles) recognize that drug approval is hollow if medications cannot reach patients.

- **Patient Centricity**: Japan's regulators are emphasizing the patient voice. PMDA's "Patient-Focused Drug Development Program" solicits patient group input early in pharma development and review. The idea is to ensure that endpoints and risk tolerances reflect Japanese patient populations. While still nascent, this shift mirrors global trends and may alter review priorities over time.

- **International Collaboration**: Japan is likely to deepen multi-country initiatives. For example, in November 2024 Japan joined the International Coalition of Medicines Regulatory Authorities' (ICMRA) discussions on pandemics and platform trials, reflecting lessons from COVID-19 vaccine approval (which itself was a success story of accelerated review). Joint data pools (e.g. for orphan diseases) may help overcome small patient numbers. Additionally, coordination on regulatory labels (as exemplified in lecanemab where FDA and MHLW labeling conditions converged) could reduce duplicative legal requirements.

- **Enhancing Clinical Trial Ecosystem**: Within Japan, proposals exist to simplify sponsor responsibilities, aggregate IRB approvals, and reduce translation burdens. The new Clinical Trials Act (2018) made trial conduct more transparent but added layers of regulation for academics. Future adjustments (such as streamlining low-risk investigator-initiated trials) may be debated to encourage domestic research. The encouraging trend noted in [49] – that some global companies are beginning Phase I trials in Japan – suggests acceptance of Japan's value. If more first-in-human studies start in Japan, it could invert the historical "lag" into a lead.

- **Real-World Data and Digital Trials**: Although still early, Japan is exploring use of electronic health records and claims data for post-market monitoring and even regulatory submissions. With workforce aging, remote trials and telemedicine data are likely to grow, hopefully accelerated by lessons learned in the pandemic (when Japan approved its first home sleep apnea device in 2020). Regulatory frameworks for digital health products (e.g. smartphone apps for mental health) are also under development, potentially integrated with drug approvals (combination products).

Conclusion

Japan's drug approval process has made remarkable progress from its earlier era of multi-year delays. Through targeted reforms, infrastructure investment, and global harmonization, PMDA and MHLW now process many new drug applications almost as quickly as Western regulators ([2] pmc.ncbi.nlm.nih.gov) ([26] www.clinicaltrialsarena.com). Expedited pathways (priority review, SAKIGAKE, conditional approval) specifically designed for urgent unmet needs have expanded patient access to innovations. Statistical analyses confirm that median approval times and drug lag have both significantly decreased in the 2010s ([3] pmc.ncbi.nlm.nih.gov) ([26] www.clinicaltrialsarena.com).

However, challenges remain. Not all patients benefit equally: therapeutic areas with limited R&D face ongoing delays ([44] pmc.ncbi.nlm.nih.gov). The threat of Japan being bypassed ("drug loss") persists unless the ecosystem becomes more attractive to international developers ([17] www.tokyofoundation.org) ([18] www.tokyofoundation.org). Aging demographics and high healthcare costs also strain the system, requiring efficient and sustainable pricing.

Looking ahead, the newly enacted amendments to the PMD Act (2025) promise to further strengthen Japan's regulatory infrastructure: by codifying quality control roles, enhancing supply chain resilience, and incentivizing breakthrough and pediatric therapies ([76] insightplus.bakermckenzie.com) ([13] insightplus.bakermckenzie.com). Japan's regulators are positioning themselves as partners in innovation: for instance, the PMDA's engagement with global networks and patient groups aims to keep policy responsive to emerging science.

The evidence suggests Japan has achieved a new equilibrium: not the slowest reviewer in the world, but a mature regulator that still retains a cautious commitment to safety. In the words of Tanaka et al., "Drug lag has

been significantly decreased, although it still exists" ([3] pmc.ncbi.nlm.nih.gov) ([78] pmc.ncbi.nlm.nih.gov), and Japan's first-in-world approvals now constitute a meaningful fraction of all new drugs (20%). The task now is nuanced: to extend these gains to underserved areas, to ensure that accelerated access does not compromise quality, and to maintain international collaboration in a complex global drug landscape.

For researchers, industry, and policymakers, Japan's example offers a valuable case study in balancing national priorities with globalization. It shows that even after decades of lag, a well-funded, focused reform effort can yield substantial improvements. Future studies will need to continue monitoring outcomes – such as real-world patient benefit and safety – to ensure that regulatory agility always aligns with public health.

All information presented above is drawn from comprehensive sources (government reports, peer-reviewed analyses, industry publications), each footnoted accordingly. This report aims to be an authoritative compendium on Japan's drug regulatory pathway as of 2025, shedding light on both its achievements and areas for further evolution.

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Contact founder Adrien Laurent and team at https://intuitionlabs.ai/contact for a consultation.

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