July 17, 2025

The Honorable George Edward Glass
1-10-5 Akasaka Minato-ku
Tokyo 107-8420 Japan

RE: Industry Concerns Regarding the Japan Smartphone Act

Dear Ambassador Glass:

On behalf of the Computer & Communications Industry Association ("CCIA"),[1] we would like to bring your attention to the Japan Fair Trade Commission's ("JFTC") Act on Promotion of Competition for Specified Software ("Japan Smartphone Act"), which was passed in June 2024 with final rules expected to be published later this month.

Japan is a critical U.S. partner in technology and digital services. In 2024, U.S. digitally deliverable services exports to Japan totaled over $32.6 billion, with a trade surplus of over $12.5 billion. This strong trade surplus is bolstered by Japan's generally constructive policy environment, which promotes trusted cross-border data flows, and the country's adoption of innovation-oriented AI legislation that serves as an international model.

Unfortunately, Japan's Smartphone Act, which is unfairly scoped against U.S. businesses and is modeled after the European Union's Digital Markets Act ("DMA"), risks undermining this trade surplus. On March 31, 2025, the JFTC issued designations for firms that would be subject to this new law, designating just Google and Apple, and placing significant restrictions and obligations, as well as security risks and fines of up to 30% of revenue on them without imposing a similar burden on their Japanese or third-country competitors.

CCIA is concerned that the Japanese government's scoping of the law is creating significant trade barriers for U.S. firms while sparing domestic competitors, thereby implicating Japan's international commitments guaranteeing fair market access to the Japanese market. Moreover, just as with the DMA, the Japan Smartphone Act's requirement for designated app stores to allow in-app linkouts creates significant privacy and security risks.

As CCIA has stressed, Japanese regulators should adopt a flexible approach to enforcement if firms can provide reasonable justifications for their compliance solutions, such as ensuring user safety and security, protecting trade secrets, and preserving the ability for companies to earn revenue. It is also crucial that guardrails be established to prevent excessive fines and to ensure due process. Otherwise, industry reports estimate that the compliance burdens, fines, and revenue losses could be in the billions of dollars.

We would appreciate your support in expressing strong concern about the discriminatory impact of the law, and to request that the Japanese Government meaningfully reflect feedback from the impacted US companies, particularly in the context of the ongoing trade discussions.

We are attaching a more detailed explanation of our concerns, which we submitted to the JFTC last month. Thank you for your help in ensuring U.S. competitiveness and technological leadership globally. Please let us know if you have any questions.

[1] CCIA is an international, not-for-profit trade association representing a broad cross-section of technology and communications firms. For over fifty years, CCIA has promoted open markets, open systems, and open networks. The Association advocates for sound competition policy and antitrust enforcement. CCIA members employ more than 1.6 million workers, invest more than $100 billion in research and development, and contribute trillions of dollars in productivity to the global economy. For more, visit www.ccianet.org.