



EU-Japan Centre for Industrial Cooperation

一般財団法人
日欧産業協力センター

Japanese policy and regulatory developments

May 2025

Prepared by
Nishimura & Asahi Europe Rechtsanwaltsgesellschaft mbH



Noriya Ishikawa
Yumiko Kato
Kei Hattori

For further inquiries: <https://www.eu-japan.eu/be-informed>

Table of Contents

Launch of IoT Product Security Labeling Scheme (JC-STAR).....	3
Publication of the AI Guidelines for Business	4
Opinions were invited on the (proposed) Guidelines for the Procurement and Utilization of Generative AI for the Advancement and Renovation of Administration	5
Designation of Specified Software Operators under the Act on Promotion of Competition for Specified Smartphone Software	6
Public Consultation on the Draft Guidance for Advertisers on the Proper and Effective Delivery of Digital Advertising	6
Government to Launch Inter-Departmental Meeting on "Regional Revitalization Innovation Initiative"	8
Public Consultation on Basic Guidelines for Management of Health and other personal data by PHR Service Providers (Draft)	9
Publication of OECD Environmental Performance Reviews: Japan 2025.....	10
DISCLAIMER.....	11

Digital-Related Matters

Launch of IoT Product Security Labeling Scheme (JC-STAR)¹

(Ministry of Economy, Trade and Industry, March 25)

- The Ministry of Economy, Trade and Industry (METI) and the Information-technology Promotion Agency (IPA) have launched the “Labeling Scheme based on Japan Cyber-Security Technical Assessment Requirements” (JC-STAR), for the purpose of promoting labeled products, developing higher security standards, and achieving mutual recognition with various other countries.
- With the rise of IoT products and cyber-attacks, METI has developed a scheme to promote secure IoT devices in consideration of global efforts. Following discussions from November 2022, the final report on the IoT products security conformity assessment scheme was published in August 2024, with indication of a partial launch planned for FY2024. IPA is now accepting applications for JC-STAR STAR-1, which is the unified baseline criteria for all IoT products.
- The scheme is a voluntary multi-level system that establishes security requirements, starting with a minimum level of unified baselines (STAR-1) for all IoT products, and additional requirements for specific product categories (STAR-2, STAR-3, and STAR-4). STAR-1 and STAR-2 labels are based on self-declarations, while STAR-3 and STAR-4 require independent third-party assessments, given that it is assumed that STAR-3 and STAR-4 are intended for procurement use by government agencies and critical infrastructure providers, and require high reliability. IoT products that have obtained a label can have the label affixed to the product itself, and the label contains a QR code that links to a website URL that contains security information.
- The list of STAR-1 labeled products will be published in May 2025, with more added as they are approved. As for STAR-2 or higher-level criteria, the security conformity standards for network cameras and routers will be developed, with applications starting after January 2026, and the scope of products will be expanded thereafter. METI will also continue negotiations with foreign authorities for mutual recognition with Singapore (Cybersecurity Labelling Scheme), the UK (PSTI Act), the US (U.S. Cyber Trust Mark), and the EU (Cyber Resilience Act) to reduce conformity costs for IoT vendors.

Takeaway: The implementation of a labeling system that visualizes the security level of IoT products will be important in terms of making it easier and more competitive for consumers to choose IoT

¹ https://www.meti.go.jp/english/press/2025/0325_006.html

products with proper security measures. In addition, global companies should monitor the development of harmonization of conformity assessment frameworks with security requirements in other countries.



Label image (METI, March 25, 2025)

Publication of the AI Guidelines for Business²

(Ministry of Internal Affairs and Communications, March 28)

- On March 28, 2025, the AI Guidelines for Business (Version 1.1) were published as a revision of the original Version 1.0 (jointly released by the Ministry of Economy, Trade and Industry (METI) and the Ministry of Internal Affairs and Communications (MIC) in April 2024 which consolidated a couple of existing guidelines) for businesses, including developers, providers, and users, in properly understanding and addressing AI-related risks.
- The revision was prompted by a growing number of incidents involving AI-related risks, as well as calls for clearer guidance on governance structures to mitigate foreseeable risks. The main updates from Version 1.01, which was released on November 22, 2024, include the following:
 - Clarification and expansion of the descriptions of "risks posed by AI" to help businesses better understand and manage those risks.
 - Introduction of “Contract Checklist for Use and Development of AI” published by METI in February 2025, along with common contract types in the context of increasingly widespread AI services, including those based on general-purpose AI models.
 - Backgrounds of clarifying the scope of responsibility and additional guidance on key contractual considerations, especially in relation to the risk of incidents.
 - Expanded coverage of new risks and considerations related to multimodal generative AI, RAG, program code generation, etc., based on the rapid advancement in generative AI and proliferation of generative AI in businesses.

Takeaway: Due to the rapid development and societal proliferation of AI, AI-related risk is becoming more apparent, and new risks are emerging that require consideration. These updated guidelines serve as a valuable resource for identifying which risks are regarded as significant in Japan and what risk

² https://www.soumu.go.jp/main_sosiki/kenkyu/ai_network/02ryutsu20_04000019.html (in Japanese)

mitigation measures are expected to be taken. Although an AI bill is submitted to the Diet, Japan appears to continue to rely primarily on a soft-law approach to ensure AI governance. Therefore, continued attention to future updates of the AI Guidelines for Business remains essential.

Opinions were invited on the (proposed) Guidelines for the Procurement and Utilization of Generative AI for the Advancement and Renovation of Administration³⁴

(Digital Agency, March 28)

- The Digital Agency, in collaboration with other ministries, plans to establish "Guidelines for Procurement and Use of Generative AI for Administrative Evolution and Innovation" around by spring 2025 to promote the use of generative AI in government operations and to manage the associated risks. The Japanese government sought public comments on the draft guidelines in April 2025.
- The guidelines are intended to promote and manage the risks of generative AI in government, specifically text-generating AI systems (excluding those handling sensitive information, such as government secrets and national security), with a start date of May 2025.
- According to the guidelines, the Japanese government is expected to support safe and effective implementation of generative AI through mechanisms such as advice and consultation desks provided by the Advanced AI Utilization Advisory Board (placed in the Digital Agency), while the newly appointed Chief AI Officer (CAIO) in each ministry is anticipated to monitor AI utilization, governance, and risk management.
- The draft guidelines include generative AI usage rules for CAIOs, planners, providers, and users in ministries. In the draft guidelines, planners and providers are expected to ensure the procurement of safe and high-quality generative AI systems by following the procurement and contract checklists, with regular monitoring after commencement of utilization, while providers and users are expected to report risks to the CAIO, with the Advisory Board reviewing and suggesting preventive measures.

Takeaway: Providers of generative AI systems which plan to provide their generative AI systems to the Japanese government should monitor the development of the guidelines to determine what points are most carefully assessed by the Japanese government.

³ <https://www.digital.go.jp/en/news/577ff41c-bb8a-450e-8cad-b59d0189924f>

⁴ <https://public-comment.e-gov.go.jp/pcm/detail?CLASSNAME=PCMMSTDDETAIL&Mode=0&id=290503241> (in Japanese)

Designation of Specified Software Operators under the Act on Promotion of Competition for Specified Smartphone Software⁵

(Japan Fair Trade Commission, March 31)

- The Act on Promotion of Competition for Specified Smartphone Software provides that business operators providing software that is necessary for the use of smartphones (basic operation software, application stores, browsers, and search engines; hereinafter collectively referred to as “specified software”) and possessing significant market power that are subject to this Act shall be designated based on indicators such as user numbers, as specified by the Cabinet Order.
- As of March 26, 2025, the Japan Fair Trade Commission designated Apple Inc., iTunes K.K., and Google LLC as specified software operators.
- The provisions concerning Prohibited Conduct and Compliance Requirements under this Act are scheduled to be fully enforced on a date specified by Cabinet Order, but by no later than December 18, 2025.

Public Consultation on the Draft Guidance for Advertisers on the Proper and Effective Delivery of Digital Advertising⁶

(Ministry of Internal Affairs and Communications, April 1)

- On April 1, the Ministry of Internal Affairs and Communications (MIAC) announced a public consultation on the draft guidance for advertisers on the proper and effective delivery of digital advertising. The deadline for submitting comments in the public consultation is May 2.
- The draft guidance was created in response to concerns that, while digital advertising is becoming widely integrated into Japanese society, there are risks involved when advertisers distribute ads without fully understanding the potential dangers, such as spreading misinformation or illegal content. Therefore, strengthening measures to mitigate these risks is necessary.
- The draft guidance addresses the risks that advertisers should consider in light of the facts that digital advertising is widespread across various media, it is difficult to identify the recipients of such advertising (e.g., risks related to brand safety, risks of advertising expenditure leakage due to ad fraud, and risks of contributing to an unhealthy digital ecosystem through the spread of false or misleading information), the necessity of management being involved in enacting countermeasures, and initiatives that advertisers should implement (e.g., contractual arrangements, technical measures, and transactions with quality certification operators).

⁵ <https://www.jftc.go.jp/en/pressreleases/yearly-2025/March/250331.html>

⁶ https://www.soumu.go.jp/menu_news/s-news/01ryutsu02_02000429.html (in Japanese)

Takeaway: This draft guidance serves as a valuable reference for foreign enterprises engaged in digital marketing in Japan, as it outlines the risk mitigation measures that are expected to preserve the soundness of the digital ecosystem within the country. Continued attention to the development of this guidance is warranted, and where appropriate, it is advisable for stakeholders to submit their views during the public consultation process.

Industry

Government to Launch Inter-Departmental Meeting on "Regional Revitalization Innovation Initiative"⁷⁸

(Cabinet Secretariat, March 11)

- Prime Minister Shigeru Ishiba announced on March 11 that the Japanese government would soon establish an inter-departmental meeting on the "Regional Revitalization Innovation Initiative" to expand successful examples from Fukushima nationwide.
 - Since June 2014, the Japanese government has been promoting the "Fukushima Innovation Coast Framework," which aims to create new industries from cutting-edge science and technology. As part of the reconstruction efforts following the Great East Japan Earthquake, the initiative has focused on six sectors in Fukushima, including robotics, healthcare, renewable energy, aerospace, agriculture, forestry and fisheries, and has dealt with workforce development, working toward industrial clusters and human resource development.
 - The "Regional Revitalization Innovation Initiative" seeks to revitalize regional economies by expanding the efforts in Fukushima. Specifically, the initiative includes the following actions:
 1. Developing innovation hubs nationwide to attract startup companies.
 2. Utilizing special zones, regulatory and institutional reforms, and subsidies.
 3. Advancing management and industry through the use of new technologies such as digital tools.
 4. Supporting side job initiatives to secure and retain talent.
-

⁷ <https://www.kantei.go.jp/jp/103/statement/2025/0311kaiken.html> (in Japanese)

⁸ <https://www.meti.go.jp/earthquake/smb/innovation.html> (in Japanese)

Data Protection

Public Consultation on Basic Guidelines for Management of Health and other personal data by PHR Service Providers (Draft)⁹

(Ministry of Internal Affairs and Communications, Ministry of Health, Labour and Welfare, and Ministry of Economy, Trade and Industry, March 7)

- In April 2021, the “Basic Guidelines for the Management of Health and other personal data by Private-sector PHR Business Operators” were established as guidelines for PHR operators to follow regarding the management and utilization of information, for the purpose of promoting the effective use of safe and secure private PHR (Personal Health Record) services.
- In March 2025, taking into account advances in services and technology as well as actual operational experiences, the Ministry of Internal Affairs and Communications, the Ministry of Health, Labour and Welfare, and the Ministry of Economy, Trade and Industry revised the guidelines. They also proposed renaming them to the "Basic Guidelines for the Handling of Health Checkup and Other Information by PHR Service Providers", which was subject to public consultation. The key revisions in this draft include:
 - Revision of the definitions of “target information” and “target business operators” subject to the guidelines.
 - Enhanced descriptions of best practices in information security to reflect the latest information security measures, in addition to the inclusion of new items related to information security,
 - The deletion of the previous requirement to sanitize files received from external sources, based on the assumption that the Guidelines stipulate necessary measures for information security, while allowing PHR service providers the flexibility to choose technologies appropriate to address current threats (such as malware).

Takeaway: In various countries, the utilization of health information and the promotion of public health are progressing. In particular, countries that have developed legal frameworks and public Electronic Health Record (EHR) platforms enabling both healthcare providers and patients to access medical information have seen significant advances in the use of health data. In contrast, Japan has not yet established mechanisms to facilitate access to or the sharing of health data, as seen in Europe. However, there is a growing awareness of the challenges posed by the underutilization of health data. Therefore, it is important to continue monitoring discussions on how to develop mechanisms that can promote more effective use of health data in Japan.

⁹ <https://public-comment.e-gov.go.jp/pcm/detail?CLASSNAME=PCMMSTDETAIL&id=595225009&Mode=0> (in Japanese)

Publication of OECD Environmental Performance Reviews: Japan 2025¹⁰

(Ministry of the Environment, March 24)

- On March 24, 2025, the Ministry of the Environment reported the results of OECD's review of Japan's environmental performance, titled "OECD Environmental Performance Reviews: Japan 2025".¹¹
- The OECD Working Party on Environmental Performance within the Environmental Policy Committee evaluated Japanese environmental policy initiatives and provided their suggestions to further improve Japan's environmental performance. The last review of Japanese environmental policy initiatives was conducted in 2010.
- The review includes the following assessments of Japan's environmental policy:
 - Japan has made progress in reducing environmental pressures, including energy use, greenhouse gas emissions, air pollution, and waste.
 - Japan has increasingly invested in transitioning to clean energy and a circular economy, but its energy mix remains carbon intensive and recycling efforts need strengthening, especially for plastics.
 - Japan increased its climate goals but must accelerate emission reductions and move away from fossil fuels to reach net zero by 2050.
 - Japan has developed a robust climate adaptation capacity and has engaged the private sector more actively in biodiversity conservation to alleviate persisting pressures on ecosystems and animals.
- OECD suggested that a comprehensive, cost-effective policy package is necessary for a successful green transformation of Japan. Scaling-up pilot initiatives that help subnational governments address socio-economic and environmental challenges would benefit the entire country.

Takeaway: Japan's efforts for green transformation were recognized. The importance of a synergistic approach also was discussed in the review and OECD suggested that diversifying funding and financing mechanisms at the local level would help leverage private sector investment. While OECD's suggestions are not legally binding, we expect the Japanese government to make further commitments to green transformation projects.

¹⁰ https://www.env.go.jp/en/press/press_03990.html

¹¹ https://www.oecd.org/en/publications/oecd-environmental-performance-reviews-japan-2025_583cab4c-en.htm

DISCLAIMER: The information contained in this report has been compiled by one or several independent experts and reflects the views of the author(s) indicated on the front page and above, and not necessarily the views of the EU-Japan Centre for Industrial Cooperation nor the views of the European Authorities. It is made available for general information and non-commercial purposes only. It does not claim to be comprehensive or up to date and is not intended to provide legal or other advice. No person should rely on the contents of this report – or of internet web sites or other information sources indicated in this report – without first obtaining advice from a qualified professional person. This report is made available on the terms and understanding that the EU- Japan Centre for Industrial Cooperation and the European Authorities, which have not verified its content, are not responsible for the results of any actions taken - or omitted to be taken - on the basis of information in this report, nor for any error in or omission from this report, or for any plagiarism. The EU-Japan Centre for Industrial Cooperation and the European Authorities expressly disclaim all and any liability and responsibility to any person in respect of anything and the consequences of anything, done or omitted to be done by any such person in reliance, whether wholly or partially, upon the whole or any part of the contents of this report. Without limiting the generality of the above neither the EU-Japan Centre for Industrial Cooperation nor the European Authorities shall have any responsibility for any act or omission of the author(s) of this report.

Co-funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Innovation Council and SMEs Executive Agency (EISMEA). Neither the European Union nor the granting authority can be held responsible for them.

COPYRIGHT: The contents of this report are protected by copyright under international conventions. Reproduction is authorized for non-commercial purposes, provided that (i) the name of the author(s) is indicated and the EU-Japan Centre for Industrial Cooperation is acknowledged as the source, (ii) the text is not altered in any way and (iii) the attention of recipients is drawn to this warning. All other use and copying of any of the contents of this report is prohibited unless the prior, written and express consent of the EU-Japan Centre for Industrial Cooperation is obtained. All logos and figures published in this report are copyrighted and may not be reproduced without the full consent of their respective author(s).

GOVERNING LAW AND JURISDICTION: Any dispute arising from or related to the use of this report and/or the information in this report shall be submitted to the exclusive jurisdiction of the competent courts in Brussels, Belgium, which will apply Belgian law, with the exclusion of private international law rules.

Published by the EU-Japan Centre for Industrial Cooperation.

