Pacific Economic Cooperation Council



The State of the Region

2026-2027

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The Pacific Economic Cooperation Council (PECC) is a non-profit, policy-oriented, regional organization dedicated to the promotion of a stable and prosperous Asia-Pacific. Founded in 1980, PECC brings together thought-leaders from business, civil society, academic institutions, and government in a non-official capacity. Together, PECC members anticipate problems and challenges facing the region, and through objective and rigorous analysis, formulate practical solutions. The Council serves as an independent forum to discuss cooperation and policy coordination to promote economic growth and development in the Asia-Pacific. PECC is one of the three official observers of the APEC process.

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Message From the Co-Chairs of PECC

On behalf of the members of the Pacific Economic Cooperation Council (PECC), we are pleased to present the State of the Region 2026-2027. This year's report examines the economic outlooks and key challenges facing the Asia-Pacific, with a particular focus on the adoption of artificial intelligence (AI) and its implications for the region's future growth and development. We are grateful to more than 500 members of the regional policy community across 23 Asia-Pacific economies who contributed to our annual opinion survey, bringing valuable perspectives from business, government, academia, civil society and the media.

Chapter 1 finds that respondents are more optimistic about the outlook for the Asia-Pacific than for the global economy. However, increased protectionism and trade wars emerge as the most serious risk to growth, followed by supply chain disruptions, inflation, inability to adapt to rapid technological change and AI, and climate change. Respondents call on APEC Leaders to prioritize: addressing risks caused by protectionism, boosting supply chain resilience and efficiency, lowering geopolitical tensions, facilitating the adoption of emerging technologies and AI while managing their risks, and enhancing energy resilience through diversification and green transition.

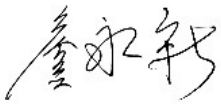
The report's central theme is "AI Adoption in the Asia-Pacific: Pathways to Economic Opportunities". Our survey reveals that AI is already being used across a wide range of activities, with respondents reporting gains in productivity, efficiency, and innovation. Respondents also express AI-related concerns, such as cyberattacks, scams, data privacy violations, and algorithm-driven errors, biases, and discriminations. Also, digital skills, affordable infrastructure, computing capacity, organizational leadership and supportive policy environments together influence the ability to adopt AI. Differences in economies' preparedness to adopt AI raise the importance of ensuring that technological transformation does not widen existing divides within the region.

Chapter 2 looks closely at these issues in the regional and global contexts. It shows that intensive AI adoption by businesses remains concentrated among firms, sectors, and economies with complementary skills, infrastructure, data, and organizational capabilities. As economies put in place regulatory frameworks and institutions, the challenge is not only to develop forward-looking policies, but also build the capacity needed to effectively implement them. Moreover, the analysis points to an important role of cross-border cooperation in enhancing AI adoption in the Asia-Pacific. APEC's programs provide shared frameworks for economies to jointly foster policy dialogue, share knowledge, and conduct capacity building. These initiatives can help economies strengthen regional economic resilience, support inclusive AI-enabled growth and development, and ensure that technological transformation entails a more integrated and prosperous region.

We express our appreciation to the Editorial Committee which provides guidance and identifies topics of common concern and the authors, Dr Kaewkamol Karen Pitakdumrongkit, Prof Hildegunn Kyvik Nordås, Dr Ammar Younas, Dr Yi Zeng as well as efforts of the staff and interns at the PECC International Secretariat.



Richard Cantor
Co-Chair



Zhan Yongxin
Co-Chair

Executive Summary

The Pacific Economic Cooperation Council (PECC) conducted its annual opinion survey of the Asia-Pacific policy community from June to August 2026. The survey gathered responses from more than 500 experts and thought leaders from government, business, academia, civil society, and the media across 23 economies. In a nutshell, it captures their views on economic outlooks, risks to growth, policy priorities for APEC Leaders, and the issues pertaining to artificial intelligence (AI) adoption.

Chapter 1 finds that respondents remain more optimistic about the prospects of the Asia-Pacific economy than those of the global economy over the next few years. While confidence in the region's growth outlook reflects strong domestic demand, technological dynamism, and continued economic integration, respondents identify a number of risks that could undermine growth. "Increased protectionism and trade wars" emerges as the most serious threat, followed by global supply chain disruptions, inflation, inability to adapt to rapid technological change and AI and mitigate risks posed by them, and climate change. Compared with previous years, concerns over inflation and ability to adapt to new technological change and AI have intensified, reflecting emerging challenges faced by Asia-Pacific economies.

As APEC Leaders prepare to gather in China for their annual meeting, respondents identify five priorities of APEC cooperation:

1. Ameliorating the risks caused by increased protectionism and trade wars;
2. Boosting supply chain resilience and efficiency;
3. Lowering geopolitical tensions;
4. Facilitating the adoption of emerging technologies and AI while managing associated risks; and
5. Enhancing energy resilience through diversification and the acceleration of the green transition

These priorities reflect the dual challenge confronting the region: preserving the foundations of an open and predictable economic environment while preparing regional economies for technological and green transformation.

The State of the Region (SOTR) 2026-2027 has the central theme of "AI Adoption in the Asia-Pacific: Pathways to Economic Opportunities". As revealed by PECC's opinion survey, AI is increasingly being integrated into business, research, decision-making, and everyday activities. Around three-quarters and four-fifths of respondents report gains in productivity and efficiency, respectively. The findings highlight the importance of digital skills in AI adoption. Nearly eight in ten respondents view digital skills as a moderately important or very important accelerator, while seven in ten participants see insufficient digital skills or resistance to reskill as a very or moderately important hindrance.

Other key factors affecting AI adoption include costs of supporting information and communication technology (ICT) infrastructure, computing capacity and AI applications, organizational leadership support, and governments' AI policies. Moreover, in addition to concerns about costs, respondents express concern about a variety of AI-related risks, including cyberattacks, scams, and frauds; data privacy breaches; and algorithm-driven errors, biases, and discriminations. The survey also reveals uneven levels of preparedness across the Asia-Pacific economies in several areas such as digital infrastructure, power grid scalability, AI safety and ethical frameworks, and workforce reskilling and transition. In addition, the findings suggest that regional stakeholders want APEC's AI cooperation to prioritize: cybersecurity; workforce reskilling and transition; investment in digital connectivity and energy infrastructure; AI safety and risks; and interoperability of data and standards.

Chapter 2 places these survey findings within broader regional and global contexts. It shows that while AI adoption is expanding rapidly, intensive business use remains concentrated among a relatively small group of firms, sectors, and economies with strong digital capabilities and complementary investments in skills and organizational transformation. The chapter argues that access to talent, connectivity, data, standards, finance, and competition are among the key determinants of AI adoption and diffusion. It also highlights how the Asia-Pacific is entering a new phase of AI governance, characterized by a growing number of AI strategies, laws, regulatory frameworks, and safety institutions. It finds that the main challenge is now less a shortage of policy than the capacity to implement it, and examines AI transformation in health and education, where public authorities set the pace of adoption.

Three broad policy imperatives emerge from the analysis. First, economies should invest in skills development and workforce transition, as well as digital and other supporting infrastructure to ensure that AI benefits are broadly shared. Second, policymakers should pursue trusted and interoperable governance frameworks that balance innovation with safety, privacy, and accountability. Third, regional cooperation should focus increasingly on capacity building, implementation support, standards interoperability and mutual reliance on AI testing and conformity assessment, particularly for developing economies and micro, small, and medium enterprises (MSMEs), areas in which the APEC Artificial Intelligence Initiative (2026-2030) provides a shared framework.

Both chapters underscore the importance of APEC as a platform for cooperation in a period characterized by heightened economic uncertainty and rapid technological change. Through voluntary collaboration, capacity building, policy dialogue, and knowledge sharing, APEC can help economies strengthen regional economic resilience, support inclusive AI-enabled growth and development, and ensure that technological transformation contributes to a more integrated and prosperous Asia-Pacific region.

Chapter 1:

Asia Pacific Outlook

By Dr Kaewkamol Karen Pitakdumrongkit,
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[1] The author thanks Ms. Betty Ip and Ms. Nor Jibani for supporting this report, and Mr. Cyrus Peng Bo Cheng, Ms. Gao Fei, Ms. Hong Chen Lylian, and Ms. Michelle Rahardja Chandra for their contributions.

Introduction

The State of the Region (SOTR) report has long provided assessments of the economic outlooks and the region's challenges as well as practical policy recommendations through the views of the Asia-Pacific policy community. The 2026-2027 edition continues this practice at a time of persistent uncertainty due to compounding factors ranging from rising protectionism and geopolitical tensions to energy crisis and supply chain disruptions. Against this backdrop, pressing questions arise. Among them are: "What are the prospects for economic growth in the Asia-Pacific?"; "What risks are most likely to hinder the growth prospects?"; and "What priorities should APEC Leaders undertake to strengthen the region's resilience and shared prosperity?"

Besides the economic outlooks, this edition examines "AI Adoption in the Asia-Pacific: Pathways to Economic Opportunities" as its central theme.[2] AI has rapidly moved from a specialized technology to a widely used tool, with applications extending across business operations, research, policymaking, and everyday activities. Asia-Pacific is at the forefront of this transformation, but adoption is unfolding across economies at different stages of economic and technological development. These differences are producing varied patterns of use, opportunity, preparedness, and risk, making it important to understand not only how AI is being adopted across the region, but also what may enable or hinder its effective, responsible, and inclusive deployment.

To shed light on these issues, the Pacific Economic Cooperation Council (PECC) conducted an annual opinion survey of more than 500 individuals across 23 economies from June to August 2026. The survey draws on the "panels" comprising respondents from government, business, research, civil society, and the media selected on the basis of their expertise in and influence on policymaking. Further details on the methodology are provided in Annex A.
It should be noted that rather than replacing existing research, our survey and analysis complement the latter by offering a useful baseline for understanding regional trends, identifying common challenges, and highlighting areas of policy convergence and divergence. More broadly, this SOTR aims to contribute to policy discussions on regional issues such as

[2] This report uses the OECD's definition of AI, which is "An AI system is a machine-based system that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments." [Organisation for Economic Co-operation and Development. (OECD) (2024). Explanatory memorandum on the updated OECD definition of an AI system. https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/03/explanatory-memorandum-on-the-updated-oecd-definition-of-an-ai-system_3c815e51/623da898-en.pdf

innovation, digital transformation, productivity growth, competitiveness, and structural reform as economies are increasingly exposed to the opportunities and challenges posed by multiple factors including AI.

Chapter 1 is organized as follows. First, it presents the findings from PECC's opinion survey of the Asia-Pacific policy community with regard to economic outlooks, risks to economic growth, and priorities for APEC Leaders. It then highlights the key findings focusing on AI adoption, ranging from enablers and hindrances, impacts and risks, economies' preparedness, and priorities for regional AI cooperation. The findings are presented both in aggregate and with breakdowns by subregion, affiliation, gender and age group where appropriate, offering additional insights for policymakers as they shape future strategies.

In a nutshell, the survey reveals that regional stakeholders are overall more optimistic about the outlook for the regional economy than the global economy. However, they identify important risks to growth, especially: increased protectionism and trade wars; supply chain disruptions; inflation; inability to adapt to rapid technological change and AI and mitigate risks posed by them; and climate change. Reflecting these concerns, respondents see ameliorating the risks caused by increased protectionism and trade wars; boosting supply chain resilience and efficiency; lowering geopolitical tensions; facilitating the adoption of emerging technologies and AI and managing risks arising from these technologies; and enhancing energy resilience by diversifying sources and accelerating green transition as top priorities for APEC Leaders.

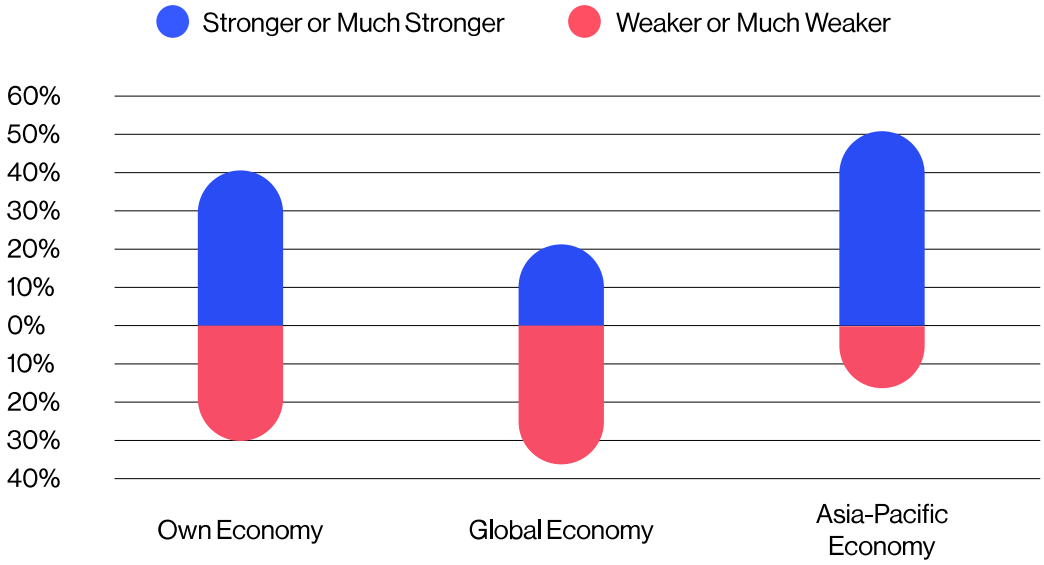
Regarding AI adoption, the survey suggests that AI is being applied to several tasks ranging from streamlining workflows to enabling physical movements. The technology is already contributing to higher productivity, efficiency, and innovation, while its impact on recruitment, layoff, and changes in job profiles remains limited. The findings reveal key factors affecting the pace of AI adoption such as: digital skills; costs of supporting information and communication technology (ICT) infrastructure, computing capacity, and AI applications; organizational leadership support (or lack thereof); and governments' AI policies. Despite AI adoption, respondents report concerns over cyberattacks, scams, and frauds; data privacy concerns; mistakes caused by AI; risks arising from AI limitations; and biases and discrimination

caused by model algorithms. The findings also reveal uneven levels of preparedness across Asia-Pacific economies in areas such as digital infrastructure, cybersecurity, workforce development, and AI safety and ethical frameworks. In addition, regional stakeholders identify key priorities for AI cooperation under APEC: tackling AI-enabled cyberattacks, scams, and frauds; reskilling and workforce transition programs; facilitating investment in digital connectivity and energy infrastructure to support AI infrastructure; AI safety and risk governance cooperation; and interoperability of data including digital standards.

Regional Economic Outlook

PECC's opinion survey shows that respondents' views differ in their assessment of the growth prospects of different economies in the next few years (Annex A, Question 1). Respondents expressed strongest optimism when assessing the outlook for the broader Asia-Pacific economy, followed by their own economies. According to Figure 1.1, more than half of them anticipate regional growth to be stronger or much stronger, and only 16% think it will be weaker or much weaker. About 40% of them expect growth of their own economy to be stronger or much stronger over the next two to three years, vis-à-vis 30% who anticipate weaker or much weaker expansion. In contrast, perceptions for global economic prospects are more cautious. Only 21% of respondents expect global growth to be stronger or much stronger and 36% anticipate weaker or much weaker conditions.

Figure 1.1: Growth Expectations for Own Economy, Global Economy and Asia-Pacific Economy in the Next 2-3 Years

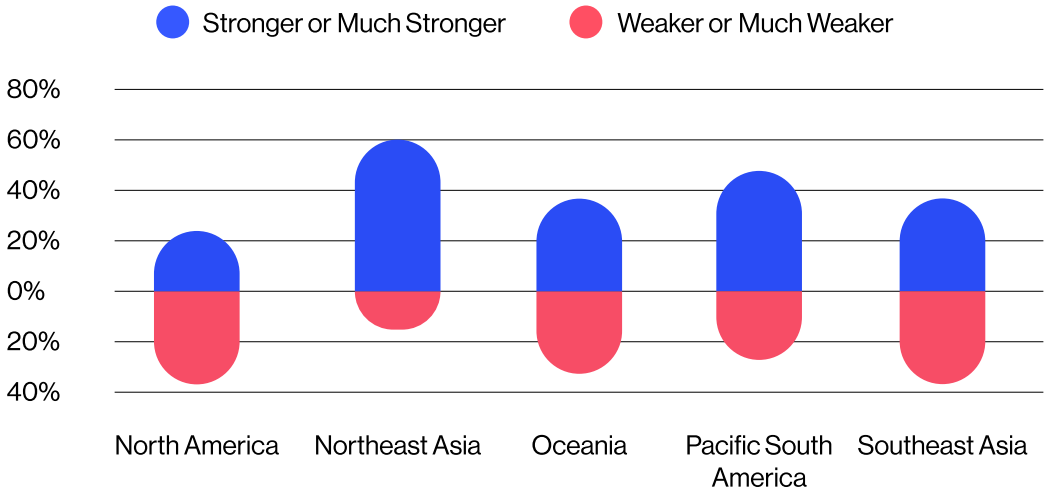


Source: PECC State of the Region Survey 2026

The stronger confidence in the Asia-Pacific economy is consistent with other analyses. Despite ongoing headwinds from protectionism, geopolitical tensions, and supply chain disruptions, the regional economy is better positioned to expand thanks to stronger underlying economic fundamentals and new growth drivers. Supported by firm domestic demand, strong performances of technology-related industries, the Asian Development Bank (2026) projects that developing Asia and the Pacific will grow about 5.0% and 5.1% in 2026 and 2027 respectively.[3] Likewise, the World Bank (2026) estimates the global economic growth of 2.5% in 2026, rising modestly to 2.8% in 2027 and 2028, East Asia and Pacific economies are forecasted to outperform the global average by expanding between 4.2% and 4.4% over the same period.[4]

[3] Asian Development Bank (2026). Asian Development Outlook, September 2026. Manila: Asian Development Bank.
[4] World Bank (2026). Global Economic Prospects, June 2026. Washington DC: World Bank.

Figure 1.2: Growth Expectations for Own Economy in the Next 2-3 Years, by Subregion



Source: PECC State of the Region Survey 2026

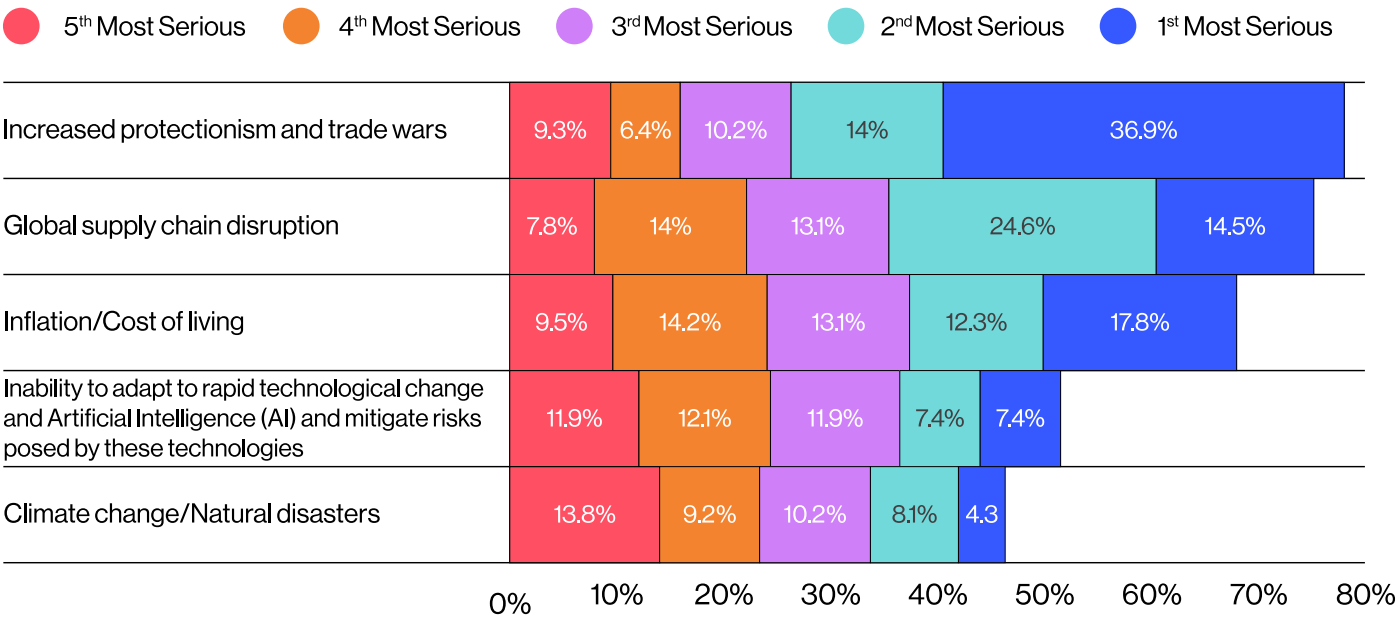
Subregional breakdowns of growth expectations for own economy reveal divergences in opinions (Figure 1.2). Approximately 60% of Northeast Asian participants expect their economy to be stronger or much stronger in the next few years. This relative optimism is consistent with the United Nations Trade and Development (UNCTAD)'s analysis that East Asia served as a main engine of global trade growth in the first quarter of 2026, thanks to strong import and export performance.[5] In contrast, about 37% and 36% of individuals from North America and Southeast Asia respectively believe their economy will be weaker or much weaker in the same period. While these respondents are more cautious, the underlying reasons may differ. The views of North American participants may reflect worries about trade policy uncertainty and elevated public debt. For instance, the International Monetary Fund (IMF) noted that the US government debt rose to 123.9% of its GDP, hampering business confidence and private investment.[6] Tensions over the review and renewal of the United States-Mexico-Canada Agreement (USMCA) further cloud the growth prospect. As for Southeast Asian counterparts, their opinions reflect concerns that the subregion is highly exposed to global economic uncertainty. These economies are trade-dependent and well-embedded in global value chains. Several of them are net energy importers and hence are vulnerable to energy shocks and price volatility caused by conflicts in the Middle East. These elements worsen inflation, weaken consumption, and dampen economic activities and growth.

[5] The United Nations Trade and Development (UNCTAD) (2026a). Global Trade Update: Global trade continues to expand amid rising price pressures, July-August.
[6] International Monetary Fund (IMF). (2026a). United States: 2026 Article IV Consultation – Press Release, April.

Risks to Growth

Participants in our survey panels identify five major risks that could undermine economic growth in the next few years (Annex A, Question 2). In descending order of seriousness, the risks are: increased protectionism and trade wars; global supply chain disruption; inflation/cost of living; inability to adapt to rapid technological change and AI and mitigate risks posed by associated technologies; and climate change/natural disasters (Figure 1.3).

Figure 1.3: Top 5 Risks to Growth

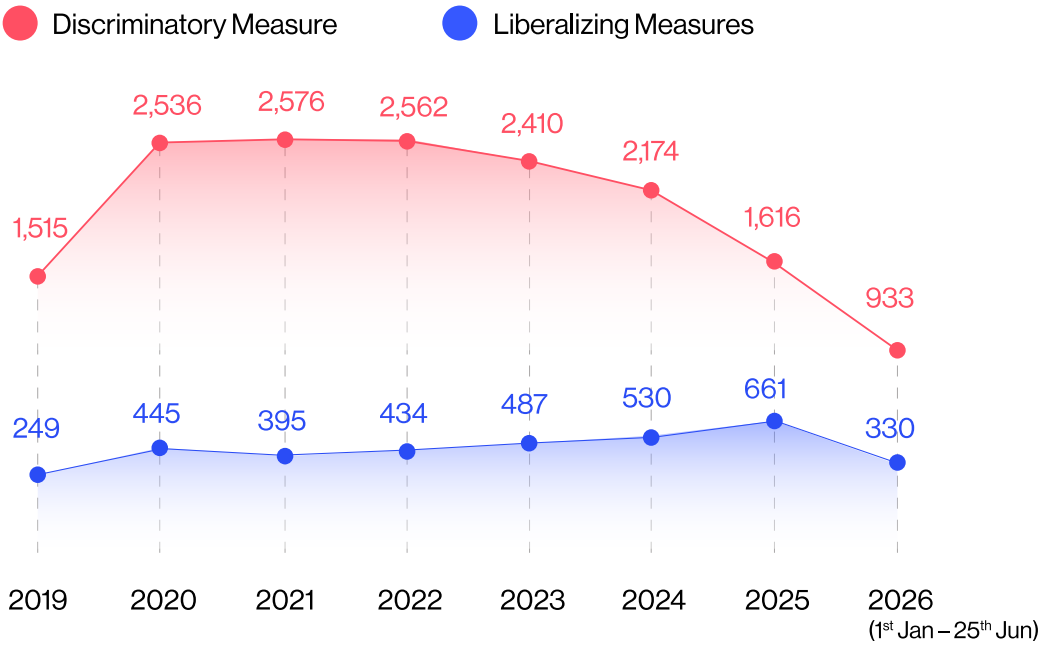


Source: PECC State of the Region Survey 2026

"Increased protectionism and trade wars" is identified by approximately 77% of respondents as a risk to their economic growth. It also emerges as the most serious threat, with about 37% selecting it (Figure 1.3). The finding is partly explained by growing concerns over the expansion of discriminatory trade measures (Figure 1.4). Within Asia-Pacific, a total of 19,853 policy interventions were recorded from January 2019 to June 2026. This number comprises 16,322 discriminatory measures and 3,531 liberalizing ones, or a protectionism ratio of 4.62 discriminatory policies for every liberalizing policy. In short, the former has outnumbered the latter by more than fourfold. [7]

[7] Global Trade Alert. https://globaltradealert.org/

Figure 1.4: Number of New Trade Policy Measures in the Asia-Pacific, 2019-2026[8]



Global Trade Alert Database

Moreover, the World Trade Organization (WTO)'s analysis pointed to a less predictable trading environment, noting that the share of trade conducted under most-favored-nation (MFN) principle declined from 80% at the start of 2025 to 72% by the end of February 2026.[9] For Asia-Pacific economies intertwined in cross-border trade and investment networks, protectionism can raise production costs, discourage investment, and weaken business confidence. These spillover effects often extend beyond the sectors directly targeted by protectionist measures. This partly helps explain why surveyed participants identify "increased protectionism and trade wars" as the most serious threat to economic growth.

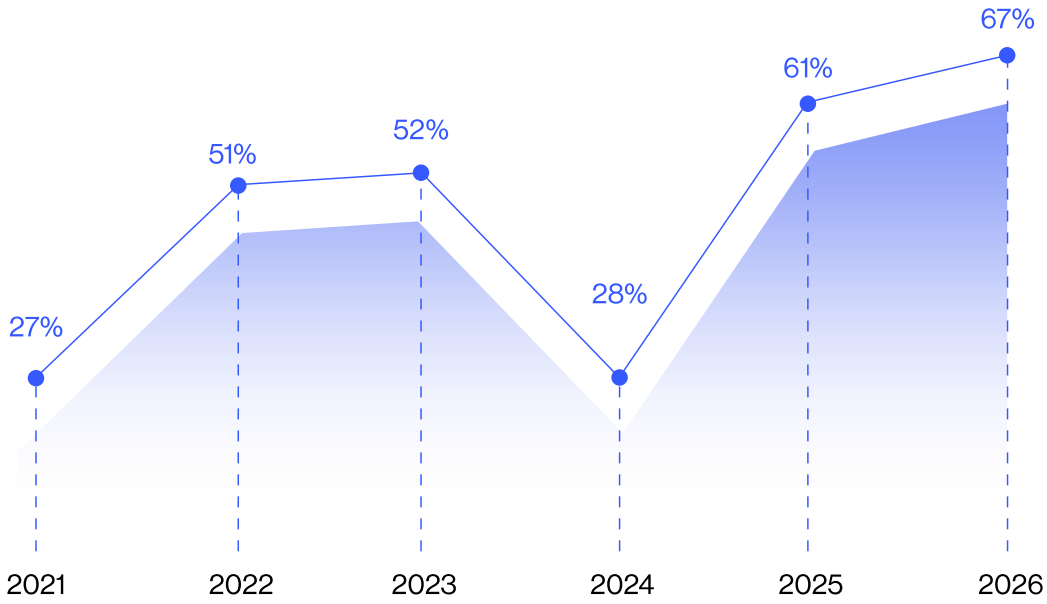
"Global supply chain disruption" is cited by 74% of respondents as a risk to growth (Figure 1.3). The nature of disruption has also evolved. Unlike during the COVID-19 pandemic when disruptions largely reflected widespread shocks to production and logistics, recent interruptions have increasingly been associated with instability of key transportation chokepoints and government measures used to gain leverage in transactional bargaining processes. In other words, the overall pressure has eased since the pandemic peaks, yet the Global Supply Chain Pressure Index[10] shows signs of elevated strains around April 2026, indicating continued vulnerabilities. The UNCTAD cited interrupted regional logistics, shipping

[8] The 2026 data is from 1st January to 25th June 2026.
[9] World Trade Organization (WTO) (2026). Global Trade Outlook and Statistics, March 2026.
[10] Federal Reserve Bank of New York. Global Supply Chain Pressure Index. https://www.newyorkfed.org/research/policy/gscpi

routes, and supply chains as downside risks to economic activities.[11] This is particularly relevant to Asia-Pacific economies which are well-embedded in cross-border supply chains. Disruptions at one stage of production networks can delay deliveries, increase shipping and inventory costs, and limit access to critical inputs.

"Inflation/Cost of living" is seen by 67% of respondents as jeopardizing the economic growth in the next 2-3 years (Figure 1.3). This may reflect persistent upward pressure recently on the cost of living, partly driven by higher global energy costs, fuel and fertilizer shocks and disrupted shipping routes. The IMF documented that the higher oil and gas prices push up inflation in Asia and the Pacific, weakening external balances and limiting governments' policy space especially in economies dependent on imported energy. The growth effect is therefore two-sided: higher prices reduce households' purchasing power, while tighter monetary conditions and fiscal constraints can weaken consumption and investment.[12] Against this backdrop, PECC's survey data comparison over time confirms that concern about inflation has risen, with 2026 registering the highest proportion of respondents identifying it as a risk to growth (Figure 1.5).

Figure 1.5: Share of Respondents Citing "Inflation" as Risk to Growth

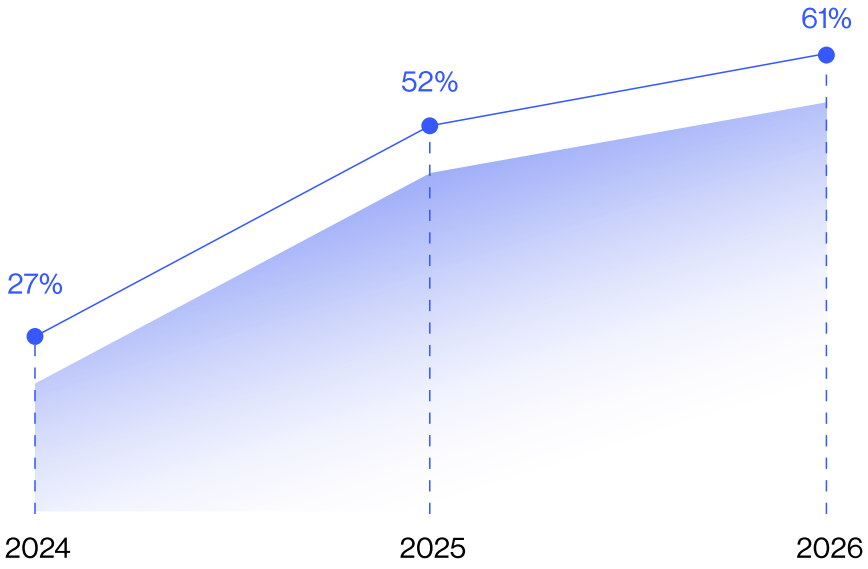


PECC State of the Region Survey, annual, 2021 - 2026

[11] The United Nations Trade and Development (UNCTAD) (2026b). Global Trade Update: Global trade continues to expand amid rising price pressures, July-August.
[12] The IMF (2026b). Regional Economic Outlook – Asia and Pacific, April 2026.

More than half of respondents (about 51%) selected “Inability to adapt to rapid technological change and Artificial Intelligence (AI) and mitigate risks posed by these technologies” as a risk to their economic growth (Figure 1.3). A review of PECC’s survey data over the last three years shows that 2026 has the greatest percentage of respondents seeing the issue as dampening growth (Figure 1.6). The results may reflect regional stakeholders’ concern that the benefits of these technologies may be unevenly distributed. Economies with less digital infrastructure, limited access to affordable computing capacity, and shortage of digitally skilled workers may find it more difficult to adopt and benefit from these technologies. Such worry is consistent with recent research revealing that AI adoption could entail economic divergence across the Asia-Pacific. In other words, advanced economies with greater digital readiness and institutional capacity tend to adopt AI earlier and realize productivity and growth gains more quickly than emerging markets and developing economies.[13]

Figure 1.6: Share of Respondents Citing “Inability to Adapt to Rapid Technological Change and Artificial Intelligence (AI) and Mitigate Risks Posed by These Technologies” as Risk to Growth



Source: PECC State of the Region Survey, annual, 2024 - 2026

[13] Natasha Che, Weining Xin, and Taichi Yoshida (2026). “AI and Economic Divergence in Asia.” IMF Working Paper No. 2026/166, 7 August.

In addition, approximately 46% of the members in the survey choose “Climate change/ Natural disasters” as a risk to growth (Figure 1.3). Such concern is understandable given Asia-Pacific economies’ exposure to extreme weather and dependence on trade, tourism and other climate-sensitive sectors (e.g. agriculture). In 2025, Asia recorded 175 natural hazard-related disasters, more than the Americas (93), Africa (63), Europe (22), and Oceania (5), and accounted for 72.8% of global disaster-related fatalities.[14] This year, Asia-Pacific has been enduring the impact of a “super” El Nino in the form of droughts, heat, increased storms, and flooding, among others. Recent wildfires in Indonesia and floods in China, Malaysia and Thailand illustrate how climate-related shocks can disrupt economic activities, damage infrastructure, interrupt trade and supply chains, and put pressure on public finances. These issues are echoed in the study by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), which identified climate-related hazards as a growing threat to economic resilience across the region. Natural disasters not only disrupt food, water, and energy systems, but also damage critical infrastructure, reduce productivity, and impose fiscal constraints on governments.[15]

[14] Centre for Research on the Epidemiology of Disasters (CRED). 2025 Disasters in Numbers: Earth, Wind & Fire (2026). https://files.emdat.be/reports/2025_EMDAT_report.pdf

[15] The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) (2026). Asia-Pacific Disaster Report 2025: Rising Heat, Rising Risk - Policy Pathways for Regional Resilience.

Priorities for APEC Leaders

As shown above, Asia-Pacific continues to face a complex mix of challenges ranging from economic to technological. Against this backdrop, PECC's opinion survey identifies a number of issues that respondents believe should be prioritized by APEC Leaders (Annex A, Question 3). In descending order of priorities, the top 5 ones (with shares of respondents selecting it) are:

1. Ameliorating the risks caused by increased protectionism and trade wars (72.8%)
2. Boosting supply chain resilience and efficiency (71.2%)
3. Lowering geopolitical tensions (70.2%)
4. Facilitating the adoption of emerging technologies and AI and managing risks arising from these technologies (67.5%)
5. Enhancing energy resilience by diversifying sources and accelerating green transition (59.7%)

These priorities together echo the regional stakeholders' demand for APEC to protect the foundations of regional growth as well as adapt to new growth drivers. The first three priorities focus on preserving openness, predictability, and resilience in the regional economy. The fourth and fifth ones focus on preparing economies for future structural change.

"Ameliorating risks from protectionism and trade wars" emerges as the No. 1 priority, selected by about 73% of them (Annex A, Question 3). This is consistent with the results of risks to growth, where "Increased protectionism and trade wars" is named as the most serious threat. The fact that this priority is identified as among top 3 priorities for APEC Leaders by respondents in all subregions (Figure 1.8) indicates that managing the consequences of growing protectionism is seen as a region-wide effort, reinforcing the importance of APEC as a cooperation platform fostering an open and rules-based trading environment. The significance of the issue is notable given APEC's long-standing commitment to promoting an open, dynamic, resilient and peaceful Asia-Pacific community as outlined in the Putrajaya Vision 2040. APEC economies are pursuing initiatives advancing regional economic integration such as the Free Trade Area of the Asia-Pacific (FTAAP) agenda, where PECC has contributed policy ideas on how to advance it in the areas of services professional mobility, good regulatory practices, and trade and climate change.[16] At the 33rd PECC General Meeting in May 2026, panelists identified digital trade, customs modernization, sustainability, AI applications, environmental goods, and regulatory transparency as promising areas for future collaboration.[17]

"Boosting supply chain resilience and efficiency" comes in as No. 2 priority, chosen by 72% of respondents (Annex A, Question 3). The finding speaks to APEC's important role in addressing cross-border supply chain chokepoints and enhancing region-wide trade facilitation and connectivity. This agenda is pursued through various programs such as APEC Supply Chain Connectivity Framework Action Plan 2022-2026 (SCFAP III), APEC Roadmap for Innovative, Competitive and Resilient Services (ARICRS), and work on paperless trade. To support APEC's work in this area, PECC has undertaken research on connectivity and offered practical policy solutions to improve digital and physical connectivity and interoperability of technical standards. One example is PECC's project on "Enabling AI for Trade Facilitation in the APEC Region" where experts examined how AI and broader digitalization can help align trade processes and strengthen supply chain efficiency and resilience.[18]

[16] The Pacific Economic Cooperation Council (PECC). "FTAAP: Pathways to Prosperity", https://www.pecc.org/pecc/204-issues/957-ftaap-pathways-to-prosperity
[17] PECC (2026). "33rd PECC General Meeting Concludes." https://www.pecc.org/pecc/205-member-updates/1013-33rd-pecc-general-meeting-concludes
[18] PECC (2026). "Enabling AI for Trade Facilitation in the APEC Region", August. https://www.pecc.org/resources/trade-and-investment-1/2902-enabling-ai-for-trade-facilitation-in-the-apec-region-1

"Lowering geopolitical tensions" is ranked as No. 3 priority. Around 70% of respondents identify it (Annex A, Question 3). This underscores the significance of APEC as a trusted discussion platform, even though its key objective is to advance regional economic cooperation and integration. In other words, although APEC is not a security forum, the survey findings reflect firm recognition of its role in convening regular meetings (some are informal and on the margins of APEC gatherings) among Asia-Pacific officials even in the periods of heightened strategic competition. By sustaining dialogue and promoting practical economic cooperation, APEC helps preserve channels of communication where involved players can exchange ideas, voice concerns, enhance mutual understanding, and build confidence, thereby helping to lessen geopolitical tensions.

The fourth-ranked priority is "Facilitating the adoption of emerging technologies and Artificial Intelligence (AI) and managing risks arising from these technologies", with about 68% of members in the survey panel selecting it (Annex A, Question 3). The result is consistent with the finding above that more than half of them view "Inability to adapt to rapid technological change and Artificial Intelligence (AI) and mitigate risks posed by these technologies" as a risk to growth. This suggests that regional stakeholders view these matters not only as technical but also key determinants of the region's future competitiveness, growth, and development. While APEC has undertaken work in this area through various programs such as APEC Internet and Digital Economy Roadmap (AIDER) and APEC Artificial Intelligence (AI) Initiative (2026-2030), the survey findings reflect regional stakeholders' demand for deeper collaboration. This resonates with the discussions at the PECC AI Event held on the margins of APEC Third Senior Officials' Meeting in August 2026. The participants identified several areas where further collaboration is needed, including digital skills development, AI risk management, trusted and reliable information-sharing, and crisis-response mechanisms for APEC economies to jointly address AI-enabled trade and supply chain disruptions.[19]

[19] Luo Cheng and Nicolas Miailhe (2026). "From Exercise to Cooperation: The 2026 PECC AI Event in Dalian" https://www.pecc.org/pecc/204-issues/1016-from-exercise-to-cooperation-the-2026-pecc-ai-event-in-dalian

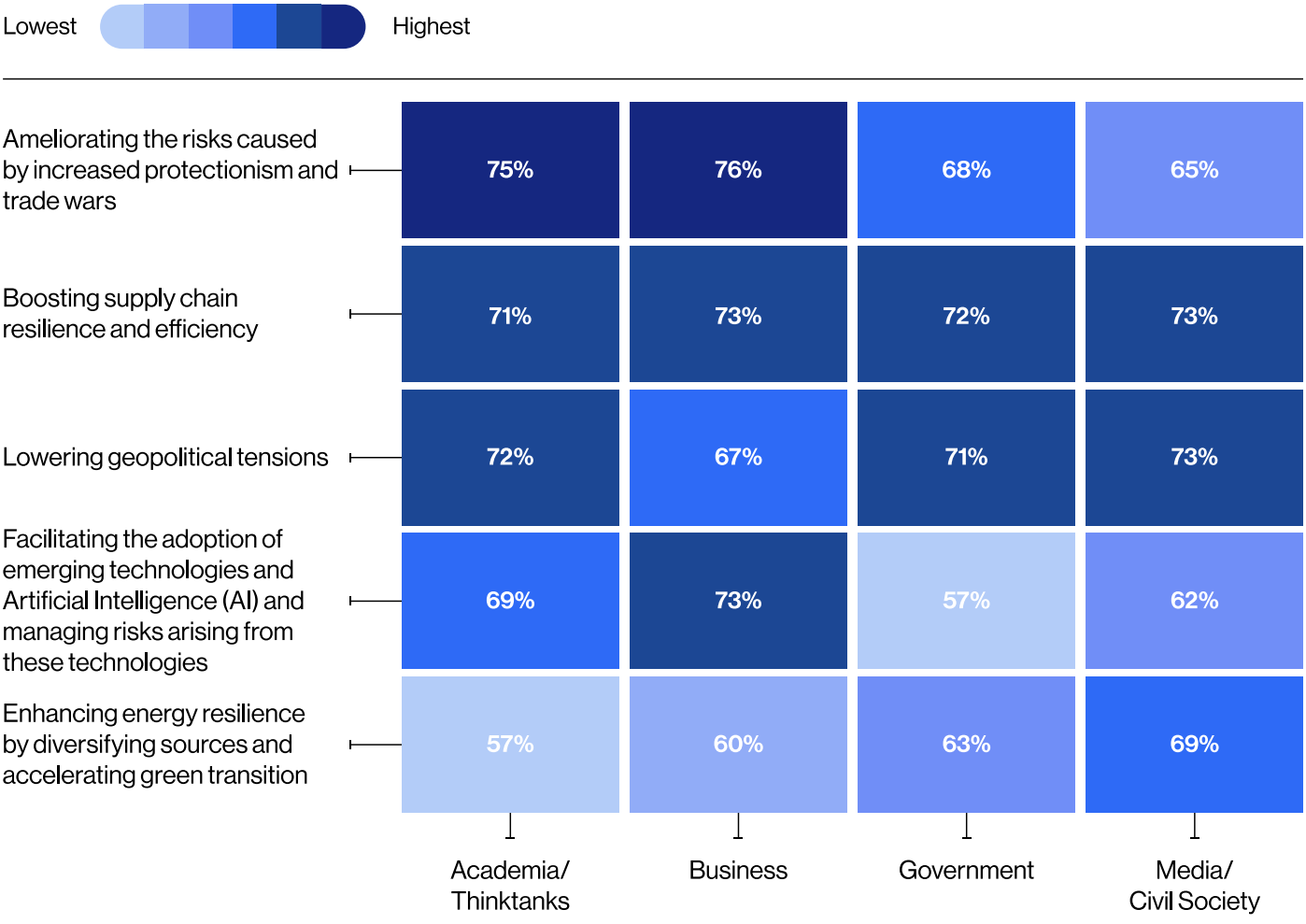
Finally, "Enhancing energy resilience by diversifying sources and accelerating green transition" ranks as the fifth-highest priority, with approximately 60% of respondents selecting it (Annex A, Question 3). Viewed alongside the finding above that "climate change/natural disasters" is among top 5 risks to growth, this result suggests that regional stakeholders increasingly see energy resilience not only as an environmental objective, but also as a building block of economic resilience. APEC has already taken steps in this direction. Some examples include the Bangkok Goals on Bio-Circular-Green (BCG) Economy, Sustainable Finance Initiative, and Just Energy Transition Initiative (JETI). Complementing these efforts, PECC has continued its work on energy resilience and green transition, including a report examining AI-powered sustainable solutions and how emerging AI technologies are driving innovation across key industries.[20]

Although key priorities are shared across groups, some differences in views emerge across sectors and subregions (Figure 1.7 and Figure 1.8). They offer complementary perspectives on where action is most urgent, further informing APEC policymaking. Referring to Figure 1.7, academic/thinktank and business respondents place "ameliorating risks from protectionism and trade wars" as the No. 1 priority, reflecting their focus on the conditions conducive to cross-border trade and investment. Private sector participants place the greatest emphasis on "facilitating the adoption of emerging technologies and Artificial Intelligence (AI) and managing risks arising from these technologies", partly stemming from their direct exposure to both opportunities and challenges from these technologies. Media and civil society respondents show relatively strong support for "enhancing energy resilience by diversifying sources and accelerating the green transition", pointing to their greater emphasis on broader environmental dimensions of regional economic development.

[20] PECC. (2026). ClimateTech in Focus: Artificial Intelligence for Sustainability".
https://www.pecc.org/pecc/208-publications/1008-climatetech-in-focus-artificial-intelligence-for-sustainability

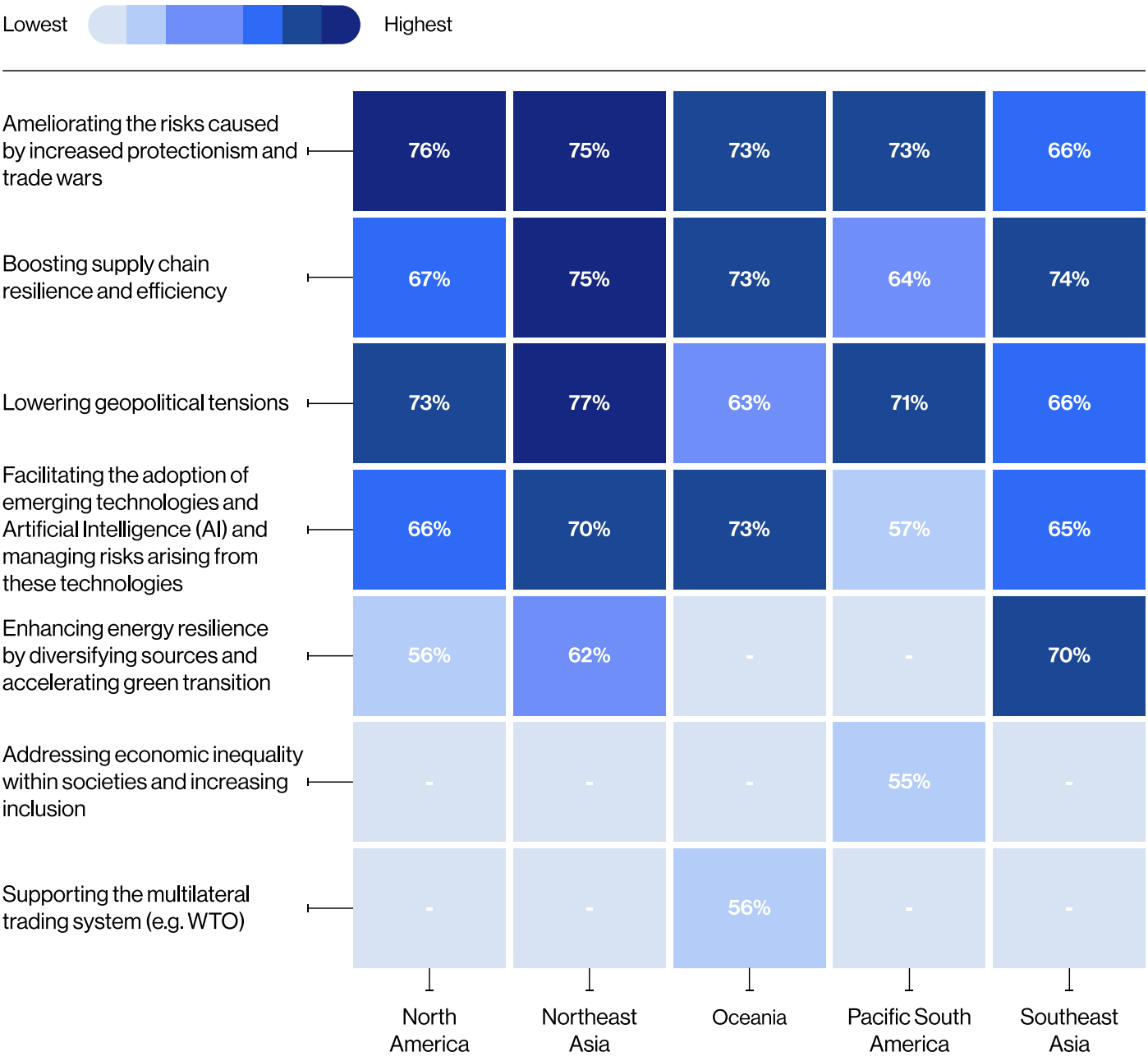
Respondents across subregions differ in their specific outcomes they seek from APEC cooperation. As shown in Figure 1.8, “supporting the multilateral trading system (e.g. WTO)” ranks among the top 5 priorities only in Oceania, selected by 56% of these respondents. This may reflect the importance that these individuals attach to a predictable and rules-based trading system. Also, “addressing economic inequality within societies and increasing inclusion” appears among the top 5 priorities only in Pacific South America, chosen by 55% of these participants. This may indicate that concerns about the distribution of the gains from Asia-Pacific economic cooperation are salient in the subregion.

Figure 1.7: Top 5 Priorities for APEC Leaders, by Affiliation



Source: PECC State of the Region Survey 2026

Figure 1.8: Top 5 Priorities for APEC Leaders, by Subregion



Source: PECC State of the Region Survey 2026

AI Adoption in the Asia-Pacific: Pathways to Economic Opportunities

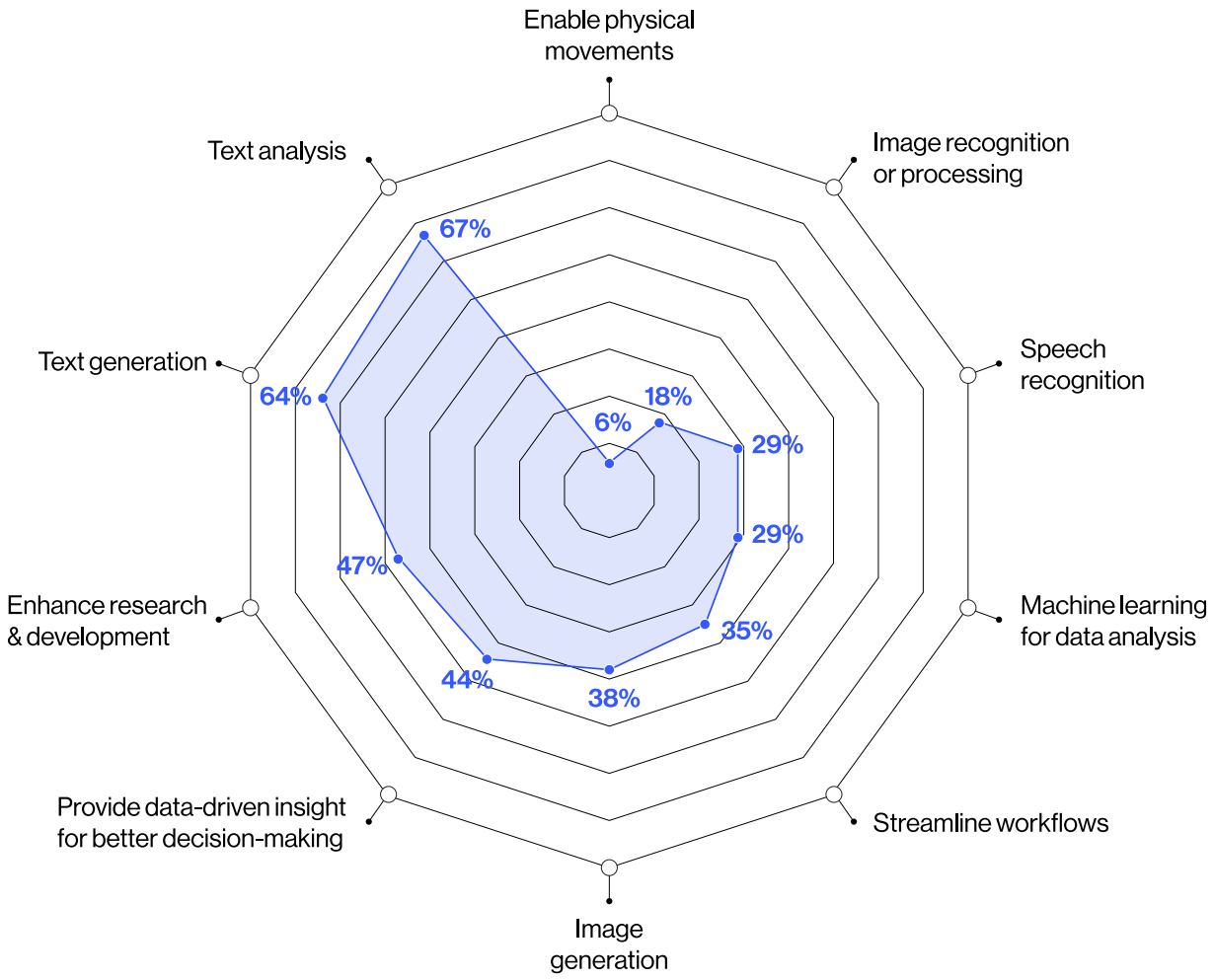
Asia-Pacific exceeds the global average in terms of AI adoption. According to one study, 78% of the region's employees report using the technology at least once a week, as compared to 72% worldwide.[21] The uptake is projected to increase over time. One study projects that the size of Asia-Pacific's AI market will expand by US$ 110 billion, representing a 24% increase from 2024 to 2028.[22] Against this backdrop, PECC's opinion survey provides further insight into how regional stakeholders are engaging with AI. The following section begins by examining the patterns of AI use identified by survey respondents.

AI ADOPTION PATTERNS

PECC's survey reveals that regional stakeholders are using AI technologies and tools for a wide range of purposes (Annex A, Question 4). The most frequently cited uses are: analyzing texts, generating texts, enhancing research and development (R&D), providing data-driven insights for better decision-making, and generating images (Figure 1.9). These responses suggest that AI applications are increasingly being integrated into both economic and everyday activities across the region.

[21] Boston Consulting Group (2025). "Asia Pacific Leads the World in AI Adoption While Grappling with Job Fears, BCG Survey Finds." Press Release, 30 October.
[22] Deloitte (2025). AI for Business: APAC Trends in AI Platform Adoption. Deloitte Insights. https://www.deloitte.com/southeast-asia/en/services/consulting/analysis/ai-business-apac-trends-platform-adoption.html

Figure 1.9: Uses of AI Technologies or Tools
(with share of respondents selecting each use)

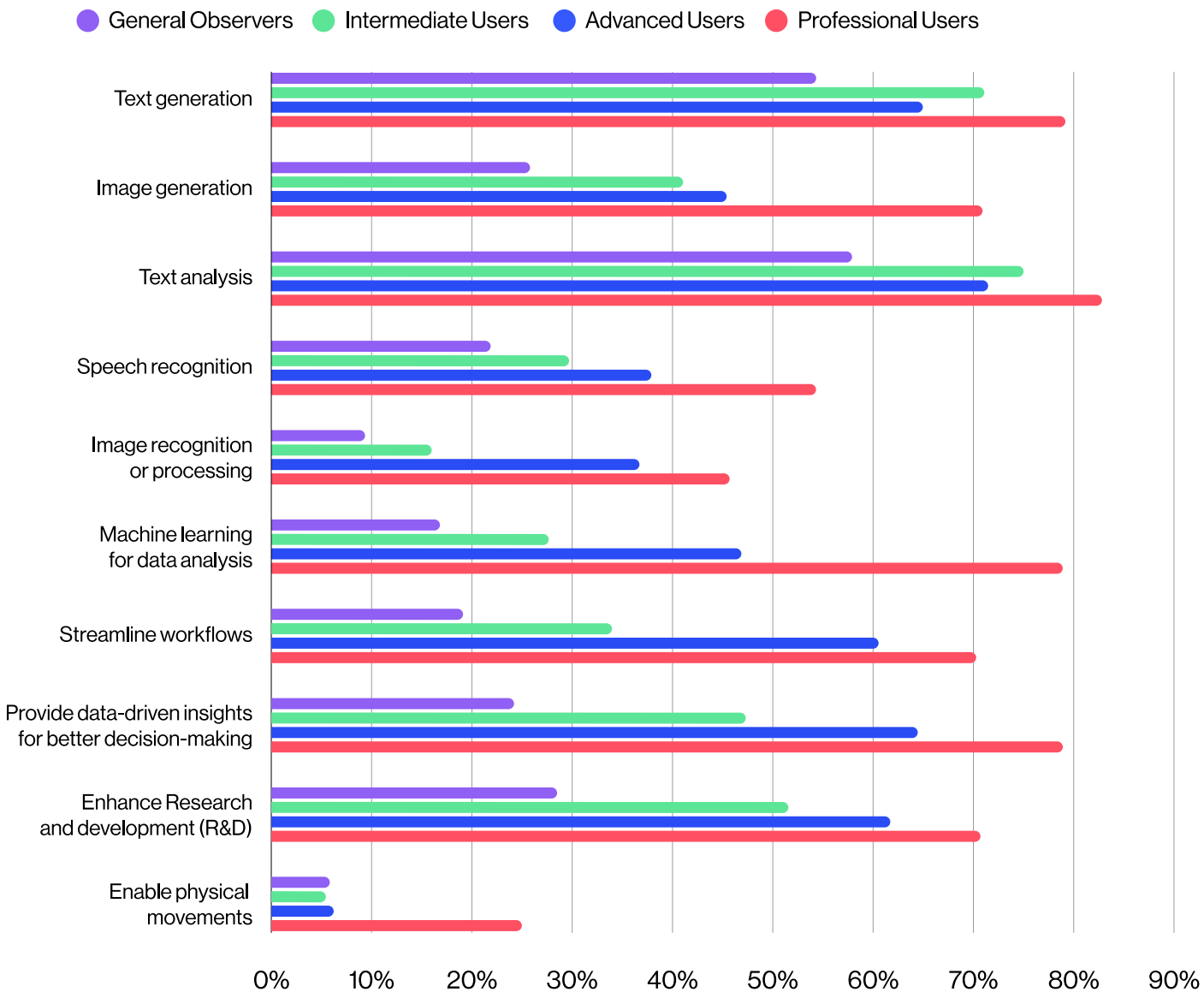


Source: PECC State of the Region Survey 2026

Respondents' proficiency in digital and AI literacy was classified into four groups: (1) "general observers", who primarily follow AI developments through news, analysis, and policy discussions); (2) "intermediate users", who regularly use AI tools for specific tasks and can assess their basic outputs and limitations); (3) "advanced users", who integrate AI into complex workflows and critically assess its ethical implications, risks, and societal impact; and (4) "professional users", who design, develop, or govern digital and AI tools and systems.[23] The survey results show that individuals with higher levels (e.g. advanced users) integrate AI into their tasks in larger proportions than those with lower levels (Figure 1.10).

[23] Our survey included 146 general observers, 318 intermediate users, 79 advanced users, and 24 professional users.

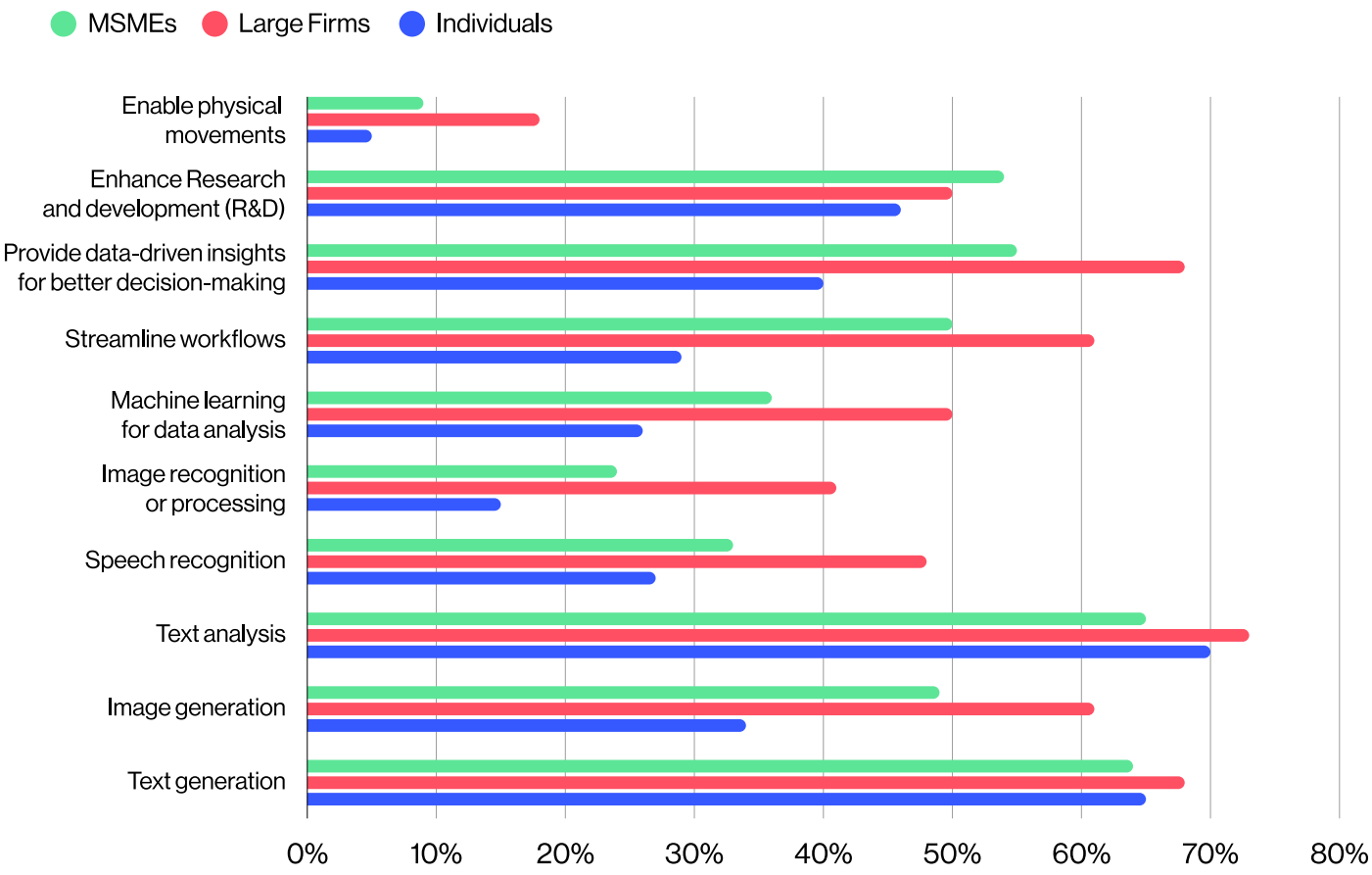
Figure 1.10: Uses of AI Technologies and Tools, by Level of Proficiency in Digital and AI Literacy



Source: PECC State of the Region Survey 2026

Variations in views also depend on whether AI tools are used by individuals or organizations (Figure 1.11). Those reporting from their individual perspective tend to use the technology less compared to those answering the survey from the organizational standpoint.

Figure 1.11: Uses of AI Technologies and Tools, by MSMEs, Large Firms, and Individuals



Source: PECC State of the Region Survey 2026

In addition, AI adoption varies by enterprise size. Overall, higher shares of workers in large companies incorporate AI in their work streams than their counterparts in micro, small, and medium enterprises (MSMEs). This outcome echoes PECC's work noting that while smaller firms may have access to AI tools, they often find integrating them into business processes challenging.[24] This is partly due to the costs associated with computing resources, data management, and workforce training.[25] As an example, in Singapore, AI adoption in 2024 reached 62.5% among large firms but only 14.5% among MSMEs.[26]

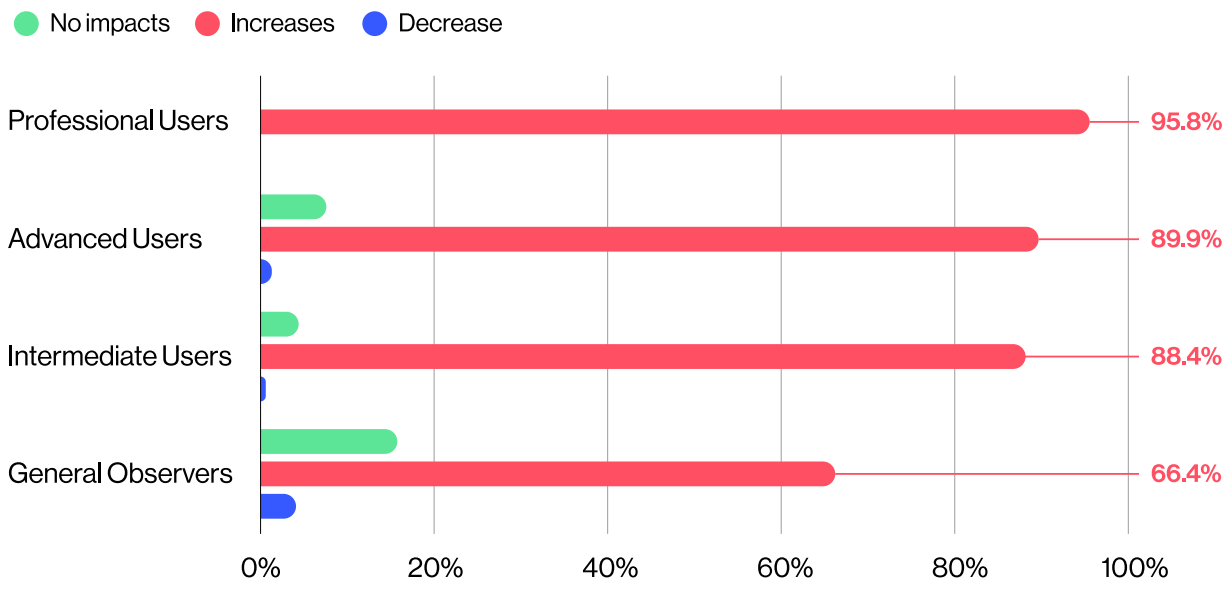
[24] 2025 Conference on "Asia-Pacific Artificial Intelligence (AI) Governance Accelerator and Preparing for AI Transformation." Conference Report. https://www.pecc.org/resources/digital-economy/2856-policy-recommendations-framework/file
[25] McKinsey & Company (2025), The State of AI in 2025: Agents, Innovation, and Transformation
[26] Infocomm Media Development Authority, Singapore (2025). Singapore Digital Economy Report 2025. https://www.imda.gov.sg/-/media/imda/files/about/resources/corporate-publications/annual-report/imda-sgde-report-fy2024-2025.pdf

HOW AI CHANGES WORK AND ORGANIZATIONS

AI is already affecting work and organizations across multiple dimensions. According to PECC's survey, respondents report that AI is driving changes in productivity, efficiency, innovation, product and service quality, customer acquisition, market expansion, income and revenue, costs, recruitment, layoffs, and job profiles (Annex A, Question 5). For instance, approximately 75% of them report that AI has increased productivity, while about 82% cite improvements in efficiency. Around 50% indicate that AI has contributed to greater innovation, and 53% note it has enhanced the quality of their products or services. These results are broadly similar across all subregions.

Noticeable differences regarding the consequences of AI exist across levels of proficiency in digital and AI literacy. Respondents with higher proficiency levels note the positive effects of AI at a higher proportion than those with lower levels. Illustratively, about 64%, 88%, and 90% of general observers, intermediate users, and advanced users respectively indicate AI has contributed to their increased efficiency. The proportion rises to 96% among professional users (Figure 1.12).

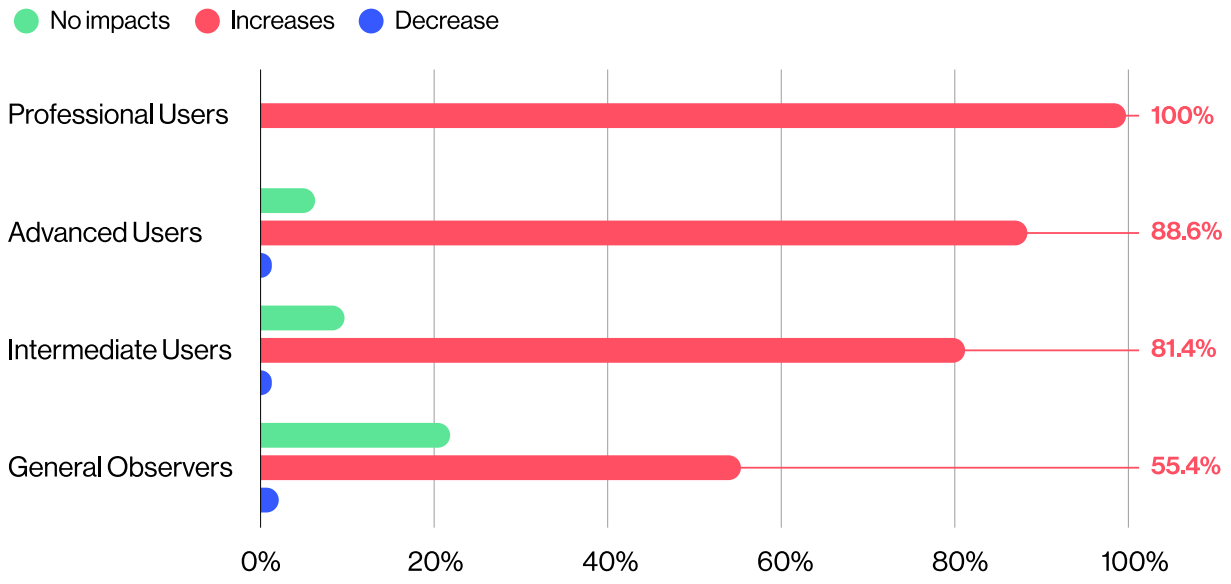
Figure 1.12: Shares of Respondents Reporting on the Impact of AI on Efficiency, by Level of Proficiency in Digital and AI Literacy



Source: PECC State of the Region Survey 2026

Analogous patterns are observed with regard to the impact of AI on productivity. While more than half (59%) of general observers note that AI has raised their productivity, the percentages jump to more than 80% among intermediate, advanced and professional users (Figure 1.13). These results confirm existing research suggesting that human capital determines the degree of AI-enabled productivity. In short, the greatest per-task gains occur where workers hold complementary AI and AI-related skills.[27]

Figure 1.13: Shares of Respondents Reporting on the Impact of AI on Productivity, by Level of Proficiency in Digital and AI Literacy



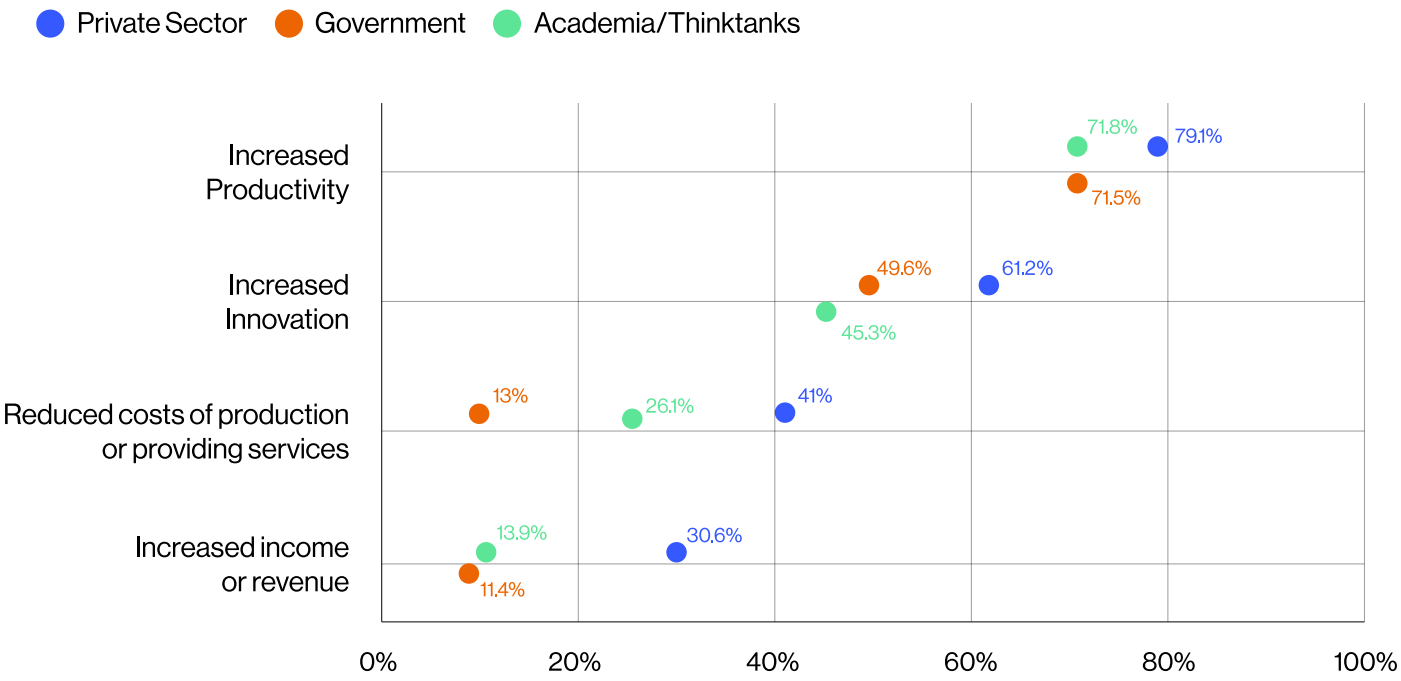
Source: PECC State of the Region Survey 2026

The positive effects of AI diverge across affiliations (Figure 1.14). Those from the private sector are more likely to report the impact on productivity, innovation and work processes than those from the other affiliations. Put differently, about 79% of business respondents indicate AI has raised productivity. Some 72% of respondents from government and academia/thinktanks share the same view. With respect to innovation, about 61% of business respondents report that AI boosts it as opposed to 45% and 50% of respondents from academia/thinktanks and governments respectively. Also, 41% of respondents from the private sector note that AI has reduced costs of production or providing services, but only 26% and 13% of those from academia/thinktank and public sector concur. Additionally, 31% of business respondents report that AI has raised income or revenue, as compared with only 14% and 11% of their

[27] Asian Development Bank (2026). "AI Readiness and Economic Impacts in Asia and the Pacific." Special topic, Asian Development Outlook, April 2026. https://www.adb.org/sites/default/files/publication/1135881/ado-april-2026.pdf

equivalents in academia/thinktanks and governments. These results suggest that different groups can bring complementary perspectives to AI adoption. Strengthening channels for sharing business experience, policy insight, and research evidence could help support better informed approaches to AI and AI-related policymaking across the region.

Figure 1.14: Positive Effects of AI Adoption, by Affiliation
(% of Respondents Selecting Each Effect)



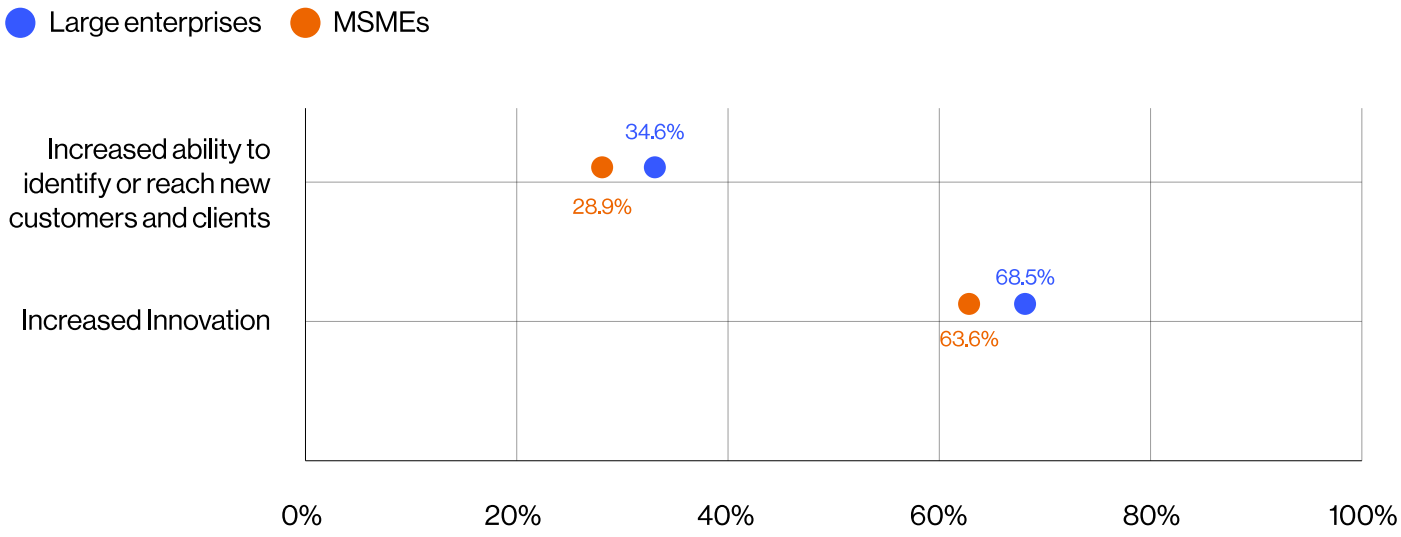
Source: PECC State of the Region Survey 2026

As AI is shaping business and market outcomes, the degree of gains diverges across firms' size (Figure 1.15). For respondents answering from large companies' perspective, about 35% of them declare that technology has improved their ability to identify or reach new customers and clients, as opposed to 29% of those working at MSMEs.[28] Likewise, about 69% of the respondents from big companies indicate AI-enabled innovation, while 64% of smaller firms' employees do so. This pattern is reflected in insights from the multi-stakeholder discussions. For instance, at the 2025 Conference on "Asia-Pacific Artificial Intelligence (AI) Governance Accelerators" highlighted that, although smaller enterprises increasingly have access to AI tools, integrating those tools into business processes often requires investments in

[28] In our survey, the number of respondents answering from the large enterprises' and MSMEs' perspective are 56 and 80 respectively.

computing resources, data management systems, and workforce training which they often lack. Discussions also highlighted grants, subsidies, and technical assistance as potential mechanisms that governments could consider supporting MSMEs in accessing and benefiting from trustworthy AI systems.[29]

Figure 1.15: Effects of AI Adoption on Ability to Identify or Reach New Customers and Clients and Innovation, by Firms' Size
(% of Respondents Selecting Each Effect)

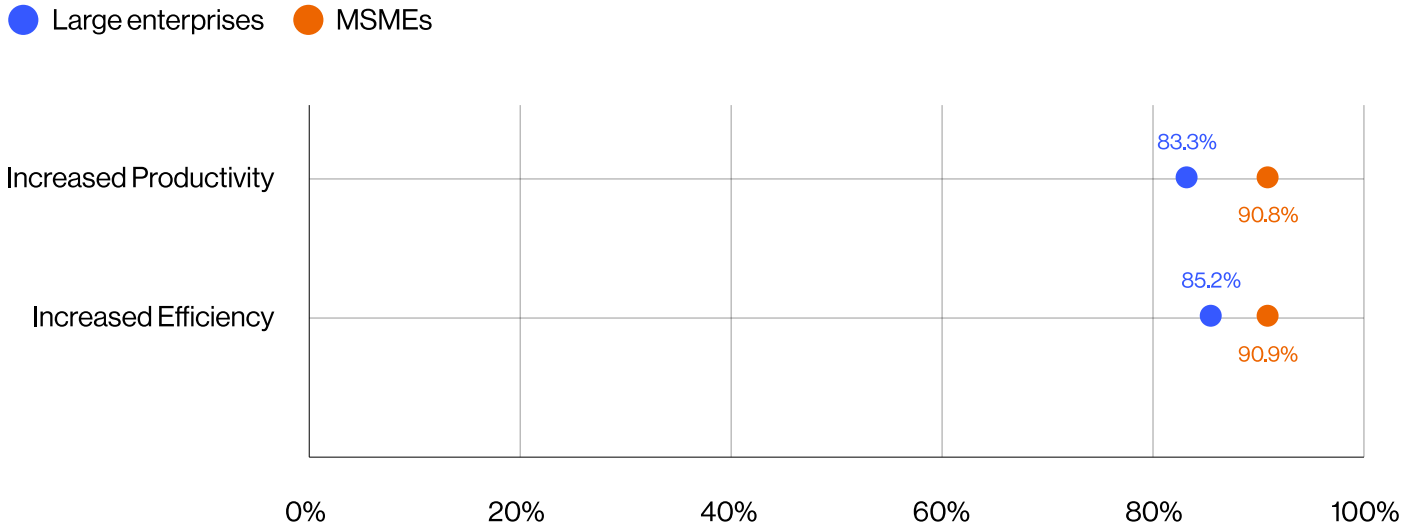


Source: PECC State of the Region Survey 2026

Interestingly, our survey results challenge the assumption that technology always benefits large companies to a greater extent than MSMEs. For some types of benefits, a larger share of respondents from MSMEs report gains from AI than those from large firms. For instance, about 91% of those working in MSMEs indicate that AI has boosted productivity and efficiency, as opposed to about 83-85% of their counterparts in large corporations (Figure 1.16).

[29] 2025 Conference on "Asia-Pacific Artificial Intelligence (AI) Governance Accelerator and Preparing for AI Transformation." Conference Report. https://www.pecc.org/resources/digital-economy/2856-policy-recommendations-framework/file

Figure 1.16: Effects of AI Adoption on Productivity and Efficiency, by Firms' Size
(% of Respondents Selecting Each Effect)



Source: PECC State of the Region Survey 2026

As for labor-market outcomes, PECC's survey shows that the most common answers to the question about the past year's impact of AI on recruitment, layoff, and changes in job profiles are "no impact", followed by "don't know/unsure" (Annex A, Question 5). This may be partly because AI is in the early stage of being integrated into workflows, so it has not yet produced significant labor market adjustments. More noticeable effects may emerge as the region is progressively embracing technology.

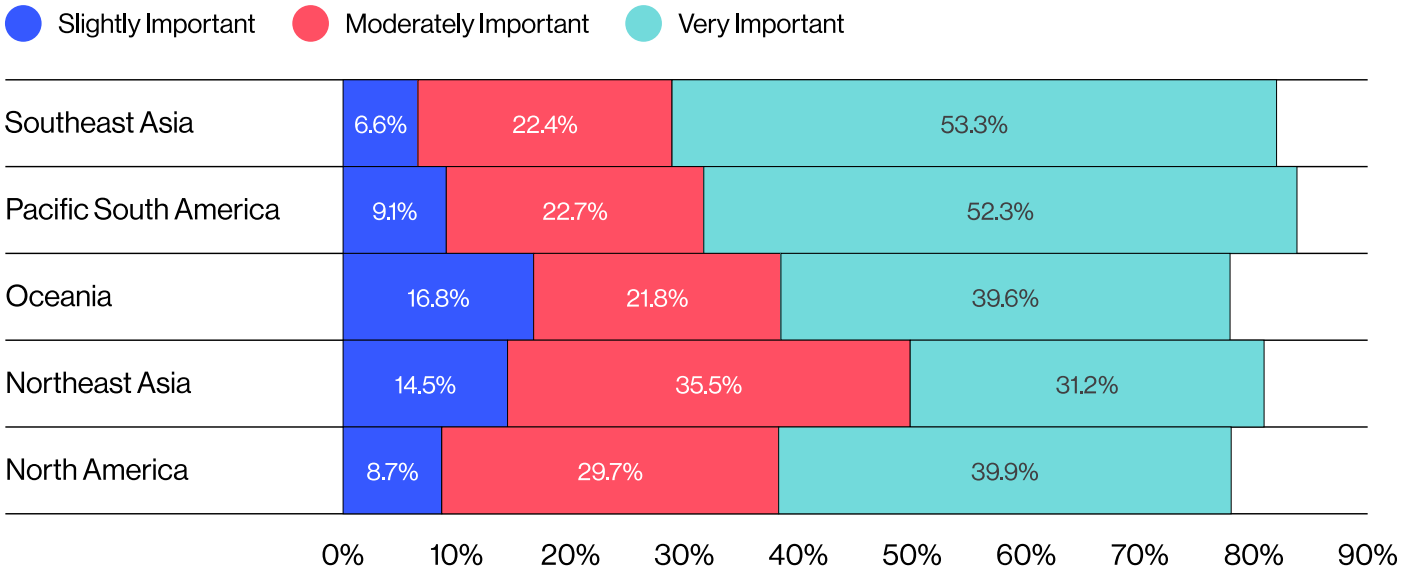
FACTORS ACCELERATING AND HINDERING AI ADOPTION
(WHAT DRIVES AND SLOWS AI UPTAKE?)

PECC survey respondents believe that AI adoption in the coming year will be shaped by a combination of factors. The most frequently cited factors supporting adoption are: digital skills; organization openness; leadership support to AI; affordability of computing capacity; affordability of ICT infrastructure; and government's AI strategy or plan (Annex A, Question 6). The most common constraints are: insufficient digital skills or resistance to reskill; risks caused by AI (e.g. hallucination, bias, cyberattacks); difficulties with availability or quality of the necessary data for AI usage; high cost of AI applications; high cost of ICT infrastructure; high cost of computing capacity (Annex A, Question 7). Together, the responses suggest that AI uptake depends not only on access to technology and infrastructure undergirding it, but also on human capital and organizational and policy environments.

Our findings underscore the importance of workforce capability in AI uptake. About 79% of respondents identify digital skills as a moderately important or very important accelerator, while 70% of them cite insufficient digital skills or resistance to reskill as a moderately or very important hindrance. In all subregions, at least 78% of respondents exhibit some degree of worries about inadequate skills (Figure 1.17). The results echo the UNESCAP's study highlighting shortages in AI-related skills as one of the most significant barriers to Asia-Pacific's AI adoption.[30]

[30] United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) (2026). The Asia-Pacific Trade Facilitation Report 2026: Harnessing Artificial Intelligence in Trade Facilitation https://www.unescap.org/kp/2026/asia-pacific-trade-facilitation-report-2026-harnessing-artificial-intelligence-trade

Figure 1.17: Importance of Insufficient Digital Skills or Resistance to Reskill in Hindering AI Adoption, by Subregion

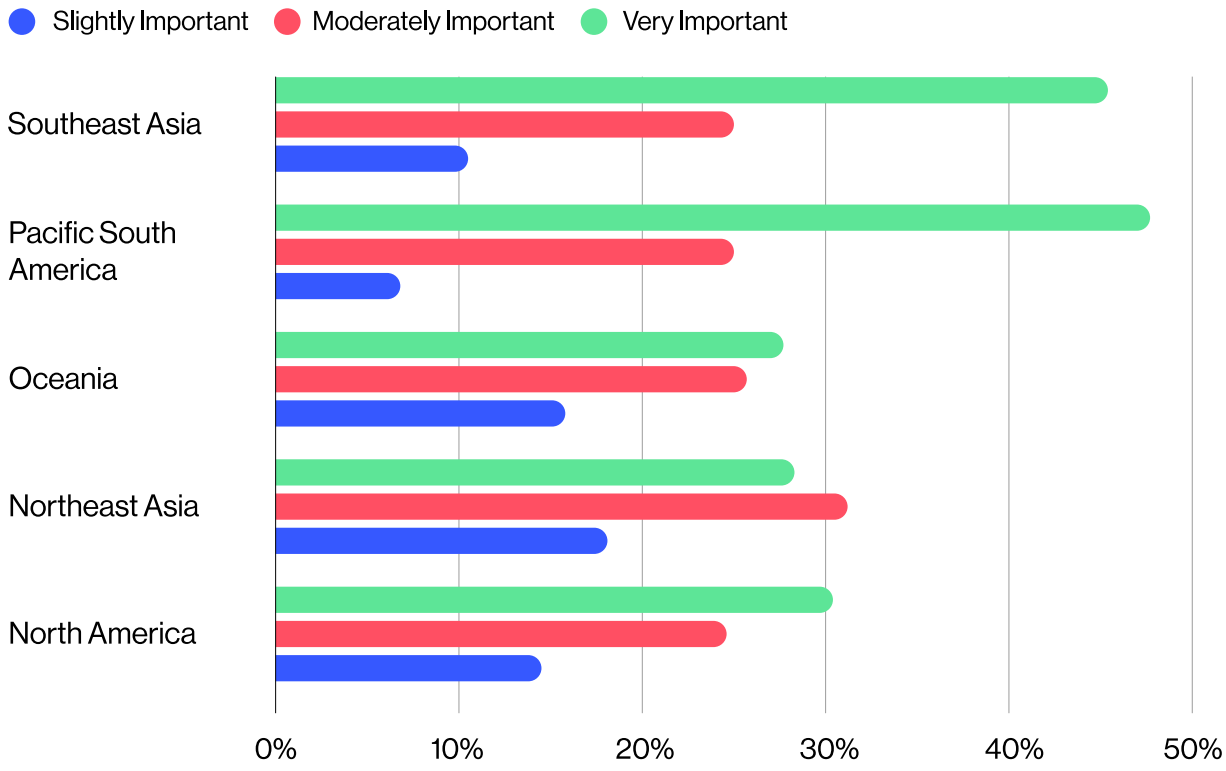


Source: PECC State of the Region Survey 2026

Respondents also frequently cite affordability of supporting infrastructures and AI applications as a factor accelerating AI adoption in the coming year. Approximately 64% identify the affordability of ICT infrastructure and 66% the affordability of computing capacity as moderately important or very important factors affecting the uptake. In contrast, the high cost of ICT infrastructure and high cost of computing capacity are both cited by 61% as major constraints on adoption. Moreover, high cost of AI applications is cited as a moderately and very important element slowing the adoption by about 62% of respondents.

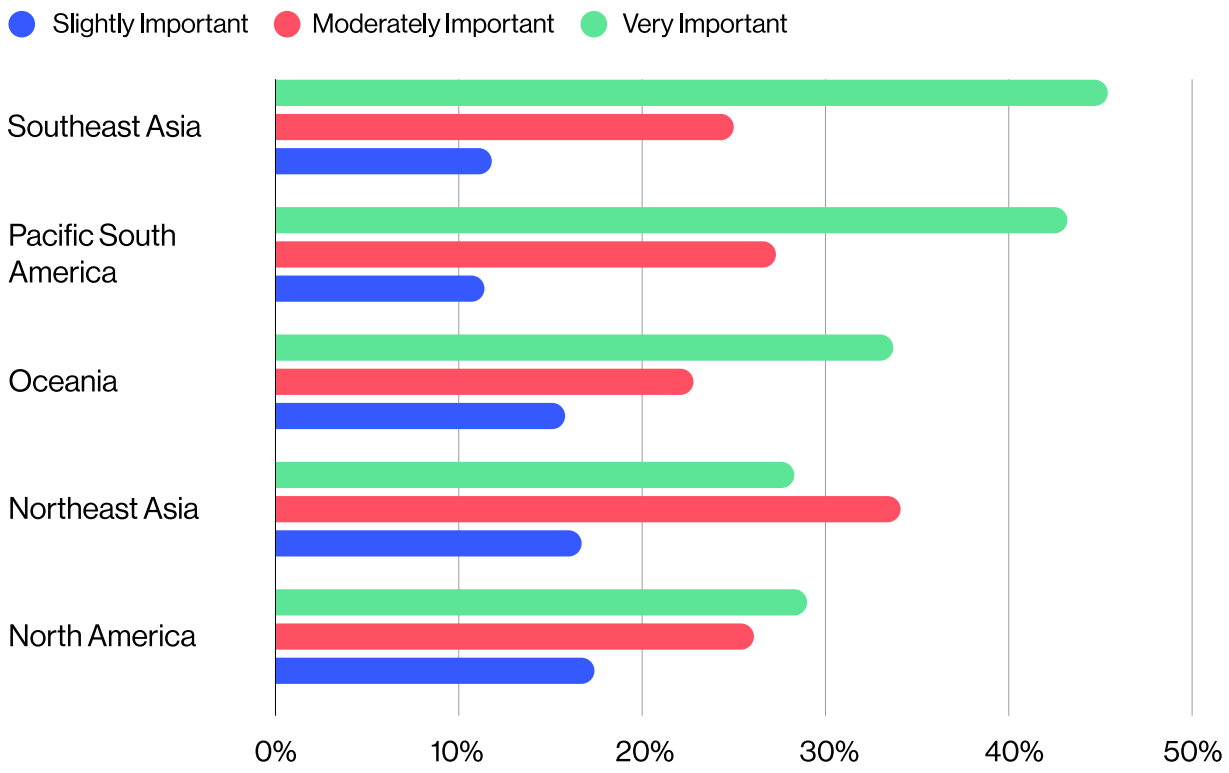
Variations across subregions are notable. Around 45% of respondents from Southeast Asia and 48% from Pacific South America believe that high cost of computing capacity is a very important factor discouraging the uptake. However, the comparable figures are much less for Northeast Asia (28%), Oceania (28%), and North America (30%) (Figure 1.18). In addition, high cost of AI applications as a very important impediment is cited by 45% of those surveyed in Southeast Asia and 43% in Pacific South America. Nonetheless, this view is shared by smaller proportions of surveyed individuals in North America (29%), Northeast Asia (28%), and Oceania (34%) (Figure 1.19).

Figure 1.18: Importance of High Cost of Computing Capacity in Hindering AI Adoption, by Subregion



Source: PECC State of the Region Survey 2026

Figure 1.19: Importance of High Cost of AI Applications in Hindering AI Adoption, by Subregion



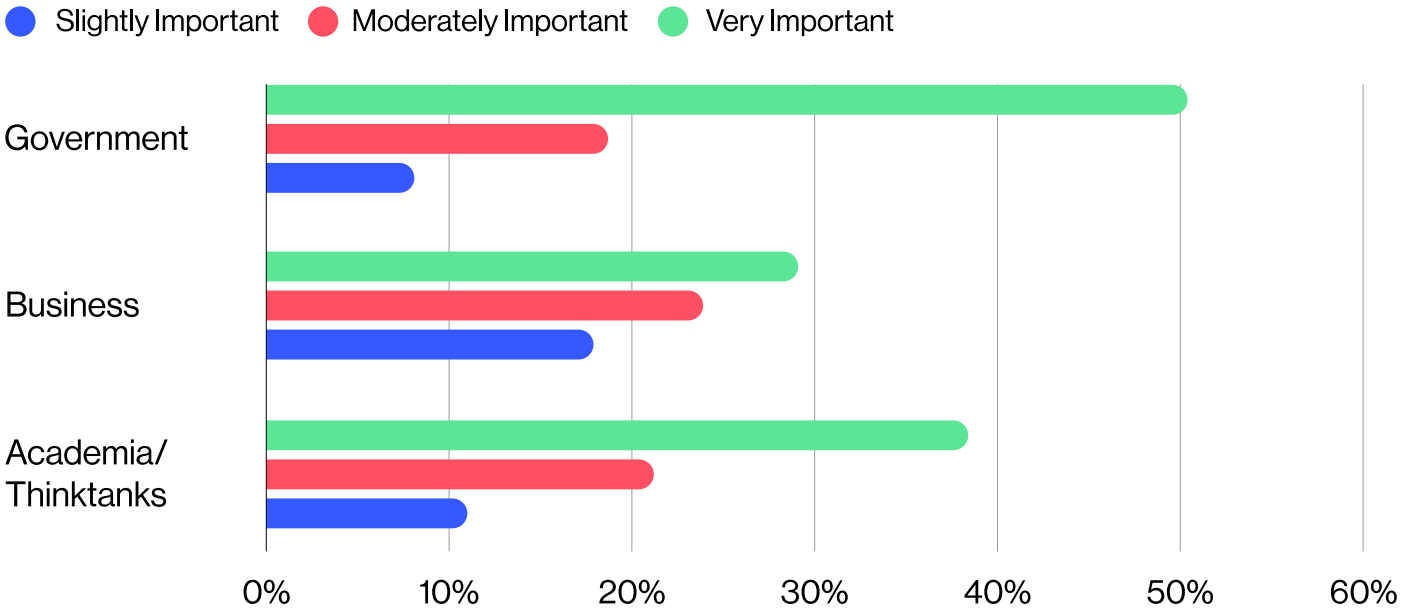
Source: PECC State of the Region Survey 2026

PECC's survey highlights the role of organizational dynamics in determining the uptake. Approximately 75% of respondents identify leadership support for AI as a moderately important or a very important accelerator. About 77% of them hold similar views towards organizational openness to innovation. This is reinforced by another survey result that lack of leadership support for AI and reluctance by management to innovate (e.g. unwillingness to experiment, low tolerance for risk) are respectively noted by more than half of respondents as a moderately important or very important hindrance (Annex A, Question 7).

Governments' interventions are perceived to have nuanced effects on next year's AI adoption. Around 62% and 59% of respondents indicate AI strategy or plan, and government support (e.g. partnership, funding, reskilling) as moderately important and very important elements driving the adoption. At the same time, about 57% of them see existing AI and AI-related regulations (e.g. AI safety frameworks) as moderately important or very important constraints. Also, perceptions on the role of government support in affecting the uptake vary across

affiliations. While more than half (50.4%) of government respondents cite it as a very important accelerator, only about 38% and 29% of their counterparts from academic/thinktanks and business do so (Figure 1.20).

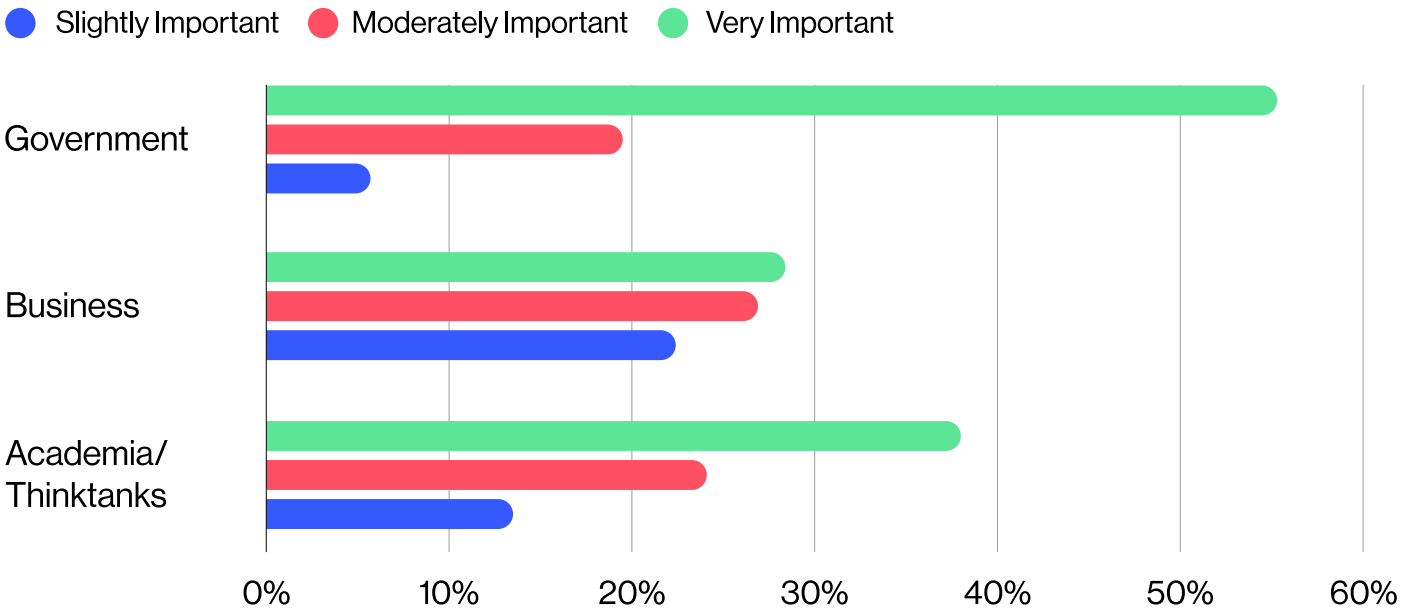
Figure 1.20: Importance of Government Support in Driving AI Adoption, by Affiliation



Source: PECC State of the Region Survey 2026

Also, government's AI strategy or plan is seen by 55% of the former as a very important booster, but 38% and 28% of respondents from academia/thinktanks and private sector share similar views (Figure 1.21). Furthermore, about 36% of government respondents identify existing AI and AI-related regulations as a very important hindrance. Yet, only about 31% and 32% of their equivalents from academic/thinktanks and business respectively do so (Figure 1.22).

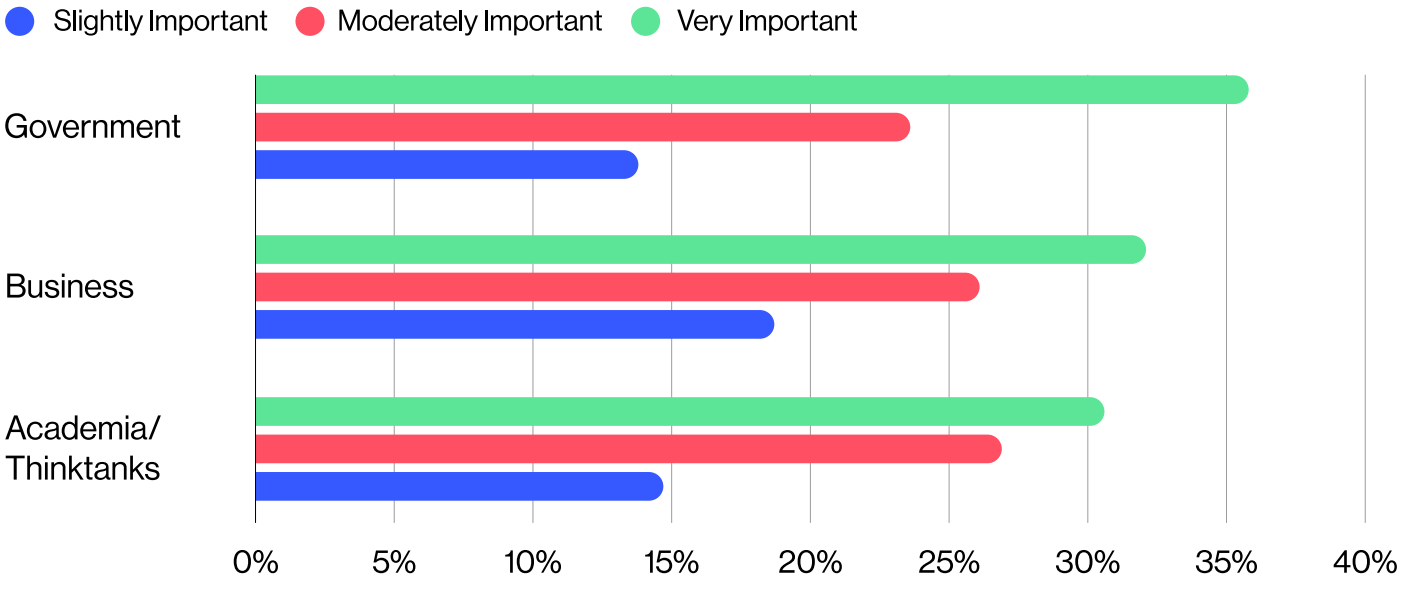
Figure 1.21: Importance of AI Strategy or Plan in Driving AI Adoption, by Affiliation



Source: PECC State of the Region Survey 2026

Some technical factors are also seen as discouraging next year's AI uptake. About 66% of our survey respondents identify difficulties with availability or quality of the necessary data for AI as a moderately important or very important hindrance. Additionally, a substantial proportion (71%) of them note the risks caused by technology as a moderately important or very important impediment (Annex A, Question 7).

Figure 1.22: Importance of Existing AI and AI-Related Regulations in Slowing AI Adoption, by Affiliation

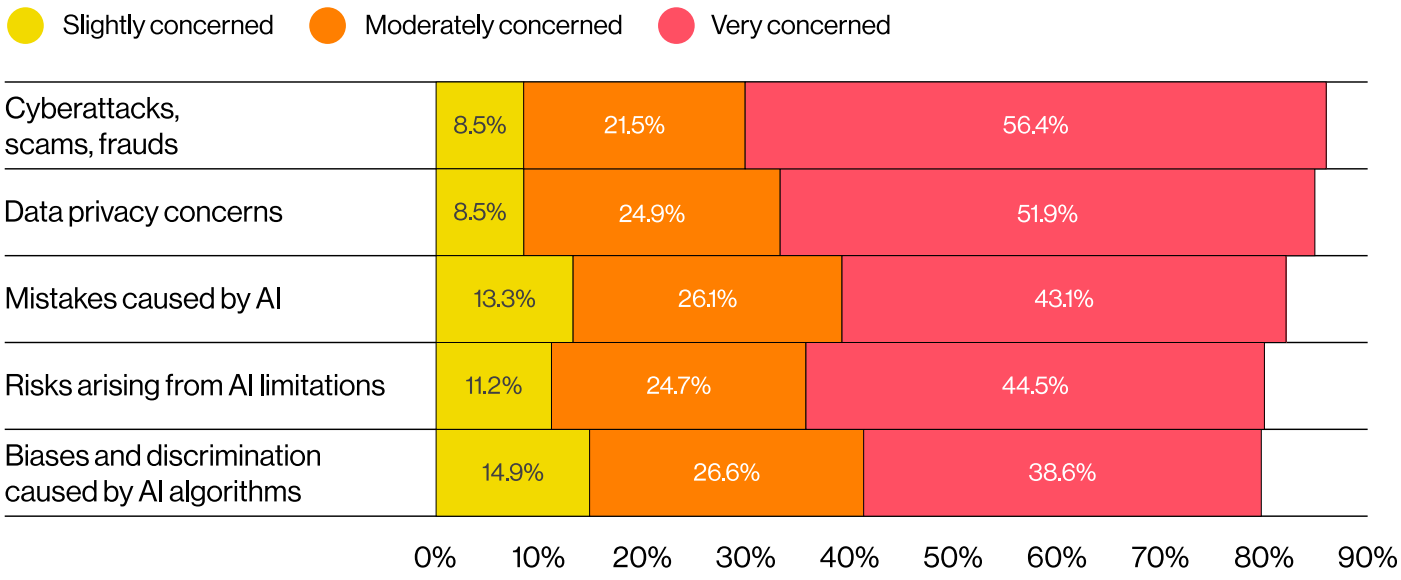


Source: PECC State of the Region Survey 2026

CONCERNS ABOUT AI AND AI-RELATED RISKS

Members in the PECC's opinion survey panel hold a wide range of concerns about AI and AI-related risks (Annex A, Question 8). The top 5 most frequently referenced risks, in descending order, are: cyberattacks, scams, frauds; data privacy concerns; mistakes caused by AI (e.g. hallucination); risks arising from AI limitations (e.g. over-reliance on AI systems, lack of human oversight); biases and discrimination caused by AI algorithms (Figure 1.23).

Figure 1.23: Top 5 Concerns about AI and AI-Related Risks



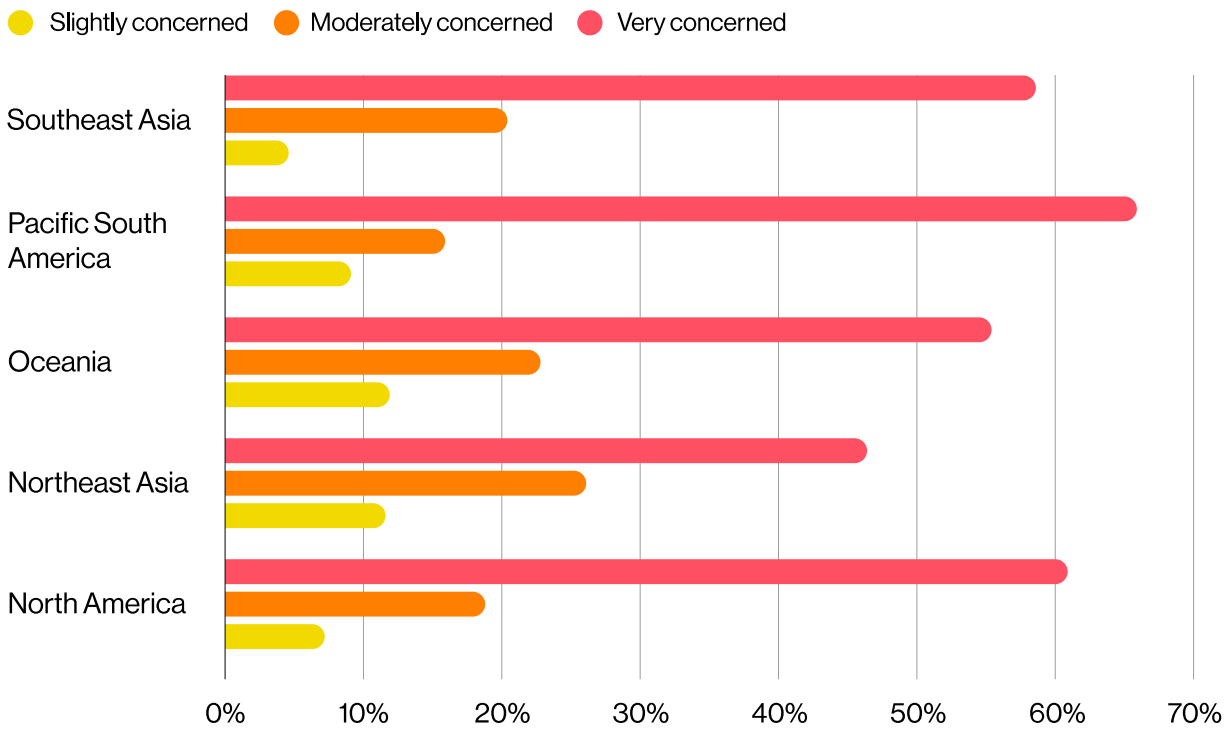
Source: PECC State of the Region Survey 2026

Concern over cyberattacks, scams and frauds feature prominently. Besides being identified as the primary risk overall (by 86% of respondents), this issue attracts the highest intensity of anxiety, with about 56% of them saying they are very concerned. These results align with the other analysis, which found that Asia-Pacific firms has been the target of more than one-third of the global online attack incidents in 2020-2024 as compared to the other regions.[31] According to the UN Office on Drugs and Crime, yearly losses from scams across East Asia, Southeast Asia, Australia, and New Zealand amounted to US$ 88.3-114.1 billion in 2025, registering about three times the 2023 recorded losses.[32] Such dramatic rise is partly driven by the use of AI and deepfake technologies in recent criminal operations.

[31] Tetiana Schipper (2025). "Exploited Intelligence: AI, Cybercrime, and the Global South's Digital Struggle." Journal of World Affairs: 2(1), December. https://doi.org/10.1177/29769442251405945
[32] UN Office on Drugs and Crime (2026). "An Interconnected Criminal Ecosystem: Transnational Organized Crime Threat Assessment for South-East Asia", July. https://www.unodc.org/roseap/uploads/documents/Publications/2026/TOCTA_South-East_Asia_2026.pdf

A subregional breakdown reveals that larger shares of respondents in North America, Pacific South America, and Southeast Asia are very concerned about these issues as compared to the other subregions (Figure 1.24). Southeast Asia has become the epicenter of the AI-enabled organized crimes ranging from hacking incidents interrupting the operations of Indonesian public agencies, to attacks on Vietnamese brokerage firms and online scams in Thailand.[33] Beyond Southeast Asia, the World Economic Forum's Global Cybersecurity Outlook 2026 noted that 79% and 77% of people in North America and Pacific South America had experienced cyber-enabled fraud last year.[34]

Figure 1.24: Concerns about Cyberattacks, Scams, and Frauds, by Subregion

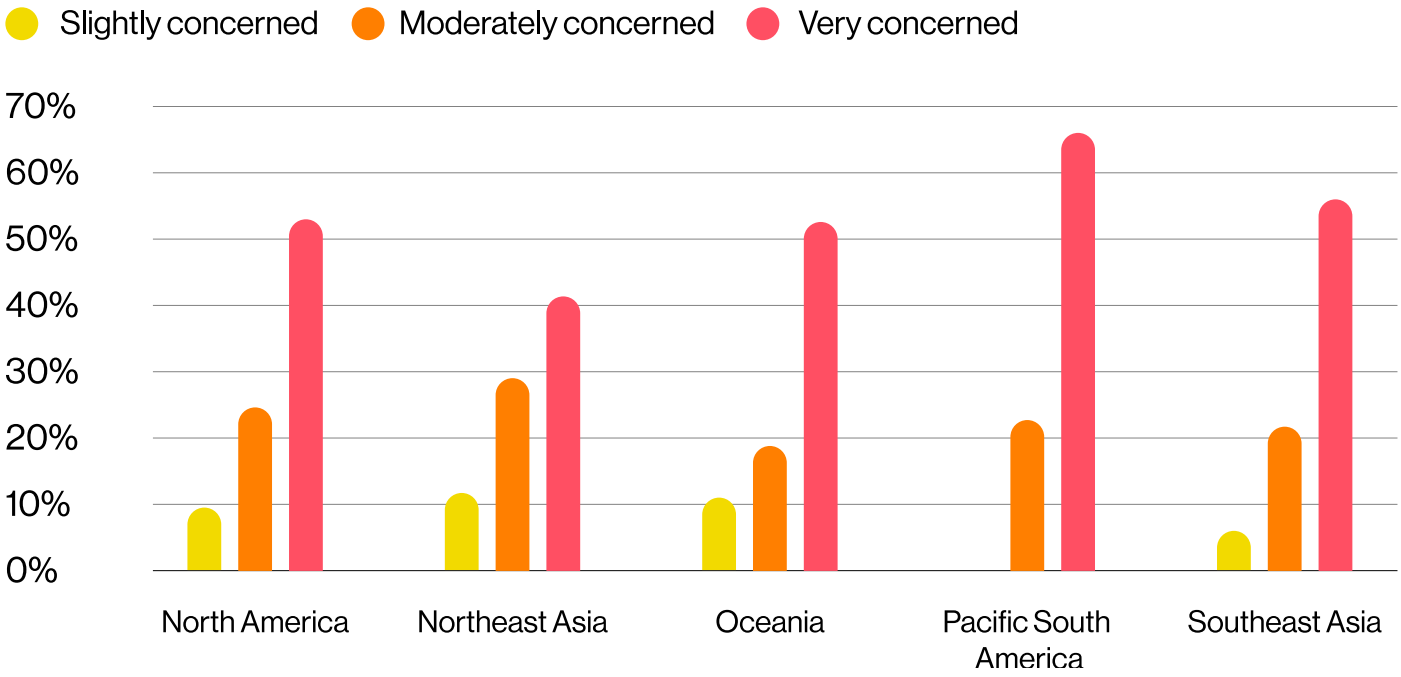


Source: PECC State of the Region Survey 2026

"Data privacy concerns" emerges as the second most cited risk associated with AI. Worries run high as more than half (52%) of respondents in our survey indicate "very concerned" (Figure 1.23). This widespread anxiety partly stems from a broader lack of confidence in data custodians. One analysis unveiled that only 15% of Asia-Pacific consumers trust brands to use their personal data responsibly.[35] Subregion-wise, respondents in Pacific South America and Southeast Asia express unease towards this problem in greater percentages (66% and 56%) than those in the other subregions (Figure 1.25).

[33] UN Office on Drugs and Crime (2025). "Emerging threats: The intersection of criminal and technological innovation in the use of automation and artificial intelligence in the cybercrime landscape of Southeast Asia." Regional Office for Southeast Asia and the Pacific, September.
[34] World Economic Forum (2026). The Global Cybersecurity Outlook 2026: Insight Report, January. https://reports.weforum.org/docs/WEF_Global_Cybersecurity_Outlook_2026.pdf
[35] InMoment (2026). 2026 Asia-Pacific Consumer Trends: The CX Trust Deficit: Loyalty At Risk In The Digital Age.

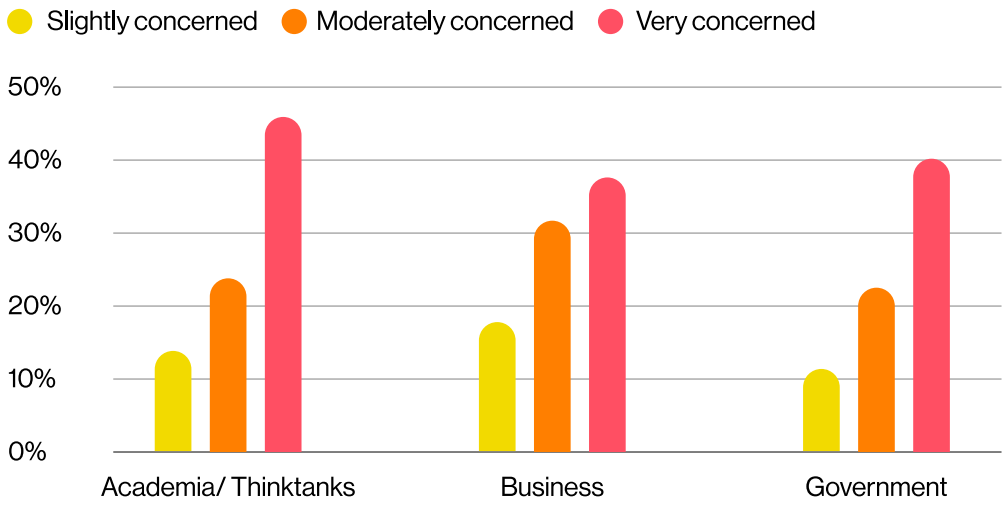
Figure 1.25: Concerns about Data Privacy, by Subregion



Source: PECC State of the Region Survey 2026

AI systems can produce errors and misleading outputs. These problems are reflected in PECC's survey. Around 82% of respondents express some degree of unease about mistakes made by AI (e.g. hallucination), making it No. 3 risk (Figure 1.23). These worries are particularly manifested among academia and thinktank respondents. Some 47% of them are very concerned about the AI errors. Yet, only 40% of those in the public and 38% in private sector hold the same view (Figure 1.26).

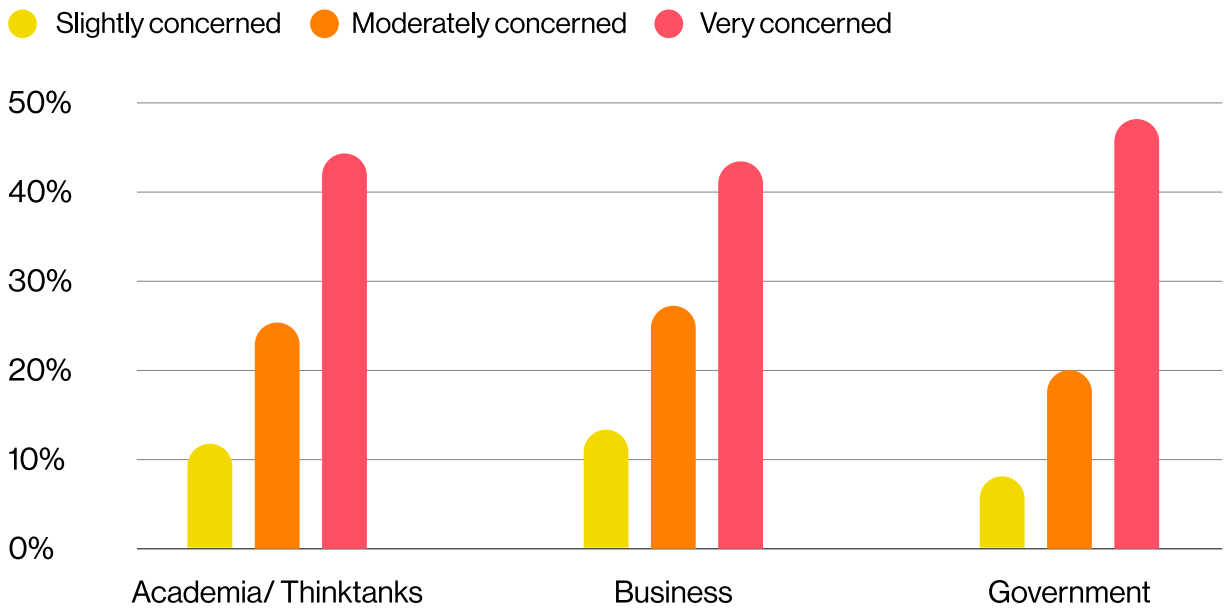
Figure 1.26: Concerns about Mistakes Made by AI, by Affiliation



Source: PECC State of the Region Survey 2026

Regional stakeholders exhibit concerns about risks arising from AI limitations (e.g. over-reliance on AI systems, lack of human oversight), which rank fourth among AI-related risks (Figure 1.23). In other words, they fear excessive dependence on AI-generated outputs, especially in situations where users place unwarranted trust in automated recommendations or decisions. About 45% of those surveyed are very concerned, while 25% and 11% of them express moderate and slight levels of worries respectively. Government respondents exhibit a higher degree of concern than those from the other sectors (Figure 1.27).

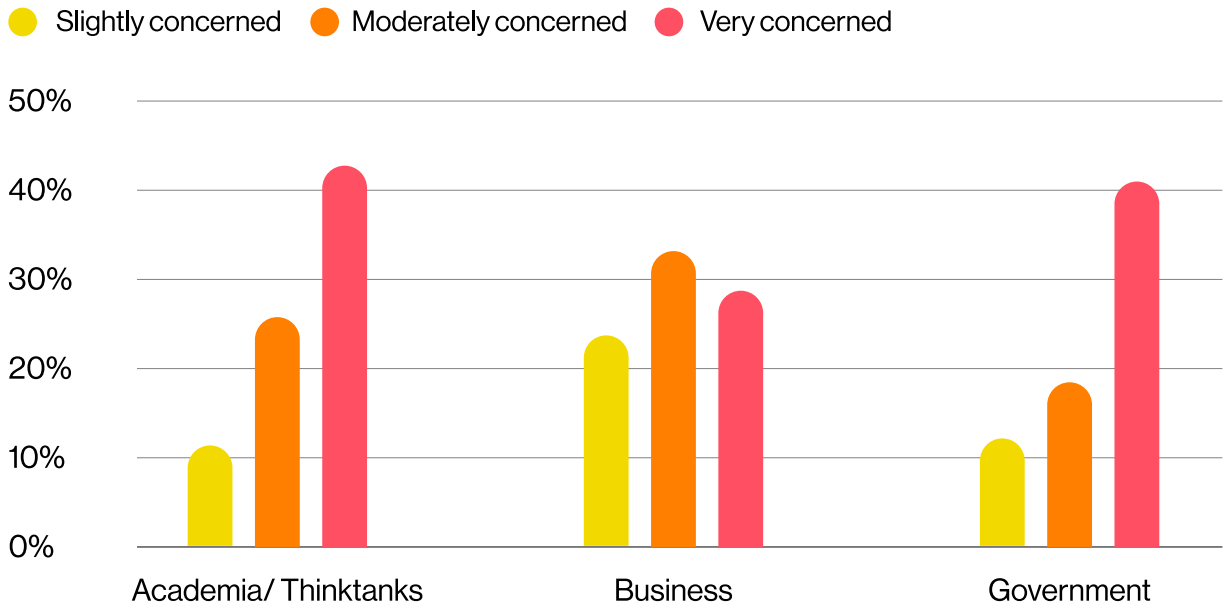
Figure 1.27: Concerns about AI Limitations, by Affiliation



Source: PECC State of the Region Survey 2026

Additionally, 80% of respondents select “biases and discrimination caused by AI algorithms”, making it No. 5 risk (Figure 1.23). Non-business stakeholders are more worried about these issues than their business counterparts. About 43% of those from academia/thinktank and 42% from government respectively report “very concerned.” However, only 29% of those from businesses do so (Figure 1.28).

Figure 1.28: Concerns about Biases and Discrimination Caused by AI, by Affiliation

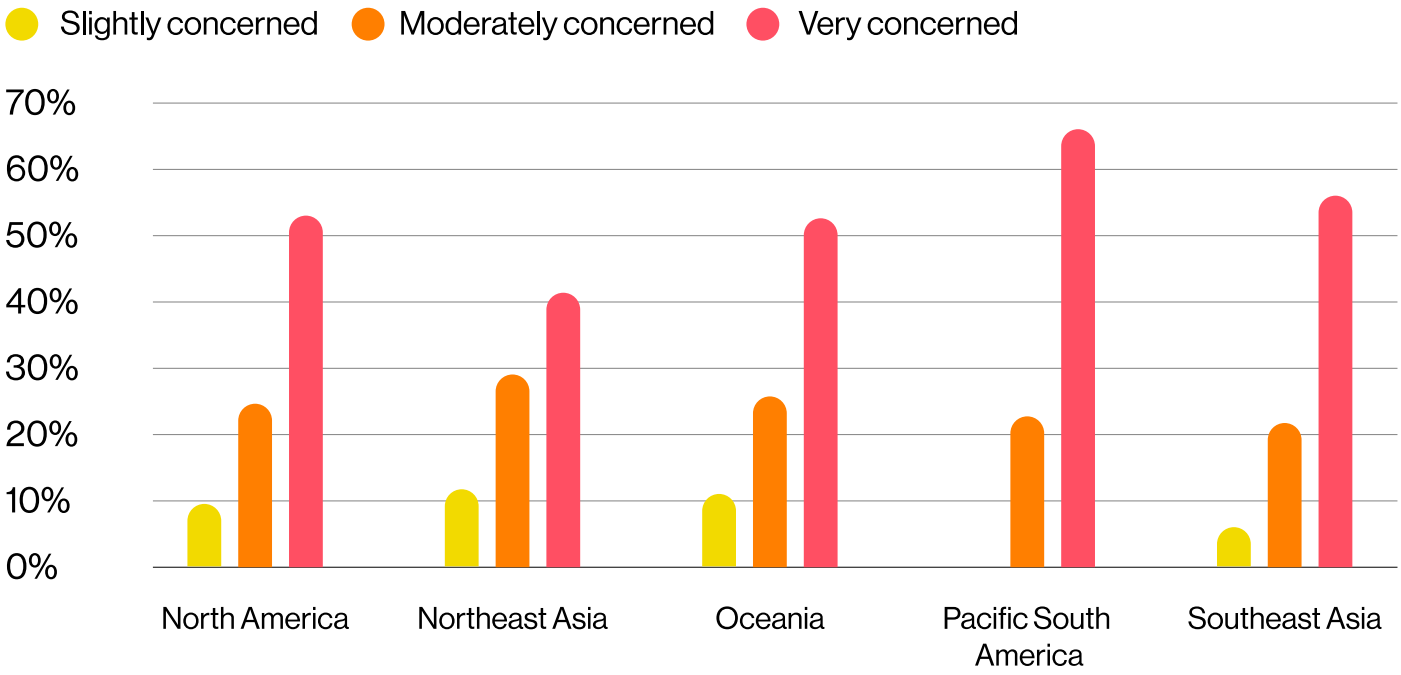


Source: PECC State of the Region Survey 2026

Despite not being among top 5 risks linked to AI, sentiments about job displacement are worth highlighting. At least seven in ten members in the PECC's survey mention it (Annex A, Question 8). More than half of respondents in each subregion indicate some degree of this anxiety (Figure 1.29). This is consistent with observed trends: East Asia and Pacific economies are witnessing AI-related layoffs. According to the IMF, employees in Asia undertaking service, sales, and clerical roles possess a higher likelihood of displacement.[36] Regarding services sector, the technologies are increasingly displacing routine cognitive tasks (e.g. risk assessment, customer service) and non-routine cognitive ones (e.g. interpretation, teaching).[37]

[36] International Monetary Fund (2025). "How Artificial Intelligence Will Affect Asia's Economies" (January 2025).
[37] World Bank (2025) Future jobs in East and Asia Pacific: Robots, Artificial Intelligence, and Digital Platforms in East Asia and Pacific. https://www.worldbank.org/en/region/eap/publication/future-jobs.

Figure 1.29: Concerns about Job Displacement, by Subregion

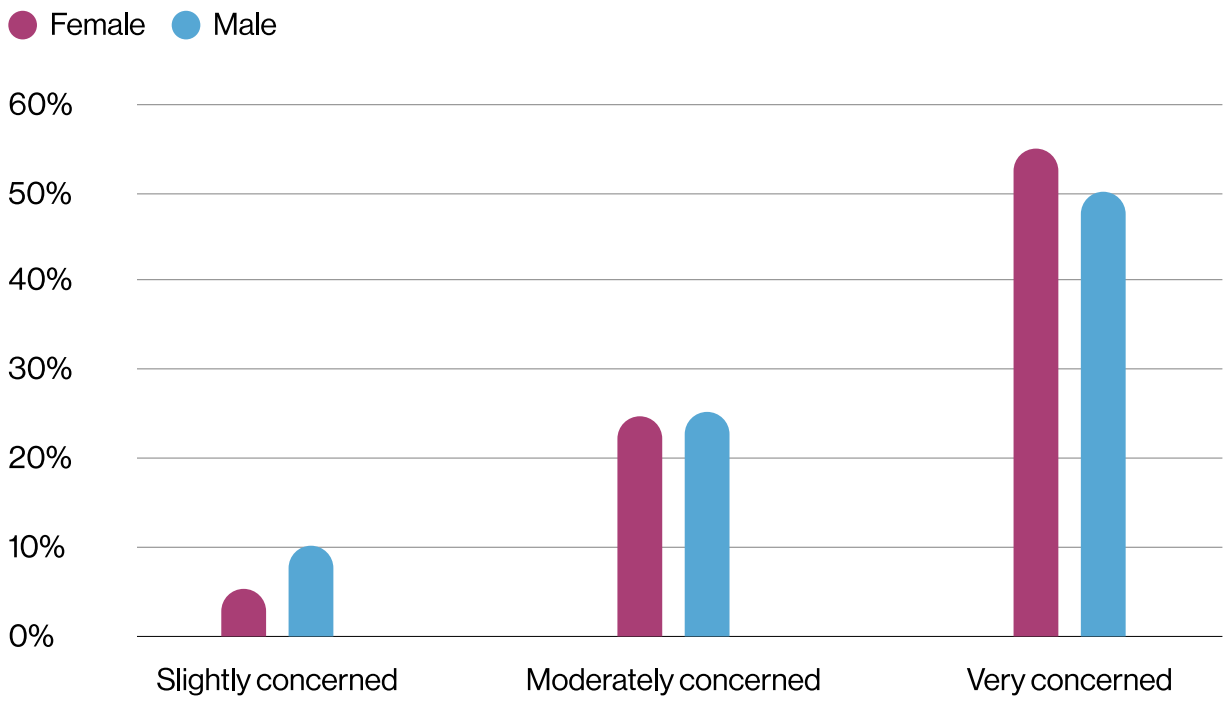


Source: PECC State of the Region Survey 2026

Moreover, female respondents are very concerned over job displacement in a larger share (55%) than their male counterparts (50%) (Figure 1.30). This echoes the World Bank's study that women in East and Asia Pacific economies are more exposed than men to the AI displacement effect.[38] In addition, respondents with higher levels of proficiency in digital and AI literacy show greater degree of anxiety. For instance, more than one third (37%) of professional users say they are "very concerned" about job displacement by AI, while only 25% of advanced users and 19% of intermediate users share this concern (Figure 1.31).

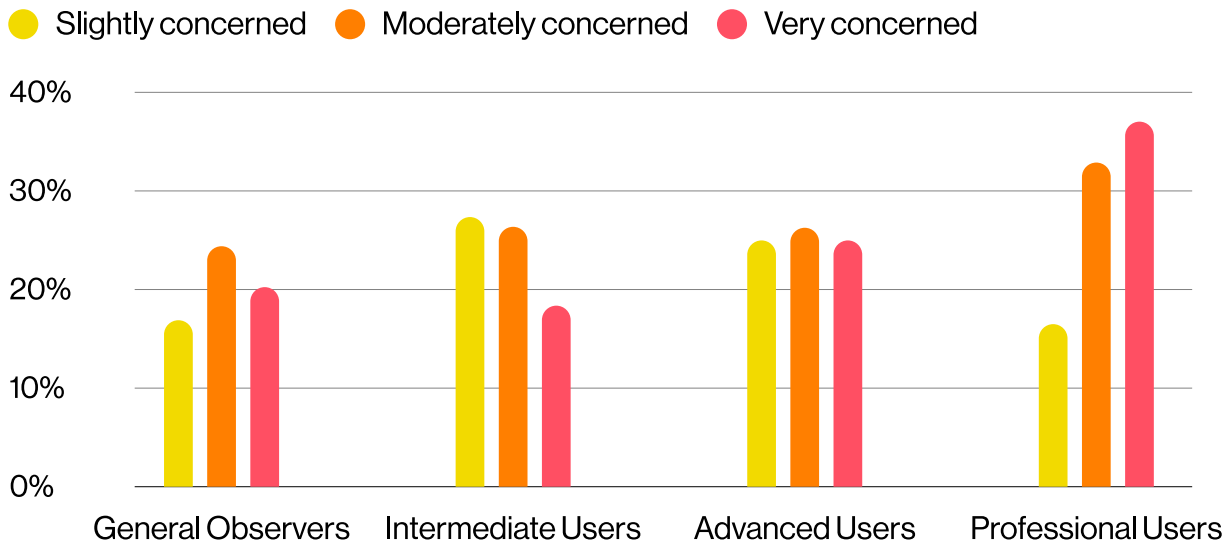
[38] Ibid.

Figure 1.30: Concerns about Job Displacement, by Gender



Source: PECC State of the Region Survey 2026

Figure 1.31: Concerns about Job Displacement, by Level of Proficiency in Digital and AI Literacy



Source: PECC State of the Region Survey 2026

It should be emphasized that our survey results do not suggest that AI adoption always produces negative consequences. Rather, technology advancements are linked with both job creation and displacement, depending on the nature of tasks being performed and employees' skills. For instance, robot adoption in Southeast Asia in 2018-2022 created approximately 2 million jobs for skilled formal workers while replacing around 1.4 million low-skilled ones from routine and manual occupations.[39] In Vietnam, each additional robot per thousand workers correlates with employment gains of 6-9% and wage gains of 2-4% at the district level.[40]

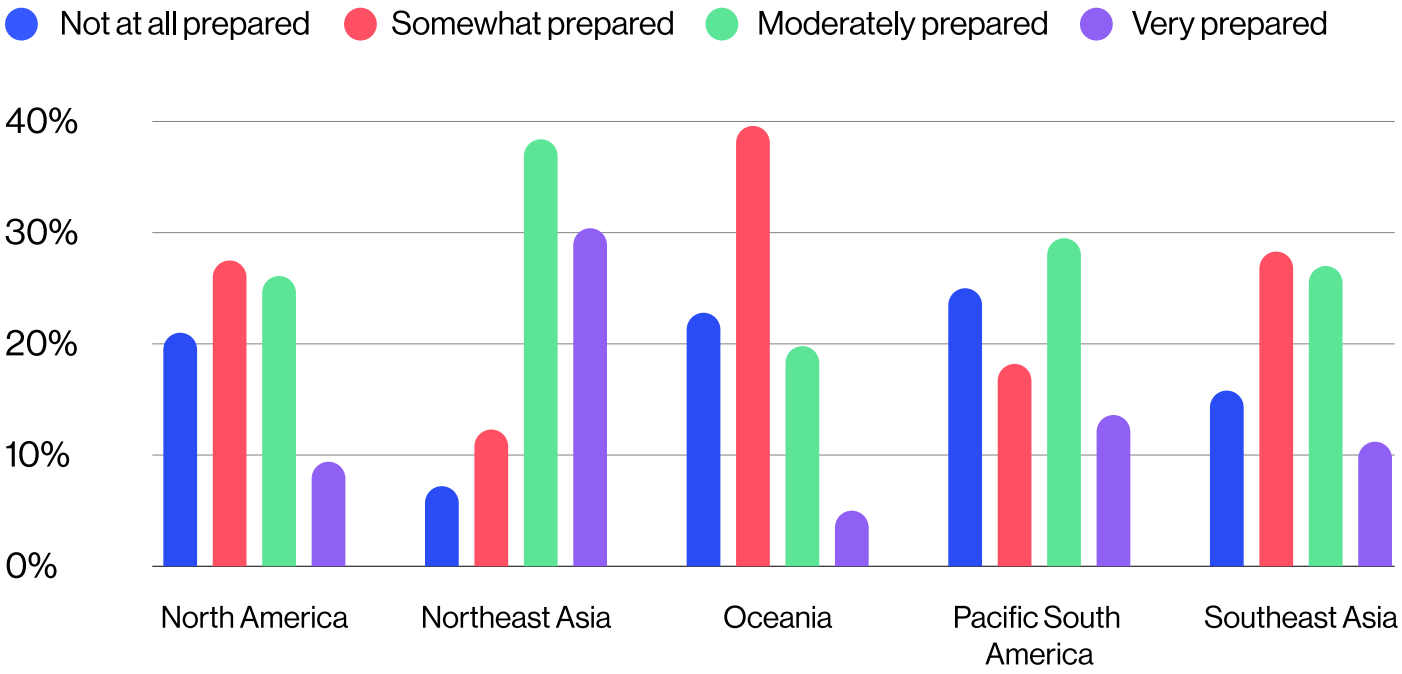
[39] Ibid.
[40] Ibid.

ECONOMY'S PREPAREDNESS AND POLICIES FOR AI ADOPTION

In terms of their economy's preparedness for AI uptake, PECC survey participants view certain foundations for AI adoption as more advanced than others (Annex A, Question 9). Overall, they identify physical infrastructure as an area where their economies are most prepared. Illustratively, more than half (50.7%) of respondents report that their economies are moderately or very prepared in terms of digital infrastructure, while 43% express similar opinions regarding power grid scalability.

Preparedness levels diverge across subregions. For example, respondents from Northeast Asia rate their economies' power grid scalability as very or moderately prepared in larger proportions than those from the other subregions (Figure 1.32).

Figure 1.32: Levels of Preparedness - Power Grid Scalability, by Subregion



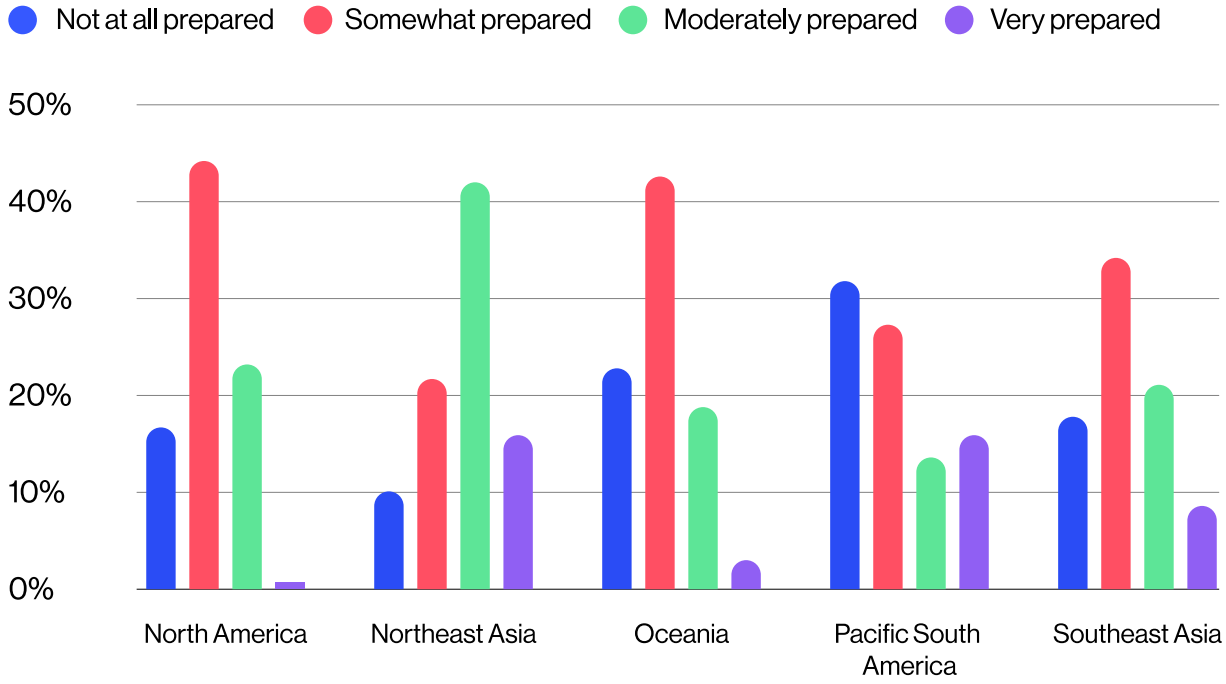
Source: PECC State of the Region Survey 2026

Such disparities result in the digital and AI divide. The IMF's AI Preparedness Index shows substantial differences across Asia-Pacific economies in terms of digital infrastructure, computing capacity, digital connectivity, and data infrastructure. These elements contribute to uneven access to cloud-based and related services as well as integration of AI into business processes.[41] With regard to the region's digital infrastructure, the 2026 PECC report on "Enabling AI for Trade Facilitation in the APEC Region" posited that although "internet access continues to improve, regional broadband connectivity remains uneven, and many economies continue to rely primarily on mobile networks that do not provide the performance required for advanced AI applications."[42] At the 33rd PECC General Meeting, experts observed that effective governance, capacity building, digital infrastructure, skills development, and regional cooperation can help ensure the benefits from AI transformation are broadly shared.[43]

Regional stakeholders also express less enthusiastic perceptions regarding their economies' preparedness in the realms of cybersecurity protection and AI safety and ethical frameworks (Annex A, Question 9). For cybersecurity protection, approximately 35% of respondents rate their economies as somewhat prepared, while 18% rate them as not at all prepared. About one-third of them remark that their economies are somewhat prepared in terms of AI safety and ethical issues, and 24% of them regard their economies as not at all prepared. Subregional differences exist, with a larger proportion of respondents from Northeast Asia believing their economies are either very or moderately prepared vis-à-vis those from the other subregions (Figure 1.33 and Figure 1.34).

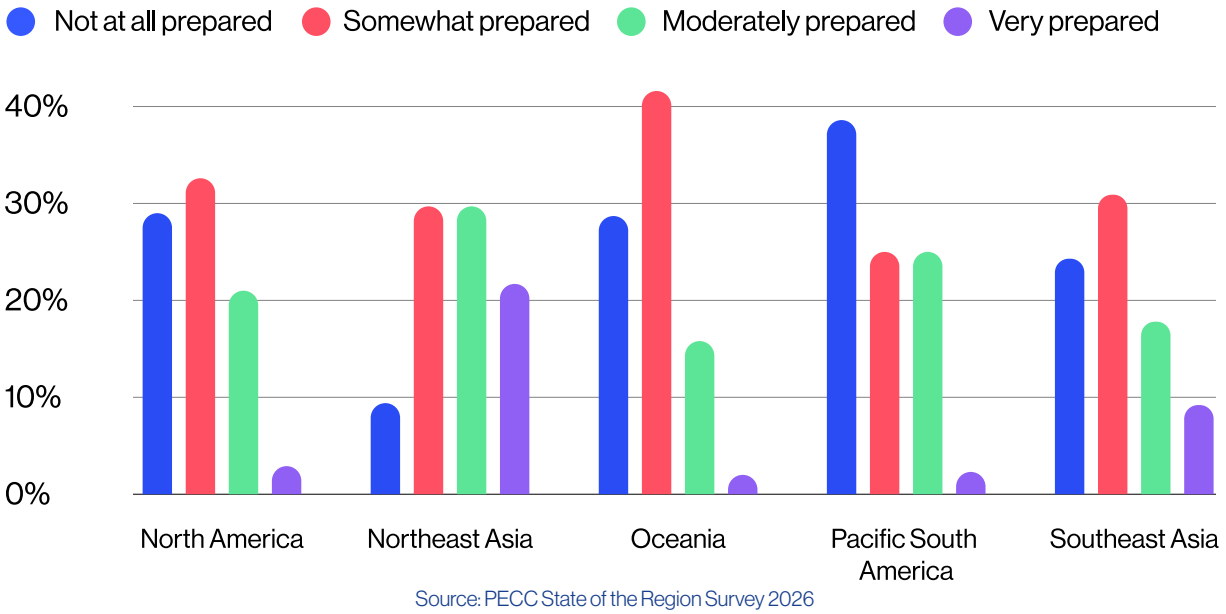
[41] International Monetary Fund. AI Preparedness Index, IMF DataMapper (2023 values). https://www.imf.org/external/datamapper/AI_PI@AIPI
[42] PECC (2026), Report on "Enabling AI for Trade Facilitation in the APEC Region", August, p. 7.
[43] "33rd PECC General Meeting concludes." https://www.pecc.org/pecc/205-member-updates/1013-33rd-pecc-general-meeting-concludes

Figure 1.33: Levels of Preparedness - Cybersecurity Protection, by Subregion



Source: PECC State of the Region Survey 2026

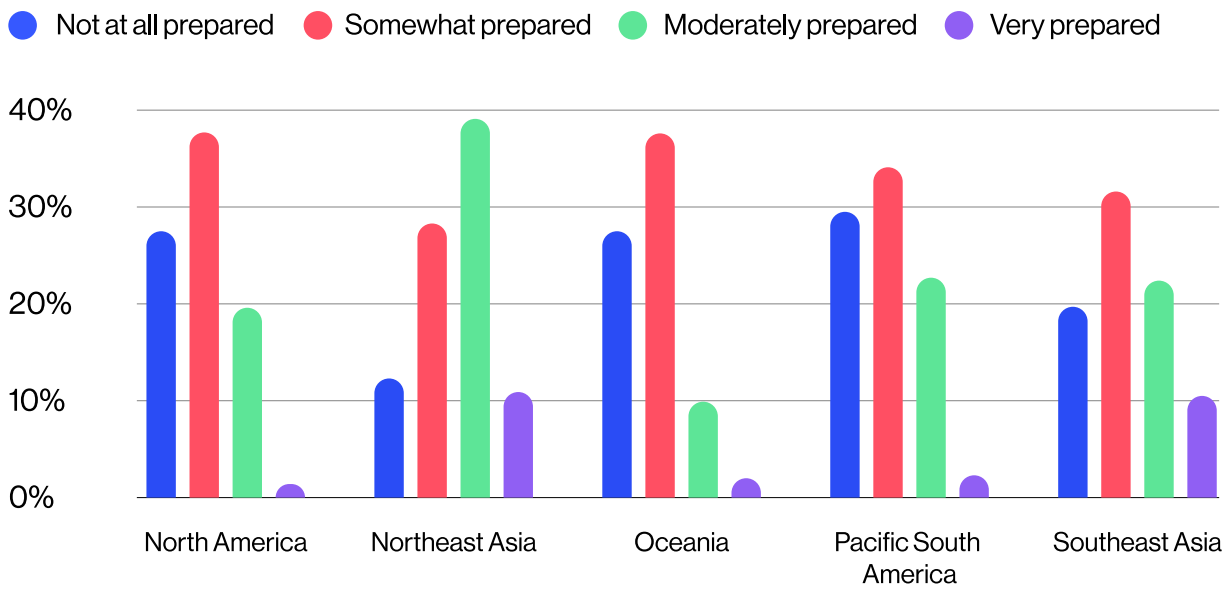
Figure 1.34: Levels of Preparedness - AI Safety and Ethical Frameworks, by Subregion



Source: PECC State of the Region Survey 2026

Workforce reskilling and transition is another area where members in our PECC survey panel point out that their economies are less ready. In this area, around 57% of them consider their economies somewhat prepared or not at all prepared (Annex A, Question 9). This worry is well-documented in other studies indicating that although AI adoption has accelerated among students, workers, and organizations, workforce development systems and educational institutions have often struggled to keep pace.[44] The cross-subregional comparison reveals that Northeast Asian respondents are more likely to see their economies as moderately or very prepared (Figure 1.35).

Figure 1.35: Levels of Preparedness - Workforce Reskilling and Transition, by Subregion



Source: PECC State of the Region Survey 2026

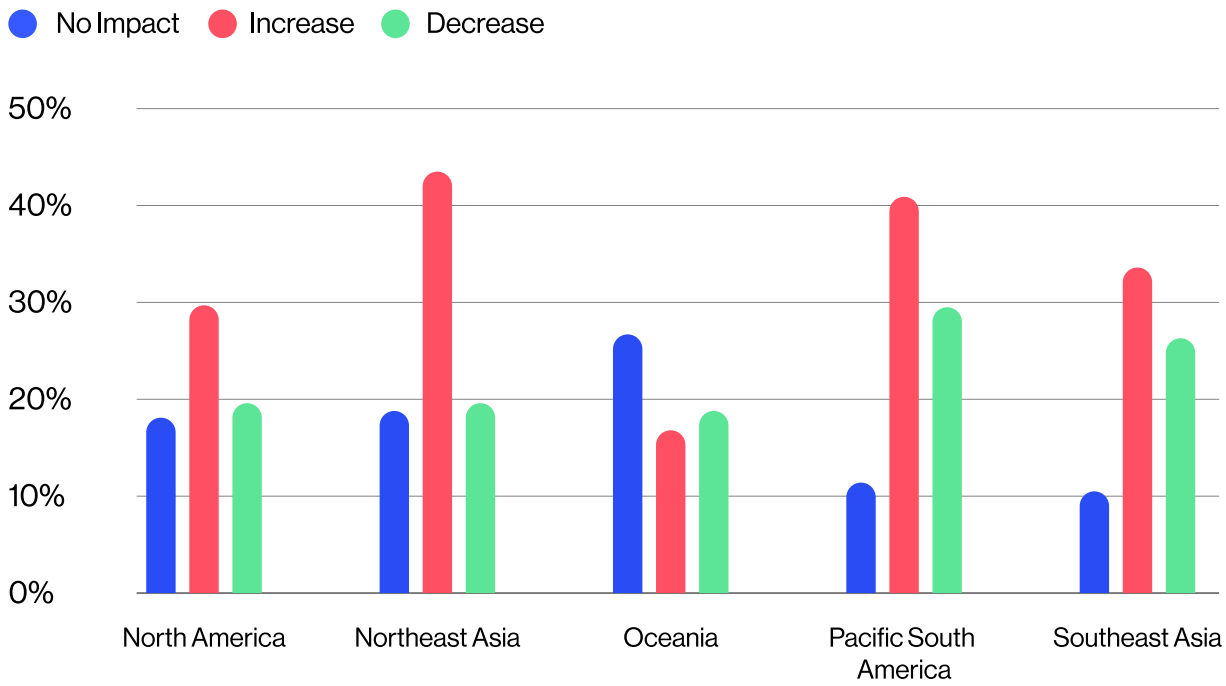
Additionally, the PECC's opinion survey probes into the role of government policies in influencing economies' ability to adopt AI. Respondents regard some measures as more useful than the others (Annex A, Question 10). Illustratively, about 47% of them believe that interoperability of data standards increases AI adoption, while 48% and 43% of them respectively identify cybersecurity laws in their economy and robustness of their economy's intellectual property protection as positive contributors. Moreover, about 36% of regional stakeholders report their economy's data localization requirements as well as mandatory AI safety audits and risk-based regulations as working in favor of AI adoption. These results help confirm that policy design affects AI uptake. For instance, tax incentives and robust intellectual property protections stimulate capital investment and speed up patent filing among

[44] Stanford University (2026). AI Index Report 2026; Asian Development Bank (2026). AI Readiness and Economic Impacts in Asia and the Pacific.

tech startups. Transparent governance structures and ethical standards lower regulatory risk, building the institutional trust required for AI deployment at scale in both the public and private sectors.[45]

Interestingly, the effects of advanced economies' export controls on microchips, software, and related products on economies' ability to adopt AI cut both ways. About 22% of respondents believe these export restrictions reduce the capability. However, a larger share (33%) remark that they increase it. Differences in opinions are evident across subregions, with a larger percentage of respondents from Northeast Asia believing that export restrictions raise economies' capability to embrace AI than those from the other subregions (Figure 1.36).

Figure 1.36: Effects of Advanced Economies' Export Controls on AI Adoption, by Subregion



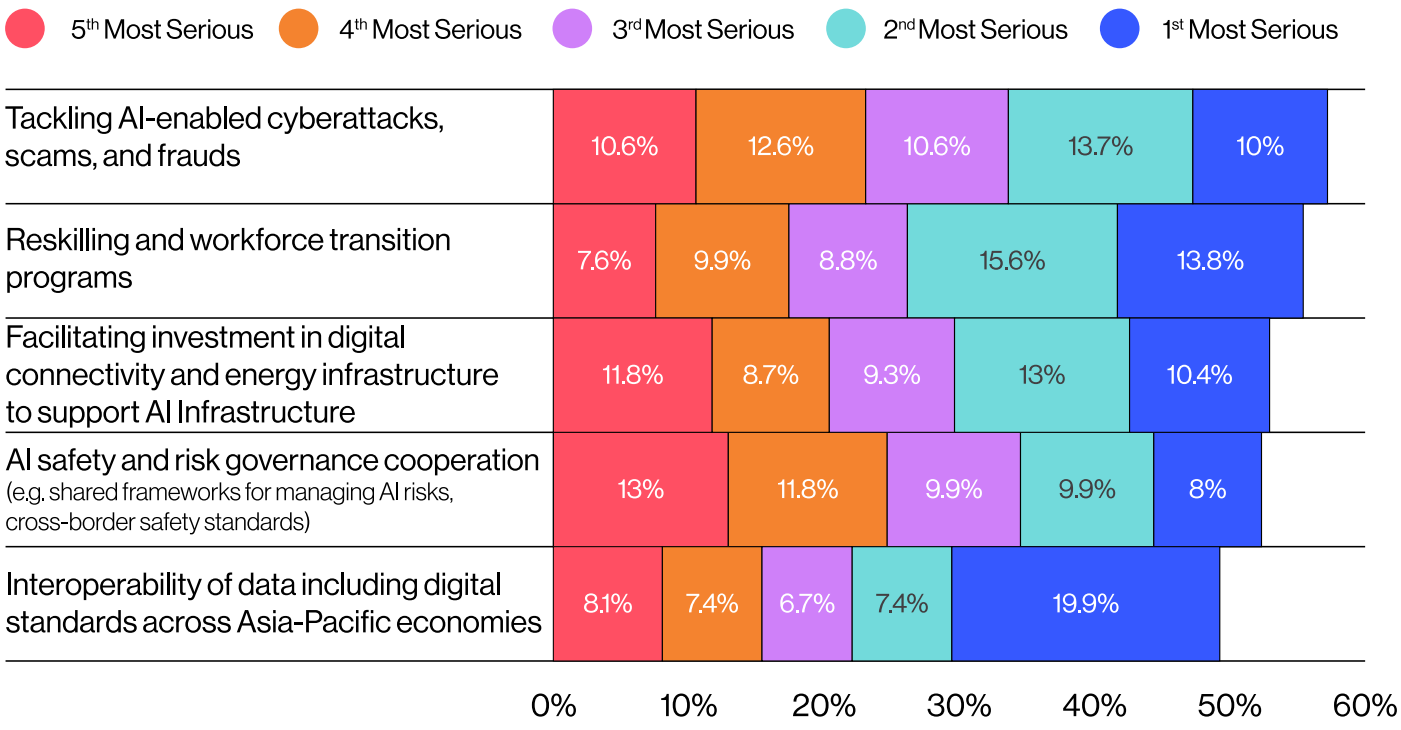
Source: PECC State of the Region Survey 2026

[45] ADO (April 2026) "Special Topic: AI Readiness and Economic Impacts in Asia and the Pacific—Asian Development Outlook April 2026" https://www.adb.org/sites/default/files/publication/1135881/ado-april-2026-special-topic.pdf

WAYS FORWARD FOR AI COOPERATION UNDER APEC

PECC's opinion survey asks the region's stakeholders to identify the aspects of AI cooperation that they believe should be further advanced under APEC (Annex A, Question 11). In descending order, top 5 areas are: tackling AI-enabled cyberattacks, scams, and frauds; reskilling and workforce transition programs; facilitating investment in digital connectivity and energy infrastructure to support AI Infrastructure; AI safety and risk governance cooperation (e.g. shared frameworks for managing AI risks, cross-border safety standards); and interoperability of data including digital standards across Asia-Pacific economies (Figure 1.37).

Figure 1.37: Top 5 Aspects of AI Cooperation under APEC



Source: PECC State of the Region Survey 2026

Overall, "tackling AI-enabled cyberattacks, scams, and frauds" is ranked as the most important element for AI cooperation under APEC, selected by 57% of surveyed individuals. This result aligns with the pattern indicated above that "cyberattacks, scams, frauds" emerges as No. 1 risks associated with the technology. PECC has helped inform policy discussion for APEC cooperation in this area through its research and multi-stakeholder dialogues.[46] For instance, the PECC report on "Primer on Economic Integration Issues Posed by the Digital Economy" recognized AI as a central driver of economic growth and digital trade in the Asia-Pacific, and identified "ensuring that AI policies are beneficial in advancing that growth with APEC" as a key component of regional economic cooperation and development. It noted that governments play an important role in developing an ecosystem balancing innovation with safety and integrity, and doing so requires implementing supportive policies including those related to privacy and cybersecurity.[47]

"Reskilling and workforce transition programs" is chosen by 56% of respondents as a priority area for AI collaboration under APEC (Figure 1.37). PECC's research confirms the importance of human capital and access to AI-related opportunities to prepare the region for inclusive and meaningful AI transformation. One of our studies found that effective AI governance is often accompanied by large-scale capacity-building initiatives to ensure that the benefits are equitably distributed across societies and economies. Governments should target these initiatives at underserved communities and MSMEs to shrink the AI divide.[48]

"Facilitating investment in digital connectivity and energy infrastructure to support AI infrastructure" is among the most frequently cited priorities for APEC's AI cooperation, with about 53% of respondents selecting it (Figure 1.37). PECC discussions offered policy ideas for helping propel cooperation on AI infrastructure. For example, at the Seminar on "Responsible Adoption of General-Purpose AI", participants suggested that economies with strong AI sectors help bridge capacity gaps between advanced and less advanced economies by investing in digital infrastructure and supporting wider access to technologies and capabilities.[49]

[46] One example is the workshop on "Combatting Online Fraud and Scams" held on the margin of APEC First Senior Officials' Meeting in February 2026.
[47] PECC (2021). Report on "Primer on Economic Integration Issues Posed by the Digital Economy", 21 October https://www.pecc.org/resources/publications/digital-economy-1/2750-pecc-signature-project-primer-on-economic-integration-issues-posed-by-the-digital-economy-1/file
[48] PECC (2026). Report on "Enabling AI for Trade Facilitation in the APEC Region", August.
[49] 2024 Seminar on "Responsible Adoption of General-Purpose AI." Report. https://www.pecc.org/resources/digital-economy/2774-responsible-adoption-of-general-purpose-ai-1/file

Moreover, regional stakeholders want APEC cooperation to focus on addressing risks and adverse consequences linked with AI (Figure 1.37). Just over half (52%) of members in our survey panels see "AI safety and risk governance cooperation" as a priority aspect of APEC collaboration. PECC's work has formulated policy recommendations dealing with safety and risk issues. For instance, at the Conference on "Asia-Pacific Artificial Intelligence (AI) Governance Accelerator and Preparing for AI Transformation" in 2025, panelists recommended collaboration in AI safety research, transparency in AI development, and testing and assessment frameworks to ensure safety, trustworthiness, and accountability of AI systems. They also called for greater AI oversight, safety evaluations, and bias-mitigation measures.[50]

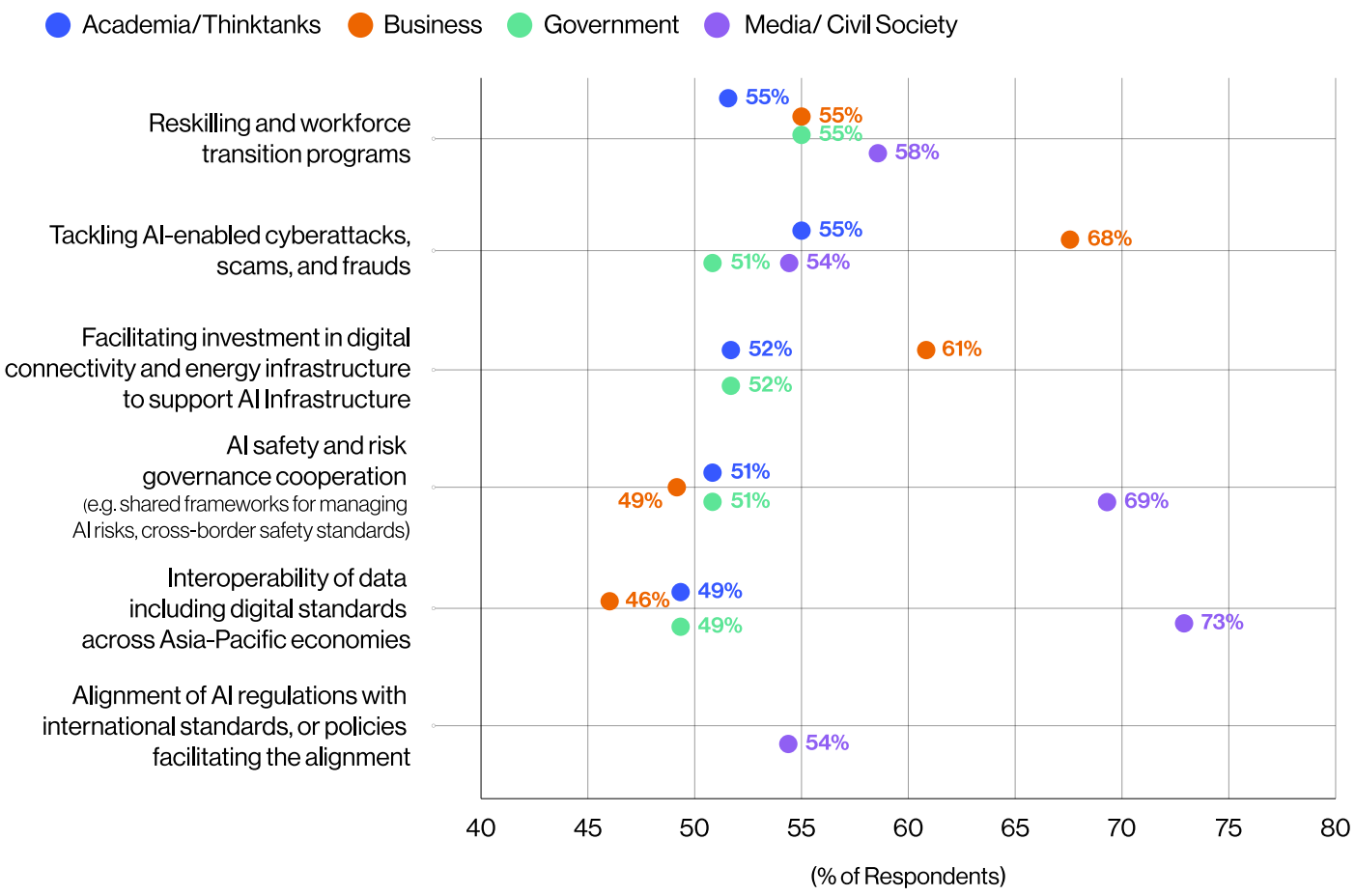
About half of surveyed respondents identify interoperability of data including digital standards across Asia-Pacific economies as a priority element of APEC's AI cooperation. One-fifth of them view it as the most important priority (Figure 1.37). This confirms that interoperability of data and standards is an essential component to realize the benefits of AI across the region. As noted in the PECC Report on "Enabling AI for Trade Facilitation in the APEC Region", one practical approach to realize such interoperability is to "advance standard definitions for core trade entities in line with existing international norms."[51] Moreover, cooperation regarding standards needs multi-stakeholder engagement. The case study (Box 1.1) illustrates how collaboration among a technology provider, financial institutions and an international standards body tests out a standards-based application of AI to reduce manual paperwork in trade finance.

[50] 2025 Conference on "Asia-Pacific Artificial Intelligence (AI) Governance Accelerator and Preparing for AI Transformation." Conference Report. https://www.pecc.org/resources/digital-economy/2856-policy-recommendations-framework/file; 2024 Seminar on "Responsible Adoption of General-Purpose AI." Report. https://www.pecc.org/resources/digital-economy/2774-responsible-adoption-of-general-purpose-ai-1/file

[51] PECC (2026). Report on "Enabling AI for Trade Facilitation in the APEC Region", August, p. 57.

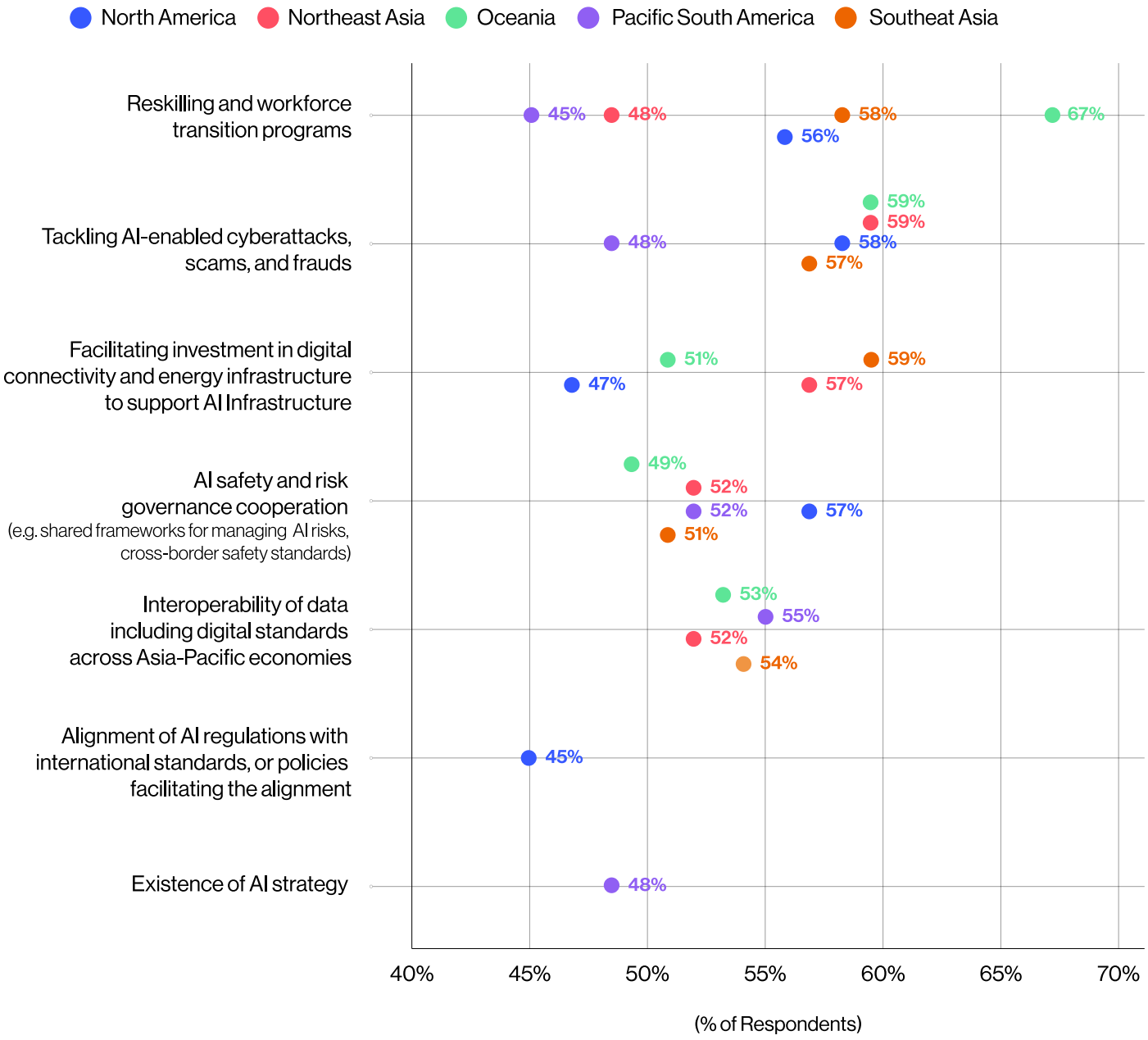
Opinions on APEC priorities for AI cooperation diverge across affiliations and subregions (Figure 1.38 and Figure 1.39). Business respondents place relatively strong emphasis on "tackling AI-enabled cyberattacks, scams, and frauds", with 68% of them selecting it as No. 1 priority, compared with 55% or less among those from the other affiliations (Figure 1.38). Also, noticeably larger percentages of media and civil society participants prioritize "facilitating investment in digital connectivity and energy infrastructure to support AI Infrastructure" and "interoperability of data including digital standards across Asia-Pacific economies" than do their counterparts from the other sectors (Figure 1.38). Subregion-wise, surveyed individuals from Oceania stand out for their strong focus on "reskilling and workforce transition programs", with 67% ranking it as the foremost priority, compared with 58% or less among those from the other subregions (Figure 1.39). These differences suggest that APEC could further enhance the effectiveness of its AI cooperation efforts by incorporating targeted programs addressing the diverse priorities across these groups.

Figure 1.38: Top 5 Aspects of AI Cooperation That Should be Advanced at APEC, by Affiliation



Source: PECC State of the Region Survey 2026

Figure 1.39: Top 5 Aspects of AI Cooperation That Should be Advanced at APEC, by Subregion



Source: PECC State of the Region Survey 2026

As AI adoption continues to expand across the Asia-Pacific, the survey data suggest that many stakeholders view cooperation as an important means of sharing knowledge, strengthening capabilities, and addressing common opportunities and challenges associated with AI development and deployment. AI adoption and related issues will be examined in greater detail in Chapter 2.

In conclusion, PECC's opinion survey reveals that AI is being widely adopted across the Asia-Pacific. The technology is contributing to increased productivity, efficiency and innovation, yet concerns remain regarding cybersecurity, workforce transitions, and policy environment supporting its deployment. The findings also point to notable differences in digital infrastructure, workforce skills, cybersecurity readiness, governance frameworks, and access to supporting resources, all of which affect economies' preparedness to adopt and benefit from AI. These results suggest that the future impact of AI on the region will depend not only on technological advancements but also the economic, institutional, and policy conditions enabling the adoption. Building on these findings, Chapter 2 examines in greater detail the factors that drive and hinder AI adoption across the Asia-Pacific, and AI's sectoral impacts. It also considers how policymakers can foster cross-border cooperation to further promote inclusive AI-driven growth and shared prosperity.

Box 1.1: Reimagining Trade Finance with AI

Microsoft × ANZ × HSBC × Lloyds

Trade depends on many documents that must all tell the same story. One study finds that a single cross-border shipment may involve up to 50 documents and as many as 30 stakeholders.[52] The central pain point in trade finance (a process in which banks and companies use to support buying and selling) is the absence of information that is consistently structured, understood and transferable across institutions. When the same information is stored in different formats and repeatedly entered into corporate and bank systems, discrepancies are often detected too late, exceptional handling becomes slow, and financing decisions are delayed. This case study shows how AI is being tested as a tool that can read those documents, compare the details and highlight mismatches before involved players checking them manually. AI tools act as a document-checking assistant, with people still reviewing the result before any banking action is taken.

Microsoft worked with ANZ, HSBC and Lloyds on a technology proof of concept (PoC) – a pilot test rather than a live production system. The prototype demonstrated how large-language-model-powered AI agents could be embedded in a company's system to extract information from trade records, compare it with related invoice and shipping data, identify discrepancies and transmit verified, structured information to bank platforms through secure API connections.

Figure A summarizes the collaboration: Microsoft (as the technology provider) supplies the technology and integration layer, including AI-agent capabilities, document understanding, ERP connectivity and the governance environment required to develop and supervise enterprise AI applications.

The three banks (as the trade finance contributors) contribute the trade-finance and client-workflow expertise needed to make the prototype relevant to real banking processes. HSBC emphasizes common data standards and consistent bank-defined data sets that exporters of different sizes could exchange electronically. ANZ focuses on embedding trade finance within clients' existing corporate workflows rather than treating the bank solely as a back-end transaction processor. Lloyds highlights the transition from transferring paper between parties to exchanging aligned, structured data that can integrate with client and logistics platforms. Public information does not disclose a rigid contractual allocation of tasks among the banks, so these contributions are best understood as complementary domain, regional and customer perspectives within a shared PoC.

[52] Microsoft (2026a). Reimagining Trade Finance with AI: A Collaborative Proof of Concept from Microsoft, ANZ, HSBC, and Lloyds.

Microsoft × ANZ × HSBC × Lloyds

The International Chamber of Commerce (ICC) provides the standards and convening layer.[53] ICC's Key Trade Documents and Data Elements (KTDDE) framework gives the participants above a common vocabulary for the core data contained in major trade documents, allowing information to be mapped and exchanged more consistently across ERP systems, bank platforms and supply-chain applications.

Figure B summarizes how trade documents and ERP data move through the Microsoft AI layer, become structured outputs for human review and bank action, and feed corrected information into later transactions:

The PoC simulates a corporate seller receiving a letter of credit (a bank message containing terms under which payment can be made in trade transactions). An AI agent parses the document, identifies key fields such as the buyer, seller, amount, shipment terms and dates, and compares them with invoice and shipping information in the ERP system. It also detects discrepancies, proposes corrections in natural language and, after human verification, transmits the structured data securely to the bank. Treasury users ask questions about the documents through a conversational interface, reducing the need to manually review multiple records and portal screens.

These potential benefits of this approach are not limited to ANZ, HSBC and Lloyds. Although these three banks helped develop and test the prototype, Microsoft designed it so that it can be used by other entities. In the future, the benefits could extend beyond banks and trading companies to fintech firms and governments. It could support customs filings and tax administration and allow logistics providers to gain earlier access to standards-aligned data for planning and management. This wider applicability matters because trade finance is part of a broader data network rather than as a stand-alone banking process.

[53] ICC is a private-sector-led, non-governmental business organization representing companies and chambers across more than 170 countries. Through its Digital Standards Initiative, ICC engages governments on regulatory reform and mobilises the private sector around standards interoperability, digital trust and adoption.

Microsoft × ANZ × HSBC × Lloyds

Takeaways

The PoC simulates a corporate seller receiving a letter of credit (a bank message containing terms under which payment can be made in trade transactions). An AI agent parses the document, identifies key fields such as the buyer, seller, amount, shipment terms and dates, and compares them with invoice and shipping information in the ERP system. It also detects discrepancies, proposes corrections in natural language and, after human verification, transmits the structured data securely to the bank. Treasury users ask questions about the documents through a conversational interface, reducing the need to manually review multiple records and portal screens.

Figure A. Three-Layer Collaboration Model

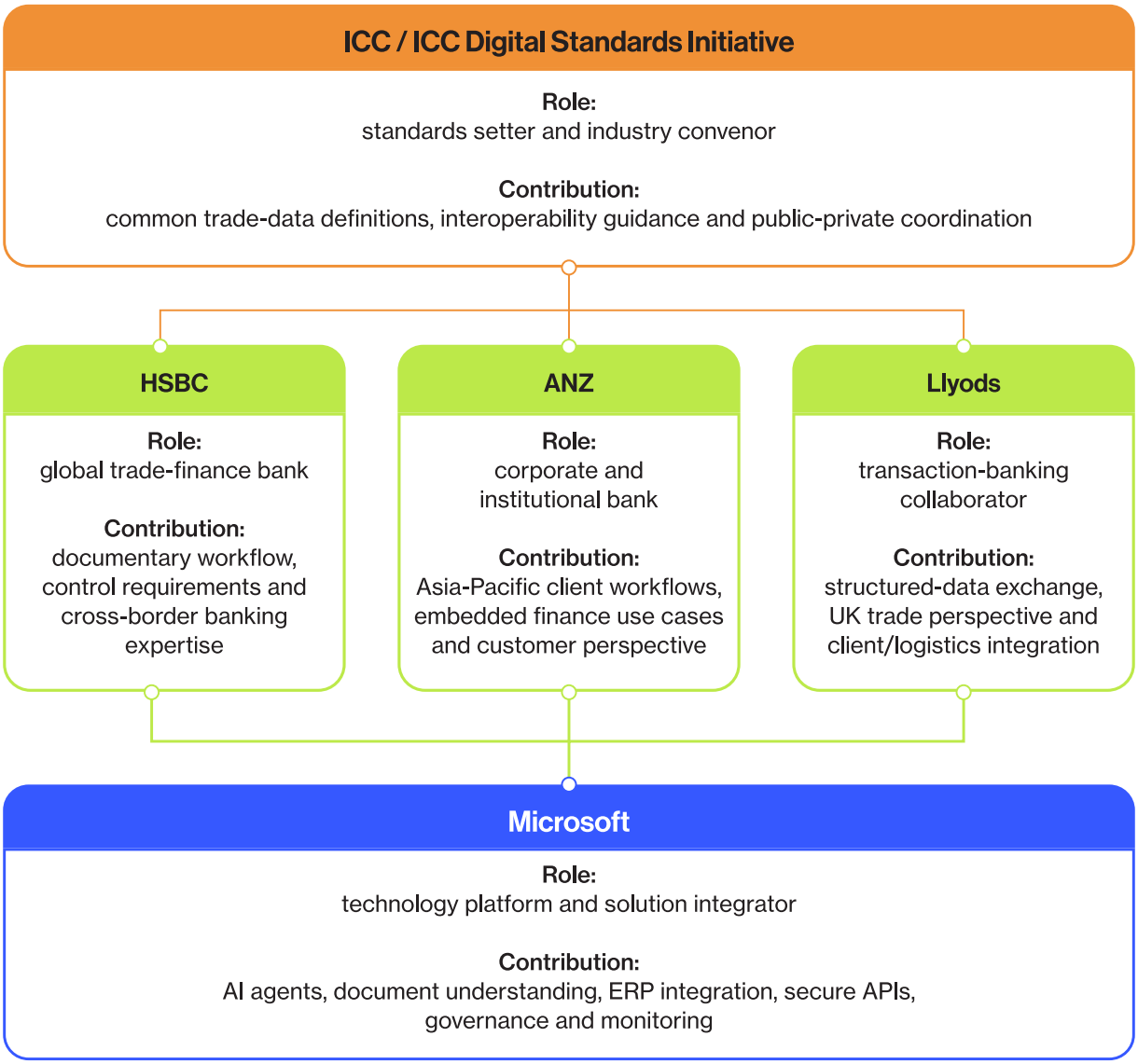
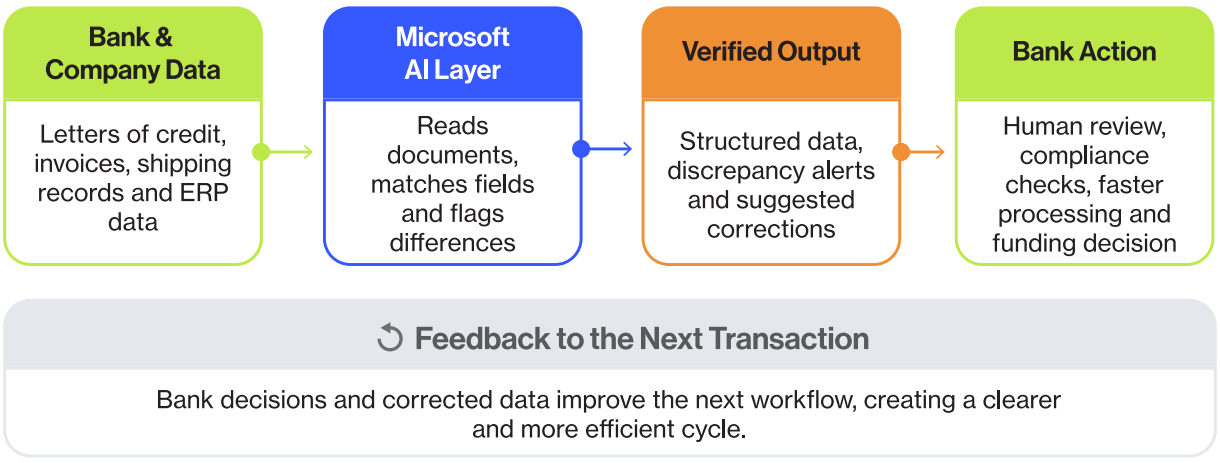


Figure B. Data-to-Value Feedback Cycle



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Chapter 2:

AI ADOPTION IN THE ASIA-PACIFIC:

Pathways to Economic Opportunities

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Introduction

AI is widely expected to boost productivity and economic growth and to foster innovation. However, hard evidence of any of these effects is lacking. This is partly because AI adoption is still in its infancy. Furthermore, it has entered mainstream business during a turbulent period in the world economy with many confounding factors, which makes it difficult to separate the impact of AI from other major events, particularly Covid and trade frictions. This section takes stock of what we know so far about AI adoption patterns, its drivers and impediments, and its impact on key economic indicators in the Asia Pacific. It then turns to the policy and regulatory environment in which that adoption takes place, which has changed substantially over the past two years. Finally, it will turn to AI transformation in health and education, the two public services where deployment is furthest advanced and where governments rather than markets set the pace.

[2] As of 2023, BRICS combined GDP PPP was 62 trillion USD compared to 53.6 trillion USD for the G7, according to World Bank data. The example of comparing the economic size of BRICS vs. G7 is commonly used to illustrate the economic gravity shift from 'west' to 'east'. Alternatively, ASEAN plus three could also be used here to demonstrate the global centre of economic gravity shift from Western Atlantic to the Pacific. As of 2023, ASEAN plus three (Japan, Republic of Korea and China) combined GDP PPP was 55.9 trillion USD compared to 53.6 trillion USD for the G7.

State of AI adoption

About 75% of the respondents to the survey reported in Chapter 1 answered in their personal capacity while only about a quarter of them are from business. This section complements the survey by summarizing findings from targeted business surveys on AI use around the world.

At first sight, AI adoption surveys paint a bewildering picture. Some report close to universal AI adoption in firms, while others contend that less than 10% of firms use AI. A closer look reveals that the differences can be explained by the survey coverage and their definition of AI use. Thus, official statistical agencies and rigorous multi-country executive surveys (e.g., Eurostat; Ferrando et al., 2026; Yotzov et al., 2026) define adoption as the active integration of specific AI tools into formal business functions. Under this standard, AI adoption in major industrialized economies remains around 20%, while it is near zero in many developing markets. Conversely, when defining AI as any, including infrequent or occasional use and surveying mainly medium and large firms, the adoption rate increases to 70-80% or more.[1]

APEC-wide enterprise surveys on AI adoption are not available. Some anecdotal evidence is nevertheless on hand. For instance, Anthropic (2025) reports that ten APEC economies are among the top 30 global users of Claude.[2] These ten accounted for almost 40% of global use. Furthermore, seven APEC economies are among the 20 most intensive Claude users, defined as usage adjusted for working age populations.[3]

Presumably firms that request AI-related skills use AI. An indirect way of measuring AI adoption is therefore to look at what qualifications and skills are requested in vacancy notes. In the early 2010s the share of AI-related skills mentioned in vacancy notes was close to zero. AI-vacancies became more common around 2016 and had reached almost 5% in Singapore, the top-ranking economy, by 2025. Behind Singapore follow Hong Kong, China; Luxembourg; Spain; and Canada; all boasting 3% or more. Other Asian-Pacific economies reported on this metric are the USA, Chile, Australia, Mexico and New Zealand with AI-related vacancies ranging from 0.8% in New Zealand to 2.6% in the USA. Like in the AI adoption surveys, there are large variations between sectors and occupations. In the US, for example, AI-related vacancies accounted for more than 13% of the total in ICT occupations, followed by

[1] See for instance a survey reported by the Ministry of Internal Affairs and Communication in Japan. In this survey 23.7% of Japanese firms had a policy to actively use AI, while 55.2% actually use generative AI in some shape or form. China ranked top on both measures with 48.5% having an AI policy and 95.8% using generative AI. See https://www.soumu.go.jp/johotsusintokei/whitepaper/eng/WP2025/pdf/11-chap1_.pdf, accessed 31.08.2026.
[2] These are the US (accounting for 21.6% alone), Japan, Korea, Canada, Australia, Thailand, Vietnam, Chinese Taipei, the Philippines and Singapore.
[3] These are Singapore, Australia, New Zealand, Korea, the US, Canada and Chinese Taipei.

about 6.5% in professional services (e.g., Acemoglu et al. 2022; Alekseeva et al. 2021; 2026; Squicciarin and Nachtigall, 2021).[4] These numbers may appear surprisingly small but align well with the lower bound survey estimates of AI adoption while suggesting that labor market adjustment may lag AI adoption.

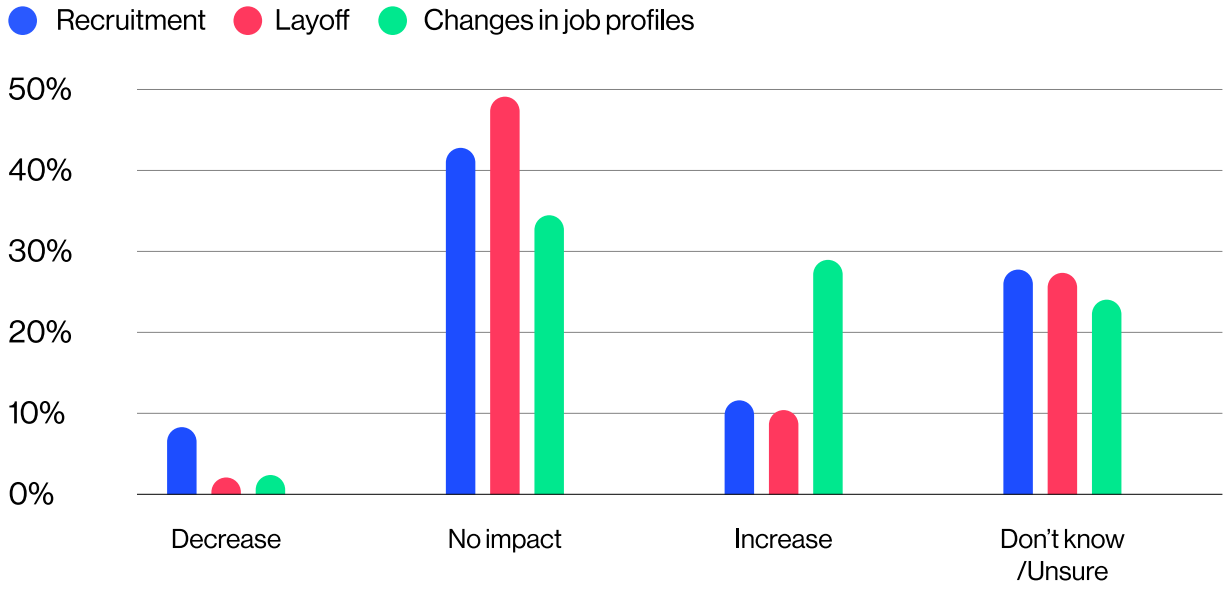
While surveys consistently demonstrate that large enterprises are significantly more likely to adopt AI than smaller firms, size is less important when other aspects are factored in. Thus, venture capital-funded startups in the ICT and R&D sectors are the types of firms most likely to adopt AI at scale. Many of these are small (Ferrando et al., 2026). At the other end of the spectrum are older, manager or family-owned firms. Family ownership is, however, not an impediment to dynamism in many Asian economies. In India, for example, family ownership is positively related to innovation and technology adoption (Mand et al., 2022). Furthermore, family conglomerates are among the frontier innovators and technology adopters, for instance in Korea. In short, MSMEs that successfully adopt AI report higher relative efficiency gains than large enterprises. However, they simultaneously face the steepest structural barriers to entry, making targeted capacity-building essential.

[4] Most studies comparing AI adoption through vacancy notes are based on data from Lightcast, which covers a wide range of economies since 2010 https://lightcast.io/our-data, This is the source cited in the HAI AI Index report 2026 (chapter 4) as well.

AI, employment and productivity

A possible destruction of jobs is one of the greatest policy concerns as AI takes hold in the economy. However, few of the respondents to our survey had experienced noticeable changes in productivity or employment following AI adoption (Figure 2.1). Indeed, more respondents had experienced an increase in recruitment than a decline. This aligns with other surveys covering Germany, the UK, the US and Australia (Yotzov et al 2026) and the European Union (Ferrando et al., 2026).

Figure 2.1. Shares of Respondents Reporting on the Impact of AI on Labor Markets



Source: PECC State of the Region Survey 2026

At the same time, a large majority of respondents said that productivity has increased following AI adoption. This is encouraging since a combination of productivity growth and stable employment implies sustainable expansion. However, while it is true that AI adopters on average are more productive than non-adopters, the difference is explained by superior human and organizational capital as well as pre-existing digital capabilities (Acemoglu et al., 2023, Calvino and Fontanelli, 2026; Calvino et al., 2026). In other words, the most productive firms are the first to adopt AI.

The productivity effect of AI use also depends on whether firms make or buy AI applications. A positive AI productivity relationship holds primarily for firms that develop AI in-house. In Chinese Taipei, for example, firms in the electronics industry that hold AI-related patents are more productive than comparable firms (Yang, 2022). The benefits from in-house developed AI stem from the flexibility to tailor the application to own needs and to continuously adjust to customer and supplier interfaces. This effect may, however, be temporary before AI applications become standardized and interoperable, like what happened when automation software gained widespread adoption (Hoffreumon et al., 2024).

The hitherto timid productivity impact of AI is not unprecedented in history. AI is considered a general-purpose technology, which means that it i) is used in most economic sectors, ii) it keeps getting better over time, and iii) it spurs innovation (Agrawal et al., 2019; Brynjolfsson et al., 2021; McElheran et al. 2025). Like other major technology shifts in the past, reaping the full benefit of AI requires complementary investment in human and organizational capital, which takes time. Sometimes such investments need to be made not only in the AI-adopting enterprise, but also by its suppliers and customers. Furthermore, economy-wide investment in skills, economic and institutional infrastructure needs to be made. During the transition period, productivity may well decline, before it bottoms out and embarks on a sustained upward path.

While most firms occasionally use AI, much fewer actually invest in it. When asked about the future, however, respondents to surveys say they plan to invest more in AI (e.g., Yotzov et al., 2026). This more optimistic view of future benefits could be based on positive experience with AI at work. Furthermore, randomized controlled trials demonstrate measurable productivity gains for individual workers performing specific tasks. In these trials, participants were assigned either to an AI-assisted treatment group or an unassisted control group performing identical tasks. Table 2.1 summarizes the findings from these experimental studies.

Table 2.1. Field experiments with AI

Author	Setup	Result compared to control group	Note
Peng et al. (2023)	Software developers with and without access to GitHub Copilot	Completed coding tasks 55% faster.	
Cui et al. (2026)	Software developers doing coding at Microsoft, Accenture and one anonymous company.	Completed coding 26% faster.	Experiments run by the companies
Noy and Zhang (2026)	Professionals completed writing tasks with or without access to ChatGPT	Completed writing tasks 40% faster and with 18% better quality.	
Dell'Acqua et al. (2026)	Boston Consulting Group (BCG) consultants performing standardized tasks with and without access to ChatGPT4	Completed 12% more tasks at 25% faster within the competency of GPT-4, but 19 percentage point less likely to find the right solution outside its competency.	Experiment in collaboration with BCG
Choi et al. (2024)	Law students complete legal tasks with or without access to GPT-4	Completed the tasks 12-32% faster with no reduction in quality.	
Brynjolfsson et al. (2025)	AI assistant in customer services	Increased issues resolved per hour by 15%	A natural experiment with staggered introduction of AI assistants.

All the experiments included in Table 2.1 found that AI improved productivity the most among the lesser skilled or experienced workers, bringing them up to speed with more experienced colleagues, contrary to the belief that AI benefits skilled workers the most. Who benefits in the end is, however, a complex question which may have different answers depending on the perspective one takes. It is for instance possible that AI support rapidly closes the gap between experienced and inexperienced workers in a specific task but still shifts labor demand towards more skills-intensive jobs in the aggregate (OECD 2026c).

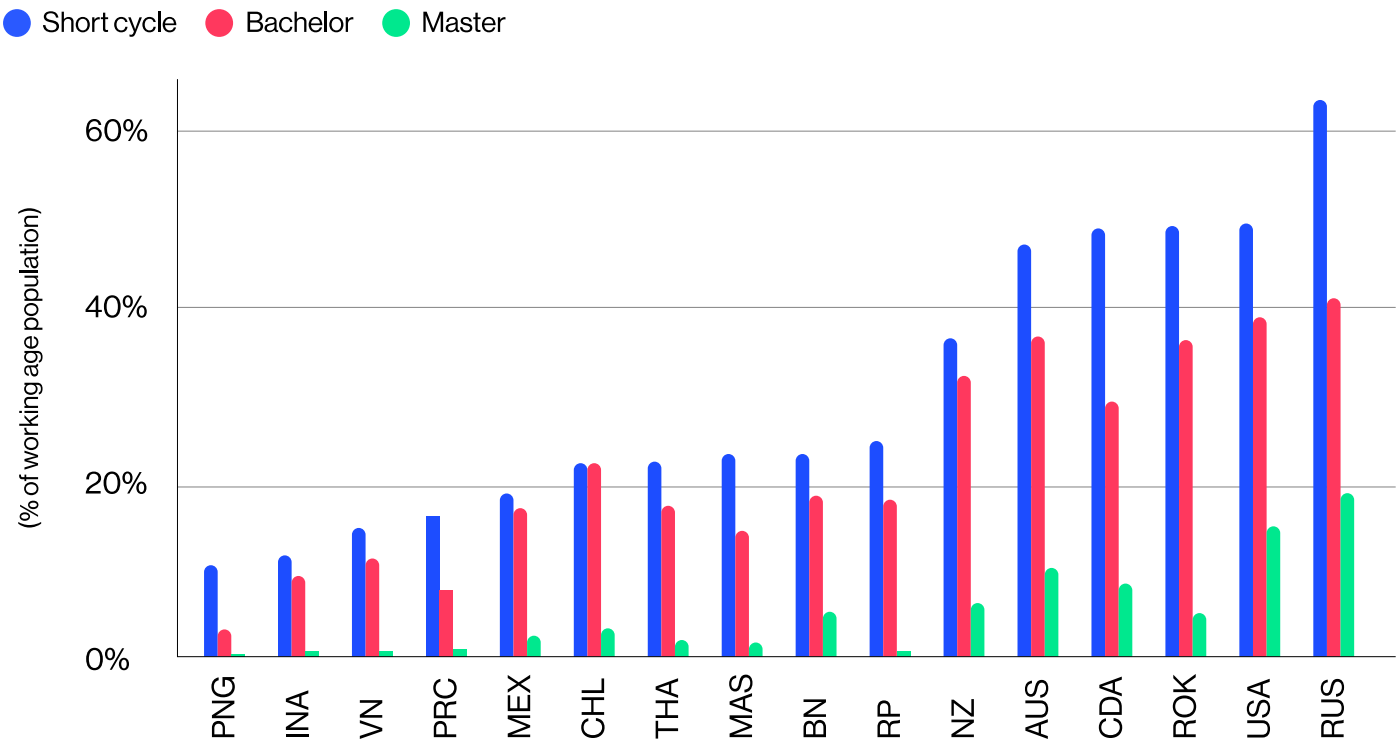
Although there is scant evidence that AI has boosted productivity, the expectation that AI adoption stimulates firm growth is on firmer ground. Furthermore, AI appears to have the most substantial growth impact on large firms, at least in the US (Babina et al, 2024) or China (Liu, 2024), suggesting that AI adoption may be associated with market concentration in a broad set of sectors and economies.

What helps and hinders the adoption of AI

The question of what helps or hinders AI adoption typically revolves around the presence of or the absence of access to talent, fast and reliable broadband connections, credit – notably venture capital - and relevant data and compute resources. Thus, what helps and hinders AI adoption is two sides of the same coin.

Enterprise surveys consistently show that access to skills and talent tops the list of complementary assets required for AI adoption, just as their absence remains the primary impediment cited by firms (See Chapter 1). While enterprises engaging in AI development typically require at least a bachelor's degree, AI adoption is somewhat less skills intensive. Nevertheless short-cycle tertiary education (typically two-year, practice-based, and occupation-specific programs) appears to be a minimum also for adoption. Figure 2.2 reports the share of the working-age population across APEC economies holding master's, bachelor's, and short-cycle tertiary credentials. The distribution suggests that formal education levels remain a binding constraint on widespread AI adoption across several member economies, posing an even steeper barrier to domestic AI development.

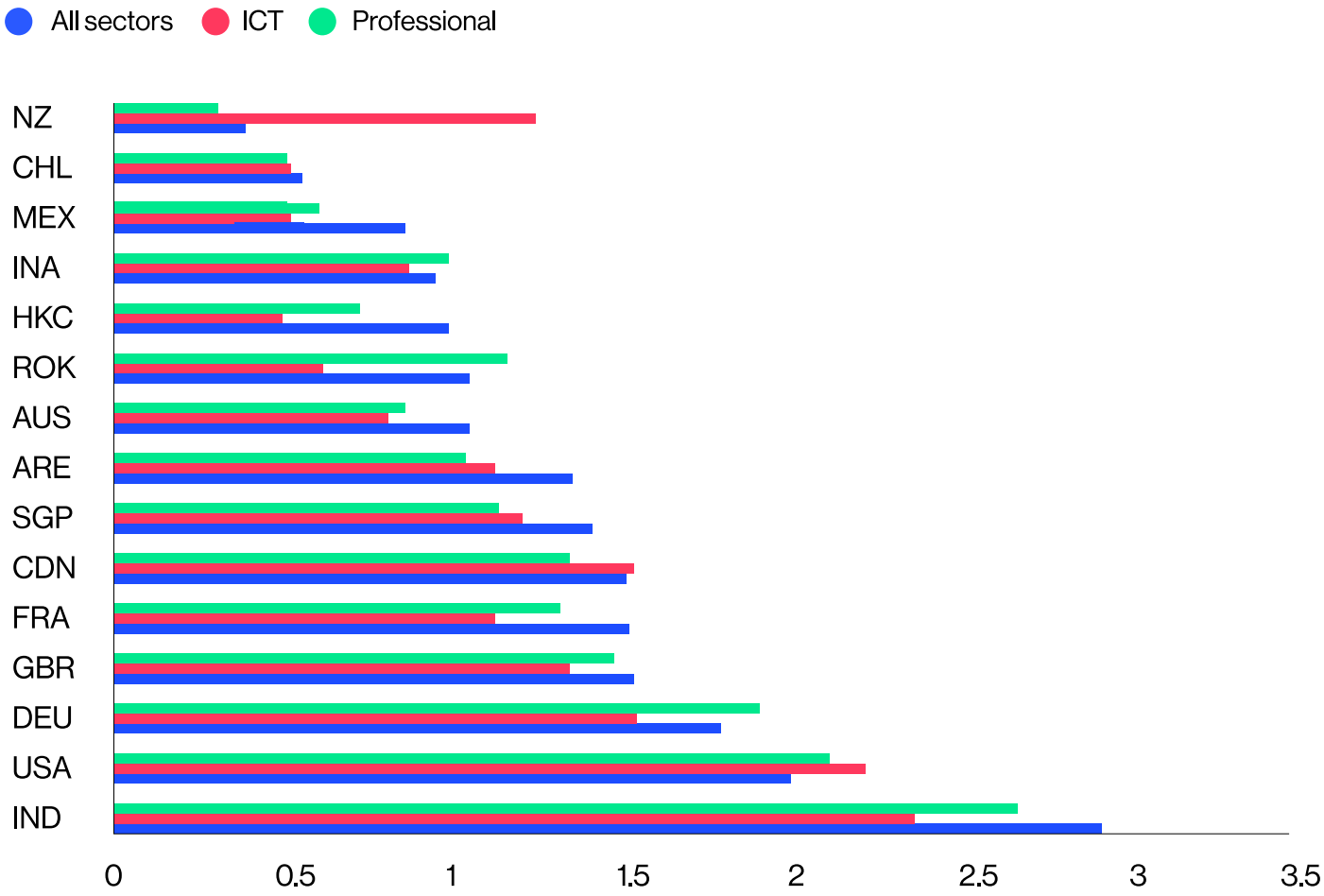
Figure 2.2. Share of working age population with tertiary education, APEC economies, latest year available



Source: World Development Indicators

While the general level of education is essential for growth and innovation, specific technical AI skills are crucial for AI adoption (OECD 2026c). Figure 2.3 shows the AI engineering skills penetration factor for selected economies.

Figure 2.3. AI skills penetration, selected economies



Note: The graph shows AI skills penetration, defined as the share of Linkedin profiles from each economy that mention at least two AI skills. The source reports results for broad occupations and the average for each economy. A limitation of this source is that it includes only economies in which Linkedin is widely used and Linkedin profiles are not representative of the labor force at large. The data cover the period 2021 to 2025.

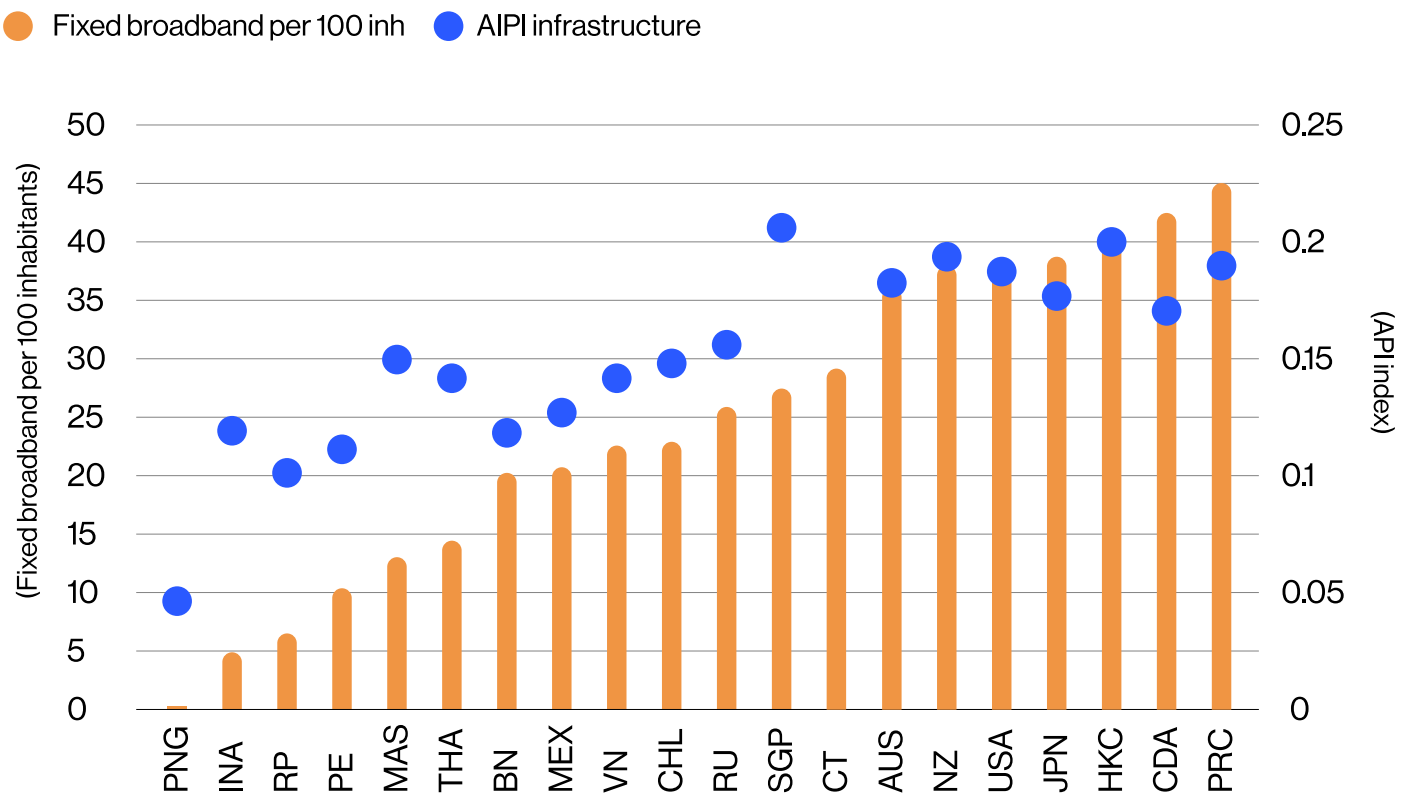
Source: OECD AI Observatory

India's performance on the skills metrics is remarkable. Although not representative for the population at large, it shows that India has a critical mass of AI competencies from which it leverages its pre-existing comparative advantage in ICT services.[5] Among APEC economies, the US, Canada and Singapore appear to be well endowed with AI skills, while New Zealand seems to boast AI skills more narrowly in the ICT sectors.

[5] See for instance policy briefs from Nasscom https://nasscom.in/knowledge-center/publications/indias-ai-talent-inflection-point-skill-gaps-competitive-advantage, and IBM https://www.ibm.com/thought-leadership/institute-business-value/en-us/report/india-ai-economy describing how India may be at the cusp of an AI revolution, while also outlining the obstacles and limitations

The second major factor that helps or hinders AI adoption is connectivity. Figure 2.4 shows the number of fixed broadband subscriptions per 100 inhabitants for APEC economies together with the infrastructure pillar of the IMF/World Bank AI Preparedness Index. The latter contains 11 measures, capturing a broad set of infrastructure-related indicators. It resonates with our survey question on digital infrastructure preparedness where respondents say that only Northeast Asia is very well prepared for AI as far as infrastructure is concerned (Figure 2.5)

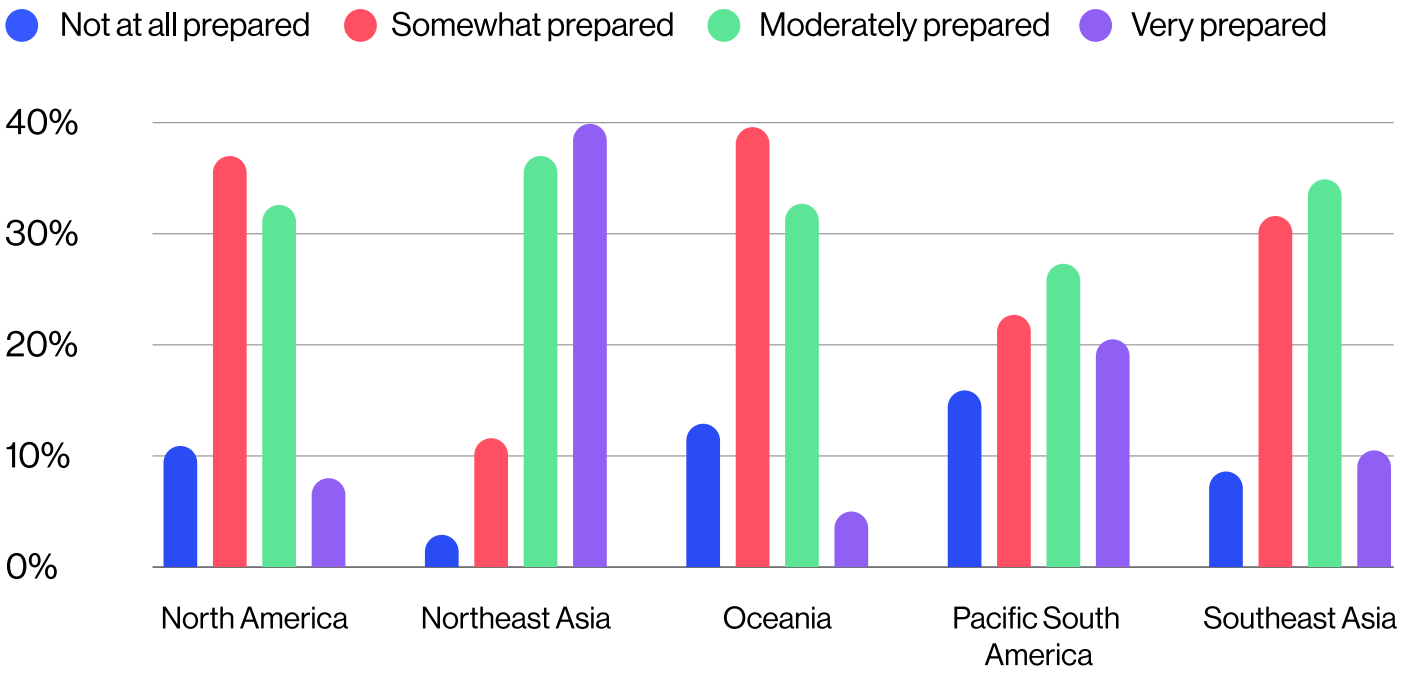
Figure 2.4. Fixed broadband per 100 inhabitants and the AI Preparedness Index 2023



Note: AIPI refers to the infrastructure pillar of the AI preparedness index.

Sources: ITU, APEC and the IMF

Figure 2.5 Levels of Preparedness - Digital Infrastructure, by Subregion



Source: PECC State of the Region Survey 2026

Closely linked to digital infrastructure is access to relevant, high-quality data, which spans three interconnected layers. The first is a firm's internal operational capacity to integrate and leverage proprietary data generated from customer interactions, supplier linkages, enterprise systems, and IoT sensors monitoring operations. The second layer is external connectivity infrastructure including access to affordable, resilient, low-latency broadband that enables seamless cloud adoption and cross-application interoperability. The third is the regulatory environment, particularly legal frictions such as strict purpose limitation rules that penalize or prohibit repurposing operational data for model training and fine-tuning.

In an open regional economy, these domestic layers intersect with cross-border constraints. Trading firms and multinational enterprises must routinely transfer operational data across jurisdictions to coordinate distributed supply chains. Moreover, because frontier AI training and high-performance cloud clusters are unavailable in many domestic markets, enterprises often rely on offshore compute infrastructure. These cross-border workflows face growing friction from data localization mandates and fragmented, conflicting jurisdictional rules – impediments that have intensified markedly in recent years. [6]

[6] See for instance Digital Policy Alert https://digitalpolicyalert.org/policy-area/data-governance?period=2020-01-01%2C2026-10-01 or OECD (2026d)

The link between policy restrictions on data flows and AI adoption is not linear. While privacy frameworks like the EU's General Data Protection Regulation (GDPR) aim to protect users, evidence suggests they often inadvertently favor tech incumbents, who have the massive datasets needed to train competitive models (e.g., Johnson et al., 2023). In addition, stringent data rules tend to stifle AI start-ups that lack those deep data reserves. At the same time, an unregulated environment brings its own risks. Without clear rules, widespread adoption stalls due to a lack of public trust and legal certainty. For instance, almost 60% of the respondents to the survey presented in Chapter 1 say that regulation is a moderately or very important impediment to AI adoption. Furthermore, the second most important impediment to AI use in recent European surveys was lack of clarity about legal consequences. Ultimately, the most effective policy environment ensures safety and trust without burdening firms with excessive compliance costs (Chen et al., 2024; OECD and WTO, 2025).[7]

The survey results discussed above and in Chapter 1 identified access to finance as an important driver for AI adoption. It is especially important for start-ups that develop AI. Since AI-related assets are intangible and cannot readily be collateralized, venture capital is an important enabler of AI development and adoption, particularly in small firms and startups (OECD, 2026b).

For large, established firms, integrating AI into legacy systems remains a core adoption bottleneck. The causes include institutional inertia, regulatory and software interoperability gaps, and the need to invest in workforce skills and organizational change. Over time, emerging technical and regulatory standards will bridge some of these gaps. For now, however, standards that ensure interoperability between different components and ecosystems have yet to be developed. Nevertheless, there are areas where standards form the basic infrastructure that underpins innovation and adoption of AI. Examples are international standards establishing a common terminology and conceptual framework for AI (e.g., ISO/IEC 22989:2022), AI management and AI-related risk management (ISO/IEC 42001:2023 and ISO/IEC 23894) and not least benchmarks for cybersecurity, privacy, and information security management (the ISO/IEC 27000 family).

[7] Comparable data on venture capital for the Asia Pacific are not readily available, but the OECD report venture capital share of GDP for Australia (3.5% in 2019) Canada (18% in 2025), Japan (5.5% in 2024) Korea (14% in 2025), New Zealand (15% in 2025), Russia (0.7% in 2019) and USA (62% in 2025)

One of the most important standards in the digital economy is ISO/IEC 27001:2022 on "Information security, cyber security and privacy protection - Information security systems - requirements". Together with ISO/IEC 27701:2025 on privacy controls, it underpins privacy and cyber security legislation and regulation in many economies. Table 2.2 reports the number of ISO 27001 certificates and sites in force in APEC economies in 2024.

Table 2.2. Number of ISO 27001 certificates and sites by economy, 2024

Economy	Australia	Brunei Darussalam	Canda	Chile	China	Hong Kong, China	Indonesia	Japan	Republic of Korea	Mexico	Malaysia
Certificates	2217	2	354	134	33359	214	1339	6644	918	475	677
Sites	7387	9	935	260	62245	467	1970	12213	1531	810	947

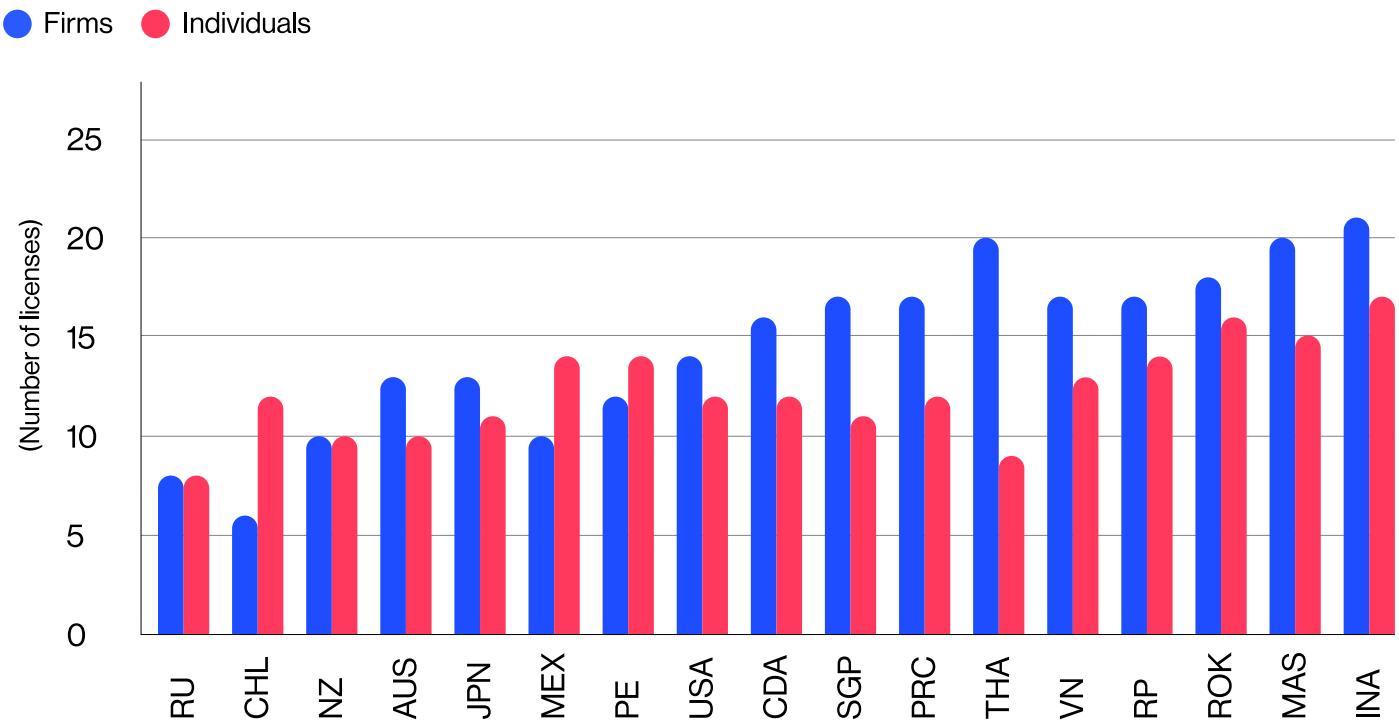
Economy	New Zealand	Peru	The Philippines	Papa New Guinea	Russia	Singapore	Thailand	Chinese Taipei	United States of America	Vietnam
Certificates	154	193	155	7	53	689	497	1943	4260	430
Sites	385	385	479	12	120	120	1308	3236	7831	787

Source: ISO

The smaller economies tend to have fewer certificates, as one would expect. Large economies such as Canada and Russia have relatively few, while China stands out as having more certificates and sites than all other APEC economies combined. A possible explanation is firms' ambition to signal quality and reliability in international markets when local standards are lacking or differ from international standards while mutual recognition is not in place.

Competitive pressure is an essential driver of both technological innovation and the diffusion of AI. While professional and business services trail only the ICT sector in AI adoption, they are simultaneously among the most heavily licensed activities in the economy. Although licensing aims to address market failures by reducing information costs and reinforcing consumer trust, they frequently stifle dynamic competition. By restricting entry, licensing can compress market supply, elevate consumer prices, and weaken incentives for firms to unbundle tasks and invest in labor-saving AI systems (Kleiner, 2000, 2006; Hadfield, 2022). Figure 2.6 maps the prevalence of these requirements across key sectors (finance, professional services, and ICT), distinguishing between licensing applied at the firm level versus those imposed on individual practitioners.

Figure 2.6. Number of licenses required in selected sectors, APEC, 2025



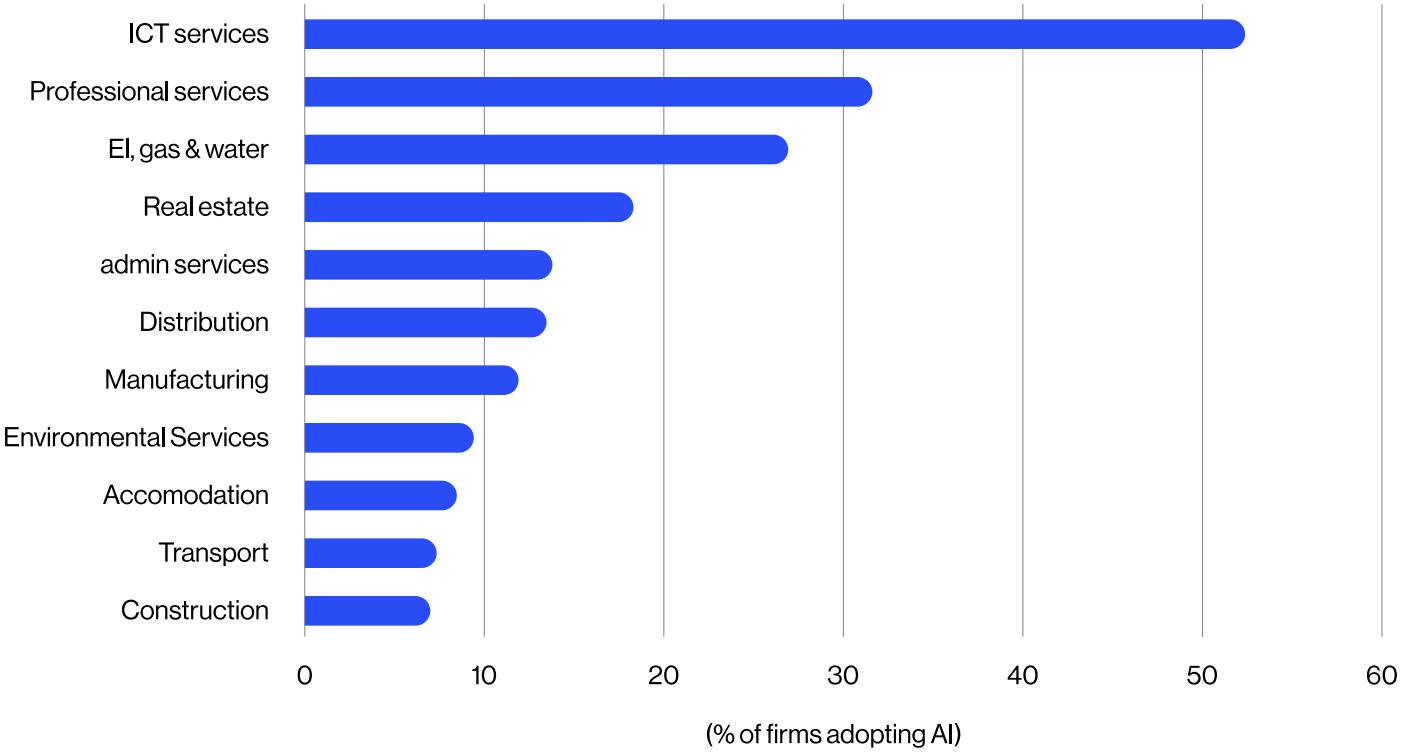
Source: OECD Services Trade Restrictiveness Index regulatory database.

Finally, path dependence appears to be driving AI adoption, i.e., adoption begets adoption. For instance, a survey by the European Central Bank (ECB) found that intensive AI users planned to invest substantially more in AI going forward than non-users. They interpreted this as a feedback loop where early adopters continue to integrate AI into their operations, widening the gap between intensive and occasional users (Ferrando et al., 2026).

Sectoral impact of AI adoption

While survey-based reports differ widely on the overall AI adoption rate, they agree on the ranking of AI use by economic sector and occupation. For illustration, the sector ranking from Eurostat's survey in 2025 is depicted in Figure 2.7.

Figure 2.7. AI use in enterprises, by broad sector, EU27, 2025



Note: Financial services are among the most intensive AI adopters in the US (30% of firms) but not included in Eurstat's survey.

Source: Eurostat

ICT sectors come out on top in all major surveys on enterprise AI use. From a job's perspective, ICT specialists, engineers and other professionals are the occupations where AI-related abilities are most frequently sought (e.g., HAI AI Index, report 2026).

In manufacturing, enterprise adoption remains modest due to the physical and systemic complexity of modern production (Arinez et al., 2020; Peres et al., 2020). While discrete, point-solution applications, such as computer-vision defect detection, are common, full systems-level integration across entire production lines remains scarce. The primary bottlenecks stem from operational interdependencies, fragmented machine telemetry, and a persistent shortage of specialized integration skills. Consequently, adoption within manufacturing is heavily concentrated among R&D- and knowledge-intensive producers (Kinkel, 2022). Underscoring

these organizational challenges, industrial AI deployment requires substantial restructuring, driving a sharp rise in demand for managerial coordination and workflow-redesign skills (Alekseeva et al., 2026).[9]

Among the fastest growing AI-adopters are retail and wholesale services. This sector was at the frontier of ICT adoption and saw substantial productivity and market concentration effects from standard software. The benefits of early adoption of AI therefore did not outweigh the costs. However, with substantially better AI applications both for customer relations and supply chain management in the face of increasingly volatile markets, AI adoption is gathering pace.

The sectors where AI is less frequently adopted are construction, accommodation and transport. These sectors are also the ones where small; old, family or manager-owned firms are the most common and sector-specific dynamics closely track the firm-level governance and ownership constraints identified earlier.

Although the least AI intensive so far, construction may be one of the sectors with the largest potential gains from AI. Thus, systems-wide AI-enabled Building Information Modelling (BIM) shows great promise for substantially reducing re-work, delays and overspending in building projects (Disney et al., 2023). However, like the manufacturing sector, complexity delays systems-wide AI adoption. Specifically, lack of interoperable processes, a plethora of different standards and building codes, lack of machine-readable documents and not least occupational licensing, have held back its adoption. China, Singapore and Malaysia have, however, made significant strides towards successful adoption of the technology by coupling public procurement mandates with standardized platforms and BIM roadmaps (Yang and Xie, 2026).[10]

[9] This research is based on data from the US
[10] See https://globalbim.org/ accessed 02.10.2026, which contains information and sources by economy.

AI, international trade and global value chains

The digital transformation of the economy, enhanced by AI, reduces trade costs substantially, as illustrated by the case study reported in Box 1.1. Thus, search costs - be it for suppliers, customers or inputs - are lower; transport costs can be negligible for products transmitted over digital networks; and products in transit can be tracked, reducing uncertainty about lead time and thereby lowering inventory costs. For digital products, the cost of replication can be exceedingly low once a master file has been developed – often at considerable development cost (Goldfarb and Tucker, 2019). In short, AI reduces the costs of trade and distributed production along global value chains. WTO estimates AI could boost trade by between 35 and 40% by 2040 (WTO, 2025).

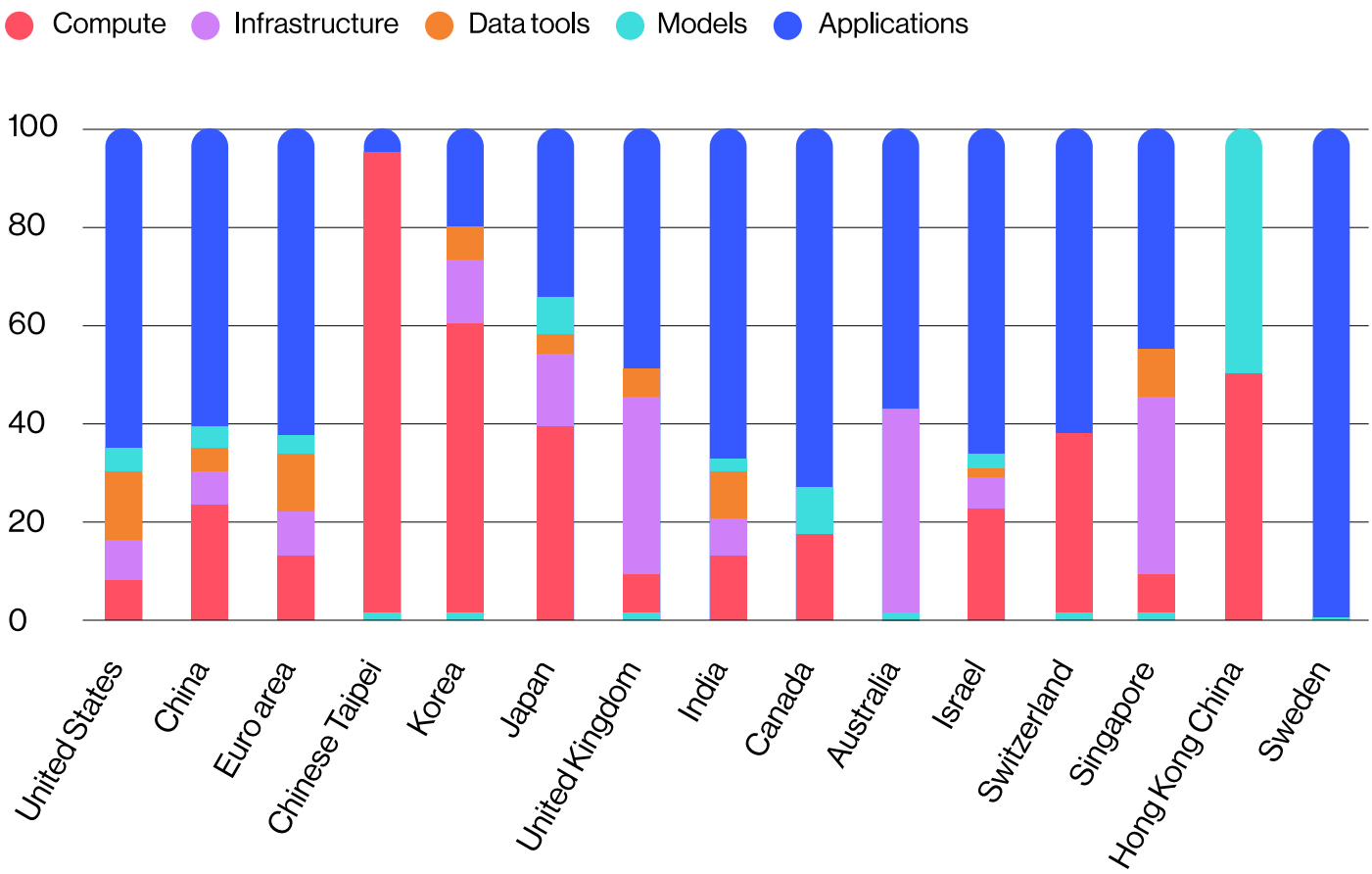
AI not only affects trade costs. It also has the potential to change patterns of comparative advantage and competitiveness. Thus, AI feeds on data which, when combined with connectivity, constitute a source of comparative advantage for data-intensive goods and services. Like other intangible assets, data are non-rival in use. Furthermore, the marginal cost of adding another use or user is close to zero, making data and other intangible assets hugely scalable. They can be deployed to multiple functions in different locations at the same time, adding economies of scope to the features of AI-enabled trade. Examples of companies that benefit from data-driven economies of scale and scope are digital platforms providing the infrastructure for trade as well as offering their own services.

However, data and intangible assets in general are also partly or fully excludable, limiting the benefits and positive externalities to the entities that have access to them. These are often the ones that made the intangible investment in the first place. Thus, multinational enterprises or non-equity business partnerships are at a substantial advantage when deploying intangible assets to manage and optimize their value chains.

AI forms global supply chains of its own, comprising compute (hardware such as GPUs and servers), infrastructure (e.g., data centers and cloud services), data tools (e.g., data, labeling and reinforcement learning), models and applications (e.g., integrate AI models into consumer products). As indicated in Figure 2.8, economies are highly specialized in these supply chain layers. It shows the value by layer produced in each of the 15 largest AI producing economies in the world.[11]

[11] The study included 32 economies in total. The other 17 produced much less AI, while economies not included in the study did not host any significant AI firms (Rishabh and Shreeti, 2026).

Figure 2.8. AI supply chain layer composition



Note: The chart ranks economies according to total value produced by AI firms. The Euro Area is considered one economy.

Source: Rishabh and Shreeti, 2026

Asia Pacific figures prominently on the chart. Large economies (USA, China, The Euro Area, Japan and India) have relatively diversified supply chains, while Chinese Taipei and Sweden are almost completely specialized in compute and applications respectively.

To summarize, the relationship between AI and international trade is mutually reinforcing: AI streamlines cross-border supply chains and reduces transaction costs, while trade and investment channels provide firms with the data, compute, and tools needed to adopt AI. Nonetheless, as discussed above, policy barriers such as data localization and restrictions on cross-border transfer erect barriers to entry and reduce the opportunities for start-ups in smaller markets to scale and to train their own AI applications.

Legal and regulatory landscape

The Asia-Pacific has crossed a threshold in AI governance, and it happened faster than most accounts of the region acknowledge. Between January 2025 and September 2026, six member economies brought dedicated AI framework laws into operation, and a second group moved to published drafts. Nearly every member economy now has a strategy, and almost all of those strategies promise skills, ethics and measurable targets. What most member economies do not yet have is the machinery to deliver any of it: the impact assessments, the standards and certification arrangements, the technical bodies able to evaluate a system before it is deployed. This section argues that the region's binding constraint has shifted. It is no longer a shortage of policy. It is a shortage of capacity to administer the policy already made, and that is where regional cooperation can do the most good.

The preceding sections asked how widely AI has been adopted and what it has delivered. This section asks under what rules. The two questions are connected. Several of the impediments identified above, data localization requirements, professional licensing regimes, the treatment of automated decisions, are not market features. They are policy instruments, and they can be changed.

No single source describes this landscape well, so the account below combines four. The instruments themselves come first, because the period has been unusually active and the comparative literature has not caught up. Collective commitments are taken from APEC's own documents, principally the Internet and Digital Economy Roadmap (APEC, 2017) and the AI Initiative discussed below (APEC, 2025). Two running inventories supply individual measures: the OECD AI Policy Observatory (OECD, 2026b) for AI-specific initiatives, and the UNCTAD Global Cyberlaw Tracker (UNCTAD, 2026) for the data protection and electronic transactions law that in most member economies carries the obligations actually bearing on AI. For comparison across economies the section uses the AGILE Index (Zeng et al., 2025), which scores economies on AI development, governance environment, governance instruments and governance effectiveness. It is preferred to readiness indices, which measure the capacity to adopt AI rather than the arrangements governing it, and its coverage spans income levels rather than only the industrialized members of the region. Where sources disagree, the instrument governs.

From Strategies to Statutes

Until recently, AI policy in most of the Asia-Pacific meant strategies, principles and voluntary guidance sitting alongside general law. That description no longer holds. Between January 2025 and September 2026, six member economies moved dedicated AI instruments through adoption and into force, and a second group published draft legislation (Figure 2.9). This is the most significant change in the regional landscape since the previous edition of this report.

Korea's Framework Act was promulgated in January 2025 and took effect a year later alongside its Enforcement Decree.[12] It imposes obligations on high-impact AI in health care, employment, finance, education and public safety, requires disclosure when users are dealing with a generative system, requires generated content to be labeled, and reaches operators outside the economy whose systems affect users within it. Fines reach KRW 30 million for specified breaches, but enforcement carries a grace period of at least a year while implementing guidance is written.

Japan first legislated on AI in 2025, and the Act took full effect that September. The Cabinet adopted the AI Basic Plan under it in December, and an AI Strategy Headquarters now sits under the Prime Minister.[13] The Act promotes rather than restricts. It sets principles, provides for the Plan and asks for cooperation rather than imposing penalties, leaving detailed requirements to ministerial guidelines and sectoral law. Where a business does not comply, the remedy is investigation and public identification rather than a fine. Its priorities include adoption in government services and enhanced domestic development capability, trustworthiness, and adjustment to changes in employment and industry.

Chinese Taipei's AI Basic Act passed in December 2025 and came into force the following month.[14] It is short. It codifies principles, sustainability and well-being, human autonomy, privacy, security, transparency, fairness and accountability and calls for a risk classification framework, leaving detailed obligations to sectoral regulators.

[12] Framework Act on the Development of Artificial Intelligence and the Establishment of a Foundation for Trustworthiness, promulgated 21 January 2025, in force 22 January 2026 together with its Enforcement Decree. Ministry of Science and ICT, Korea

[13] Act on the Promotion of Research, Development and Utilization of AI-Related Technologies, passed by the Diet on 28 May 2025 and fully in force from 1 September 2025. The AI Basic Plan made under the Act, titled "Revitalizing Japan through Trustworthy AI", was approved by Cabinet on 23 December 2025. Cabinet Office, Government of Japan.

[14] AI Basic Act, Chinese Taipei.

Vietnam moved from a general framework to a dedicated statute inside a year. AI provisions first appeared in the Law on Digital Technology Industry in mid-2025; these were superseded by the Law on Artificial Intelligence, passed in December 2025 and in force from March 2026.[15] The Law classifies systems by risk, applies to domestic and foreign entities alike, and gives existing systems staged transition periods, with longer periods in health care, education and finance.

Peru's 2023 framework law acquired operative content when its implementing regulation, published in September 2025, took effect in January 2026.[16] Transparency obligations are phased by sector. Health, education, justice, security, economy and finance come first, followed by transport, commerce and labor, then production, agriculture, energy and mining. The sequencing is revealing: the sectors judged to matter most are given the least time to prepare.

Russia is the most recent addition: a framework law on supporting the development of AI technologies was adopted in July 2026 and took effect on 1 September 2026.[17] It brings large foundation models within a statutory framework, distinguishes categories of domestically developed models, and addresses the use of protected material in training and the rights attaching to generated outputs. It sits on top of a strategy first issued in 2019 and updated in 2024, and a voluntary ethics code from 2021.

[15] Law on Artificial Intelligence, passed 10 December 2025, in force 1 March 2026. Provisions on AI introduced earlier through the Law on Digital Technology Industry (2025) are superseded.
[16] Law 31814 (2023) promoting the use of artificial intelligence; implementing regulation approved by Supreme Decree 115-2025-PCM, published 9 September 2025 and in force 22 January 2026. Presidencia del Consejo de Ministros, https://www.gob.pe/110224.
[17] Federal law on supporting the development of artificial intelligence technologies in the Russian Federation, adopted by the State Duma on 8 July 2026, approved by the Federation Council on 17 July 2026, and taking effect on 1 September 2026. It sits alongside the National Strategy for the Development of Artificial Intelligence to 2030 (Presidential Decree No. 490 of 2019, updated by Decree No. 124 of February 2024) and the Code of Ethics in the Field of Artificial Intelligence (2021).

China has taken a different route, building binding administrative measures for specific technologies and services rather than one comprehensive statute.[18] Measures now cover algorithmic recommendation, deep synthesis, generative AI services and the labeling of AI-generated content, the last reinforced by a mandatory technical standard. Alongside them, the State Council's Opinions on the "AI Plus" Initiative set an integration agenda across science and technology, industry, consumption, livelihoods, governance and international cooperation, with penetration milestones for key sectors. Work towards a comprehensive AI law has been under way since 2023, and the State Council's 2026 legislative work plan, published in May, calls for that legislation to be accelerated, alongside legislative improvements covering data, computing power, algorithms, data property rights, cybersecurity and supply-chain security.[19] Governance and adoption advance together rather than in sequence.

The remaining member economies rely for now on strategies, principles and sectoral guidance alongside general law. Singapore has the most developed assurance approach, extending its model governance framework to generative AI, maintaining a testing toolkit and issuing sectoral guidance for finance, health and education.[20] Australia adopted a National AI Plan in December 2025 that relies on technology-neutral law and a voluntary safety standard of ten guardrails.[21] The United States is structurally distinct from every other member economy. Federal policy runs through executive action and planning documents rather than statute, and the December 2025 executive order sets out to constrain state AI laws rather than to add federal ones, establishing a litigation task force for the purpose. Binding AI law in the United States is therefore made principally at state level, where 109 AI statutes had been enacted by mid-2026, including the Colorado AI Act and California's frontier model transparency statute.[22/23] Malaysia has set up a dedicated AI office and committed budget for domestic AI compute. Indonesia and Thailand have economy-level strategies with binding instruments at various stages of preparation, while the Philippines relies on its strategy roadmap.

[18] State Council Opinions on Deepening the Implementation of the "AI Plus" Initiative, August 2025; measures on algorithmic recommendation services, deep synthesis and generative AI services; mandatory standard on labeling of AI-generated synthetic content, effective September 2025.
[19] State Council 2026 legislative work plan, published May 2026, which calls for comprehensive AI legislation to be accelerated and for legislative improvements covering data, computing power, algorithms, data property rights, cybersecurity, supply-chain security and the regulation of major application scenarios. The Cybersecurity Law as revised in 2025 took effect on 1 January 2026.
[20] Model AI Governance Framework for Generative AI and the AI Verify testing toolkit, Infocomm Media Development Authority and AI Verify Foundation, Singapore.
[21] National AI Plan, December 2025; Voluntary AI Safety Standard. Department of Industry, Science and Resources, Australia.
[22] America's AI Action Plan, July 2025, and subsequent executive action; legislative recommendations published 2026.
[23] Executive Order 14365, Ensuring a National Policy Framework for Artificial Intelligence, 11 December 2025, which established an AI Litigation Task Force within the Department of Justice from January 2026 and carved out from

Elsewhere in the region the position varies widely. Chile has a risk-based bill before its Senate, sorting uses into four categories from unacceptable to no evident risk, on which the executive proposed a substitute framework in May 2026 oriented to innovation, productivity and competitiveness. New Zealand published its first AI strategy in July 2025 and stated expressly that it does not intend a standalone AI statute, relying instead on technology-neutral law and voluntary guidance for business, with a separate framework governing the public service. Hong Kong, China issued a generative AI technical and application guideline in April 2025, updated in December, built on five pillars covering personal data privacy, intellectual property, crime prevention, reliability and system security, alongside binding circulars from its financial regulators. Brunei Darussalam released an AI governance and ethics guide in 2025 and gazetted a personal data protection order in the same year. Papua New Guinea has a draft sovereign digital transformation and AI strategy in public consultation which proposes a National AI Act and a data governance statute. Mexico has AI bills before its Congress but no enacted instrument.[24]

The drafting cohort has grown since. Thailand's Electronic Transactions Development Agency released draft AI legislation on 9 July 2026, risk-based in structure, with consultation closing in August. Indonesia has a draft Presidential Regulation setting risk categories and labeling requirements, alongside new rules on intellectual property in digital form. Malaysia is preparing an AI Governance Bill through its National AI Office.[25] Movement is not uniform, and in one case has run the other way: Canada's Artificial Intelligence and Data Act lapsed when the parliamentary session ended in January 2025 and has not been reintroduced, leaving AI there to the voluntary code, privacy law and rules on the government's own use of AI.[26] Taken together, the direction is clear enough. On present trajectories the number of member economies with binding AI instruments will roughly double within the period covered by the APEC AI Initiative.

[24] Chile: bill regulating artificial intelligence systems, initiated by presidential message in May 2024, approved by the Chamber of Deputies and before the Senate since October 2025; substitute framework proposed by the executive in May 2026. New Zealand: New Zealand's Strategy for Artificial Intelligence: Investing with Confidence, July 2025, with Responsible AI Guidance for Businesses and the Public Service AI Framework. Hong Kong, China: Hong Kong Generative Artificial Intelligence Technical and Application Guideline, Digital Policy Office, April 2025, updated December 2025. Brunei Darussalam: AI Governance and Ethics Guide for Brunei Darussalam and Personal Data Protection Order, 2025. Papua New Guinea: draft National Sovereign Digital Transformation and AI Strategy, Department of Information and Communications Technology, 2026

[25] Thailand: draft AI legislation released by the Electronic Transactions Development Agency on 9 July 2026, open for public consultation until 14 August 2026. Indonesia: draft Presidential Regulation establishing risk categories and labeling requirements, together with Ministry of Law Regulation No. 5/2026. Malaysia: AI Governance Bill in preparation under the National AI Office.[20] Model AI Governance Framework for Generative AI and the AI Verify testing toolkit, Infocomm Media Development Authority and AI Verify Foundation, Singapore.

[26] The Artificial Intelligence and Data Act, introduced as part of Bill C-27 in 2022, remained at committee stage when the parliamentary session ended on prorogation in January 2025 and has not been reintroduced. [22] America's AI Action Plan, July 2025, and subsequent executive action; legislative recommendations published 2026.

Table 2.3. Principal AI-specific policy instruments at regional and economy level, as of September 2026

Author	Setup	Year	Note
All member economies	APEC Artificial Intelligence Initiative (2026–2030); APEC Internet and Digital Economy Roadmap	2025; 2017	Leaders-level; voluntary, advanced through APEC fora
Australia	National AI Plan; Voluntary AI Safety Standard (ten guardrails)	2024–25	Voluntary; general law applies
Brunei Darussalam	AI Governance and Ethics Guide	2025	Voluntary guidance
Canada	Voluntary Code of Conduct on Advanced Generative AI Systems; Directive on Automated Decision-Making	2019–23	Voluntary; directive binds federal institutions; no comprehensive bill before Parliament
Chile	National AI Policy; bill regulating artificial intelligence systems, before the Senat	2021; bill 2024–	Policy adopted; risk-based bill not yet in force
China	State Council Opinions on the "AI Plus" Initiative; measures on algorithmic recommendation, deep synthesis, generative AI services and labeling of AI-generated content; comprehensive AI legislation on the 2026 legislative work plan	2022–26	Policy program; binding administrative measures and mandatory labeling standard; comprehensive law in preparation
Hong Kong, China	Generative AI Technical and Application Guideline; Ethical AI Framework for government use	2024–26	Voluntary guidance; supervisory expectations in regulated sectors
Indonesia	National AI Strategy (Stranas KA); draft Presidential Regulation on AI	2020; draft 2026	Strategy; binding instrument in draft
Japan	Act on Promotion of Research, Development and Utilization of AI-Related Technologies; AI Basic Plan	2025	Binding statute without penalties; plan and guidelines
Korea	Framework Act on the Development of AI and Establishment of a Foundation for Trustworthiness, with Enforcement Decree	2024–25 ; in force 2026	Binding; obligations for high-impact and generative AI
Malaysia	National AI Roadmap (AI-RMAP); National Guidelines on AI Governance and Ethics; AI Governance Bill in preparation	2022–26	Voluntary guidelines; binding instrument in preparation
Mexico	No dedicated AI instrument adopted; AI bills before the Congress	—	Bills under consideration
New Zealand	Strategy for Artificial Intelligence; Responsible AI Guidance for Businesses; Public Service AI Framework	2025	Voluntary; no standalone AI statute intended
Papua New Guinea	Draft National Sovereign Digital Transformation and AI Strategy, proposing a National AI Act	draft 2026	Strategy in public consultation

Note: The first row records instruments agreed collectively by all member economies; the remainder show the principal AI-specific instruments of each economy. Where an economy has several, the instrument in force with the strongest legal effect is listed first, followed by the strategy or guidance that frames it; instruments not yet in force are shown with their stage. General data protection, cybersecurity and intellectual property law is excluded even where it carries obligations bearing on AI, since it is not AI-specific. Years span first adoption to the most recent revision. The table is not exhaustive; most economies listed maintain further sectoral guidance alongside the instruments shown.

Source: APEC documents and the official instruments and government publications of the respective member economies.

Author	Setup	Year	Note
Peru	Law 31814 promoting the use of AI, with implementing regulation (Supreme Decree 115-2025-PCM)	2023; in force 2026	Binding; phased sectoral obligations
Philippines	National AI Strategy Roadmap 2.0	2024	Strategy
Russia	Federal law on supporting the development of AI technologies; National AI Strategy to 2030; Code of Ethics in the Field of AI	2019–26 ; in force 2026	Binding promotional framework law; strategy and voluntary code
Singapore	National AI Strategy 2.0; Model AI Governance Framework, extended to generative AI; AI Verify testing toolkit	2019–25	Strategy and voluntary framework; assurance tooling
Chinese Taipei	AI Basic Act	2025; in force 2026	Binding framework; principles, with risk classification to be developed
Thailand	National AI Strategy and Action Plan; draft AI legislation (ETDA, July 2026)	2022; draft 2026	Guidance; risk-based bill in consultation
United States	Executive Order 14365, Ensuring a National Policy Framework for Artificial Intelligence; America's AI Action Plan; state statutes including the Colorado AI Act	2025–26	Federal policy through executive action; binding AI law made principally at state level
Vietnam	Law on Artificial Intelligence	2025; in force 2026	Binding; risk-based, with staged transition periods

Note: The first row records instruments agreed collectively by all member economies; the remainder show the principal AI-specific instruments of each economy. Where an economy has several, the instrument in force with the strongest legal effect is listed first, followed by the strategy or guidance that frames it; instruments not yet in force are shown with their stage. General data protection, cybersecurity and intellectual property law is excluded even where it carries obligations bearing on AI, since it is not AI-specific. Years span first adoption to the most recent revision. The table is not exhaustive; most economies listed maintain further sectoral guidance alongside the instruments shown.

Source: APEC documents and the official instruments and government publications of the respective member economies.

Four Approaches, One Direction

These instruments fall into four approaches. The categories describe rather than rank. Each reflects an economy's industrial structure, administrative tradition and position in AI supply chains.

- Comprehensive risk-based statutes, which sort systems by the severity of their potential effects and attach graduated obligations. Korea, Vietnam and, through its regulation, Peru. All three chose extended or phased transitions so that enterprises, and particularly MSMEs, have time to prepare.
- Promotion-first framework laws, which set principles, coordination bodies and planning cycles and leave substantive requirements to guidelines and sectoral regulation. Examples are Japan and Chinese Taipei.
- Layered administrative instruments, which regulate defined services as they mature and are paired with an explicit adoption program. Examples are China and Russia.
- Principles with sectoral guidance and assurance tooling, where no dedicated statute is yet in force and governance works through strategies, voluntary standards, testing frameworks and general law. This covers most other member economies — among them Singapore; Australia; New Zealand; Canada; Malaysia; Thailand; Indonesia; the Philippines; Brunei Darussalam; and Hong Kong, China — as well as the current federal posture of the United States.

Underneath the variety, the direction is the same. Every approach converges on the same handful of functions: tell users when content is generated or a decision is automated; impose more where systems touch health, employment, finance, education or public safety; assess risk before deployment; and name somebody responsible. The instruments differ in legal form and in sequencing far more than in what they actually ask of developers and deployers.

Wide Commitment, Thin Machinery

Four building blocks now appear across the region, and how far each has spread says more about institutional development than the presence or absence of a statute. The first is a published strategy. The second is a designated authority — a ministry, a council chaired at head-of-government level, a science and technology body or a dedicated office — which determines how fast guidance appears and how consistently it is applied. The third is standards and assurance, where the region has moved furthest towards practical interoperability: testing frameworks, model governance guidance, labeling standards and conformity arrangements are being built in several economies at once, and shared standards work gives a common vocabulary even where legal instruments differ. The fourth is data protection law, which in most member economies already carries the obligations on training data, automated decisions and personal information. Governance of AI is therefore wider than the AI instruments alone suggest.

Across the member economies for which evidence has been assembled, these four form a steep gradient.[27] The strategy layer is effectively universal: all of them have published a strategy, and in every case it sets out specific measures or targets, addresses training and skills, and addresses ethical implications. After that the picture thins fast. Published principles appear in roughly three-quarters, a designated governance body and a comprehensive law or legislative process in about two-thirds, and data protection provisions bearing directly on AI in fewer than half. Impact assessment mechanisms, sector-specific AI rules, and standards or certification arrangements appear in around a third each. The gradient runs from declaration to administration.

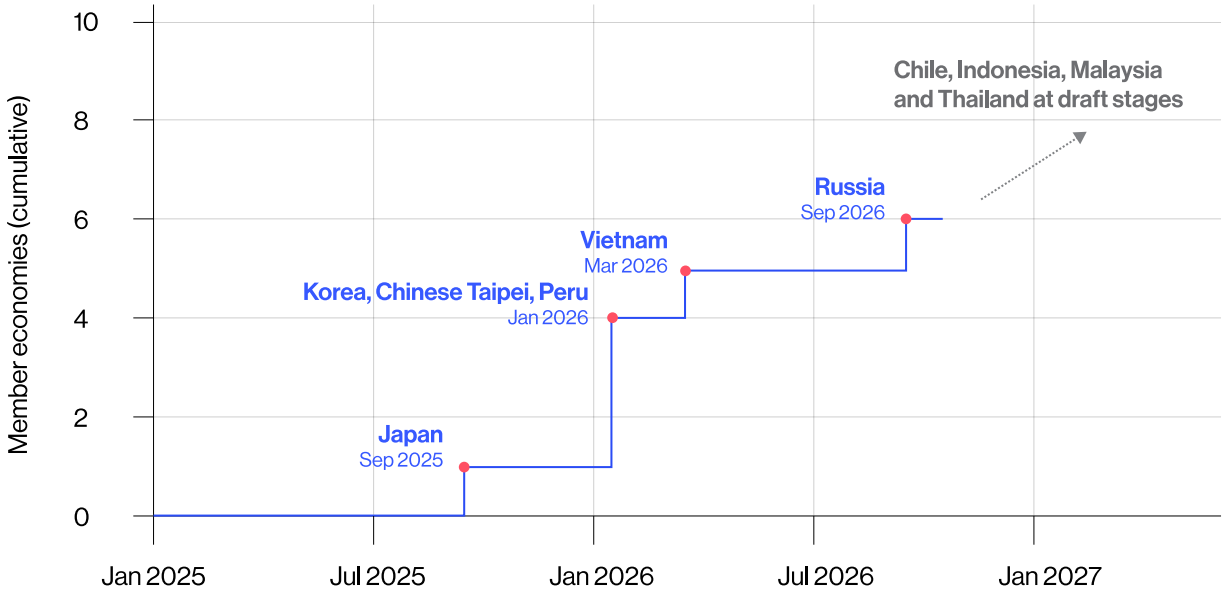
Two features of that machinery are worth drawing out. The first is that the strategy layer is ageing. Of the member economies with recorded evidence, 13 adopted their foundational strategy before 2023, the earliest in 2017.[28] This measures the founding document rather than all policy activity: several member economies, China among them, have since issued programmatic instruments that function as refreshes without being recorded as strategies, and the statutes described above are themselves evidence of continuing work. The point is

[27] Compiled from the policy records underlying the AGILE Index, cut-off 31 March 2026. Proportions are of the 17 member economies for which evidence is available.
[28] Compiled from the policy records underlying the AGILE Index, cut-off 31 March 2026, together with the instruments themselves. Evidence is available for 17 of the 21 member economies; records are not presently available for Brunei Darussalam; Hong Kong, China; Papua New Guinea; and Chinese Taipei. The absence of a record means no supporting document has been identified, not that no measure exists.

not that policy has stood still, but that in most cases the architecture housing it has not been revisited as a whole. For several member economies, refreshing the strategy may matter more than adding another instrument. APEC can prompt this without prescribing content: the AI Initiative's annual progress reviews and voluntary readiness reviews offer a natural occasion for member economies to report when their foundational strategy was last revisited, and to compare how others have approached a refresh.

The second is the establishment of technical evaluation capacity as a distinct institutional form. Bodies created between 2017 and 2022 were mostly advisory: councils, committees, strategy conferences. Between late 2023 and 2024, five member economies established dedicated AI safety institutes, and a sixth followed with a related network in early 2025.[29] These bodies differ in function rather than in rank. They exist to evaluate systems, develop testing methods and hold technical expertise inside government. Their clustering within little more than a year mirrors the legislative clustering, and the two are plainly connected: a statute that requires risk assessment presupposes an institution that can perform one.

Figure 2.9. Comprehensive AI framework laws entering into operation in APEC member economies, 2025–26



Note: Counts member economies in which a comprehensive AI framework law entered into operation between January 2025 and September 2026; for Peru, the date is that of the implementing regulation that made its 2023 framework law operative. Strategies, principles and voluntary guidance are excluded. Earlier AI-specific legislation is not shown, including the United States National AI Initiative Act (2020), Russia's experimental legal regime for AI in Moscow (2020), and local AI regulations in Shanghai and Shenzhen (2022) alongside China's binding economy-wide administrative measures. Economies shown as at draft stage have published draft legislation or have a bill before their legislature as of September 2026

Source: The official instruments and government publications of the respective member economies.

[29] Recorded bodies include the Canadian AI Safety Institute, the Japan AI Safety Institute, Korea's AI Safety Institute, Singapore's AI Safety Institute and the United States AI Safety Institute (since renamed the Center for AI Standards and Innovation), established between November 2023 and November 2024; China launched the China AI Safety and Development Association in February 2025.

Three kinds of unevenness matter for the economic opportunities this chapter is concerned with. The first is implementation capacity. Adopting an instrument and running it are different jobs, and several statutes now in force still depend on subordinate regulations, technical guidance and risk classification frameworks that have not been written. For developing economies especially, the constraint is rarely a lack of policy intent. It is the specialized capacity to draft implementing rules, evaluate systems and supervise deployment. UNCTAD's assessment of preparedness across 170 economies identifies infrastructure, data and skills as the leverage points that capacity rests on, and finds several developing economies, among them China and the Philippines, performing well above what their income levels would predict (UNCTAD, 2025).

The second is definitional divergence. Economies with risk-based approaches do not define risk categories the same way, and the thresholds for heightened obligations differ. For firms operating in several markets, and disproportionately for MSMEs with no compliance function, that raises the cost of entering more than one. It is consistent with the earlier finding that regulatory barriers to entry, such as occupational licensing requirements, correlate negatively with AI adoption (Figure 2.6). What a large firm absorbs as a compliance cost can keep a small one out.

The third is coverage. Comparative datasets reach economies unevenly, and the smaller and less industrialized member economies are the most likely to be missing from them. Their policy development is less visible in regional analysis than that of larger economies, which is reason enough to treat any composite ranking as a partial picture.

Where the Region Already Agrees

The region's own framework was settled shortly before this report was prepared. In November 2025, APEC Economic Leaders endorsed the APEC Artificial Intelligence Initiative for 2026 to 2030 — the first leaders-level AI instrument adopted in this forum, and the first to which all 21 member economies are party.[30] It sets three objectives: resilient economic growth through AI innovation and secure, accessible and reliable AI ecosystems; greater participation by member economies in AI transformation through cooperation and capacity building; and AI development supported by efficient energy use and resilient infrastructure investment. Three strategic goals follow, covering AI transformation within APEC, the building of AI capacities from public administration to consumers, and an investment ecosystem for AI infrastructure.

Three features matter for the argument here. It is framed in economic rather than safety or ethical terms: growth, productivity, MSME participation, workforce transition, infrastructure. That distinguishes it from the statements discussed below and places it squarely in the subject matter of this report. It is voluntary and flexible, and says so, acknowledging that member economies sit at different stages of development — consistent both with APEC practice and with the variety of regulatory approaches described above. And it is not merely declaratory: it is anchored to the Putrajaya Vision 2040, the Aotearoa Plan of Action and the Internet and Digital Economy Roadmap, advanced through existing fora with annual progress reviews to 2030, and open to the participation of the APEC Business Advisory Council and PECC.[31]

Its targeted actions track the constraints identified above almost point for point. Voluntary economy-level AI readiness and impact reviews address the visibility problem. Exchange of policy knowledge and comparative benchmarking address definitional divergence. Commitments on public sector capacity, including deploying AI in public services and upskilling the staff who run them, are the subject of the next section. And capacity building sits at the core, which is the constraint the evidence here most consistently identifies.

[30] APEC Artificial Intelligence (AI) Initiative (2026–2030), endorsed by APEC Economic Leaders at Gyeongju, 1 November 2025, as an annex to the 2025 APEC Leaders' Gyeongju Declaration.
[31] The Initiative is advanced through APEC fora, with progress reviews at the annual joint meeting of the Digital Economy Steering Group and the Telecommunications and Information Working Group, reporting through the Steering Group's annual report to the Concluding Senior Officials' Meeting on implementation of the APEC Internet and Digital Economy Roadmap, and a final review in 2030. It expressly encourages collaboration with the APEC Business Advisory Council and the Pacific Economic Cooperation Council.

Member economies also take part in instruments convened elsewhere (Table 2.4). Participation there is partial and uneven, and measures the reach of each instrument into the region rather than the region's own cooperation.[32]

Table 2.4. Participation of member economies in international AI governance instruments

International instrument	Year	Member economies participating
Global Digital Compact	2024	19
UNESCO Recommendation on the Ethics of Artificial Intelligence	2021	18
Statement on Inclusive and Sustainable AI (AI Action Summit, Paris)	2025	12
The Bletchley Declaration	2023	11
Seoul Ministerial Statement on AI safety, innovation and inclusivity	2024	11

Note: Counts are of the 21 member economies. The instruments shown address civilian applications of AI and fall within the economic scope of this report. Participation in intergovernmental instruments depends on membership of the convening organization, and participant rosters record entries at differing levels of aggregation; counts measure the reach of each instrument within the region, not the engagement of individual economies.

Source: participant rosters of the instruments listed; compilation as of 31 March 2026.

[32] Compiled from participation records underlying the AGILE Index, cut-off 31 March 2026, and from the participant rosters of the instruments themselves. Coverage extends to all 21 member economies.

The widest reach belongs to instruments adopted through standing multilateral organizations: nineteen member economies are covered by the Global Digital Compact and eighteen took part in adopting the UNESCO Recommendation. Reach falls by about a third for statements issued through summit processes, which draw eleven or twelve. It falls again where what is asked is not assent to a text but the commitment of institutional resources: five member economies have built a dedicated technical body, and a sixth a related network. The contrast is instructive. Full participation across the membership has been reached not through any of these instruments but through the one negotiated inside the region, on terms its members set.

The gradient says the same thing as the domestic picture. What limits cooperation is not reluctance to endorse shared principles, which is close to universal. It is the capacity to act on them. Arrangements asking member economies to supply technical capability reach about a quarter of the membership; those asking only for agreement reach nearly all of it. That is why the Initiative's emphasis on capacity building, rather than on more instrument-making, is the right one.

Four things worth doing

Four practical openings follow from the convergence described above. None requires harmonized legislation, and all sit inside the Initiative's capacity-building goal.

- Recognize each other's test results. Where member economies are building testing frameworks and conformity arrangements in parallel, mutual reliance on evaluation results cuts duplicated cost for firms and conserves regulatory capacity that is scarce everywhere.
- Keep building the shared technical vocabulary. Joint work in international standards is the least contentious route to interoperability, because it aligns definitions without asking any economy to adopt another's legal model.
- Coordinate sandboxes and staged obligations. Several instruments in the region already provide for both. Designing them together would let smaller economies learn from larger ones without importing rules that do not fit their circumstances.
- Treat capacity building as the main event. Help with drafting implementing rules, with evaluation capability and with supervisory training goes at the binding constraint directly. More instruments do not.

The agenda this points to is interoperability of practice, not uniformity of law, which is what APEC has always been better at. Specific initiatives through which APEC could take these forward are set out in the policy implications at the end of this chapter.

AI transformation in health and education

We have chosen to give special attention to health and education for three reasons. First, they complement the sectors examined above: both are largely publicly provided, so their AI transformation is driven by government decisions rather than market signals and is largely invisible in firm-level adoption data. Second, both are labor-constrained across much of the region, which makes AI-assisted delivery economically consequential rather than merely convenient, and education is where the skills identified earlier as a leading driver of adoption are built. Third, both are public services with leader- and ministerial-level engagement across APEC economies, both are named as high-impact or high-risk domains in the statutes described above, and both fall within the public sector capacity goal of the APEC AI Initiative, so governance requirements and adoption incentives arrive together. What follows draws on government sources only, and describes what public authorities have put in place rather than what particular products can do.

Health: two tracks, one bottleneck

Governments are addressing AI in health along two separate tracks, involving different authorities, different timelines and different capacity requirements.

The first is market authorization. AI-enabled clinical tools are regulated as medical devices, and regulators have been adapting established device pathways to systems that learn and are updated after approval. Singapore's Health Sciences Authority revised its guidelines for software medical devices in December 2025, clarifying cybersecurity and machine learning requirements and introducing a streamlined route for software changes made under a change management program.[33] Korea legislated specifically for this class of product through its Digital Medical Products Act, in force from January 2025. Japan has facilitated the use of health data for developing AI-enabled diagnostic tools through medical infrastructure legislation, and Hong Kong, China has issued a technical reference for AI medical devices. Regulators in China, Japan and Korea all assess AI-enabled devices under their medical products frameworks, with pre-market review for software intended for clinical use.[34] The difficulty is shared: approval regimes assume a fixed product, machine-learning systems are expected to change, and every regulator is working out how to supervise post-approval modification without demanding fresh authorization at each update.

The second track is deployment guidance — how institutions and professionals should use AI once it is lawfully available. Singapore's Ministry of Health and Health Sciences Authority issued revised AI in healthcare guidelines on 10 March 2026.[35] They allocate responsibilities separately to developers, deploying organizations and health professionals, strengthen transparency so clinical decisions can be made on an informed basis, and cover the lifecycle of a system from design through monitoring to retirement, with AI supporting rather than displacing clinical judgement. Korea's Framework Act arrives at the same place from the other direction, treating health care as high-impact and attaching risk management, human oversight and disclosure obligations that apply whatever the device classification. International guidance, including that of the World Health Organization, has moved along the same path from ethical principles towards operational expectations.[36]

[33] Regulatory Guidelines for Software Medical Devices, revised December 2025. Health Sciences Authority, Singapore.
[34] Korea: Digital Medical Products Act, in force January 2025, providing the framework for digital medical devices. Japan: the 2023 Next-Generation Medical Infrastructure Act facilitates the use of health data in developing AI-enabled diagnostic tools. Hong Kong, China: Department of Health technical reference TR-008 on artificial intelligence medical devices.
[35] Artificial Intelligence in Healthcare Guidelines version 2.0, published 10 March 2026 by the Ministry of Health and the Health Sciences Authority, Singapore, updating guidance first issued in 2021. They complement the Authority's regulatory guidelines for software medical devices, revised in December 2025.
[36] World Health Organization, Ethics and Governance of Artificial Intelligence for Health (2021) and the accompanying guidance on large multi-modal models (2024).

Two features matter for economic opportunity. Regulatory cooperation in health is already operational rather than aspirational: medicines and device authorities in the region have jointly issued guiding principles for clinical trials of machine-learning-enabled devices, and reliance arrangements are being formalized. Malaysia Recognized Singapore's Health Sciences Authority as a reference authority in 2026 after a six-month pilot, so that devices registered there may take an abridged route into the Malaysian market. Singapore also holds the chair and secretariat of the International Medical Device Regulators Forum for 2026.[37] Health is where the assurance-reliance model described above has the strongest existing precedent, and the best base on which the Initiative's capacity commitments could build.

The second is that regulatory capacity is distributed very unevenly, and the consequence of a shortfall is not stronger protection but slower access. Clinicians wait longer for tools already in routine use elsewhere in the region. That asymmetry, not any difference in policy ambition, is what determines how quickly the health benefits of AI transformation reach patients across the Asia-Pacific.

[37] Malaysia's Medical Device Authority formally recognized Singapore's Health Sciences Authority as a reference authority in 2026, following a six-month pilot; devices registered with the Authority may qualify for an abridged conformity assessment route in Malaysia. Singapore holds the chair and secretariat of the International Medical Device Regulators Forum for 2026, hosting its management committee meetings in March and September 2026.

Education: from access to capability

Public policy in education has shifted its center of gravity. Earlier initiatives concentrated on access to technology; current instruments concentrate on capability in students and teachers, and increasingly do so through the formal curriculum rather than optional programs. In China, education authorities have made AI teaching and use a priority for the school system, with implementation devolved to provincial and municipal authorities that have set minimum annual contact-hour requirements in primary and secondary schooling.[38] In Korea, the education ministry treats AI capability as a matter of long-term economic security and has invested in curriculum integration and structured teacher development.[39] Singapore is pursuing AI literacy across the population as well as in schools, extending training to teachers at all levels including those still in training.[40] Japan's planning under its AI statute makes adjustment to changes in employment and industry one of its pillars, with direct implications for vocational and continuing education.

Three things follow. Teacher capability, not infrastructure, is the binding constraint in most systems that have moved past pilots, and the fastest progress has come where teacher development was funded alongside curriculum change rather than after it. Mandating contact hours has a clear economic logic, since it turns a diffuse aspiration about future skills into a measurable claim on the timetable, but it also raises the question of what those hours displace, which education authorities are answering differently. And the equity dimension is unavoidable: where connectivity and devices remain uneven, curriculum requirements can widen gaps rather than close them unless infrastructure investment comes too.

[38] Provincial and municipal education authorities in China have set minimum annual contact-hour requirements for AI education in primary and secondary schooling since 2025; requirements differ by jurisdiction.
[39] Ministry of Education, Korea, and the Korea Education and Research Information Service, on curriculum integration and teacher development.
[40] Ministry of Education and Infocomm Media Development Authority, Singapore, on AI literacy in schools and in teacher training.

Higher and continuing education matter at least as much for the economic argument, since most of the workforce that will use AI over the next decade has already left school. This connects directly to the finding reported earlier in the chapter that access to skills is among the most cited determinants of enterprise adoption and among the most cited impediments to it. On stated policy the record is strikingly consistent: every member economy for which strategy evidence is available addresses training or upskilling, and every one addresses ethical implications.[41] Skills commitments are effectively universal. What differs is whether the commitment carries measurable targets, budget and an implementing institution — and on the adoption evidence, that difference is the one that counts.

Education is also the sector where a common reference already exists. UNESCO's competency frameworks for students and teachers, published in 2024, set out what each group should know and be able to do, and build on the Beijing Consensus on Artificial Intelligence and Education of 2019.[42] Member economies designing curricula and teacher development programs are therefore not each starting from a blank page, and the frameworks give cooperation on evaluation and materials a shared vocabulary that does not require any economy to adopt another's system.

[41] Compiled from the policy records underlying the AGILE Index, cut-off 31 March 2026. Evidence is available for 17 of the 21 member economies.
[42] UNESCO AI Competency Framework for Students and AI Competency Framework for Teachers, released in 2024, developed following the Recommendation on the Ethics of Artificial Intelligence and building on the Beijing Consensus on Artificial Intelligence and Education, 2019

What both sectors need

Health and education face the same enabling conditions, which is instructive given how differently they are governed.

- **Data governance.** Both depend on sensitive personal data held by public institutions. Whether lawful use for development and evaluation is possible, with adequate safeguards, determines whether locally relevant systems can be built at all — which matters most where models trained on other populations perform less well.
- **Workforce capability.** Clinicians and teachers are the deployers on whom results depend. Where professional training has not accompanied deployment, systems go unused, or get used without the judgement their outputs require.
- **Evaluation evidence.** Both need evidence of effect in real settings rather than laboratory conditions. Public authorities are best placed to generate it, and its absence constrains scaling more than the availability of technology does.
- **Procurement.** Public purchasing is the most direct lever governments hold in both sectors. Conditions requiring transparency, evaluation and human oversight spread governance requirements faster than regulation alone.

In both sectors what regional cooperation can most usefully relieve is a shortage of capability, not of technology. In health, the reliance and benchmarking arrangements already running between regulators are a template that can be extended, shortening the gap between authorization in one economy and availability in another. In education, teacher development materials, curriculum frameworks and AI literacy resources travel easily between systems that are otherwise very different, and cooperating on evaluation methodology would let member economies learn from each other's implementation instead of each testing the same questions alone. Specific initiatives through which APEC could take these forward are set out in the policy implications at the end of this chapter.

Policy implications for the Asia Pacific region

AI is likely a general-purpose technology that may trigger structural changes that we do not yet fully understand. The Asia Pacific is home to a large share of the AI value chain, where 10 of the 15 largest AI developers are located in this region (Figure 2.8).

Surveys as well as the academic literature are consistent in identifying skills, connectivity and data governance as the most important drivers of AI adoption when present – and the most important impediments when inadequate. In addition, barriers to entry are an important factor to consider, particularly to understand the low rate of AI adoption among MSMEs. To foster inclusive AI-driven growth and shared prosperity policy should:

- **Focus on bridging the skills gap.** Asian economies are already doing well on indicators of educational attainment, most recently revealed by the scores on the PISA program. Enhancing mobility of skilled professionals by updating and operationalizing APEC Professional Services Mutual Recognition Agreements would help leveraging the skills endowments of APEC economies, foster knowledge and technology transfers across borders and facilitate more wide-spread AI adoption.
- **Lowering Competition and Licensing Barriers:** Excessive and outdated occupational licensing requirements and rigid regulatory barriers correlate negatively with enterprise AI uptake. Regulatory reviews in knowledge-intensive services – such as ICT, and professional services – are critical to ensure that legacy regulation does not stifle the competitive pressures that spur technological diffusion.
- **Bridging the digital gap.** AI is unlikely to be adopted in economies without adequate broadband coverage. APEC economies should introduce best practice pro-competitive regulation and open markets for trade and investment in telecommunications and other digital infrastructure.

- **Balancing Data Governance with Open Cross-Border Transfers:** Data governance serves legitimate objectives, including privacy, security and the public interest, and each economy sets its own balance among them. Compliance costs, however, weigh most heavily on MSMEs, which depend more than large enterprises on cloud platforms and off-the-shelf applications rather than their own data and infrastructure. Regional cooperation should promote interoperable privacy safeguards, cybersecurity standards and clear, predictable transfer mechanisms that build trust while facilitating cross-border data flows.
- **Facilitating Standardized Interoperability.** Addressing the legacy integration bottleneck requires governments and regional bodies to foster open, machine-readable standards and technical interoperability. By promoting shared standards, policy can accelerate the availability of modular, turnkey solutions that allow smaller enterprises to adopt AI without undertaking prohibitive custom development costs. Adopting the draft APEC Non-binding Principles for Developing Technical Standards for Services would be a step towards this goal.
- **Recognizing each other's conformity assessments.** Member economies are building testing frameworks, model governance guidance and certification arrangements in parallel. Mutual reliance on each other's evaluation results would cut duplicated cost for firms and conserve regulatory capacity that is scarce everywhere. Health offers the working precedent: reliance arrangements between device regulators in the region already allow a product authorized in one member economy to take an abridged route into another.
- **Coordinating sandboxes and staged obligations.** Several of the AI instruments now in force provide for regulatory sandboxes and phased transition periods, with longer periods in sensitive sectors such as health care, education and finance. Designing these together would let smaller economies learn from the experience of larger ones without importing rules unsuited to their circumstances.

- **Building administrative capacity.** Adopting an instrument and administering it are different undertakings. Several statutes now in force still depend on subordinate regulations, technical guidance and risk classification frameworks that have not been written, and only around a third of member economies have impact assessment mechanisms or standards and certification arrangements, or a body able to evaluate an AI system before deployment. Assistance with drafting implementing rules, with evaluation capability and with supervisory training addresses this constraint directly, and its returns are economic rather than merely protective.

Many of these steps fall naturally within the APEC Artificial Intelligence Initiative (2026–2030), whose emphasis on capacity building, voluntary review and the exchange of policy experience gives member economies a shared framework for taking them forward, with priority for developing economies. By addressing these structural bottlenecks, Asia-Pacific economies can broaden the diffusion of AI beyond knowledge-intensive frontrunners and ensure that the productivity gains of the technology are shared more inclusively across firms of all sizes.

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Annex A

RESULTS OF ASIA-PACIFIC POLICY COMMUNITY SURVEY

Annex A: Result of Asia-Pacific Policy Community Survey

This annex presents the findings of a survey of the Asia-Pacific policy community conducted by the Pacific Economic Cooperation Council from 2 June to 15 August 2026. The survey was disseminated through: PECC member committees, the APEC Business Advisory Council, APEC Policy Support Unit, APEC Study Center Consortium, OECD (Organisation for Economic Co-operation and Development), ASEAN+3 Macroeconomic Research Office (AMRO), COSTI ASEAN Secretariat, Papua New Guinea APEC Team, UNescap-ARTNeT.

This is not a survey of public opinion but rather, a survey of those whose views influence policymaking, especially at the regional level as some of the questions require a knowledge of ongoing regional initiatives. However, we believe that those surveyed include those who are responsible for influencing and often making decisions on various aspects of their economy's positions within different regional groups.

The guidance for identifying panelists is as follows:

Government

Panelists should be either decision-makers or senior advisors to decision-makers. As a guide, the government respondents in previous years included a number of former and current Ministers, Deputy and Vice-Ministers, Central Bank Governors and their advisors for Asia-Pacific issues, current APEC Senior Officials, and a number of former APEC Senior Officials.

Business

Panelists should be from companies who have operations in a number of Asia-Pacific economies or conduct business with a number of partners from the region. This might include each economy's current ABAC members as well as past ABAC members. In last year's survey, these included CEOs, vice presidents for Asia-Pacific operations, and directors of chambers of commerce.

Non-government: Research Community/Civil Society/Media

Panelists should be well-versed in Asia-Pacific affairs, being the type of people governments, businesses, and the media would tap into to provide input on issues related to Asia-Pacific cooperation. These included presidents of institutes concerned with Asia-Pacific issues, heads of departments, professors, and correspondents covering international affairs.

Respondent Profile

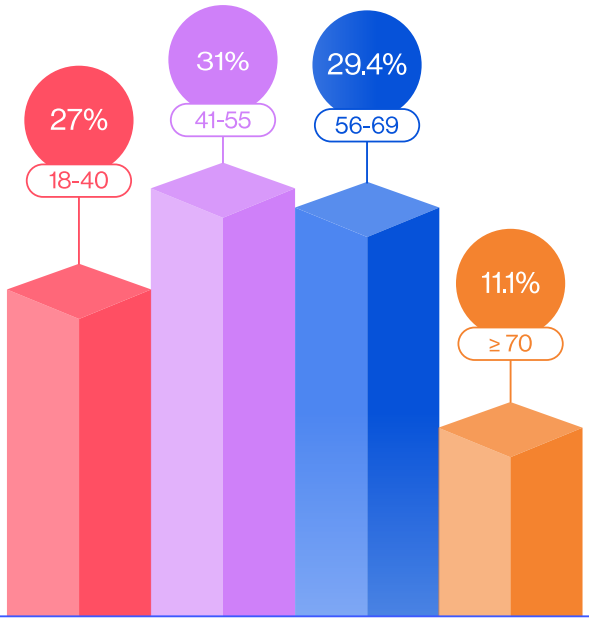
Total Number of Respondents

578

Total Number of Economies

23

Age Group



Gender

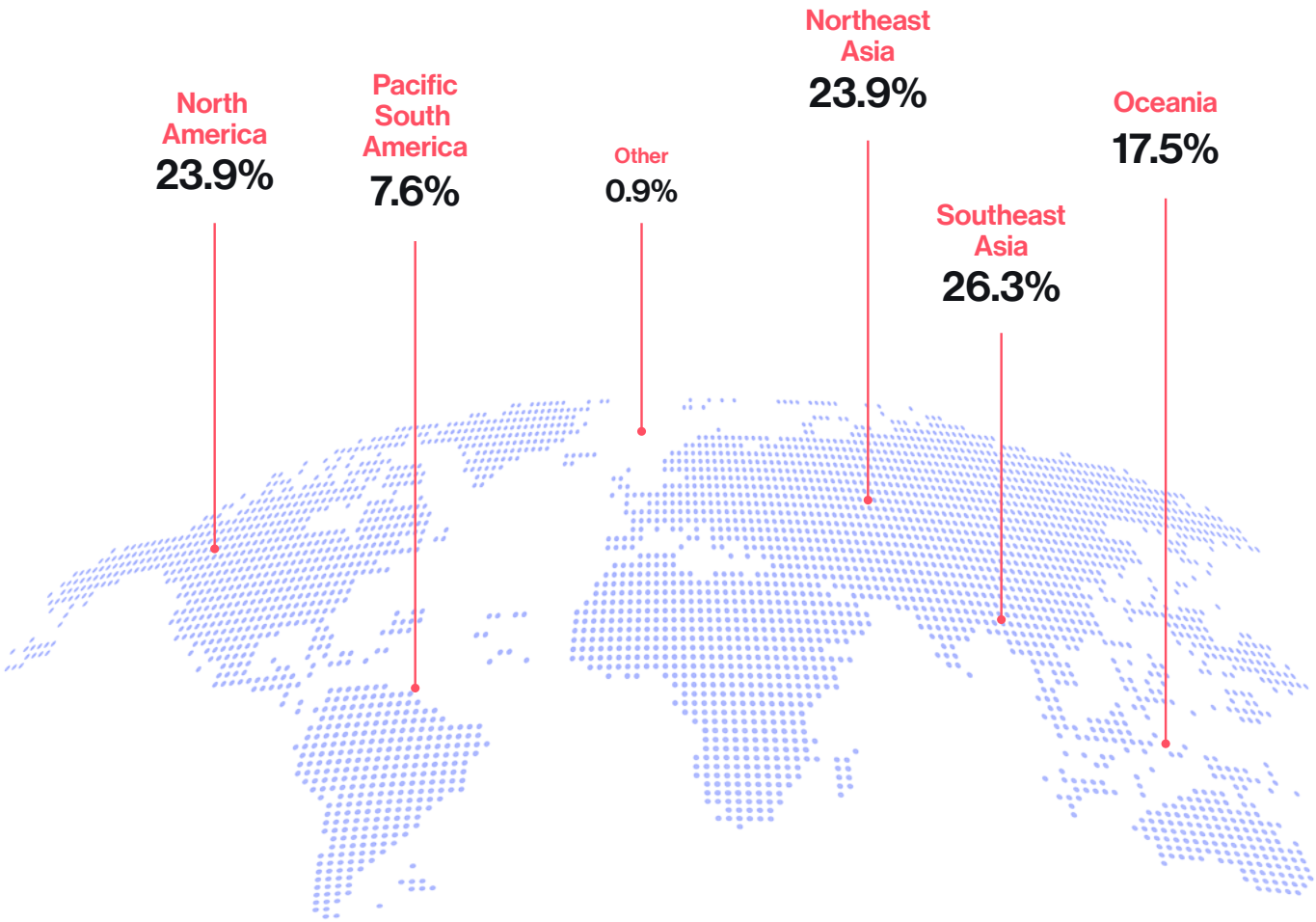
Male	68%
Female	29%
Prefer Not to Say:	2.4%

Affiliation

Academia/ Think Tank	Civil Society/ Media	Business	Goverment	Others
42.4%	4.5%	23.2%	21.3%	8.7%

Respondent Breakdown: We do not disaggregate results for each economy but rather by sub-regions – Northeast Asia, North America, Oceania, Pacific South America, and Southeast Asia.

- **North America:** Canada, Mexico, and the United States
- **Northeast Asia:** China, Hong Kong (China), Japan, Korea, and Chinese Taipei
- **Oceania:** Australia, New Zealand, Papua New Guinea, Fiji and French Pacific
- **Pacific South America:** Chile, Colombia, and Peru
- **Southeast Asia:** Brunei Darussalam, India, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam



Annex A: Result of Asia-Pacific Policy Community Survey

1. What are your expectations for economic growth over the next 2-3 years compared to the last year for the following economies? Please select/tick the appropriate box.

	Much Weaker	Weaker	About the Same	Stronger	Much Stronger	Don't Know / Unsure	Total
Your Own Economy	5%	25.1%	28.2%	31.3%	9%	1.4%	100%
The Asia-Pacific Economy	2.6%	33.6%	39.8%	18.5%	2.6%	2.9%	100%
The Global Economy	1.2%	14.9%	30.8%	42.67%	8%	2.6%	100%

2. Please select the top five risks to growth for your economy over the next 2-3 years. Please select ONLY five (5) risks and rank them from 1st most serious to 5th most serious.

	5 least serious	4	3	2	1 most serious
Increased protectionism and trade wars	9.3%	6.4%	10.2%	14%	36.9%
Global supply chain disruption	7.8%	14%	13.1%	24.6%	14.5%
Inflation/Cost of living	9.5%	14.2%	13.1%	12.3%	17.8%
Financial market volatility	10.9%	10.7%	9.7%	6.6%	3.5%
Economic inequality within societies	10.2%	9.3%	9.3%	7.8%	5.7%
Inability to adapt to rapid technological change and Artificial Intelligence (AI) and mitigate risks posed by these technologies	11.9%	12.1%	11.9%	7.4%	7.4%
Failure to exploit the opportunities and challenges of AI	9.5%	8.5%	6.1%	4.3%	2.8%
Structural trade imbalances caused by trade-distorting practices (e.g. dumping, subsidy)	5.7%	8%	11.2%	9.7%	2.4%
Cybersecurity issues	8.8%	6.7%	3.8%	4.3%	1.7%
Climate change/ Natural disasters	13.8%	9.2%	10.2%	8.1%	4.3%

3. What do you think should be the top 5 priorities for Asia-Pacific Economic Cooperation (APEC) Leaders to address? Please select ONLY five (5) issues and rank them from 1st most important to 5th most important.					
	5 least serious	4	3	2	1 most serious
Ameliorating the risks caused by increased protectionism and trade wars	8.7%	8.5%	8.1%	14.4%	33.2%
Lowering geopolitical tensions	7.4%	9.2%	8%	21.5%	24.2%
Boosting supply chain resilience and efficiency	8.7%	11.6%	23.7%	16.1%	11.8%
Enhancing energy resilience by diversifying sources and accelerating green transition	8%	17%	15.1%	14.2%	5.5%
Addressing economic inequality within societies and increasing inclusion	15.2%	11.4%	8%	7.8%	7.3%
Facilitating the adoption of emerging technologies and Artificial Intelligence (AI) and managing risks arising from these technologies	14.4%	17.5%	18.3%	9%	8.3%
Addressing structural trade imbalances caused by trade-distorting practices	10.2%	9.3%	7.1%	5.7%	2.9%
Promoting cybersecurity cooperation	10.4%	7.1%	4.5%	3.5%	1.9%
Supporting the multilateral trading system (e.g. WTO)	15.4%	7.8%	6.7%	6.9%	4.3%

Proficiency in digital and AI literacy - Please choose the one that best applies to you	
General Observer (I follow AI developments primarily through news, analyses, and policy discussions)	25.3%
Intermediate (I regularly use AI tools for specific tasks and can evaluate their basic outputs and limitations)	55%
Advanced (I integrate AI tools into complex workflows and critically assess their ethical implications, risks, and societal impact)	13.7%
Professional (I design, develop, and govern digital and AI tools and systems)	4.2%

Which of the following best describes the perspective from which you are responding to this survey? Please choose the one that best applies to you	
Individual Perspective (I follow AI developments primarily through news, analyses, and policy discussions)	25.3%
Organizational Perspective - Large enterprises / organizations (I am responding based on my organization's experience and use of AI tools. My enterprise/organization has 250 or more employees/members)	55%
Organizational Perspective - Micro, small and medium enterprises (MSMEs)/ organizations (I am responding based on my organization's experience and use of AI tools. My enterprise/organization has fewer than 250 employees/members)	13.7%

4. What do you or your organization use AI technologies or tools for? (Please select everything that applies)	
Text generation	63.8%
Image generation (e.g. videos, graphics)	37.9%
Text analysis	68.5%
Speech recognition (e.g. convert spoken languages into texts)	29.1%
Image recognition or processing (e.g. identify objects or person in photos or videos)	18.2%
Machine learning for data analysis	28.9%
Streamline workflows	34.6%
Provide data-driven insights for better decision-making	43.9%
Enhance research and development (R&D)	46.5%
Enable physical movements (e.g. automated robots, self-driving vehicles)	6.4%
Other (please specify)	6.4%

5. How has AI adoption changed the following aspects of your work or your organization in the past three years?

	Decrease	No Impact	Increase	Don't know/ Unsure
Cost of production or cost of providing services	27.2%	26.8%	15.2%	20.9%
Recruitment	8.3%	42.7%	11.6%	27.7%
Layoff	2.1%	49%	10.4%	27.3%
Changes in job profiles	2.4%	34.4%	28.9%	24%
Productivity	1.4%	11.8%	75.1%	6.4%
Efficiency (e.g. faster task completion)	1.6%	7.4%	81.7%	4%
Innovation	4.3%	26.1%	50.5%	12.5%
Quality of products or services	4.5%	20.4%	53.3%	13.5%
Finding new customers/ clients in your economy	2.2%	39.3%	20.4%	27.9%
Entering new markets in other geographic regions or subregions	2.2%	41.2%	17.1%	29.6%
Income or Revenue	3.6%	44.8%	18%	23.7%

6. Looking ahead to the next year, how important are these factors in accelerating your or your organization's AI adoption?

	Not Important	Slightly Important	Moderately Important	Very Important	Don't know/ Unsure
Leadership support for AI	3.1%	7.3%	24%	50.7%	7.3%
Organizational openness to innovation	3.3%	6.2%	22.8%	53.8%	6.7%
Desire to boost competitiveness (e.g. increase market share, increase income/revenue)	6.7%	12.5%	24.4%	36.5%	11.8%
Desire to bolster resilience (e.g. seek new suppliers or markets)	9.9%	14.4%	25.8%	26%	15.2%
Government's AI strategy or plan	9%	14%	23%	39.1%	8.1%
Government support (e.g. partnership, funding, reskilling)	10.2%	12.5%	20.8%	38.6%	10.4%
Affordability of ICT infrastructure	5.5%	14.7%	26.8%	37%	9.3%
Affordability of computing capacity	5.9%	14%	26.5%	39.3%	7.3%
Digital skills	2.1%	6.6%	19.9%	59.3%	5%

7. Looking ahead to the next year, how important are these factors in hindering you or your organization's AI adoption?

	Not Important	Slightly Important	Moderately Important	Very Important	Don't know/ Unsure
Difficulties with availability or quality of the necessary data for AI usage	5.5%	11.2%	28.7%	37.5%	7.6%
Existing AI and AI-related regulations (e.g. AI safety frameworks)	6.7%	15.4%	24.7%	32.4%	9.7%
High cost of ICT infrastructure	8.3%	14%	26.1%	34.9%	7.8%
High cost of computing capacity	9%	14%	26.5%	34.9%	7.1%
Incompatibility of AI tools with existing equipment, software or systems	7.6%	14.9%	28%	31%	8.8%
Lack of leadership support for AI	11.2%	14.2%	26%	31.8%	7.3%
Management's reluctance to innovation (e.g. unwillingness to experiment, low tolerance for risk)	10.6%	12.8%	28.2%	29.1%	9.5%
High cost of AI applications	6.4%	15.4%	27%	35.1%	6.2%
Insufficient digital skills or resistance to reskill	5.4%	10.9%	27.2%	42.4%	4.7%

8. Looking ahead to the next year, how much are you or your organization concerned about the following AI and AI-related risks?

	Not at all concerned	Slightly concerned	Moderately concerned	Very concerned	Don't know/ Unsure
Risks arising from AI limitations (e.g. over-reliance on AI systems, lack of human oversight)	4%	11.2%	24.7%	44.5%	5.5%
Job displacement	16.3%	23.7%	26%	20.4%	4.3%
Mistakes caused by AI (e.g. hallucination)	4.2%	13.3%	26.1%	43.1%	3.6%
Biases and discrimination caused by AI algorithms	4.8%	14.9%	26.6%	38.6%	5.2%
Cyberattacks, scams, frauds	2.1%	8.5%	21.5%	56.4%	2.8%
Data privacy concerns	2.9%	8.5%	24.9%	51.9%	2.6%
Intellectual property infringement	5.7%	15.4%	26.6%	37.9%	4.7%
Legal and regulatory uncertainty (e.g. unclear liability frameworks, inconsistent regulations across economies)	4.2%	14%	30.6%	34.8%	7.4%
Legal liabilities (e.g. intellectual property theft, privacy violations)	4.8%	15.1%	28%	35.3%	7.3%

9. How do you rate your economy's preparedness to adopt AI?

	Not at all prepared	Somewhat prepared	Moderately prepared	Very prepared	Don't know/ Unsure
Digital infrastructure	9.2%	28.7%	34.1%	16.6%	2.8%
Power grid scalability	17.1%	25.4%	28.4%	14.5%	5.5%
AI safety and ethical frameworks	23.7%	32.5%	21.6%	9%	4.3%
Workforce reskilling and transition	23.9%	33.4%	23.7%	6.2%	3.6%
Cybersecurity protection	17.6%	34.8%	25.6%	8%	5%

10. How do these policies impact your economy's ability to adopt AI?

	Decrease	No Impact	Increase	Don't know/ Unsure
Advanced economies' export controls (e.g. microchips, software)	22.3%	17.1%	32.5%	18.9%
Data localization requirement in your economy	18%	15.6%	34.6%	21.6%
Interoperability of data standards	8.8%	12.8%	47.1%	21.3%
Cybersecurity laws in your economy	9.5%	11.9%	47.8%	21.5%
Robustness of your economy's intellectual property protection	11.4%	13.3%	42.7%	23%
Your economy's mandatory AI safety audits or risk-based regulations	10.9%	13.3%	35.8%	29.8%

11. What do you think should be the top 5 aspects of AI cooperation that should be further advanced under APEC? Please select ONLY five (5) aspects and rank them from 1st most important to 5th most important.

	5 least Important	4	3	2	1 most Important
Interoperability of data including digital standards across Asia-Pacific economies	8.1%	7.4%	6.7%	7.4%	19.9%
Reskilling and workforce transition programs	7.6%	9.9%	8.8%	15.6%	13.8%
Boosting the capacity of micro, small and medium enterprises (MSMEs), women, and disadvantaged groups	6.9%	10.4%	12.3%	8.3%	5.4%
Tackling AI-enabled cyberattacks, scams, and frauds	10.6%	12.6%	10.6%	13.7%	10%
Facilitating investment in digital connectivity and energy infrastructure to support AI Infrastructure	11.8%	8.7%	9.3%	13%	10.4%
Existence of AI strategy	6.2%	5%	6.4%	5.4%	7.8%
Clarity of legal liability for AI-related harms	6.7%	10%	6.6%	3.1%	2.4%
Alignment of AI regulations with international standards, or policies facilitating the alignment	8%	8.7%	11.4%	7.4%	5%
Fostering dialogue on AI regulatory frameworks across Asia-Pacific economies	10.2%	5.2%	7.6%	5.5%	6.4%
AI safety and risk governance cooperation (e.g. shared frameworks for managing AI risks, cross-border safety standards)	13%	11.8%	9.9%	9.9%	8%

Annex B

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