European Innovation Council

EIC Innovation Procurement Toolkit:

Module D – Innovation Procurement at the International Level

Country profile 3. Japan

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Introduction

Japan is the fourth largest economy in the world, with a GDP of over 600 trillion yen in 2024. This vibrant nation offers countless opportunities for innovative European small and medium-sized enterprises (SMEs) and start-ups that are eager to tap into a strategic and dynamic market. With a population of 124 million inhabitants, Japan in not merely a significantly large market, but is an epicentre for innovation, manufacturing, finance, R&D and more.

This chapter of the **EIC Innovation Procurement Toolkit Module on International Procurement** is designed to equip European SMEs and start-ups with the essential knowledge and tools to successfully navigate the **Japanese procurement ecosystem**. Through this guide, businesses will gain:

- **Market intelligence:** Insights into the Japanese procurement landscape, including key national and prefecture-level strategies, major industry players, and emerging opportunities.
- **Regulatory & compliance guidance:** A comprehensive overview of Japanese procurement laws, contracting procedures, certification programmes, and intellectual property (IP) protection.
- **Strategic networking:** Information on identifying and engaging with key buyers, suppliers, and partners in national, local, and private-sector procurement.
- **Tendering opportunities:** A step-by-step approach to finding, understanding, and applying for public and private contracts, including guidance on navigating JETRO.
- **Operational readiness & risk management:** Practical advice on financial and legal preparedness, cultural considerations, business etiquette, and risk mitigation strategies for market entry.

By leveraging this guide, European SMEs will be better positioned to navigate the complexities of the Japanese procurement system, seize new growth opportunities, and establish a lasting presence in this market.

Readers are strongly advised to regularly check for the most recent updates to this chapter and to ensure that they have the latest information. Additionally, it is highly recommended to seek **professional advice** to ensure compliance with relevant regulations and to make informed decisions. By doing so, readers can guarantee that their actions are aligned with current standards and best practices.

1. Is the Japanese market attractive for my company?

Before entering the Japanese market, it is crucial to assess its attractiveness in relation to your business. A comprehensive understanding of the local procurement environment—both public and private—is essential.

1.1 Gather insights for your market research

Successfully entering the Japanese market requires thorough research and a strategic approach. For European SMEs and start-ups, understanding the innovation procurement landscape is essential to assess demand, identify opportunities, and establish a competitive edge. Market demand can be analysed through reports from reputable sources such as the **Small and Medium Enterprise Agency (SMEA),** **Yano Research Institute** and **Statista**, which offer insights into sector growth, emerging trends, and technological advancements. Conducting a competitor analysis is equally crucial, as it helps businesses understand key market players' positioning. Platforms such as **Crunchbase**, **PitchBook**, and **SEC filings** or **Tokyo Stock Exchange reports** provide valuable data on funding trends, established competitors, and new market entrants.

Understanding consumer behaviour is another fundamental aspect of market research. European companies should explore resources such as the **Statistics Bureau Japan,** the **National Statistics Centre** and **the Japan Institute for Labour Policy and Training** to gain insights into purchasing behaviour, technological adoption rates, and demographic shifts that may influence market entry strategies. Additionally, compliance with Japanese regulations is critical, as regulatory frameworks vary by sector. Businesses should familiarise themselves with industry-specific requirements established by agencies such as the **Pharmaceuticals and Medical Devices Agency (PMDA)** for healthcare-related products, the **Consumer Affairs Agency** for consumer protection matters, and the **Ministry of Internal Affairs and Communications (MIC)** for technology-based products.

Annex 1 and **Annex 2** to this chapter provide more information on the country's **government and economy**, as well as on its **business culture** with key information to consider as part of your market entry.

Japan presents countless opportunities for EU start-ups and SMEs across a variety of sectors. There have been many efforts by the Japanese government to focus on certain sectors and industries to drive its economy's growth through a strengthened focus on technology. Some key priorities include:

- **Quantum technology:** Japan has begun to invest heavily in quantum technology. Investing in quantum is critical for both technological leadership and national security. There are significant opportunities for EU firms in sectors such as quantum computing and semiconductors. For start-ups working on cutting-edge solutions, Japan offers a competitive environment where demand for innovative technologies is strong.
- **Renewable energy:** Since Japan announced its objective to become carbon neutral by 2050, there has been an advancement in renewable energy. Japan introduced its first carbon credit market in 2023 and have consequently introduced regional decarbonisation policies[1]. This proves to be an area in which EU start-ups could collaborate with Japanese companies in offshore wind power and energy storage for example.
- **Defence sector:** Strengthening the Japanese defence sector is a national priority, particularly since the launch of its **Defence Build-up Programme**. EU businesses with expertise in these areas may find opportunities to collaborate on high-tech projects, however, please note the importance of understanding the regulations surrounding national security and defence exports.
- **Agricultural innovation**: Japan has been advancing in agricultural innovation. Certain farming technologies have been prioritised, such as smart farming through automation and the use of AI to identify different types of farmlands[2]. Through its Society 5.0 Plan, Japan is keen on adopting advanced AgTech solutions to modernise its agricultural sector, creating opportunities for EU firms specialising in farming technologies, automation, and sustainability to engage in partnerships or joint ventures[3].

As Japan focuses on sectors that align with its goals of economic growth and innovation, European SMEs and start-ups have significant opportunities to invest, collaborate, and expand into the Japanese market. To successfully tap into these opportunities, it is essential to stay informed on policy changes, explore potential partnerships with Japanese firms, and ensure compliance with relevant Japanese regulations.

1.2 Key national strategies and policies

Several national strategies and policies in Japan have a direct impact on innovation procurement. European SMEs and start-ups must ensure that their business objectives align with these initiatives to capitalise on the opportunities they present. Below are key national strategies and policies to consider:

[1] McKenzie, B. (2025). Page not found - Baker McKenzie InsightPlus. [online] Bakermckenzie.com. Available at: https://insightplus.bakermckenzie.com/bm/attachment_dw.action?attkey=FRbANEucS95NMLRN47z%2BeeOgEFCt8EGQJsWJiCH2WAWuU9AaVDeFggiNzkw4cKw9&nav=FRbANEucS95NMLRN47z%2BeeOgEFCt8EGQbuwypnpZjc4%3D&attdocparam=pB7HEsg%2FZ312Bk8OIuOIH1c%2BY4beLEAeR74%2B8%2FXqmZo%3D&fromContentView=1 [Accessed 31 Mar. 2025].

[2] The Government of Japan (2023). Transforming Agriculture from Space to Empower Smallholder Farmers. [online] The Government of Japan - JapanGov -. Available at: https://www.japan.go.jp/kizuna/2023/12/transforming_agriculture_from_space.html.

[3] Cabinet Office Japan (n.d.). Examples of Creating New Value in the Field of Agriculture (Society 5.0). [online] www8.cao.go.jp. Available at: https://www8.cao.go.jp/cstp/english/society5_0/agriculture_e.html.

- **The Green Growth Strategy:** The Green Growth Strategy outlines Japan's goal to become carbon neutral and to reduce their greenhouse gas emissions to net zero by 2050. The strategy is an industrial policy that will be implemented through a Green Innovation Fund set at 2 trillion yen over the course of 10 years. The policy is set to stimulate 15 trillion in private investments and R&D[4].
- **Defence Build-up Programme:** This programme aims to integrate the defence capabilities of Japan expanding across space, cyber and more traditional areas of defence by increasing its spending on defence to 2% of its GDP by 2027. As of 2024, the programme is on track to achieve this - as of December 2024, Japan was spending 1.6% of its GDP on defence. This increase in defence budget can present itself as an opportunity for EU SMEs that are equipped to supply this market[5].
- **The Moonshot R&D Programme:** This programme aims to address key issues in Japan before 2050, which, once resolved, will have a significant impact on society. The goals are divided into three categories: turning the aging society into the innovative and sustainable society by harnessing diversity through techno-social transformation; recovery for global environment and growth of civilisation; and exploring frontiers with science and technology. The Japanese government provides grants to companies, research institutions and universities to achieve these goals. As of 2023, the total budget for the initiative was 410bn yen[6].
- **The Vision of Quantum Future Society:** This strategy, which was announced in 2022, aims to facilitate the social application of quantum technology in Japan. This strategy followed the Quantum Technology and Innovation Strategy, which aimed to stimulate R&D of quantum technologies in 2020. The current strategy stipulates that Japan should have a total of 10 million quantum technology users by 2030, that quantum unicorns should be fostered to create future markets and that quantum technology should be leveraged to achieve a production value of 50 trillion yen.
- **Semiconductor Revitalisation Strategy:** This strategy, announced in July 2024, outlines its objectives of enhancing production capacity of semiconductors, developing next-generation semiconductor technology and R&D of future technologies. In the 2023 fiscal year, 1.85 trillion yen was allocated to the Semiconductor Revitalisation Strategy, including 632 billion yen for advanced semiconductors, 575.4 billion yen for general semiconductors and 645.6 billion yen in R&D.

To fully comprehend the procurement landscape, it is essential to understand the broader regulatory framework that governs how procurement contracts are awarded in Japan. For instance, **public procurement** in Japan is primarily regulated by the **Accounting Act** which outlines rules governing the government's income, contracts and more[7]. The **Cabinet Order on Budgets and Accounts** presents more detailed regulations on the procurement process for national government contracts[8]. Japan is also a signatory of the **Word Trade Organisation's Agreement on Government Procurement (GPA),** and therefore has established further legislation to adhere with the GPA, called **Special Cabinet Orders for GPA[9].**

In addition to national procurement, **prefectural and local government procurement** also have their own sets of rules and regulations, outlined under the **Local Autonomy Act**[10], however they are generally influenced by national standards. European companies seeking to engage in public procurement across various Japanese prefectures must familiarise themselves with the specific requirements for each jurisdiction.

On the other hand, **private sector procurement** in Japan is largely **unregulated by the government**. It operates within a market-driven framework where individual companies establish their own procurement policies and procedures. While private businesses are not required to follow the same stringent regulations as government entities, they must still comply with general business laws and regulations, such as those concerning **fair competition** and **anti-corruption** practices. However, there are industry-specific regulations, such as those governing procurement in the healthcare,

[4] Kawai, D. (2024). Japan's Defence Budget Surge: a New Security Paradigm. [online] Rusi.org. Available at: https://www.rusi.org/explore-our-research/publications/commentary/japans-defence-budget-surge-new-security-paradigm.
[5] Ministry of Foreign Affairs of Japan (2022). DEFENSE BUILDUP PROGRAM. [online] Available at: https://www.mofa.go.jp/files/100590830.pdf.
[6] STIPP Compass (2025). STIP. [online] Oecd.org. Available at: https://stip.oecd.org/moip/case-studies/16 [Accessed 25 Mar. 2025].
[7] Baker Mckenzie (2016). 1. The Laws | Japan | Public Procurement World | Baker McKenzie Resource Hub. [online] Bakermckenzie.com. Available at: https://resourcehub.bakermckenzie.com/en/resources/public-procurement-world/public-procurement/japan/topics/1-the-laws.
[8] Ibid.
[9] Ibid.
[10] Ibid.

finance, and energy sectors, which may impose additional requirements. Trade associations and industry groups may also offer guidelines to help companies navigate procurement in specific sectors.

1.3 Establish the right market entry strategy for your business

For European SMEs and start-ups, the right market entry strategy will depend on various factors such as the nature of the business, available capital, and regulatory considerations. One of the most straightforward approaches is **direct exporting**. By selling products directly from the EU to Japan, businesses can reach new customers with a relatively low initial investment. Almost all tariffs have been either reduced or abolished, and important requirements have been streamlined such as technical regulations and customs procedures[11]. However, businesses should still pay careful attention to different Japanese product requirements, which can vary depending on the industry. Additionally, companies will need to manage logistics, distribution, and ensure compliance with relevant Japanese standards.

Another option for SMEs looking to expand to Japan is establishing a **Japanese subsidiary**. Setting up a physical presence provides a stronger foothold in the market, facilitating access to funding opportunities, government contracts, and tax incentives while also enhancing brand recognition and fostering relationships with local customers and partners. However, this process requires careful planning, particularly when choosing the appropriate legal structure, such as a limited liability company (LLC) or a corporation and navigating the complexities of Japanese tax and labour laws. Seeking guidance from legal and financial advisors can help ensure a smooth and strategic expansion.

Partnering with a **Japanese based distributor** or forming **strategic partnerships** is another effective strategy for market entry. This approach allows European SMEs to leverage local expertise while maintaining control over their product or service. By working with a local distributor, companies can benefit from their established distribution channels, marketing experience, and customer insights. This partnership can also help mitigate risks by sharing the responsibilities of inventory management, sales, and compliance with local regulations. However, selecting the right partner is crucial, as a trusted partner can make or break a market entry strategy. It is important to carefully vet potential distributors or partners to ensure they align with the company's values and long-term objectives. The **EU Business Hub** is a "programme funded by the European Union in support of EU SMEs and start-ups within the green, digital, and healthcare sectors that seek business opportunities and establish partnerships in Japan and the Republic of Korea[12]." You can read more about their work **here.**

Choosing the most suitable market entry strategy requires a clear understanding of your business goals, available resources, and the specific challenges of the Japanese market. It is advisable to seek **strategic and legal advice** to explore which of the above scenarios is best suited to your business needs. Professional guidance can help identify potential risks, ensure regulatory compliance, and optimise your expansion strategy.

The **EU-Japan Centre for Industrial Cooperation** additionally offers **Market Access Workshops** in cooperation with local EU support organisations in sectors such as ICT, IoT, clean-tech, circular economy, food, medical devices in tandem with their cultural workshops. You can find more information on these workshops **here.**

Additionally, existing **EU soft-landing programmes** can offer valuable support for SMEs and start-ups looking to establish a presence in the Japanese market. You can find more information on these programmes in the **following section**.

[11] European Commission (n.d.). *EU-Japan trade agreement*. [online] policy.trade.ec.europa.eu. Available at: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/japan/eu-japan-agreement/export-info-businesses_en.
[12] EU Business Hub - Japan and Korea (2025). *About the programme | EU Business Hub*. [online] EU Business Hub. Available at: https://eubusinesshub.eu/about-programme [Accessed 27 Mar. 2025].

2. Is my company legally prepared to comply with Japanese market requirements?

The Japanese legal system mandates compliance across a wide range of regulations covering procurement, certification, intellectual property, and labour practices. These requirements are crucial for businesses seeking to operate successfully in both the public and private sectors.

2.1 Innovation procurement in Japan

Japan has a history of using procurement to drive innovation, with government agencies playing a significant role in funding R&D in key sectors like space technologies, and energy. For example, the **Japan Aerospace Exploration Agency** has supported the procurement of technologies such as aircraft, services and systems for public services and the development of technologies such as spacecrafts and space stations[13].

In the US, the **Bayh-Dole Act** of 1980 allowed universities and private companies to retain ownership of federally funded research, accelerating the commercialisation of new technologies. This fostered a closer link between public-sector research and the private sector, creating a fertile ground for innovative SMEs and start-ups. In the late 1990s, Japan introduced the **Act on Special Measures for Industrial Revitalisation**, or otherwise known as the "Japanese Bayh-Dole Act", encompassing the same concept. The Japanese version is broader in scope, incentivising investments, taxation and more. However, the core principle of the promotion of commercialisation of inventions derived from government supported research remains[14].

2.2 Regulatory landscape

For EU SMEs and start-ups aiming at entering the Japanese market, understanding the regulatory environment is crucial for successfully navigating both public and private procurement. Japan operates under a system with national and prefectural regulations. Compliance with these regulations can impact market entry, competitiveness, and the ability to secure contracts.

2.2.1 Public sector procurement

Public procurement refers to the process by which government entities—at national, prefectural, and municipal levels—acquire goods, services, and infrastructure. This sector plays a significant role in the Japanese economy, with national procurement alone estimated at EUR 550-565 billion annually[15]. Given its scale and impact, public procurement is regulated to ensure transparency, competition, and efficiency.

Public sector procurement in Japan follows a structured process, governed by acts. At national level, procurement is primarily regulated by the **Accounting Act,** which manages the government's income, expenses and contracts. Additionally, the **Cabinet Order on Budgets and Accounts** provides for more detailed regulations of the Accounting Act.[16] As a signatory of the **WTO's Government Procurement Agreement** 1996, **Special Cabinet Orders for GPA** were also introduced[17].

[13] EU-Japan Centre for Industrial Cooperation (2020b). Government Procurement & Aerospace | EU-Japan. [online] Eu-japan.eu. Available at: https://www.eu-japan.eu/government-procurement-aerospace.
[14] Takenaka , T. (2005). https://www.ipaj.org/english_journal/pdf/Technology_Licensing_and_University_Research.pdf. University of Washington School of Law. [online] Available at: https://www.ipaj.org/english_journal/pdf/Technology_Licensing_and_University_Research.pdf.
[15] EU-Japan Centre for Industrial Cooperation (2024b). *Public Procurement in Japan : An outline | EU-Japan*. [online] Eu-japan.eu. Available at: https://www.eu-japan.eu/government-procurement/public-procurement-japan-outline.
[16] Baker Mckenzie (2016). *1. The Laws | Japan | Public Procurement World | Baker McKenzie Resource Hub*. [online] Bakermckenzie.com. Available at: https://resourcehub.bakermckenzie.com/en/resources/public-procurement-world/public-procurement/japan/topics/1-the-laws.
[17] Ibid.

Key aspects of Japanese public procurement include:

- **Small business set-asides**: In Japan, there are small business set-asides called **Kankouju.** Many times, preference is given to SMEs in the public procurement system and a sizeable value (over half the value of public procurement contracts in 2013), are given to SMEs[18].
- **Technology and innovation programmes**: Agencies such as the Japan Science and Technology Agency, host programmes that provide funding opportunities for innovative companies[19] that combine expertise from university networks, research institutes and private companies.
- **Security and compliance requirements**: Many contracts, particularly in defence and critical infrastructure, require compliance with cybersecurity standards like the Act on the Protection of Specially Designated Secrets Act No. 108 of 2013)[20].
- **Prefectural and local procurement**: At prefectural level, each local government can introduce additional requirements. Understanding local procurement processes can unlock opportunities outside national contracts.

2.2.2 Private sector procurement

Private sector procurement in Japan is competitive and varies across industries and popular in the private sector. Unlike public procurement, it is not subject to a single regulatory framework but is influenced by industry standards, corporate policies, and commercial best practices. Large corporations, technology firms, and multinational companies often seek innovative solutions from SMEs and start-ups through open innovation programmes, supplier diversity initiatives, and venture partnerships. Key considerations for private sector procurement include:

- **Contracting standards**: Unlike public procurement, private sector agreements are governed by contractual negotiations. Businesses should be prepared to encounter terms related to liability, intellectual property rights, and data security.
- **Regulatory compliance**: Certain industries, such as pharmaceuticals and medical devices (Pharmaceuticals and Medical Devices Act compliance), finance, and technology (data privacy laws like Act on the Protection of Personal Information), require adherence to strict compliance standards.
- **Corporate procurement portals**: Many corporations use supplier registration portals where SMEs can submit their profiles and bid for opportunities. See more information on private buyers under section 3.2, which you can find **here.**
- **Partnership and investment opportunities**: Innovation-focused firms often collaborate with start-ups through accelerator programmes, venture capital funding, or joint development initiatives.

2.3 Certification schemes

In Japan, certification schemes play a crucial role in both public and private sector procurement, particularly in fostering innovation and ensuring compliance with regulatory and security requirements. These certifications help businesses demonstrate credibility, meet procurement criteria, and gain access to lucrative contracts.

Public sector certification schemes

- **Single Supplier Qualification:** To provide goods or services to any Japanese public entity, companies are obliged to have a single supplier qualification. Once your application has been processed and verified, you will be able to apply several other public entities as well, and you will be given a classification (based usually on the size of your company) that will allow you to apply for specific tenders. The application is free and takes a few weeks to process if all the documentation is correct. Please note however, that all documentation must be

[18] EU-Japan Centre for Industrial Cooperation (2025). Kankouju: 'Public Agency Orders' Tenders reserved for SMEs | EU-Japan. [online] Eu-japan.eu. Available at: https://www.eu-japan.eu/government-procurement/tender-monitoring-informations/kankouju-public-agency-orders-tenders-reserved-smes

[19] Agency (JST), J.S. and T. (n.d.). Programs - Funding Programs | Japan Science and Technology Agency (JST). [online] www.jst.go.jp. Available at: https://www.jst.go.jp/EN/programs/funding.html.

[20] Japanese Law Translation (2025). Act on the Protection of Specially Designated Secrets - English - Japanese Law Translation. [online] www.japaneselawtranslation.go.jp. Available at: https://www.japaneselawtranslation.go.jp/en/laws/view/2543/en.

submitted in Japanese, including foreign documentation, which must be accompanied by a translation. It is also advised to submit your documentation and to verify it in-person instead of applying online. The EU-Japan Centre for Industrial Cooperation have a list of useful documents **here.**

- **Japanese Industrial Standards (JIS):** Most frequently used in manufacturing and consumer goods to ensure a high level of performance and reliability. Under the Ministry of Economy, Trade and Industry (METI), the Japanese Industrial Standards Committee revises any changes or revisions to the standards in order to ensure their continued relevance[21].
- **Product Safety Consumer Product Certification (PSC):** This certification is required for the approval of most consumer products and is governed by the PSC law. Companies can receive penalties for non-compliance or failure to meet reporting obligations[22].
- **Product Safety Electrical Appliance and Material Mark (PSE):** This certification is similar to the PSC; however, it is intended strictly for electronic products in Japan. The PSE mark is especially important for EU companies that wish to export products to or sell products in Japan as their products will need PSE approval. If the PSE regulation has been breached, penalties include bans, product recalls and strict penalties.[23]
- **ISO Certifications:**
    - ISO 27001 (Information Security Management) – Recognised across industries, this certification assures businesses and clients of robust information security controls.
    - ISO 9001 (Quality Management Systems) – Demonstrates a commitment to high-quality processes and continuous improvement, often a requirement in private-sector procurement.
- **Environmental certifications:** As sustainability becomes a critical factor in procurement, certain certifications are highly valued:
    - **ECO Mark:** The ECO Mark, governed by the Japan Environment Association, is a certification awarded to products that are of help to environmental conservation. It is a logo used to aid environmental conscious consumers in selecting their product of preference.
    - **Energy Star Japan Certification:** Required for energy-efficient products and technologies in both public and private procurement. The Ministry of Economy, Trade and Industry the is administering body.
    - **Leadership in Energy and Environmental Design Certification (LEED)**: Recognised in infrastructure and construction projects for sustainable building practices.
- **G-Mark Certification (Good Design Award):** This certification is awarded to products which are of high quality and appearance. This certification has been used since the 1950s and the recognition rate of the certification is at 80% in Japan[24] .

2.4 Intellectual property (IP) protection

Intellectual property (IP) protection is a crucial consideration for EU SMEs and start-ups seeking to engage in Japanese innovation procurement. Whether bidding for public sector contracts or entering private-sector partnerships, understanding how IP is regulated and protected under Japanese law is essential to safeguarding proprietary technology and maintaining competitive advantage.

2.4.1 How EU SMEs and start-ups fall under Japanese IP regulations

EU businesses involved in the Japanese market—either by entering into procurement agreements with Japanese entities such as government agencies or corporations for example, are required to adhere to Japanese IP laws. This means that any EU company conducting business in Japan falls under the **jurisdiction of Japanese regulations**. In such cases, intellectual property rights are governed by the terms of the specific contract and the applicable Japanese laws, superseding the protections offered by EU regulations. While there are differences such as the grace period or utility

[21] Daitool (2024). What is JIS? A Comprehensive Guide to the Japanese Industrial Standards. [online] Daitool. Available at: https://daitool.com/blogs/daitool-blog/what-is-jis-a-comprehensive-guide-to-the-japanese-industrial-standards?srsltid=AfmBOopzQ4ddGeL4YNRxL4Gb098fxhIhPDwMXv-9OakBTtMwCZeVUk51#what-are-the-japanese-industrial-standards-(jis)? [Accessed 24 Mar. 2025].

[22] Japan Quality Assurance Organisation (2025). *Overview | PSC Mark (Mandatory Consumer Safety Approval) | Mandatory Approvals | Testing and Certification of Electrical and Electronic Products | JQA*. [online] www.jqa.jp. Available at: https://www.jqa.jp/english/safety/service/mandatory/psc/.

[23] MPR Japan Certification (2024). PSE Certification for Japan - MPR Japan Certification. [online] MPR Japan Certification. Available at: https://www.certification-japan.com/en/pse-certification/

[24] Good Design Award (2024). GOOD DESIGN AWARD. [online] GOOD DESIGN AWARD. Available at: https://www.g-mark.org/en/apply/faq/gda/utilization-of-gmark [Accessed 25 Mar. 2025].

model frameworks, Japanese IP laws resemble those within the Europe[25].

One of the most critical aspects of IP rights for EU businesses engaging in the Japanese market is the **contractual agreements** they enter. Whether negotiating with Japanese government agencies or private corporations, EU SMEs and start-ups must carefully negotiate the terms surrounding **IP ownership, licensing, and usage rights**. These agreements will often dictate the extent of the IP protections afforded to the EU company, and they may be required to adjust their approach to retain control over their innovations. For instance, IP ownership and the terms of any potential licensing arrangements are usually subject to the negotiated contract, potentially granting Japanese entities certain rights over the EU company's intellectual property.

Japan follows **a 'first-to-file' system,** which is the same system as in the EU. Under this model, Japan prioritises **patent protection** based on the **date of filing, not the date of invention**[26]. Therefore, EU businesses seeking patent protection in Japan must ensure timely filing with the **Japan Patent Office (JPO)** to establish their rights to an invention. Japan is a signatory of both **the Paris Convention** and the **Patent Cooperation Treaty,** meaning that there are two keyways to file for patents internationally. By filing with the **PCT, you will have broader global protection through one single filing.** This means that you can receive the original date of filing (priority date) and have 30 months to choose the countries in which you wish to file (the national phase)[27]. Consequently, EU SMEs and start-ups must consider the international element in their patent strategies to accommodate these differences and ensure they do not lose priority rights in the Japanese market.

EU businesses developing innovative technologies, particularly those involving **sensitive or dual-use technologies**, may also face additional challenges in complying with **Japanese export controls.** While traditionally quite lenient, in recent years Japan has begun to enforce regulations such as **the Foreign Exchange and Foreign Trade Act,** which governs the export of certain technologies, including those that may have military or dual-use applications. For SMEs and start-ups in the EU working with defence-related innovations, these regulations require careful management of **data and technology transfers** to ensure compliance with Japanese export control laws. Non-compliance can result in significant legal and financial penalties, as well as restrictions on future collaborations or market access.

There are additionally several law firms that specialise in supporting non-Japanese companies in IP related matters such as **Shiga International.** They frequently host webinars which are free of charge on IP topics for businesses.

2.4.2 IP protection in public sector procurement

The **EU-Japan Economic Partnership Agreement (EPA)** is an international agreement between the EU and Japan, signed in 2018, reducing key barriers to trade between the two blocks. A key advancement in this agreement is that it equips EU companies conducting business and exporting innovative, artistic, and high-quality products to Japan with enhanced intellectual property (IP) rights protection[28].

A specialised committee was also created for intellectual property rights issues. This committee reviews and monitors the implementation of IP related issues, exchanges information on policy-related developments and discusses IP challenges with the intention of enforcing IP rights[29]. Regarding **patent and design** protection, the EU-Japan EPA formally states that both parties will strengthen patent protection together.

The **Unfair Competition Prevention Act (UCPA)** regulates the infringement of trade secrets, misleading information on the country of origin of products, imitation of a third party's product and more[30].

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[25] onestepbeyond (2025). *Intellectual Property Considerations: Protecting Innovations with Japanese SMEs | One Step Beyond株式会社*. [online] One Step Beyond株式会社 |. Available at: https://onestepbeyond.co.jp/blogs/intellectual-property-considerations-protecting-innovations-with-japanese-smes/ [Accessed 20 Mar. 2025].

[26] Japan Patent Office (n.d.). Patent | Japan Patent Office. [online] www.jpo.go.jp. Available at: https://www.jpo.go.jp/e/faq/yokuaru/patent.html.

[27] WIPO (n.d.). PCT FAQs. [online] www.wipo.int. Available at: https://www.wipo.int/pct/en/faqs/faqs.html.

[28] European Commission (2019). *Access2Markets EU-Japan Economic Partnership Agreement*. [online] trade.ec.europa.eu. Available at: https://trade.ec.europa.eu/access-to-markets/en/content/eu-japan-economic-partnership-agreement.

[29] Epa, E.-J. (2019). *EU-Japan Centre for Industrial Cooperation*. [online] Available at: https://www.eu-japan.eu/sites/default/files/ipr_factsheet.pdf

[30] Ministry of Economy, Trade and Industry Japan (n.d.). Unfair Competition Prevention Act / METI Ministry of Economy, Trade and Industry. [online] www.meti.go.jp. Available at: https://www.meti.go.jp/english/policy/economy/chizai/chiteki/index.html.

EU SMEs and start-ups participating in Japanese public procurement must adhere to the **Foreign Exchange and Foreign Trade Act** which governs export controls. Additionally, under the **Act on Special Measures for Industrial Revitalisation**, (Japanese equivalent to the Bayh-Dole Act), innovations developed under nationally funded contracts may be subject to the Japanese government "march-in rights", which allow the government to use or license the technology to third parties if the contractor does not commercialise it effectively, in parallel to the Bayh-Dole Act[31].

The Japanese government reserves the right to "choose to refuse a transfer of patent and other rights" from contractors meaning that they have almost full discretion on whether they allow contractors to retain their intellectual property, this is usually found in the original terms of agreement[32]. Additionally, for university-led inventions with publicly funded research, the IP usually belongs to the inventor.

2.4.3 IP protection in private sector procurement

In private sector procurement, the protection of IP is primarily governed by **contractual agreements**. Consequently, SMEs based in the EU must negotiate favourable terms when entering into agreements with corporations in Japan.

Ownership and licensing agreements are a critical aspect of such negotiations. Many large Japanese corporations require ownership of any IP developed under supplier contracts. It is therefore imperative that EU businesses seek to retain licensing rights or adopt non-exclusive arrangements to ensure continued control over their proprietary technology. Please note that some types of licensing agreements interact with different types of IP provisions. It is therefore recommended to speak with legal counsel on this matter.

Non-disclosure agreements (NDAs) have become increasingly popular in Japan, particularly in the world of start-ups and highly innovative tech. While traditionally in Japan, trust and relationships are prioritised over contractual agreements, they have become an integral element of conducting business[33]. When considering drafting an NDA in Japan, it is important to note that it will be easier to enforce than using an EU-based NDA in Japan. These contracts usually cover everything from trade secrets to strategies to customer and supplier information[34].

Work-for-hire clauses require particular attention. Such clauses often assign IP ownership automatically to the contracting Japanese company unless explicitly negotiated otherwise. EU SMEs should remain vigilant in reviewing contractual terms to avoid the unintended transfer of ownership.

Patent filing is very common in Japan and there is an increasingly large number of Japanese companies partaking in R&D activities[35]. Under the **Japanese Patent Act**, EU SMEs and start-ups can apply for Japanese patents for novel inventions that can be applied industrially. This process is managed by the Japan Patent Office. Note that in Japan, many companies prefer to issue a written warning to companies that infringe on their intellectual property rights rather than pursuing legal action [36].

Securing patent protection in Japanese necessitates filing with the **Japan Patent Office (JPO)**. EU businesses must be mindful of differences in grace periods between Japanese and European patent regimes, as failure to comply with these variations may compromise patent rights.

The **Unfair Competition Prevention Act** establishes remedies for instances when secret information is stolen from a

[31] Takenaka , T. (2005). https://www.ipaj.org/english_journal/pdf/Technology_Licensing_and_University_Research.pdf. University of Washington School of Law. [online] Available at: https://www.ipaj.org/english_journal/pdf/Technology_Licensing_and_University_Research.pdf.
[32] Ibid.
[33] Tham, C. (2025). *Are NDAs legally binding in Japan? A guide for employers*. [online] Rippling. Available at: https://www.rippli.ng.com/blog/non-disclosure-agreement-in-japan
[34] Ibid.
[35] European Commission (2018). *Roadmap for EU-Japan S&T Cooperation*. [online] Available at: https://research-and-innovation.ec.europa.eu/system/files/2020-10/ec_rtd_japan-roadmap-2018.pdf.
[36] Export to Japan (2023). *E2J Podcast 37 - IP in Japan with Shiga International Patent Office*. [online] www.youtube.com. Available at: https://www.youtube.com/watch?v=2LtNPrzN8aA [Accessed 13 Feb. 2024].

company. To protect information, the company must manage data as "trade secrets"[37]. The Ministry of Economy, Trade and Industry has a special **guidebook** in English to assist companies in protecting their confidential information.

Many Japanese corporations incorporate intellectual property compliance requirements within their procurement processes. EU businesses seeking to engage as suppliers must ensure adherence to these corporate IP policies to secure and maintain commercial partnerships within the Japanese market.

2.4.4 Key recommendations

To ensure effective protection of IP when participating in innovation procurement in Japan, EU SMEs and start-ups should adopt a strategic approach. It is essential to **seek legal counsel** at an early stage by engaging experienced Japanese legal professionals who can provide guidance on national procurement regulations, contract negotiations, and the intricacies of Japanese patent law. Obtaining legal advice at the outset will enable businesses to navigate complex legal frameworks and safeguard their IP effectively.

Prior to entering negotiations with Japanese government agencies or private corporations, EU SMEs should **secure patent protection** in the EU and in Japan. Filing for a Japanese patent at an early stage ensures that innovations are legally protected and mitigates the risk of unauthorised use or infringement.

During contract negotiations, it is crucial to establish robust contractual terms that prioritise the **retention of IP ownership** wherever possible. Licensing agreements should be carefully structured to preserve the rights of the innovator, while non-disclosure agreements (NDAs) and restricted data rights clauses should be employed to safeguard trade secrets and proprietary information.

Compliance with Japanese regulations is another critical aspect of IP protection. EU businesses must familiarise themselves with relevant export control laws, cybersecurity requirements, and data protection regulations that could impact their intellectual property. A thorough understanding of these legal frameworks will help mitigate potential risks and ensure adherence to regulatory obligations.

Furthermore, EU SMEs may utilise the **European IP Helpdesk**, a first-line IP service providing **free-of-charge support** to assist European SMEs of EU-funded research projects in **managing their IP** in the context of transnational business or EU research and innovation programmes. This platform offers practical guidance on IP matters, and those with specific IP-related queries may submit their questions through their **website.**

By adopting these measures, EU SMEs and start-ups can enhance their ability to protect their intellectual property while successfully engaging in innovation procurement in Japan.

3. Who are the key buyers, suppliers and potential partners in Japan?

Identifying and understanding the key buyers in Japan is crucial for businesses aiming to target the most relevant procurement opportunities. The market is primarily divided into public sector buyers and private sector buyers, each offering distinct opportunities and requirements.

3.1 Public sector buyers

In Japan, the public sector buyers consist of a variety of government agencies at the **national, prefectural, and local levels**, each responsible for procuring innovative technologies, services, and products to meet specific needs in areas

[37] Ministry of Economy, Trade and Industry Japan (n.d.). *Unfair Competition Prevention Act / METI Ministry of Economy, Trade and Industry*. [online] www.meti.go.jp. Available at: https://www.meti.go.jp/english/policy/economy/chizai/chiteki/index.html.

such as defence, healthcare, infrastructure, and public safety. Major buyers, such as the Ministry of Defence (MOD), and Japan Aerospace Exploration Agency (JAXA) drive procurement in specialised sectors like national security, space exploration, and energy. Additionally, agencies such as Ministry of Internal Affairs and Communications (MIC) and the Ministry of Health, Labour and Welfare (MHLW) purchase a broad range of products, from IT solutions to healthcare technologies. These agencies invest billions annually in procurement, therefore providing opportunities for EU SMEs and start-ups to enter the Japanese market, especially in emerging fields like clean energy, cybersecurity, and digital transformation.

In Japan, public procurement accounted for approximately **18% of its GDP** in 2021[38], highlighting the significant role the public sector plays in driving economic activity and innovation. Here below is an overview of some relevant **public buyers** in Japan.

Table 1: Examples of public buyers in Japan

Public buyer name	Description
Ministry of Defence	The Ministry of Defence's budget constituted 6.8 trillion yen in 2023 and is the ninth largest defence budget in the world.[39] They typically procure military equipment, material and R&D expenses, aircraft acquisition, and shipbuilding.
Ministry of Education, Culture, Sports, Science and Technology	The Ministry of Education, Culture, Sports, Science and Technology develops and administers policies in relation to education, culture, and sports. They tend to procure educational materials, software, and research equipment.
Japan Science and Technology Agency	The Japan Science and Technology Agency is a national research agency that supports innovation in Japan[40]. Typically, the agency procures research projects and research equipment.
Japan Aerospace Exploration Agency	Japan Aerospace Exploration Agency "supports aerospace development and utilisation[41]." Their procurement activities range from R&D activities, mission simulation software to cloud computing services.
Ministry of Health, Labour and Welfare	This ministry governs activities in the social welfare, social security, and health of Japan. This ministry procures many types of technology such as ultrasonic diagnostic equipment, polygraph systems, patient monitoring systems and more. Please read the **ministry's procurement plan.**
Ministry of Land, Infrastructure, Transport and Tourism	This ministry is responsible for the land in the country, infrastructure, transportation, and tourism policies. Given the broad range of sectors covered, this ministry can procure a wide selection of goods and services from snow removal motor graders, IP transmission equipment and even rechargeable batteries[42].

3.2 Private sector buyers

Some of the largest **private sector companies** in Japan play a key role in innovation procurement, leveraging advanced technology and strategic sourcing to drive efficiency, cost savings, and innovation across industries. Some key players include:

[38] OECD (2023). *Government at a Glance 2023: Japan*. [online] OECD. Available at: https://www.oecd.org/en/publications/government-at-a-glance-2023_c4200b14-en/japan_fc496412-en.html.
[39] International Trade Administration (US) (2024). *Japan - Defense Procurement*. [online] www.trade.gov. Available at: https://www.trade.gov/country-commercial-guides/japan-defense-procurement.
[40] Agency (JST), J.S. and T. (n.d.). Overview Overview | Japan Science and Technology Agency (JST). [online] www.jst.go.jp. Available at: https://www.jst.go.jp/EN/about/overview.html.
[41] Japan Aerospace Exploration Agency (n.d.). JAXA | Frequently Asked Questions About JAXA. [online] JAXA | Japan Aerospace Exploration Agency. Available at: https://global.jaxa.jp/activity/pr/inquiries/jaxaq.html.
[42] JETRO (2025). Search Result | National Government - Japanese Government Procurement - Business Opportunities - Japan External Trade Organization. [online] ジェトロ. Available at: https://www.jetro.go.jp/en/database/procurement/national/list.html?type=&from=&to=&entity=0020&area=&keyword=&classification1=&classification2=&classification3=&deadline=&_page=1.

Table 2: Examples of private buyers in Japan

Private buyer's name	Description
Toyota	As one of the largest auto vehicle manufacturers in the world, Toyota uses innovation procurement to improve its services by allowing suppliers to be more innovative. They have benefited from innovation in powertrains (electric, hybrid and hydrogen vehicles).
Sony Group Corporation	Sony is a Japanese multinational headquartered in Japan specialising in electronics hardware such as automotive cameras, computer hardware, semiconductors, and video games. They have their own e-procurement portal where you can learn **how to apply to become a Sony supplier.**
Panasonic Holdings Corporation	Panasonic is a Japanese multinational headquartered in Kadoma Japan which specialises in cameras, camcorders, air conditioners, batteries, mobile phones are more. They have their own e-procurement portal where you can learn how to apply to become a Panasonic supplier.
Softbank Group	Softbank is an investment holding company headquartered in Tokyo, Japan. They typically invest in innovative technology companies. Companies can enter collaborative projects or become strategic partners with them.
Terumo Corporation	Terumo is a global medical devices company, originally known for thermometer manufacturing, they know offer a range of medical devices from cardiovascular to blood and cells technologies[43]. You can find information on the procurement process including their guidelines, and **instructions on how to become a supplier here.**
Toshiba Tec Corporation	Toshiba is a Japanese brand and manufacturer of electronic devices based in Tokyo. Their products range from HD televisions to industrial infrastructure systems[44]. **Here you can learn how to become a Toshiba business partner.**
Nippon Sanso Holdings	Nippon Sanso Holdings Corporation is a Japanese industrial gasses company. Their products and services range from industrial, electronic and thermos gasses. They are a part of the Mitsubishi Chemical Group[45].

3.3 Key suppliers

In the Japanese innovation procurement market, there are both **local and international suppliers** that provide advanced technologies and solutions. Local suppliers, such **Sony, Casio and Panasonic** lead the market in areas such as consumer electronics, imaging technology, and home appliances. On the other hand, international suppliers, including **Siemens, Philips, and Ericsson** are headquartered outside Japan but maintain a strong presence in the country, offering innovative solutions and competing with local firms[46]. These international suppliers bring global expertise and advanced technologies, making them key players in the Japanese market.

3.4 Soft-landing and ecosystem support

Soft-landing programmes provide a smooth transition for EU SMEs and start-ups into the Japanese market by offering logistical, legal, and business development support. Many Japanese cities have **incubators and accelerators** that help foreign start-ups by providing office space, mentorship, and access to Japanese business networks. Programmes like **Techstars**, support companies with everything from initial market entry to scaling operations. Soft-landing programmes assist with understanding Japanese market regulations, procurement processes, and compliance requirements. They help businesses prepare for both public and private sector procurement, including navigating national and prefectural regulations. These programmes **create networking opportunities**, thus connecting EU SMEs to potential Japanese partners, investors, and clients. They offer events, conferences, and introductions to business leaders and decision-

[43] Terumo Corporation (2025). Blood and Cell Technologies Company | Terumo. [online] Terumo.com. Available at: https://www.terumo.com/business/blood-and-cell-technologies [Accessed 14 Apr. 2025].
[44] Toshiba Tec Corporation (n.d.). Toshiba Asia Pacific. [online] Toshiba Asia Pacific. Available at: https://asia.toshiba.com/.
[45] Nippon Sanso Holdings (2024). Company Profile | Nippon Sanso Holdings Corporation. [online] Nipponsanso-hd.co.jp. Available at: https://www.nipponsanso-hd.co.jp/en/company/profile.html [Accessed 14 Apr. 2025].
[46] https://www.facebook.com/tysontbatino (2023). *European Companies in Japan - Scaling Your Company*. [online] Scaling Your Company > Grow Your Business in Japan. Available at: https://scalingyourcompany.com/european-companies-in-japan/.

makers in both the private and public sectors.

Ecosystem support refers to the network of resources and services that EU SMEs and start-ups can tap into to enhance their innovation procurement efforts in Japan:

- **Government and private sector support**: Various Japanese and European government agencies, including the EU-Japan Centre for Industrial Cooperation's **JTPP Helpdesk** offers support to EU SMEs on issues such as taxes and accounting to public procurement in "Ask the Expert" services, practical guides and webinars in the field.
- **Funding and grants**: There are many opportunities for EU companies to access funding, especially for innovation-driven procurement. For instance, the **Japan Science and Technology programmes** provide Japanese government funding in grants and subsidies for the development of specific projects. These programs encourage innovation and commercialisation of technology.
- **Procurement training**: Some EU and Japanese organisations offer training programmes to help EU and international companies understand the procurement process in Japan. These trainings focus on an array of issues from how to submit bids, to how to navigate national, prefectural, or local procurement systems. **The EU-Japan Centre for Industrial Cooperation** and other similar institutions provide workshops tailored to helping European companies succeed in Japan.

For EU SMEs and start-ups looking to expand into the Japanese market, several soft-landing programmes and ecosystem support initiatives are available. These programmes help businesses navigate the complexities of market entry, establish valuable connections, and access procurement opportunities. Here are some key examples:

- **Enterprise Europe Network (EEN)**: EEN helps EU businesses internationalise by connecting them to Japanese companies, offering access to both public and private procurement opportunities, and guiding them through Japanese regulations and market dynamics. The EEN representative to Japan is the EU-Japan Centre for Industrial cooperation.
- **EIC soft-landing programme**: It is a business acceleration service that provides customised guidance and the adequate tools for EIC awardees who have launched and gained traction abroad and want to expand to a new market since 2024.
- **EU Business Hub – Japan and the Republic of Korea:** The EU Business Hub is a "programme funded by the European Union in support of EU SMEs and start-ups within the green, digital, and healthcare sectors that seek business opportunities and establish partnerships in Japan and the Republic of Korea[47]." Companies can apply to go on "missions" around specific trade fairs or events, where they will receive training, informational sessions and B2B matchmaking with Japanese companies. You can read more about their work **here.**

3.5 European companies: success stories in Japan

As an EU SME or start-up looking to expand your business and tap into the Japanese market, understanding how to navigate both public and private procurement opportunities can be a game-changer. Japan offers immense potential, with a thriving innovation ecosystem that actively seeks cutting-edge solutions across various industries. Many European businesses have already made successful inroads into the Japanese market by leveraging procurement opportunities, building strategic partnerships, and offering innovative products and services.

To inspire and guide you in your journey, we have compiled a list of successful EU SMEs and start-ups that have effectively accessed Japanese procurement opportunities. These **success stories** showcase how companies from a variety of sectors—ranging from health technologies to transport, have overcome barriers and made a significant impact in both the public and private sectors. By learning from these examples, you can gain insights into how to position your business for success and explore the numerous opportunities available in the Japanese procurement landscape.

[47] EU Business Hub - Japan and Korea (2025). *About the programme | EU Business Hub*. [online] EU Business Hub. Available at: https://eubusinesshub.eu/about-programme [Accessed 27 Mar. 2025].

Table 3: Examples of EU success stories in Japan

Company	Country	Sector	Success story
Thales	France	Transport	Thales successfully won a public contract by the East Japan Railway Company to design a communications-based control system on local railway lines.[48]
Air Liquide	France	Energy	Air Liquide was awarded two key long-term contracts from major semiconductor market leaders in Japan to supply ultra-high purity industrial gases in Japan. Additionally in 2022 they invested 300m EUR in four gas plants in electronics manufacturing basins.[49]
Phillips Japan	Netherlands	Health technologies	Phillips has a long-standing presence in Japan, both conducting procurement with Japanese companies and participating in subsidised government programmes. One of the most notable was the Global Innovation Centres Programme, where they were selected by JETRO to partake in two R&D subsidised projects.[50]
Cosylab	Slovenia	Health technologies	Cosylab set up a branch in Japan in 2011. Their main clients in Japan include research facilities and universities.[51]
MC Scientific AB	Sweden	Materials sciences	MC Scientific has been providing laboratory consumables to research facilities and universities and has been participating in tenders in Japan from 2001. They additionally won 1.6million in Japanese government contracts in 2013.[52]

4. How do I explore public and private tender opportunities?

To find public and private innovation procurement tenders in Japan, there are several methods you can use, depending on whether you're looking for government (public) or private sector opportunities.

4.1 Public tenders

Public sector tenders are primarily issued by government agencies and ministries. There are established platforms and methods to access these opportunities. Additionally, there are specific types of tenders that you can apply for, such as:

- **Open tendering:** This is one of the most common systems used by the Japanese government whereby the tender is officially announced, and companies can compete for the tender. Typically, the bidder with the lowest price is selected, however whether a technical evaluation is used in tandem with price is at the buyer's discretion.
- **Selective tendering:** In selective tendering, the buyer invites specific companies to compete for the procurement contract. The offer is then made to the company with the best offer in terms of tendered prices. These are not often used nowadays.

[48] Briginshaw, D. (2014). *JR East selects Thales to design first Japanese CBTC*. [online] International Railway Journal. Available at: https://www.railjournal.com/signalling/jr-east-selects-thales-to-design-first-japanese-cbtc/ [Accessed 4 Mar. 2025].
[49] Air Liquide (2022). *Air Liquide strengthens its presence in the Japanese Electronics sector through significant capital investments | Air Liquide*. [online] Airliquide.com. Available at: https://www.airliquide.com/group/press-releases-news/2022-03-18/air-liquide-strengthens-its-presence-japanese-electronics-sector-through-significant-capital.
[50] JETRO (2018). *Invest Japan Success Stories —Biotechnology/Life Science*. [online] Available at: https://www.jetro.go.jp/ext_images/en/invest/success_stories/pdf/philips.pdf
[51] Griek, L. (2014). *Government Procurement in Japan Obstacles and opportunities for European SMEs*. [online] Available at: https://www.eu-japan.eu/sites/eu-japan.eu/files/Public-Procurement-Japan-Report_2014.pdf.
[52] Ibid.

- **Limited single tendering:** This is another common type of tendering in Japan where the tendering process is not open nor competitive and where the buyer has a pre-selected company that negotiates with them, allowing for more tailored agreements. This type of tender accounts for up to 20% of Japan's contract value.[53]
- **Open counter tendering:** This process is usually created for smaller tender sizes and where companies send quotations to the buyer. Usually the lowest bid wins. These are for consumable products such as stationery and printing materials.

Additionally in Japan, these are several official platforms where you can find public procurement opportunities. While you will have to obtain the tender details from the procuring entity itself. Some key platforms to find tenders include:

- **Japan External Trade Organisation (JETRO):** JETRO is a government-led organisation that promotes mutual trade and investment in Japan with and for international companies and has been nominated as the single point of access for public notices of intended procurement.[54] JETRO lists procurement notices from both local and national governments. To find relevant tenders, you can search using specific keywords to innovation, such as "technology," "R&D," or "research."
- **Government Procurement Portal:** This is an official website for public procurement by the Japanese government contracts. Just as on the JETRO website, you can filter results by keywords, regions and more. Please note however the website is in Japanese, and the use of the translator function on Google Chrome is recommended. The website also hyperlinks documents in Japanese that cannot be translated by this function.
- **Public Procurement System (e-Gov):** This website, managed by the Digital Agency, offers important databases for scientific research grants, information on patents and more.
- **Prefectural and municipal governments:** Some prefectures and municipal governments have their own portals and systems such as the Tokyo Metropolitan Government which can be used to find tender opportunities.
- **Government conferences and networking events**: Attending government-hosted procurement events and industry-specific conferences is an excellent way to learn about upcoming tenders. These events often provide information about the government's innovation needs and upcoming projects, where tenders may be announced.

4.2 Private tenders

Private sector tenders are issued by businesses and corporations looking for innovative solutions to enhance their operations. These opportunities can be harder to find due to less public transparency, but there are still platforms and networks where they are advertised.

- **Online tender portals:** There are many online portals that offer both public and private sector procurement opportunities. **Global Tenders** is an example of a fee-paying website which advertises procurement opportunities in Japan.
- **EU-Japan Centre for Industrial Cooperation:** A section of this platform is dedicated to allowing private Japanese companies search for EU businesses that would like to either supply them or that would like to partner with them on specific projects across a variety of sectors.
- **Industry-specific innovation hubs and accelerators**: Many sectors have innovation hubs, accelerators, or incubators where private companies post "Requests for Proposals" (RFPs), for new technologies or innovative solutions. For example, accelerators like TechStars focus on start-up innovations and often list tenders from private businesses in the tech space. TechStars launched their first accelerator in Japan in 2024, in collaboration with JETRO and Mitsui Fudosan. Websites such as **TechStars** often feature private-sector innovation challenges and opportunities.
- **Private company websites**: Many large companies issue RFPs directly on their websites for specific innovation needs, such as software development, AI solutions, or new manufacturing technologies. If you are targeting specific businesses, you can regularly check their procurement or "suppliers" section for new tenders.

[53] Langley Esquire (2024). *Government Procurement Process In Japan*. [online] YouTube. Available at: https://www.youtube.com/watch?v=ccKHJmWOk5U.
[54] European Commission (2020). *Guide for EU Suppliers on Government Procurement in Japan*. [online] Available at: https://trade.ec.europa.eu/access-to-markets/en/country-assets/tradoc_159028.pdf.

- **Networking and industry events**: Just like in the public sector, private companies often announce procurement opportunities during industry events or conferences. These events are an excellent way to meet potential clients and learn about new tenders for innovation projects. Many technology and business conferences often host private-sector procurement and partnership opportunities. The EU-Japan Centre hosts **business missions** where companies can apply (for free), to attend and exhibit at trade fairs, where networking events are also occasionally organised to facilitate SMEs to network with Japanese companies.

5. How do I apply for public and private tenders?

This section provides a structured guide for businesses seeking to participate Japan's public and private tender processes, outlining the key steps, requirements, and strategies for successful application.

5.1 Public tenders

Step 1: Find opportunities

- National: Search for tenders on **JETRO** for both national and local tenders. Make sure to use filters, select agencies you are interested and more.
- Local (Prefecture/City): Check prefecture/city procurement websites. Some prefectures have specific platforms for purchasing as well.

Step 2: Check eligibility

- National: Public procurement is primarily dominated by Japanese companies; however, it is important to check the eligibility requirements carefully. As of "2013, only 1.2% of Japanese companies had obtained eligibility as a supplier to the government[55]". Ensure that you are eligible and take the correct steps to ensure you can bid.
- Local: While many of the prefectural and local level bids reflect the national level, it does not mean they are the same. Research the eligibility requirements for the specific institution that you are applying for.

Step 3: Register your business

- National: Make sure to apply for a unified supplier certificate (once it has been accepted, it lasts for three years). Additionally, make sure to register for a Digital ID – these are only available for companies that have a formal presence in Japan.
- Local: While many of the prefectural and local level bids reflect the national level, it does not mean they are the same. Research the administrative requirements for the specific institution that you are applying for.

Step 4: Prepare & submit proposal

- Follow the tender's guidelines for technical, financial, and compliance sections.
- Ensure your proposal meets innovation-specific requirements.
- Consider Japanese legal or procurement consulting for compliance, including translation services as tenders should be submitted in Japanese.

Step 5: Comply with Japanese regulations

- National: Follow national procurement laws. Check export regulations, particularly within the "Foreign Exchange and Foreign Trade Act".
- Local: Compliance depends on prefecture-specific laws, but generally involves contract performance monitoring and reporting.

[55] EU-Japan Centre for Industrial Cooperation (2020a). *Current market | EU-Japan*. [online] Eu-japan.eu. Available at: https://www.eu-japan.eu/government-procurement/public-procurement-japan-outline/current-market.

5.2 Private tenders

Step 1: Search for tender opportunities

- Look for private innovation procurement opportunities that match your business sector. You can find these on platforms such as **Global Tenders** or **JapanTenders**. You can also directly on the procurement portals of private companies. Additionally, explore industry-specific websites, tech forums, and innovation hubs that post tenders and RFPs.

Step 2: Check eligibility

- Before applying, ensure you meet the eligibility criteria outlined in the tender. Some private procurement opportunities may have restrictions on foreign (non-Japanese) entities. Verify that the tender allows participation from EU SMEs/start-ups and check for any other specific requirements, such as a local presence or security clearance.

Step 3: Register your company

- For private companies, follow their individual application process to become a private supplier.

Step 4: Prepare your proposal

- Thoroughly review the tender documents and guidelines to fully understand the requirements. Your proposal should include a detailed description of your innovation, its technical feasibility, budget, timelines, and any other requested information. Ensure you follow the formatting instructions carefully and provide all required documentation to increase the likelihood of your proposal being selected. Ensure that the documentation can be submitted in English, if not consider contracting a translator in order to facilitate the process.

Step 5: Ensure compliance with Japanese laws

- Before submitting your proposal, verify that your business and technology comply with Japanese regulations, particularly export control laws such as the Foreign Exchange and Foreign Trace Act. These laws govern the export of sensitive technologies and could affect your eligibility or ability to fulfil the contract.

Step 6: Consider partnering with Japanese companies

- If required or beneficial, you might consider forming a local partnership or entering into a teaming agreement with a Japanese-based company. This can help you navigate local requirements, increase your credibility, and provide additional resources to support your proposal. Additionally, given that tenders are published in Japanese, the linguistic skills of the partner may prove beneficial.

Step 7: Submit your proposal

- Submit your proposal in accordance with the tender instructions, ensuring you meet the deadline. Double-check that all required documents are included and confirm the submission. Retain a record of your submission confirmation for future reference and follow-up.

Step 8: Monitor and follow-up

After submitting your proposal, monitor the status of your application. You may be asked to provide additional information, attend meetings, or make adjustments to your proposal. Stay proactive in communication and be prepared to respond to any requests for clarification or further negotiations.

Receive free procurement assistance in Japan thanks to the EIC Innovation Procurement programme powered by SPIN4EIC

The EIC Innovation Procurement Programme powered by SPIN4EIC presents a **free-of-charge opportunity** for European SMEs and Start-Ups backed by the European Innovation Council (EIC) to scale their businesses and access global markets. You can learn more about the EIC and how to become an EIC beneficiary **here**.

SMEs and Start-ups who are already supported by the EIC (or have received a Seal of Excellence or were supported by the SME Instrument) are strongly encouraged to apply for procurement assistance via the SPIN4EIC initiative. Seize this opportunity by answering this **Open Call for assistance**. The EIC Innovation Procurement Programme provides invaluable support, including specialised training, networking, matchmaking, and personalised assistance throughout the tendering process. Check out the **SPIN4EIC web page** and do not hesitate to contact the SPIN4EIC team if you have any questions.

Annex 1: General information on Japan and its economy

Japan is the fourth largest economy in the world, with a GDP of over 600 trillion yen in 2024. For European SMEs, Japan is a market full of potential, offering procurement and partnership opportunities across industries such as medical, dental, surgical, and veterinary equipment, scientific apparatus and equipment, computer, and related services as well as medicinal and pharmaceutical products.[56]

However, entering the Japanese market requires careful consideration of its regulatory landscape and its cultural and linguistic differences. EU SMEs must adapt to varying local laws, differing business practices, and cultural expectations. Understanding these factors is essential for accessing the short- and long-term potential of this high potential market.

The government

"The Japanese public procurement (PP) market is one of large potential, with estimates ranging from EUR 550 billion to EUR 565 billion".[57] Japan currently has a population of 122.7 million[58], with The Greater Tokyo Area as the most populated prefecture followed by Osaka in 2023.[59] The Capital of Japan is Tokyo, located on the eastern coast of Honshu, Japan's largest island. Tokyo is also home to the headquarters of Japan's largest companies such as Mitsubishi UFJ Financial Group, Sony and Hitachi.

When discussing public procurement, it is fundamental to understand the different levels of government that exist to understand the different types of public buyers.

Japan is a parliamentary democracy, consisting of the three primary branches of government: legislative, executive and judicial. Japan's legislature, the **National Diet,** is bicameral and is composed of both an upper and lower chamber. The lower house **(Shūgiin)** holds greater authority. The lower chamber has 465 members of the Diet. They are elected for four-year terms/ Out of the 465, 300 representatives are chosen from their constituencies, and the remaining are elected based on proportional representation in heavily populated areas. The entire lower chamber is not elected at once, but rather one half is elected every three years. The upper chamber **(Sangiin)** consists of 248 members and are elected every six years yet maintains significantly less power than the lower chamber when disagreements arise between both houses.

The **executive branch** is led by the **Prime Minister** and the **Cabinet (ministers of the state).** The Prime Minister is elected by the lower chamber and has no fixed length term as per the constitution. Considering this, the Liberal Democratic Party has been the governing party in Japan since 1955, with only two brief interruptions (1993-1994 and 2009-2012) and have a party rule that a Prime Minister cannot be the party leader for more than three, three-year terms. The current Prime Minister is **Shigeru Ishiba.** The role of the Prime Minister is to choose and "represent the cabinet, to submit bills to the Diet, report to the Diet on national affairs and foreign relations and exercises control and supervision over various administrative branches". [60] Additionally, the cabinet is chosen by the Prime Minister, consisting of members of both chambers, which governs 15 ministries.

Finally, the cabinet alone appoints 15 Supreme Court judges, creating the **judiciary**. The **Supreme Court (Nihon Saikō Saibansho)** allows for the implementation of law in the form of civil law. There are five primary courts: Supreme Court,

[56] EU-Japan Centre for Industrial Cooperation (2020a). *Current market | EU-Japan*. [online] Eu-japan.eu. Available at: https://www.eu-japan.eu/government-procurement/public-procurement-japan-outline/current-market [Accessed 19 Feb. 2025].
[57] EU-Japan Centre for Industrial Cooperation (2024). Public Procurement in Japan : An outline | EU-Japan. [online] Eu-japan.eu. Available at: https://www.eu-japan.eu/government-procurement/public-procurement-japan-outline.
[58] United States Census Bureau (2024). *Population Clock: World*. [online] www.census.gov. Available at: https://www.census.gov/popclock/world/ja.
[59] Statistica (2024). Japan: population by prefecture. [online] Statista. Available at: https://www.statista.com/statistics/610928/japan-population-by-prefecture/.
[60] Prime Minister of Japan and his Cabinet (2007). *Fundamental Structure of the Government of Japan*. [online] japan.kantei.go.jp. Available at: https://japan.kantei.go.jp/constitution_and_government_of_japan/fundamental_e.html.

High Courts, District Courts, Family Courts and Summary Courts.[61]

While Japan is a unitary state, their **local government** autonomy was established in the 1947 constitution. Japan is partitioned into 47 prefectures, 43, called **'Ken'** are the most common type of division and 6 are considered as the Tokyo Metropolis. The 6 metropolis has its own government – **the Tokyo Metropolitan Government** which governs 26 cities, 5 towns and 8 villages. The prefectures govern policy areas such as national and prefectural roads, secondary, the management of middle and primary schools and their personnel, public health centres and the local police.[62]

Additionally, within these prefectures, there are around 1,700 **municipalities** (which are cities, towns or villages, depending on the population size). These two levels have assemblies that are elected every four years. The municipalities govern urban planning and municipal roads, primary and middle schools, playschools, day-care, garbage disposal, care and welfare, fire services and resident registries.[63]

The Japanese economy & main sectors

The Japanese government presents a wide range of information regarding its economy. The following primary industries in the country include:

- **Manufacturing and industry:** Japan's most prominent sector is their manufacturing sector, which has transitioned from light to heavy industries, also expanding to processing.[64] Its industrial sector as a whole contributes to an estimated 20% of its national GDP[65] and plays a pivotal role in employment of in Japan, accounting for 15% of total employment in 2023.[66] Additionally, Japanese manufacturers are seeking to aim for further digitalisation and the decarbonisation of the sector.
    - **Automotive:** Japan is the fourth largest automotive market globally and is considered a world-class leader in motor vehicle manufacturing. Japan is home to companies such as Toyota, Nissan, Subaru and Honda [67], recognised for their high-quality performance and durability. The automotive sector generates almost 47.3 trillion yen per year and employs 5.45 million people[68]. As of 2024, the overall export value of automotive vehicles reaches 1.27 trillion yen[69] and accounts for an estimated 30% of the global market share[70].

- **Technology and innovation sectors:** Japan's information technology sector is highly lucrative and has traditionally been considered one of the most advanced in the world, with their early up-take of mobile communications and computer networks[71]. The sector's world-wide recognition is attributed by companies such as Sony, Nintendo, Canon, Nikon and more. The industry equates to around 10% of Japan's GDP as of 2022 when the nominal GDP of the sector was 54.7 trillion yen[72]. However, due to stagnation and lack of entrepreneurial spirit, there has been a rise in global standard technologies which has resulted in Japan falling behind in comparison to other developed countries, such as China and Taiwan, with whom they have been in

[61] The Secretariat of the Japanese Judicial Reform Council (2021). *The Japanese Judicial System*. [online] Kantei.go.jp. Available at: https://japan.kantei.go.jp/judiciary/0620system.html.
[62] European Parliament (2025). *Japan's Parliament and other political institutions*. [online] Available at: https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/651951/EPRS_BRI(2020)651951_EN.pdf.
[63] Ibid.
[64] Masai, Y., Latz, G. and Hijino, S. (2024a). *Britannica Money*. [online] www.britannica.com. Available at: https://www.britannica.com/money/economy-of-Japan#ref355589
[65] Japan External Trade Organization (JETRO) (2024). *Attractive Sectors Manufacturing*. [online] Available at: https://www.jetro.go.jp/en/invest/attractive_sectors/manufacturing/.
[66] Ibid.
[67] International Trade Administration (2024). *Japan - Automotive*. [online] www.trade.gov. Available at: https://www.trade.gov/country-commercial-guides/japan-automotive.
[68] EU-Japan Centre for Industrial Cooperation (2024a). *Automotive | EU-Japan*. [online] Eu-japan.eu. Available at: https://www.eu-japan.eu/eubusinessinjapan/sectors/automotive.
[69] Tendata (2023). *Top Japan's Automotive Export Statistics for 2023-24*. [online] Tendata.com. Available at: https://www.tendata.com/blogs/export/5746.html.
[70] Export to Japan (n.d.). *Advanced Engineering Archives | Export to Japan*. [online] https://exporttojapan.co.uk. Available at: https://exporttojapan.co.uk/sector/advanced-engineering/.
[71] Export to Japan (2021). *IT & Communications Archives | Export to Japan*. [online] Export to Japan. Available at: https://exporttojapan.co.uk/sector/it-communications/ [Accessed 21 Mar. 2025].
[72] Liu (2024). *Japan's IT Industry: Current Landscape and Opportunities | Colorful株式会社*. [online] Colorful株式会社. Available at: https://colorful-inc.jp/en/market-entry-en/japans-it-industry-current-landscape-challenges-and-opportunities-for-foreign-companies/ [Accessed 21 Mar. 2025].

competition with for decades.

- **Life sciences sector:** Japan's demographics are shifting as life expectancy is rising and birth rates are declining. This means an overall increase in the age of the population. There is undoubtedly a higher demand in the healthcare and pharmaceuticals sectors. Health spending is estimated at 10.9% as of 2018, making it the 6th highest out of all the OECD members and equating to $5.236 trillion[73]. Some key Japanese companies in the sector include Olympus Corporation, producing medical equipment such as endoscopes[74] or Fujifilm Holdings Corporation who partakes in medical imaging and diagnostics[75].

- **Financial and business services:** Japan has one of the most prominent financial services sectors in the world with some of the largest banks such as Mizuho Financial Group and Japan Post Bank. The services sector equates to approximately 70% of Japan's GDP and 75% of its employment, allowing it to be considered the country's strongest sector[76] and largest employer. In the financial industry alone, 1.55million persons were employed[77] Japan's retail sector is quite advanced and has been growing in terms of e-commerce[78].

Annex 2: Cultural considerations in Japan

A successful entry into the Japanese procurement market requires an understanding of the cultural landscape, which is vital for building lasting relationships with clients, suppliers, and partners. A nuanced appreciation of cultural considerations can help EU SMEs navigate the complexities of the Japanese business environment more effectively.

Disclaimer

The cultural considerations discussed in this article are intended to provide general insights and perspectives. It is important to recognise that cultural nuances can vary significantly and should be approached with sensitivity and an open mind. The information provided is not exhaustive and may not apply universally to all situations or individuals. Each case and context is unique, and readers are encouraged to use this information as a starting point rather than as definitive guidance. When in doubt, consider seeking further advice from local experts or conducting additional research.

Business etiquette and hierarchical structures

It can be difficult for foreigners to interact with a Japanese company if they have never lived nor worked in Japan before. Japanese people are often very considerate and would not like to draw attention to mistakes in fear of embarrassing others. This can even apply to an honest question requiring an honest answer – just as in English a flat-out no can be considered as impolite. Sometimes Japanese people will agree to invitation or accept work even though they do not mean it to avoid embarrassing you[79]. Therefore, it is important to take certain social interactions with a grain of salt, as their true feelings may be hidden[80].In Japan, the art of declining requires a high-level sensitivity to avoid embarrassment. When declining an offer, try simply stating the today is difficult or delicate, or when offered a drink or food that you

[73] Business is Great (2021). *Japan Life Sciences Market Overview*. [online] Available at: https://exporttojapan.co.uk/wp-content/uploads/2021/02/Japan-Life-Sciences-Market-Overview-DIT-Jan-21-.pdf

[74] Olympus Corporation (2022). *MedicalProducts : Products & Support : OLYMPUS*. [online] Olympus-global.com. Available at: https://www.olympus-global.com/products/medical/ [Accessed 21 Mar. 2025].

[75] Fujifilm (n.d.). *Who We Are*. [online] FUJIFILM Healthcare Americas Corporation. Available at: https://healthcaresolutions-us.fujifilm.com/who-we-are/.

[76] Shigeaki, S. (2013). *Column 「In Fact: The service sector in Japan」*. [online] www.rieti.go.jp. Available at: https://www.rieti.go.jp/en/columns/a01_0364.html

[77] Statista (2024). *Japan: number of persons employed in finance and insurance 2024 | Statista*. [online] Statista. Available at: https://www.statista.com/statistics/1218090/japan-number-of-persons-employed-in-finance-and-insurance/ [Accessed 21 Mar. 2025].

[78] Rivermate (2024). *Employment Overview in Japan*. [online] Rivermate. Available at: https://www.rivermate.com/guides/japan/overview [Accessed 21 Mar. 2025].

[79] A.L. (2017). In Japan, you never say no | Japan Experience. [online] www.japan-experience.com. Available at: https://www.japan-experience.com/prepare-for-trip/know/learn-japanese/say-no-refuse-in-japanese.

[80] Abdalla, A. (2019). *Japan the Risk-Averse*. [online] nippon.com. Available at: https://www.nippon.com/en/japan-topics/g00728/japan-the-risk-averse.html.

would not like, you can gently decline by saying that you "have a little trouble with" it[81].

In Japan, the hierarchy in businesses plays an important role and therefore there is a heightened focus on consensus-building. Usually, the hierarchy is dictated by a mix of factors including the age of the person, the year of entry into the company and the level of their position[82]. Additionally, there are normal hierarchical structures such as in the relationship between service provider and client, which must also be respected[83].

It is therefore important to remember to use proper titles and last names of businesspeople. Bowing in Japan is also a sign of respect which can be appreciated[84]. The problem-solving process is also very much a cultural issue and can reflect Japanese businesses' hierarchical structures. A common acronym in Japanese is 'horenso', translating to report, update and consult[85]. The concept behind this is that employees should tell their superior, who then will contact their superior for a solution[86]. Again, once the issue is resolved, the superior is updated again.

Additionally, it is important also very important to foster relationships and to keep communication channels open and have exchanges from time to time, a Japanese business counterpart would love to receive an email even if not work-related for example to congratulate with a Japanese holiday or personal life achievement you know of. It shows a level of attention to communication, proximity and consideration that are in line with the Japanese business culture.

There is a strong tradition (and etiquette) around business cards exchanges. Japanese people will undoubtedly offer a business card when you meet them in person, which should be accepted with both hands and admired for a few seconds (not dismissed or quickly put in one's pocket). They will also appreciate receiving yours, with the same ceremonial aspects.

Also, keep in mind that when meeting Japanese clients, small gifts (especially from one's country) are highly appreciated: there, the wrapping is as important (or more!) than the gift itself.

Business hours, punctuality, and holidays

In Japan, like Europe, working hours begin at 9am and conclude at 6pm. During Covid however, to avoid crowds during morning rush hour, a new concept', **jisashukkin** or staggered work hours, was created and continued to function as such until now. This means that while some Japanese people come to work a bit later, they also stay later at the office as well.

While punctuality is a subjective concept based on cultural norms, in Japan being punctual means arriving early for appointments and meetings by 10-15 minutes.[87] Japan is well-known for its diligent work culture, and it is not surprising that their employees will work overtime time. In professional settings, **it is important that if you arrive on time, and that you stay later than anticipated.** If you leave early, it can be seen as not being committed to your work and can leave a bad reputation.[88]

Typically, in Japan, employees are entitled to between 10 and 20 days of annual leave but many of them do not use these days. An estimated 2 out of 10 employees take their annual leave per year, with half of the respondents saying

[81] A.L. (2017). In Japan, you never say no | Japan Experience. [online] www.japan-experience.com. Available at: https://www.japan-experience.com/prepare-for-trip/know/learn-japanese/say-no-refuse-in-japanese.
[82] Smith, P. (2024). *Japanese Business Etiquette and Culture*. [online] Shinka Management. Available at: https://shinkamanagement.com/japanese-business-etiquette-guide/.
[83] Ibid.
[84] Monteiro, A. (2023). *Understanding the Japanese Culture of Business: A Guide for Foreigners*. [online] www.linkedin.com. Available at: https://www.linkedin.com/pulse/understanding-japanese-culture-business-guide-aluisio-monteiro-emoce/.
[85] Pringle, P. (2012). *HoRenSo – (Report, Contact and Consult)*. [online] Japan Intercultural Consulting. Available at: https://japanintercultural.com/free-resources/articles/horenso-report-contact-and-consult/.
[86] Pringle, P. (2012). *HoRenSo – (Report, Contact and Consult)*. [online] Japan Intercultural Consulting. Available at: https://japanintercultural.com/free-resources/articles/horenso-report-contact-and-consult/.
[87] Japan Living Guide (2023). *Japanese Punctuality in the Workplace*. [online] Japanlivingguide.com. Available at: https://www.japanlivingguide.com/career/business-etiquette/japanese-punctuality/.
[88] Ibid.

that they felt uncomfortable when asking for their leave.[89] There are many public holidays in Japan and there is even a "golden week" each year from late April-May where there are five public holidays in a row.[90] There are additionally 11 other public holidays per year. New Year in also an important holiday period in Japan with December 31st – 3rd January as an unofficial holiday for many, although Christmas day is not a public holiday.

Language considerations

Understanding and navigating language considerations is crucial to building strong relationships and ensuring effective communication in any context, and most certainly in business. While in many other countries, English is perceived as the middle ground and an international language of business, in Japan it is quite difficult to comprehend the business environment if you do not have a member of your team that speaks or understands Japanese[91].

It is important to note that when partaking in public and private procurement opportunities, it is most times required to have documentation in Japanese. Other than the translation of tenders on the JETRO website, the RFQs are many times only in Japanese. Additionally, during the public procurement process, bidding documentation must be submitted in Japanese. It has been claimed that sometimes incorrect or missing translations have been the reason to drop certain companies from the bidding process[92].

For SMEs this can create additional costs as a translator is recommended, especially when technical language is needed. This can also therefore increase the price of the proposal to get a good translation service and make sure to consider extra time to review the documentation before submitting the bid.

Unless you are collaborating with a local partner, the Japanese market can be challenging due to linguistic constraints. SMEs may require permanent translators, or native speaking Japanese employees. The language barrier is a significant deterrent for SMEs considering market entry into Japan.

Workplace values and collectivism

Japanese work values consistent of commitment, dedication, and responsibility, with a significant emphasis on teamwork which can be seen throughout many different elements in the careers.

Japanese culture is more collectivist in comparison to the European individualistic style of working[93]. In Japan, the focus is typically on the success and failures of the entire group rather than singling out others for their work. The Japanese see praise to individuals as a negative attribute, strongly associated with egotistical tendencies[94]. The Japanese workspaces echo this concept, and open workspaces are very common.

Once again, due to the collectivist approach of the Japanese, the decision-making process can take a lot longer than in Western countries[95]. There is typically not one decision-maker, and they promote a consensus driven approach. Additionally, they are very process orientated, meaning that there is a process for many administrative tasks too, meaning that there is a significant amount of bureaucratic work for even the smallest task[96].

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[89] Birch, K. (2023). *Why are Japanese employees so reluctant to take paid leave?* [online] businesschief.asia. Available at: https://businesschief.asia/human-capital/why-are-japanese-employees-so-resistant-to-taking-paid-leave.
[90] Rakuten Travel (2025). *Japan National Holidays and Golden Week Dates 2025/2026*. [online] Rakuten Travel. Available at: https://travel.rakuten.com/contents/usa/en-us/guide/japanese-national-holidays-golden-week/ [Accessed 25 Feb. 2025].
[91] Griek, L. (2014). *Government Procurement in Japan Obstacles and opportunities for European SMEs*. [online] Available at: https://www.eu-japan.eu/sites/eu-japan.eu/files/Public-Procurement-Japan-Report_2014.pdf.
[92] Ibid.
[93] Takaoka, B.Y. (2022). *Japanese Work Culture: How to Succeed Working in Japan*. [online] EJable. Available at: https://www.ejable.com/japan-corner/working-in-japan/japanese-work-culture/.
[94] Ibid.
[95] Kopp, R. (2012). *Why do Japanese take so long to make decisions?* [online] Japan Intercultural Consulting. Available at: https://japanintercultural.com/free-resources/articles/why-do-japanese-take-so-long-to-make-decisions/.
[96] Ibid.

Approach to innovation and risk

Japan is well-known for the development of some of the world's key innovations, such as the bullet train, the Walkman and even QR codes[97]. Japan is also ahead of many other developed countries in terms of research and development and early use of technologies[98].

In Japanese culture, risk is widely seen as dangerous and often leading to a negative outcome.[99] This means that customarily, Japanese people try to avoid risks in any situations such as in entrepreneurship where social, financial and reputational consequences must be considered.

Traditionally, Japan hasn't been famed for entrepreneurial spirit, especially during the last three decades of economic stagnation, however this too is changing. The Japanese government launched an initiative to "nurture entrepreneurs and leaders who will drive the next generation of innovation and contribute to Japan's growth strategy[100]", where they travel to the US and are provided with personalised support and training for Japanese start-ups to participate in the US market. This represents a shift in the attitude of start-ups and innovation in Japan.

Additionally, Japan has a strong regulatory framework and incentives for companies to further invest in R&D. For example, Japan offers tax credits for R&D activities, whereby companies that partake in R&D activities can deduct from 2-14% of their testing and research expenses from their corporate tax[101].

Finally, the Japanese Patent Office is said to be one of the most efficient in the world. In the past, applications would take a long time to process, and rejections were common. Due to legal challenges against the JPO, there has been a shift not only in the speed at which applications are processed but also in the ease of acceptance[102].

By understanding these cultural and structural elements, EU SMEs can position themselves for success in the Japanese market while mitigating risks and building long-term business relationships.

[97] Bloomberg (2022). *Japan: Where Innovation Is Borderless*. [online] Bloomberg. Available at: https://sponsored.bloomberg.com/article/jco/japan-where-innovation-is-borderless.
[98] Ibid.
[99] Abdalla, A. (2019). Japan the Risk-Averse. [online] nippon.com. Available at: https://www.nippon.com/en/japan-topics/g00728/japan-the-risk-averse.html.
[100] Beyond Japan (2024). *Beyond JAPAN 2024 for Founders and CXOs*. [online] B4d-jp.com. Available at: https://www.b4d-jp.com/en/home
[101] JETRO (2023). *Incentive Programs | Government Support - Investing in Japan - Japan External Trade Organization*. [online] ジェトロ. Available at: https://www.jetro.go.jp/en/invest/support_programs/incentive/.
[102] Export to Japan (2023). *E2J Podcast 37 - IP in Japan with Shiga International Patent Office*. [online] www.youtube.com. Available at: https://www.youtube.com/watch?v=2LtNPrzN8aA

Disclaimers

The Toolkit is subject to the following exclusions, assumptions, and qualifications:

- The Toolkit has been produced as part of the contract signed by the Consortium Deloitte, Corvers and Intellera (the "Contractor") with the European Innovation Council and SMEs Executive Agency ("EIC/EISMEA"), acting under the powers delegated by the European Commission, having as subject matter the "Strategic use of procurement to open up business opportunities to EIC innovators", also called the Strategic Innovation Procurement Programme (SPIN4EIC) with the number EISMEA/2022/OP/0022 (EISMEA/2023/OP/0003). The information and views set out in this Toolkit are those of the author(s) and do not necessarily reflect the official opinion of EIC/EISMEA. The EIC/EISMEA does not guarantee the accuracy of the data included in this study. Neither EIC/EISMEA nor any person acting on the EIC/EISMEA's behalf may be held responsible for the use which may be made of the information contained therein.
- The Toolkit has been developed with reference to a range of international procurement frameworks, including global best practices, relevant legal instruments, and materials from public or private procurement projects across various jurisdictions. While originally informed by European legislative frameworks, policies, case law from the Court of Justice of the European Union, and EU-funded initiatives, the content has been broadened to support global applicability. Additional sources from the countries targeted by the International Country Profiles have been consulted to enhance the relevance of the Toolkit for innovators seeking to engage in procurement processes beyond national or regional boundaries. In preparing the Toolkit, the author(s) have relied on the accuracy and completeness of the referenced materials. All sources are duly cited within the document.
- The Toolkit offers both a theoretical foundation (based on, e.g., legal provisions under relevant pieces of legislation, legal analysis, and interpretation thereof), and practical guidance, including case studies and examples. These are intended to support innovators, particularly SMEs and start-ups, participating in innovation procurement processes or delivering innovation focused procurement projects globally. It also provides sample wording that may assist in the drafting of procurement documents. However, the information and guidance provided should be regarded as indicative only and may require adaptation to suit the specific context, including:
  a) the requirements and priorities of public or private procurers, as well as the capabilities and solutions available from the suppliers;
  b) the necessity of adhering to applicable legal frameworks governing procurement procedures and the conduct of public or private entities in the country where the procurement is initiated, managed, and executed;
  c) the need for alignment with internal policies, governance structures, or regulations applicable to the contracting authority, public or private body undertaking the innovation procurement activity.

  The Toolkit also contains examples derived from templates of procurement documents used by public or private procurers involved in innovation-driven procurements. While many of these templates originate from EU-funded Pre-Commercial Procurement (PCP) and Public Procurement of Innovative Solutions (PPI) initiatives, they have been selected and adapted to illustrate legislations that are relevant in a wider international context. Where appropriate, examples also reflect practices aligned with international frameworks such as the Agreement on Government Procurement (GPA) of the World Trade Organisation (WTO), and other relevant non-EU procurement models.
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