

About the Report Regarding Generative AI, Version. 1.0

June 6, 2025

Japan Fair Trade Commission

1. Background of the Start of the Market Study

Generative AI offers numerous benefits to the economy and society, such as enhancing business productivity and providing a range of services. It also has the potential to drive transformations in existing businesses and foster the creation of new business models, indicating its capacity to spur new innovations and further development.

On the other hand, various risks have been pointed out with regard to generative AI, including the risk of disrupting society through infringement of intellectual property rights including copyright, the proliferation of false or misleading information, as well as security risks such as its potential use in cyberattacks. Some of these risks are pointed out as potential risks from a competition policy perspective. In light of this, the Japan Fair Trade Commission (JFTC) has launched a market study to understand the actual conditions of the market for generative AI from the viewpoint of maintaining a fair and free competition environment in Japan's generative AI markets, ensuring the sustainable development of the technology to generate further innovation, and integrating generative AI in a sound manner for the economy and society at large. In October 2024, the JFTC published a discussion paper titled "Generative AI and Competition" (hereinafter referred to as the "previous paper") to solicit information and opinions widely from parties concerned. In light of the current state of flux in generative AI markets, the JFTC decided to proceed with this survey in a more agile, rapid, and flexible manner than previous surveys.

In the previous paper, the JFTC organized the market structure of the generative AI chain into three layers: "infrastructure," "models," and "applications." The paper also provided an overview of each layer to the best of the JFTC's knowledge at the time of publication, and presented antitrust and competition policy topics for the purpose of gathering input for future discussions.

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2. Publication of the Report based on the Results of the Solicitation of Information and Opinions, etc.

As a result of soliciting information and opinions through the previous paper, the JFTC received 712 comments and opinions, mainly from individual entrepreneurs and general consumers, but also from various enterprises and trade associations, all of whom offered insight into the current landscape and situation of generative AI markets.

The JFTC also conducted interviews with domestic and foreign enterprises, experts, relevant ministries and agencies, overseas authorities, etc. totaling roughly 50 stakeholders to gather a wide array of views and up to date information. The JFTC analyzed the trends in the information and opinions collected through the request for comments, hearings, etc. (hereinafter referred to as "hearings, etc."), carefully selected major themes, and compiled this "Report Regarding Generative AI ver.1.0" (hereinafter referred to as the "Report") in a more-targeted form than the previous reports.

3. Survey Results

See main body of report, Appendix and Summary.

4. Future Initiatives

- 1 For actions identified in this report as problematic under the Antimonopoly Act , as well as any not explicitly mentioned, the JFTC will continue to address specific cases with rigor and precision.
- 2 In the generative AI markets, the JFTC will aim to ensure a fair competitive environment by actively coordinating and collaborating with relevant government agencies to address any concerns that arise.
- 3 The JFTC will maintain active exchanges with competition authorities in various countries and regions, utilizing platforms like the International Competition Network (ICN) and the Organization for Economic Cooperation and Development (OECD) to strengthen collaboration and improve competitive environments.
- 4 The JFTC will maintain closely monitoring generative AI markets. Therefore, the JFTC will continue to solicit a wide range of information and opinions by opening a new form on the JFTC's website to solicit such comments.

The Japan Fair Trade Commission is continuing to collect information related to antitrust and competition policies in the generative AI market through its official submission portal (https://www.jftc.go.jp/soudan/jyohoteikyo/generative_ai.html). We kindly ask businesses and other stakeholders to provide detailed input, including the concerns raised in this report, to support efforts in addressing these issues.