

Latest Policy Updates on Digital Platforms in Japan

Quarterly report (April to June, 2021)

October, 2021

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- This research is outsourced by Ministry of Economy, Trade and Industry, and conducted by Nomura Research Institute.
- This research is based on Japanese and foreign news articles, not the views of Ministry of Economy, Trade and Industry nor Nomura Research Institute.

Trends Among Relevant Authorities in Japan

Trends Among Relevant Authorities in Japan:

April - June 2021:

Theme 1

| | |
|-----------------|---------|
| Competition law | Privacy |
| Consumer law | Other |

Theme 2

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| Proposal of new legal systems or policies at relevant authorities | Relevant report |
| Examples of enforcement of existing laws | Other |

Survey of trends among relevant authorities in Japan

| Date | Theme 1 | Theme 2 | Title |
|----------|-----------------|---|---|
| April 1 | Competition law | Proposal of new legal systems or policies at relevant authorities | METI designates digital platform providers to be regulated Act: Act on Improving Transparency and Fairness of Digital Platforms (TFDPA) |
| April 5 | Other | Relevant report | Cabinet Secretariat releases English version of executive summary of white paper on Trusted Web |
| April 23 | Privacy | Examples of enforcement of existing laws | Personal Information Protection Commission gives guidance about LINE based on Article 41 of the Act on the Protection of Personal Information |
| April 27 | Competition law | Relevant report | Digital Market Competition Council releases the Final Report on the Evaluation of Competition in the Digital Advertising Market. |
| April 28 | Consumer law | Proposal of new legal systems or policies at relevant authorities | New bill submitted by Consumer Affairs Agency to protect consumers from online shopping problems is passed |
| May 19 | Privacy | Other | Explanation of the Personal Information Protection Commission's draft future initiatives and draft guidelines on the 2020 Revision to the Act on the Protection of Personal Information |
| June 4 | Privacy | Other | MIC comments on delay in dealing with LINE's data transfer to Japan |
| June 4 | Other | Other | MIC announces it will hold a Study Group on Foreign Investment Restrictions in the ICT Field. |
| June 10 | Other | Relevant report | MIC releases the main points of the report at a study group on platform services. |
| June 18 | Other | Proposal of new legal systems or policies at relevant authorities | Cabinet approves "Priority Plan for Realizing a Digital Society" submitted by Cabinet Secretariat |

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Survey of trends among relevant authorities in Japan

| Date | Theme 1 | Theme 2 | Title |
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| June 23 | Other | Proposal of new legal systems or policies at relevant authorities | MIC convenes the Study Meeting on the System for Ensuring the Reliability of Data Issued by Organizations, provides explanation and holds discussion on guidelines on e-seals |
| June 25 | Competition law | Relevant report | JFTC releases report by Study Group on Competition Policy for Data Markets |
| June 25 | Other | Other | MIC releases the results of its request for opinions on the draft report of the 4 th Roundtable Conference on Digital Utilization in the Post-corona Era |
| June 30 | Competition law | Relevant report | 23rd meeting of Cabinet Secretariat's Digital Market Competition Council Working Group discusses the direction of competition evaluation, including a layered structure based on mobile OS |

April 1, 2021

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| Competition law | Privacy | Proposal of new legal systems or policies at relevant authorities | Relevant report |
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METI designates digital platform providers to be regulated under Act on Improving Transparency and Fairness of Digital Platforms (TFDPA)

- On April 1, METI designated digital platform providers to be regulated under the Act on Improving Transparency and Fairness of Digital Platforms (Act No. 38 of 2020).
- The digital platform providers designated as "specified digital platform providers" subject to regulation under Act on Improving Transparency and Fairness of Digital Platforms (TFDPA) are as follows.
 - Provider of comprehensive online shopping malls selling goods
 - Amazon Japan G.K.: Amazon.co.jp
 - Rakuten Group, Inc.: Rakuten Ichiba
 - Yahoo Japan Corporation: Yahoo! Shopping
 - Provider of app store:
 - Apple Inc. and iTunes K.K.: App Store
 - Google LLC: Google Play
- Digital platform providers designated as "specified digital platform providers" are obliged to disclose information on trading conditions etc., develop voluntary procedures and systems, and submit a report every fiscal year with a self-assessment of measures taken and a business outline.

April 5, 2021

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Cabinet Secretariat releases English version of executive summary of white paper on Trusted Web

- On April 5, the Trusted Web Promotion Council of the Headquarters for Digital Market Competition released its Trusted Web White Paper ver 1.0 Executive Summary (English version).
 - On March 31, the Trusted Web Whitepaper ver 1.0 and the Trusted Web Whitepaper ver 1.0 Executive Summary were released.
 - The contents of the Executive Summary are as follows:
 - Background
 - Direction of Trusted Web, etc.
 - Pathway to realization

Source: Cabinet Secretariat, Headquarters for Digital Market Competition, Trusted Web White Paper ver 1.0 Executive Summary

URL https://www.kantei.go.jp/jp/singi/digitalmarket/trusted_web/index.html

https://github.com/TrustedWebPromotionCouncil/Documents/tree/master/02_white_paper_ver1.0_English

April 23, 2021

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Personal Information Protection Commission gives guidance about LINE based on Article 41 of the Act on the Protection of Personal Information

- The Personal Information Protection Commission acknowledged matters requiring improvements to LINE and provided guidance based on Article 41 of the Act.
 - Since personal data entrusted by LINE is highly confidential and voluminous, any inappropriate handling could have a huge impact. It was decided that LINE would need to take a correspondingly high level of safety measures.
- On March 19, 2021, the Personal Information Protection Commission requested LINE to submit reports based on Article 40, Paragraph 1 of the Act on the Protection of Personal Information, and from March 31 of the same year, the Commission conducted on-site inspections. The on-site inspections are ongoing, but a certain level of confirmation has now been completed.

April 27, 2021

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Digital Market Competition Council releases the Final Report on the Evaluation of Competition in the Digital Advertising Market.

- At the 5th meeting of the Digital Market Competition Council (held on April 27, 2021), the Cabinet Secretariat's Headquarters for Digital Market Competition Office presented the Final Report on the Evaluation of Competition in the Digital Advertising Market.

- The Council's final report on the Evaluation of Competition in the Digital Advertising Market summarizes the following.
 - 1. Market conditions
 - 2. Characteristics and challenges of the digital advertising market
 - 3. Basic policy on response
 - 4. Challenges and direction for dealing with digital advertising market (Will continue to examine legal aspects while applying the Transparency Act)
 - 5. Future initiatives and prospects

April 28, 2021

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New bill submitted by Consumer Affairs Agency to protect consumers from online shopping problems is passed

■ A bill submitted by the Consumer Affairs Agency aimed at protecting the interests of consumers using trading digital platforms was passed by a majority vote at a plenary session of the House of Councillors on April 28. (Announced May 10, 2021)

■ Overview of new legislation

- (1) Obligation of trading DPF providers to make best efforts (Article 3)
 - Obligated to make an effort to implement the following measures (i) to (iii) and to disclose a summary, etc.
 - (i) Measures to enable smooth communication between dealers and consumers
 - (ii) Implementation of necessary investigations where complaints have been received concerning the indication of terms and conditions of sale, etc.
 - (iii) Dealer required to provide information to verify their identity if necessary
- (2) Suspension of listing of goods, etc. (Article 4)
 - The Prime Minister will request the trading DPF provider to remove a listing if dangerous goods are exhibited and it is difficult to enforce individual laws, such as when the dealer cannot be identified.
- (3) Right to request disclosure of information about a dealer (Article 5)
 - Creation of a right for consumers to request the disclosure of information about dealers to the extent necessary to make a claim for damages, etc.
- (4) Public-private council (Articles 6 to 9) and request system (Article 10)
 - A public-private council consisting of national government agencies, trading DPF providers, consumer groups, etc. will be set up to discuss matters that should be tackled by each entity, such as how to deal with malicious sellers.
 - Establishment of a system for consumers, etc. to report any risk of harm to consumers to the Prime Minister (Consumer Affairs Agency) and request that appropriate measures be taken

Source: House of Councillors, Outline of bill on the protection of the interests of consumers using trading digital platforms, “Bill information: Bill Concerning the Protection of the Interests of Consumers Using Trading Digital Platforms” (In Japanese)

URL <https://www.sangiin.go.jp/japanese/joho1/kousei/gian/204/meisai/m204080204053.htm>

https://www.caa.go.jp/law/bills/assets/consumer_system_cms101_210305_01.pdf

May 19, 2021

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Explanation of the Personal Information Protection Commission's draft future initiatives and draft guidelines on the 2020 Revision to the Act on the Protection of Personal Information

- At the 174th meeting of the Personal Information Protection Commission held on May 19, the following two points were explained.
 - Personal Information Protection Commission's future actions following the enactment of an Act on the Development of Relevant Acts for the Formation of a Digital Society Accompanying Revisions to the Act on the Protection of Personal Information
 - Role of the Personal Information Protection Commission after the enforcement of the revised act
 - Policy for the smooth enforcement of the revised act
 - Schedule, etc. for preparation for enforcement of the revised act
 - Guidelines on the 2020 Revision to the Act on the Protection of Personal Information

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MIC comments on delay in dealing with LINE’s data transfer to Japan

■ At a press conference after the Cabinet meeting, Minister for Internal Affairs and Communications Takeda answered questions about the transfer of LINE data to Japan.

- Q: Regarding LINE’s data transfer to Japan, they have announced that it will happen later than original planned.
Could you tell us your reaction to this and how you will respond?
- A: Regarding the data transfer schedule, we understand that LINE’s announcement in March did not include the schedule of a portion of its data transfer, which was not fully explained to users. For this reason, we understand that LINE plans to provide a more detailed explanation of its data transfer schedule to its users. In the interest of user protection, we hope that the new explanation will be clearer and more detailed for users.

June 4, 2021

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MIC announces it will hold a Study Group on Foreign Investment Restrictions in the ICT Field.

- MIC plans to hold a “Study Group on Foreign Investment Restrictions in the ICT Field”.
- In the ICT field, foreign investment is regulated under the Radio Act (Act No. 131 of 1950), etc., based on the concept of prioritizing Japanese citizens due to the limited scarcity of radio frequencies, the significant social impact when used for broadcasting, and the public nature of business.
- However, due to violations of foreign investment regulations by broadcasters and others, ensuring the effectiveness of foreign investment regulations and reviewing the nature of such regulations has become an urgent issue. In 2019, the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949) was amended and inward FDI regulations were revised to strengthen the response to investments that may undermine national security.

June 10, 2021

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MIC releases the main points of the report at a study group on platform services.

- At the 28th meeting of the Study Group on Platform Services, MIC identified the points at issue on the following subjects.
 - Measures against illegal or harmful information on platform services (slander, fake information, etc.)
 - Handling of user information related to platform services

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Cabinet approves "Priority Plan for Realizing a Digital Society" submitted by Cabinet Secretariat

- The Cabinet approved the "Priority Plan for Realizing a Digital Society".
 - Based on the provisions of the Basic Act on the Formation of an Advanced Information and Telecommunications Network Society and Basic Act on the Advancement of Public and Private Sector Data Utilization, this plan aims to completely revise the IT strategy (Declaration to be the World's Most Advanced Digital Nation, and Basic Plan for the Advancement of Public and Private Sector Data Utilization) approved by the Cabinet in July last year. With an eye on the establishment of a Digital Agency in September this year, the plan is formulated in a way that preempts the priority plan based on the Basic Act on the Formation of a Digital Society.

- A "comprehensive data strategy" was announced on the same day.
 - The "comprehensive data strategy" clarifies the basic ideas of the strategy and, in order to enable sharing among a wide range of stakeholders in the public and private sectors, sets forth the principles that are the basic values of this strategy, the social vision that should be pursued based on those principles, and the basic action guidelines for realizing that vision.

June 23, 2021

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MIC convenes the Study Meeting on the System for Ensuring the Reliability of Data Issued by Organizations, provides explanation and holds discussion on guidelines on e-seals

- On June 23, the following items were discussed at the 14th meeting of the Study Meeting on the System for Ensuring the Reliability of Data Issued by Organizations.
 - Draft summary of the Study Meeting on the System for Ensuring the Reliability of Data Issued by Organizations and draft guidelines on e-seals
 - Discussion

June 25, 2021

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JFTC releases report by Study Group on Competition Policy for Data Markets

- The contents of the report of the Study Group on Competition Policy for Data Markets released by JFTC are as follows.
 - The objective of the study group is to research the issues and challenges of competition policy in the data market, in order to further study measures for promoting innovation and to stimulate competition among data-driven digital platform providers from the perspective of competition policy.
 - The report summarizes competition policy issues etc. based on the understanding that the "data market" is the place not only for transactions involving data but also for the distribution of data, including the place where products and services that utilize data are provided to users.

Source: JFTC, Summary report of the Study Group on Competition Policy for Data Markets

URL <https://www.jftc.go.jp/en/pressreleases/yearly-2021/June/210625.html>

<https://www.jftc.go.jp/en/pressreleases/yearly-2021/June/210812.pdf>

June 25, 2021

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MIC releases the results of its request for opinions on the draft report of the 4th Roundtable Conference on Digital Utilization in the Post-corona Era

- MIC holds 4th Roundtable Conference on Digital Utilization in the Post-corona Era
 - Results of request for opinions:
The main opinions on the draft report of Roundtable Conference on Digital Utilization in the Post-corona Era, and the submitted comments on how to respond to them, were released.

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23rd meeting of Cabinet Secretariat’s Digital Market Competition Council Working Group discusses the direction of competition evaluation, including a layered structure based on mobile OS

- The Cabinet Secretariat held the 23rd meeting of the Digital Market Competition Council Working Group.
- The agenda was as follows.
 - Received comments about the Final Report on Evaluation of Competition in the Digital Advertising Market
 - Future evaluation of competition
- The following points about the future assessment of competition were discussed.
 - What do people think about the following two points being made subject to competition assessment?
 - (i) Impact of layered structure based on mobile OS on competitive environment of digital markets
 - (ii) Competitive environment for new customer contact points
 - With regard to the target markets in (ii), is it OK to set the following two first, and then promote understanding of the current situation and respond flexibly depending on the situation?
 - Voice assistant
 - Wearable
 - If the above two are subject to competition assessment, what could the points of focus in each survey be?
 - Based on the above, suggestions on how to proceed in future such as parties to be interviewed.