



PROMOTING AI USE FOR TRADE AND GROWTH GAINS IN THE ASEAN

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Purpose

1. Tracking AI adoption and gains in the ASEAN:

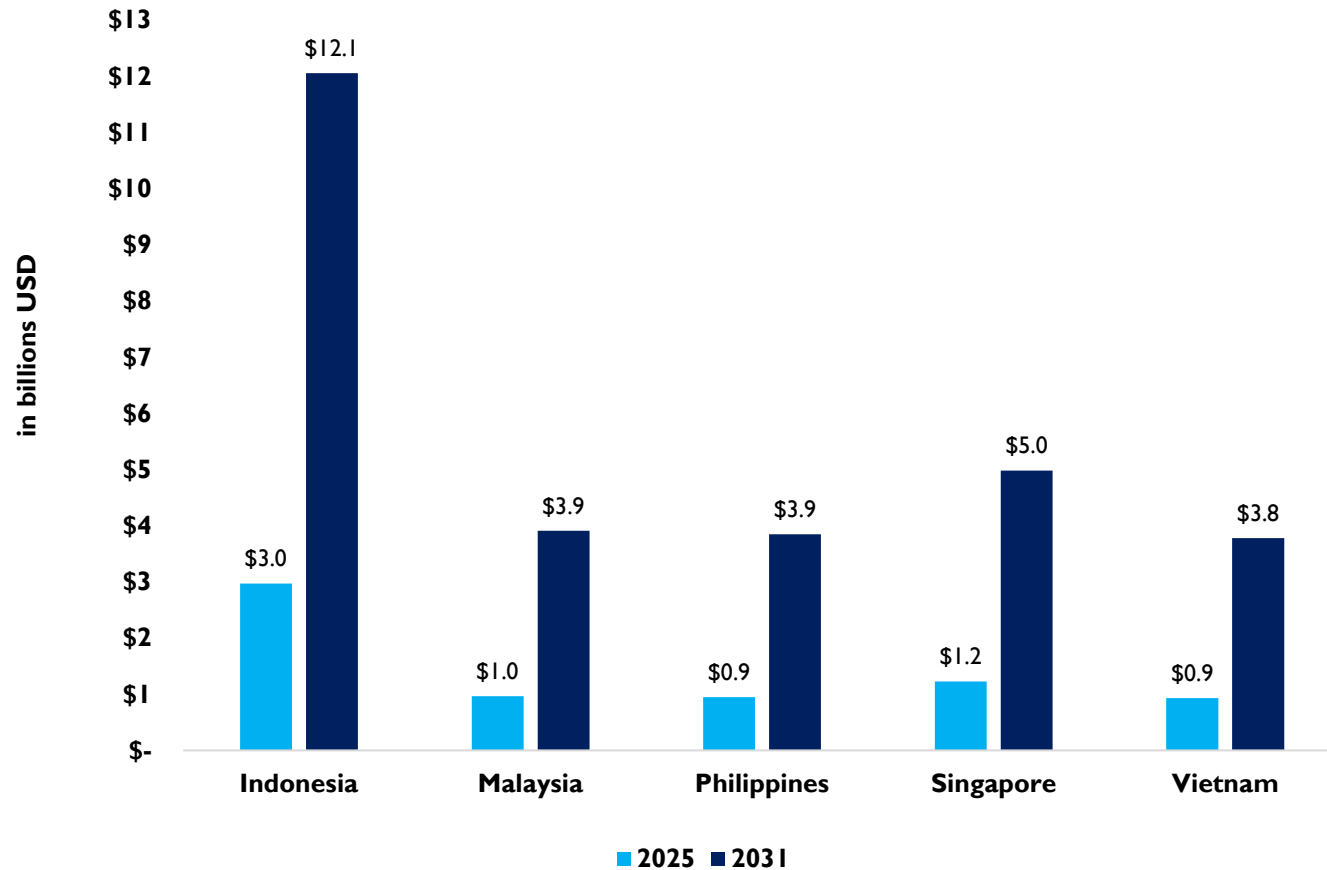
- AI startup ecosystem in the ASEAN
- SMEs' adoption of and gains from AI
- Impact of AI adoption on ASEAN trade

2. Policies to promote adoption, use and regional scalability

- ASEAN economies' AI policy readiness
- Through DEFA: driving common AI governance and “trade in AI”
- What can Singapore do in 2027?

ASEAN AI markets to soar to ~40% yoy by 2031; infrastructure expands; economic contribution >\$1T

Size of ASEAN economies' AI markets, 2025 and 2031
(in billions USD)

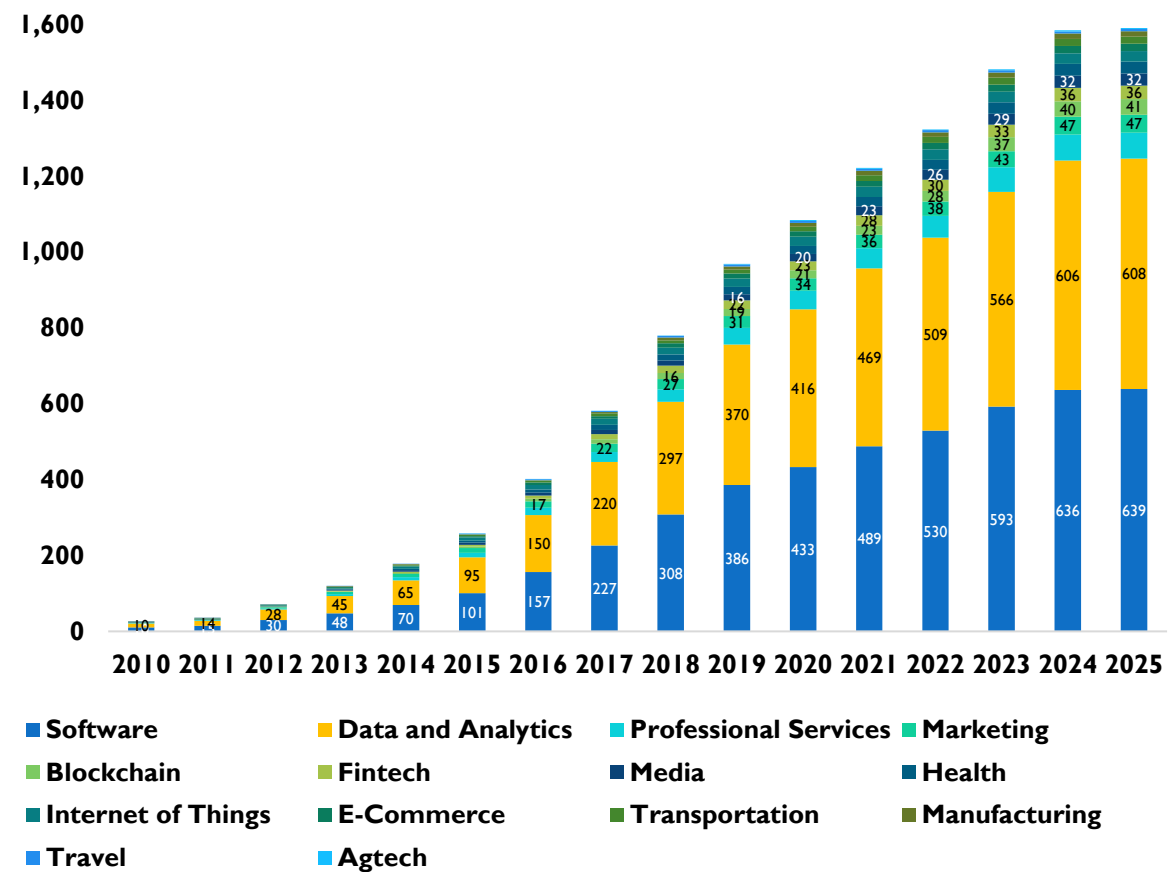


Source: Statista

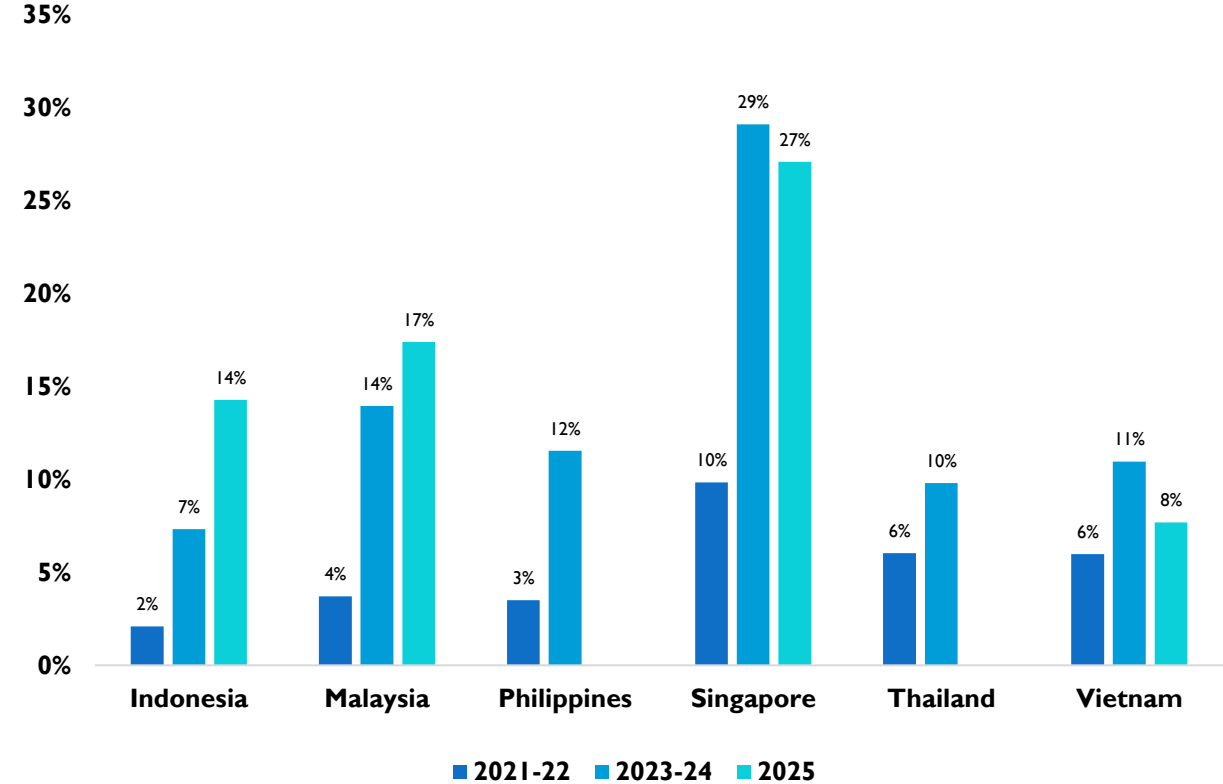
- **Kearney and EDBI:** AI to contribute an additional **\$1 trillion to ASEAN's GDP by 2030**, with **13-18% GDP gains** to Indonesia, Malaysia, Singapore, and Thailand
- **Oxford Economics and Cisco:** AI and related technologies could create up to **28 million new jobs** in AI development, data science, and automation management in ASEAN by 2028
- **Google, Temasek, Bain (2025):** With **4,620 MW** of planned capacity, the total **data center capacity in SEA is projected to grow by 180%**

> **1,600 AI startups led by Singapore in diverse verticals – software, manufacturing, healthcare, etc.;**
AI startups make up a growing share of startup ecosystem

AI-driven startups by sector in 2010, 2020, and 2025 by year and industry

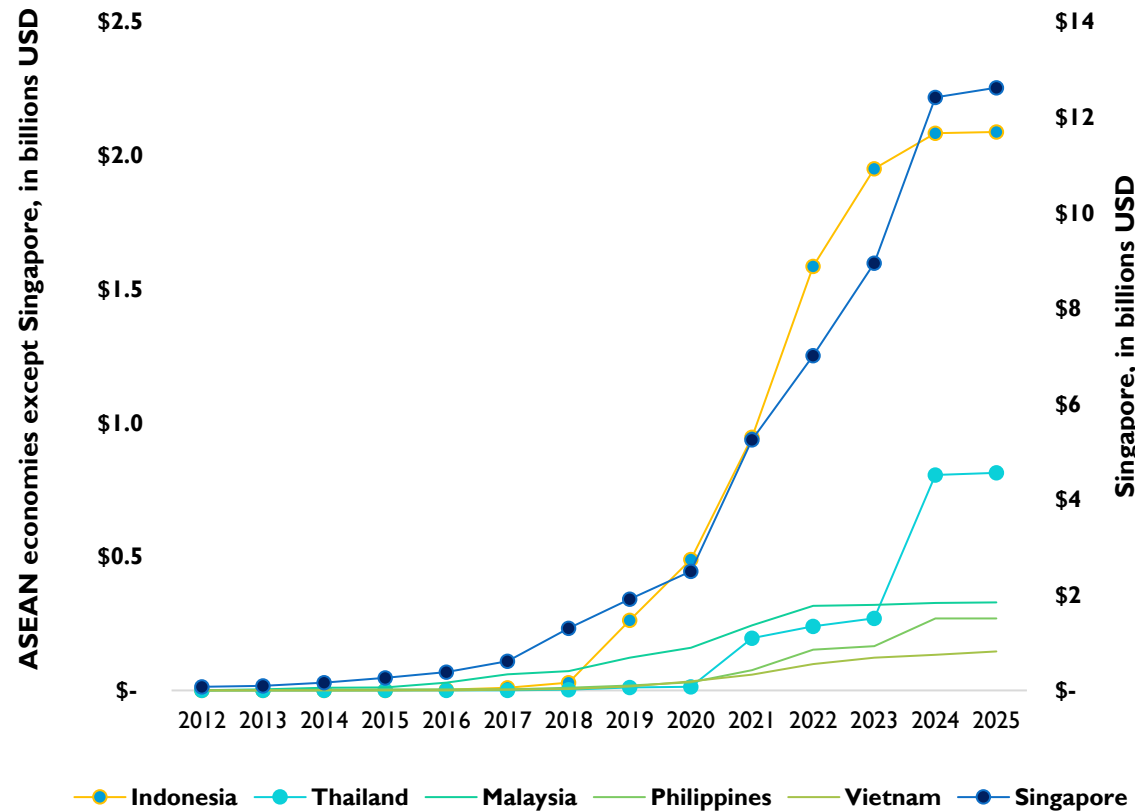


AI-driven startups as % of all startups in 2021-25, by economy

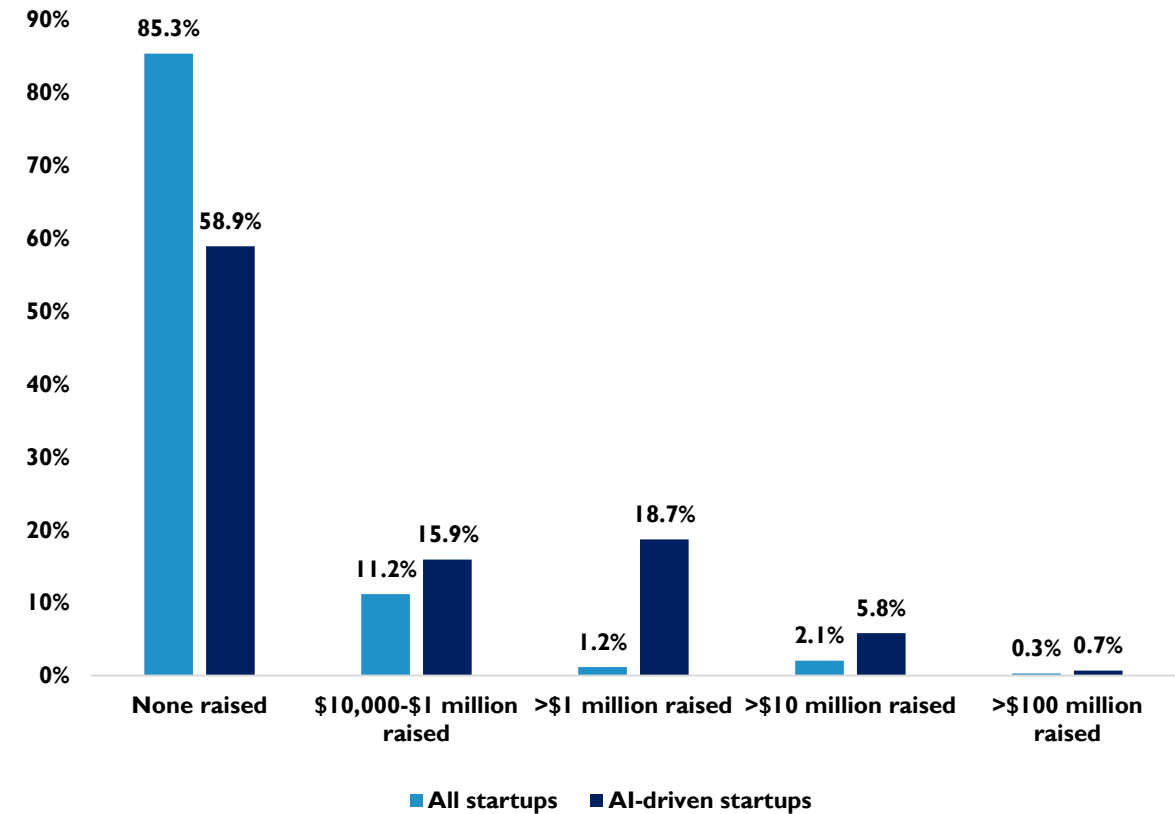


AI startup ecosystem is scaling fast, with >\$16 billion raised (similar to Korea); AI startups are better funded than typical startups

Cumulative investments in AI startups in various ASEAN economies, 2012-25



Share of AI-driven startups with \$1 million or more, \$10 million or more, and \$100 million or more raised in the ASEAN

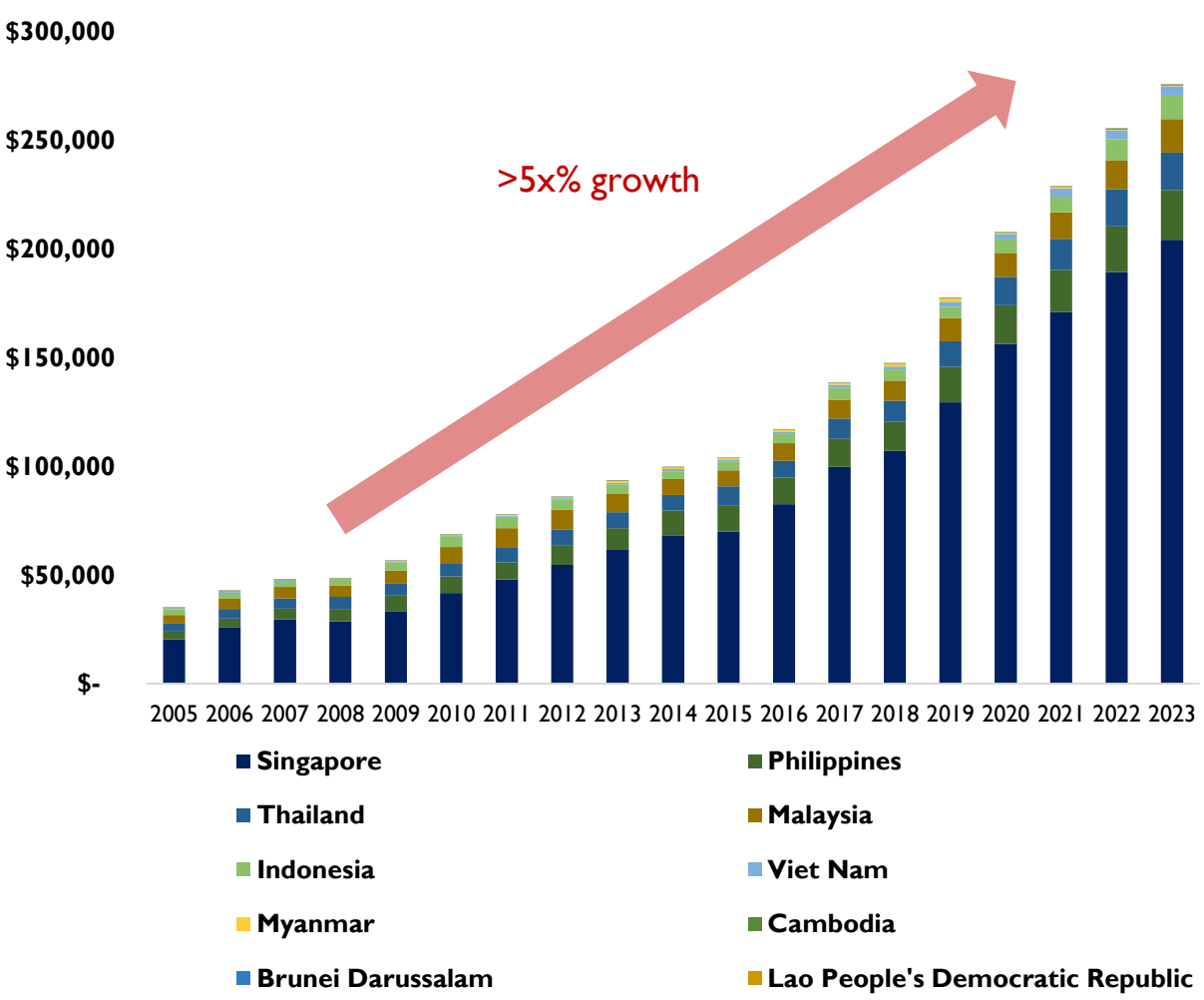


Source: Nextrade Group on the basis of OECD.AI, 2025. <https://oecd.ai/>

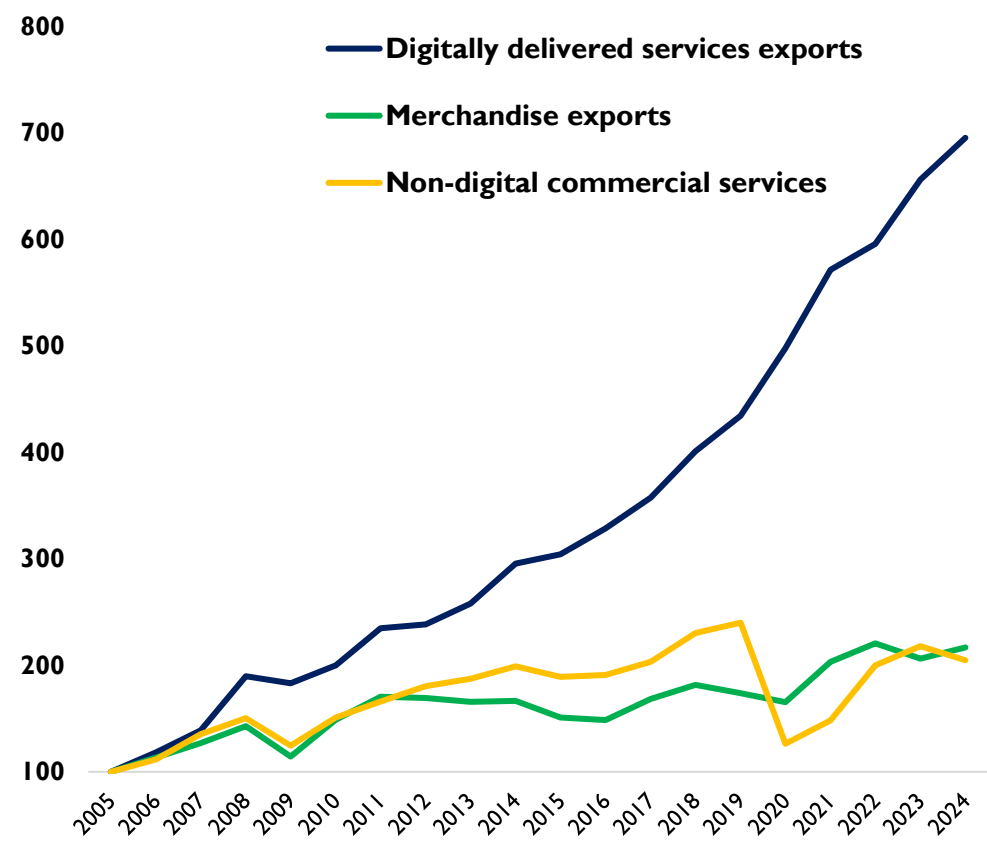
Source: Nextrade Group on the basis of CrunchBase, 2025.

Nextrade econometrics: AI ecosystem doubles → 14% growth in digital trade. AI has played and will play a role in ASEAN’s digital services export revolution....

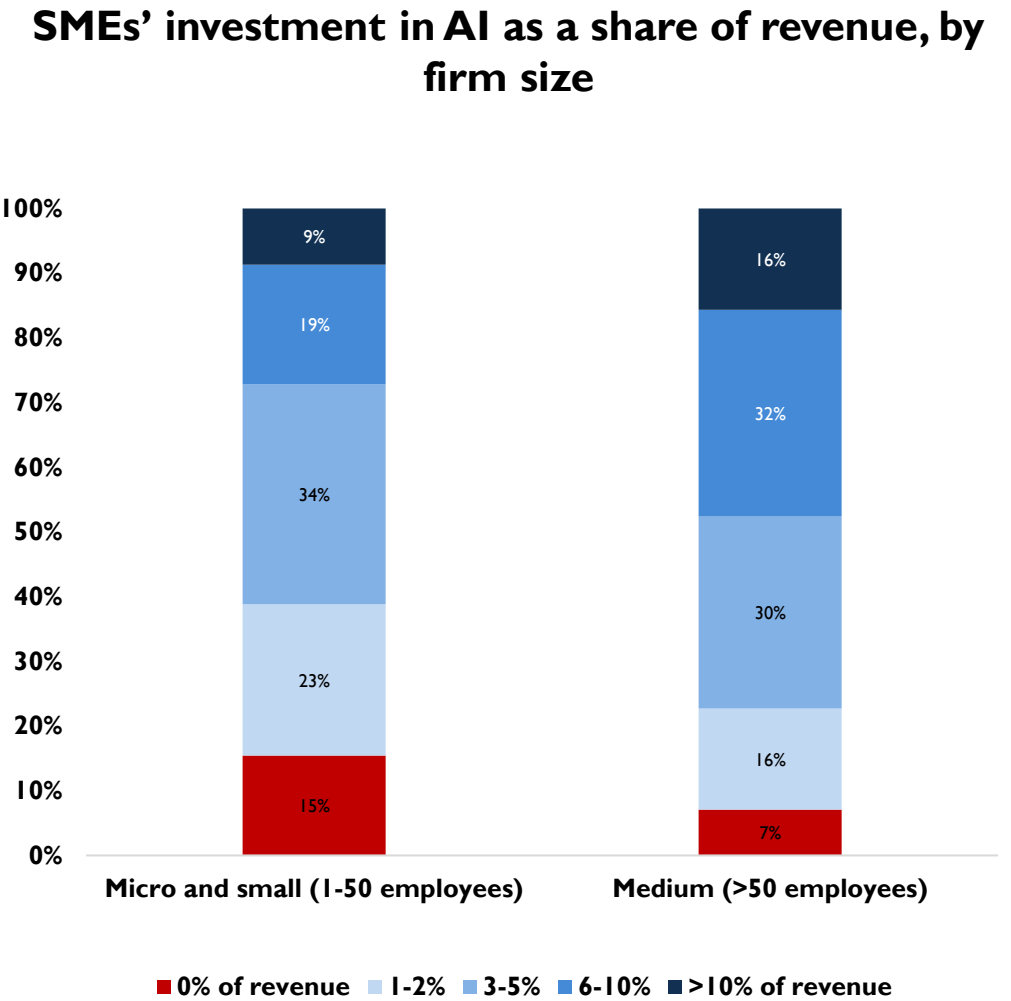
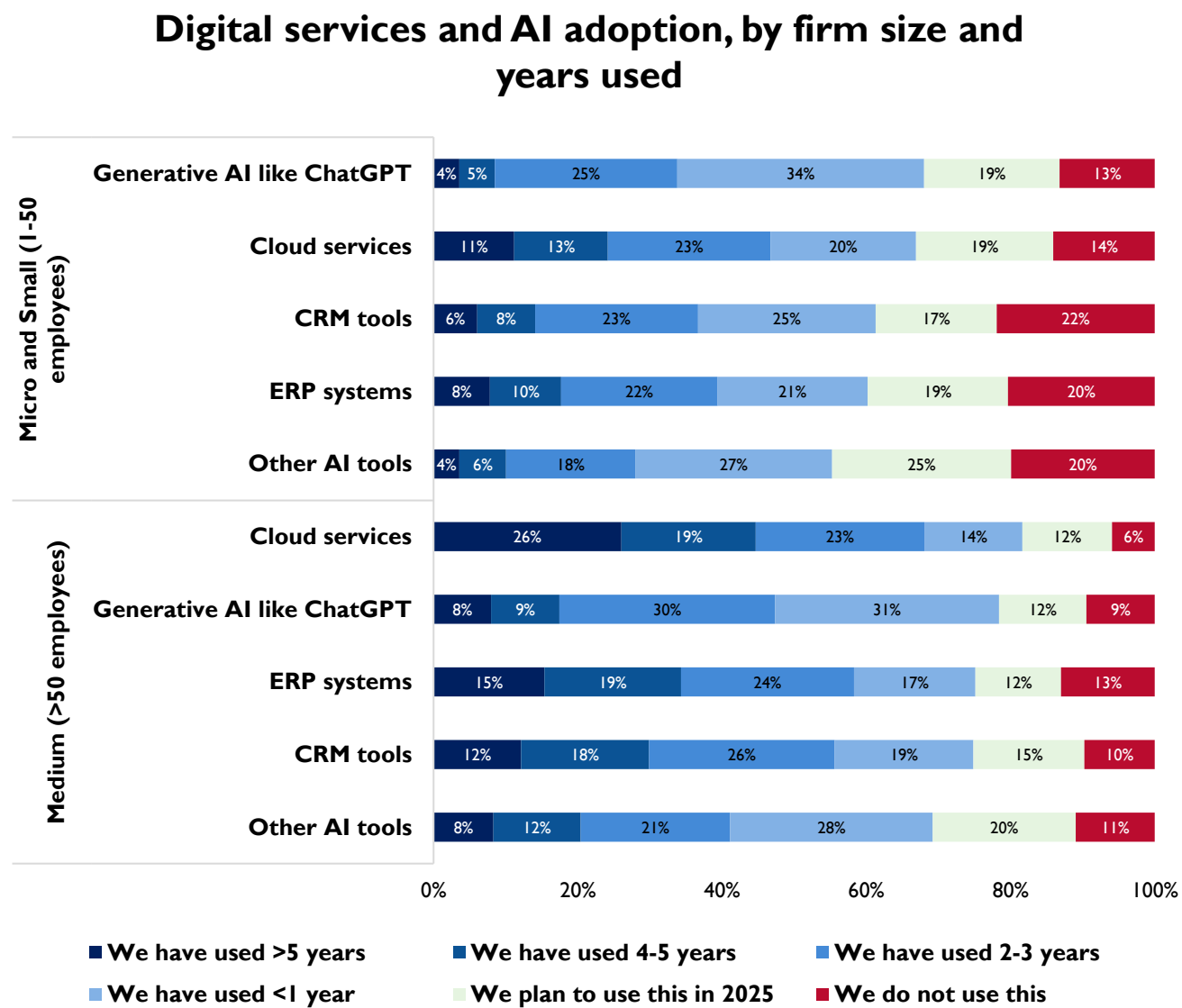
Digitally deliverable services exports in East and Southeast Asian countries (millions USD) 2005-24



Growth of East and Southeast Asian digital services, non-digital commercial services, and merchandise exports in 2005-24

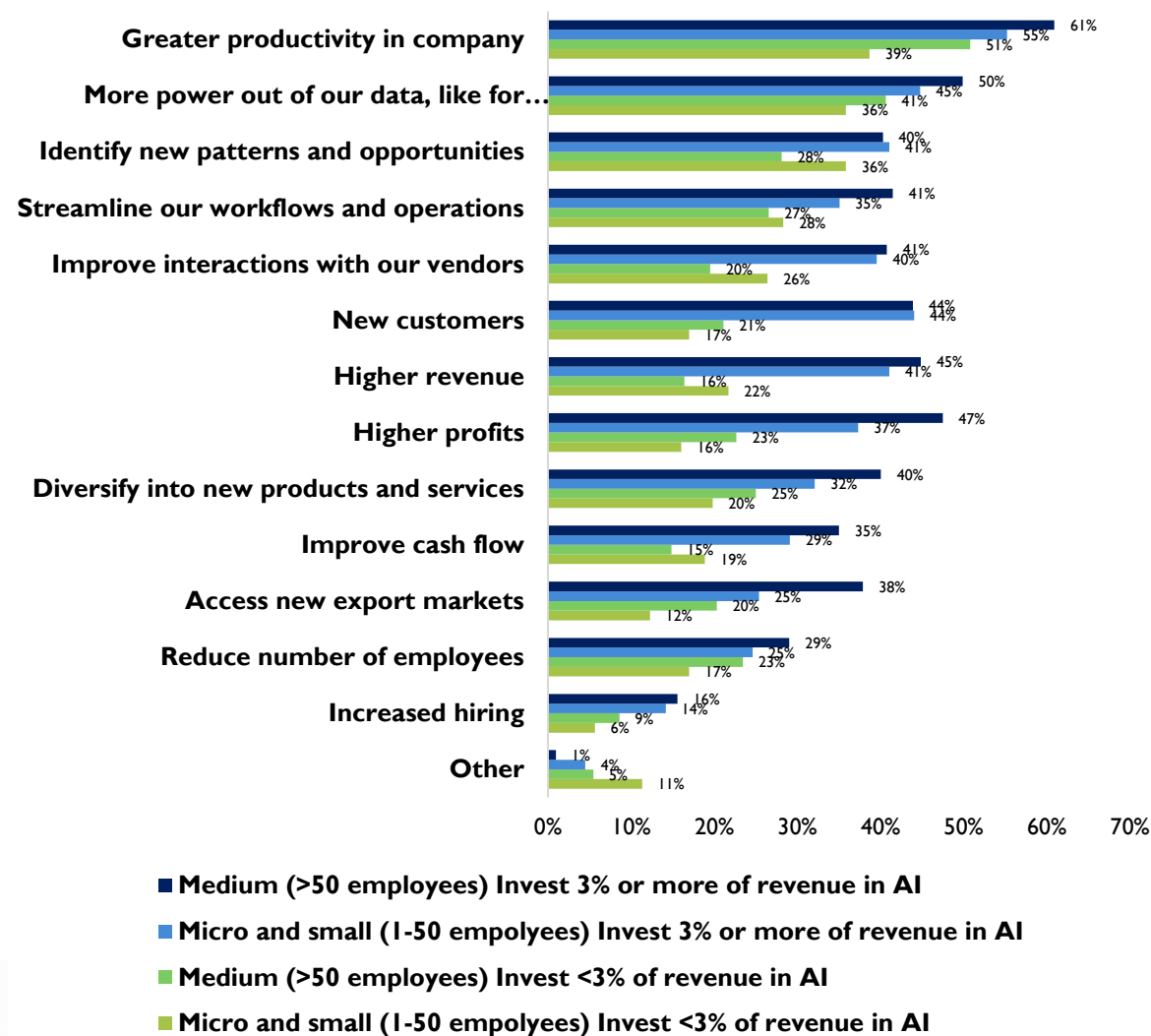


SMEs are also adopting AI: 69% of micro and small and 79% of medium firms already use generative AI, with significant adoption rates in the past three years; >60% of users invest 3% or more of revenue

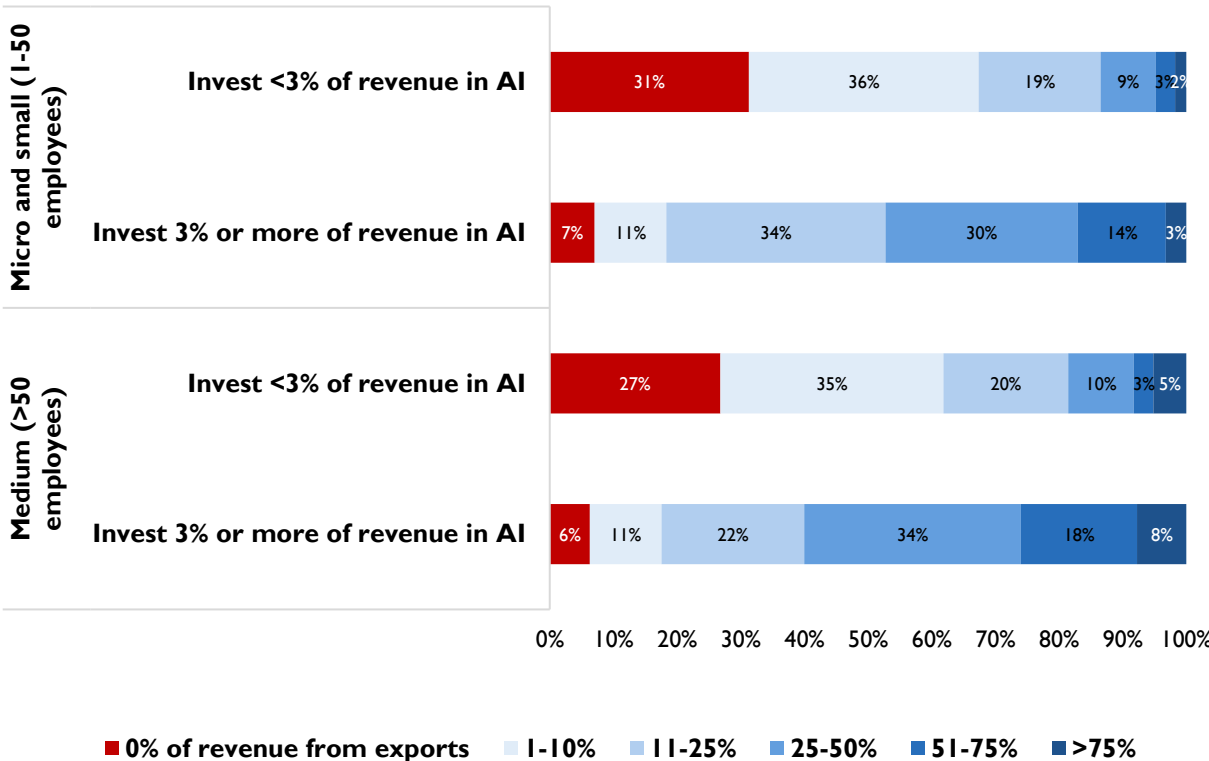


AI superusers turn adoption into a measurable advantage – higher productivity, revenue growth, exports

Share of firms reporting gains in AI, by level of investment in AI and firm size

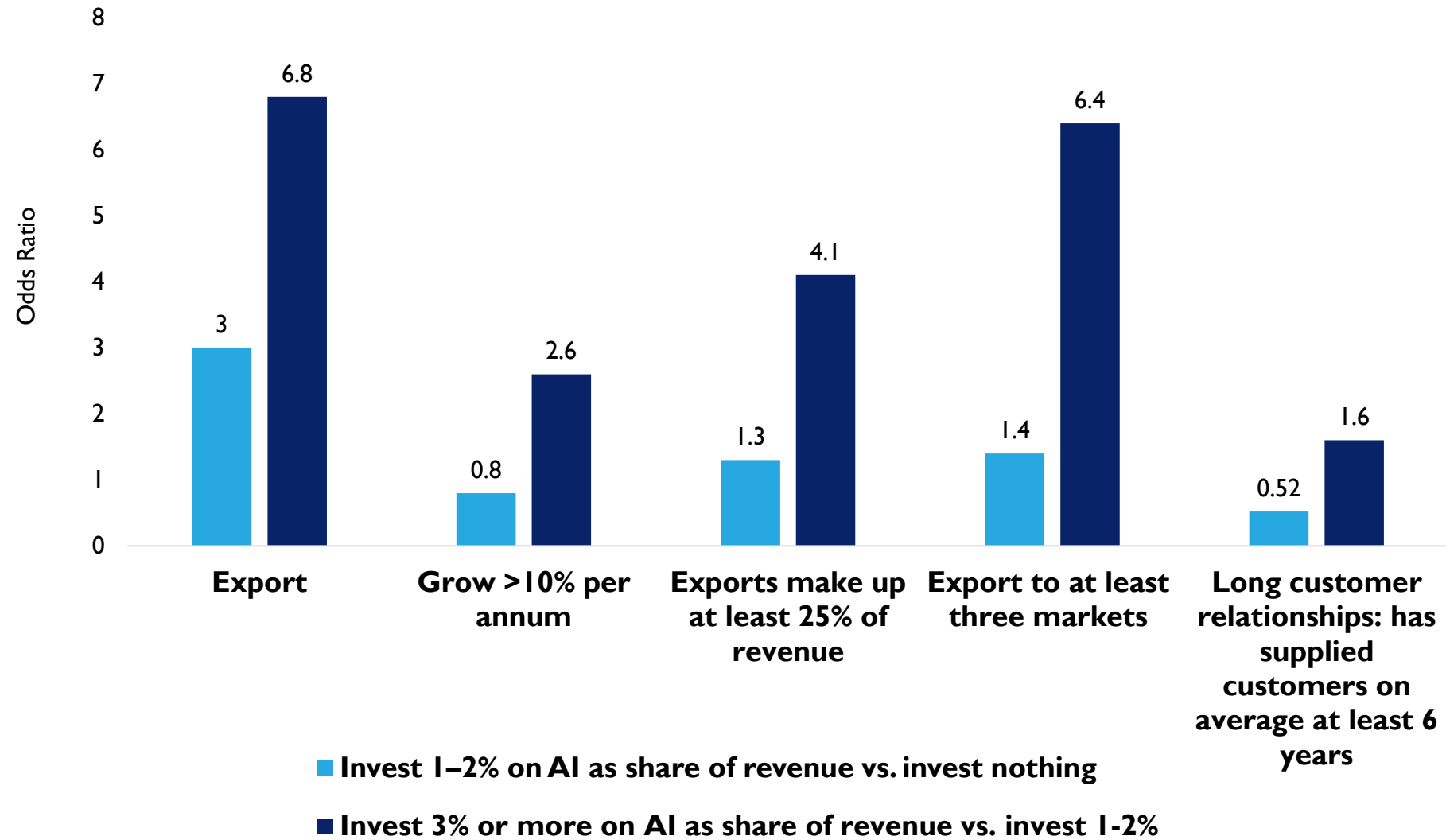


Export revenue as a share of total revenue, by AI investment level and firm size



Source: Nextrade Group survey with from 2024-25 with 1 600 ASEAN firms

AI “superuser” firms are likelier to export, diversify and have durable client relationships than peers that invest only a little (controlling for other things like firm size and sector)

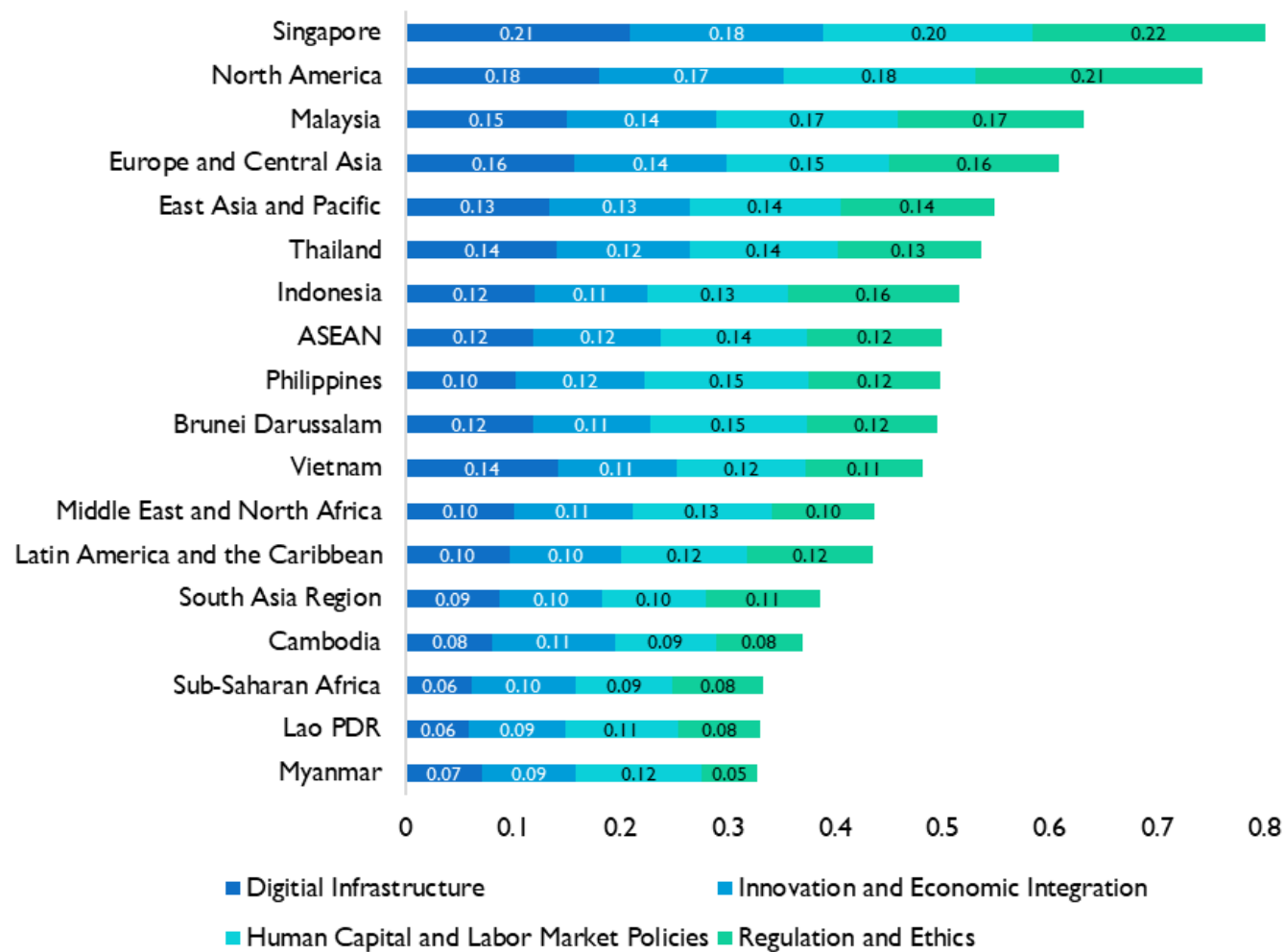


Source: Nextrade Group 2025 survey with 800 ASEAN firms

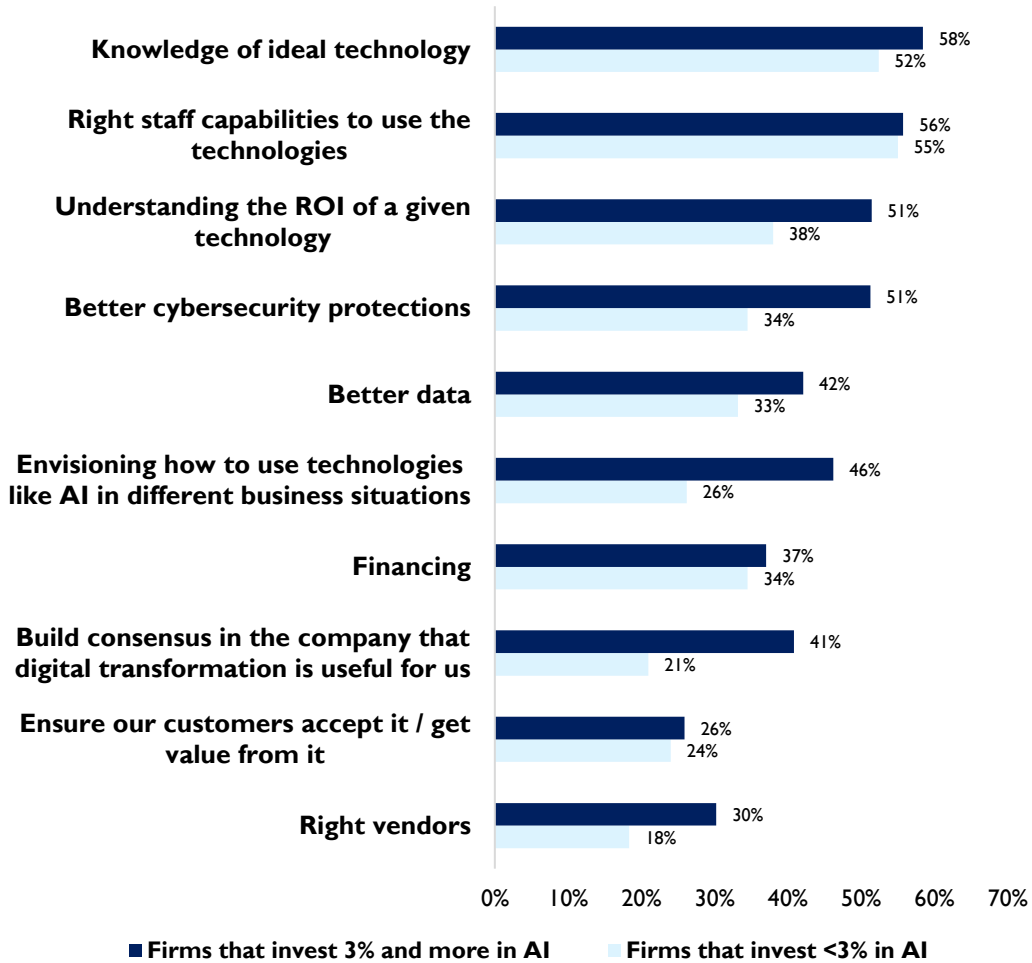
ASEAN AI Policy readiness

Singapore and Malaysia outperform on global AI indices, but major disparities remain; firms need human capital, cybersecurity, understanding of use cases to leverage AI

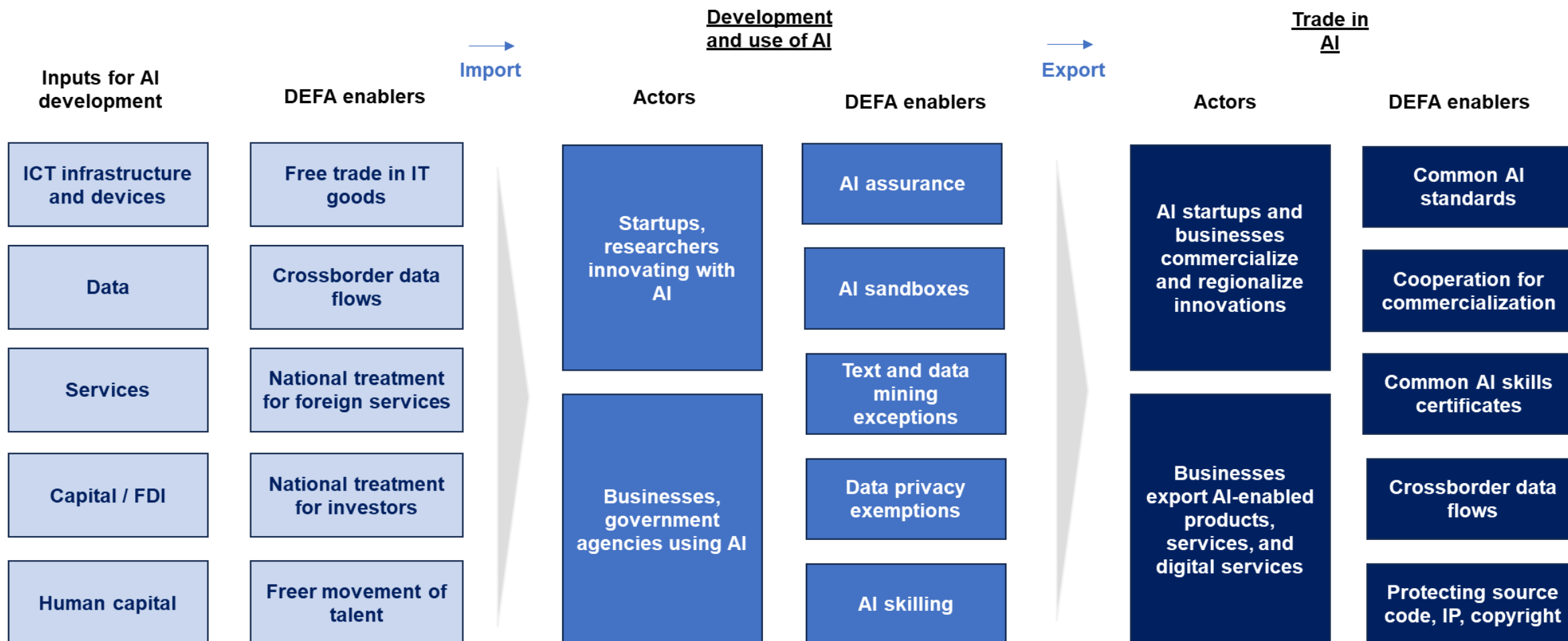
IMF AI Preparedness Index, ASEAN economies in a comparative perspective (max. 1)



% of firms that need AI and digital capabilities



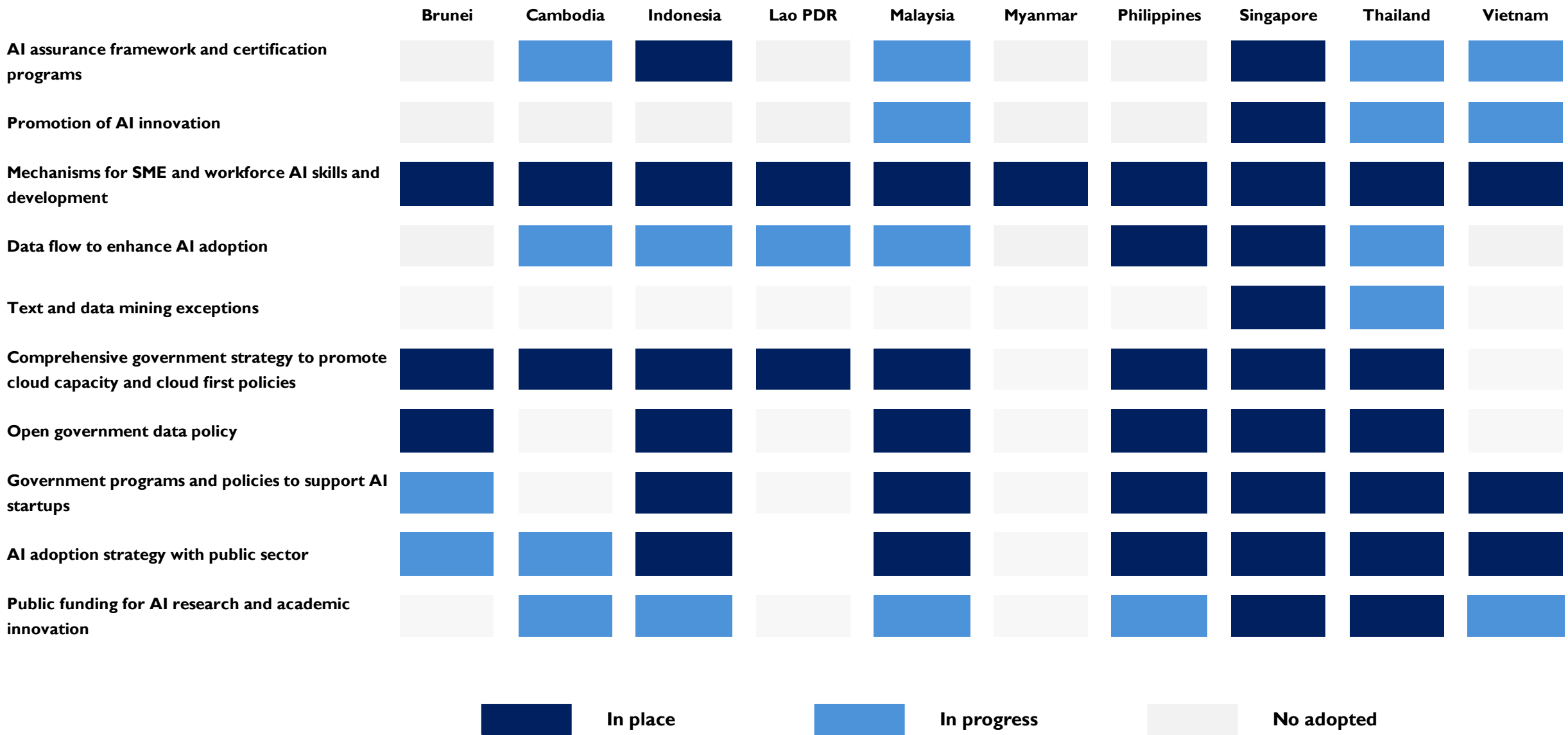
We can think of AI as a value chain: DEFA can promote “Trade in AI”: AI inputs, aligning policies, and scaling AI startups



Lots of AI FDI in place: Global tech giants are betting big on ASEAN AI, with >\$40 billion invested

Company	Amount invested (USD)	Economy	Investment focus	Users
Amazon AWS	\$8.9 billion over 2024-28	Singapore	Cloud infrastructure, flagship AI program	Public sector, enterprises (Grab, MPA, Singlife), community AI skills
Amazon AWS	\$5 billion over 15 years	Thailand	New AWS Region, cloud infrastructure, reskilling	Developers, startups, public sector, students, MSMEs
Google	\$2 billion over 2024-30	Malaysia	Data center + Google Cloud region;AI literacy & sovereign cloud services	MSMEs, public sector, students, developers
Google	\$1 billion	Thailand	Data center + Cloud region in Chonburi/Bangkok	Enterprises, startups, government agencies, fintech
Intel Corp Manufacturing	\$7 billion	Malaysia	AI/hardware infrastructure, semiconductors	Regional manufacturing workforce; supply chain companies
Microsoft	\$2.2 billion over 2024-28	Malaysia	Cloud + AI infrastructure, National Innovation Center, skilling 200,000 in AI and digital skills	Developers, SMEs, government, and the security sector
Microsoft	\$1.7 billion over 2024-28	Indonesia	Cloud + AI infrastructure, skilling 840,000 in AI, developer support	Workforce, development communities, government (Golden Indonesia 2045)
Open AI	\$1 billion	Singapore	APAC hub; language/AI resource development; enterprise piloting	AI Singapore; Grab staff and operations
Oracle	\$6.5 billion announced Oct 2024	Malaysia	Public cloud region,AI and analytics capabilities	Government, financial services, airlines, hospitality
Qualcomm	Amount not disclosed	Vietnam	AI research and development center	AI researchers, startups, tech firms
YTL Power + NVIDIA	\$4.3 billion	Malaysia	AI supercomputer + green data center park	Research institutes, enterprises, and government

ASEAN has the building blocks for an AI economy, but uneven adoption limits scalability



Heading to 2027 Singapore ASEAN Chairmanship: DEFA AI Playbook for the era of Agentic AI



Responsible Use of AI

- **Promote** firms' adoption of **international standards** like ISO/IEC 23894 (for AI risk management) and ISO/IEC 42001 (for AI Management Systems), and certification.
- **Endorse assurance mechanisms** and scaling of Singapore's Global AI Assurance Sandbox and AI Verify
- **Promote corporate governance** of AI, including red-teaming



Innovation: Data and Copyright rules

- Build **national and regional AI and data privacy sandboxes** and regulatory testbeds
- Promote **text and data mining exemptions in copyright laws**
- Promote **exemptions to data privacy laws** to promote data for AI development
- Make **non-sensitive** public and private **datasets available** for AI R&D
- Promote fluid cross-border data flows and **open government** data policies
- **Promote** regional funding for **AI research**



Inclusion: AI Skilling

- Promote common **AI skilling and certifications**
- Mutual **recognition of AI-related skills credentials**
- **Skill public servants** to adopt AI and cloud and consider AI use case



Internationalization: Build a regional AI ecosystem

- Promote common, interoperable certification of firms' **adoption of international AI standards**.
- Develop regional **data-sharing platforms** to enable interoperable AI systems.
- Promote **market access** and **source code protection** for AI-driven firms.
- Adopt and **enforce digital policies** that underpin AI use, such as fair use copyright rules, robust cybersecurity policies and practices, and data privacy regulations