US-ASEAN BUSINESS COUNCIL, INC.

ASEAN BUSINESS ADVISORY COUNCIL PHILIPPINES 2026

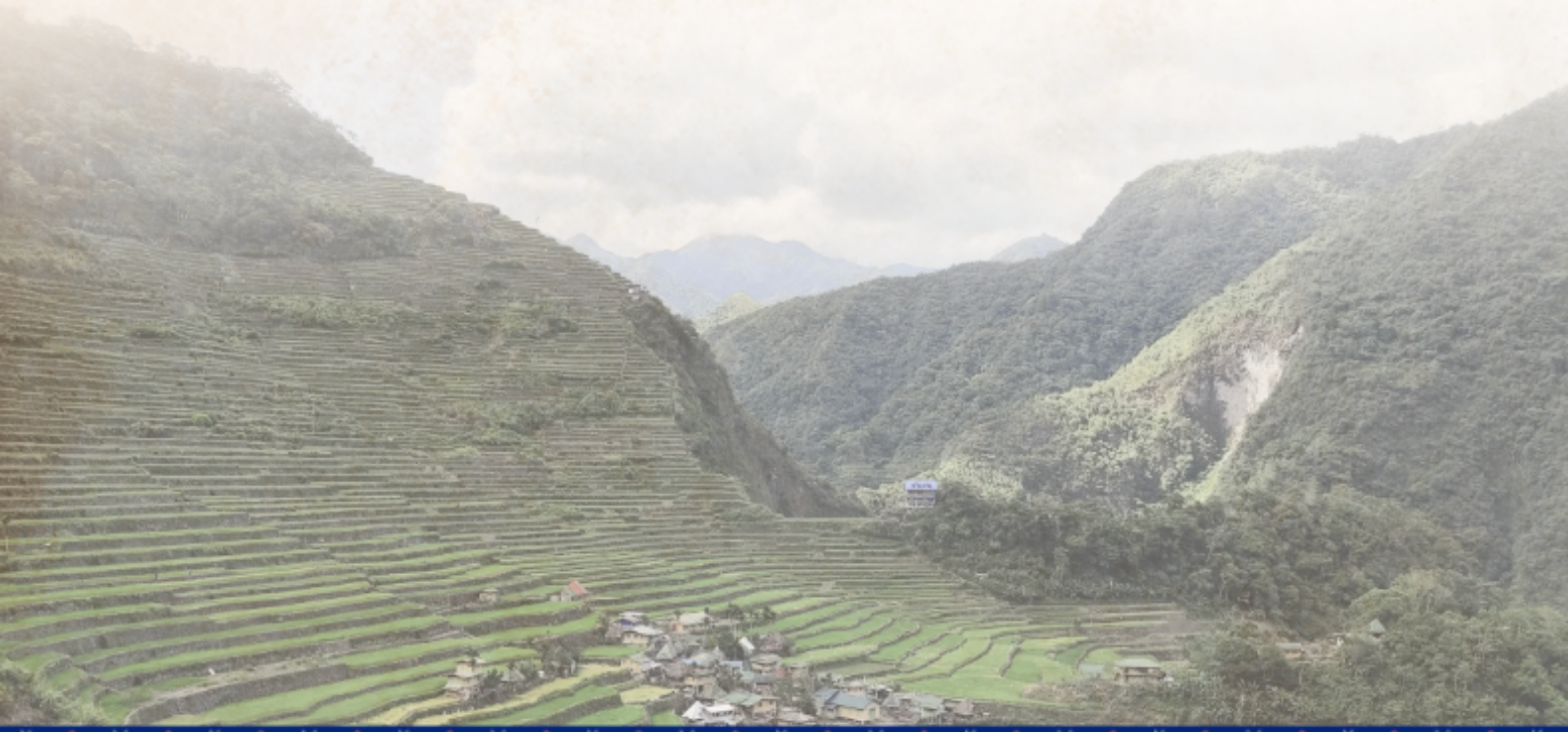
Discussion Paper

Artificial Intelligence

STRATEGIC INITIATIVES SUPPORTING THE PHILIPPINES' 2026 ASEAN CHAIRSHIP

PREPARED BY:

US-ASEAN Business Council in partnership with the ASEAN Business Advisory Council - Philippines (ASEAN-BAC)



Discussion Paper

Artificial Intelligence:

Strategic Initiatives Supporting the Philippines' 2026 ASEAN Chairship

This paper was developed by the US-ASEAN Business Council (USABC) and the ASEAN Business Advisory Council Philippines (ASEAN-BAC) to frame the roundtable discussion on Artificial Intelligence scheduled for April 14, 2026, focusing on key issues and private-sector proposals.

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About the US-ASEAN Business Council

For more than 40 years, the US-ASEAN Business Council (USABC) has been the premier advocacy organization for U.S. corporations operating within the dynamic Association of Southeast Asian Nations (ASEAN), serving as the leading voice of the U.S. private sector in promoting mutually beneficial trade and investment relationships between the United States and Southeast Asia. USABC believes that opening and investing in efficient, resilient, and competitive markets are critical to the continued growth of its member companies and innovation and job creation in the United States and Southeast Asia. ASEAN now represents more than 680 million people and a combined GDP of US $2.8 trillion across Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Timor Leste, Thailand, and Vietnam. USABC's members include many of the world's largest American multinational corporations in numerous industries and range from those that have been working in Southeast Asia for more than a century to newcomers entering Asia's most dynamic regional economic community. USABC has its headquarters in Washington, D.C. and offices in New York, Bangkok, Hanoi, Jakarta, Kuala Lumpur, Manila, and Singapore.

Over the next decade, by virtue of its growing middle class, infrastructure development, and strategic position at the center of Pacific trade routes, ASEAN's eleven members will enjoy growth rates among the most robust in the world. With more than 65 percent of ASEAN's population under the age of 35, ASEAN's demographic trends will continue to fuel growth well into the future. USABC is convinced on strategic grounds that America's economic vitality depends on its success in the Asia-Pacific region, and ASEAN plays a central role.

USABC is the only U.S.-based organization recognized in the ASEAN charter as a supporting organization of ASEAN. In service to its members, USABC leads major business missions to all eleven ASEAN countries, convenes multiple meetings with ASEAN heads of state and ministers and is the only U.S. organization to be given the privilege to raise member company concerns in consultations with the ASEAN Economic, Energy, Finance, Transport, Travel & Tourism, and Forestry & Agriculture Ministers, as well as the ASEAN Customs Directors-General, at their annual meetings.

USABC's committees serve as umbrellas for its membership's initiatives at both the local and regional level. The committees include one for every ASEAN country, ASEAN, APEC, Customs, Aerospace, Defense & Security, Energy, Financial Services, Food & Agriculture, Health & Life Sciences, Information & Communications Technology, Supply Chains, Travel & Tourism, and Sustainability.

About the ASEAN Business Advisory Council

The ASEAN Business Advisory Council (ASEAN-BAC) was established in 2001 to serve as the region's apex private sector advisory body, providing essential business insights and recommendations to ASEAN Leaders. As the primary platform for private sector engagement, the Council advocates for economic cooperation and plays a pivotal role in advancing the ASEAN integration agenda. Each ASEAN member government appoints three high-level CEOs to the ASEAN-BAC—including a dedicated representative for small and medium-sized enterprises—to ensure a diverse and influential business voice in regional policy.

The ASEAN-BAC's mandate is driven by a commitment to inclusive growth and the modernization of the regional economy. By focusing on critical areas such as MSME empowerment, digital transformation, and sustainable development, ASEAN-BAC works to bridge the gap between government policy and the practical needs of the marketplace. Through its various working groups and legacy projects, it addresses cross-border challenges, promotes circular economy practices, and facilitates the adoption of emerging technologies like AI to ensure that the region remains globally competitive and resilient.

In 2026, ASEAN-BAC Philippines assumes the Chairship under the leadership of Chair Joey Concepcion, alongside members George Barcelon and Michael Tan. Guided by the theme "Advancing Prosperity for All," the Philippine leadership focuses on four strategic pillars: People, Planet, Platform, and Productivity. To turn these goals into action, the ASEAN-BAC is spearheading tangible deliverables such as the ASEAN Food Security Alliance (AFSA) and ASEAN Business and Investment Summit (ABIS), alongside policy papers and recommendations presented directly to ASEAN Leaders to shape the economic landscape toward ASEAN 2045.

Executive Summary

The Artificial Intelligence (AI) Initiative is a set of regionally focused initiatives proposed by the US-ASEAN Business Council (USABC), in collaboration with its member companies, to support the Philippines' 2026 ASEAN Chairship. These initiatives are designed as implementation-ready programs that ASEAN Member States can endorse, resource, and implement with the private-sector, while reinforcing continuity with ASEAN's longer-term digital and economic integration agenda, including the ASEAN Community Vision 2045.

The paper situates AI as both an economic driver and an enabling layer for security, resilience, and inclusion across ASEAN. The region's digital economy – valued at approximately USD 363 billion in 2025 and projected to exceed USD 1 trillion by 2030 – is expected to be further accelerated by the ASEAN Digital Economy Framework Agreement (DEFA), which establishes commitments on digital trade, data governance, cybersecurity, and talent mobility, and recognizes AI as a foundational technology. At the same time, structural gaps risk slowing this momentum. Fragmented governance approaches, growing AI-enabled cyber threats and threats to the AI systems themselves, uneven access to enabling infrastructure, constraints on trusted cross-border data flows, and persistent talent shortages continue to challenge ASEAN's ability to scale AI safely and competitively. Addressing these gaps and treating AI adoption as a policy objective will be essential for ASEAN to harness AI safely and competitively.

Within this context, USABC members recommend the adoption of a set of priorities to drive the adoption of AI in ASEAN. These include the following: (1) responsible, risk-based, and interoperable AI governance aligned with ASEAN frameworks; (2) strengthened data governance and cross-border AI data flows; (3) enhanced AI security and critical infrastructure resilience; and (4) advanced AI innovation ecosystems, workforce development, and sectoral applications for public good.

These priorities are not stand-alone private sector interests but are directly aligned with ASEAN and Philippine government objectives, particularly Priority Economic Deliverable (PED) 8 on the implementation of the DEFA, PED 9 on strengthening MSMEs through digital inclusion, PED 12 on advancing creative industries, and PED 14 on the ethical and responsible application of AI.

To operationalize these priorities in the 2026 Chairship year, the paper proposes five flagship initiatives that are designed to be feasible within existing ASEAN sectoral processes and timelines.

The **U.S.–ASEAN AI Summit** would serve as a flagship, multi-track forum on AI governance, data and interoperability, secure AI infrastructure, and sectoral "AI corridors," producing a Chair's Summary, policy recommendations, and a short list of public-private pilots that can be carried into the 2026–2027 Chairship sequence (Philippines–Singapore).

The **Digital Transformation in Government Workshop Series (DIGIT) on AI** would build on the Philippines' existing DIGIT program to strengthen AI readiness and institutional capacity among ASEAN officials, focusing on practical issues such as AI governance structures, responsible procurement, risk and impact assessment,

security by design for AI systems, enabling ecosystems like cloud and data protection, and ethical use of AI in public services.

The **ASEAN Secure AI and Critical Infrastructure Resilience Initiative** would convene cybersecurity agencies, critical-infrastructure regulators, and industry experts to co-develop a reference framework for secure AI deployment, address emerging risks from autonomous AI agents, and conduct AI-enabled cross-border cyber incident simulations that test regional coordination and inform capacity-building priorities.

The **ASEAN Center for the Workforce of the Future** is proposed as a regional coordination and knowledge platform for digital skills development, workforce transformation, and institutional capacity building for the AI era and beyond. Anchored in a Philippine institution and linked to ASEAN digital and Science, Technology and Innovation (STI) processes, the Center will develop a competency-based AI and digital workforce framework, curate training programs, facilitate skills portability, and support peer-learning and inclusion for women, youth, and rural communities.

Finally, the **ASEAN Digital Data Corridor Pilot** would demonstrate how DEFA's provisions on data governance, interoperability, and trusted cross-border data flows can be applied to a small number of high-impact AI-enabled use cases—such as trade facilitation, disaster risk reduction, or disease surveillance—through voluntary participation, co-designed governance arrangements, and technical architectures that respect domestic laws while enabling regional benefits.

For policymakers, the value of these initiatives is their practicality, alignment, and continuity. Each proposed activity is structured to run alongside ASEAN sectoral meetings, leverage private-sector expertise without displacing government leadership, and deliver visible outputs within the Chairship year. They will also build a foundation that Singapore and subsequent Chairs can build on. Collectively, the initiatives will operationalize DEFA; build on Malaysia's 2025 AI legacy; and support the Philippines in advancing a coherent, risk-based, and implementation-oriented AI agenda that strengthens ASEAN's digital competitiveness, security, and inclusive growth trajectory.

I. Context and Rationale

The US-ASEAN Business Council (USABC), together with select member companies, has developed this implementation-focused discussion paper to support the Philippines' ASEAN Chairship in 2026. This paper consolidates private sector perspectives into actionable, high-impact, and regionally scalable recommendations to guide upcoming high-level roundtable discussions with government and industry.

This discussion paper is one of five Philippines-focused papers organized around the following priority pillars identified by the USABC:

(1) Sustainability and Food Security;
(2) Healthcare;
(3) Sustainable Supply Chains and Logistics;
(4) Digital Economy and Workforce Development; and
(5) Artificial Intelligence (AI).

In addition to outlining key issues and priorities, the paper proposes concrete initiatives aligned with ASEAN priorities to help guide Philippine government decision-makers as they shape the Chairship agenda and associated deliverables.

This paper builds on Malaysia's legacy as ASEAN Chair (See Appendix 1), particularly its role in shaping the *ASEAN 2025: Forging Ahead Together* blueprint and advancing the ASEAN Economic Community's vision of a unified, competitive, inclusive, and globally integrated region. Drawing from the joint USABC-SERI white paper that identified priority areas under Malaysia's leadership, such as digital transformation, AI, the green economy, energy transition, workforce upskilling, healthcare innovation, and inclusive growth, USABC seeks to carry forward this momentum into the Philippines' ASEAN Chairship in 2026, supporting continuity across leadership terms, and facilitating a seamless transition to Singapore's turn as Chair in 2027.

II. Background of the Discussion Paper

ASEAN is at an important stage in its digital and AI evolution. The region's digital economy, valued at approximately USD 363 billion in 2025 and projected to exceed USD 1 trillion by 2030, is expected to be accelerated by the ASEAN Digital Economy Framework Agreement (DEFA) substantially concluded in 2026 and positioned for signing in 2026 (WEF, 2025; ASEAN, 2025; Google, Temasek, & Bain & Company, 2025). DEFA sets out core commitments across digital trade facilitation, cross-border e-commerce, digital payments, data governance, cybersecurity cooperation, and talent mobility, including explicit reference to increasingly foundational technologies such as AI (ASEAN, 2023; ITI, 2025; The ASEAN Magazine, 2024). The Philippines' 2026 ASEAN Chairship thus offers a strategic window to translate these commitments into practical AI initiatives that can be implemented during the country's Chairship year and beyond (USABC-SERI, 2025).

At the same time, several structural gaps continue to constrain AI deployment in ASEAN. The Malaysia 2025 USABC–SERI White Paper highlights DEFA as a key platform for growth, but also points to fragmented digital regulations; gaps in

cross-border data flows; rising cybersecurity threats to organizations, AI Systems and models; uneven digital infrastructure development; and the need to operationalize regional AI governance tools such as the ASEAN Guide on AI Governance and Ethics, and the Singapore-chaired ASEAN Working Group on AI Governance and Ethics (USABC-SERI, 2025; ASEAN, 2024; Asia Pacific Foundation of Canada, 2024). These factors all contribute to fragmented AI governance within ASEAN, increasing cyber risks, unequal access to AI-enabling infrastructure, restrictive and inconsistent data-governance regimes that hinder the development of AI and local models, and persistent shortages of AI-ready talent across public institutions, regulators, MSMEs, educators, and developers (WEF, 2024; CSIS, 2025; ASEAN, 2018; USABC-SERI, 2025; Mastercard, 2024).

With uneven AI adoption rates and structural gaps across ASEAN, AI adoption and diffusion – across government, enterprises, and MSMEs – should be treated as core economic objectives for all governments rather than downstream by-products of governance and infrastructure reforms. For businesses, regulatory clarity, access to scalable cloud infrastructure, agile procurement practices, and access to AI-skilled workers are key determinants of uptake (Cazzaniga et al., 2024). This is especially relevant to the Philippines considering the Philippines' own strengths in the Business Processing Outsource (BPO) industry and driving services-led growth (USABC-SERI, 2025).

Building on the concept of Trusted Data Corridors as outlined in the ASEAN Framework on Cross-Border Cloud Computing (Malaysia Digital Economy Corporation, 2026), USABC members also underscore the value of sector-focused AI pilots and corridors that can be scaled across ASEAN, consistent with earlier USABC–SERI white paper recommendations on practical, replicable initiatives under the digital economy and workforce pillars (USABC-SERI, 2025). Within this context, the Philippines' 2026 ASEAN Chairship can drive a focused set of practical, scalable AI initiatives that operationalize the DEFA, build on Malaysia's legacy including the ASEAN AI Safety Network (ASEAN AI Safe) and cybersecurity efforts, and set up Singapore's subsequent integration agenda, while balancing innovation, trust, security, and inclusion.

III. Key Priorities and Alignment with Priority Economic Deliverables

Reflecting perspectives gathered through consultations with USABC members operating across enterprise software, cloud computing, semiconductors, cybersecurity, digital infrastructure, and advanced technology services, this section outlines key priorities relevant to AI and their alignment with the Priority Economic Deliverables (PEDs) identified by the Philippines for its 2026 ASEAN Chairship.

A. Develop responsible, risk-based, and interoperable AI governance frameworks

USABC members consistently emphasize governance approaches that are proportionate to risk, grounded in real-world use cases, and aligned with international standards such as ISO/IEC 42001, the Organization for Economic Cooperation and Development (OECD) AI Principles, and the U.S. National Institute

of Standards and Technology's (NIST) emerging AI profile to the Cybersecurity Framework. Rather than prescriptive, technology-specific rules that differ from one jurisdiction to another, they advocate a principles-based, non-binding regional approach that can guide domestic regulation while preserving national flexibility. Technology-agnostic, outcome-focused regulation would focus on instances where AI introduces new risks not covered by existing frameworks. Outcome-focused policies are particularly important rather than prescriptive technical requirements for AI that are likely to become quickly obsolete in this rapidly evolving field.

In practice, this means first assessing which existing sectoral rules – such as financial services, healthcare, or consumer protection – can achieve the government's outcomes before creating any new AI-specific obligations and intervening only where AI introduces additional material risks (World Bank, 2024). Several jurisdictions, including Japan and Singapore, have adopted guidance-based, iterative approaches that build on existing laws rather than standalone AI statutes, helping reduce compliance fragmentation for firms, particularly MSMEs, operating across multiple markets (Fisher Phillips, 2025; Mishova, 2025). Japan, for instance, has come out with separate guidelines for Business/Enterprise AI.

For ASEAN, a differentiated focus on Enterprise AI may be especially important, as the greatest near-term gains are likely to come from institutional transformation and improved sectoral productivity. Framing this narrative would allow the Philippines' 2026 Chairship to champion practical, interoperable, and security-first Enterprise AI initiatives that strengthen regional resilience.

This approach can build directly on the ASEAN Guide on AI Governance and Ethics and the ASEAN Working Group on AI Governance and Ethics, as well as Malaysia's leadership in establishing the ASEAN AI Safe, by translating high-level principles into concrete, risk-tiered guidance suitable for Member States at different levels of readiness.

Developing a similar framework during the Philippines' Chairship supports the proposed ASEAN Declaration on Responsible AI Implementation and Regional Coordination, and associated action plans under the PEDs. It helps reduce compliance complexity for enterprises, including MSMEs, by providing a common regulatory reference across ASEAN, while encouraging regulatory sandboxes and sector-specific experimentation to encourage adoption. Over time, it would also enhance investor confidence, attract AI-related investment, and position ASEAN as a trusted region for AI deployment.

Any framework developed and subsequently proposed should include a cross-cutting requirement for AI system monitoring and accountability over the lifecycle, with feedback loops for fairness, accuracy, robustness, and safety, drawing on tools such as the NIST AI Risk Management Framework and other comparable global practices. In practical terms, responsible AI can be understood across eight dimensions – fairness, explainability, privacy and security, safety, controllability, veracity and robustness, governance, and transparency – which can guide Member States in designing appropriate safeguards, guardrails, and implementation tools. (Verghote, L., Lehtinen, M., 2024)

B. Strengthen data governance and cross-border AI data flows

USABC members stress that ASEAN needs clear and predictable data rules so that AI systems can operate securely across borders within the region. A stronger data-governance framework, on par with those previously cited for ASEAN, combine clear data-classification regimes, concise permissible purposes for data processing, interoperable privacy and security standards, and practical mechanisms for trusted cross-border data use, particularly for AI training, deployment, and monitoring.

This is consistent with existing regional instruments such as the ASEAN Framework on Digital Data Governance, the ASEAN Framework on Personal Data Protection, and the ASEAN Model Contractual Clauses. However, these instruments remain voluntary, and, even with new guidance to align Model Clauses with tools like the EU Standard Contractual Clauses, implementation still varies widely across ASEAN Member States (ASEAN Secretariat and European Commission, 2024). Balanced Text and Data Mining (TDM) frameworks are also essential to provide legal certainty for legal training of AI models while preserving legitimate rights-holder interests (Löbling et al, 2024). This is particularly important as clear rules that permit computational analysis of copyrighted materials under defined conditions support culturally and linguistically relevant AI applications and deployments.

As ASEAN Member States pursue national digital strategies, considerations relating to data sovereignty, public trust, and national security objectives will continue to shape domestic policy approaches. Member States should therefore consider approaches that achieve sovereignty and security objectives through robust governance, classification frameworks, access controls, oversight mechanisms, and technical assurance measures, while maintaining interoperability and trusted cross-border data use where important and regulatory permissible purposes allow. Clear articulation of these governance tools helps demonstrate that security, resilience, and cross-border digital integration are mutually reinforcing when supported by transparent and accountable safeguards.

Sovereign AI capability depends not only on domestic infrastructure or computing capacity, but on access to the full AI stack, including components such as scalable cloud services, advanced models, strong security and access controls, effective data management systems, and skilled workforce talent. This full-stack AI Sovereignty remains elusive for most countries given the transnational nature of the required supply chain (Tanner, et al, 2026). However, cloud-enabled approaches, when paired with clear governance and oversight, can help countries accelerate local model development, avoid technological obsolescence, duplicate investments, and still meet sovereignty and security objectives in a cost-effective way.

Strengthening data governance for AI also requires calibrating policies on data flows to safeguard legitimate national security and public interest objectives without undermining financial stability, cybersecurity, or innovation. This is noted by the USABC-SERI white paper, particularly for sectors such as finance and healthcare. With applications such as AI-enabled public services for disease surveillance, disaster risk reduction, and trade facilitation in particular, trusted cross-border data flows are essential.

Practical initiatives such as sector-specific digital data corridors and regulatory cooperation mechanisms can operationalize the DEFA's commitments on data, cybersecurity, and interoperability. They also demonstrate that sovereignty and

regional integration are mutually reinforcing when supported by robust governance and oversight.

C. Enhance AI security and critical infrastructure resilience

USABC members highlight that "AI for security" – the use of AI for cyber defense including detecting and responding to threats – provides significant advantages for cybersecurity. These capabilities are increasingly important as threat actors exploit generative and agentic AI to accelerate and scale their current attack playbooks, including automating phishing campaigns, expanding social engineering efforts, identifying new vulnerabilities, and developing more sophisticated malware.

AI applications being developed and deployed by organizations for business purposes are also potentially introducing new vulnerabilities to corporate networks. More recently, the introduction of AI agents for businesses – autonomous systems capable of making decisions and executing tasks across multiple platforms on behalf of staff – can introduce a new category of 'digital insider' risk. Unlike traditional software, these agents can operate with delegated credentials and high-level permissions. This can create an interesting new risk category where a single 'rogue' or compromised agent can chain together access to sensitive systems and data without human oversight.

These potential risks underscore the importance of addressing AI security concerns by educating organizations on the existence of these potential threats; encouraging the adoption of technologies and capabilities for securing AI applications; and leveraging trusted vendors who implement secure-by-design principles. It is also essential to recognize and encourage the adoption of AI-powered defense tools as they are increasingly essential to maintaining baseline cyber resilience, particularly for organizations with limited in-house expertise.

USABC members recommend ASEAN-level AI governance efforts that explicitly preserve and protect the responsible defensive use of AI in cybersecurity operations. This includes enabling real-time threat detection, response, and intelligence analysis under lawful and trusted cross-border frameworks. Clear recognition of defensive AI as a public good will help ensure that governance measures do not unintentionally constrain the very tools needed to protect critical infrastructure, financial systems, and digital economies across the region.

Developing secure-by-design and resilient-by-design approaches for AI, particularly in critical infrastructure sectors such as energy, finance, telecommunications, healthcare, and transport, is also necessary and urgently needed for ASEAN. It is important for a Secure AI By Design framework to integrate security across the entire AI lifecycle – from data preparation and model training to deployment and runtime. This shift from bolted-on security to an integrated Machine Learning Security Operations (MLSecOps) approach ensures that AI systems are defensible against unique threats like data poisoning and model evasion, providing a foundation of trust for critical regional infrastructure. Of note, this recommendation is also consistent with Malaysia's 2025 emphasis on cyber resilience and the establishment of the ASEAN Regional Computer Emergency Response Team (CERT).

USABC members recommend that ASEAN adopt common reference frameworks for secure AI deployment, drawing on emerging NIST guidance, national cybersecurity

strategies (e.g., Singapore, Australia), and sectoral best practices. They also stress that overly restrictive data localization or poorly scoped AI rules could unintentionally prevent cybersecurity providers from using global threat data to protect ASEAN networks in real time. This further highlights the ongoing need for regional threat intelligence and vulnerability sharing between governments and industry, and coordinated incident response actions. A concerted regional initiative under the Philippines' Chairship could formalize secure-AI guidelines, strengthen cooperation among national cybersecurity agencies, and ensure that AI governance frameworks explicitly protect the use of AI for defensive purposes.

At the same time, secure and resilient AI systems depend on strong underlying digital infrastructure. As such, USABC members emphasize the importance of ASEAN Member States investing in a robust telecommunication infrastructure, including 5G and future 6G, Wi-Fi, satellite and undersea cables, to support reliable and high-performance AI services. With rapidly increasing data traffic driven by AI-based applications, resilient connectivity infrastructure will be critical to sustaining digital services and economic activity across the region. As ASEAN Chair in 2026, the Philippines is well positioned to champion regional cooperation in strengthening digital infrastructure, ensuring that all Member States can benefit from AI-driven productivity, innovation, and economic growth while maintaining strong public safeguards.

D. Advance AI innovation ecosystems, workforce development, and sectoral applications for public good

USABC members emphasize that ASEAN's long-term AI competitiveness depends on both enabling technologies (semiconductors, connectivity, cloud and edge infrastructure) and human capital (AI-literate workers, enterprise decision-makers, regulators, and educators). They highlight opportunities to build hybrid AI ecosystems that combine cloud and on-device intelligence, leveraging rapid advances in 5G/6G, edge computing, and Edge AI accelerators to support use cases, including in remote or bandwidth-constrained areas.

To ensure that countries like the Philippines can capture the full opportunities of AI, USABC members underscore that global AI leadership requires a comprehensive approach that includes both cloud AI and AI on the edge. While cloud infrastructure will remain essential, an overly cloud-centric approach can create structural constraints over time, including rising energy consumption and telecom bandwidth limitations. Many of AI's most transformative applications will also occur at the edge of devices that interact directly with people, machines, and environments. Edge AI offers a complementary pathway to strengthen the Philippines' competitiveness in sectors where edge computing is essential, such as robotics, automotive, IoT, and industrial automation. To support this, the government is encouraged to drive and incentivize AI start-ups and MSMEs developing locally relevant LLM models and applications across industry verticals, with USABC members well positioned to support such efforts through technical resources, capacity building, and industry partnerships.

Recent research indicates that while 5G has provided a transformative roadmap for "always-on" connectivity, emerging AI demands will increasingly require more intelligent, adaptive, and AI-native network architectures. In this context, the development of 6G presents an opportunity to build future-ready infrastructure that

can extend intelligence more seamlessly across devices, the edge, and the cloud (Modi, S., et al., 2026). Realizing this vision will require governments to work closely with industry across four key policy levers: 1) timely access to spectrum; 2) open global standards; 3) sustained R&D investment supported by reliable intellectual property frameworks; and 4) strong technical talent pipelines.

USABC members also underscore the importance of coordinated, scalable AI workforce development initiatives. While individual companies already run training programs on cloud, data, and AI, these efforts remain fragmented. A regional approach, aligned with instruments such as the ASEAN Qualifications Reference Framework (AQRF) and building on Malaysia's focus on skills-based hiring and Technical and Vocational Education and Training (TVET), as well as the Philippines' experience in services-led workforce development, could create shared competency frameworks, portability of credentials, and cross-border mobility for digital workers. Sector-focused AI pilots in areas such as healthcare, agriculture, manufacturing, construction, disaster risk management, public service, and tourism industries would then provide practical platforms for applying these skills.

E. Alignment with Priority Economic Deliverables

These key priorities align with the Philippines' PEDs for 2026, which seek to leverage responsible AI use amidst ASEAN regional efforts. PED 8 pushes for the signing of the ASEAN DEFA and acknowledges its crucial role in the digitalization strategy of the ASEAN. The key priorities of USABC members, which align with the DEFA's commitment to digital transformation, can help stimulate inclusive growth in the regional digital economy.

The AI pilots in particular sectors demonstrate AI's contribution to inclusive, sustainable development and advance the PEDs on MSMEs, creative industries, and STI on AI. This risk-based adoption of AI aligns directly with PED 9 on strengthening MSMEs via bridging the digital divide, PED 12 on the advancement of creative industries, and PED 14 on the ethical application of AI in health.

Collectively, these key priorities reflect the principles of innovation and responsible AI use across the region in line with the strategic thrust of accelerating digital transformation. Across all four priority areas, a common requirement is that AI systems are subject to ongoing monitoring and evaluation – including drift detection, performance and safety metrics, and feedback and incident-response mechanisms – so that governance arrangements and technical safeguards can be updated as use and risk profiles evolve.

IV. Proposed Activities and Projects For 2026

The following high-impact activities are proposed for implementation along the sidelines of ASEAN sectoral meetings and related processes in 2026. These initiatives are designed to support the priorities identified by USABC members and to align with the Philippines' Priority Economic Deliverables related to digital transformation, innovation, resilience, and inclusive growth. Each project emphasizes practical implementation, policy relevance, and the potential for continuity beyond a single Chairship year.

A. Proposed Project One: U.S.–ASEAN AI Summit

We recommend hosting the U.S.-ASEAN AI Summit, a flagship, multi-track platform that anchors ASEAN's AI agenda during the Philippines' Chairship. The Summit will bring together policymakers, regulators, industry leaders, and technical experts from across ASEAN and dialogue partners. It will provide a structured space for strategic dialogue on risk-based AI governance, data governance and interoperability, secure AI infrastructure, and sector-specific AI applications in areas such as healthcare, agriculture, manufacturing, disaster resilience, smart infrastructure, financial services, and public services.

The Summit will feature three integrated tracks: 1) foundational policy dialogues focused on aligning national approaches with ASEAN-level instruments (e.g., ASEAN Responsible AI Roadmap, ASEAN Guide on AI Governance and Ethics, proposed ASEAN Declaration on Responsible AI Implementation); 2) technical dialogues on cloud-edge architectures, cybersecurity, and AI-enabling infrastructure, semiconductors; and 3) sector-focused dialogues on AI corridors that can be piloted and scaled across ASEAN, including but not limited to the government's role in ecosystem development.

Expected outputs include a Chair's Summary, policy recommendations to relevant ASEAN bodies, and a shortlist of public–private pilot initiatives and collaboration pathways that can be launched under the 2026 to 2027 Chairship sequence (Philippines-Singapore).

B. Proposed Project Two: Digital Transformation in Government Workshop Series (DIGIT) on AI

This capacity-building program aims to strengthen AI readiness and institutional capacity among ASEAN government officials and public-sector practitioners. Building on the Philippines' existing Digital Transformation in Government Workshop Series (DIGIT), the program will focus on practical challenges that officials face in planning, procuring, deploying, and overseeing AI in public services, such as establishing AI governance and coordination structures inside government, designing responsible AI procurement processes, conducting AI risk and impact assessments, safeguarding data protection and cybersecurity, ensuring ethical and inclusive use of AI in citizen-facing systems, and AI ecosystem development for cross vertical industries.

Workshops will be delivered in regional and country-level formats, combining plenary sessions, small-group clinics, and applied case studies drawn from ASEAN and global examples. Expected outputs include a trained cohort of ASEAN officials with practical AI governance skills, shared reference materials and templates for AI procurement and oversight, and country-specific action plans that can feed into ASEAN-level deliberations and Chairship deliverables.

C. Proposed Project Three: ASEAN Secure AI and Critical Infrastructure Resilience Initiative

The ASEAN Secure AI and Critical Infrastructure Resilience Initiative will address rapidly evolving AI-driven cyber risks by promoting secure-by-design and

resilient-by-design approaches to AI deployment in critical sectors, while ensuring that AI regulations do not inadvertently constrain the use of AI for defensive purposes. The initiative will bring together national cybersecurity agencies, critical infrastructure regulators, and industry experts to co-develop a practical reference framework with priority focus on four AI-specific security areas, namely protection of defensive AI in cybersecurity operations; adversarial input detection and mitigation; model security and intellectual property protection; and privacy-preserving AI techniques (e.g., federated learning, differential privacy) in high-risk environments.

The framework will cover the full AI lifecycle – from model security, data pipeline protection, access controls, logging, and monitoring to incident response for AI-related events. Special focus will be placed on Agentic Security for autonomous AI agents, including guardrails for identity and access management (IAM) for non-human agentic identities for business purposes. With machine identities now vastly outnumbering human identities by more than 80 to 1 (CyberArk, 2025), the emerging wave of AI agents requires a comprehensive approach to securing new identity, whether human, machine, or agentic, to ensure resilience and trust across critical systems.

In addition to framework development, the initiative will organize one or more AI-enabled cross-border cyber incident simulations, testing regional coordination in responding to a sophisticated AI-powered attack on cross-border financial services, energy systems, or telecommunications networks. These exercises will identify the strengths and gaps in existing processes while demonstrating how AI can identify sophisticated "low and slow" attacks that traditional security measures or standard Generative AI models might miss, providing a blueprint for automated regional defense.

Finally, the initiative also aims to strengthen real-time threat intelligence sharing by designing voluntary mechanisms for the timely exchange of cybersecurity indicators across borders, under clear legal frameworks and with appropriate protections for sensitive operational and proprietary information. This is consistent with the DEFA's cybersecurity and data cooperation pillars and considers lessons from the ASEAN Cybersecurity Resilience and Information Sharing Platform (CRISP) and the ASEAN Regional CERT.

D. Proposed Project Four: ASEAN Center for the Workforce of the Future (ACWOF)

The ASEAN Center for the Workforce of the Future will serve as a regional coordination and knowledge platform for digital skills development, workforce transformation, and institutional capacity building, aligning closely with Priority Economic Deliverables on AI, digital workforce, MSMEs, and STI on AI. Operating as a virtual hub anchored in a Philippine higher education or training institution, with satellite coordination nodes in several ASEAN Member States, the Center will showcase the Philippines as both a leader and an enabler of people-centered transformation. The ACWOF will develop a competency-based AI workforce framework, curate and deliver training programs, and maintain a repository of best practices, resources, and self-paced online learning content. To streamline AI initiatives across ASEAN, the Center should report into the ASEAN Digital Ministers meeting track, similar to current programs (e.g., led by the ASEAN WG-AI).

The Center will function as a coordination and capacity-building platform rather than a regulatory or certification authority. Its role will be to facilitate skills portability, shared competency development, and knowledge exchange across Member States, while preserving flexibility for national education systems and private-sector training initiatives.

The AI workforce framework will define skill levels and roles across government, enterprises, MSMEs, and education systems—from foundational AI literacy to advanced data science and AI engineering—and link them to micro-credentials, certification pathways, and existing ASEAN instruments such as the ASEAN Qualifications Reference Framework (AQRF). Training programs will combine online content from industry experts with synchronous workshops and in-person intensives, targeting public servants, MSME owners, educators, and industry practitioners. In addition to role and competency mapping, the training programs can also incorporate modules on AI governance, cybersecurity integration, privacy-preserving techniques, model monitoring, incident response, and alignment with responsible-AI dimensions, reflecting the skill sets needed to deploy and oversee AI cybersecurity systems in production environments. Training may also include ecosystem development of Edge-AI which will help boost innovation in vertical industries leading to economic benefits.

The Center will also coordinate peer-learning networks and regional forums, helping replicate successful AI use cases across Member States (e.g., disaster management, supply chain optimization, public service automation), and ensure that underserved groups, including women, rural communities, seniors, and youth, are included in AI upskilling opportunities. Structured pathways that combine foundational AI literacy with applied implementation skills for enterprises, MSMEs, and public institutions can help accelerate AI adoption across the region, particularly in economies such as the Philippines with strong services and BPO sectors and a young, digitally connected population.

E. Proposed Project Five: ASEAN Digital Data Corridor Pilot

The ASEAN Digital Data Corridor Pilot can demonstrate how the DEFA's provisions on data governance, interoperability, and trusted cross-border data flows can be operationalized in concrete AI-enabled use cases, while addressing legitimate sovereignty and security concerns. The pilot will focus on a small number of high-impact use cases, such as cross-border trade and customs compliance, regional disaster risk reduction, or disease surveillance, where shared datasets and AI models can deliver clear regional benefits that no single Member State can achieve alone. Given the varying levels of willingness and capacity among ASEAN Member States, participation will be on a voluntary basis to avoid imposing an overly broad framework across all eleven countries in the region.

Participating Member States and agencies can co-design governance arrangements, data classification and access rules, and technical architectures (e.g., encrypted channels, audit logging, federated or hybrid models) that allow data to flow across borders while respecting relevant laws and oversight requirements. The Philippines' Chairship can convene relevant regulators, industry partners, and technical experts to specify pilot parameters; implement limited-scope corridors; and produce a documented roadmap and replication playbook that other Member States can adopt in subsequent years. The ASEAN Framework on Cross-Border Cloud

Computing provides a helpful starting point and framework for this proposed initiative. Outcomes from this pilot will inform and help refine the implementation of DEFA-related provisions, including regulatory interoperability, data protection, and cybersecurity.

V. Matters for Roundtable Consideration

The roundtable discussions are intended to facilitate open and constructive exchanges on priorities, feasible actions, and practical pathways for advancing artificial intelligence initiatives during the Philippines' 2026 ASEAN Chairship.

Recognizing the time, resource, and coordination constraints inherent in a Chairship year, the roundtables aim to identify areas where focused public–private collaboration may generate the greatest impact. The discussions are designed to be exploratory and inclusive, helping surface shared perspectives, implementation challenges, and realistic opportunities for cooperation at both the national and regional levels.

In particular, the discussions aim to:

- Invite government reflections on private-sector perspectives related to AI governance, infrastructure, security, and workforce development;
- Exchange views on the feasibility, sequencing, and timing of the proposed activities outlined in this paper; and
- Explore how private-sector engagement, where appropriate, can complement public-sector efforts in advancing ASEAN's AI agenda in a manner that is inclusive, secure, and sustainable.

VI. Conclusion

AI is a foundational enabler of economic competitiveness, public-sector effectiveness, and regional security and resilience across ASEAN. As ASEAN Chair in 2026, the Philippines is well positioned to take advantage of this and shape a practical and forward-looking AI agenda. The proposed initiatives outlined in this paper emphasize practical implementation, focusing on governance approaches that are risk-based and interoperable, enabling conditions such as trusted data and resilient infrastructure, and applied AI use cases that deliver tangible public value.

Grounded in consultations with USABC members and aligned with ASEAN priorities and the Philippines' PEDs, the proposed activities offer concrete pathways for meaningful public-private collaboration. These efforts aim to position AI not simply as a standalone technology, but as strategic infrastructure supporting ASEAN's next phase of digital transformation, inclusive growth, and institutional cooperation. By prioritizing feasibility, regional scalability, and continuity beyond a single leadership year, the Philippines' 2026 ASEAN Chairship has the opportunity to make a lasting contribution to ASEAN's evolving technology ecosystem.

Appendices

APPENDIX 1: MALAYSIA'S 2025 ASEAN CHAIRSHIP: ACHIEVEMENTS IN ARTIFICIAL INTELLIGENCE

Malaysia's 2025 ASEAN Chairmanship achieved significant progress in advancing critical AI governance:

• **ASEAN AI Safety Network (AI Safe):** Malaysia championed the development of the Declaration on the Establishment of the ASEAN AI Safety Network, the first regional initiative globally to institutionalize AI safety, ethics, and governance principles. The network provides a foundational framework for risk-based and coordinated AI oversight (Chairman's Statement of the 46th ASEAN Summit, 2025).

• **Regional AI Governance Coordination:** Malaysia advanced preliminary discussions on harmonized AI governance approaches, emphasizing the need for risk-based, interoperable frameworks aligned with international standards rather than prescriptive national rules (ASEAN, 2025).

• **AI Integration with DEFA:** Malaysia promoted alignment between the Digital Economy Framework Agreement (DEFA), substantially concluded in 2025, and AI governance requirements, recognizing that trusted data flows and interoperable data governance are prerequisites for secure and scalable AI adoption (Chairman's Statement of the 46th ASEAN Summit, 2025).

• **AI-Enabled Digital Services:** Malaysia highlighted the use of AI to enhance public-sector efficiency and service delivery, supporting capacity building among government digital innovation units to pilot AI use cases in healthcare, customs, and infrastructure management (USABC-SERI White Paper, 2025).

• **ASEAN Community Vision 2045:** Malaysia facilitated adoption of the Kuala Lumpur Declaration on ASEAN 2045: Our Shared Future, which sets ASEAN's long-term strategic direction for the next two decades with emphasis on digital transformation, innovation, and responsible AI deployment (Kuala Lumpur Declaration, 2025).

The accomplishments under Malaysia's Chairmanship created momentum for continued regional AI coordination and trust-building, providing the Philippines with a strong foundation to advance practical implementation during its 2026 term.

APPENDIX 2: PROJECT ALIGNMENT WITH PHILIPPINE PEDs AND PROGRAM PARTNER PRIORITIES

The following table demonstrates the comprehensive alignment of the proposed projects with the Philippines' 2026 Priority Economic Deliverables (PEDs) and the specific priorities identified by USABC members:

Project	Aligned PEDs	Member Company Priorities
PROJECT ONE. U.S.-ASEAN AI Summit	• PED 8 (DEFA) • PED 9 (ASEAN Declaration on Responsible AI-Powered MSME Growth) • PED 12 (ASEAN Center of Excellence for Creative Industries [ACE-CI]) • PED 14 (Regional Program for Science, Technology, and Innovation [STI] on AI)	• Developing responsible, risk-based, interoperable AI governance that preserves defensive cybersecurity use cases • Advancing cross-border data flows and trusted AI enablement under DEFA • Launching sector-focused AI corridors and pilots that can be scaled across ASEAN
PROJECT TWO. Digital Transformation in Government Workshop Series	• PED 3 (Leader's Declaration on the Cross-Border Movement of Digital Workers) • PED 14 (Regional Program for STI on AI)	• Building AI governance and implementation capacity among public officials • Integrating secure-by-design principles in public-sector AI • Enabling ethical and inclusive AI use in government services • Supporting regional talent mobility through shared AI competencies
PROJECT THREE. ASEAN Secure AI and Critical Infrastructure Resilience Initiative	• PED 8 (DEFA) • PED 9 (ASEAN Declaration on Responsible AI-Powered MSME Growth) • PED 10 (Advancing ASEAN Regional Payments Connectivity) • PED 14 (Regional Program for STI on AI)	• Securing AI systems and critical infrastructure • Enhancing regional cyber resilience through voluntary and safeguarded coordination and sharing mechanisms • Ensuring AI regulations protect defensive uses of AI
PROJECT FOUR. ASEAN Center for the Workforce of the Future	• PED 3 (Leader's Declaration on the Cross-Border Movement of Digital Workers) • PED 9 (ASEAN Declaration on Responsible AI-Powered MSME Growth)	• Advancing digital workforce development and skills recognition across ASEAN • Supporting MSME AI readiness and adoption

	• PED 11 (Establishment of the ASEAN Center of Excellence for MSMEs) • PED 14 (Regional Program for STI on AI)	• Strengthening voluntary academia–industry–government collaboration on AI capability development • Promoting inclusive AI skills for women, youth, and rural communities
PROJECT FIVE. ASEAN Digital Data Corridor Pilot	• PED 8 (DEFA) • PED 10 (Advancing ASEAN Regional Payments Connectivity) • PED 14 (Regional Program for STI on AI)	• Strengthening data governance for AI systems • Enabling trusted and interoperable cross-border data flows for priority AI use cases • Demonstrating practical implementation of DEFA data and interoperability provisions • Supporting sectoral AI applications in trade, disaster risk reduction, and health

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