



Can Japan's Approach to Platform Regulation Inform the EU's DMA Review?

ANDREW FUNG
DR. MICHAEL MANDEL

PROGRESSIVE POLICY INSTITUTE

MARCH 2026

 @ppi |  @progressivepolicyinstitute |  /progressive-policy-institute

Can Japan's Approach to Platform Regulation Inform the EU's DMA Review?

ANDREW FUNG
DR. MICHAEL MANDEL

MARCH 2026

INTRODUCTION

As the four-year anniversary of the 2022 enactment of Europe's Digital Markets Act (DMA) approaches, the European Commission is assessing the act's performance and evaluating whether adjustments are needed. That's big news, not just in Europe but around the world, as other countries have closely watched the results of the EU's strategy for regulating tech platforms.

The most relevant and comparable regulatory effort is Japan's Mobile Software Competition Act (MSCA), which passed the Japanese Diet in 2024 and went into full effect in December 2025.¹ Japanese policymakers thus had the opportunity to learn from Europe's experiences and fine-tune their own bill.

As a result, Japan's approach to platform regulation may offer some useful insights to European policymakers. It doesn't hurt that Japan has a technologically advanced, high-income economy at roughly the same level as Europe. Moreover, like Europe, Japan is facing challenges with slow productivity growth that platform regulation is in part intended to address. Over the last decade, Japan's productivity grew at a meager 0.8% annually, just slightly ahead of the EU's 0.7% productivity growth rate.²

With the EU's DMA review coming this spring, this paper compares the Japanese platform regulatory approach with its European counterpart. It begins with an exploration of recent productivity growth in the EU's information and communication sector. Then, it evaluates four key areas for platform regulation — user choice and security, protections for children, interoperability, and innovation — in

which the Japanese approach differs from the DMA.

EUROPE'S RECENT INFORMATION AND COMMUNICATION SECTOR PRODUCTIVITY RECORD

In recent years, the European Union has enacted several major regulations with significant impacts on the digital sector. The General Data Protection Regulation (GDPR) was passed in 2016 and took effect in 2018, imposing strong data protections, with requirements for user consent, data portability, and the right to deletion that signaled a broader shift towards stricter European regulatory standards.³ This was followed in 2022 by the DMA, which set up a new regulatory framework governing the firms it designated as "gatekeepers," mandating a wide range of changes from alternative payment systems to application interoperability to third-party access to core platform features.⁴

While one goal of the GDPR and Digital Markets Act was enhancing consumer protection and experience, the laws also aimed to accelerate Europe's productivity growth. The notion was that tighter regulation would make European consumers and small businesses feel more secure and more willing to adopt information technology innovations.

It's still early, but so far, the macroeconomic statistics show no sign of an acceleration of productivity growth in the EU's information and communication sector, which captures the industries most directly affected by advances in digital technology. In the pre-GDPR/DMA era from 2014 to 2019, Europe's information and communication sector productivity grew 12%.⁵ But since the GDPR went into effect in 2018, productivity growth has slowed. Between

2019 and 2024, the EU's information and communication sector productivity grew only 7%.⁶

Meanwhile, productivity growth accelerated in the comparable U.S. sectors. In the macro data, the EU's information and communication sector roughly corresponds to the US information sector (which includes the communication industry) plus the computer systems design industry. From 2014 to 2019, productivity in the US information sector grew by 28%, and productivity in the computer systems design industry rose by 22%.⁷ From 2019 to 2024, US information sector productivity grew 31%, and productivity in the computer systems design industry rose by 37%.⁸ Thus, the productivity gap between Europe and the U.S. widened in the post-GDPR/DMA period.

HOW THE MSCA AND DMA IMPACT USERS

Security and User Choice

One question the EU is considering is whether to change the model by which consumers get expanded choice on mobile platforms. Both the Japanese and European efforts at platform regulation have focused on app stores and purchase systems on mobile platforms, working to strike the proper balance between user choice and maintaining security.

Japanese regulators designed the MSCA with an additive approach to user choice, allowing users to download apps from third-party app stores. This approach is a major change for previously closed mobile platforms, where before users could only access first-party app stores with apps reviewed and approved by the platform. The change opens up access but also complicates cybersecurity protections, as unmoderated third-party app stores could allow

content that skirts existing security reviews conducted by other platforms.

To address these issues, the MSCA includes protections to reduce these risks while still encouraging user choice. The Japanese law permits measures “ensuring cybersecurity for smartphone use”, giving platforms tools to require that alternative app stores include security protections or block criminal content.⁹

Japan’s MSCA also requires platforms to allow developers to use an alternative payment system alongside the first-party payment offering. This additive approach means additional choice for users – they can continue to use trusted first-party payment processing (with features like refunds and fraud monitoring) or instead opt for third-party options, which convey other benefits like lower costs.

The Japanese adopted this approach after observing the results of Europe’s DMA. In addition to allowing third-party app stores, the DMA forces platforms to allow European users to download apps directly from websites – a process known as sideloading. Unlike the Japanese approach, the DMA limits the tools available to platforms to moderate content, only allowing for protections for the “integrity of the hardware or operating system.”¹⁰ These regulatory choices mean an elevated cybersecurity risk for users, with opportunities to encounter malware or other harmful content in apps downloaded through unmoderated channels.

While Japan’s MSCA required alternative payment systems to be added alongside existing first-party options, the EU’s DMA allows third-party systems to instead replace first-party

systems. This could mean that users lose access to trusted first-party payment options, reducing user choice.

Protecting Youth

Another key question EU policymakers are considering is whether they are using the right approach to youth safety.

In Japan, policymakers designed the MSCA to explicitly consider protections for children online. It permits measures “safeguarding youth who use smartphones”, which enables a wide range of measures like age restrictions for apps distributed outside first-party app stores or other OS-level parental controls.¹¹ The MSCA also allows for youth restrictions on alternate payment systems and limits targeted advertising to minors.

As PPI has previously explored, parents are strongly supportive of controls which enable them to make decisions about their kids’ online access.¹² And though Japan’s MSCA does not provide explicit answers to the complex questions surrounding youth safety, it gives parents, platforms, and policymakers the flexibility needed to institute a variety of approaches moving forward.

By contrast, the current version of the European DMA does not include explicit protections for minors. Under the law, children are treated the same as adults when it comes to the DMA’s rules on alternative app distribution and payment services, discussed above.¹³ The law forces platforms to allow relatively free access to sites and systems outside of the platform owner’s control, only allowing for “strictly necessary and proportionate” exceptions which must be justified to regulators.¹⁴

As a result, efforts to restrict the content that kids can access could be considered prohibited anticompetitive conduct in the EU. For example, age restrictions for apps distributed outside the app store may not be permissible under the DMA; platforms have already been forced to allow apps containing explicit content to be installed through alternate app stores.¹⁵

Interoperability and Privacy

A third question for European regulators is whether the DMA's interoperability framework adequately protects user privacy.

Japanese regulators took a narrow approach to interoperability access with the MSCA. Interoperability – allowing third parties to interface with a platform's systems and data – can strengthen competition and help users get more out of their devices, but it inherently requires control and access to potentially sensitive data.¹⁶ Japanese regulators designed the MSCA to allow for expanded interoperability access, but only in cases which are “proportionate to the competition related problems at hand.”¹⁷

This proportionate approach in the Japanese law addresses a key concern with interoperability mandates: inappropriate requests that could violate user security. For example, developers with malicious intent could request that platforms give them access to user information not to enable a new feature, but rather to harvest and monetize the data for their own gain. Under Japan's MSCA, developers are obligated to demonstrate the relevance and proportionality of their request to platforms. By allowing platforms to reject malicious requests, users and their data are kept safe while the benefits of interoperability are preserved. Data

considerations also extend beyond concerns about individual developers, with platforms being allowed to reject requests from parties legally obligated to transfer collected data to foreign governments.

The interoperability mandates included in the European DMA allow for far fewer exceptions. Platforms must provide third parties with sweeping access to user data for interoperability purposes, covering both hardware and software features. For example, mobile platforms have faced requests to hand over the full contents of users' notifications or the history of Wi-Fi networks they have connected to.¹⁸ Even as notifications could expose sensitive private details or Wi-Fi history could reveal where a user spends their time, platforms face the same “strictly necessary and proportionate” standard for exceptions to the rule.¹⁹

This approach is also in tension with the EU's strong stance on data protection set forth in the GDPR. GDPR includes some of the strongest privacy protections globally, but interoperability mandates could force platforms to give up exactly the kind of sensitive personal data that the GDPR was meant to protect.

Innovation and Intellectual Property

A fourth major consideration for European regulators is whether platform regulation rules meant to open up markets are impacting incentives for innovation.

The Japanese MSCA was designed to balance increasing competition with preserving intellectual property and research incentives. While the law does require developers to be able to access OS features with “equivalent performance,” Japanese regulators focused

on reducing the burden of compliance for platforms.²⁰ Platforms need not make new features interoperable from the moment of introduction, and as discussed above, requests from third-party developers can be evaluated and rejected by platforms if deemed inappropriate.

The Japanese law also takes steps to ensure that incentives for innovation are preserved for mobile platforms. It explicitly contains protections for the “legitimate exercise of intellectual property rights” and allows platforms to charge for interoperability access.²¹ Given the costs associated with implementing interoperability, this provision ensures that platforms don't face onerous engineering requirements without compensation.

By contrast, the European law embraces an interoperability by design approach, with further-reaching obligations for platforms.²² Like the Japanese MSCA, the DMA requires that existing OS features be made accessible to third parties. But the EU's regulation goes further, requiring that any new features be interoperable from their introduction and prohibiting platforms from charging for this interoperability. As a result, platforms are compelled to develop interoperability for their competitors' products at their own expense, subsidizing competitors' development costs and giving them advance notice of upcoming features without reciprocation. For platforms operating in Europe, developing new features can mean significant costs and a competitive disadvantage in order to comply.

The DMA's mandates have had impacts on European users. Recently, Apple has delayed iOS features like Live Translation, or withheld

others like iPhone Mirroring entirely in Europe as a result of the DMA.²³ Apple argues that because of concerns over privacy and compliance with interoperability requirements, such delays are likely to continue.²⁴ Today, European users have a limited product compared to their international counterparts, not due to technical limitations but because of the high costs of legislative compliance.

CONCLUSION

This paper has focused on Japan's approach to platform regulation because Japanese policymakers had the benefit of observing the impact of the DMA on European consumers and innovation. We conclude that Japan pursued similar goals as the EU, but adopted a more targeted approach that is intended to boost security and privacy, improve protection for children, and provide better support for intellectual property and innovation.

The broader economic context underscores the importance of crafting good regulation for Europe. The 2024 Draghi report identified lagging European competitiveness in the digital tech sector as a key driver of the region's productivity gap.²⁵ Through well-designed regulation, regulators can help to position the region to benefit when the next tech wave arrives.

As the European Commission's mandatory review of the DMA approaches this May, regulators will have a valuable opportunity to assess and refine the DMA. Japan's framework demonstrates that competition and openness need not come at the expense of user protection and innovation, and that learning from other countries can strengthen regulatory design.

ABOUT THE AUTHORS

Andrew Fung is a Senior Economic & Technology Policy Analyst with the Progressive Policy Institute.

Dr. Michael Mandel is Vice President and Chief Economist of the Progressive Policy Institute.

References

- 1 Mobile Software Competition Act Guidelines (Japan Fair Trade Commission, 2025), https://www.jftc.go.jp/file/MSCA_Guidelines_tentative_translation.pdf.
- 2 The most recently available data was used for each country: Japan 2013-2023, EU 2014-2024. OECD productivity growth rates (GDP per hour worked) used. Data for *Productivity Growth Rates*, OECD Data Explorer, The Organization for Economic Co-operation and Development, accessed February 20, 2026, <https://data-viewer.oecd.org?chartId=a639d798-2fde-46e8-92d7-ea81460d81ba>.
- 3 European Parliament and Council of the European Union, "Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)", *Official Journal of the European Union*, Legislation Series (April, 2016): <https://eur-lex.europa.eu/eli/reg/2016/679/oj/eng>.
- 4 European Parliament and Council of the European Union, "Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act)", *Official Journal of the European Union*, Legislation Series (September, 2022), <https://eur-lex.europa.eu/eli/reg/2022/1925/oj/eng>.
- 5 Data for *Labor Productivity and Unit Labor Costs by Industry* (NACE Rev.2), Euro Stat, accessed February 20, 2026, <https://ec.europa.eu/eurostat/databrowser/bookmark/a3f813d4-ed12-42a0-9d78-63e1ac0f9f15?lang=en&createdAt=2026-02-19T18:13:31Z>.
- 6 Data for *Labor Productivity and Unit Labor Costs by Industry*.
- 7 Data for *Total Factor Productivity by Major Industries*, Office of Productivity and Technology, Bureau of Labor Statistics, accessed February 20, 2026, <https://www.bls.gov/productivity/tables/major-industry-total-factor-productivity-klems.xlsx>.
- 8 Data for *Total Factor Productivity by Major Industries*.
- 9 Mobile Software Competition Act Guidelines.
- 10 European Parliament and Council of the European Union, "Digital Markets Act."
- 11 Mobile Software Competition Act Guidelines.
- 12 Andrew Fung, "The Parents Over Platform Acts (POPA): A Balanced Approach to Online Child Safety," Progressive Policy Institute, December 9, 2025, <https://www.progressivepolicy.org/the-parents-over-platforms-act-popa-a-balanced-approach-to-online-child-safety/>.
- 13 Malena Dailey, "The EU and U.S. Approach to Digital Regulation: Considerations for Proposed Legislation in Turkey," Progressive Policy Institute, April 15, 2024, <https://www.progressivepolicy.org/wp-content/uploads/2024/04/Turkey-Digital-Regulation-English.pdf>.
- 14 European Parliament and Council of the European Union, "Digital Markets Act."
- 15 "The Digital Markets Act's impacts on EU users," Apple, September 24, 2025, <https://www.apple.com/newsroom/2025/09/the-digital-markets-acts-impacts-on-eu-users/>.

- 16 Gregg Lindemulder and Matthew Kosinski, "What Is interoperability?," IBM, accessed February 20, 2026, <https://www.ibm.com/think/topics/interoperability>.
- 17 Mobile Software Competition Act Guidelines.
- 18 "The Digital Markets Act's Impacts on EU Users."
- 19 European Parliament and Council of the European Union, "Digital Markets Act".
- 20 Mobile Software Competition Act Guidelines.
- 21 Mobile Software Competition Act Guidelines.
- 22 European Parliament and Council of the European Union, "Digital Markets Act."
- 23 Mrinmay Dey and Gnaneshwar Rajan, "Apple Pushes EU to Repeal Tech Rules Over Feature Delays, App Vulnerabilities," *Reuters*, September 25, 2025, <https://www.reuters.com/business/apple-urges-eu-regulators-take-closer-look-tech-rules-2025-09-25/>.
- 24 "The Digital Markets Act's Impacts on EU Users."
- 25 "The Future of European Competitiveness," European Commission: European Political Strategy Centre, September 2024, https://op.europa.eu/publication/manifestation_identifier/PUB_ES0124000ENC.

The Progressive Policy Institute is a catalyst for policy innovation and political reform based in Washington, D.C. Its mission is to create radically pragmatic ideas for moving America beyond ideological and partisan deadlock.

Founded in 1989, PPI started as the intellectual home of the New Democrats and earned a reputation as President Bill Clinton’s “idea mill.” Many of its mold-breaking ideas have been translated into public policy and law and have influenced international efforts to modernize progressive politics.

Today, PPI is developing fresh proposals for stimulating U.S. economic innovation and growth; equipping all Americans with the skills and assets that social mobility in the knowledge economy requires; modernizing an overly bureaucratic and centralized public sector; and defending liberal democracy in a dangerous world.

© 2026
PROGRESSIVE POLICY INSTITUTE
ALL RIGHTS RESERVED.

PROGRESSIVE POLICY INSTITUTE
1919 M Street NW,
Suite 300,
Washington, DC 20036

Tel 202.525.3926
Fax 202.525.3941

info@ppionline.org
progressivepolicy.org