AI GOVERNANCE IN AN ERA OF GLOBAL POWER COMPETITION: STRATEGIC OPTIONS FOR SRI LANKA AS A SMALL STATE

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Abstract

Artificial intelligence has become a key driver of global technological and geopolitical transformation. While small states that mainly use AI technologies frequently have limited ability to influence their development and governance, major powers, especially the US, China, and EU, are influencing global AI governance through conflicting regulatory and strategic approaches. This concerns problems with data security, digital sovereignty, dependence on technology, and protecting national interests. Relationship between global power conflict, AI governance, and strategic policymaking in Sri Lanka is still insufficiently established. In addition to identifying strategic policy alternatives for Sri Lanka as a small state and AI-consuming nation, this research aims to examine how global power competition impacts international AI governance. It analyses Sri Lanka's policy preparation, examines at how domestic governance mechanisms might improve nation's capacity to defend its rights and interests while interacting with international AI frameworks, and investigates the geopolitical implications of competing AI governance approaches. Study uses Sri Lanka as the primary case and uses a qualitative research methodology. Peer-reviewed articles, government policy documents, and reports from policy institutes and international organisations are sources of secondary data, which are then evaluated using thematic analysis. The findings indicate that AI-consuming small states such as Sri Lanka face limitations in influencing global AI governance but can strengthen their position through regulation, data protection, strategic policymaking, and international cooperation. Sri Lanka's Personal Data Protection Act and emerging AI policy environment provide a foundation for responsible AI governance, although further development is needed. Comparison of the EU AI Act and US approach highlights the need for Sri Lanka to balance digital sovereignty and national interests with technological innovation and international cooperation. The study contributes a small-state perspective to AI governance and provides policy recommendations for responsible AI use, stronger domestic governance, and balanced engagement with competing global AI powers.

Keywords: Artificial Intelligence Governance, Global Power Competition, Small States, Sri Lanka, Digital Sovereignty