ISAS Brief
No. 1402 – 3 August 2026

EU-Indo-Pacific Cooperation on Artificial Intelligence: Opportunities Across South and Southeast Asia

Karthik Nachiappan

Summary

A European Union-Indo-Pacific Artificial Intelligence (AI) partnership creates a third stream of global AI governance, grounded in openness, ethical design and economic inclusion – distinct from the techno-liberal United States model and the state-centric China model.

The rapid expansion of artificial intelligence (AI) across the Indo-Pacific is reshaping economic competitiveness, supply-chain resilience, governance structures and digital-era geopolitics. For South and Southeast Asia – home to some of the world's most dynamic digital economies – the emergence of AI offers unprecedented opportunities for productivity growth and inclusive development. Yet the region faces persistent constraints, including uneven digital infrastructure, limited regulatory capacity, gaps in cybersecurity and low levels of AI readiness among small and medium enterprises (SMEs).

At the same time, the European Union (EU) has positioned itself as a global leader in trusted AI governance, digital standards, regulatory frameworks and innovation ecosystems, driven by the EU AI Act and the broader digital single market agenda. The EU's 2021 Indo-Pacific Strategy identifies digital transformation and technology governance as core pillars of engagement, signalling a long-term commitment to shaping a stable and interoperable digital architecture across the region. Together, these dynamics create a significant opening for EU-Indo-Pacific AI cooperation, especially with South Asia and Southeast Asia.

Why AI Cooperation Matters Now

The Indo-Pacific is entering an era of accelerated digitalisation. Southeast Asia's digital economy is expected to reach nearly US$300 billion (S$384.4 billion) by 2025, while India's digital ecosystem – anchored by the Digital Public Infrastructure – is scaling rapidly across payments, logistics, e-commerce and health. AI is now the next frontier shaping competitiveness, productivity and national security.

For both the EU and Indo-Pacific countries, AI cooperation serves three strategic purposes. First, economic competitiveness and supply-chain resilience: AI has become integral to manufacturing, agri-tech, logistics and financial services. Coordinated EU-Indo-Pacific efforts can help SMEs upgrade capabilities and embed themselves more deeply into global value chains. Second, standards and governance shaping are crucial. The EU seeks partners to internationalise principles of trustworthy, transparent and human-centric AI. The Indo-Pacific countries need regulatory models that balance innovation with safeguards and that help them integrate with global markets. And third, geopolitical diversification matters. As US-China technological rivalry intensifies, the South and Southeast Asian countries want diversified technology partnerships. The EU, as a normative and regulatory actor without coercive digital interests, offers a balancing option.

Indo-Pacific Strengths and Constraints

That said, there are also benefits and constraints to AI cooperation. In terms of benefits, there is high digital dynamism across both continents measured in terms of rapid AI-adjacent adoption in e-commerce, financial technology, logistics, healthcare and education. Platform-led innovation thrives through robust ecosystems in India, Singapore, Indonesia and Vietnam are driving new AI use cases for mobility, health, finance and agriculture. And there are also cost-effective scaling models in the form of India's open-source AI, Singapore's AI Verify framework and ASEAN-wide digital initiatives (Digital Economy Framework Agreement, ASEAN Digital Masterplan) that are creating templates suited for emerging markets.

Constraints also exist. There is uneven regulatory capacity to evaluate models, govern datasets and implement risk-based frameworks. Fragmented data regimes across South and Southeast Asia thwart integration. This situation is compounded by skills and talent gaps in key Asian markets. Cybersecurity vulnerabilities are affecting trust and supply chains. And there is low SME readiness, especially in traditional sectors such as manufacturing, retail logistics and agriculture. These gaps underscore the need for external partnerships that combine technical assistance, regulatory support and innovation financing.

Areas of High-Potential EU-Indo-Pacific Cooperation

The EU's regulatory leadership offers a natural basis for building risk-based AI governance frameworks across the Indo-Pacific. Many countries in Asia – Singapore, Japan, South Korea and India – already draw on EU principles when drafting rules. EU institutions, universities and research centres can partner with Asian digital ministries and think tanks to strengthen AI governance capacity through scholarships and mobility programmes for AI governance officials; joint research on algorithmic transparency, safety evaluations and responsible open-source models; and capacity-building for cyber resilience and AI-enabled threat detection. Such initiatives directly address regional deficits in regulatory and technical expertise.

Conclusion

AI will be central to the future of economic competitiveness, security and governance across both Europe and the Indo-Pacific. The EU's strengths in trusted AI regulation and research, combined with the Indo-Pacific's digital dynamism and platform-driven innovation, make cooperation both timely and mutually reinforcing. By aligning standards, supporting SMEs, investing in capacity building and scaling interoperable digital infrastructure, the EU and Indo-Pacific can co-create a more inclusive, trusted and resilient AI ecosystem – one that shapes the global digital future rather than merely responding to it.

. . . . .

Dr Karthik Nachiappan is a Research Fellow at the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore (NUS). He can be contacted at isaskn@nus.edu.sg. The author bears full responsibility for the facts cited and opinions expressed in this paper.