



EVERYTHING, EVERYWHERE, ALL AT ONCE:

**Emerging AI Governance in the Indo-Pacific and Its Implications
for Data-driven Businesses**

SEPTEMBER 2024

A SPECIAL REPORT BY THE ASIA GROUP



AI Governance in the Indo-Pacific

Executive Summary

Artificial intelligence (AI) is one of the most closely watched business sectors in the Indo-Pacific region, with leading economies such as China, India, Japan, Singapore, South Korea, and Taiwan all separately advancing their own AI regulations and guidelines. By some estimates, generative AI could become a USD 1.3 trillion dollar global market by 2032. Growing interest in AI will also accelerate investments in data centers and increase energy demand across the region. The number of data storage facilities in the Asia-Pacific is expected to expand by at least 12 percent between now and 2027.

Indo-Pacific policymakers need to determine how to govern AI in their economies. The pan-regional push to catch up with technology has fired up a “hot pot” of inconsistent regional AI regulation efforts, creating compliance obstacles for transnational businesses while also presenting firms with a unique opportunity to shape the development of emerging regulations. Governments in jurisdictions such as China, India, and South Korea harbor a range of attitudes towards AI, shaped in part by whether specific technologies are locally developed or imported, and they are seeking expertise and guidance from the private sector.

To help business leaders navigate this challenging environment, The Asia Group (TAG) took a systematic look at AI regulation across the Indo-Pacific region, examining how various approaches may generate risk or opportunity for data-driven businesses. We focused on how different governance strategies might create pathways and obstacles for both business development and interaction with policymakers. Our investigation yielded five key takeaways:



(1) Indo-Pacific AI regulatory approaches can be characterized along two spectrums: a government’s “Attitude” towards AI (“pro-innovation” vs. “pro-security”) and the “Autonomy” of a government’s policy decision-making process from that of its neighbors (“rule-making” vs. “rule-taking”). This characterization can help businesses consider their market and political engagement strategies.



(2) AI governance approaches create two types of uncertainty: Policy Risk (the likelihood that a government could impose onerous restrictions on AI development) and Policy Autonomy (the potential for AI policy change in one jurisdiction to either influence or be influenced by AI policy change in another).



(3) Different AI regulation strategies engender different risks. “Pro-innovation” markets are of course more friendly to digital businesses than “pro-security” markets. The impact of policy autonomy on digital businesses is more complex. A “rule-taking” jurisdiction may undergo less predictable regulatory changes, whereas a “rule-making” jurisdiction may be more predictable, for better or worse depending on the “pro-innovation” versus “pro-security” metric.



(4) Many Indo-Pacific countries are “pro-innovation” but also “rule-takers.” The future of AI regulation region-wide, therefore, may be most influenced by the smaller number of nations that actively seek to create frameworks for others to follow – such as India, Japan, and Singapore. China is a unique case given its security-focused political system and simultaneous keenness to export its AI governance model abroad.



(5) A government’s AI regulation profile is shaped by economy size and domestic policy patterns. Developed and larger economies tend toward autonomous “rule-making” approaches to AI regulation, while smaller and less developed economies take more dependent “rule-taking” approaches. Strategies are shaped by political ideologies, perceived policy resources, and the degree to which each government prioritizes digital competitiveness.

Our findings also demonstrate that the United States’ general inaction on shaping AI and digital economy standards in the Indo-Pacific has led regional powers to devote more energy to developing AI protocols that best serve their own interests. In this context, multinational digital services firms will be able to identify meaningful opportunities to shape the future of AI policy regulation, even as they face significant challenges complying with the region’s diverse AI regulations.

The Asia Group’s experienced industry professionals and cutting-edge researchers stand ready to help businesses maximize opportunities and mitigate AI-related regulatory risks in this fast-changing and diverse region.



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Introduction

WHY DOES AI REGULATION IN THE INDO-PACIFIC MATTER?

The European Union (EU) and the United States are making modest progress in establishing global norms for AI governance, but Indo-Pacific nations will also be vital leaders in this area. The region is the heart of the semiconductor supply chain, which powers global AI development. It also houses some of the world's most desirable locations for data centers, including Malaysia, Indonesia, Thailand, and Vietnam, providing an advantage in digital infrastructure and hardware needed for AI research and development.

Crucially, the Indo-Pacific region is also an early adopter of AI technology, primed with policymakers and industry professionals who can help set the tempo of future policy. For many locales, AI development is deemed vital to future economic growth – and to solving key policy challenges. Japan, South Korea, and Taiwan, for example, have aging populations and diminishing workforces. Japan especially has started to leverage AI to bolster its shrinking workforce.

“The [EU] and the United States are making modest progress in establishing global norms for AI governance, but Indo-Pacific nations will also be vital leaders in this area.”

Indo-Pacific jurisdictions therefore welcome private sector investment and collaboration in AI research and development and seek to leverage the region's significant human resources. Public-private partnerships, foreign companies investing in Asia, and private sector involvement in policymaking processes make the region an inviting environment for businesses to shape the future direction of AI policy.

THE STATE OF AI REGULATION IN THE INDO-PACIFIC

Indo-Pacific governments are racing to innovate national strategies for integrating and governing AI, transforming the region's regulatory landscape into a bubbling “hot pot” of competing proposals that can be inconsistent and rapidly shift across jurisdictions. Different approaches to AI governance reflect a wide range of political values, privacy concerns, and stances on the push-pull dynamic between innovation and security. They also demonstrate varying degrees of openness to cooperation with the private sector in shaping policy outcomes.



“Indo-Pacific governments are racing to innovate national strategies for integrating and governing AI, transforming the region’s regulatory landscape into a bubbling ‘hot pot’ of competing proposals...”

Digital businesses – especially those with interests in multiple Indo-Pacific markets – must be mindful of the region’s diverse regulatory approaches to AI and how different governance strategies will impact day-to-day operations. Even seemingly minor differences between

national frameworks for AI regulation can have a salient impact on cross-border data flows, market entry strategies, and the financial and administrative burdens of compliance. In addition, most of the region’s existing policy frameworks are still aspirational, and therefore subject to abrupt change.

KEY TAKEAWAYS

To assist businesses as they navigate these uncertainties, TAG has created an original framework – **Attitude and Autonomy Framework** – to categorize AI governance approaches across the Indo-Pacific and predict how they might impact business interests. This framework is based on a comprehensive review of available policy documents from all major Indo-Pacific markets. Our key takeaways are as follows:

- **Indo-Pacific AI regulatory approaches can be characterized along two spectrums:** a government’s “Attitude” towards AI (“pro-innovation” vs. “pro-security”) and the “Autonomy” of a government’s policy decision-making process from that of its neighbors (“rule-making” vs. “rule-taking”). This characterization can help businesses consider their market and political engagement strategies.
- **AI governance approaches create two types of uncertainty:** Policy Risk (the likelihood that a government could impose onerous restrictions on AI development) and Policy Autonomy (the potential for AI policy change in one jurisdiction to either influence or be influenced by AI policy change in another).
- **Different AI regulation strategies engender different risks.** “Pro-innovation” markets are of course more friendly to digital businesses than “pro-security” markets. The impact of policy autonomy on digital businesses is more complex. A “rule-taking” jurisdiction may undergo less predictable regulatory changes, whereas a “rule-making” jurisdiction may be more predictable, for better or worse depending on the “pro-innovation” versus “pro-security” metric.
- **Many Indo-Pacific countries are “pro-innovation” but also “rule-takers.”** The future of AI regulation region-wide, therefore, may be most influenced by the smaller number of nations that actively seek to create frameworks for others



to follow – such as India, Japan, and Singapore. China is a unique case given its security-focused political system and simultaneous keenness to export its AI governance model abroad.

- **A government’s AI regulation profile is shaped by economy size and domestic policy patterns.** Developed and larger economies tend toward autonomous “rule-making” approaches to AI regulation, while smaller and less developed economies take more dependent “rule-taking” approaches. Strategies are shaped by political ideologies, perceived policy resources, and the degree to which each government prioritizes digital competitiveness.

The main body of this report contains The Asia Group’s market-by-market assessment of emerging AI regulatory trends. Overall, our findings suggest that, at least in the near-to-medium term, Indo-Pacific economies’ national AI strategies are more likely to diverge than converge.

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Compounding this challenge is the United States’ current aversion to taking a lead in setting regional standards for digital policy, including AI. This reluctance may make it easier for some Indo-Pacific countries to take approaches to AI regulation that disadvantage foreign stakeholders. Washington has shown some interest in espousing an AI regulatory philosophy in the G7, G20, and at the AI Safety Summits in the United Kingdom and South Korea. U.S. companies have also made large investments in AI-related upskilling throughout ASEAN. But there is little cohesion to these efforts, making governments across the Indo-Pacific more likely to drift toward conflicting AI frameworks. Transnational AI developers and adjacent actors will inevitably tailor their products and development practices to the requirements of diverse markets.

One notable exception is the ASEAN states, where loose regional rules outlined in the Singapore Declaration and the ASEAN Guide on AI Governance and Ethics may be incorporated into country-specific regulations. Even so, multinational firms will face significant challenges complying with the region’s diverse regulations on AI, even as opportunities to shape the future of AI policy regulation clearly present themselves.

The TAG Framework for Comparing AI Regulation

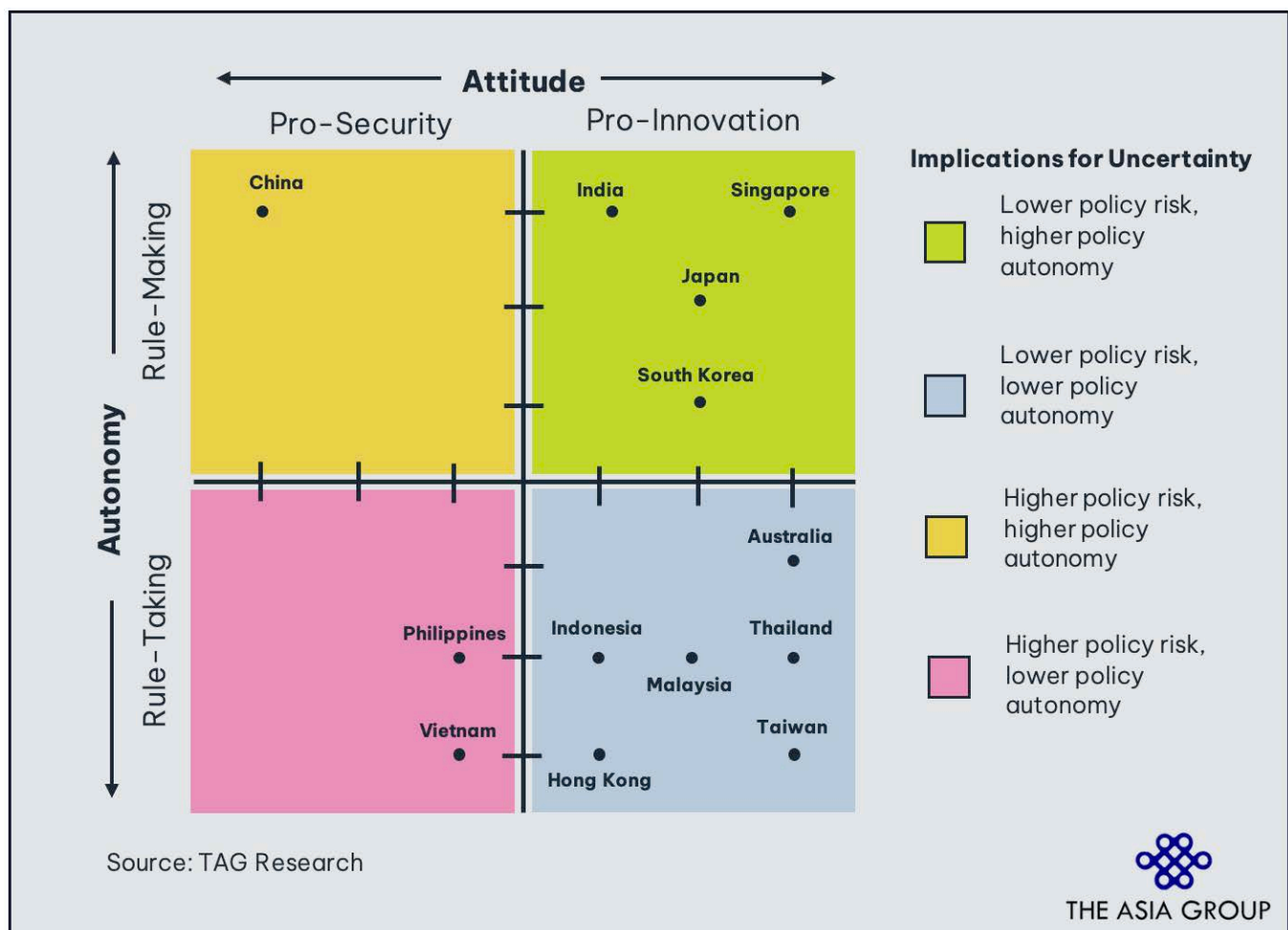
Each Indo-Pacific jurisdiction’s AI governance strategy reflects that government’s vision for translating its economic, technological, and bureaucratic interests into rules to govern emerging AI capabilities. AI governance strategies tend to focus on three goals: promoting investment in AI; integrating AI into everyday processes; and



regulating AI creation, testing, and use against metrics such as national security, infrastructure resilience, and personal privacy.

As previously noted, national strategies for AI governance differ according to two key dimensions: their **“Attitude” toward AI**, which is either *“pro-innovation”* or *“pro-security,”* and their **degree of “Autonomy”** from the policymaking of other states – i.e., whether the strategy is *“rule-making”* or *“rule-taking.”*

Together, these characteristics produce **four categories of AI governance strategies**, each with different implications for business operations: (1) “Pro-security rule-making”; (2) “Pro-security rule-taking”; (3) “Pro-innovation rule-making”; and (4) “Pro-innovation rule-taking.” These strategies vary in intensity, and each engenders different kinds of risk and uncertainty.





ATTITUDE: “PRO-INNOVATION” VS. “PRO-SECURITY” STRATEGIES

The fundamental dilemma of AI governance is whether to prioritize innovation or security. AI – like other emerging technologies – will develop more quickly in environments with lighter compliance burdens. But loose restrictions on AI production, testing, and usage can create opportunities for misuse of the technology.

“The fundamental dilemma of AI governance is whether to prioritize innovation or security. AI – like other emerging technologies – will develop more quickly in environments with lighter compliance burdens.”

“Pro-innovation” AI governance strategies offer greater leeway to AI developers and AI-adjacent companies under the logic of “innovate first, regulate later.” The “Silicon Valley method” of technological development is emblematic of the pro-innovation archetype: private companies take the lead on innovating new products until

the government determines they warrant stricter oversight. Indicators of a “pro-innovation” AI strategy include streamlined processes for approving AI products and services; permissive testing environments that do not subject budding products to tough compliance laws; tax breaks, subsidies, and grants to both new and established AI developers; programs intended to attract foreign AI developers, and investment in tech upskilling.

“Pro-security” AI regulation strategies call for stricter oversight on most aspects of AI development based on the logic that, without government intervention, AI technologies could threaten infrastructure and disrupt social order. In China, for example, multiple government organizations oversee how AI is developed, tested, and used. Indicators of a “pro-security” AI strategy include strict approval requirements for AI projects; tight data localization measures; and mandatory disclosure of AI algorithms to authorities.

AUTONOMY: “RULE-MAKING” VS. “RULE-TAKING” STRATEGIES

Indo-Pacific governments must also consider whether their AI strategies will align with the policy frameworks of their neighbors. Like the tradeoff between innovation and security, this choice too presents a dilemma. The more a government relies on frameworks created by others to fast-track development of its AI regulation scheme, the fewer resources it needs to allocate to policymaking. However, borrowing foreign regulatory measures also undermines a government’s policy autonomy and may subject its regulatory environment to uncertain changes that arise in its peers.



“Rule-making” strategies are typically associated with regional powers that already possess sufficient domestic technological know-how and resources to indigenously develop regulations. In some cases, “rule-making” AI governance strategies also express a clear intent to persuade other countries to adopt the “rule-maker’s” preferred regulatory framework. Indicators of a “rule-making” AI strategy include open advocacy of a certain AI regulatory policy, hosting international meetings on AI policy to facilitate agenda-setting and coalition-building; and offering capacity-building, technical assistance, and other forms of support that align with the provider’s preferences.

“The more a government relies on frameworks created by others to fast-track development of its AI regulation scheme, the fewer resources it needs to allocate to policymaking. However, borrowing foreign regulatory measures also undermines a government’s policy autonomy...”

“Rule-taking” strategies, on the other hand, look to base regulations on those of neighbors, usually because the “rule-taker” does not have sufficient resources or expertise to develop its own governance protocols. Indicators of a “rule-taking” AI strategy include closely mirroring the language and principles established in neighboring countries’ AI policy frameworks; deference to the protocols established by international institutions; and pursuit of AI-related funding, collaboration, and skill-sharing initiatives spearheaded by other governments or international organizations.

IMPLICATIONS FOR RISK

The “Attitude” and “Autonomy” of an AI regulation strategy generate two different sources of commercial uncertainty: **(1) Policy Risk**, the likelihood that a government could impose onerous restrictions on AI development, and **(2) Policy Autonomy**, the potential for AI policy changes in one jurisdiction to either influence or be influenced by AI policy changes in another.

Overall, “pro-innovation” and “rule-making” jurisdictions – India, Japan, South Korea and Singapore – are the most likely to create AI governance environments that are supportive of transnational digital companies and consistent over time. Meanwhile, future AI policies and regulatory strategies will be harder to predict in “rule-taking” jurisdictions.

The remainder of this report draws on this framework to identify each Indo-Pacific economy’s AI strategy, its key implementing agencies and notable policies, and potential sources of uncertainty in its market. Case profiles are ordered alphabetically



Market	“Pro-Innovation Rule-Maker”	“Pro-Security Rule-Maker”	“Pro-Innovation Rule-Taker”	“Pro-Security Rule-Taker”
India	X			
Japan	X			
Singapore	X			
South Korea	X			
China		X		
Australia			X	
Hong Kong			X	
Indonesia			X	
Malaysia			X	
Taiwan			X	
Thailand			X	
Philippines				X
Vietnam				X
Total	4/13	1/13	6/13	2/13

and by AI strategy classification. This report is a snapshot and assesses market and policy conditions as of September 2024. It is important to remember that policy orientations can shift, and “rule-takers” today can become “rule-makers” tomorrow.



“Pro-Innovation Rule-Makers”



Advanced drones hover above Singapore’s Marina Bay during a Lunar New Year Celebration in February 2024. (Photo: Edgar Su via Reuters)

India

OVERVIEW

India is best characterized as a “pro-innovation rule-maker” with lower policy risk and higher policy autonomy than many other Indo-Pacific countries, although New Delhi is a more interventionist regulator than other governments in this category. Despite generally prioritizing technological development, India aims to move away from its “innovate first, regulate later” spirit, especially when dealing with foreign tech companies. India’s government does not view innovation and security as a binary tradeoff, but instead tries to simultaneously balance the roles of innovator, regulator, and creator to empower innovators while preventing political and social harm.

“Even though India is generally more ‘pro-innovation’ than many other Indo-Pacific countries, New Delhi has recently favored greater government involvement in AI development and use; while overall policy risk remains generally low, more stringent regulations could follow.”

India’s plans for AI governance were most recently outlined in the G20 Leaders’ Declaration – in which New Delhi endorsed a “pro-innovation governance approach” – and in the India AI Mission Expert Group Report. The most important implementing agency of India’s AI agenda is the Ministry of Electronic and Information Technology (MeitY), although the inter-ministerial committee led by the Principal Scientific Advisor (PSA) to the Government of India (GOI) also plays a key role. Notably, India accounts



for approximately a third of the world's middle class – a demographic likely to leverage AI in daily life.

ATTITUDE

Even though India is generally more “pro-innovation” than many other Indo-Pacific countries, New Delhi has recently favored greater government involvement in AI development and use; while overall policy risk remains generally low, more stringent regulations could follow. India's notable pro-business practices include AI-linked grants and subsidies, visa-waiver programs for attracting international talent, and malleable restrictions on AI testing. India also created International Centers of Transformative AI (ICTAI) – a public-private partnership between NITI Aayog, Intel, and the Tata Institute of Fundamental Research. At the same time, however, government stakeholders aim to act as an active regulator, enabler, and creator – playing these roles simultaneously, unlike many Western governments. This approach is especially apparent in the country's Digital Public Infrastructure (DPI) initiative, which promotes a philosophy of “public rails, private innovation.”

“Going forward, India will aim to chart its own course on AI regulation and is more interested in developing its own processes than borrowing them.”

Despite their pro-innovation leanings, Indian policymakers have developed an increasingly skeptical view of foreign technology companies, especially Big Tech firms. One significant reflection of this shift is the imposition of

different regulatory standards for domestic and foreign technology companies. Looking ahead, India is expected to soon release further domestic legislation on AI regulation that could lead to further divergence in regulation between domestic and foreign firms. This could come in the form of the Digital India Act, which may be unveiled before the end of the year. On the hardware side, India has also committed itself to becoming a global semiconductor manufacturing hub to advance its AI research and development, with the government of India approving a USD 15.2 billion investment to build three semiconductor plants in the country.

AUTONOMY

India's approach to AI regulation heavily emphasizes “rule-making” over “rule-taking,” implying a higher degree of policy autonomy. India's G20 presidency resulted in hosting the Global Partnership on Artificial Intelligence (GPAI) Summit, which brought together 29 member states and the EU to adopt the G20 New Delhi Leaders' Declaration. The declaration demonstrated India's intent to become an international leader on AI policy with aspirations to spread its ideas among neighbors in the Global South. The sheer diversity of India's AI use cases – such as the Bhashini national language translation project – suggest that some technologies (and the rules governing their use) have the potential to trickle out to other developing countries.



Another indicator of India's efforts to assert global leadership in AI regulation is its decision to sign the Bletchley Declaration on combatting AI misinformation and disinformation. Given recent concerns about AI deepfakes and other forms of AI misuse during India's 2024 national election, leading the charge on misinformation will likely remain a key focus of India's AI and broader technology regulatory efforts. Going forward, India will aim to chart its own course on AI regulation and is more interested in developing its own processes than borrowing them.

Japan

OVERVIEW

Japan is a “pro-innovation rule-maker” with lower exposure to policy risk and a higher level of policy autonomy than many other Indo-Pacific markets. Japan aims to present itself as the friendliest advanced economy for AI, seeking to prioritize AI safety and privacy to protect the

“Japan’s shrinking work force – a product of its aging population – has made the efficient development and integration of AI into everyday processes an urgent issue.”

Japanese public but also abstaining from rolling out any “hard” AI laws too quickly. A key part of Japan's strategy was creating the Hiroshima Process on AI regulation, which is being developed even further under Italy's G7 presidency. Japan's AI policy goals are outlined in its 2022 National AI Strategy and 2024 Draft AI Guidelines, which are to be implemented by the Ministry of Economy, Trade, and Industry (METI) and the Digital Agency. Overall, Japan tends to favor voluntary rules over regulation, though it may introduce a more rigorous AI law later this year.

ATTITUDE

Japan's efforts to promote a middle-ground between the U.S. “business-friendly” approach to AI regulation and the EU's “consumer-friendly” approach underscores its generally “pro-innovation” attitude. In 2019, Japan piloted a “Human-Centered AI Society” policy which aims to efficiently integrate AI into medical care, transportation, and other public services without threatening the job security of its citizens. Japan's shrinking work force – a product of its aging population – has made the efficient development and integration of AI into everyday processes an urgent issue. Accordingly, there are currently few restrictions on AI development, and the government has implemented several measures to foster innovation. Those policies include incentives for foreign AI developers and major chip companies (such as tax credits and subsidies for AI research labs and chip manufacturing hubs), lowered barriers to entry for small and medium-sized enterprises, and start-up visa grants to promising entrepreneurs.



AUTONOMY

Japan is best described as a “rule-maker” with a higher degree of policy autonomy, although it has been somewhat less assertive than comparable governments with a similar strategy type (such as India and Singapore). As

2023 G7 President, Japan spearheaded

development of the International Guiding Principles for Organizations Developing Advanced AI Systems and the accompanying Hiroshima Process International Code of Conduct. METI released both sector-specific and broad guidelines on AI usage and governance that were developed by local experts with an eye toward providing a model for other countries that is less strict than the EU’s framework. Overall, Japanese policymakers would prefer that the country’s AI market remain competitive with other regional leaders, driving Tokyo to advocate for more flexible policies in international fora. These preferences are reflected by Japan’s efforts to persuade other members of the G7 – especially 2024 G7 President Italy – to address the challenges and risks of AI using the Hiroshima Process.

“Overall, Japanese policymakers would prefer that the country’s AI market remain competitive with other regional leaders, driving Tokyo to advocate for more flexible policies in international fora.”

Singapore

OVERVIEW

Singapore pursues a highly “pro-innovation rule-making” approach to AI governance, implying lower potential exposure to policy risk and a higher degree of policy autonomy than most other Indo-Pacific markets. The country’s ambitious AI policy goals are laid out in its 2023 National AI Strategy and its evolving Smart Nation Initiative. These policy frameworks are to be implemented by the Prime Minister’s Office, the Ministry of Communications and Information, and the Ministry of Finance, among other agencies. Singapore has leveraged its wealth, talent pool, and bureaucracy to draft the most comprehensive AI regulation strategy in Southeast Asia, with policy documents calling for significant capital investment in both foreign and domestic AI incubators – as well as looser restrictions on AI development, testing, and integration.

ATTITUDE

Singapore’s largely “pro-innovation” attitude toward AI regulation engenders a relatively low degree of policy risk. Several indicators are illustrative. In February 2024, Singapore’s authorities pledged to invest USD 743 million for AI-related talent, chip-access, computational infrastructure, and developer support. Those funds are intended to reduce barriers to entry for AI developers and provide them with an open



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sandbox for product development and testing. Meanwhile, the Infocomm Media Development Authority’s “SMEs Go Digital” program established guidelines and earmarked resources for small and medium enterprises that wish to incorporate AI products. Singapore has also established programs to attract foreign programmers, subsidize startups, and otherwise

keep its markets competitive. To mitigate the risk of AI displacing labor, the Singaporean government has tried to upskill labor and “futureproof” its workforce, rather than implementing regulations to curtail AI integration. Singapore’s workforce currently ranks among the world’s fastest in AI adoption.

AUTONOMY

Singapore’s approach to AI regulation is an overtly “rule-making” strategy that suggests high policy autonomy. The country is an active thought leader in multilateral platforms such as the Global Partnership on AI, the World Economic Forum AI Governance Alliance, and the UN High-Level Advisory Body on AI. In February, Singapore hosted the ASEAN Digital Ministers’ Meeting (ADGMIN), where it spearheaded the Singapore Declaration on “Building an Inclusive and Trusted Digital Ecosystem” and the “ASEAN Guide on AI Governance and Ethics.” Due largely to Singapore’s prompting, the Declaration emphasized the importance of maintaining a “flexible” approach to national policies on AI safety, design, and implementation that encourages foreign investment, with an eye toward eventually establishing common AI principles for the region. The non-binding Guide – part policy document and part guidebook – emphasizes values and principles for governments and businesses rather than dictating binding measures. As the de-facto leader of ASEAN’s digital discussions, Singapore is focused on developing its own AI-regulation framework and persuading other countries of its merits.

South Korea

OVERVIEW

South Korea’s approach to AI governance follows a generally “pro-innovation rule-making” strategy that entails less exposure to policy risk and a higher level of policy autonomy. Seoul’s AI regulation strategy is outlined in its December 2019 National Strategy for Artificial Intelligence and the September 2023 AI Leap Forward Plan. These agendas, which are to be implemented by the Ministry of Science and ICT, explicitly identify AI as a “national strategic technology” to be widely integrated into government agencies and private firms by 2030. As a major Indo-Pacific



semiconductor producer, South Korea is well-positioned to stand at the forefront of AI development and integration.

ATTITUDE

South Korea's AI strategy is largely "pro-innovation," implying a lower degree of policy risk. Legislation restricting AI innovation and integration remains nascent, and the South Korean government has recently implemented several measures to encourage businesses to develop and integrate AI. Example measures include visa provisions for foreigners skilled in AI and information technology, generous research and development grants for start-ups and veteran companies, and government investment in innovation hubs like the Pangyo Techno Valley. South Korea also plans to allocate 9.4 trillion won (USD 6.9 billion) in high bandwidth memory chips that have embedded processing units to facilitate the development of next-generation AI technology. Notably, the South Korean government has been more skeptical of Big Tech companies, especially from the United States, often preferring to leverage platforms and systems created by local IT companies.

"Seoul has made targeted efforts to shape international AI use norms by promoting a 'Digital Bill of Rights' and driving AI-related dialogues facilitated by the Organization for Economic Cooperation and Development (OECD), the G20, and other international organizations."

AUTONOMY

While South Korea previously allowed Europe and the United States to set the tone for AI regulation, it has transitioned toward a "rule-making" approach to AI governance that exhibits greater policy autonomy than many other Indo-Pacific markets. Seoul has made targeted efforts to shape international AI use norms by promoting a "[Digital Bill of Rights](#)" and driving AI-related dialogues facilitated by the Organization for Economic Cooperation and Development (OECD), the G20, and other international organizations. South Korea also hosted the Third Summit for Democracy in March 2024 (which focused primarily on the risks AI-generated misinformation could pose to democratic processes), as well as the second AI safety summit in May that year. These efforts signal Seoul's goal of "threading the needle" between the EU's more restrictive AI regulation and the looser approach to regulation advocated by the United States. Overall, South Korea aims to distinguish itself from other markets and match the agenda-setting power of Japan, Singapore, and other regional "rule-makers."



“Pro-Innovation Rule-Takers”



The rapid acceleration of research in artificial intelligence-related research has significantly expanded Southeast Asia’s data center market. (Photo: The Edge Malaysia)

Australia

OVERVIEW

Australia’s current AI-regulation strategy is best characterized as “pro-innovation rule-taking,” with lower exposure to policy risk but also a lower degree of policy autonomy than many other Indo-Pacific markets. However, the country is taking active steps to transition towards “rule-making” status as its AI capabilities develop.

Australia’s AI strategy is outlined in its 2021 Artificial Intelligence Action Plan, which will be implemented by the Department of Industry, Science, and Resources in coordination with the Prime Minister’s office and other agencies. The strategy calls for leveraging AI to strengthen the Australian economy and improve the quality of life for Australian citizens. Policymakers expect that successful integration could add up to AUD 315 billion to the economy by 2023 and create 1.2 million new technology jobs by 2034. However, Australia has trailed other Indo-Pacific countries in developing the bureaucratic structures needed for oversight. For example, Australia did not establish its first artificial intelligence expert group for ensuring the safe and responsible use of AI until February 2024.

“While Australia has not yet implemented extensive regulation, the government could move quickly on legislative measures once it has selected its course of action.”



ATTITUDE

Australia has few regulations on AI development, testing, and integration, suggesting a more “pro-innovation” approach that currently suggests a low degree of policy risk. Australia moved to incorporate AI systems into its government processes even before it finished designing guardrails against AI-related risks. For example, in 2023, the Australian government adopted Microsoft’s AI software known as Copilot into its operations while also receiving an AUD 5 billion investment from Microsoft to hyperscale Australia’s cloud computing and AI infrastructure. Taking these steps to build AI capacity in-country without first instituting intensive regulation of the technology indicates – at least for the present – an environment that favors AI developers.

“As Australia works to develop its own agencies for AI regulation, it will likely continue to look to other first-movers for frameworks and guidance, while gradually developing the capacity to pursue a more independent regulatory policy.”

However, this status could change as Australia’s AI regulatory mechanisms become more sophisticated. While Australia has not yet implemented extensive regulation, the government could move quickly on legislative measures once it has selected its course of action. For instance, in June 2023, the government released a “Safe and Responsible AI

in Australia” discussion paper for public consultation which proposed regulatory actions for artificial intelligence. An interim response paper that underscored the need for regulation, particularly for high-risk applications (e.g. self-driving cars, surveillance, and AI-driven hiring processes) was subsequently drafted and released in January 2024.

The Australian government has emphasized that its attitude toward AI regulation is to carefully target and accelerate development of AI applications in low-risk settings so developers can thrive without being stifled by government intervention while simultaneously placing guardrails on high-risk applications – such as those involving national security and individual safety. Looking ahead, Australia could adopt significantly more stringent rules and regulations on certain AI applications and create a higher policy risk environment for AI developers.

AUTONOMY

Without formal guardrails against AI risks and with few policy documents on AI regulation, Australia is currently a “rule-taker,” implying a lower level of policy autonomy than other markets. Nevertheless, Australia has the capacity to rapidly shift to a “rule-maker.” In designing Australia’s “AI Ethics Framework and Principles,” the Australian government used some domestic initiatives aimed at demonstrating regional leadership in AI regulation, such as the Australian Human Rights Commission’s



Human Rights and Technology project, the review of Australia’s Privacy Act, and the “Method for Ethical AI in Defense” report. The government also leaned heavily on international references such as the OECD’s Principles on AI, the Global Partnership on Artificial Intelligence (GPAI), and the EU’s Ethics Guidelines for Trustworthy AI. As Australia works to develop its own agencies for AI regulation, it will likely continue to look to other first-movers for frameworks and guidance, while gradually developing the capacity to pursue a more independent regulatory policy.

Hong Kong

OVERVIEW

Hong Kong’s approach to AI governance is generally “pro-innovation rule-taking,” suggesting relatively lower exposure to policy risk and a lesser degree of policy autonomy. However, Hong Kong’s unique status as a Special Administrative Region (SAR) of China and the government’s increasing emphasis on national security presages that businesses may encounter a higher degree of uncertainty in Hong Kong than other Indo-Pacific countries or entities pursuing similar AI governance strategies.

Hong Kong’s AI regulation strategy is outlined in its June 2024 voluntary framework of AI data protection guidelines – “Artificial Intelligence: Model Personal Data Protection Framework” – and in its August 2023 Ethical Artificial

Intelligence Framework. Hong Kong has also drawn from several international AI policy documents to mold its own guidelines. The Office of the Chief Information Officer, Office of the Privacy Commissioner, the Mainland/Hong Kong Science and Technology Co-operation Committee, the Hong Kong Science and Technology Parks Corporation, and other executive agencies lead AI regulation in Hong Kong.

“Although overall policy risk in Hong Kong is generally low, intervention from Beijing could cause the Hong Kong government to amend its strategy in the future.”

ATTITUDE

Hong Kong has few AI regulations, indicating a “pro-innovation” approach with a relatively lower degree of policy risk. Hong Kong’s new voluntary framework for AI data protection guidelines signals that the government will proceed with writing targeted consumer protections on AI rather than attempting more sweeping laws or regulations. Hong Kong has also encouraged foreign technology firms to establish home bases in the city and drafted policies promoting the use and integration of AI in business in the hopes of transforming Hong Kong into an AI tech hub. The city has embraced integrating AI and AI-related technologies in the education, e-commerce, and banking sectors. Finally, the Hong Kong government has financially supported AI investment



projects with the Mainland-Hong Kong Joint Funding Scheme and its Science Park and Cyberport.

“...the Hong Kong government has no plans to rigorously enforce data localization, which supports the ‘One Country, Two Systems’ framework Hong Kong hopes to uphold.”

Nevertheless, the Hong Kong government has implemented several measures to protect consumers amid its efforts to foster a business-friendly environment. For instance, the Hong Kong Monetary Authority published a circular on “High Level Principles on Artificial Intelligence”

and issued a set of guiding principles on consumer protection for users of AI applications that outline non-binding ethical standards. Although overall policy risk in Hong Kong is generally low, intervention from Beijing could cause the Hong Kong government to amend its strategy in the future.

AUTONOMY

Hong Kong has generally looked beyond its borders for guidance on its AI policies, implying a “rule-taking” approach to regulation that engenders lower policy autonomy than other markets in the region. Hong Kong has not hosted a major AI multilateral event or imposed its AI framework on others. Instead, Hong Kong co-sponsored the International Conference of Data Protection & Privacy Commissioners Declaration on Ethics and Data Protection in Artificial Intelligence, signaling that it would rather participate in global frameworks than lead them.

Hong Kong’s broader political situation and connection to China – including the National Security Law and Article 23 – create greater uncertainties for Hong Kong’s AI sector, especially the moderation of AI generated content. OpenAI’s decision to terminate its services in Hong Kong and China are indicative of the city’s precarious political environment. Still, the Hong Kong government has no plans to rigorously enforce data localization, which supports the “One Country, Two Systems” framework Hong Kong hopes to uphold. However, compared to other Indo-Pacific markets, Hong Kong faces a greater risk of policy volatility, particularly due to policy changes originating from mainland China.

Indonesia

OVERVIEW

Indonesia’s approach to AI governance follows a “pro-innovation rule-taking” model that implies lower exposure to policy risk but also relatively low degrees of policy autonomy. Jakarta outlined its plan for AI development in its National Strategy for AI 2020-2025, which was first published in August 2020. Agencies driving Indonesia’s national AI push include the Agency for the Assessment and Application of Technology,



the Ministry of Research and Technology, and the National Research and Innovation Agency (BRIN).

Overall, Indonesia is focused on accelerating AI adoption to enhance administrative efficiency, advance critical public sectors such as health services and transport, develop the necessary bureaucratic organizations to regulate AI, and improve its physical data storage infrastructure. Under President Joko 'Jokowi' Widodo, the government adopted a sandbox approach to technology development in the hopes of fostering a pro-business environment in the emerging sector. President-elect Prabowo Subianto – who will be inaugurated in October – is expected to follow the approach of the current leadership.

ATTITUDE

Indonesia supports an overall “pro-innovation” attitude towards AI-regulation, but it has been less accommodating toward businesses than comparable countries. On the one hand, Jakarta continues to introduce business-friendly measures, including grants, tax incentives, and access to venture capital to encourage investment in AI technologies and support AI start-ups. On the other, the Indonesian government has taken active steps through BRIN and the Ministry of Communication and Informatics (KOMINFO) to draft binding regulations on AI. Similar to the EU model, if passed, the laws would impose greater transparency requirements on AI developers.

“The Indonesian government has taken active steps... to draft binding regulations on AI. Similar to the EU model, if passed, the laws would impose greater transparency requirements on AI developers.”

As an initial step toward binding legislation, Indonesia has already issued non-binding ethical guidelines, such as the Circular Letter No. 9 of 2023 on AI Ethical Guidelines, as well as the Financial Services Authority's (OJK) guidelines on the application of AI to fintech. Notably, President Jokowi introduced incentives for AI

business operation and AI adoption, while incoming President Prabowo has committed to promoting investor-friendly policies. However, Indonesian policymakers are overall more cautious than their ASEAN counterparts and appear to support a higher degree of intervention in AI development to deter misuse.

AUTONOMY

Indonesia's AI regulation strategy can be conceptualized as largely “rule-taking,” presaging a higher degree of policy inconsistency than many other Indo-Pacific countries. Although Jakarta sees itself as a regional leader, it lacks the AI agenda-setting power of more developed countries like Singapore, which has a natural first-mover advantage. Thus far, Indonesia has been an active participant in various multilateral fora for AI regulation, including ASEAN digital ministers' summits, and it has



pushed for a global AI platform during its G20 Presidency in 2022. Government officials publicly stated that they look for external guidance – particularly from the U.S., the EU, and China – when developing guidelines and regulations.

Malaysia

OVERVIEW

Malaysia's approach to AI governance is best characterized as moderately "pro-innovation and rule-taking," with lower exposure to policy risk and a lesser degree of policy autonomy than other Indo-Pacific markets. The Malaysian government outlined its approach to AI governance in its National AI Roadmap 2021–2025, first published in 2021 by the Ministry for Science, Technology, and Innovation. Like other Southeast Asian countries, Malaysia seeks to develop its broader digital economy and advance general goals related to economic growth.

"Looking ahead, Malaysia's government is actively considering the introduction of an AI law and specific regulations which could make the environment less friendly toward businesses than it is at present."

ATTITUDE

Malaysia's lack of an AI regulatory framework, along with its targeted AI business incentives, speaks to its overall "pro-innovation" attitude – though the government plans to introduce balanced regulations soon. Thus far, Malaysian officials have prioritized building an AI ecosystem and integrating AI into society with minimal regulation. Malaysia encourages strategic collaboration between government, academia, industry, and society (GAIS). Additionally, the government has collaborated with many multinational corporations including Alibaba, AWS, and IBM to promote adoption of cloud computing and storage for AI. Recent projects with Microsoft and Google – which each pledged to invest about USD 2 billion in Malaysia earlier this year – further underscore the country's attractiveness as a potential hub for AI business in the region.

Looking ahead, Malaysia's government is actively considering the introduction of an AI law and specific regulations which could make the environment less friendly toward businesses than it is at present. Its upcoming AI Code of Ethics and Governance will form the basis for more concrete AI regulation in the country – though Science, Technology and Innovation Minister Chang Lih Kang has emphasized that the government remains cautious not to over-regulate and stifle innovation. The government continues to implement incentives that facilitate high-caliber AI infrastructure and support for startups, such as the KL20 GPU Scheme. Even with the



likely introduction of AI-specific regulations, Malaysia is not expected to shift to a “pro-security” attitude as current Prime Minister Anwar Ibrahim is regarded as business-friendly and AI development is not a partisan issue in Malaysian politics.

AUTONOMY

Malaysian policymakers have set lofty goals and are actively tracking other countries’ regulatory frameworks for guidance, adopting a moderate “rule-taking” approach that is likely to generate a lower degree of policy autonomy. Minister Kang himself said that “the government is closely monitoring the adoption of AI regulation around

“[Malaysia’s] government... plans to leverage its 2025 ASEAN Chairmanship role to influence AI policy and drive regional collaboration, though it is unlikely to lead the development of new frameworks.”

the word,” indicating that Malaysia will likely continue to learn from other countries. Malaysia has keenly participated in the ASEAN Ministerial Conference on Cybersecurity, the UN-sponsored World Summit on the Information Society, the ASEAN Ministerial Conference on Science and Technology, and other fora in search of ideas for improving its own capacity-building. The government also plans to leverage its 2025 ASEAN Chairmanship role to influence AI policy and drive regional collaboration, though it is unlikely to lead the development of new frameworks.

Taiwan

OVERVIEW

Taiwan’s framework for AI governance is “pro-innovation rule-taking,” implying a low degree of policy risk but significant potential for low policy autonomy. As the world’s largest contributor to advanced semiconductor manufacturing and production, Taiwan is well-positioned to effectively develop and integrate AI at home. However, the island’s contested sovereignty and ensuing exclusion from many international institutions will limit Taipei’s ability to set the global AI policy agenda.

Taiwan’s AI regulation strategy is outlined in its 2019 AI Action Plan, the 2022 Taiwan AI-Readiness Assessment Report, and the Executive Yuan’s January 2023 “Taiwan AI Action Plan 2.0.” These plans, which will be implemented by Taiwan’s Ministry of Digital Affairs, the Executive Yuan’s National Science and Technology Council (NSTC), and other agencies, reflect the island’s effort to stimulate innovation and economic growth by reducing compliance burdens. The Taiwan government is also poised to propose a new Artificial Intelligence Law (AIL) by October, following several failed attempts in previous years.



ATTITUDE

Taiwan's attitude towards AI is generally "pro-innovation." Accordingly, policy risk is lower in Taiwan than it is in many other Indo-Pacific markets. Former President Tsai Ying-wen's "Digital Nation, Smart Island" agenda aimed to turn Taiwan into a global AI innovation hub by liberalizing AI development laws, opening AI testing grounds, and rapidly integrating AI into both public and private sector processes. Notable measures to promote AI development include setting up "Connected, Autonomous, Road-test (CAR)" labs subject to less stringent testing and development regulations; nurturing AI start-ups through grants and loans; and offering incentives for skilled foreign nationals to immigrate to Taiwan via the 2018 Act for the Recruitment and Employment of Foreign Professionals. The Taiwan government has also established research and development organizations such as the Industrial Technology Research Institute (ITRI) and the Institute for Information Industry (III).

"As the world's largest contributor to advanced semiconductor manufacturing and production, Taiwan is well-positioned to effectively develop and integrate AI at home."

Taiwan's newly-elected President Lai Ching-te pledged to take several steps that build upon his predecessor's AI development efforts, further suggesting that Taiwan will maintain its "business friendly" approach to AI regulation. During his inauguration address, Lai vowed to boost

Taiwan's AI efforts and transform Taiwan into an "AI Island" by further integrating the technology into its military, workforce, and economy. Furthermore, Taiwan's NSTC hinted that it would propose a draft of Taiwan's first basic AI law for Lai's cabinet by October 2024. While further details have not yet been disclosed, NSTC minister Wu Cheng-wen told reporters that the law would be "human-oriented" and encourage technology innovation.

AUTONOMY

Taiwan is categorized as a "rule-taker" with a lower degree of policy autonomy.

Regardless of Taiwan's success in developing and regulating AI at home, Taipei is not well-positioned to advance its own AI-preferences at the international level because of its limited participation in – or outright exclusion from – international institutions. For example, China protested Taiwan's attendance at the Third Summit for Democracy in Seoul, which focused on combatting AI-generated misinformation. While Taiwan entrepreneurs, innovators, and policymakers can still engage with their foreign counterparts, including through government partnerships with private tech companies, Taipei will struggle to lead the charge on AI regulation in multilateral fora – hampering its ability to project its preferences across the global community.



Thailand

OVERVIEW

Thailand's AI regulation is generally “pro-innovation rule-taking,” suggesting little exposure to policy risk but a higher degree of uncertainty from its relatively limited policy autonomy. Thailand's AI strategy is outlined in its 2022–2027 National AI Strategy and Action Plan, a collaborative effort between the Ministry of Digital Economy and Society (MDES) and the Ministry of Higher Education, Science, Research and Innovation (MHESI). The plan was approved by the cabinet in July 2022 and last updated in February 2024. While Thailand has been conducting research on AI since the 1970's, compared to other Indo-Pacific countries, it lacks the infrastructure and expertise to be a first-mover in the sector. Accordingly, Thailand's national AI strategy primarily focuses on fostering a business-friendly ecosystem that could accelerate the growth of AI-related infrastructure. The Thai government estimates that the country has only 21,000 AI experts among its population of nearly 70 million – though it aspires to one day host at least 100,000.

ATTITUDE

The Thai government has implemented several policies for AI integration that presage an overall “pro-innovation” approach with lower policy risk.

Bangkok created special visas to attract

“digital nomads” in the hope that they will launch AI-related start-ups in Thailand. Furthermore,

the government recently injected USD 218 million to boost the nation's pool of researchers in S-curve industries, including AI, and pushed to integrate automated machines into various manufacturing industries. As of 2023, Thailand has hosted more than 3,000 industrial robots – the second largest number in ASEAN after Singapore. The country leverages automated systems widely in various sectors, such as automobiles, F&B, plastics and polymers, and electronics. Given the scale of this integration, some have argued that Thailand's AI ethics guidelines are skewed towards the private sector, with Bangkok placing greater emphasis on compliance with international standards even if those standards are weaker than domestic alternatives.

“Thailand's national AI strategy primarily focuses on fostering a business-friendly ecosystem that could accelerate the growth of AI-related infrastructure.”

AUTONOMY

Thailand's current approach is moderately “rule-taking,” thereby exposing its markets to some degree of uncertainty via low policy autonomy. Most of Thailand's AI policies, which generally create permissive conditions for both foreign and domestic AI



startups, are piecemeal efforts to boost the economy rather than cleanly delineated components of a more complex regulatory agenda. Moreover, Thailand is not at present leading the charge to develop global standards for AI regulation. There have been two Thai proposals for AI regulation, including the Draft Act on the Promotion and Support of AI Innovations and the Draft AI Royal Decree, the latter of which is highly influenced by the EU AI Act. However, those legislative plans remain uncertain at this stage. Until AI becomes more developed in Thailand, Bangkok will likely take a “wait and see” approach that looks to its neighbors to assemble a regulatory framework that suits its needs.



“Pro-Security Rule-Maker”



Workers clean the exterior of China's second Cyberspace Administration (CAC) office in Beijing (Photo: Stephen Shaver via UPI)

China

OVERVIEW

China's AI regulation strategy is resolutely “pro-security rule-making,” with especially high exposure to policy risk but also a higher degree of policy autonomy than most other Indo-Pacific markets. Government agencies such as the Cyberspace Administration of China (CAC), Ministry of Science and Technology, Ministry of Industry and Information Technology, and the National Development and Reform Commission drive China's AI vision. Another agency that plays a key role in China's cyber ecosystem – even though it does not directly govern AI – is the National Data Bureau (NDB), which coordinates the integration, sharing, and use of data resources. The CAC, which President Xi Jinping established in 2014, holds the most sway over AI and internet regulation writ large, including the power to approve AI algorithms. The CAC was founded in 2011 as the country's internet regulator and enforcer. It is not a typical administrative agency in the executive branch of the government. Instead, it is a party-state entity, closely intertwined with the Chinese Communist Party (CCP), and thereby holds more power than equivalent ministries in other countries.

China's internet is already strictly regulated for content. Independent news sources such as *The New York Times* and various social media websites have already been banned for about a decade. This tight grip has expanded even further due to the CAC's role in forming policy and setting regulations on cybersecurity, data security, privacy,



algorithms, and network platforms – suggesting that AI policy will undoubtedly follow a similar course. Due to the structure of China’s government, AI policies and regulations are developed and promulgated more quickly than in other countries. China is therefore well-positioned to set its own standards given its robust digital infrastructure, AI development, and Party apparatus.

ATTITUDE

China has consistently adopted an obvious “pro-security” approach to AI regulation that implies a higher degree of policy risk than any other Indo-Pacific market. Regulatory decisions are often significant and made with little warning given the

“Due to the structure of China’s government, AI policies and regulations are developed and promulgated more quickly than in other countries.”

degree of government involvement at all levels of AI development. Notably, China has enshrined its “pro-security” AI policy into broader economic growth goals and initiatives. For example, China’s technology self-reliance initiative, the State Council’s Generation Artificial Intelligence Development Plan, the Fourteenth Five-Year Plan, and the 2024 Government Work Plan all prioritize AI development, research, and policymaking. The integration of AI policies into state planning gives authorities sweeping regulatory authority. Further adding to policy risk, foreign firms in China face concerns about cross-border data flows. U.S.-China tech competition, especially as it relates to Beijing’s ability to manufacture advanced chips for AI applications, could also create unexpected shocks.

AUTONOMY

China has a long track record of pursuing its own “rule-making” in digital governance, preferring to act independently from the decisions of other countries. Behind the United States, China leads the world in AI research and development, and it was the first country to put into effect regulations on generative AI. Domestically, China recently announced that it aims to establish at least 50 AI standards by 2026 and contribute to at least 20 international AI standards. Separately, the CAC has recommended other controls on generative AI pre-training, data annotation, and basic security requirements. China explicitly stated its ambitions to lead the Global South on AI policy and development, as evidenced by its release of the Global AI Governance Initiative at the third Belt and Road Forum. Beijing also called upon international institutions to support AI capacity building in the developing world in its UN resolution passed in July 2024. Further signaling leadership, China has tried to pursue limited collaboration with Washington to outline “red lines” for AI risk.



“Pro-Security Rule-Takers”



A Vietnamese worker at a smart electric vehicle factory outside Hanoi attaches thermal sensors and charging cables to a battery pack. (Photo: Chris Trinh via Getty)

The Philippines

OVERVIEW

The Philippines’ AI-regulation strategy is best characterized as “pro-security rule-taking,” implying greater exposure to policy risk and a lower level of policy autonomy than many other Indo-Pacific countries. The Philippines’ approach to AI governance is outlined in its 2021 AI Strategy Roadmap, which is to be implemented by the Department of Trade and Industry alongside other government agencies. The Philippines government is ostensibly supportive of AI adoption and integration, seeking to transform the country into a regional AI hub. However, it has also expressed more deep-seated concerns than its neighbors about the capacity for AI to disrupt its labor-dependent economy should it develop unchecked. Efforts to exert government oversight can be interpreted as giving the private sector a short leash to collaborate on AI development, though policymakers have yet to pass binding legislation on AI regulation, which remains under active consideration in the Philippine Congress.

ATTITUDE

The Philippines’ AI strategy skews toward a “pro-security” model that presages a higher degree of policy risk than the other Indo-Pacific countries even though Philippine officials nominally support AI adoption. While Manila recognizes the economic value of AI, it has also warned about its potential effects on the country’s highly labor-dependent economy. There are concerns that AI could disrupt the



“While Manila recognizes the economic value of AI, it has also warned about its potential effects on the country’s highly labor-dependent economy.”

Philippines’ sizable business process outsourcing (BPO) sector, where AI chatbots have already threatened to displace human workers. Key legislation currently under review by the House Committee on Science and Technology includes

Bill No. 7396 on the development and regulation of AI and Bill No. 9448 on regulating the use of AI in the labor industry.

However, more ambitious efforts to steer AI development through the establishment of a National Center for Artificial Intelligence Research (NCAIR) have stalled due to a lack of funding. While Manila has involved the private sector in AI policymaking, it has deliberately limited companies’ input. Nevertheless, there is a growing public-private partnership on providing AI as an essential service, with the Department of Trade and Industry spearheading much of the effort.

AUTONOMY

Manila is currently behaving as a “rule-taker,” suggesting a lesser degree of policy autonomy than other regional markets. The Philippines has not yet led major international summits on AI due to a relative lack of technical expertise. Instead, it has looked to its neighbors for guidance, although Manila did express ambitions to eventually become a leader on AI policy within Southeast Asia in its National Artificial Intelligence Roadmap. Moreover, at the World Economic Forum (WEF) in Davos this year, Philippine Speaker of the House Martin Romualdez announced that the country plans to propose a binding regional regulatory framework on AI when it serves as ASEAN Chair in 2026. Whether these aspirations – which are rumored to contrast with ASEAN’s standing business-friendly approach to AI regulation – will lead to substantial action remains unclear.

Vietnam

OVERVIEW

Vietnam’s approach to AI governance is “pro-security rule-taking,” signaling higher exposure to both policy risk and a lower level of policy autonomy than many other Indo-Pacific markets. AI adoption in Vietnam is still relatively nascent, ranking fifth overall among ASEAN states behind Singapore, Malaysia, Thailand, and Indonesia by some estimates. The government released AI guidelines for the ethical research and development of AI in June 2024, prioritizing the protection of users’ lives, property, and privacy.

Vietnam’s policymakers laid out their approach to AI in the country’s National Strategy on Research, Development, and Application of Artificial Intelligence until 2030, which



was published in January 2021. The plan's main implementing agencies are the Ministry of Science and Technology and the Ministry of Information and Communications. Overall, Vietnam has encouraged the widespread adoption of AI in public administration and online public services to improve the operational efficiency of administrative and social management. Nevertheless, the Vietnamese Communist Party (VCP) wishes to ensure that technology is controlled to serve state interests.

ATTITUDE

While the Vietnamese government has piloted some “pro-innovation” policies for AI integration and regulation, its attitude towards AI governance generally prioritizes security over innovation. The country's approach focuses on catalyzing a state-driven “Fourth Industrial Revolution” for high-speed connectivity, machine learning, and real-time data analytics by 2030 to commemorate the one-hundredth anniversary of the VCP. The strategy also emphasizes utilizing AI to improve government effectiveness in protecting national security and maintaining social order.

“Vietnam’s government has already increased its top-down oversight over AI applications in healthcare, education, urban planning, and management, suggesting that it will continue to play a key role in setting the agenda for how SOEs develop, test, and integrate AI.”

If Vietnam's approach to innovating other emerging energy and communications technologies is any indication, Hanoi's national AI strategy is likely to privilege state-owned enterprises (SOEs) as well as leading local private tech companies. Vietnam's government has already increased its top-down oversight over AI applications in healthcare, education, urban planning, and management, suggesting that it will continue to play a key role in setting the agenda for how SOEs develop, test, and integrate AI. However, the government has provided some funding for AI innovation hubs like the Da Nang Semiconductor and Artificial Intelligence Center (DSAC).

AUTONOMY

Vietnam's AI strategy is a “rule-taking” taking approach that engenders a lower level of policy autonomy than many other Southeast Asian countries. Despite the government of Vietnam's ambitious goal to rank among the top 4 countries in ASEAN and the world's top 50 countries in AI research, development and application by 2030, officials have not yet taken a strong stance on any AI governance model. Because Vietnam's AI expertise and AI-related infrastructure are still emerging, the government lacks international agenda-setting power and has no framework of its own to promote. Accordingly, Hanoi has not hosted any international AI gatherings, and looks for guidance in developing its own standards by attending ASEAN digital summits, ministerial meetings, World Economic Forum events, and AI-related APEC discussions.



Conclusion

Main Findings

Given the diversity of Indo-Pacific approaches to AI governance, the future of AI regulation in the region remains uncertain. As governments work to develop national strategies for governing and integrating AI, many policymakers are looking outwards at one another and the private sector to set their own standards and practices, which provides the business community with a unique opportunity to shape policy outcomes in several Indo-Pacific markets.

However, this dynamic environment also means that AI regulation strategies are constantly changing and inconsistent across jurisdictions, reflecting varying degrees of openness to cooperation with the business community. The result is a bubbling “hotpot” of overlapping, but often conflicting, approaches that reflect the distinct values and preferences of their proponents. Anticipating changes within this complicated lattice of AI regulations should be a high priority for businesses and policymakers for several reasons:

- **First, the Indo-Pacific region is emerging as a major AI hub with the potential to rival the United States and the European Union (EU).** It is already the world’s largest internet market by user volume, and regional approaches to AI governance could become global. Indo-Pacific rule-makers such as China, India, and Singapore have established AI frameworks and are poised to collaborate and compete with the EU and the U.S. in the AI sector. Japan and South Korea have amassed large amounts of government funding to drive their AI ambitions, while Taiwan houses the highest quality of chips needed for AI research and development.
- **Second, the United States’ present aversion to setting regional standards for digital policy – including AI – may exacerbate the trend of Indo-Pacific countries developing individual approaches to AI regulation.** While Washington has shown some interest in regulating AI through the G7, G20, AI Safety Summits in the United Kingdom and South Korea, United Nations resolutions, and U.S. companies’ multi-billion-dollar investments in AI-upskilling throughout ASEAN, there is little cohesion to these moves. The Biden administration has been



especially resistant to the notion of negotiating regional digital services agreements or frameworks. Absent U.S. leadership, governments across the Indo-Pacific are less likely to coordinate on AI standard-setting and may drift towards conflicting regulatory frameworks which best suit their individual interests. If this shift occurs, even gradually, transnational AI developers and commercially adjacent actors could struggle to tailor their products and development practices to the distinct requirements of different markets.

- **Third, it is useful to identify AI governance “rule-makers” as targets for public-private engagement.** Given their efforts to persuade other governments about the merits of their regulatory frameworks, countries like China, India, Japan, Singapore, and South Korea are likely to have the greatest impact on international standard-setting. In some cases, “rule-makers” actively seek to create a system for other countries to follow that is more favorable to itself. In others, regulatory processes can diffuse more organically as newcomers to AI regulation mimic first-movers.

What Businesses Should Watch

- **AI governance in the Indo-Pacific region could pose higher risks for business than AI regulation in the EU.**
 - The Indo-Pacific is not a single “internal market” with standardized cross-border business regulations. Multinational corporations will face challenges when they try to navigate the growing complexity of AI governance in the region, especially given emerging concerns about cybersecurity, data privacy, and human rights.
 - The Indo-Pacific region is not organized around any regional political body, and it has no unified approach to AI governance. Consequently, there will not be an “APAC AI Act” that resembles the EU’s AI legislation.
 - The “Brussels Effect” – i.e., the diffusion and externalization of policy from Europe to other regions – of AI regulation is unlikely to apply to Asia because Indo-Pacific governments want to develop regulations and guidelines tailor-made for their own market conditions.
- **Competition between the United States and China will impact individual governments’ AI regulations and access to AI tools in the Indo-Pacific.**
 - Indo-Pacific governments’ AI regulation ideologies may follow either the U.S. “pro-innovation” approach favoring fewer guardrails or China’s “pro-



- security” approach, which advocates for a tighter grip on content. Some may aim for middle ground between the two.
- The United States has not asserted itself as a primary regional AI governance “rule-maker” in the Indo-Pacific. However, through United Nations-sponsored AI resolutions, the Bletchley Declaration, and a commitment to the G7 Hiroshima AI Process, Washington has shown some interest in AI governance at the global level.
 - China is keen to export its AI governance approach to the Global South, leveraging its assistance in providing digital infrastructure – especially to other countries that also place a high priority on content moderation and state control of AI technology.
 - Washington’s “friendshoring” model with allies and partners such as Japan, Taiwan, and South Korea extends beyond semiconductor supply chains to AI software and other forms of emerging technology. Efforts to prevent technology diffusion to China’s military and intelligence apparatus via secondary sanctions could also affect technological development in those allies and partners.
- **Looking ahead, multinational firms will likely encounter meaningful opportunities to shape the future of AI governance, particularly in Asia. Individually, corporates can write and publish their own “Responsible AI” statements, similar to the “Data Privacy Statements” widely seen on company websites and in service agreements.**
 - Consumers and users will have growing questions for businesses and brands about how they adopt AI technologies. Companies should not be shy in improving transparency to win the trust of their customers.
 - Multinational corporations are likely to face significant challenges adhering to the region’s diverse regulations on AI-related product development, testing, and distribution, which means higher compliance costs for their operations in the Indo-Pacific region.
 - Factors beyond the control of the private sector such as economic growth, social stability, and government control of the technology are likely to play a large role in decision-making on AI regulation.



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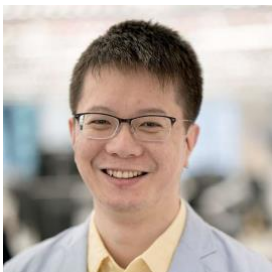


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