

Dealing with the Brussels Effect: How should Japanese companies prepare for the EU-AI Act? 2

Event Report & Q&A

Date/Time	Wednesday, January 15, 2025, 16:00-17:00
Venue	Zoom Webinar
Organized by	Tokyo College, The University of Tokyo Institute for Future Initiatives, The University of Tokyo Next Generation Artificial Intelligence Research Center, The University of Tokyo
Supported by	Japan AI Safety Institute Osaka University Research Center on Ethical, Legal and Social Issues Japan Deep Learning Association
Speakers (In order of appearance)	Yoichi Iida (Ministry of Internal Affairs and Communications of Japan) Fumiko Kudo (Specially Appointed Associate Professor, Osaka University Research Center on Ethical, Legal and Social Issues) Muneki Nemoto (NTT) Toshiya Jitsuzumi (Professor, Chuo University) Akiko Murakami (Executive Director, Japan AI Safety Institute)
Moderator	Arisa Ema (Associate Professor, Tokyo College, The University of Tokyo)

The EU Artificial Intelligence Act (AI Act), approved by the EU Council on May 21, 2024, and entered into force on August 1, 2024, is the world's first comprehensive regulatory framework for artificial intelligence (AI).¹ Its provisions will be implemented in stages by December 31, 2030, with potential implications for companies and organizations outside the EU, including those in Japan.

¹ The AI Act is a regulation under EU law, which means it is directly applicable in all EU member states.

The University of Tokyo hosted a webinar event titled “Dealing with the Brussels Effect: How should Japanese companies prepare for the EU-AI Act?”² on December 11, 2024, where experts provided insights into the AI Act and the Code of Practice (CoP) for general-purpose AI, which is currently in the drafting process and will detail the AI Act rules on general-purpose AI. Following the publication of the second draft of the CoP at the end of December 2024, this follow-up event brought together experts involved in the drafting process to further deepen the discussion.

This Event Report & Q&A provides a summary of the event proceedings, along with a selection of questions from attendees and the speakers’ responses to them.

1. Event Proceedings

Opening Remarks

The event began with opening remarks by Mr. Yoichi Iida (Ministry of Internal Affairs and Communications of Japan). Mr. Iida expressed his anticipation for the in-depth analysis and discussions on the AI Act and the CoP in this event, following the first event in the series. In discussing the CoP from Japan’s perspective, he said that from the standpoint of interoperability, he believes that the CoP should be consistent with the outcomes of the Hiroshima AI Process by the G7, which includes the EU as a member. Referring to the Global Digital Compact³ and recent international trends in AI governance, he highlighted the significance of collaborative discussions among countries sharing democratic values. Mr. Iida concluded by expressing his hope for active and engaging discussions during the event.



▲ Mr. Iida

² For comprehensive information about this event, including access to presentation materials and a video recording, refer to the official event page: https://www.tc.u-tokyo.ac.jp/en/aiiec_event/13583/.

³ The Global Digital Compact is an annex to the Pact for the Future, the outcome document of the UN Summit of the Future held in September 2024.

Introduction to Panel Discussion

Prior to the panel discussion, Prof. Fumiko Kudo (Osaka University Research Center on Ethical, Legal and Social Issues), Mr. Muneki Nemoto (NTT), and Prof. Toshiya Jitsuzumi (Chuo University), in turn, offered their points of view.

Prof. Kudo began by briefly recapitulating the AI Act and the CoP discussed in the first event. She emphasized that the CoP drafting process involves multi-stakeholder discussions through open recruitment from within and outside the EU. She explained that following feedback on the first draft, a second draft was published at the end of December 2024. As a participant in this drafting process, Prof. Kudo expressed gratitude for the input received from Japanese R&D and business perspectives. Regarding the second draft, she noted the increased descriptive density with numerous added KPIs, substantial incorporation of feedback (including addressing concerns about potential over-regulation beyond the AI Act), and instances where obligations appeared to have become more stringent without much explanation compared to the first draft.

Mr. Nemoto described the AI governance of the NTT Group, which operates globally, and explained the Group's response to the AI Act, noting that risk management is conducted under the Group's common definition of AI risk through a risk-based approach. He explained that the group had already updated its AI risk definitions in autumn 2024 to align with the AI Act's prohibited practices, adhering to a policy of globally prohibiting practices banned in Japan, the US, or the EU. He also mentioned ongoing preparations for addressing general-purpose AI models and his personal involvement in the CoP drafting process. Mr. Nemoto suggested that the second draft should clarify the responsibilities of AI model developers performing additional training, as well as those of AI service providers and users. He also touched upon consistency with the outcomes of Hiroshima AI Process. In addition, he questioned the preferential treatment of SMEs and open-source software, arguing that the degree of risk has little relevance to whether or not they fall under these categories and emphasizing the importance of content rights protection.

Prof. Jitsuzumi, also involved in the CoP drafting process, shared insights on the ongoing discussions following the second draft. According to the professor, there is widespread concern from industry about over-regulation beyond the requirements of the AI Act, and some are calling for stronger protection of human rights, including copyright. He also observed that the second draft's treatment of SMEs, while addressing concerns about excessive burdens, might now be overly preferential from a copyright protection standpoint. Prof. Jitsuzumi concluded by encouraging continued feedback on these issues.

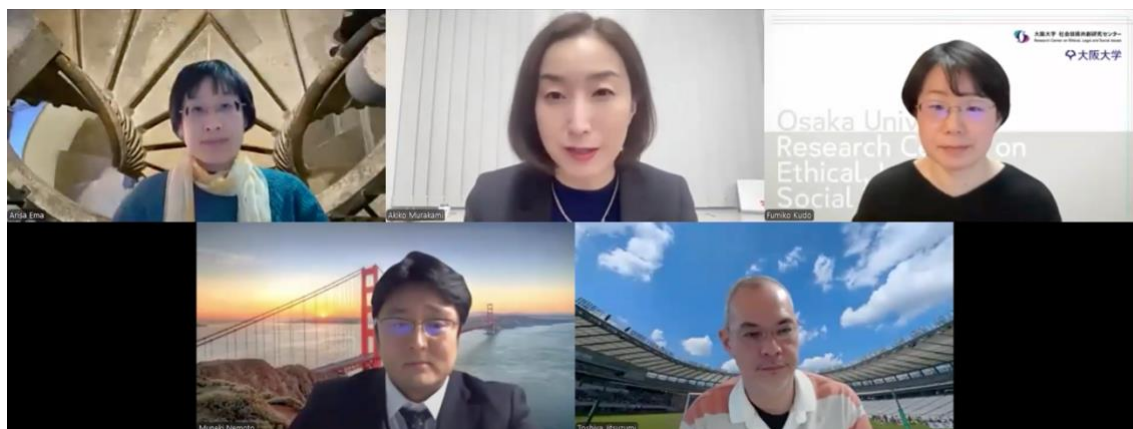
Panel Discussion

The panel discussion, moderated by Prof. Arisa Ema (Tokyo College, The University of Tokyo) included the three speakers who provided their points of view earlier, joined by Ms. Akiko Murakami (Japan AI Safety Institute).

Ms. Murakami initiated the discussion by highlighting the perspective that the EU and other countries are aiming to foster and protect their industries through international rule-making. Prof. Jitsuzumi emphasized that this concept is also important for Japan. He noted the challenging balance between protecting rights as a content-rich nation and promoting AI industry growth, stating that the preferential treatment of SMEs in the CoP should be considered as part of this difficult issue. Mr. Nemoto suggested that Japanese SMEs have room for growth in Japan (and the United States), where regulations are not as strict, and advocated for putting emphasis on content rights protection in the CoP.

Prof. Kudo raised a new issue of how to make the transition smoother when SMEs become large companies or when companies from outside the EU newly enter the EU market.

The panelists and moderator then addressed several questions from attendees (for details of the discussion, refer to the Q&A section below). They emphasized the opportunity to provide feedback on the draft, potentially influencing the CoP, and urged Japanese stakeholders, including content holders, to actively express their opinions, questions, and concerns.



- ▲ Top row (from left to right): Prof. Ema, Ms. Murakami, Prof. Kudo
Bottom row (from left to right): Mr. Nemoto, Prof. Jitsuzumi

2. Q&A

This section presents a selection of questions from attendees and the speakers' responses to them.

Q: What is the definition of SMEs in the EU?

Jitsuzumi: The definition of Small and Medium-sized Enterprises (SMEs) is referenced in the following:

Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (Text with EEA relevance) (notified under document number C(2003) 1422)

<https://eur-lex.europa.eu/eli/reco/2003/361/oj/eng>

Article 2. 1

The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

Q: What is the current situation in the U.S. in response to the recent political situation, and what are its implications?

Kudo: During this transition period, there is a sense of uncertainty about the direction under the Trump administration. Nevertheless, government officials from both Europe and the United States are steadily proceeding with negotiations and coordination. Naturally, American large corporations are also participating in this CoP drafting process and providing input. It may have become more challenging to predict the extent of international cooperation from U.S. companies. They have been observed to act in ways that show their loyalties to the new Trump administration.

Murakami: Honestly, since last October, there have been virtually no major decisions at the national level in America. However, at the state level, there are proposals for various regulations, with some states feeling the need to impose regulations. Currently, overly strict proposals are being rejected. Companies affiliated with states fear that excessively stringent regulations might hinder their AI activities. It is a situation where those who want to impose strict regulations are in tension with those who fear such regulations would halt their business operations.

On the other hand, the Trump administration is expected to be very close to tech companies, with many tech company executives likely to be involved in the government. This could potentially lead to a rapid move towards deregulation. In contrast, the EU has significant concerns about this, and towards considering regulations to enhance the competitiveness of domestic (or regional) businesses. I think these are global trends.

Q: Are there exceptions to the “subliminal techniques” under “unacceptable risk” in the AI Act?

Jitsuzumi: The focus of the CoP is limited to creating a compliance model for how to implement the AI Act and what it means to fulfill the obligations stipulated in the AI Act. For definitions of risk levels or exceptions specified in the AI Act, one would need to inquire with EU officials since this is beyond the scope of our current discussion with the EU AI Office.

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