

JAPAN'S INAUGURAL AI REGULATIONS: A PRO-INNOVATION APPROACH

Japan's new AI regulations aim to foster AI research and development while ensuring ethical use and the protection of citizens' rights, emphasising collaboration among government, businesses and citizens, rather than imposing stringent requirements.

Overview of Bill

On 28 February 2025, the Cabinet of Japan approved a bill for the Act concerning the Promotion of Research and Development and the Utilisation of Technologies Related to Artificial Intelligence (人工知能関連技術の研究開発及び活用の推進に関する法律案 in Japanese) (the "Bill").

The Bill is unexpectedly short and abstract. Most of the provisions set out general principles which the national government, local governments and business operators should follow, and outline the duties of the government in general terms. Business operators and citizens are expected to cooperate with the government (on a reasonable efforts basis as is the case for other Japanese laws calling and businesses' and citizens' for cooperation), but are not subject to specific hard obligations. The key provisions of the Bill are summarised further below.

Government's Authority to Investigate and Disclose Improper Use

Article 16 of the Bill stipulates that the Japanese government shall:

- (i) gather information on trends in research and development and utilisation of AI-related technologies in Japan and abroad;
- (ii) analyse cases in which the rights and interests of citizens have been infringed as a result of the research, development and utilisation of AI-related technologies for wrongful purposes or through improper means, and consider countermeasures based on such cases; and
- (iii) conduct other surveys and studies that contribute to the promotion of research, development and utilisation of AI-related technologies.

Based on the results of (i), (ii) and (iii) above, the Japanese government shall take necessary measures, including the provision of guidance, advice and/or information to research and development institutions, business operators and other persons.

Key issues

- The new AI regulations aim to promote research and development while safeguarding citizen's rights, focusing on collaboration rather than imposing strict regulations.
- Unlike the EU AI Act, the Japanese regulations are characterised by their soft and high-level approach.
- The Bill's abstract language leaves unclear the extent of governmental authority over business operators.
- While the Bill does not impose direct penalties, it includes a potential 'name and shame' approach, which could impact the reputations of AI developers and users who infringe citizen's rights.

The term "necessary measures" (必要な措置 in Japanese) is broad and covers a wide range of potential actions. It has been widely reported, including in the Nikkei, that the government will be empowered to publicly disclose the names of AI developers and users who have significantly infringed citizen's rights through the use of AI-related technologies.

Soft and High-level Nature of Legislation

The broad, high-level approach under the Bill stands in contrast to the hard and detailed provisions of the EU AI Act, and may be a response to concerns expressed by Japanese industry that the new regulations should not inhibit innovation. Considering that the main purposes of the Bill are to promote AI research and development in Japan and encourage legitimate use cases for AI, it is perhaps unsurprising that the Bill does not specify in detail the penalties for inappropriate use of AI or use of AI for improper purposes. As noted above, however, it is anticipated that the government will have the authority to investigate and potentially disclose improper uses of AI systems. Businesses utilising AI-related technologies for wrongful purposes or through improper means may therefore expose themselves to the risk of reputational damage.

Given that the current text of the Bill does not clearly specify whether and to what extent government authorities will be empowered to take action against business operators that utilise AI-related technologies for wrongful purposes or through improper means, discussions on the Bill at the National Diet may result in further elaboration on its provisions, and/or guidelines providing criteria and other details may be published after the Bill is passed (please see "Next Steps" below for further details).

Summary of Key Provisions

Below is a high-level summary of the Bill, which is subject to revisions based on the ongoing discussion at the National Diet.

Purpose	Improvement of citizens lives and national economic development
Basic Principles	Due to the importance of AI in economic, social, and security contexts, it is necessary to maintain research and development capabilities and enhance Japan's international competitiveness in AI. The Bill promotes comprehensive and strategic advancement from basic research to practical application, ensuring transparency for appropriate research, development and utilisation. It also seeks to position Japan as a leader in international cooperation on AI initiatives.
AI Strategy Headquarters	The Prime Minister serves as the head and all other ministers as members. The headquarters will seek necessary cooperation from relevant administrative bodies.
AI Basic Plan	The government will establish fundamental policies for measures to be implemented to promote research, development and utilisation.

<p>Basic Governmental Measures</p>	<p>The Bill promotes research and development and encourages the development and shared use of facilities. It also focuses on securing human resources and promoting education. The Bill supports participation in the formulation of international norms and establishes guidelines aligned with international standards of appropriateness.</p> <p>The government shall gather information about research and development of AI-related technologies and use cases for AI-related technologies, and shall review and take measures against use cases infringing on citizen's rights and interests.</p> <p>Guidance, advice and information will be provided to businesses and citizens.</p>
<p>Responsibilities</p>	<p>The responsibilities of the national and local governments, research and development institutions, businesses and citizens are outlined. In the case of businesses, these responsibilities include making use of AI systems to improve the efficiency of their operations and to create new products and business lines . It emphasises strengthening collaboration among stakeholders, with businesses required to align with national policies.</p>

Next Steps

The House of Representatives is currently debating the Bill, and, if consensus is reached, the Bill could be passed within this year's ordinary Diet session ending 22 June 2025 (unless extended), following which the key provisions of the Bill will take effect on the as soon as it is officially published (公布).

Other than an ordinance to provide details about the AI Strategy Headquarters, the Bill does not contemplate further details being specified in secondary legislation and therefore, at this time, no subsequent bill elaborating in more detail about the regulations or responsibilities set out in the Bill is expected. The Nikkei has reported that the government will formulate the criteria for taking actions against businesses after the Bill takes effect, which we anticipate could take the form of published guidelines. Prior to such guidelines being finalised they may be subject to a public consultation process giving businesses and other stakeholders an opportunity to raise comments.

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