2025 Conference on

"Asia-Pacific Artificial Intelligence (AI) Governance Accelerator and Preparing for AI Transformation"

Conference Report

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This conference brought together leading minds to discuss the pivotal opportunities and challenges presented by AI across industries and economies. The exchange of ideas during this conference aims to inform policy, accelerate industry adoption, and foster cross-border collaborations in AI—helping to position the Asia-Pacific as a leader in the global digital economy.

Policy Recommendations Framework

Policy recommendations will be organized around three pillars as outlined below:

There are in total three broad policy recommendations for PECC/APEC in this preliminary draft:

1. ***Support SME Adoption of AI for capacity building and empowerment to boost productivity and innovation with talent development, infrastructure investment and integrated cross-border cooperation mechanisms***

2. ***Enable sectoral transformation with AI governance innovation by supporting frameworks that facilitate industry standard setting with scenario preparedness through adaptive strategies for multiple AI development trajectories.***

3. ***Principles for cooperation and coherence AI Governance by building a sustainable, trusted and people-oriented approach AI ecosystem which are inclusive and transparent for developing common norms through connectivity***

RECOMMENDATION 1: SUPPORT SME ADOPTION OF AI

Generative AI (GenAI) has democratised access to AI capabilities which is important for small businesses with limited resources (smaller teams and tighter budget).

How Gen AI can help SMEs:

1. **Boost productivity and improve cost efficiency with limited resources** - Gen AI tools can help automate routine tasks (e.g. customer support, content creation, data analysis), freeing employees for higher-value work while also reducing operational costs.
2. **Innovation and differentiation** - Gen AI enables SMEs to launch creative campaigns, build unique customer interaction and develop AI-powered products and services

Challenges for SMEs in AI Adoption:

1. **Lack of clear use cases**: SMEs may not know where to start or how Gen AI can help businesses
2. **Lack of AI Expertise:**
    a. ***Competence*:** SMEs often lack personnel trained in how to use GenAI tools effectively.
    b. ***Capability***: Even when trained, many SMEs struggle to apply GenAI in ways that align with their business model and strategy.
3. **Lack of financial resources**: SMEs often lack access to funding (e.g. loans, investments, subsidies) to support AI transformation.
4. **Integration challenges**: SMEs face difficulty in incorporating GenAI into existing systems without IT support.
5. **Insufficient government support**: There is limited public infrastructure (e.g. compute, platforms) available to ease SME onboarding.
6. **Value distribution concerns**: SMEs adopting GenAI tools may see limited returns, with most value accruing to large platform providers (e.g. cloud AI vendors), threatening long-term sustainability.

Possible Support Mechanisms:

Collective efforts from the tech industry, trade associations and government are required to help SMEs to benefit from Gen AI. Some possible support could be:

1. **Case studies**: Real-world examples showing how SMEs have successfully used and benefited from the use of GenAI can raise awareness and inspire adoption.
2. **Toolkits and guides**: Step-by-step guidance for SMEs across different maturity levels and business needs – including governance, costs and integration.
3. **Financial support**: Loans, subsidies, tax incentives, or investment schemes targeted at AI adoption.
4. **Co-funded pilots**: Government/industry support for SMEs to test GenAI tools and measure impact (e.g. ROI, efficiency).

5. **Training programmes**: Focused for non-technical staff – covering prompt design, GenAI capabilities and governance considerations.
6. **Built-in AI solutions**: Encourage embedding GenAI capabilities into commonly-used SME tools (e.g. productivity software, POS systems).
7. **Readiness assessment tools**: Enable SMEs to evaluate their AI maturity and identify gaps (skills, infrastructure, data).
8. **Fair value-sharing frameworks**: Promote policies to ensure SMEs capture sufficient value when adopting GenAI tools offered by large firms.

RECOMMENDATION 2: ENABLE SECTORAL TRANSFORMATION WITH AI

Why Sectoral AI Transformation Matters:

1. Economic necessity and competitiveness: AI is no longer just an opportunity but a necessity for businesses. The technology will help overcome labour and productivity challenges, maintaining economic competitiveness, future-proofing the sector by ensuring sector readiness participate in future industries.

2. Business benefits: AI Increases productivity and operational efficiency, optimises business operations, helps enterprises stay relevant in this changing economy and creates new value proposition and opportunities

Key Sectoral Challenges:

Successful sector transformation requires coordination between government, industry, and businesses, with each playing distinct but complementary roles in driving AI adoption and innovation within their sectors. Some possible initiatives could include:

1. **Develop sector-specific AI strategies**, which could include:
   - The impact of AI on specific segments of the sector
   - Prioritisation of reskilling efforts in areas likely to experience significant changes
   - Plans for adoption of emerging technologies such as Gen AI
   - Steps to prepare the workforce for new and augmented roles
2. **Establish partnership between industry leaders and AI solution providers** to address sector-specific use cases and problem statements. The partnership would help to
   - Drive sophisticated AI usage in the sector
   - Develop sector relevant AI products and solutions
   - Cross sharing of best practices and knowledge
3. **Develop job transition pathways** for job roles that will be affected by AI, and **design training programmes** to upskill the workforce and ensure business readiness.
4. **Sector-specific bottlenecks** (e.g. regulatory, data quality, validation requirements in healthcare).

5. **Fragmented adoption across industries** due to lack of tailored roadmaps or incentives.
6. **Market failures**: Some critical bottlenecks are not naturally addressed by market forces, requiring targeted policy action.

Policy Solutions:

1. **Develop AI Transformation Maps** for each sector:
    - Prioritise segments likely to be transformed by AI.
    - Identify reskilling and workforce transition needs.
    - Define adoption pathways for emerging tech (e.g. GenAI)
2. **Foster trusted AI ecosystem for public good**: (to be elaborated)
3. **Public-private partnerships**: Between sector leaders and AI providers to co-develop relevant tools and use cases.
4. **Sector-specific training programmes**: Focused on upskilling and job redesign for AI-enabled roles.
5. **Targeted policy interventions**: Where market failures are evident, such as in healthcare data validation or fintech compliance.
6. **Knowledge sharing platforms**: Facilitate the cross-sectoral exchange of AI adoption insights and best practices.

RECOMMENDATION 3: COOPERATION AND COHERENACE IN AI GOVERNANCE

AI Governance is fundamental to building a sustainable and trusted AI ecosystem that benefits business.

- Helps companies anticipate and prepare for incoming disruption (e.g. the development of Artificial General Intelligence (AGI) in the coming years), manage associated risks (including systemic and potentially catastrophic), and maintain stakeholder trust while innovating with AI.
- Greater consumer trust helps in customer adoption of AI-powered products and services.
- To build trust, it is necessary to first ensure that AI is developed in a way that is **reliable, secure and safe**.

1. **Collaboration in safety research for mutual benefits**: While competition arises in AI development, safety research is an area where collaboration is not just beneficial but necessary

Collaborative Research on AI Safety: Promote joint efforts in safety research and the development of shared policy focus areas across diverse stakeholders.[1]

- Particularly on AGI preparedness given the magnitude of the anticipated impact on all economies
- Like the aviation industry needs to set unified safety standards, AI safety advances can benefit everyone without hurting competition
- No one benefits when AI incidents occur or malicious actors are enabled, as the resulting harm damages everyone collectively

2. **Transparency in AI development**

Responsibility of ensuring AI is reliable and safe lies with everyone, including model developers, application deployers, regulators, investors and users. One key way to improve responsibility is transparency into how AI models and systems are developed. This disclosure will help provide information (e.g. evaluation results, model capabilities and limitations, safety and security risks, red-teaming outcomes, etc) to downstream parties and users in the AI development value chain, government agencies and civil society.

APEC economies could refer to the reporting framework as a set of global norms that their AI developers could adopt and provide more information on their AI systems.

3. **Testing of AI Systems**

Testing and evaluating is also an important component of safe AI deployment as it helps to validate that the AI models and applications have address key risks. We should promote the establishment of a testing and assessment framework based on AI risk levels, implement agile governance and carryout tiered risk management approach for rapid and effective responses.

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Principles to Practice

Businesses need to know how to translate principles to practice. The following are examples of resources that could help businesses:

- **Testable technical metrics and process checks** based on internationally recognised AI governance frameworks (e.g. AI Verify Toolkit)
- **Practical Step-by-step guide** to test generative AI applications before deployment (e.g. Starter Kit for Safety Testing of LLM-Based Applications)

[1] Proceedings from the "2025 Conference on Asia-Pacific AI Governance Accelerator and Preparing for AI Transformation" held on 11 July 2025 in Singapore

- **Collaborative platform and policy guidance** for industry to develop, test, and validate assurance methods for evaluating the safety, trustworthiness, and accountability of GenAI systems in real-world contexts (e.g. Global AI Assurance Pilot)

4. Fostering a Trusted AI Ecosystem for Public Good

The impact of Gen AI on society is both transformative and complex. With AGI on the horizon, APEC economies stand to face even more radical disruption. To foster trust, it is also necessary to ensure that AI is beneficial to society.

a. Content Safety
   - Study impact of AI use on vulnerable communities.
   - Help the public discern unsafe content like factual inaccuracies and malicious deepfakes, and promote responsible use.

b. Jobs and Skills
   - As AI is very likely to impact certain jobs, necessary to work with business to identify what types of skills will be replaced or augmented by AI and then AGI.
   - Develop mechanisms to help workers reskill.

c. Access and Inclusion
   - Promote AI that is usable and beneficial to people across different language, abilities and socioeconomic background

5. Developing Common Norms

We should gradually establish and improve relevant laws, regulations and rules to ensure, among others, personal privacy and data security in the R & D and application of AI. We should oppose theft, tampering, leaking and other illegal collection and use of personal information.

We should establish and improve ethical principles, norms and accountability mechanisms for AI, formulate AI ethical guidelines and build a sci-tech ethical review and regulatory system.

The Association of South-East Asian (ASEAN) member states issued the **ASEAN Guide on AI Governance and Ethics** which establishes common principles and recommends best practices on the implementation of trustworthy AI in ASEAN. It seeks to promote consumer confidence and facilitate cross-border deployment of AI services and solutions.

The guide was then **expanded** to include **Gen AI**, with policy considerations related to Gen AI, highlighting the opportunities and risks of Gen AI, and recommending a range of policy actions for ASEAN to support its responsible adoption.

APEC economies could take reference from the Global Digital Compact and outcomes of other multilateral institutions, and consider establishing common principles and guidelines to promote responsible adoption and innovation of AI.

Disclaimer:

The views and opinions expressed by the participants are solely their own and do not necessarily reflect the official positions or policies of any PECC member committee or of the PECC organization as a whole.