

PRAC INSIDER EDGE



2025

**Spotlight on
Japan**



4-7 October, 2025

PRAC TOKYO CONFERENCE

ECONOMY OVERVIEW

With both domestic and foreign demand as drivers, the Japanese economy is expected to continue its gradual recovery in 2025.

KEY FACTS

01

GDP: ¥600+ trillion (~\$4.06 trillion USD); modest growth amid global headwinds.

02

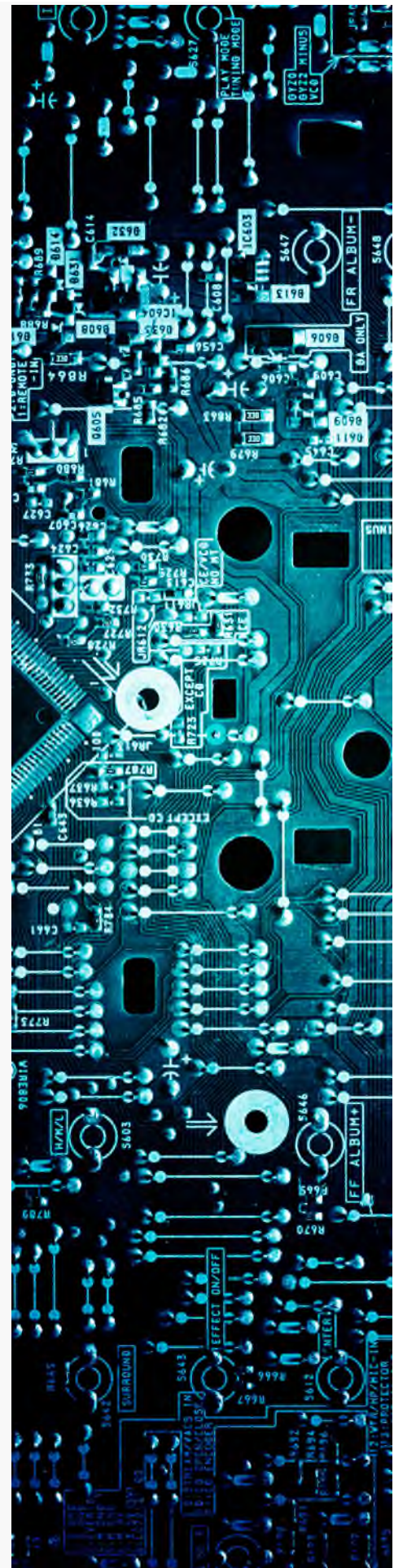
Key Industries: Automobiles, Semiconductors, Machinery, Pharma, Tourism.

03

The Tokyo Stock Exchange (TSE) reforms: a key reform was reorganizing its market into three sections: Prime, Standard, and Growth, to help investors understand company sizes and goals.

04

PBR (Price-to-Book Ratio) Initiatives: PBR measures a company's market value compared to its net assets. The TSE is encouraging companies to improve their PBR.



MARKET TRENDS



01 Semiconductors & Digital

Japan is accelerating its semiconductor and digital infrastructure with major FDI from TSMC (\$20B+) and Micron (\$3.2-5.1B), both supported by government subsidies. These investments underpin Japan's shift toward supply chain resilience, advanced manufacturing, and tech sovereignty.

03 Green & GX

Japan's GX strategy is accelerating investment in renewables, hydrogen, and transition finance, backed by the GX Act and a ¥150 trillion (~\$1T USD) funding plan. Key initiatives include hydrogen steelmaking, carbon capture, offshore wind, and sovereign transition bonds, with a national emissions trading system set to launch in FY2026.

02 Corporate Reform & Activism

Japan's corporate reform is gaining traction, with underperforming firms under pressure to improve capital efficiency and shareholder value. Cross-shareholding reductions are reshaping governance, while updated takeover bid (TOB) regulations are enhancing transparency and influencing M&A strategy.

04 Inbound & Retail:

Japan's inbound and retail activities are being reshaped by strategic decisions around R&D, cloud adoption, marketing, and hiring. Companies are investing in digital platforms, localized e-commerce, and flexible work models to meet rising consumer demand and global standards.

KEY LEGAL TRENDS



Disputes

Japan's 2023 amendment to the Arbitration Act strengthens its position as a hub for international dispute resolution. Key reforms include enforceability of interim measures ordered by arbitral tribunals, relaxed requirements for arbitration agreements, and expanded court jurisdiction for arbitration-related proceedings



FDI

Japan has tightened its foreign direct investment (FDI) rules, requiring stricter prior-notification for deals involving sensitive sectors such as semiconductors, AI, and cybersecurity.



Economic Security

Japan has strengthened its economic security framework with new measures targeting critical goods and infrastructure. A security clearance system, launched in May 2025, now governs access to sensitive information.



Data & Compliance

Japan is tightening its data protection regime under the Act on the Protection of Personal Information (APPI). The Personal Information Protection Commission is also considering an administrative monetary penalty system and streamlined breach reporting, signaling a shift toward more proactive and punitive enforcement.



Tax & Antitrust

Japan's new invoice system raises tax compliance standards, while antitrust scrutiny is tightening around M&A deals and digital platforms. The focus is on transparency, fair pricing, and stronger consumer protection.

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RECENT FOCUS

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- Cross-Border Expertise
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