



ASIA PACIFIC
FOUNDATION
OF CANADA

FONDATION
ASIE PACIFIQUE
DU CANADA

Trade in AI

A Policy Agenda for Growing Canada's
AI Exports to the Indo-Pacific

SEPTEMBER 2026

I. INTRODUCTION	3
II. AI IN EXISTING TRADE AGREEMENTS AND CANADA'S POSITION	5
A. AI in Canada's trade policy	5
B. The baseline of an "AI trade agenda": How AI is already addressed in trade agreements and regional frameworks, and how Canada could build on what exists	6
Table 1 - Provisions related to AI and emerging technologies in select trade agreements, by type of instrument	7
III. DRIVING AN AI TRADE AGENDA IN THE INDO-PACIFIC	10
A. Driving an AI agenda in the CPTPP	10
B. Promoting common AI rules in the Indo-Pacific	
C. Champion Indo-Pacific region's agentic AI agenda	13
IV. CONCLUSION	14

BY KATI SUOMINEN,

FOUNDER AND CEO, NEXTRADE GROUP,

APF CANADA'S 2025-2026 JOHN H. MCARTHUR RESEARCH FELLOW

I. Introduction

Artificial intelligence is emerging as one of Canada's most promising tradable assets. [The first paper in this series](#) showed that Canadian exports of AI-intensive industries, including information services, computer services, research and development, financial services, and professional services, have grown substantially faster over the past decade than Canada's traditional exports of manufactured goods, minerals, and agricultural products. While the United States remains the primary market, the ongoing growth and digital transformation of the Indo-Pacific make the region a key future destination for Canadian AI-intensive firms, consistent with the objectives of [Canada's Indo-Pacific Strategy](#).

The [second paper](#) in this series assessed the trade policy landscape facing Canada's AI-intensive firms in the Indo-Pacific. At the multilateral level, several Indo-Pacific countries such as India, Indonesia, and the Philippines offer only limited liberalization for AI-enabled services sectors under the General Agreement on Trade in Services (GATS). The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) meaningfully improves market access and legal certainty for various AI-intensive services sectors in Australia,

Japan, Malaysia, New Zealand, Singapore, and Vietnam, but digital trade commitments are unevenly implemented. There are also applied barriers across the region such as data localization requirements, cloud licensing regimes, local presence requirements, restrictive procurement practices, and risks of source code disclosure.

These restrictive measures are compounded by an increasingly fragmented AI regulatory landscape, ranging from [Japan's principles-based AI Promotion Act](#) and [India's light-touch AI Governance Guidelines](#) to [Vietnam's prescriptive 2026 AI law](#), which obliges Canadian firms to adapt explainability, risk controls, and documentation to the requirements of each jurisdiction.

The urgency of deepening market access and fair treatment for Canadian AI-intensive firms in the Indo-Pacific has increased recently: at the joint review of the Canada-United States-Mexico Agreement (CUSMA) on July 1, 2026, the U.S., the destination for more than 60 per cent of Canada's AI-intensive exports, [declined to extend the Agreement to 2042](#). CUSMA remains in force until 2036, but it now enters a [cycle of annual reviews](#) that observers expect the U.S. to use as recurring leverage in renegotiations.

Diversification toward the Indo-Pacific is now an urgent means to manage the risk of market access challenges in the U.S. for Canadian AI-intensive businesses. This third paper discusses ways to do so. The eight recommendations for Canada are as follows:

1. Include in the CPTPP AI-focused trade provisions among willing members and through the Agreement's general review.
2. Broaden CPTPP membership to bring economies with considerable services trade barriers, such as Indonesia, the Philippines, and Thailand, under the Agreement's negative-list architecture, in which every services sector is liberalized unless otherwise defined.
3. Ensure full implementation of existing CPTPP e-commerce commitments pertinent to AI, such as on free data transfer rules, through regular, evidence-based reviews and, where needed, formal enforcement in co-ordination with like-minded members.
4. Promote the adoption and mutual recognition of international AI standards, notably ISO/IEC 42001 and ISO/IEC 23894, at home and across the region.
5. Establish a network of AI cooperation memoranda of understanding (MOUs) with Australia, Japan, New Zealand, Singapore, and South Korea covering regulator dialogues, AI sandboxes, safety evaluation, and business facilitation.
6. Pursue open, non-discriminatory access to government AI procurement through dedicated chapters in new agreements and support for Government Procurement Agreement (GPA) accession by Indo-Pacific economies.

7. Champion copyright rules conducive to AI development across the Indo-Pacific and at home.
8. Lead an Indo-Pacific work program on agentic AI with Australia and Singapore, delivering non-binding guidelines on agent identification, disclosure, liability, and trusted agent-mediated payments.

The next section briefly reviews the baseline — how AI is already addressed in trade agreements and regional frameworks in the Indo-Pacific, including instruments to which Canada is a party or an accession candidate — and where AI-related disciplines could be taken next. Section 3 develops eight recommendations, organized into three pillars: consolidating and extending the CPTPP as the principal rules framework for the region; promoting common AI rules, standards, and open government procurement across the Indo-Pacific; and championing pro-AI enabling policies and leading the region's agentic AI agenda. These measures would enable Canadian AI-intensive firms to service Indo-Pacific private-sector and government markets with greater ease as well as across borders, without having to set up separate entities in the region. They would also help Canadian companies offer the same AI solutions across multiple Indo-Pacific markets rather than reconfiguring their offerings for each individual market. Finally, they would enable Canada to lead policymaking on agentic AI, an area in which Canada has promising companies.



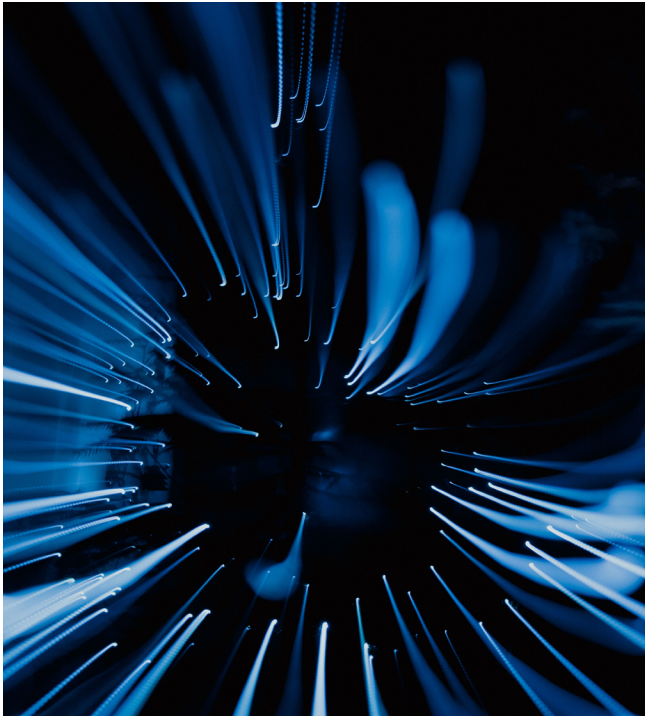
II. AI in existing trade agreements and Canada's position

A. AI IN CANADA'S TRADE POLICY

Canada is a party to two of the most consequential digital trade frameworks — the CPTPP and CUSMA — whose chapters supply the data flow, source code, and localization disciplines on which AI trade depends, but which contain no dedicated AI articles, as both predate the entry of AI co-operation into treaty practice. Moreover, the durability of the CUSMA framework is itself now in question following the outcome of the July 2026 review. Canada is a founding member of the CPTPP and a candidate for [accession to the Digital Economy Partnership](#)

[Agreement \(DEPA\)](#), with an Accession Working Group in place since August 2022 following Canada's formal request of May 2022, and completion of that accession would deliver Canada's first treaty-level AI commitment.

Canada also participates in the principal international AI governance frameworks on which trade provisions increasingly draw: it co-founded the Global Partnership on Artificial Intelligence, adheres to the OECD Principles on Artificial Intelligence, and contributed through the G7 Hiroshima AI Process to the international code of conduct for organizations developing advanced AI systems.



Canada's AI policy provides a foundation for "AI trade" commitments. Canada launched the Pan-Canadian Artificial Intelligence Strategy in 2017, the first national AI strategy in the world, and has since added the Directive on Automated Decision-Making governing the federal use of automated systems, the 2023 Voluntary Code of Conduct on the Responsible Development and Management of Advanced Generative AI Systems, the 2024 Canadian Sovereign AI Compute Strategy, the Canadian AI Safety Institute, and, in 2025, a dedicated [Minister of Artificial Intelligence and Digital Innovation](#).

In June 2026, the Government of Canada released AI for All, the renewed national AI strategy, based on the principles of building trust, creating opportunities, and reinforcing sovereignty. Among its commitments are a Canada Trusted AI Certification program, renewed funding for the Standards Council of Canada's AI program to shape global AI standards, expanded capabilities for the Canadian AI Safety Institute,

and efforts to take advantage of international AI partnerships that have already been signed. Alongside AI policymaking, Global Affairs Canada has contemplated the development of digital trade agreements with stand-alone digital trade instruments, as opposed to comprehensive free trade agreements.

B. THE BASELINE OF AN "AI TRADE AGENDA": HOW AI IS ALREADY ADDRESSED IN TRADE AGREEMENTS AND REGIONAL FRAMEWORKS, AND HOW CANADA COULD BUILD ON WHAT EXISTS

While Canada is actively pursuing trade integration, it has yet to drive a trade agenda involving AI. This contrasts with Indo-Pacific markets such as Australia, Japan, New Zealand, Singapore, and South Korea, which are already actively building digital trade agreements addressing AI, such as on responsible use of AI, AI innovation, inclusive AI, and the cross-border scalability of AI (table 1).

For example, the [Digital Economy Partnership Agreement \(DEPA\)](#), concluded by Chile, New Zealand, and Singapore and subsequently joined by South Korea, commits the parties to endeavour to promote ethical and governance frameworks for the trusted, safe, and responsible use of AI, and to take into account internationally recognized principles, including explainability, transparency, fairness, and human-centred values

The [Singapore-Australia Digital Economy Agreement](#) obliges the parties to co-operate on AI technologies and their governance, and the [Korea-Singapore Digital Partnership Agreement](#) sets the same objective on a best-endeavour basis. Both commit the parties to co-operate on AI governance frameworks at the national and international levels.

Table 1 - Provisions related to AI and emerging technologies in select trade agreements, by type of instrument

Agreement	Select AI provisions
Digital Economy Partnership Agreement (DEPA) (Chile–NZ–Singapore; Korea acceded 2024) Signed 2020 In force 2021 Korea accession in 2024 Art. 8.2 Artificial Intelligence, Module 8 (Emerging Trends and Technologies)	• Recognizes the economic and social importance of ethical and governance frameworks for the trusted, safe, and responsible use of AI. • Acknowledges the benefit of developing mutual understanding and ensuring frameworks are internationally aligned, given the cross-border nature of the digital economy. • Commits parties to endeavour to promote the adoption of “AI Governance Frameworks”, and to take into account internationally recognized principles or guidelines, including explainability, transparency, fairness and human-centred values.
Singapore-Australia Digital Economy Agreement (SADEA) Signed 2020 In force 2020 Art. 31 Artificial Intelligence, Ch. 14 (Digital Economy) as inserted into SAFTA by Annex A	• Promotes co-operation in sharing research and industry practices on AI technologies and their governance; responsible use and adoption by businesses and across the community; and commercialization opportunities and collaboration between researchers, academics and industry. • Recognizes the importance of ethical governance frameworks for trusted, safe and responsible use, and international alignment. • Commits parties to endeavour to collaborate on and promote AI Governance Frameworks through relevant regional and international fora, taking into account internationally recognized principles or guidelines.
Singapore–Australia MOU on Cooperation on Artificial Intelligence Signed 2020 Expanded MOU that supersedes 2020 text signed 2024 Government of Singapore – Government of Australia. Negotiated alongside SADEA	• Promotes sharing of best practices across the two AI ecosystems at governmental, institutional, academic and industry levels; access to AI technologies, markets, and talent; research–industry linkages supporting commercialization; a human-centred approach including ethical governance and alignment of governance and regulatory frameworks. • Promotes co-operation in information exchange on AI ethics and governance, research, technology, adoption by SMEs and entrepreneurship; multi-site test beds; seminars and workshops; business development and technology partnering missions; collaborative R&D; shared use of resources, data and infrastructure; exchange of researchers, academics, policymakers, and students. • Calls for Joint Strategic Dialogues to reduce barriers to AI collaboration, explore engagement in multilateral fora, share best practices on trusted and ethical use, and catalyze investment and trade opportunities.
Korea–Singapore Digital Partnership Agreement (KSDPA) Signed 2022 In force 2023 Art. 14.28 Artificial Intelligence, Ch. 14 (Digital Economy) as inserted into KSFTA by Annex A	• Recognizes AI’s growing importance and the benefits to natural persons and enterprises. • Recognizes the importance of ethical governance frameworks for trusted, safe, and responsible use, and the benefit of international alignment. • Commits parties to endeavour to collaborate on and promote AI Governance Frameworks through relevant regional, multilateral and international fora and co-operate by promoting dialogue and sharing experiences on regulations, policies, and initiatives relating to the use and adoption of AI.
Korea–Singapore MOU on Cooperation on Artificial Intelligence Signed 2022 Ministry of Science and ICT (ROK) – Ministry of Communications and Information (Singapore). Builds upon the KSDPA	• Framework to promote the responsible development and use of AI. • Objectives are near-verbatim to the Australia MOU: best-practice sharing; access to AI technologies, talent and markets; research–industry linkages supporting commercialization; human-centred approach including ethical governance frameworks and alignment where appropriate. • Includes co-operation on information exchange, including practices, policies, programs, laws, and regulations; collaborative R&D; enhancing co-operation in international fora relating to AI; exchange of researchers, academics and students; AI ethics and governance and its adoption by industry; AI start-ups, entrepreneurship and innovation; AI talent development, attraction and retention; multi-site test-beds; joint projects for AI and data in identified sectors.

Agreement	Select AI provisions
UK–Singapore Digital Economy Agreement (DEA) Signed 2022 In force 2022 Art. 8.61-R Artificial Intelligence and Emerging Technologies, Section F (Digital Trade and the Digital Economy) of Ch. 8 of the UK–Singapore FTA, as inserted by Annex A	- Names AI in the article title and bundles emerging technologies — distributed ledger, digital twins, immersive technologies, and IoT. - Recognizes the role of these technologies in economic competitiveness and in facilitating trade and investment flows and that they may require co-ordinated action across multiple trade policy areas. - Commits parties to endeavour to develop governance and policy frameworks for the ethical, trusted, safe and responsible development and use of AI and emerging technologies. - In developing them: principles and guidelines of relevant international bodies; risk-based approaches to regulation based on industry-led standards and risk management best practices; technological interoperability and neutrality. - Calls for co-operation on research and industry activities; laws, regulations, policies, enforcement, and compliance; promoting interoperability between international AI governance frameworks; ethical use, human diversity and unintended biases, industry-led technical standards, and algorithmic transparency. - Promotes collaboration across research, academia, and industry on R&D, joint deployment and test-bedding, investment and commercialization, and responsible use and adoption of AI; participation in international fora, especially the Global Partnership on Artificial Intelligence.
New Zealand–UK FTA Signed 2022 In force 2023 Art. 15.19 Digital Innovation and Emerging Technologies, Ch. 15 (Digital Trade)	- No AI-specific article. AI is reached through the definition of “emerging technology” — listing AI first, alongside distributed ledger, quantum, immersive and sensing technologies, and IoT. - Recognizes the importance of the safe and responsible development and use of emerging technologies to foster public trust. - Commits parties to endeavour to develop governance and policy frameworks for trusted, safe, and responsible use, and use the principles and guidelines of relevant international bodies, including the OECD and the Global Partnership on Artificial Intelligence. - Promotes risk-based or outcome-based regulatory approaches taking into account industry-led standards and risk management best practices; technological interoperability and neutrality; and co-operation on ethical use, industry-led standards, and algorithmic transparency to address unintended biases and the exacerbation of existing divides by ensuring human diversity is recognized in the development of technologies.
EU–Singapore Digital Partnership (EUSDP) Established 2023 Art. 29 Artificial intelligence	- Seeks enhanced cooperation on excellence and trust in AI to foster interoperability between the Parties’ AI governance systems, including exploring potential mutual-recognition arrangements where approaches are compatible. - Promotes exchanges on AI initiatives and research and industry practices; responsible AI adoption by businesses and the community; access by AI companies to business opportunities; collaboration among researchers, civil society and industry; and cooperation on AI test beds. - Promotes cooperation and alignment of positions in practical initiatives advancing trustworthy and responsible AI through GPAI and other international fora.
India–UK CETA Signed 2025 In force 2026 Art. 12.17 Cooperation on emerging technologies, Ch. 12 (Digital Trade)	- No AI-specific articles. AI is included via Art. 12.1 definition of “emerging technology,” listing artificial intelligence including machine learning first, alongside distributed ledger, quantum, immersive and sensing technologies, digital twins and IoT. - Parties are to endeavor to develop governance and policy frameworks for the trusted, safe and responsible use of emerging technologies. - Promotes cooperation on ethical use, human diversity and unintended biases, technical standards, and algorithmic transparency, research and investment, and active participation in international fora on standards and on the trade–technology interaction.

Each agreement is complemented by [bilateral memoranda of understanding](#) on the sharing of best practices across government, academia, and industry and on facilitating access to AI technologies, markets, and talent.

The [Australia-UK Free Trade Agreement](#) established a Strategic Innovation Dialogue on safe and responsible AI aligned in particular with the [OECD Principles on Artificial Intelligence](#). The [UK-Singapore and UK-New Zealand agreements](#) go further, directing the parties toward risk-based regulation having regard to technological interoperability and neutrality, and the [UK-Japan Comprehensive Economic Partnership Agreement](#) maintains a regulatory dialogue on AI, extended by the 2026 UK-Japan [Frontier Technology Partnership](#). Beyond the treaty framework, the U.K. and Japan have extended their 2022 Digital Partnership through the [Frontier Technology Partnership](#) of June 2026, a political statement of intent that covers AI alongside semiconductors, quantum, and cyber. The ASEAN Digital Economy Framework Agreement (DEFA), [concluded in May 2026](#) and due to be signed at the November 2026 ASEAN Summit, addresses AI through a co-operation-oriented emerging technologies pillar.

Building on those examples, Canada has an opportunity to engage with Indo-Pacific markets in AI and take these provisions to the next level. A forthcoming study by research firm Nextrade Group, titled *Model Template for Next Generation Digital Economy Agreements across Asia-Pacific*¹, provides language for this purpose. Its model binding provisions on AI and emerging technologies would commit parties to:

- Risk-based and proportionate AI regulation grounded in international standards and risk management best practices;
- Technology-neutrality, preventing discrimination among AI models and architectures, including between open-source and closed-source systems;
- Using internationally accepted, voluntary AI standards, such as ISO/IEC 42001 and ISO/IEC 23894;
- Discipline against technical regulations that create unnecessary barriers to trade;
- Ensuring sufficient protection for large and trusted datasets, including those generated through data mining, and;
- Measures to actively support AI development, including machine-readable open government data, copyright flexibilities for text and data mining, AI testbeds, and access by small and medium-sized enterprises to AI technologies, markets, and infrastructure.

The study finds that Canada already meets the vast majority of the Model Template's provisions, placing it in the top quartile of Indo-Pacific economies alongside Australia, Japan, Singapore, and the U.S. This means Canada is well-placed to deploy this template and its AI provisions in current and future digital trade chapters and agreements to help set the region's AI trade agenda.

The following section provides recommendations for Canada to drive an "AI trade" agenda — from working AI disciplines into the CPTPP to leading, together with other Indo-Pacific region AI frontrunners, the regional policy agenda for agentic AI.

¹ Nextrade Group, "Model Template for Next Generation Digital Economy Agreements across Asia-Pacific," Forthcoming report in September 2026.



III. Driving an AI trade agenda in the Indo-Pacific

The following provides three sets of recommendations for the Canadian government to work with CPTPP partners to promote binding AI disciplines in the CPTPP; promote common AI standards, co-operation, and fair government procurement across the Indo-Pacific; and champion pro-AI enabling policies and lead the region's agentic AI agenda.

A. DRIVING AN AI AGENDA IN THE CPTPP

Recommendation 1: Include AI-specific digital trade provisions in the CPTPP

The e-commerce chapter of the CPTPP was negotiated in the mid-2010s, prior to the emergence of foundation models, generative AI, and AI agents

transacting online. The general review of the Agreement offers a vehicle for modernization. The [Asia Pacific Foundation of Canada](#) has proposed AI governance — as well as enhanced data transfer mechanisms and cybersecurity governance — as a priority for updating the CPTPP's e-commerce chapter. The Nextrade Group Model Digital Trade Agreement Template offers a concrete drafting basis for this modernization that Canada should champion. A potential path could be to initially build the provisions as an MoU or side instruments among willing CPTPP members.

Recommendation 2: Support CPTPP membership expansion by extending the negative-list approach to ASEAN accession candidates

The second paper in this series found that Canadian AI-intensive firms face their highest barriers in economies outside the CPTPP, including China, India, Indonesia, the Philippines, South Korea, and Thailand. For a subset of these economies, CPTPP accession is a good path: after all, several prominent Indo-Pacific economies and Canada’s imminent trade agreement partners such as Indonesia, the Philippines, and Thailand have expressed interest in membership. Accession would also bring these countries into the negative-list scheduling of the CPTPP’s services chapter, under which sectors, including new AI services, are open unless explicitly listed as restricted — in contrast to GATS, where all sectors remain unbound and thus not liberalized, unless explicitly listed as liberalized.

Recommendation 3: Ensure full implementation of existing CPTPP commitments

The CPTPP is the most consequential trade agreement available to Canada in the Indo-Pacific. Its e-commerce chapter contains high-standard disciplines for trade in AI — such as on enabling cross-border data flows, prohibiting server localization, and protecting source code. However, implementation of these disciplines is incomplete.

[A detailed review of the CPTPP e-commerce chapter](#) found that particularly Vietnam’s implementation is lagging in such areas key to trade in AI. For example, Vietnam’s [Law on Data \(2025\)](#) and [Law on Personal Data Protection \(2026\)](#), which condition transfers of “core” and “important” data on government approval and may mandate local storage, cannot be reconciled with the commitments Vietnam undertook in the Agreement.

Canada should advocate a regular, evidence-based implementation review conducted through the CPTPP

and its committee on e-commerce. Where measures directly contravene commitments, Canada should be prepared, in co-ordination with such partners as Australia, Japan, New Zealand, and Singapore, to raise them formally, including through the CPTPP’s consultation and dispute settlement mechanisms, in order to ensure also future AI provisions will be adhered to, by old members and new.

B. PROMOTING COMMON AI RULES IN THE INDO-PACIFIC

Recommendation 4: Promote the adoption of international AI standards

Canada’s AI trade agenda could also promote broader regulatory interoperability in the Indo-Pacific region, aligning approaches to AI governance so that a system can be developed and scaled across multiple markets. International standards are the most practical instrument available for such interoperability, because they allow governments with different legal systems to converge on common technical benchmarks. Two examples include:

- **ISO/IEC 42001** that specifies requirements for an AI management system, encompassing the organizational processes for developing, deploying, and continually improving AI responsibly, and is certifiable, meaning that firms can obtain third-party attestation, and;
- **ISO/IEC 23894** that provides guidance on identifying, analyzing, and mitigating AI-related risks throughout the AI lifecycle, providing regulators and firms with a shared vocabulary for risk management.

Canada should promote these and other international AI standards in the Indo-Pacific region through mutual recognition of certifications based on these standards. The commercial logic is trade facilitation: a firm certified once should be able to scale more easily across multiple markets. Within the standards bodies themselves, Canada should ensure that the next generation of AI standards reflects the practices of Canadian firms. The “AI for All” strategy provides ready domestic vehicles for this agenda.

Recommendation 5: Establish a network of AI-related co-operation mechanisms and memoranda of understanding

Formal trade agreements require years to negotiate; regulatory co-operation can commence immediately. Parties in the Australia-Singapore Digital Economy Agreement and the Korea-Singapore Digital Partnership Agreement have pursued practical AI co-operation and interoperability through common sandboxes, aligned governance frameworks, and mutually recognized pilot programs. Canada could also craft AI co-operation MOUs with its priority Indo-Pacific partners, such as Australia, Japan, New Zealand, Singapore, and South Korea, markets of least friction for Canadian AI firms. These MOUs could provide for regulator-to-regulator dialogues on AI oversight; joint or mutually recognized regulatory sandboxes in which Canadian firms can test AI systems under local supervision; co-operation on AI safety evaluation, connecting the Canadian AI Safety Institute with counterpart institutes; and business partnership facilitation that connects Canadian AI capabilities with deployment opportunities in partner countries.

Recommendation 6: Pursue open access to government procurement

Governments are among the largest early purchasers of AI solutions. Discriminatory procurement practices can limit Canadian AI firms’ sales to foreign governments. Under the [WTO Agreement on Government Procurement](#) (GPA), full members open their public purchasing markets to fair, transparent, and non-discriminatory competition with each other. However, China, India, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam are only observers to the GPA. While Malaysia and Vietnam are party to the CPTPP’s [government procurement chapter, both have extensive carve-outs](#) — most significantly, neither covers its sub-central governments, and both phase in their thresholds over long transitions (Vietnam’s running 26 years for central goods and services).

Canada should encourage the current Indo-Pacific region GPA observers’ accession to full GPA membership and ensure a robust government procurement chapter in the ASEAN-Canada Free Trade Agreement.

Recommendation 7: Champion pro-innovation copyright rules for AI in the Indo-Pacific and at home

Regulation alone will not determine which economies capture the gains from AI. Diffusion also depends on enabling policies that lower adoption costs and reduce legal uncertainty: free cross-border data flows; privacy rules fit for AI training; and, in particular, clear copyright and text and data-mining rules. Canada should champion these policies through the digital economy workstreams of CPTPP, DEPA, and APEC.

Canada can also lead by example by reforming domestic approaches to AI. In particular, [Canada's Copyright Act](#) contains no express exception for text and data mining, and its fair dealing provision is limited to enumerated purposes that do not clearly encompass machine learning, leaving Canadian developers to rely on contested interpretations.

"AI for All" [leaves copyright issues unaddressed](#). Canada should adopt a clear exception for text and data mining that allows the reproduction of lawfully accessed works for AI model training. Indo-Pacific partners are more advanced: [Japan's Copyright Act](#) permits the exploitation of works for information analysis where enjoyment of the work itself is not the purpose and [Singapore's Copyright Act of 2021](#) introduced a dedicated exception for computational data analysis that cannot be overridden by contract. Canada could follow their lead and subsequently promote convergence on text and data mining rules through the CPTPP review and AI-related MOUs.

C. CHAMPION INDO-PACIFIC REGION'S AGENTIC AI AGENDA

Recommendation 8: Lead an Indo-Pacific agenda and guidelines for agentic AI

The next phase of digital trade will increasingly be conducted by AI agents, systems that autonomously search, negotiate, contract, and make payments on behalf of firms and consumers. Canada is home to a growing number of promising agentic AI companies, but trade policy has yet to catch up to the agentic AI era.

There are open questions, such as how agents should be identified and authenticated across borders; how liability should be allocated when an autonomous agent errs; what human oversight is required; and



how consumer protection and customer rules apply when the counterparty is an automated system. If each Indo-Pacific jurisdiction answers these differently, policies will fragment.

Canada is well positioned to lead: Canada's [Guide on the Use of Agentic AI](#) sets out practical principles of bounded autonomy, recoverability, and designated human accountability, and Canada has co-authored the [Five Eyes joint guidance on the careful adoption of agentic AI](#) alongside Australia. Singapore, whose [Model AI Governance Framework for Agentic AI](#) is arguably the most developed economy-wide framework in the region, is the natural partner; the two countries' frameworks already converge on such areas as human oversight and technical safeguards. Canada should partner with Singapore and Australia to internationalize this work by jointly proposing a work program on agentic commerce in the CPTPP e-commerce committee and in APEC's digital economy workstreams. The near-term deliverable should be non-binding guidelines covering, for example, standards for agent identification and authentication; disclosure obligations where a counterparty is an agent; allocation of liability among developers, deployers, and users; and interoperable trust infrastructure for agent-mediated payments.

IV. Conclusion

This paper proposes a forward-looking “AI trade” agenda for Canada. In the near term, Canada needs to catch up with regional partners, for example, by legislating an exception for text and data mining as done by Japan and Singapore and negotiating AI-related co-operation MOUs with countries that have already developed such documents with their trading partners (Australia, Japan, New Zealand, Singapore, and South Korea). In the medium term of 2–3 years, the agenda should advocate a rigorous CPTPP implementation review, upgrading the CPTPP’s e-commerce chapter to the AI era, and driving an Indo-Pacific policy framework conducive to agentic commerce. Over the longer horizon, the objective could be to promote the accession of ASEAN economies to the negative-list architecture of the CPTPP, converting some of the most restricted markets in the region for Canada’s AI companies into predictably open ones.

The decision of the U.S. not to extend CUSMA at the July 2026 review only sharpens the importance of the AI agenda. AI-related rules of the Indo-Pacific are being written now, and Canada should engage. Canadian AI-intensive exporters have demonstrated that they can compete wherever the rules permit.



ASIA PACIFIC
FOUNDATION
OF CANADA

FONDATION
ASIE PACIFIQUE
DU CANADA

About the John H. McArthur Research Fellowship

The John H. McArthur Research Fellowship, established by the Asia Pacific Foundation of Canada in 2021, honours the legacy of the late Dr. John H. McArthur — a distinguished Canadian, former Chair of APF Canada’s Board of Directors, and Dean Emeritus of Harvard Business School. Since its launch, the Fellowship has supported mid-career scholars conducting original, policy-relevant research to deepen Canada’s understanding of the Indo-Pacific region.

About the Asia Pacific Foundation of Canada

The Asia Pacific Foundation of Canada is Canada’s only national public-purpose institution dedicated exclusively to Canada-Asia engagement. Our vision is a prosperous, secure Canada shaping its future through high-impact engagement with Asia, and our mission is to enable Canadians to understand, connect with, and succeed in Asia.

Through trusted insights, high-level convening, talent development, and building sustained partnerships, we enable more effective, durable, and impactful Canadian engagement across the Indo-Pacific.

