

# Japan Competition Law Update

A photograph of a modern building with a curved, glass-and-steel facade, showing multiple floors and windows, set against a light blue sky.

5 MIN READ

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Axinn partners Mike Keeley and Jackie Lem and counsel Carol Liu recently traveled to Japan to visit clients and partner law firms. In this post, they highlight the latest developments in Japan's competition law.

## **What you need to know**

- *Japan's Fair Trade Commission ("JFTC") welcomed its new Chair, Mr. Eiji Chatani in May 2025. Chair Chatani's enforcement priorities revolve around promoting innovation and reinvigorating Japan's economy. Multinational companies doing business in Japan are likely to receive closer scrutiny, given Chair Chatani's emphasis on digital platform regulation and protection of Japan's small businesses.*
- *In contrast to US antitrust agencies' skepticism towards ESG collaborations, JFTC views green initiatives favorably. This creates opportunities for US companies to engage in ESG-related investments and partnerships in Japan under a more friendly regulatory environment.*
- *Like in the US, information exchange remains a JFTC focus, with the JFTC recently issuing warning letters to hotel operators for inappropriate information exchange. US companies should continue to be vigilant regarding information exchange issues among competitors, not only domestically but also involving their international affiliates.*

## *New Leadership, New Direction: Chair Chatani's Mandate*

Appointed as JFTC Chair in May 2025, Chair Chatani is the fourth consecutive JFTC chair to come from the Ministry of Finance. Japan's Ministry of Finance is often regarded as one of the most influential and prestigious agencies, producing highly capable officials. With his deep expertise in economic and financial policy, Chair Chatani emphasized in his inaugural speech an urgent need for Japan to "break free" from a shrinking economy. Chair Chatani articulated the following JFTC enforcement priorities to achieve this goal:

- Cartel Enforcement Focused on Products Impacting Everyday Lives. Cartel enforcement is at the top of the enforcement agenda for Chair Chatani. Shortly after his appointment, in September 2025, the JFTC conducted dawn raids of eight Japanese gasoline retailers for suspected collusion to fix prices of diesel. The dawn raids marked the JFTC's first exercise of its compulsory investigative power in three years since the 2022 Tokyo Olympics bid-rigging investigation.

With dawn raids on the rise in Japan, US companies with operations in Japan should work with experienced counsel to ensure dawn raid preparedness and provide training to their business and legal departments on dawn raid best practices.

- Heightened Oversight Of Digital Platforms. As in many other jurisdictions, digital platform regulation is front and center in the JFTC's agenda. Chair Chatani stated in his inaugural speech that it is "necessary to take strict measures against anti-competitive conduct by digital platform operators." To advance this goal, the JFTC is reportedly hiring new engineers, data analysts, and technology officers to step up its ability to investigate conduct by digital platforms.

In December 2025, Japan's Mobile Software Competition Act ("MSCA") is set to take full effect. The Act takes inspiration from the EU's Digital Markets Act ("DMA"), and prevents Apple and Google from self-preferencing their own app stores, browsers, and payment systems. Violation of the Act can lead to fines of up to 20 percent of turnover.

The JFTC is also actively seeking international collaboration on digital platform regulation, signaling its willingness to streamline enforcement efforts in cooperation with other jurisdictions. For example, in July 2025, the JFTC entered into a Digital Cooperation Arrangement with the European Commission ("EC"), which established coordination between the JFTC's and EC's respective enforcement of the MSCA and DMA discussed above.

- Enhanced Legislation and Enforcement to Help Small Businesses. Japan recently amended its Subcontract Act, a law that prevents the abuse of superior bargaining positions. The amendments expanded on the definition of dominant companies subject to the Act. They also provided additional protections for small and medium enterprises, including prohibiting dominant firms from imposing unilateral payment terms without negotiation. The amendments will take effect in January 2026. Beyond the amendments, JFTC also recently ramped up its enforcement against exploitative conduct by dominant firms, imposing the first fine for exploitative conduct in 11 years against a Japanese subsidiary of a US company,

Harley-Davidson, for exploitative conduct affecting its local dealers.

Multinational companies are susceptible to Japan's abuse of dominance enforcement. Unlike US antitrust law, which requires market power in unilateral conduct cases, in Japan, abuse of superior bargaining position can be established if one party has a superior position relative to the other party, even if the alleged offender does not have market power or high market share in a relevant market. US companies with substantial operations in Japan should exercise particular caution in dealing with smaller business partners in Japan and establish a complete record of arms-length negotiation and fair dealing to prevent potential investigations.

**Green Guidelines To Achieve Carbon Neutrality.** In April 2024, the JFTC revised its Green Guidelines. In a stark contrast to the US antitrust agencies' skepticism towards ESG collaborations, Japan's Green Guidelines treat ESG-related collaborations favorably, going as far as suggesting that "activities ... toward the realization of a green society are ... unlikely to pose problems under the Antimonopoly Act most of the time." The Green Guidelines also direct the JFTC to consider ESG-related procompetitive benefits in a balancing test against potential anticompetitive effects. Japan's favorable view of green collaborations creates an opportunity for US companies to invest in businesses and partnerships in Japan that advance green initiatives, as the JFTC provides a more friendly regulatory environment for ESG-related collaborations.

**Focus on Information Exchanges.** As in the US, information exchanges continue to be a focus for the JFTC. On May 8, 2025, the JFTC announced that it had warned 15 Japanese hotel operators, all members of hotel trade associations, for exchanging competitively sensitive information, including monthly occupancy rates, average room rates, revenue per available room, future booking status, and policies for setting future room rates. The JFTC cautioned that such activities, if they affect pricing, may facilitate coordinated conduct and therefore violate the country's antitrust laws. US companies should continue to be cautious around competitor information exchange issues, both domestically and involving their international subsidiaries.

## **Conclusion**

Japan's changing regulatory environment presents unique challenges and opportunities for multinational companies. On the one hand, Japan's movement towards stricter digital platform regulation, as well as its emphasis on protecting local small businesses, likely means increased investigation and scrutiny of multinational companies, particularly tech firms. On the other hand, Japan's desire to revive its economy and achieve sustainable growth likely means that it will create a more friendly environment for business activities that align with its policy goals, such as investments in innovation and sustainability.

Axinn routinely represents global clients with substantial business operations in Japan, including our defense of Nishikawa Rubber Company in the Auto Parts multidistrict litigation, which earned *Global Competition Review's* Litigation of the Year – Cartel Defense, as well as defending Shintech Inc. and Shintech-Etsu Chemical Co., Ltd. in federal antitrust class actions. Drawing on this experience and our close coordination with leading Japanese firms, we will continue to monitor Japanese competition law developments and guide clients through this evolving landscape.



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