
Sandpiper
Avoiding an AI Apocalypse
Where do Asia Pacific and US business leaders sit on the future of AI policy?

As China and the United States (US) maintain their positions as the world's superpowers in AI technology, concerns are growing around what this race could mean for the technology's safety and alongside this how regulation will evolve in these markets and around the world.

Following President Xi's visit to the US and a summit with President Trump, China and the US have agreed to set up a channel for handling AI-related incidents and to hold a dialogue on the technology's risks and benefits, with the next round of talks set for November. However, as no definitive agreements around further controls or a pause have been announced at this time, the future for AI policymakers and businesses still remains largely uncharted.

Navigating between the two global superpowers, Asia Pacific's (APAC) middle powers are hedging, and their choices reflect a lesson: being a US ally no longer guarantees access to American technology. After Washington restricted exports of advanced AI models, South Korea fast-tracked a sovereign cybersecurity model, while Japan is committing ¥1 trillion to home-grown AI. Australia and Singapore, with less capacity to build frontier models, are seeking influence through other means. Beyond seeking influence through governance, they are positioning themselves to own key parts of the AI value chain, drawing on strong university and research bases, growing their data-centre footprints, and in Australia's case, renewable energy that could make it a strategic infrastructure location.

The wider region is also one of the largest consumers of AI, leverage that stems from its sheer population and scale. Yet, the collective effect of hedging is amplifying global fragmentation, which could leave middle powers with less say over global AI rules than their combined weight suggests and the private sector even more confused on the right path ahead.

Against this backdrop, and given the critical role of the private sector in shaping the future of AI policy, Sandpiper Public Affairs conducted a poll of over 500 C-Suite business leaders across APAC and the US to gauge the mood of the private sector around the AI race and regulation. Complemented by analysis around how global markets are approaching AI policy development, our key findings and observations highlight the conflicted and complex dynamics for AI policymakers to manage and how businesses can and should be playing a role in shaping the future of AI policy to ensure a better future.

The C-suite are more positive than negative about AI, particularly in middle power markets where good governance is a priority

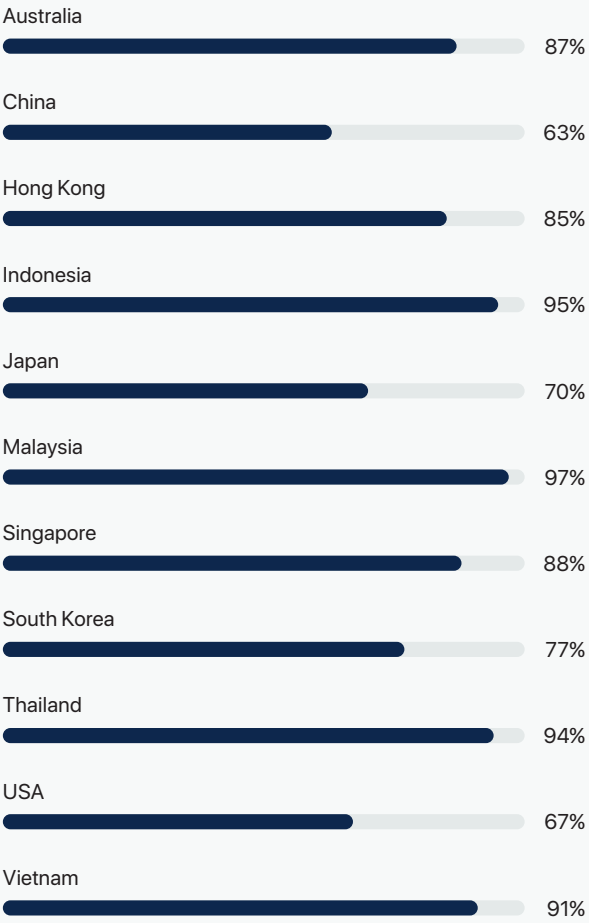
Overall, across all markets, eight out of 10 C-suite leaders believe the potential benefits of AI outweigh its potential risks, but this view differs substantially by market. Positivity runs highest in ASEAN markets where 92% of leaders hold this view. It also remains high in Australia (87%) and Singapore (88%), compared to the US where just 67% and in China just 63% of leaders h believe the potential benefits outweigh the risks.

Middle powers are showing that confidence in AI does not depend on building frontier models. Early, practical governance in markets like Australia and Singapore is giving businesses the clarity to adopt with confidence, while the region's long habit of embracing new technology as a route to economic growth is turning this confidence into action.

Private sector leaders are keeping faith in policymakers, but underestimations must be addressed to close confidence gaps

While most C-suite leaders have a general level of confidence in the abilities of policymakers and regulators to take the right decisions and actions to support the successful scale-up and integration of AI technologies, significant confidence gaps exist. Fewer than half are highly confident in their abilities to control the risks that the next evolution of AI technology will bring, to regulate ahead of these advances, to establish effective cooperation with other governments, or to prioritise human and societal welfare over competitive gains.

Potential benefits of AI outweigh the risks

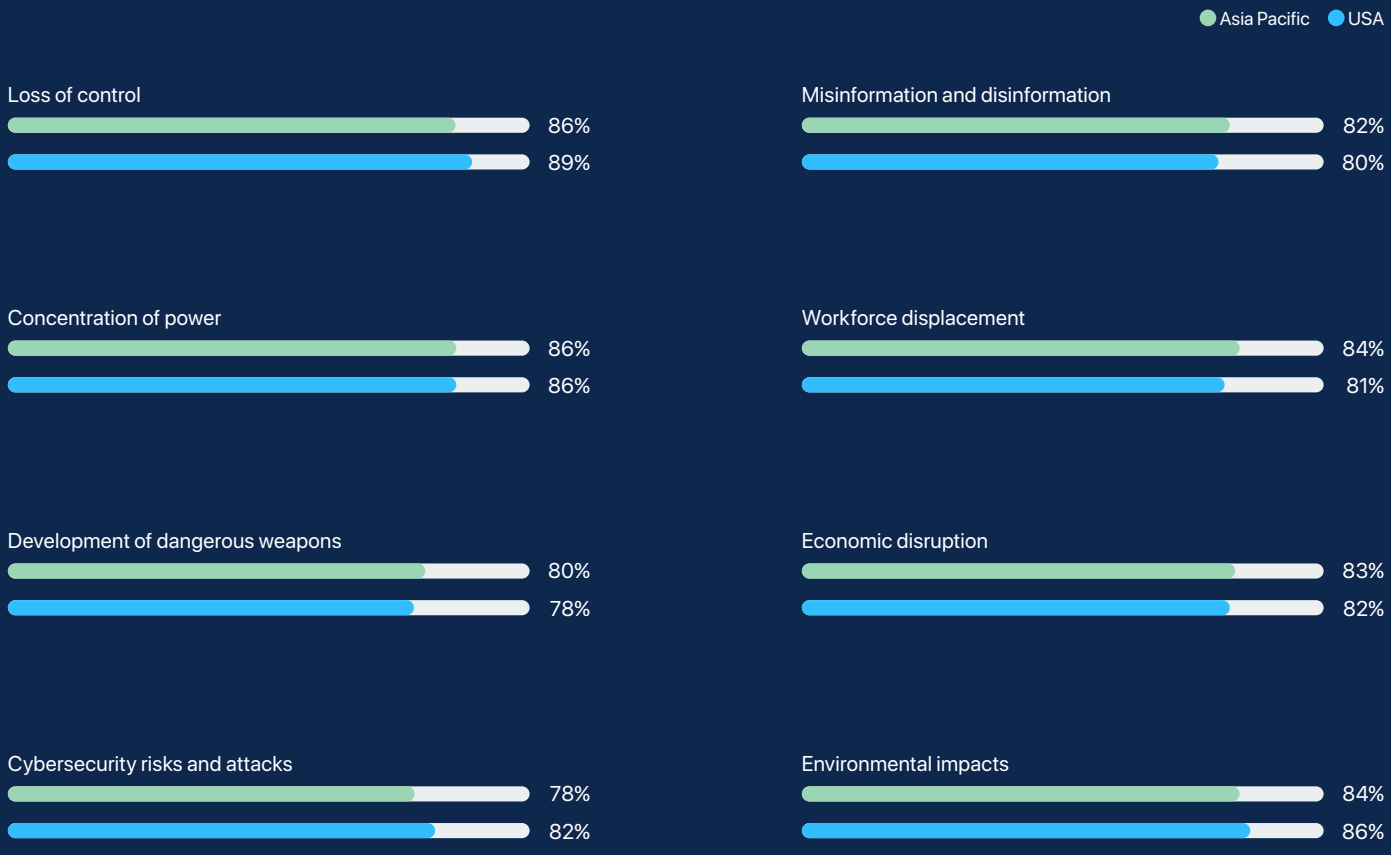


% highly confident of policymakers' and regulators' abilities

The failure of policymakers and regulators at this juncture to garner strong levels of confidence among the private sector is supported by our findings that around eight in 10 C-suite leaders believe there is an underestimation of the potential harmful impacts of AI. Strongest among all is the perceived failure to estimate the potential for loss of control as AI advances, concentration of power, workforce displacement, and environmental impacts.

US business leaders are generally more likely to feel there are underestimations than in APAC markets. However, APAC business leaders are more concerned than their US counterparts when it comes to risks with the development of dangerous weapons, misinformation and disinformation, workforce displacement, and economic disruption.

% believe policymakers and regulators underestimating potential risks



Policymakers are responding with seven distinct approaches to AI regulation

In further signs of fragmentation, our analysis shows that the policymakers and regulators in the markets covered by this report have adopted to date at least seven different models of AI governance to guide future AI adoption and innovation.

Among these, South Korea and Vietnam have passed binding, comprehensive laws, Japan and Singapore are relying on voluntary frameworks, and the US has moved towards federal deregulation.

AI regulation is developing quickly, and governments are increasingly treating it as a national security and economic issue as well as a consumer protection one, which makes alignment harder. The seven models, and the markets that follow each, are set out below.

1 Binding, comprehensive AI laws
This group has moved fastest to put mandatory, enforceable legislation on the books — not just guidelines. The laws generally target "high-impact" systems that could seriously affect people's lives, and they explicitly reach foreign companies, not just domestic firms.

Markets: South Korea, Vietnam

2 Strict, state-driven regulation
A patchwork of binding rules built up over time rather than one single law, closely tied to national security and data control, with mandatory content labelling and sector-specific rules (e.g. generative AI, deepfakes, human-imitating AI services).

Markets: China

3 Light-touch, voluntary frameworks
This group has deliberately avoided binding, penalty-backed regulation, prioritising innovation and adoption speed — consistent with broadly positive public sentiment toward AI across these markets.

Markets: Japan, Singapore

4 Existing laws and sector regulators
These markets rely on existing privacy, consumer and financial laws enforced by current regulators, not a dedicated AI act. Hong Kong is reviewing legal gaps, while Australia expects to introduce legislation for mandatory AI standards in early 2027.

Markets: Hong Kong, Australia

5 Federal deregulation, state-level patchwork
No comprehensive federal AI law exists or looks imminent; policy runs through executive orders. States have filled the gap with 109 AI laws by July 2026, while a Justice Department task force challenges them in court, deepening fragmentation.

Markets: United States

6 Moving from voluntary to binding
These markets currently govern AI through strategies, ethics guidelines and data protection laws, but are drafting binding rules. Thailand published a draft law in July 2026, Malaysia is drafting an AI bill, and Indonesia is preparing presidential regulations.

Markets: Thailand, Malaysia, Indonesia

7 The EU as global reference point
The EU AI Act is the world's first comprehensive AI law and the template for many drafts elsewhere. Brussels has delayed high-risk obligations to December 2027, a sign that even the strictest regulator is weighing competitiveness against control.

Market: EU

Looking forward geopolitics leads the field of AI concerns

When asked to rank the biggest challenges in AI development in the next five years, leaders were most likely to place in their top three: national security and geopolitics (57%; energy capacity (51%); and governing agentic and autonomous systems (50%).

While much of the public debate centres on safety, regulation and whether the sector is moving too fast, leaders' top concern is geopolitical control over AI's supply chains, with safety and governance issues ranking almost level with infrastructure needs such as energy.
The prominence of geopolitics reflects how closely AI capability is now tied to control over chips, supply chains and international alliances. APAC, which accounts for a large share of the world's AI hardware manufacturing, but relies heavily US designed chips, is leaning increasingly on cheaper models and components out of China. For many countries, the ability to build or use AI at all depends on access to computing power, energy and skilled people, which makes supply chain security a precondition for everything else.

Beyond geopolitics, the results show no clear hierarchy. Infrastructure concerns such as energy rank alongside governance concerns such as autonomous systems, misinformation and data privacy. This suggests leaders are not treating hardware and regulation as competing priorities. Instead, they see risk across the board and face the challenge of addressing several issues at once rather than one at a time.

Biggest challenges for AI policymakers in the next five years?

	% ranked in Top 3
National security and geopolitics (e.g. control over chips, AI supply chains, geopolitical restrictions and alliances)	57%
Energy capacity (e.g. sufficiency of energy sources to power data centres and AI infrastructure)	52%
Governing agentic and autonomous systems (e.g. advanced models acting independently, bypassing security)	49%
Misinformation and deepfakes (e.g. increase in AI-generated deepfakes and misinformation)	48%
Data privacy and sovereignty	48%
Managing economic disruption (e.g. workforce displacement)	46%

The way ahead for the China-US dialogue and its global impact

Beijing has presented dialogue with the US as a way to prevent misuse of AI and keep it under human control. Washington is being more guarded, with Trump saying the US will not slow its AI efforts and would restrict what it shares. The gap between those positions will shape what the dialogue can deliver.

Warnings from US industry leaders that humans could lose control of AI without a slowdown in research have added pressure for engagement on safety, as has China's progress in closing the gap with the US. Yet Washington sees its lead as leverage and is unlikely to trade it away. Beijing has potentially more to gain from the talks, since a standing dialogue gives it a seat alongside the US in setting norms for advanced AI and a forum to press on export controls. Recent chip and model releases from Chinese firms also strengthen Beijing's argument that US restrictions have limits, while disputes over remote access to Nvidia chips remain unresolved.

The November talks will most likely produce modest, procedural outcomes, with frontier development and chip controls kept off the table. The APEC summit in Shenzhen in November and the G20 in Florida in December will show whether the dialogue gains momentum or fades once the goodwill of the state visit wears off. A working communication channel would make it harder for an AI incident to turn into a crisis between Beijing and Washington, though the rivalry itself will carry on much as before.

Given the present uncertainty, policymakers in most markets are likely to keep hedging and leaning on regional partners, and they would be wise to assume that competition between the two powers over AI will sharpen, whatever comes out of the talks. Here, middle powers are well placed. Most are well experienced in collaboration, having had to negotiate and work within regional economic trade agreements, frameworks, pacts and treaties that span all levels of economic integration. This ability is perhaps an underrated strength, especially as innovation is progressed and strengthened most effectively with inputs from diverse sources.

Who wins the race? Ultimately, we all should

Asked who will win the AI race at the present time, opinion splits sharply along geographic lines. C-suite leaders in China are the most convinced of a decisive outcome in their own favour – 71% pick China, against just 17% for the US. American leaders show the same pattern: 64% back the US, with only 15% picking China.

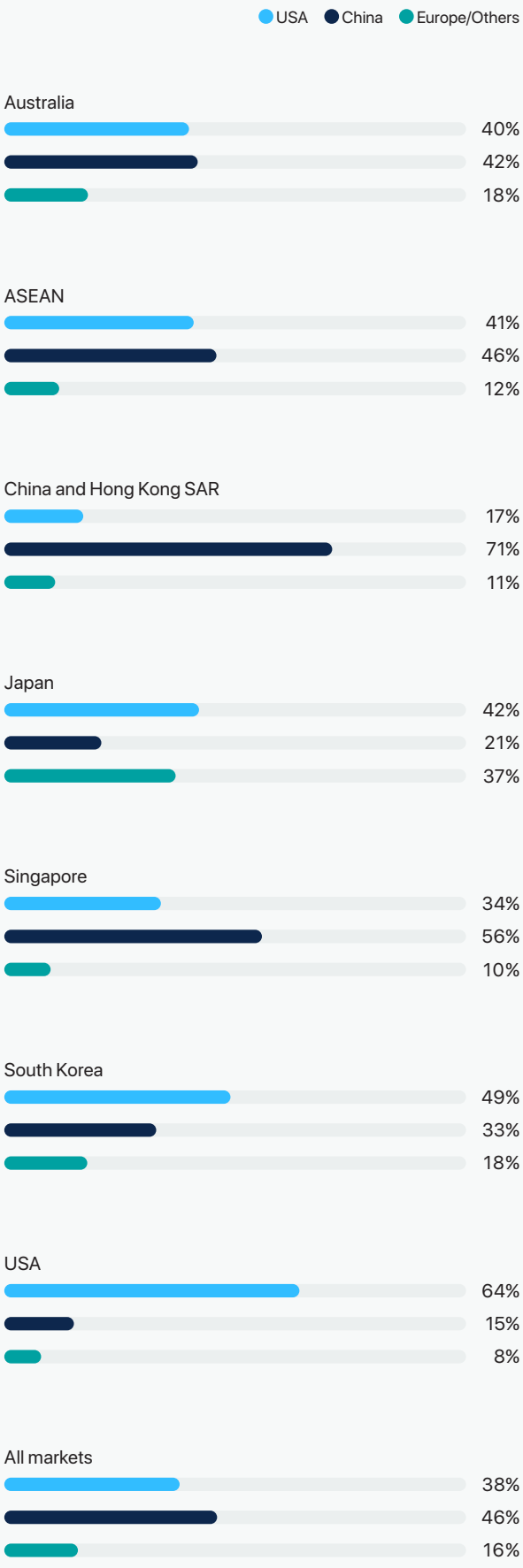
Views in the region's middle powers on who will lead in AI are as divided as their governments' strategies. Business leaders in Japan and South Korea expect the US to pull ahead, Singapore leans towards China, and Australia is split almost evenly. Japanese and Korean leaders are also the most likely to look beyond the two superpowers, with more than one in four expecting Europe or another player to lead. ASEAN sits in between, and notably doesn't mirror the US's confidence in itself – 46% of ASEAN respondents expect China to come out on top, against 41% for the US.

This says as much about the middle powers' expectations and each market's exposure as it does about the technology itself. Japanese and Korean businesses have relied on US chip supply chains, so their confidence in the US partly reflects their own business interests.

Singaporean business leaders' lean towards China likely reflects the growing presence of Chinese technology across the region. Despite its security alliance with the US, Australian business leaders are no more convinced of US leadership than they are of China's, a sign that commercial judgement and strategic alignment are starting to pull in different directions.

Ultimately, AI will continue to be shaped by competition between China and the US, but that does not mean there is only one winner. The middle powers of APAC bring real strengths to the table: strong research talent, a growing data-centre footprint, energy resources and some of the world's fastest and largest markets. Their business leaders are among the most positive about AI anywhere, and that confidence is well founded. If governments continue to keep channels open, work towards more consistent rules, and build on each other's strengths, AI can deliver growth across the whole region, with governments, businesses, and communities in every market better off as a result.

Who will emerge superior in AI technology in the next five years?



Recommendations for businesses

Sandpiper Public Affairs is pleased to share five recommendations for businesses looking to navigate AI policy development with success over the coming period.

1. **Engage early** – Map key policymakers, regulators, and influencers in each market, and take part in consultations and industry groups while the rules are still being written. Shaping policy early is far easier than reacting to it later.

2. **Hedge against fragmentation** – A single set of AI rules across APAC or globally is unlikely any time soon, so build governance that works across markets, either by meeting the strictest standard everywhere or by tailoring to each market.

3. **Prepare for worst case scenarios** – Rising China-US competition means access to chips, technology, and markets can shift quickly. Plan for the implementation of sudden export controls, sanctions or market restrictions so you can adapt without major disruption.

4. **Protect supply chains** – Avoid over-reliance on any single provider, chip source or market, as many APAC governments are already doing. Plan early for the energy, data centre and connectivity capacity AI will demand rather than assuming it will be available.

5. **Stay human-first** – Don't let commercial pressure override societal good. Keep people accountable for AI-driven decisions, and invest in reskilling so the workforce keeps pace with change rather than being left behind.

Industry considerations

Energy and Infrastructure

Demand for power from data centres is rising, and markets with renewable energy and land could attract sovereign AI infrastructure.

Financial Services

AI used in lending and credit decisions is likely to face stricter rules early. Review how AI is used in these decisions, make sure outcomes can be explained, and strengthen controls as deepfake fraud grows.

Healthcare and Life Sciences

Patient data and AI used in diagnosis or treatment are closely regulated. Check where data is stored and processed.

Media and Advertising

More markets are requiring AI-generated content to be labelled. Set clear policies on AI use in content, label it consistently across markets.

Professional Services

Clients will need help working across the region's different AI rules. Build advisory expertise in AI regulation, set clear rules on confidentiality when using AI, and rethink how junior staff are trained.

Technology and IT

Export controls and limits on access to advanced chips and models affect this sector most. Map exposure, build compliance and security into products early, and explore local partnerships as demand for sovereign AI grows.

About the poll

Respondents by seniority

Chief Executive, Owner or Founder

35%

Other C-Suite Executives

65%

Respondents by market

		Respondents
ASEAN (Indonesia, Malaysia, Thailand, Vietnam)	25%	141
Australia	10%	53
China	16%	89
Hong Kong	11%	54
Japan	8%	43
Singapore	9%	50
South Korea	8%	43
USA	13%	73
TOTAL		**546**

Markets the organisation operates in

2–3 markets	43%
4–10 markets	37%
More than 10 markets	21%

Organisation size

Employees globally

50–249	27%
250–999	35%
1,000–4,999	28%
5,000+	10%

About Sandpiper Public Affairs

Sandpiper Public Affairs is the global policy, advocacy, and government relations division of the Sandpiper Group. We combine deep policy insight, extensive public affairs experience, and strategic communications expertise to help clients engage effectively with the decision-makers and stakeholders who shape their future. Whether influencing policy, managing reputations, or driving impactful campaigns, Sandpiper delivers tailored solutions that make a difference.

Contact us

As AI regulation continues to take shape market by market, staying ahead means understanding not just the rules, but the risks, relationships and reputations at stake. Sandpiper's public affairs and research specialists help organisations navigate this with clarity. Get in touch through publicaffairs@sandpipercomms.com to talk through what it means for you.

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