



# EU-Japan Centre for Industrial Cooperation

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## Japanese policy and regulatory developments

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Prepared by  
Nishimura & Asahi Europe Rechtsanwaltsgesellschaft mbH



Noriya Ishikawa  
Yuki Sakurada  
Yumiko Kato  
Kei Hattori

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

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## Digital-Related Matters

### **Ministry of Economy, Trade and Industry Adopts Manual on Cross-Border Industrial Data Management<sup>1</sup>**

(Ministry of Economy, Trade and Industry, January 27)

- On January 27, 2025, the Ministry of Economy, Trade and Industry (METI) adopted a manual on cross-border industrial data management. The manual provides guidance to businesses on managing risks associated with international data sharing and utilization, focusing on non-personal data.
- In accordance with the development of IoT and DX, and the demand for transparency in supply chains, companies are increasingly sharing and utilizing data internationally. However, data regulations established in each country are restricting business activities, and there are concerns that legal restrictions on cross-border transfers of industrial data, government access requirements, and data localization regulations will have a negative impact on competitiveness and the construction of digital infrastructure.
- In this context, METI established the "Industrial Data Sub-Working Group" in May 2024 to consider the risks associated with cross-border data transfers and the countermeasures that businesses can take. As a result, it formulated the "manual on cross-border industrial data management." This manual summarizes these risks from the perspective of realizing Japan's international initiative of "Data Free Flow with Trust." This manual is intended for corporate employees in various departments across a wide range of industries, including manufacturing and IT services.

Takeaway: Japanese companies are facing challenges in sharing data overseas. This manual has been established to help them to resolve issues regarding cross-border data transfers. The manual also includes an overview of the EU Data Act, and is intended as a starting point for considering industrial data sharing.

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<sup>1</sup> <https://www.meti.go.jp/press/2024/01/20250127001/20250127001.html> (in Japanese)

## Industry

### **Study Group on Utilization of Foreign Capital for Increasing Corporate Value<sup>2</sup>**

(Ministry of Economy, Trade and Industry, January 15)

- Accepting investments from foreign business companies and foreign PE funds is an important option for Japanese companies, as it has the potential to increase corporate value and promote global expansion by incorporating foreign capital, technology, business models, and networks. However, compared to other countries, Japanese companies have not made much progress in utilizing foreign capital, and many of them do not fully understand the specific procedures and points that they should bear in mind. In addition, holders of foreign capital have the opinion that sourcing promising Japanese companies is difficult.
- In order to improve this situation, the Ministry of Economy, Trade and Industry held a "Study Group on Utilization of Foreign Capital for Increasing Corporate Value." The group will: 1) organize issues and measures to stimulate utilization of foreign capital, and 2) hold discussions to create a guidebook for corporate management that includes basic knowledge of and points to consider for obtaining foreign capital investments.

### **Ministry of Economy, Trade and Industry Drafted Revised version of "Management Guidelines for Trade Secrets"<sup>3</sup>**

(Ministry of Economy, Trade and Industry, January 31)

- The "Management Guidelines for Trade Secrets" were established in January 2003 to guide companies' strategic management of trade secrets, and was last revised in January 2019.
- Since approximately six years have passed since the last revision, and due to the advances in information management based on cloud technology, the Ministry of Economy, Trade and Industry is considering revising the guidelines to clarify the standards for managing trade secrets.
- In particular, considering that confidential information is stored in the cloud, as well as recent court cases regarding trade secrets, the interpretation was reconsidered to clarify the requirements for "Confidentiality, Usefulness, and Non-publicity" that are necessary for trade secrets to be protected, and a proposal to revise the guidelines was drafted based on discussions held in December 2024 and January 2025. In addition, it is clearly stated that the trade secret management methods described in the Management Guidelines for Trade Secrets are applicable not only to companies, but

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<sup>2</sup> [https://www.meti.go.jp/shingikai/external\\_economy/improving\\_corporate\\_value/001.html](https://www.meti.go.jp/shingikai/external_economy/improving_corporate_value/001.html)  
(in Japanese)

<sup>3</sup> <https://public-comment.e-gov.go.jp/pcm/detail?CLASSNAME=PCMMSTDETAIL&id=595225003&Mode=0> (in Japanese)

also to the management and protection of trade secrets by universities and research institutions. Opinions on the proposed revisions are being solicited until March 2, 2025.

## Economic Security

### **The Ministry of Economy, Trade and Industry (METI) has released draft amendments to the cabinet order and related subsidiary regulations for the revision of supplementary export controls (“Catch-all Controls”) on January 31<sup>4</sup>**

- Japan’s security export control consists of two types of controls: (i) List Control; and (ii) Catch-all Control.
- For List Control, in accordance with multilateral export control regime agreements (e.g., the Wassenaar Arrangement) and other multinational cooperation frameworks, export licenses are required for the export or transfer of technologies and goods classified as weapons or dual-use items, regardless of destination. Catch-all Control operates if the technologies to be transferred or the goods to be exported are not subject to List Control, and may still require exporters to apply for and obtain an export license, depending on the end-uses and the end-users.
- The following amendments have been proposed to strengthen export controls on general-purpose goods due to the expansion of dual-use technologies and to address the re-emergence of state actors of security concern:
  - **Review of the Catch-all Control for conventional weapons:** A new system will be introduced, which will require Japanese exporters to apply for approval from the METI when exporting certain non-listed goods (e.g., machine tools, integrated circuits, unmanned aerial vehicle components) if the exporters independently determine based on a review of end-use and end-user that the export poses a high risk of being used for the development, production, use, or storage of conventional weapons.
  - **Introduction of a system imposing an export license requirement when a notification is made for exports to Group A countries.:** Even with regard to exports to Group A countries, if there is a concern that goods may be procured by a country of concern through circumvention, the METI will give notice of the exports and require exporters to apply for a license.

※ *Group A countries are those that participate in international export control regimes and implement strict export controls, including many EU member states.*

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<sup>4</sup> <https://public-comment.e-gov.go.jp/pcm/detail?CLASSNAME=PCMMSTDETAIL&id=595125013&Mode=0>(in Japanese)

Takeaway: Exports from Japan to Europe also will be subject to the aforementioned Catch-all Controls, leading to an increased administrative burden associated with export control procedures and a heightened risk of violations. Therefore, it is essential to understand the details of the amendments thoroughly and establish a compliance framework that complies with the revised regulations.

### **On January 31, the METI released draft amendments to the cabinet order and related subsidiary regulations, making additions to the List-Controlled items<sup>5</sup>**

- A proposed amendment to the rules establishing the List-Controlled items has been published, which intends to prevent military diversion of critical and emerging technologies by expanding list controls to include advanced items related to these technologies.
- The new items added to the list include:
  - Items relating to advanced semiconductors (15 items, including advanced semiconductor manufacturing equipment and EUV masks)
  - Items relating to quantum computing (4 items)
  - Other items (3 items, including metal additive manufacturing equipment)

Takeaway: Japan's list controls, which are part of the security export control regime, have been expanded progressively to include advanced and foundational technologies that are not covered by the Wassenaar Arrangement. As a result, Japan's controlled items may not always align with those regulated by the EU Dual-Use Regulation. Therefore, companies engaged in global export of goods or technologies must monitor regulatory developments in each country closely, and pay attention to differences in controlled items in different jurisdictions.

### **On February 10, the Ministry of Finance released draft amendments to the cabinet order and related subsidiary regulations, making revisions to the FDI screening regime<sup>6</sup>**

- Japan's FDI screening framework requires foreign investors to submit a prior notification to the government when acquiring shares in or otherwise acquiring the business of a Japanese company that engages in certain types of businesses, designated

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<sup>5</sup> <https://public-comment.e-gov.go.jp/pcm/detail?CLASSNAME=PCMMSTDETAIL&id=595125012&Mode=0>(in Japanese)

<sup>6</sup> <https://public-comment.e-gov.go.jp/pcm/download?seqNo=0000287094> (Information of public consultation)  
<https://public-comment.e-gov.go.jp/pcm/download?seqNo=0000287101> (Overview of Proposed Revision)

from a national security perspective. The consummation of these acquisitions is prohibited until the government completes its review.

- During the 2020 revision of Japan's FDI screening system, a framework for exemption from the mandatory notification requirements was introduced, to ensure appropriate responses to national security concerns while promoting investments that contribute to Japan's economic development. This framework exempts certain investments from prior notification requirements if the investors meet specific conditions, such as not becoming board members themselves or through related persons and not accessing the company's technology related information.
- The proposed amendments will revise the scope of the exemptions from prior notification; to summarize, the following types of investments no longer will be eligible for exemption:
  - Investments made by investors who are obligated to cooperate with foreign governments in collecting information based on agreements with foreign governments or foreign laws and regulations, etc. (Type A Investors)
  - Investments made by investors who are equivalent to Type A Investors (Type B Investors) in certain critical infrastructure business operators designated under the Economic Security Promotion Act.
    - ※ When a Type B investor makes an investment equal to less than a 10% interest in a business designated as a "core business" from a national security perspective, which is a business other than certain critical infrastructure business operators, the investor also must comply with the new additional conditions.

**On February 7, the Cabinet Secretariat submitted a bill to the National Diet to strengthen cybersecurity<sup>7</sup>.**

- The National Security Strategy (approved by the Cabinet on December 16, 2022) sets a goal of enhancing Japan's cybersecurity capabilities to a level equal to or greater than those of major Western countries. To achieve this, the strategy outlines key initiatives, including:
  - Strengthening public-private cooperation
  - Utilizing communication information
  - Infiltrating and neutralizing attackers' servers (called "active cyber defence" measures), and
  - Restructuring the National center of Incident readiness and Strategy for Cybersecurity (NISC) to be a more advanced organization and establishing a new entity to coordinate cybersecurity policies on a comprehensive basis.
- A bill has been submitted to the Diet to implement the new initiatives outlined in the

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<sup>7</sup> <https://www.cas.go.jp/jp/houan/217.html> (in Japanese)

National Security Strategy, following discussions with expert panels. As part of public-private cooperation, the measures in the bill include:

- Requiring critical infrastructure operators to report on the introduction of certain computing systems, and mandatory incident reporting.
- Acquiring communications information from the authorities based on agreements with critical infrastructure operators and other entities; obtaining communications information without prior consent when specific conditions are met.

Takeaway: The bill now will be deliberated, and companies, particularly those involved in telecommunications infrastructure and those that provide software and systems to infrastructure operators, may be subject to certain obligations or be affected by the new legislation. Therefore, it is essential for these companies to review the details of the bill and assess its potential impact on their businesses.



## **Cabinet Decision on the Seventh Strategic Energy Plan<sup>8</sup>**

(Ministry of Economy, Trade and Industry, February 18, 2025)

- On February 18, 2025, the Ministry of Economy, Trade and Industry (METI) announced a Cabinet Decision on the Seventh Strategic Energy Plan, following the public comment procedure that was held between December 27, 2024 and January 26, 2025.
- The previous revision of the Strategic Energy Plan was announced in October 2021. Since then, the energy environment in and involving Japan has changed, for example, due to conflicts and increased energy demands. To cope with those changes, the Advisory Committee for Natural Resources and Energy prepared an updated Strategic Energy Plan.
- The Strategic Energy Plan was drawn up based on Basic Act on Energy Policy, and incorporates Japanese mid- to long-term energy policies.
- The Seventh Strategic Energy Plan is in line with Japan's intent to reduce greenhouse gases by 73% by FY 2040, compared with FY 2013 levels.
- In conjunction with the GX 2040 Vision and the Plan for Global Warming Countermeasures<sup>9</sup>, both of which were approved by the Cabinet on February 18, 2025, Japan commits to achieve a stable energy supply, economic growth and decarbonization.

Takeaway: To encourage strong commitments to a stable energy supply, economic growth, and decarbonization, the Japanese government plans to invite JPY 150 trillion in public/private investments in related industries, including renewable energy and nuclear power generation. Promoting nuclear power plants to cope with decarbonization is a significant turning point for Japanese energy policy. The actual effects remain to be seen, but these efforts open additional options for investment in the energy sector in Japan.

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<sup>8</sup> [https://www.meti.go.jp/english/press/2025/0218\\_001.html](https://www.meti.go.jp/english/press/2025/0218_001.html)

<sup>9</sup> <https://www.meti.go.jp/press/2024/02/20250218004/20250218004.html> (Japanese only)

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