

APAC AI Monitor | Japan

As artificial intelligence continues to reshape industries, understanding the evolving regulatory landscape is more critical than ever. Our APAC AI Monitor series offers in-depth analysis of key legal developments across Asia-Pacific, helping businesses anticipate compliance challenges and seize emerging opportunities.

Each article will break down legislative updates, policy trends, and enforcement actions across the region, providing practical guidance on how businesses can navigate evolving AI regulations, mitigate risks, and refine their strategies.

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On June 4, 2025, Japan promulgated its first comprehensive AI-related legislation, the Act on Promotion of Research and Development and Utilization of Artificial Intelligence-Related Technologies (the “AI Promotion Act” or “Act”). Most provisions of the Act came into effect immediately. This new law outlines the principles of AI development and use, while ensuring its safety. The AI Promotion Act also establishes the government’s role in guiding AI research, development and application through future policy measures and oversight mechanisms. While the AI Promotion Act’s immediate impact on private entities may be limited, businesses should closely monitor future developments in Japan, as the Act could pave the way for significant regulatory changes in the coming years.

Overview

Japan has traditionally addressed AI-related issues through traditional laws (e.g., Copyright Act), complemented by a soft law approach via non-binding guidelines. The AI Promotion Act marks a notable shift by adopting a framework-style regulation, which can be contrasted against the more prescriptive AI legislation seen in other countries. While the Act’s immediate impact on private entities may be limited, businesses should closely monitor future developments in Japan, as the Act could pave the way for significant regulatory changes in the coming years.

The framework sets the stage for future measures, which are expected to proceed at a rapid pace. Notably, the government plans to establish an “AI Strategy Headquarters” within the Prime Minister’s Cabinet by autumn 2025, which will serve as a central body for launching concrete policies in Japan. The Prime Minister has also instructed the government to formulate a “Basic AI Plan” to promote the development and utilization of AI by winter 2025, based on the AI Promotion Act.

The AI Promotion Act is structured into four chapters:

- Chapter 1 – General Provisions (Articles 1 – 10);
- Chapter 2 – Basic measures of the government (Articles 11 – 17);
- Chapter 3 – Basic AI plans which will be established by the government (Article 18); and

- Chapter 4 – Establishment of the AI Strategy Headquarters (Articles 19 – 28).

The following summary focuses on Chapters 1 and 2, which are most relevant to private entities.

Chapter 1 – General Provisions

Basic Principles (Article 3)

The AI Promotion Act outlines the following four basic principles:

- **Strategic and Economic Importance** – The promotion of AI technologies is important for Japan's economic and social development and security. The purpose of the Act is to maintain Japan's AI R&D capabilities to boost its global competitiveness in AI-related industries.
- **Integrated Approach** – Ensure comprehensive and systematically coordinated efforts to promote R&D and utilization of AI technologies across all stages.
- **Responsible and Transparent Use** – Given that AI technologies may promote criminal use, leakage of personal information, infringement of copyrights, and other situations that could harm the tranquility, rights and interests of others if illegally or inappropriately used, those involved in AI should ensure transparency throughout the R&D and AI utilization process, and implement safeguards and other measures to ensure its proper application.
- **International Cooperation and Leadership** – Strive for Japan to play a leading role in international cooperation on R&D and utilization of AI technologies.

Of particular note is the explicit mention at principle (iii) of personal information leakage and copyright infringement. Currently, no specific enforcement mechanisms are stipulated to ensure transparency under this Act, making this an area likely to evolve through future policy or legislative updates. Therefore, it is necessary to keep a close eye on future developments.

Responsibilities of R&D Institutions (Article 6)

Based on the above basic principles, universities and research institutes are required to:

- actively strive for research and development of AI technologies;
- disseminate the results of such studies;
- develop human resources with specialized and broad knowledge; and
- cooperate with measures implemented by the government and local governments.

National and local governments, in promoting AI R&D at universities and research institutes, should aim to revitalize academic research while respecting the researchers' autonomy and research characteristics. At the same time, universities and research institutes are required to draw on their knowledge of the humanities and natural sciences in order to efficiently promote research and development of AI technologies.

Responsibilities of the Business Entity (Article 7)

The obligations of private entities are limited to the responsibilities stipulated in Article 7.

The AI Promotion Act defines a "Utilization Business Entity" as those developing or providing products, or services that utilize AI technology, or those intending to use any other AI technologies in business activities.

A Utilization Business Entity is required to:

- strive to improve the efficiency and sophistication of their business activities and create new industries by utilizing AI technologies; and
- cooperate with measures implemented by the government and local governments.

Importantly, these responsibilities are non-binding, meaning that there are no penalties for non-compliance, and at this stage, no other direct regulations, obligations, or penalties for the Utilization Business Entity are specified.

Chapter 2 – Basic Measures (Article 11 to Article 17)

Chapter 2 sets out the basic measures that the government will implement in the future, namely:

- Promotion of R&D, etc. (Article 11);
- Promotion of Improvement and Sharing of Facilities and Equipment (Article 12);
- Ensuring Appropriateness (Article 13);
- Securing Human Resources (Article 14);
- Promotion of Education, etc. (Article 15);
- Surveys and Research, etc. (Article 16); and
- International Cooperation (Article 17).

Article 12 is noteworthy because the government is required to take necessary measures to develop and promote facilities and equipment, data sets, and intellectual infrastructure for information processing, information communication, and record storage. This may lead to more access to government supported AI resources.

Chapters 3 and 4 – Establishment of the AI Basic Plan and AI Strategy Headquarters

Chapter 3 of the AI Promotion Act mandates the government to formulate the Basic AI Plan (Article 18) for Japan and to oversee its implementation, while Chapter 4 provides for the setting up of the AI Strategy Headquarters, which will be established within the Prime Minister's Cabinet, and is tasked with drafting and promoting the AI Basic Plan as well as coordinating between ministries and agencies, amongst others.

Next Steps and Timeline

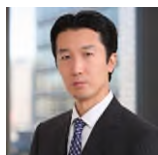
The AI Promotion Act was promulgated and became effective on June 4, 2025, except for provisions in Chapter 3 (Establishment of the AI Basic Plan) and Chapter 4 (AI Strategy Headquarters) which will become effective in early September 2025. Its practical implementation will unfold in two key stages; First, the AI Strategy Headquarters is expected to be established by autumn 2025, and secondly by the Basic AI Plan, which is to be formulated by winter 2025 and will outline concrete government measures and likely shape future regulatory expectations for private entities.

Conclusion

The AI Promotion Act serves as a foundational legal framework for Japan's AI policy and helps to lay the groundwork for future regulatory AI development. In parallel, the Active Cyber Defense Law (i.e., Act on the Prevention of Damage from Unauthorized Acts on Important Electronic Computers) was enacted on May 16, 2025, which signifies a broader shift towards more specific digital governance.

Private entities should closely monitor the development of the Basic AI Plan and the activities of the AI Strategy Headquarters, as these will likely shape the future operations and government trends around AI regulations.

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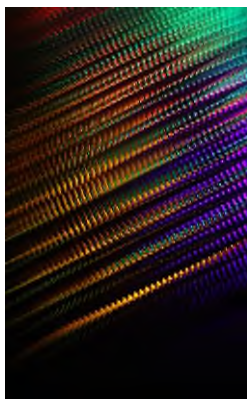
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With decades of experience in Asia-Pacific, we can help you anticipate tomorrow's challenges before they arise – our team has a proven track record of advising businesses across the entire AI ecosystem. With our global reach and deep pool of industry experience, we have the right capabilities to address all of your AI legal needs.

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