

WHEN NATIONS COMPETE

WHY 'MOST FAVOURED NATION' MATTERS FOR MEDICINE ACCESS ACROSS APAC

MFN pricing does not lower global medicine prices. It instead redistributes pricing pressure onto Asia-Pacific markets that rely on Health Technology Assessment (HTA) and confidential, value-based negotiation to secure affordable access.

BACKGROUND

Most Favoured Nation (MFN) pricing, a trade-law concept, has been adapted by the US to anchor its medicine prices to the lowest price paid internationally.

Applying MFN mechanisms to global pharmaceutical markets overlooks the structural realities of how medicines are valued, creating tension with two forces central to APAC health systems: market-based trade dynamics and established Health Technology Assessment (HTA) frameworks, such as those in Australia, South Korea, Japan, and Taiwan.

OBJECTIVE

Focusing on the Asia-Pacific region, this paper examines the tension between MFN policies and two critical market forces, commercial trade dynamics and established HTA frameworks, using Australia's PBS as a detailed case study of the risks facing HTA-based systems region-wide.

METHOD

Conceptual analysis of literature on pharmaceutical pricing policy and MFN mechanisms, combined with case studies from Australia, the US, and comparator markets, to identify structural risks for APAC HTA-based systems.



64-78% of global pharmaceutical profits are estimated to come from the US market (2018)

WHEN SYSTEMS COLLIDE

APAC HTA-BASED SYSTEMS

Centralised, evidence based systems emphasising value, equity, and affordability - e.g. Australia, South Korea, Japan, Taiwan

UNITED STATES MARKET

Decentralised, commercially driven system prioritising rapid access, price freedom, and market incentives

MFN pricing anchors US prices to the lowest global benchmark, disincentivising the very markets that negotiate affordably, and risking delayed or withheld launches across the region.

IMPLICATIONS FOR APAC: MFN redistributes pressure because companies protect revenue in the world's largest market, the US, rather than accept a lower benchmark. A negotiated low price in one APAC market becomes a liability: companies may withdraw rebates, delay listings, or bypass local HTA to avoid setting that reference point. The result is a two-speed system, smaller regional markets face delayed access or higher prices, while larger markets secure earlier launches. Australia's PBS illustrates the mechanism below.

KEY FINDINGS: AUSTRALIAN CASE STUDY



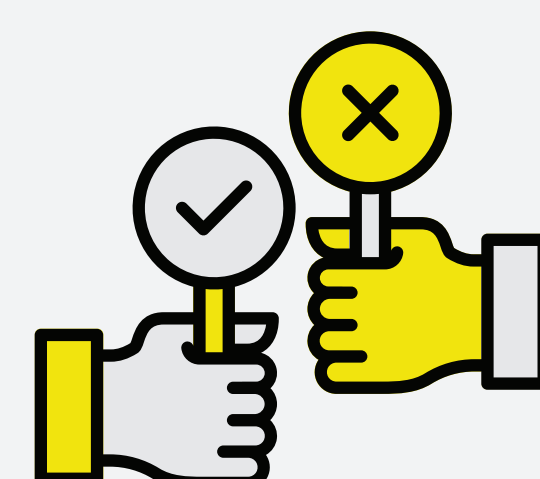
MFN pricing could delay or withdraw new medicine launches in Australia, as companies avoid setting a low global benchmark.



Confidential rebates that keep PBS prices affordable become a liability, risking loss of flexible, local pricing arrangements.



Rather than lowering prices, MFN pushes global prices upward, as companies act to protect revenue in the highly profitable US market.



Health technology assessment risks becoming symbolic if pricing is anchored externally rather than by domestic evaluation of clinical value.

A CALL TO ACTION: FIVE RECOMMENDATIONS

1

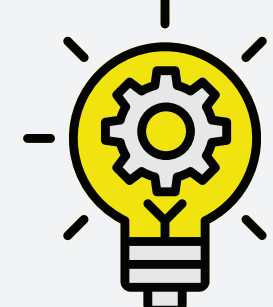


Protect HTA negotiation frameworks

Shield confidential rebates, managed entry agreements, and value-based assessment from external pricing pressure.

Why it matters: these tools are what let HTA-based systems fund high-cost therapies without inflating global benchmarks.

2



Reward value and innovation

Recognise indirect benefits, such as productivity, quality of life, social impact, alongside direct clinical outcomes.

Why it matters: position APAC markets as innovation partners of choice, safeguarding future access

3



Engage in international forums

Advocate for recognition of legitimate differences in population needs and health system design across APAC.

Why it matters: regional partners can help shape global pricing debate before rules are set without regional input.

4



Strengthen domestic resilience

Invest in horizon scanning and targeted incentives for domestic manufacturing capability.

Why it matters: reduce exposure to pricing shocks from decisions made outside the region.

5



Build an evidence base

Commission and publish analyses on MFN's potential impact on launch timelines, pricing, and availability.

Why it matters: credible evidence keeps the domestic and global debate transparent and informed

