

Economic Security Management
Guidelines
(1st Edition)

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1. Introduction

The international environment surrounding Japanese companies is at a major turning point. The era of globalization, marked by the expansion of cross-border free economic activities following the end of the Cold War, is giving way to a period in which companies are increasingly compelled to consider government policy trends in the economic sphere. This shift is characterized by intensifying competition among major powers over advanced technologies such as semiconductors, artificial intelligence (AI), and quantum technologies, as well as the strengthening of border measures including tariffs and export controls. Behind this shift is the growing importance of securing superiority in these advanced civilian technologies for national security. Furthermore, there is a growing trend toward pressuring other countries to adopt policy decisions deemed desirable by controlling trade in critical minerals and other key resources, the so-called “weaponization of the economy,” which affects the daily lives and economic activities of the target country.

As the line between the economy and national security becomes increasingly blurred, strengthening Japan’s domestic industrial and technological base is essential to ensuring economic security. This requires advancing two key pillars. The first is enhancing “strategic autonomy” by avoiding excessive dependence on specific countries or regions for goods indispensable to maintaining the livelihoods of citizens and economic activities. The second is strengthening “strategic indispensability” by strategically expanding fields in which Japan’s presence is essential to the international community. Since 2022, Japan has been advancing measures centered on the Economic Security Promotion Act, including securing a stable supply of critical goods such as semiconductors and critical minerals, as well as supporting research and development of key advanced technologies. Furthermore, since 2023, the Ministry of Economy, Trade and Industry (METI) has periodically revised and republished the “Action Plan for Strengthening Industrial and Technological Bases for Economic Security¹,” which outlines policy directions to organically integrate industrial promotion and protection measures under international cooperation and public–private partnerships.

On the other hand, industry voices have expressed concerns that advancing economic security initiatives may entail additional costs. At the same time, amid the global intensification of industrial policies aimed at ensuring economic security, it has also been noted that promoting

¹ Revised Action Plan for Strengthening Industrial and Technological Bases for Economic Security (May 30, 2025)
https://www.meti.go.jp/policy/economy/economic_security/250530_actionplanr.pdf

integrated public–private efforts can reduce geopolitical risks for companies and potentially lead to expanded business opportunities. For example, some companies are adapting their procurement and R&D strategies to better reflect the evolving environment by taking into account not only procurement prices but also the stability of raw material supplies in light of supply chain disruption risks; enhancing the robustness of security of products and services; and giving greater consideration to the technology management systems of research partners and business counterparts in order to prevent the leakage of their own intellectual property and core technologies through joint research or transactions. In the United States, there are also moves to strengthen government procurement rules that take safety and reliability into account, as well as procurement regulations related to essential infrastructure. Such domestic and international efforts by governments and companies to ensure economic security may create new market value, and the supply and development of products and services that respond to these trends could lead to expanded business opportunities.

Individual corporate actions aligned with these new sources of market value, such as supply stability and reliability, can, in tandem with the government’s promotion of economic security policies, contribute to securing Japan’s overall economic security. In advancing such integrated public–private efforts, it is important not only to establish systems for “risk management” that appropriately identify and address risks surrounding the company, but also to formulate strategies that view changes in the economic security environment as business opportunities and proactively translate them into enhanced corporate competitiveness. To this end, it is essential to foster awareness of economic security and promote related initiatives across all internal departments, as well as to secure understanding among the company’s stakeholders. Achieving this requires strong leadership and action by management to drive reforms suited to a new era. These guidelines compile the essential points of initiatives to secure strategic autonomy and strategic indispensability and to strengthen corporate governance, serving as a reference to support such efforts by management.

2. Basic Policy

(1) Positioning of these guidelines

These guidelines are intended to serve as recommendations for companies as they advance their responses to economic security, encouraging them not to focus solely on short-term profit maximization, but to consider business strategies that aim to contain losses arising from economic security risks over the medium to long term and to maintain and enhance corporate value. Accordingly, the matters set forth in these guidelines do not impose obligations on companies. Nor do they seek to exclude transactions with specific countries, companies, or individuals; rather, they are based on a de-risking approach that assumes existing connections and relationships with counterparties while minimizing the risks associated with them.

Initiatives and responses in line with these guidelines are intended to support swift and bold managerial decision-making by executives in situations where economic security risks exist. While each case requires careful individual consideration, such efforts may generally serve as one basis for demonstrating that management has fulfilled its duty of due care². However, as the economic security environment continues to change from moment to moment, companies are not expected to consider only the matters set forth in these guidelines. Rather, each company is expected to advance its initiatives with creativity and resourcefulness, taking into account the specific risks it faces and its available management resources. Although these guidelines primarily describe initiatives aimed at ensuring a company's own strategic autonomy and strategic indispensability, it would also be welcomed by the government, as well as by other companies connected through the value chain, if management (including executive officers and other appropriately responsible officers) conducts business operations with awareness of the economic security of the industry as a whole and of Japan overall.

Finally, as the economic security environment surrounding Japan changes daily and the risks faced by the country and its companies evolve accordingly, Japan's economic security policies must also respond in a timely manner. For this reason, these guidelines will be updated as appropriate. It should be noted that these guidelines have not been formulated unilaterally by the government, but have been developed through repeated consultations with stakeholders, including private companies and industry associations.

² In the context of economic security, a failure to discharge the duty of due care may result in the leakage of a company's core technologies and related critical assets, or in the disruption or suspension of the stable supply of its products and services.

(2) Companies covered under these guidelines

Amid growing instability in international situations, protecting business operations from economic security risks and sustaining business growth have become common challenges across industries. Accordingly, these guidelines are written so as not to presume any particular industry, business model, or scale of operations³.

(3) Parties subject to these guidelines

After identifying and assessing the economic security risks surrounding the company, management decisions may be required, as necessary, such as changing suppliers or customers, making R&D investments, or pursuing mergers and acquisitions. Accordingly, these guidelines are primarily intended for executives and other members of management (including executive officers and other appropriately responsible officers). In addition, while consideration is given to their use by practitioners who support management in advancing responses and initiatives contributing to economic security, readers seeking detailed practical guidance should refer to the relevant documents⁴.

Furthermore, to foster a shared understanding of the necessity of responding to economic security, it is useful to utilize these guidelines not only for internal communication within the

³ In particular, the following categories of companies are generally expected to be more frequently exposed to economic security risks and opportunities and are, therefore, expected to take proactive measures with reference to these Guidelines.

(Companies involved in the supply of Specified Critical Products designated under the Economic Security Promotion Act; companies related to industries covered by the essential infrastructure system under the Economic Security Promotion Act; companies engaged in the 20 technology fields in which surveys and research are to be conducted as set forth in the Guiding Principles on Research and Development of the Specified Critical Technologies under the Economic Security Promotion Act; companies that maintain a certain level of overseas transactions across their value chain, including research, development, procurement, production, sales, and services; and companies that possess products, technologies, or services in which they, together with several other Japanese companies, hold a high global market share).

⁴ As reference tools for companies and other entities when implementing measures from the perspective of economic security, the Ministry of Economy, Trade and Industry (METI) has published the “the Technology Leakage Prevention Guidance” and the “Private-Sector Best Practice Cases,” which are positioned as related documents to these Guidelines.

company, but also as a basis for dialogue with stakeholders, including business partners and shareholders.

(4) Content and scope of these guidelines

These guidelines do not directly address compliance matters under domestic laws, such as security trade control under the Foreign Exchange and Foreign Trade Act or the essential infrastructure system under the Economic Security Promotion Act. Rather, they focus on responses to economic security risks that cannot be addressed solely through compliance with domestic laws, including the strengthening of border measures by foreign countries and the risk of technology leakage that could threaten a company's competitive advantage.⁵ Specifically, the guidelines describe "initiatives to ensure strategic autonomy," "initiatives to ensure strategic indispensability," and the "strengthening of governance in economic security" to implement these initiatives.

"Initiatives to ensure strategic autonomy" in companies refer to establishing a system that enables the stable supply of products and services to client companies, consumers, and others under any circumstances, without excessive dependence on a specific country or specific company, through measures such as strengthening the supply chain. The location of risk differs depending on the industry and sector. For example, companies that supply tangible goods such as products and materials are required to address risks such as difficulties in procuring raw materials and components. For companies that supply intangible goods such as those in the software industry, it is more important to address the risks of contamination, such as the embedding of mechanisms (backdoors) that allow unauthorized persons to enter systems or access information. In either case, by strengthening the supply chain and taking similar measures, companies can minimize the impact of unilateral economic measures by major powers and external acts of interference, and fulfill their responsibility to supply products and services, thereby being evaluated by stakeholders for supply stability and related aspects. Therefore, amid rising economic security risks, corporate efforts to secure strategic autonomy can be characterized as a proactive strategy.

"Initiatives to ensure strategic indispensability" in companies refer to continuously creating innovation while protecting the company's important assets from risks, thereby making its

⁵ Compliance with laws and regulations, including security export control and the essential infrastructure system under the Economic Security Promotion Act, constitutes a natural responsibility of companies conducting business activities in Japan.

products, technologies, and services indispensable to the international community, including its business partners. Investment in innovation is, needless to say, important from the perspective of a company's medium to long term growth; however, in a situation where economic security risks are increasing, properly preventing the leakage of superior technologies and other assets held by the company or its joint research partners also leads to gaining the trust of stakeholders, including joint research partners and business partners. Therefore, amid rising economic security risks, not only R&D investments but also the implementation of appropriate measures in normal times to prevent technology and other assets leakage contribute to ensuring a company's strategic indispensability and can be characterized as a proactive strategy.

In addition, while these guidelines primarily describe initiatives undertaken by individual companies, it is also recognized that, to ensure Japan's economic security, responses by multiple companies may be required, such as industry-wide efforts, initiatives across the supply chains of specific goods, or cooperation among companies possessing particular technologies.⁶

⁶ For the basic approach under the Antimonopoly Act to initiatives such as information exchange among businesses conducted from the perspective of economic security, reference should be made to "Basic Concept Under the Antimonopoly Act on Activities of Enterprises Related to Economic Security" (Nov 20, 2025, Japan Fair Trade Commission) and "Casebook on Economic Security and the Antimonopoly Act" (Nov 20, 2025, jointly issued by the Japan Fair Trade Commission, Ministry of Economy, Trade and Industry, and Ministry of Land, Infrastructure, Transport and Tourism).

https://www.jftc.go.jp/houdou/pressrelease/2025/nov/251120_economic.security.html

3. Principles that executives should recognize

Addressing economic security risks may at times involve management decisions that conflict with short-term profit maximization or require significant changes to business strategy; therefore, it is not appropriate to leave such decisions to personnel at the operational level. Economic security measures should be positioned as an important management matter, and executives and other members of management themselves must exercise leadership and take the lead in promoting measures tailored to the company's specific risks. In doing so, to balance survival in intense international competition with economic security, companies are required not to be overly deterred by economic security risks related to their business, but to appropriately identify and address such risks. In the current environment of increasing geopolitical instability, risks can become opportunities; therefore, it is important to recognize the following three principles and proactively advance measures.

(1) **Accurately understand own business and develop risk scenarios**

Amid intense international competition, in pursuing sustainable management, many companies have collected and analyzed information on competitors and market trends, among other factors, and formulated business strategies. In that process, they are considered to have, to a certain extent, grasped their own characteristics across the entire value chain, including research and development, procurement, production, quality control, marketing and sales, maintenance and services, and the management foundations that support these functions, as well as their strengths and weaknesses compared to other companies and their current position in relation to changes in the external environment.

Economic security risks have low predictability in terms of when and where they may materialize, and it is not easy to accurately determine in advance which parts of a company's business will be affected and to what extent; however, it is important to develop potential risk scenarios and consider countermeasures based on them. To that end, it is important, first, to understand as accurately as possible the volume and monetary value of transactions within the company's value chain, broken down by counterparty company, country or region, and product or service, as well as the business interdependencies involved. For example, in the case of a manufacturing company, the process begins with collecting and compiling data into a database on the procurement, production, and sales of all products and materials; in the case of a software-related company, it begins with understanding the composition of software components within its systems. If the company has domestic subsidiaries or overseas

manufacturing bases, efforts should be made to collect data for the entire group, including affiliated companies. In addition, in the process of understanding the company's business, it is also important to appropriately identify the company's core technologies and other assets that serve as sources of competitive advantage.

After identifying vulnerabilities in the company's value chain, it is important to understand which products and services may be disrupted due to external shocks such as economic coercion by other countries, regional conflicts, natural disasters, or pandemics, as well as to identify events that could lead to the loss or leakage of the company's core technologies and other key assets. Based on such risk scenarios, it is important to consider measures such as alternative procurement, stockpiling, and the prevention of leakage, in accordance with their level of importance and urgency.

(2) Position the initiatives as investments rather than mere costs

Corporate efforts to address economic security are often strongly associated with compliance with laws and regulations, such as security trade control systems, and in some cases are frequently perceived as costs. However, in recent years, as the economic security risks faced by companies have become increasingly diverse, there has been a growing number of cases in which responses to such risks go beyond mere legal compliance and significantly impact business strategies. While responding to economic security may at times conflict with short-term profit maximization, ensuring a company's strategic autonomy and strategic indispensability is becoming increasingly important not only for maintaining corporate value but also for gaining the trust and confidence of stakeholders such as business partners and shareholders. Therefore, responses to economic security should be recognized not as mere costs, but as necessary investments that help reduce future costs and losses in corporate activities and support the pursuit of sustainable business management.

(3) Promote dialogue with various stakeholders

Preventing economic security risks and minimizing losses when they materialize is important not only from the perspective of Japan's overall economic security, but also from the standpoint of business continuity and corporate value. However, there are limits to what a single company can do on its own, making collaboration with stakeholders such as business partners, financial institutions, shareholders, and national and local governments essential.

To ensure a smooth initial response when economic security risks materialize and to reduce subsequent losses, it is necessary to collect information on such risks in normal times and to communicate appropriately with relevant stakeholders regarding response measures. For example, when advancing consideration of supplier diversification to strengthen supply chain resilience, it is essential to gain understanding not only from alternative raw material suppliers but also from customer companies located downstream in the supply chain, as well as from lending financial institutions. Alignment with national policies is also important. Companies should gather information from the websites of the national government and local authorities and, if necessary, communicate directly with relevant ministries and local governments. Even if a policy is not explicitly labeled as “economic security,” there may be measures that contribute to securing a company’s strategic autonomy and strategic indispensability; therefore, maintaining broad and proactive communication is beneficial. In addition, if business partners, other companies in the industry, or firms connected along the value chain request cooperation or action related to economic security, it is important to engage in sincere dialogue and consider the necessity of such responses, taking into account not only the impact on one’s own company but also on counterparties and the industry as a whole.

Furthermore, for companies to proactively advance initiatives aimed at securing their own strategic autonomy and strategic indispensability, it is important not only that economic security policies be expanded and the government support strengthened, but also to obtain recognition and evaluation of such efforts from stakeholders. Amid rising economic security risks, progress is being made in the provision and development of products and services that consider not only price factors but also new forms of market value, such as supply stability and reliability. From the perspective of ensuring Japan’s overall economic security, it is also expected that a wide range of stakeholders, such as financial institutions and investors, will recognize and evaluate companies that create value through such economic security initiatives.

4. Direction of initiatives in specific areas

Companies' responses to economic security are wide-ranging; however, these guidelines focus primarily on three areas recommended as company-level initiatives: "initiatives to ensure strategic autonomy," "initiatives to ensure strategic indispensability," and the "strengthening of governance in economic security."

(1) Initiatives to ensure strategic autonomy

① Growing importance of ensuring strategic autonomy

Since the end of the Cold War, Japan has built its supply chains from the perspective of securing cost competitiveness amid the advancement of globalization. As a result, some companies and industries have developed structures that rely excessively on procurement from specific countries, regions, or firms. A key trigger for the growing awareness in recent years of the risks associated with excessive dependence on countries, regions, or firms within supply chains was the global disruption of logistics caused by the spread of COVID-19. Traditionally, major causes of supply chain disruptions were natural disasters or regional conflicts. However, with changes in the international situation, disruptions or interruptions of supply chains due to economic measures taken between states have recently become more frequent. It is also important to note that not only supply chains for tangible goods such as raw materials and products are affected, but disruptions to networks caused by cyberattacks and similar incidents have also led to disturbances in supply chains within the IT and software industries.

In Japan, in addition to the above, it is important from the perspective of economic security to build supply chains that are not affected by external factors such as economic coercion or border measures imposed by other countries and thereby ensure national strategic autonomy. For companies as well, reducing excessive dependence on specific countries, regions, or firms and establishing systems that enable the stable supply of products and services to client companies and consumers under any circumstances not only enhances their own strategic autonomy but also contributes to securing Japan's economic security. While corporate efforts to ensure strategic autonomy have traditionally been viewed as defensive measures or as management costs, in today's environment of heightened economic security risks, such initiatives may be recognized by stakeholders including business partners and shareholders as contributing to supply stability and reliability.

② Recommended actions that management and executives should recognize

This section outlines the recommended matters that management and executives should recognize when examining the adequacy of their company's supply chains and promoting supply chain resilience.

(Management mindset expected of executives)

- (a) Recognize that management that considers not only short-term profit maximization but also non-price factors such as supply stability and reliability of products and services achieved through procurement diversification can contribute to sustainable corporate management and the enhancement of long-term corporate value.
- (b) In light of the current rise in geopolitical instability, executives should recognize that excessive concentration of procurement, supply, or production bases in specific countries, regions, or companies may increase the risk of supply chain disruption or interruption.
- (c) In normal times, regularly assess the risks and potential impacts on the company and its business partners in the event of a disruption in the supply of its products or services, and recognize the importance and necessity of formulating plans to ensure stable supply.⁷
- (d) When assessing the risk of disruption to the company's products and services and formulating supply plans, take into consideration the possibility that indirect sources within the company's supply chain may be excessively dependent on specific countries, regions, or firms, and endeavor, to the extent possible, to understand the degree of concentration further upstream in the supply chain as well.
- (e) Recognize that ensuring the company's strategic autonomy through understanding and analyzing existing supply chains, as well as restructuring and diversifying them may entail short-term cost increases; however, not only cost optimization but also the stability of product and service supply and the robustness of security are important. Furthermore, treat the dissemination and promotion of such awareness among employees as a management priority, and pursue it with strong leadership and a medium to long term perspective.

⁷ It is commendable for companies to assess not only the impact on their own operations and business partners, but also the potential risks affecting the wider public and overall economic activity.

(Formulation of an overall optimized supply chain strategy to ensure strategic autonomy)

- (f) Before risks materialize, examine plausible risk scenarios based on their importance and urgency, with respect to raw materials, products, services, and other items that are critical to the company, and consider measures such as alternative procurement and stockpiling. Where procurement currently depends on a single source, it is important to prepare for the possibility of supply disruption. For example, companies should establish systems and build relationships with potential alternative suppliers in advance, such as obtaining certification of raw materials to be incorporated into their products or services in advance so that they can swiftly transition to alternative sources of procurement in the event of an emergency.
- (g) When considering measures such as alternative procurement and stockpiling, recognize that there are limits to what a single company can address on its own, and consider engaging in information exchange, sharing of awareness, and joint measures with the government, industry peers, suppliers and customers within the company's supply chain, as well as other stakeholders.⁸
- (h) Given Japan's international economic environment, in which the country must rely on overseas sources for most of its resources and food and the global concentration of critical minerals and other materials, it is necessary to recognize that there are inherent limits to measures such as switching to alternative procurement sources or stockpiling. Accordingly, for materials and raw inputs with a high risk of disruption, it is also useful to formulate medium to long term strategies, such as rationalizing their use by reviewing specifications where they exceed what is necessary to achieve the required performance of the final product, as well as developing recycling technologies and alternative technologies.

⁸ For the basic approach under the Antimonopoly Act to initiatives such as information exchange among businesses conducted from the perspective of economic security, reference should be made to "Basic Concept Under the Antimonopoly Act on Activities of Enterprises Related to Economic Security" (Nov 20, 2025, Japan Fair Trade Commission) and "Casebook on Economic Security and the Antimonopoly Act" (Nov 20, 2025, jointly issued by the Japan Fair Trade Commission, Ministry of Economy, Trade and Industry, and Ministry of Land, Infrastructure, Transport and Tourism).

https://www.jftc.go.jp/houdou/pressrelease/2025/nov/251120_economic.security.html

- (i) Even when pursuing measures such as relocating manufacturing bases overseas, transferring technology to foreign companies, or forming alliances with overseas partners for the purpose of diversifying supply chains, thoroughly implement measures to prevent leakage and avoid transferring the company's critical technologies abroad without due caution.
- (j) In the IT and software industries, executives should recognize that network disruptions constitute a supply chain risk and consider implementing network redundancy and security measures.

(Establishment of an organizational structure to ensure strategic autonomy⁹)

- (k) Since certain countermeasures may conflict with short-term profit maximization, it is necessary to establish a cross-organizational framework in which not only specific departments involved in production and procurement but also related departments and functions such as strategy/planning, legal, finance and accounting, and technology collaborate to examine appropriate responses. Where necessary, it is also useful to establish a specialized department or function with cross-cutting responsibility for economic security and to grant it appropriate authority, such as positioning it within the approval line for certain management decisions.
- (l) Risks related to the supply chain may arise unexpectedly and require swift management decisions. Therefore, it is important to establish a framework that enables executives and other senior management to issue direct instructions to the departments or functions responsible for implementing countermeasures.
- (m) Unlike disruptions caused by natural disasters, supply chain disruptions arising from geopolitical risks such as economic measures imposed by other countries do not necessarily subside over time. Therefore, when considering countermeasures, it is important to establish an internal framework in advance that enables responses to proceed while taking into account the possibility that the situation may persist or even worsen.

(Dialogue with stakeholders)

⁹ The matters described regarding the establishment of an organizational structure are merely examples; therefore, each company is advised to build the organizational framework that is most suitable for itself, considering its own management resources.

- (n) Since initiatives to strengthen supply chain resilience, including the diversification of procurement sources and production bases, entail short-term cost increases, it is essential to obtain the understanding of business partners, financial institutions, shareholders, and other stakeholders. Executives and other members of management are expected to communicate, in their own words and on a regular basis in normal times, these potential risks and corresponding countermeasures to such stakeholders, and to strive to ensure their understanding that efforts to strengthen supply chain resilience can contribute to enhancing corporate value over the medium to long term.
- (o) In order to advance initiatives for supply chain diversification, it is also important to obtain the understanding and cooperation of downstream customer companies and other parties in the supply chain that purchase the company's products and services. Executives and other members of management are expected to take the lead in engaging in dialogue with these customer companies and other relevant parties, and to strive to ensure their understanding of the potential risks inherent in the company's supply chain and the corresponding countermeasures.
- (p) Where suppliers and industry associations located upstream in the company's supply chain seek consultation regarding measures such as the diversification of procurement sources and production bases to ensure a stable supply, companies are expected to engage in good-faith dialogue, recognizing that such initiatives can contribute to enhancing corporate value over the medium to long term through strengthening supply chain resilience.
- (q) To respond promptly to the risk of supply disruptions involving critical materials and products, companies are expected to establish, in normal times, a framework that enables close communication and information sharing with suppliers at all organizational levels, from management to ground-level staff. In this context, it is also useful to share in advance with suppliers about risk scenarios concerning potential supply disruptions of critical raw materials and products, and to formulate contingency plans to secure alternative supplies if such risks materialize.
- (r) In the event that sudden border measures or similar actions taken by other countries cause supply chain disruptions or interruptions, there are limits to what individual companies can accomplish on their own, including in terms of information gathering.

As some cases require a coordinated public–private response, companies are expected, as necessary, to consult with the Ministry of Economy, Trade and Industry (METI)¹⁰ and other relevant authorities, while METI also shares information with companies and jointly considers appropriate countermeasures.

(2) Initiatives to ensure strategic indispensability

① Growing importance of ensuring strategic indispensability

Amid the growing international importance of economic security, major powers, in particular, are accelerating efforts to secure and retain goods, technologies, human resources, capital, data, and services (hereinafter referred to as “goods, etc.”) to maintain and strengthen their own advantages. Under these circumstances, ensuring technological superiority and strategic indispensability across Japan as a whole, and thereby making Japan indispensable to the international community, is important from the perspective of economic security, as it contributes to deterring acts of economic coercion and similar measures.

For companies, while it goes without saying that investments in research and development and other business investments aimed at generating innovation from a medium to long term growth perspective are essential to ensuring their own superiority and strategic indispensability, it is becoming increasingly important to implement measures to prevent the loss or leakage of their core technologies and other critical assets, which in turn can also contribute to ensuring Japan’s overall strategic indispensability. Initiatives to prevent the leakage of a company’s core technologies and other critical assets have traditionally often been regarded as costs; however, amid rising economic security risks, such initiatives may be evaluated by stakeholders, including business partners and shareholders, as investments that can contribute to the long-term maintenance and enhancement of corporate value.

② Recommended actions that management and executives should recognize

This section sets out recommended actions that executives and other members of management should recognize as companies seek to ensure their own strategic

¹⁰ Consult the division or office responsible for the relevant business within the Ministry of Economy, Trade and Industry (METI).

indispensability amid rising economic security risks. Companies seeking to advance the development of technologies that could become game changers, as well as companies that, either individually or together with other Japanese companies, hold products, technologies, or services with high global market shares, are expected to take proactive measures with reference to these Guidelines. For more specific measures to prevent technology leakage, reference should be made to the relevant guidance on technology leakage prevention.¹¹

(Management mindset expected of executives)

- (a) In addition to investments in research and development aimed at generating innovation, protecting the company's core technologies and ensuring thorough measures to prevent the leakage of technical information belonging to business partners and other parties can make the company indispensable to its stakeholders and thereby contribute to enhancing corporate value.
- (b) If core technologies or information in which the company holds a competitive advantage were to leak, the consequences could extend beyond merely the loss of the company's market share. Recognize that, particularly if such technologies or related know-how were to leak overseas, other countries may rapidly catch up, potentially leading not only to the loss of the company's own competitive advantage and strategic indispensability but also, in the future, to that of Japan's industry, and ultimately affecting Japan's industrial and technological base.
- (c) When selecting contractors, joint research partners, or business alliance partners for business expansion or similar purposes, recognize that there is a risk that the company's core technologies and other critical assets may leak through such counterparties, and also consider the adequacy of their technology management system. Furthermore, as some counterparties may have limited management resources and may not be able to establish sufficient management systems on their own, it is also useful to work together with those business partners to implement measures to prevent technology leakage.

¹¹ As a specific reference for companies and other entities in implementing measures to prevent technology leakage, the Ministry of Economy, Trade and Industry (METI) published the Technology Leakage Prevention Guidance, Version 1 on May 23, 2025.

- (d) Recognize that the management of the company's core technologies and other critical assets is itself a management issue directly linked to ensuring the company's competitive advantage and strategic indispensability. Accordingly, implement measures to prevent technology leakage by identifying core technologies, assessing potential leakage risks, and understanding the potential impact on management in the event of leakage.
- (e) While it is difficult to completely prevent the leakage of technologies and related information no matter how many measures are implemented, every effort should be made in accordance with the importance and sensitivity of the company's technologies and related assets. Where management resources are limited, it is desirable to steadily implement those measures that can be undertaken, starting with those that are feasible.

(Formulation of medium to long term business strategies to ensure strategic indispensability)

- (f) Recognize that, even if appropriate measures are taken to prevent the leakage of core technologies and related assets, such technologies may eventually become commoditized over the medium to long term as domestic and overseas competitors catch up. On that basis, formulate medium-to-long-term business strategies aimed at creating new sources of strategic indispensability even after such technologies become commoditized through continuous innovation, rather than remaining overly dependent on current core technologies.
- (g) From the perspective of ensuring strategic indispensability not only for the company itself but also for the industry and Japan as a whole, it is also useful to identify areas of technological collaboration (i.e., non-competitive domains) and to participate in industry-wide initiatives and projects supported by the government.
- (h) When formulating proactive business strategies for innovation creation and business investment, assess the risks of loss or leakage of core technologies and related assets and examine the necessity of implementing countermeasures to prevent such leakage.
- (i) Consider capital policy for business expansion and related purposes, including decisions on whether to pursue a public listing, considering the risks of know-

how and technology leakage through acquisitions, capital alliances, and similar arrangements. For example, while listing can be expected to diversify financing sources through capital markets, as well as enhance social credibility and public recognition, it is also necessary to fully recognize that receiving shareholder proposals concerning business execution may reduce managerial strategic autonomy and increase the likelihood of receiving acquisition proposals.

(Establishment of organizational structures and corporate culture to ensure strategic indispensability¹²)

- (j) Recognize that implementing appropriate measures to prevent the leakage of technologies and related assets can create new growth opportunities for the company, including expanding new business partnerships and joint research collaborations, and ensure that such measures are addressed not merely as issues for the heads of research and development, production technology, or business divisions, but as core management matters to be pursued on a company-wide basis, involving executives as well as the heads of corporate planning, human resources, legal, and other corporate functions.
- (k) Recognize that the leakage of core technologies and related assets may also occur through the resignation or job changes of officers and employees, and consider, as necessary, improving compensation and other employment conditions to reduce the risk of leakage outside the company.
- (l) Foster a corporate culture that, in addition to improving employment conditions, promotes vibrant internal communities of engineers and other specialists, and supports the maintenance of good relationships with employees after retirement or other forms of departure, including mandatory retirement.

(Dialogue with stakeholders)

¹² The matters described regarding the establishment of an organizational structure are merely examples; therefore, each company is advised to build the organizational framework that is most suitable for itself, considering its own management resources.

- (m) As the leakage of technologies and related assets constitutes a risk that may lead to the impairment of corporate value, the assessment of such risks and the status of countermeasures are matters of interest to major stakeholders, including shareholders, financial institutions, and business partners. Accordingly, obtaining stakeholders' understanding of the company's measures to prevent technology leakage and the related organizational arrangements may help mitigate reputational damage if such leakage occurs. Companies should therefore endeavor, in normal times, to proactively communicate and provide clear explanations to these stakeholders regarding their technology leakage prevention measures and internal management systems.
- (n) Recognize that, where multiple Japanese companies possess superior technologies supporting Japan's industrial and technological base in the same field, the leakage of such technologies from even one company to another country could, in the future, allow other countries to gain a competitive advantage and thereby undermine the collective interests and competitive position of Japanese companies in that field. On that basis, if there are any concerns or uncertainties regarding the positioning of the company's own core technologies, methods of information gathering, or the consideration of measures to prevent leakage, consult the Ministry of Economy, Trade and Industry (METI)¹³ and, taking into account the outcome of such consultations, endeavor to engage in dialogue with other companies possessing technologies in the same field.¹⁴

(Response in the event of technology leakage)

¹³ Consult the Office of Technology Analysis and Leakage Prevention Policy, Trade and Economic Security Bureau, Ministry of Economy, Trade and Industry (METI).

¹⁴ For the basic approach under the Antimonopoly Act to initiatives such as information exchange among businesses conducted from the perspective of economic security, reference should be made to "Basic Concept Under the Antimonopoly Act on Activities of Enterprises Related to Economic Security" (Nov 20, 2025, Japan Fair Trade Commission) and "Casebook on Economic Security and the Antimonopoly Act" (Nov 20, 2025, jointly issued by the Japan Fair Trade Commission, Ministry of Economy, Trade and Industry, and Ministry of Land, Infrastructure, Transport and Tourism).

https://www.jftc.go.jp/houdou/pressrelease/2025/nov/251120_economic.security.html

- (o) In the event of technology leakage, executives and other members of management should themselves issue organization-wide instructions to swiftly advance the analysis of the causes and the formulation and thorough implementation of measures to prevent recurrence.
- (p) Considering the importance and sensitivity of the technologies concerned and the impact of the leakage, respond resolutely, as necessary, including through disciplinary measures or the initiation of legal action¹⁵, rather than handling the matter internally out of excessive concern over reputational risk arising from media coverage or similar exposure, and engage in proactive dialogue with stakeholders.

(3) Strengthening of governance in economic security

① Definition of governance in economic security

In these Guidelines, governance includes risk management to identify and assess economic security risks and opportunities, respond to and control them appropriately and in an agile manner, and monitor the effectiveness of countermeasures. It also encompasses monitoring whether optimal organizational structures have been established and whether responsibilities and authorities are appropriately allocated so that the overall process operates effectively and efficiently.

② Growing importance of strengthening governance

Although responses to economic security may involve management decisions that sometimes run counter to short-term profit maximization and may require significant changes in business strategy, with response costs potentially arising in advance, such responses can contribute over the medium to long term to maintaining and enhancing corporate value by reducing losses and earning the trust of stakeholders. In an economic security environment that is changing from moment to moment, it is necessary to advance appropriate responses, to establish an organizational structure capable of making and implementing decisions on medium to long term, company-wide risk management that incorporates an economic security perspective. In addition,

¹⁵ As stated in the Technology Leakage Prevention Guidance, Version 1, on the premise that trade secrets are appropriately managed, it is important, from the perspective of deterring subsequent leakage incidents, to consider strict disciplinary action, including legal measures, in cases where technologies are leaked by officers or employees.

beyond verifying the effectiveness of risk countermeasures, it is important to regularly monitor whether the organization is functioning appropriately and to link such monitoring to subsequent decision-making, as well as to establish governance that is flexible and capable of responding swiftly to rapid changes in the economic security environment.

③ Recommended actions that executives and other members of management should recognize

This section sets out recommended actions that executives and other members of management should recognize in strengthening governance in economic security within companies. As the economic security risks and challenges faced by companies differ, there is no single correct model for governance; accordingly, companies are expected to strengthen governance in economic security responses in a manner suited to their own circumstances. Companies with large and complex organizational structures, as well as those that face challenges in vertical and horizontal coordination within their organizations even in their ordinary business activities, are expected to take proactive action with reference to these Guidelines.

(Information gathering concerning economic security)

- (a) To advance risk management, it is important to gather not only internal information, including the company's strengths and weaknesses and supply chain information forming the foundation of its business, but also external information such as domestic and international regulatory trends and global political developments. Recognize that, in addition to utilizing the company's own management resources, leveraging external experts and engaging in dialogue with the government can also be beneficial, and establishing information-gathering systems covering both internal and external sources accordingly.
- (b) Where management resources are limited and establishing a sufficient information-gathering system is difficult, it is also useful to continuously collect information from government websites and through media sources such as news outlets and newspapers, as well as to regularly gather information published by think tanks and industry associations.

- (c) As information asymmetries may arise between executives and ground-level staff, care should be taken to ensure that communication does not become one-way, and executives should actively listen to feedback and perspectives from ground-level staff.

(Identification, analysis, and evaluation of economic security risks and opportunities)

- (d) By combining external information relating to economic security with the company's own data, identify and assess the risks affecting the company's business and management, while also exploring opportunities to expand new business activities.
- (e) In doing so, confirm that objective analysis and evaluation are being conducted, including, to the extent possible, the quantification of the risks and opportunities faced by the company.
- (f) Assess risks and opportunities from a perspective that encompasses not only the company itself but also the supply chain, including business partners, and the industry.

(Consideration, implementation, and monitoring of measures to address economic security risks)

- (g) Recognize that rapid decision-making may sometimes be required even where it runs counter to short-term profit maximization and ensure that such decisions are made from a medium to long term, company-wide optimization perspective.
- (h) To inform consideration of subsequent measures, monitor not only the effectiveness of countermeasures but also whether organizational structures and corporate culture, as well as the allocation of responsibilities and authorities in economic security responses, are appropriate.

(Establishment of an organizational structure for economic security¹⁶)

- (i) Recognize that, because indicators and priorities differ across departments, awareness of economic security risks and the necessity of responses may not

¹⁶ The matters described regarding the establishment of an organizational structure are merely examples; therefore, each company is advised to build the organizational framework that is most suitable for itself, considering its own management resources.

easily permeate throughout the company, and that it is difficult for any single department alone to address economic security adequately. On that basis, establish an organization in which departments and functions, including corporate and business divisions, collaborate organically to examine and implement countermeasures on a company-wide basis, and also establish arrangements enabling executives and other members of management to directly instruct the departments and functions responsible for implementing such measures when rapid decision-making is required.

- (j) Be mindful of establishing an organizational structure capable of considering not only countermeasures to manage risks but also responses that treat such situations as opportunities and translate them into investments and other growth initiatives.
- (k) To further ensure the effectiveness of countermeasures, it is also useful to establish mechanisms that promote coordination among executives and, where necessary, for executives and other members of management themselves to communicate directly to ground-level staff the necessity of implementing countermeasures and the desired direction or objectives to be achieved.
- (l) It is also useful to establish a command center department or function to oversee economic security responses, including through the effective use or expansion of existing departments or the establishment of a dedicated department.
- (m) To facilitate understanding and cooperation within the company, it is also useful to grant sufficient and appropriate authority to the command center department or function and to the organizations responsible for examining and implementing risk response measures.
- (n) To promote smooth coordination with executives and other members of management, it is also useful to appoint department heads or equivalent personnel as persons responsible and, in addition, to designate an executive officer or higher-level executive in charge of economic security, whether on a dedicated or concurrent basis.
- (o) Where management resources are limited and it is difficult to establish a sufficient organizational structure, it is not necessarily required to create a new

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organization or increase personnel; instead, responses may be carried out using existing organizational structures and personnel.

- (p) To leverage economic security responses for medium to long term management, it is also useful to develop personnel with knowledge and experience in economic security.

Appendix: Checklist

This checklist provides an excerpted and summarized version of the matters recommended in the Economic Security Management Guidelines. It is intended for use in confirming voluntary initiatives within companies and in facilitating dialogue both internally and with external stakeholders. As explained in the Guidelines, implementation of each item is not mandatory for companies. As the economic security risks and opportunities faced by companies vary widely, companies are expected, while referring to these Guidelines, to proactively advance initiatives and responses as necessary in accordance with their respective circumstances.

Checklist Items		Check (Y/N)	Systems and achievements serving as basis for checklist verification (organizations, internal regulations, etc.)
A. Principles that executives should recognize			
(1) Accurately understand own business and develop risk scenarios			
a	Surveys are conducted to understand the overall picture of the company's business in the global value chain.		
b	Reviews are conducted to identify the company's core technologies and related critical assets.		
c	Based on the findings from (a) and (b) above, risk scenarios and corresponding countermeasures are developed.		
(2) Position the initiatives as investments rather than mere cost			
a	Considerations relating to economic security responses are incorporated when formulating the company's business strategies and related plans.		
(3) Promote dialogue with various stakeholders			
a	Dialogue is conducted with internal and external stakeholders related to the company's economic security responses.		
B. Direction of initiatives in specific areas			
(1) Initiatives to ensure strategic autonomy			
(Management mindset expected of executives)			
a	When formulating business strategies and related plans, consideration is given to factors beyond pricing, such as the stability and reliability of the supply of the company's products and services.		
b	Risks arising from excessive dependence within the company's supply chain on specific countries, regions, or companies are reviewed.		
c	Initiatives and trainings are conducted within the company to raise awareness of the importance of factors beyond price, such as the stability of product supply.		
(Formulation of an overall optimized supply chain strategy to ensure strategic autonomy)			
d	Risk scenarios and corresponding countermeasures concerning raw materials, products, and services important to the company are examined on a regular basis, including,		

Checklist Items		Check (Y/N)	Systems and achievements serving as basis for checklist verification (organizations, internal regulations, etc.)
	where necessary, initiatives extending beyond individual companies.		
e	When advancing measures to strengthen supply chain resilience, measures are implemented to prevent the leakage of the company's core technologies and related critical assets.		
Note1	Medium to long term responses, such as rationalizing usage, promoting recycling, and developing alternative technologies, are considered with respect to raw materials and other inputs with a high risk of supply disruption.		
(Establishment of organizational structures to ensure strategic autonomy)			
f	Structures are established beyond intra-company I arrangements, enabling executives and other members of management to directly instruct relevant departments and functions when risks materialize.		
g	When developing countermeasures for supply chain disruptions, consideration is given to the possibility of the events causing such disruptions continuing or worsening.		
Note2	Specialized departments or functions responsible for economic security are established and included in decision-making processes for certain management decisions.		
(Dialogue with stakeholders)			
h	Regular communication is conducted with stakeholders, including shareholders, financial institutions, and customer companies, regarding the company's supply chain risks and corresponding countermeasures.		
i	Structures are established to enable close information sharing with suppliers on important materials and products across all organizational levels, from executives and other members of management to ground-level staff.		
j	Contact points with the Ministry of Economy, Trade and Industry (METI) and other relevant authorities are confirmed and utilized in advance to enable prompt consultation in the event of supply chain disruptions resulting from foreign border measures or similar actions.		
Note3	Risk scenarios relating to supply disruptions are shared with suppliers of critical materials and products, and contingency plans for alternative sourcing are developed.		
(2) Initiatives to ensure strategic indispensability			
(Management mindset expected of executives)			
a	Measures to prevent the leakage of technologies and related assets are implemented not only within the company but also confirmed as being implemented by business partners that have access to such technologies and related assets.		
b	When selecting business partners and other counterparties, consideration is given to their management systems for technologies and related assets.		

Checklist Items		Check (Y/N)	Systems and achievements serving as basis for checklist verification (organizations, internal regulations, etc.)
c	Core technologies and related critical assets are identified, and management measures, leakage risk assessments, and countermeasures are implemented to prevent their leakage.		
(Formulation of medium-to-long term business strategies to ensure strategic indispensability)			
d	When formulating medium to long term business strategies and related plans, consideration is given to measures for creating new sources of strategic indispensability through continuous innovation, even after existing core technologies and related assets become commoditized.		
e	When formulating management strategies and related plans, consideration is given to the risks of loss or leakage of core technologies and related critical assets, as well as responses to such risks.		
f	When considering capital policy, risks such as the leakage of know-how and technologies through acquisitions, capital alliances, and similar arrangements are taken into account.		
Note1	Areas suitable for collaborative development of technologies and related assets are identified, and participation in industry-wide initiatives and government-supported development projects is considered.		
(Establishment of organizational structures and corporate culture to ensure strategic indispensability)			
g	Measures to prevent the leakage of technologies and related assets are implemented on a company-wide basis, including the involvement of executives and other members of management.		
h	From the perspective of reducing technology leakage risks, measures are implemented, as necessary, to improve employee treatment and other working conditions and to foster positive relationships with former employees.		
(Dialogue with stakeholders)			
i	Explanations regarding measures to prevent the leakage of technologies and related assets and related management systems are provided on a regular basis to major internal and external stakeholders.		
j	Where concerns arise in considering measures to prevent the leakage of technologies and related assets, consultations are conducted with the Ministry of Economy, Trade and Industry (METI), and based on the outcomes of such consultations, dialogue is undertaken with other companies in the same field possessing similar technologies.		
(Response in the event of technology leakage)			
k	Structures have been established that enable executives and other members of management to issue instructions directly to promptly conduct cause analysis and implement measures to prevent recurrence in the event of technology leakage.		

Checklist Items		Check (Y/N)	Systems and achievements serving as basis for checklist verification (organizations, internal regulations, etc.)
l	In the event of technology leakage, responses are undertaken in consideration of the importance of the technologies concerned and the impact of the leakage, and dialogue with stakeholders is conducted as appropriate.		
(3) Strengthening governance in economic security			
(Information gathering concerning economic security)			
a	Systems have been established to collect information related to economic security through the utilization of both internal and external resources.		
b	Executives and other members of management ensure that they directly obtain, and review information related to economic security gathered at the operational level.		
(Identification, analysis, and evaluation of economic security risks and opportunities)			
c	Economic security risks and opportunities are identified and evaluated by considering both external information and information held by the company.		
d	Evaluations of risks and opportunities are conducted in a manner as objective as possible, including through the use of quantitative methods and other appropriate analytical approaches.		
e	In evaluating risks and opportunities, consideration is also given to their impact on the supply chain and the industry as a whole.		
(Consideration, implementation, and monitoring of measures to address economic security risks)			
f	Management decisions are made from a medium to long term and company-wide optimization perspective, without focusing solely on short-term profit maximization.		
g	In addition to verifying the effectiveness of countermeasures, monitoring is conducted regarding the appropriateness of organizational and operational structures related to economic security responses.		
(Establishment of an organizational structure for economic security)			
h	Cross-organizational structures have been established for economic security responses, and arrangements are in place to enable executives and other members of management, where necessary, to directly instruct relevant departments in order to ensure prompt implementation of such responses.		
i	Structures have been established that enable consideration of response measures which address opportunities related to economic security in addition to risks.		
Note1	Promotion of cooperation among executives and, when necessary, executives and other members of management displaying the importance of the execution of such countermeasures and their ideal vision, can be useful.		

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Checklist Items		Check (Y/N)	Systems and achievements serving as basis for checklist verification (organizations, internal regulations, etc.)
Note2	Designation of a command center department or function responsible for overseeing economic security and granting sufficient and appropriate authority to that department or function and to organizations responsible for examining and implementing risk response measures, are also useful.		
Note3	Designation of department heads or equivalent personnel to oversee economic security responses, and the appointment of an executive officer or an individual of equivalent or higher rank to oversee economic security are also useful.		
Note4	Development of personnel with knowledge and experience in economic security is also useful.		
[Special Remarks]			