

## Dealing with the Brussels Effect: How should Japanese companies prepare for the EU-AI Act? 3

Date	Wednesday, 19 March 2025, 12:00-13:00 JST
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

### Introduction

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)<sup>1</sup>. 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.

The University of Tokyo hosted a webinar event titled “Dealing with the Brussels Effect: How should Japanese companies prepare for the EU-AI Act?”<sup>2</sup> 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. The following year, on January 15, 2025, the second event<sup>3</sup> was held to explain and discuss the second draft. In this third event, the third and final draft of the CoP was released in March<sup>4</sup>, and experts discussed the draft, outlined key points for Japanese companies to note, and held further discussions.

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

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

<sup>2</sup> First event: [https://www.tc.u-tokyo.ac.jp/en/ai1ec\\_event/13583/](https://www.tc.u-tokyo.ac.jp/en/ai1ec_event/13583/)

<sup>3</sup> Second event: [https://www.tc.u-tokyo.ac.jp/en/ai1ec\\_event/13803/](https://www.tc.u-tokyo.ac.jp/en/ai1ec_event/13803/)

<sup>4</sup> Third draft of the CoP: <https://digital-strategy.ec.europa.eu/en/library/third-draft-general-purpose-ai-code-practice-published-written-independent-experts>

## 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 noted that the international situation around AI, including governance, is rapidly changing, especially with the growing tension between the U.S. and China as well as the clearer fragmentation of opinions on restrictive regulations within the EU. He then stated that the discussion on the CoP draft going at this time must be an important opportunity for Japan, and that it is important to take into account the interoperability between governance frameworks and actively seek not to over-regulate.

He also stressed the importance of Japan's clear and consistent position in the face of the growing influence of China and other third-party powers. He concluded by commenting that he hoped that the discussion on the CoP would be deepened at this event from the perspective of Japan's AI community, and that it would be useful for our future inputs into CoP discussions.



Mr. Iida

### Introduction to Panel Discussion: Overview of the second draft of the CoP and key points for Japanese companies to note

Fumiko Kudo, Specially Appointed Associate Professor, Research Center on Ethical, Legal and Social Issues, the University of Osaka, gave a brief overview of the EU AI Act and its impact on Japanese companies again, including a review of past events. First, she introduced the discussion at the first event that the AI Act has limited “Brussels effect” compared to the GDPR (General Data Protection Regulation). She then mentioned that the European Commission is currently considering simplifying the AI regulation based on the recommendations of the Draghi report, which emphasizes strengthening the EU's international competitiveness, but also stressed that no major policy change is possible since the AI Act has already entered into force.

Then, she reaffirmed that discipline on general-purpose AI (GPAI) models, such as CoP, may affect

Japanese companies. In particular, she emphasized that Japanese companies involved in fine tuning and AI development on consignment may also be subject to regulation, and that they are required to comply with the guidelines.

In addition, Specially Appointed Associate Professor Kudo pointed out that confusion over the simplification of AI regulations may have been behind the approximately three-week delay in the release of the third draft of the CoP. She explained that in this draft, the number of commitments was consolidated from 21 to 18, and KPIs were deleted. She also mentioned that the “Model Documentation Form,” which is a template for disclosure information, was introduced as a measure to improve transparency and reduce the burden on operators, and that not only PDF documents but also an “interactive website” was made available.

Finally, she pointed out that the overall structure of the CoP has been reorganized to improve readability and consistency, and concluded that Japanese companies are still required to take action.

Next, Professor Toshiya Jitsuzumi of Chuo University explained the transparency provisions of the EU AI Act. Under this provision, he mentioned that GPAI model providers are obliged to disclose summaries of training data and produce technical documents. Exceptions are made for open-source models and information on trade secrets. It was also explained that additional regulations would apply to AI models with systemic risk.

In addition, Professor Jitsuzumi mentioned the opinion submission made on January 29, 2025, with the cooperation of experts. In that submission, he stated that opinions were submitted regarding the disclosure of study data and data processing, but that it was difficult to make detailed proposals because the original proposal, which was the subject of public commentary, did not include specific details. However, he appreciated that the re-proposal published on March 12 was organized in a fairly good way.

Finally, Professor Jitsuzumi noted that the re-proposal is available on the website, which includes a checklist of required information disclosures for the AI Office (AIO), national competent authorities (NCAs), and downstream providers (DPs). He also informed the audience that the request for comments is still ongoing and that he would appreciate their comments if possible.

Next, Muneki Nemoto, Vice President of AI Governance Office of the NTT explained how the NTT Group handles AI risks. Mr. Nemoto clarified that the definition of AI risk is unified globally, and that a step-by-step assessment is conducted using a risk-based approach. He also mentioned that AI governance is being operated in a three-pronged manner with rules, case studies, and experts, and that strengthening international collaboration is also an important initiative.

In addition, Mr. Nemoto stated that in response to the EU AI Act, he confirmed the policy of condition extraction for AI model developers and additional learners. He emphasized that the risk response can be appropriately controlled since the number of applicable base models within the NTT Group is small.

He also noted that in the third draft, he could not confirm any mention of additional learning, service provider responsibilities, or international harmonization, but said that the response to pirate sites should

be handled with caution.

He concluded that, in AI risk management, it is effective to evaluate risks step by step and operate by role, and that he believes it is important to form a common understanding in Japan and internationally in the future. He also informed the audience that NTT Group has added AI governance-related information to its home page<sup>5</sup>, and will be providing information on AI technologies and innovations in the future.

### Panel Discussion and Q&A

In the panel discussion, Akiko Murakami, Executive Director of the Japan AI Safety Institute (J-AISI), joined the three panelists who presented the Introduction to panel discussion, and the discussion was moderated by Arisa Ema, Associate Professor at the University of Tokyo.

Prior to the panel discussion, Ms. Murakami began by expressing her impressions of the current situation in response to the three presenters' Introduction to panel discussion. She noted that one year has passed since the establishment of AISI, and she also emphasized that the EU is strongly trying to lead its own innovation through regulation. In addition, she mentioned that the UK's AISI (now the AI Security Institute, and until February the AI Safety Institute) has turned its focus to security as a sign that the world is moving toward deregulation.

In addition, Ms. Murakami emphasized that it is important for the audience to think about the regulations in other countries as their own business and environment through the panel discussion and Q&A session.

Before moving on to the Q&A session, Associate Professor Ema asked the three presenters who provided Introduction to panel discussion what opinions and comments they would like to receive from the audience.

Specially Appointed Associate Professor Kudo stated that she would like to hear specific opinions based on practical experience on how the CoP would affect the business options of Japanese companies, including whether deregulation for small and medium-sized enterprises is necessary.

Professor Jitsuzumi asked for specific proposals, and mentioning copyright regulations in particular, he said he was surprised that the previous public comment received the opinion that deregulation measures for small and medium-sized businesses (as described in the second draft) need to be deleted in order to prevent the incidence of copyright piracy. He noted that the comments on areas that are often overlooked by academics are welcomed.

Mr. Nemoto stated that he is focused on the impact of regulations on additional learning and open-source software (OSS) on businesses, and asked for specific comments and input on areas that audiences may actually be impacted by.

The panelists and moderator then addressed several questions from attendees (for details of the discussion, refer to the [Q&A section](#) below).

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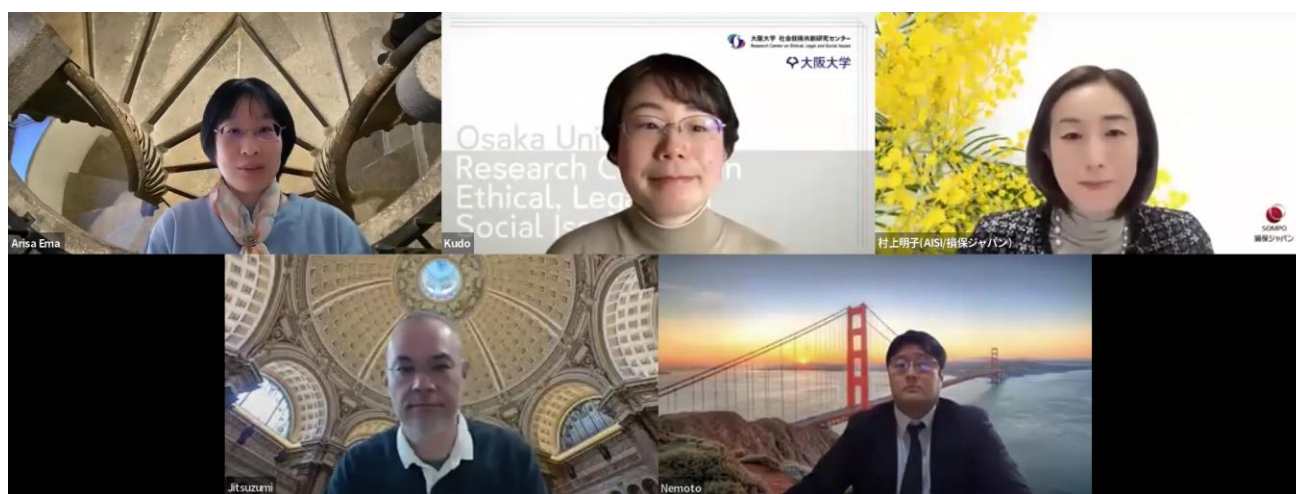
<sup>5</sup> AI Governance: <https://group.ntt/en/group/ai/>

At the end of the Q&A session, Ms. Murakami commented on what to watch out for in pursuing EU AI Act in the future.

Ms. Murakami stated that she was very pleased to see that through the three events, including this one, the questions from the participants have changed to more specific and practical questions, which is evidence that the participants are thinking seriously about the subject and moving forward with it. She particularly appreciated the fact that more questions were asked about actual issues, rather than merely about definitions, which is a good trend. She also stressed that it is important for companies to see the EU AI Office regulations as their own business when they are actually applied to their companies. She repeatedly emphasized that the regulation is not intended to stop innovation in AI, but to allow the EU economic area to take the initiative in innovation.

She also mentioned that the challenge is that Japan is not good at making rules, while at the same time being good at complying with regulations. She expressed her hope for change in Japan and encouraged participants to continue to gather information and respond proactively.

Then, Associate Professor Ema emphasized the importance of Japan's involvement in rulemaking to those who attended this event and to those who will watch the video later. She also indicated that the University of Tokyo intends to continue pursuing this theme in the future. Finally, she closed the event by expressing her gratitude to the participants and panelists, and calling for their continued cooperation.



Top row (from left to right): Associate Professor Ema, Specially Appointed Associate Professor Kudo and Ms. Murakami

Bottom row (from left to right): Professor Jitsuzumi and Mr. Nemoto

## 2. Q&A

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

— **Is there a clear definition in the AI Act/CoP regarding the open source model?**

**Specially Appointed Associate Professor Kudo:**

The glossary in the third draft of the CoP provides the following:

fully open(-source)

follows the definition of 'fully open' in the 2025 International AI Safety report ("open-source models for which weights, full code, training data, and other documentation (e.g. about the model's training process) are made publicly available, without restrictions on modification, use and sharing")<sup>6</sup>

Also, the following is a description of open-weight.

open-weight

models for which the weights are made publicly available for download by the Signatory. This matches 'open-weight' in the 2025 International AI Safety Report.

— **Compared to the rest of the world, are there any specific risks that the EU-AI Act poses to Japanese companies? Are there any industries that will be significantly affected?**

**Professor Jitsuzumi:**

When Japanese companies utilize AI models, they often use models based on large-scale language models already developed by other companies and optimized through fine tuning with their own data. When models are used in this manner, at first glance, it may seem that it has nothing to do with this discussion of CoP. In fact, however, it does apply to such cases. In addition, the current CoP proposal also proposes to require the provision of information on downstream providers (DPs). Therefore, it is not appropriate to take a wait-and-see attitude, regarding the CoP discussion as irrelevant, on the grounds that "our company is not developing the AI model itself, but only conducting fine tuning" or "its use is also limited to the domestic market".

Therefore, in this public comment, it should not be limited to a specific industry, but should be of interest to all parties who may be involved in AI in any way, and it is desirable that it be given wide attention.

**Specially Appointed Associate Professor Kudo:**

Basically, the WG chairpersons recognize that there are only about 5-15 companies worldwide that have developed general purpose AI (GPAI) models with systemic risk, which is a very small number. And whether Japanese companies are included among these 5 to 15 companies is, fortunately or unfortunately, viewed with skepticism at this point in time.

However, as Professor Jitsuzumi pointed out before, the impact will not be limited to the direct

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<sup>6</sup> The glossary in the third draft of the CoP: <https://code-of-practice.ai/?section=safety-security#safety-and-security-section-glossary>

developers of the models. Indirectly involved players, such as providers that fine-tune and use the underlying models and companies that are commissioned to develop AI, may also be affected. We would like to reiterate this point.

Also, attention should be paid to the target industries. The transparency requirement covers not only text but also non-text data such as images and videos. In other words, it is not limited to the fields that we generally think of when we hear the term “generative AI,” but may involve a wider range of areas. For example, AI that has general-purpose applications, such as “world models” that simulate physical space, could also fall under this category. Although it may not necessarily be immediately subject to regulation at this time, it is important to note that the possibility of involvement may arise depending on future trends. Therefore, we believe that those involved in the manufacturing and IoT sectors should also be concerned about this issue.

**Mr. Nemoto:**

The regulations that will take effect on August 2, 2025 are for the GPA model. Therefore, it is considered that the regulations are mainly related to the models themselves, rather than to the industry as a whole.

However, in the AI regulations, there are also “use case” regulations such as prohibited levels and high risk, which are scheduled to come into effect in phases in February 2025 and August 2026.

While there are several points of contention, it is the provisions regarding public authorities that require particular attention and will have the greatest impact. Many articles and guidelines impose particularly strict conditions on the use of AI by governments and public institutions. The impression is therefore that the use of AI by government agencies is likely to be the most heavily regulated area.

— **In the explanation by Mr. Nemoto, the point of being exempt from regulation was “within the scope of the NDA,” but in reality, the NDA could cover a lot. Therefore, it is correct in my understanding that “much can be exempted from regulation” as a result?**

**Mr. Nemoto:**

In this regard, we recognize that the situation is a balance between trade secrets and transparency, a tug-of-war, so to speak. It is expected that the line will gradually become clearer through specific cases once the system actually begins to operate. Therefore, at the current stage, not everything can be exempted from the regulations if it is claimed to be a trade secret, and the validity of such a claim will be verified through actual operation.

— **Is local fine-tuning of small open source models for internal use also subject to regulation?**

**Professor Jitsuzumi:**

As a general rule, if the AI model is open source and does not pose systemic risk, it is not subject to regulation. Therefore, although there is a part that depends on the degree of fine tuning and for what purpose, it is not considered necessary to be overly concerned in many cases.

However, it is ultimately up to the EU AI Office to decide whether a model constitutes a systemic risk. Therefore, it should be noted that there is a possibility that unexpected cases may be subject to regulation, depending on the interpretation and policies of the Office.

— Regarding the statement “ultimately up to the EU AI Office to decide,” which of the following is the correct interpretation of this part of the statement?

(A) The final decision on how to reflect and describe the results of public comments and discussions in the CoP (or guidelines) will be made by the EU AI Office.

(B) Regardless of the CoP (or Guideline), the EU AI Office will make the final decision. The EU AI Office has court-like jurisdiction over the AI Act.

**Professor Jitsuzumi and Specially Appointed Associate Professor Kudo:**

The guidelines published by the AI Office represent the government's interpretation by the administrative executive branch, and the principle that the courts have the final authority to interpret laws and regulations is preserved. This structure is similar to the relationship between the executive and the judiciary in Japan. In Japan, the Japanese government has been organizing expert meetings such as councils to collect knowledge in formulating guidelines, and a similar framework is being developed on a global scale in the CoP formulation process of the EU AI Act.

— With regard to “facilitating the development of chemical and biological weapons,” there is concern that this may be an over-regulation of scientific applications, especially in the medical and pharmaceutical fields (e.g., organic synthesis can be used to synthesize sarin, genetic recombination technology can be used for biological weapons, etc.).

**Specially Appointed Associate Professor Kudo:**

Under the EU AI Act, AI models used for the purpose of pre-market R&D and prototyping activities are, in principle, exempted from its application. Thus, there is no need to worry in this regard.

However, if development progresses smoothly and the product reaches the stage of commercialization or service after technical studies, the regulations will be applied for the first time there. Since heavy obligations may be imposed at once at this “transition from the research stage to the commercial stage,” sufficient preparation and attention are required to deal with the situation.

— Regarding “We were surprised to see that more of the feedback from the previous comment submission was reflected in the draft than expected.”, were the comments reflected in the third draft as well?

**Mr. Nemoto:**

With regard to the provisions on fine tuning, discussions are underway in all concerned areas, and significant progress is being made overall. In addition, the direction of deregulation for small and medium-sized enterprises has been revised in terms of wording, which is considerably different from the previous version.

Judging from these changes, we continue to feel that our comments and opinions are being reflected to a certain extent.



## References

### 1. Related to this event

[The third draft of the CoP](#)

[【Video】 Dealing with the Brussels Effect: How should Japanese companies prepare for the EU-AI Act? 3  
\(in Japanese\)](#)

### 2. Related to past events

[【Event Report】 Dealing with the Brussels Effect: How should Japanese companies prepare for the EU-AI Act? 2](#)

[【Video】 Dealing with the Brussels Effect: How should Japanese companies prepare for the EU-AI Act? 2  
\(in Japanese\)](#)

[【Event Report】 Dealing with the Brussels Effect: How should Japanese companies prepare for the EU-AI Act?](#)

[【Video】 Dealing with the Brussels Effect: How should Japanese companies prepare for the EU-AI Act?  
\(in Japanese\)](#)

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