



ASEAN COMPREHENSIVE INVESTMENT AGREEMENT

AGREEMENT

26 February 2009

ASEAN Ministers signed the ASEAN Comprehensive Investment Agreement (ACIA) on 26 February 2009. The ACIA is the result of a consolidation and revision of two ASEAN Investment Agreements: the 1987 **ASEAN Agreement for the Promotion and Protection of Investments** (known as the Investment Guarantee Agreement "ASEAN IGA"), and the 1998 **Framework Agreement on the ASEAN Investment Area** (commonly known as the "AIA Agreement"), as well as its related Protocols.

The objective of merging these two agreements was in response to the changing investment situation and the more competitive global environment. The consolidation means there is one single improved and comprehensive investment agreement covering the manufacturing, agriculture, fishery, forestry, and the mining and quarrying sectors, and services incidental to these five sectors.

ACIA

ACIA is balanced in its focus. Investment liberalisation will be progressive with a view towards achieving a free and open investment environment in the region in line with the goals of the ASEAN Economic Community but providing flexibilities for Member States. It also allows for the liberalisation of other sectors in the future.

ACIA contains:

- comprehensive investment provisions on the four main pillars, i.e., liberalisation, protection, facilitation and promotion
- clear timelines for investment liberalisation
- benefits for foreign-owned ASEAN-based investors
- preservation of AIA preferential treatment
- reaffirmation of the relevant provisions of AIA and ASEAN IGA, such as national treatment and most-favoured-nation treatment

New forward-looking ACIA provisions are:

- provisions for a more liberal, facilitative, transparent and competitive investment

environment based on international best practices

- further improvements to existing AIA and ASEAN IGA provisions such as investment disputes between an investor and a Member State, transfer and treatment of investments
- prohibition of performance requirements
- terms for senior management and board of directors that facilitate the inflow of key foreign managerial and senior management personnel

ACIA's comprehensive provisions will enhance protection of investment and improve investors' confidence in investing in the region. It will encourage further development of intra-ASEAN investment, especially among MNCs based in ASEAN through expansion, industrial cooperation and specialisation, and contribute to enhancing economic integration.

Foreign Direct Investment (FDI) inflows into ASEAN in 2007 have maintained its strong expansion in the last three years, registering a growth of 23% to US\$63.3 billion, compared with US\$51.4 billion in 2006, the highest FDI level recorded since 1998. This strong growth is also reflected in the surge in FDI inflows into the newer ASEAN Member States (Cambodia, Lao PDR, Myanmar and Viet Nam), which expanded by 136.8% in 2007 to reach US\$8.2 billion. Intra-ASEAN FDI inflows continued on its upward trend in 2007, rising by 19.8% to US\$9.5 billion. The share of intra-ASEAN investment to total ASEAN FDI grew to 15%, compared with 10.7% in 2005.

To meet increasing competition for FDI flows, ASEAN is continuing with efforts to create in the region a more favourable environment for investment. ASEAN Member States have pledged to move towards a more liberal and transparent investment environment to enhance investment flows and attract more investors into the region. -

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Please visit www.asean.org/4947.htm for information on investment in ASEAN.

FACT SHEET

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