



ASEAN Comprehensive Investment Agreement and the ASEAN Economic Community

**Madelyn Joy Almazora
Services & Investment Division
ASEAN Secretariat**

Development of ASEAN Investment Frameworks

ASEAN IGA, 1987 (amended 1996)

- ASEAN Agreement for the Promotion and Protection of Investments
 - Provisions on Protection and Investor-State Dispute Settlement

AIA, 1998 (amended 2001)

- Framework Agreement on the ASEAN Investment Area
 - Provisions on facilitation, promotion & liberalisation
 - Temporary Exclusion List and Sensitive List

ACIA, 2009 (amended 2014)

- ASEAN Comprehensive Investment Agreement
 - Section on Investor-State Dispute Settlement
- Reservation Lists for 5 sectors and services incidental to them



Objectives

create a free and open investment regime in ASEAN, through the following:

- progressive liberalisation of the investment regimes of Member States
- provision of enhanced protection to investors of all Member States and their investments
- improvement of transparency and predictability of investment rules, regulations and procedures conducive to increased investment among Member States
- joint promotion of the region as an integrated investment area
- cooperation to create favourable conditions for investment by investors of a Member State in the territory of the other Member States



Key Features

has a balanced focus

- covers the four pillars of liberalisation, protection, promotion and facilitation

re-affirms, builds, and improves upon provisions of precursor agreements

- re-affirms national treatment and most-favored-nation treatment obligations
- comprehensive provisions on Investor-State Dispute Settlement (ISDS)

based on international best practices

- comparable provisions on liberalisation and protection
- adopts a single negative list approach on reservations with provision for progressive liberalisation



Coverage

- investors of any ASEAN Member State (AMS)
 - applies to both ASEAN and ASEAN-based investors
- investments of investors of any AMS
 - all kinds of investments
- liberalisation applies to manufacturing, agriculture, fishery, forestry, mining and quarrying and services incidental to these sectors
 - protection provisions of ACIA applies to ALL sectors

Treatment of Investors and Investments

National Treatment

Most Favoured Nation Treatment

Fair & Equitable Treatment and Full Protection
& Security

Other Obligations

Transfers

Prohibition of
Performance
Requirements

Compensation
in Cases of
Strife

Expropriation

Subrogation

Senior
Management
and Board of
Directors



Promotion, Facilitation and Cooperation

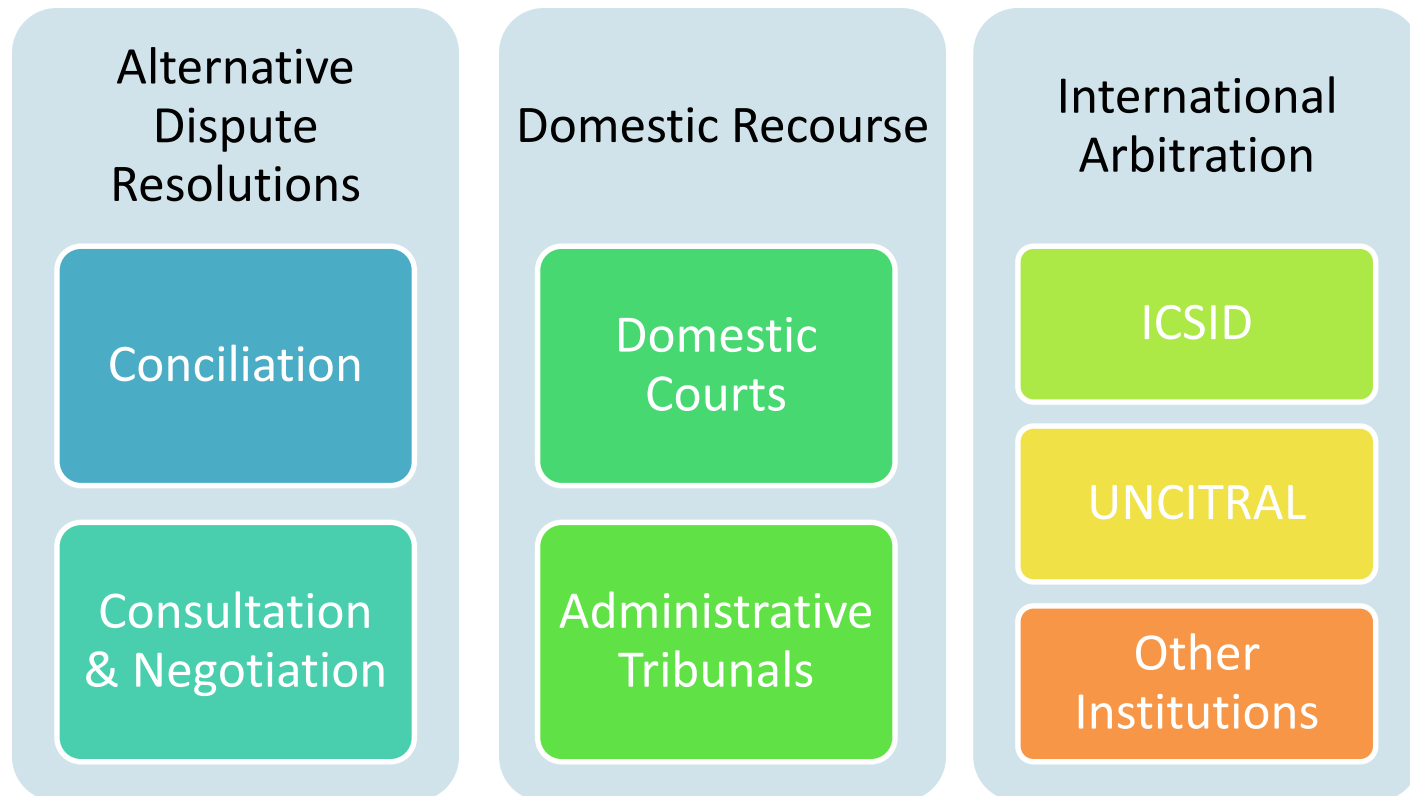
- Transparency
- Promotion of Investment
- Facilitation of Investment
- Enhancing ASEAN Integration
- Special and Differential Treatment for the Newer ASEAN Member States

Dispute Resolution

Dispute between or among ASEAN Member States

- ASEAN Protocol on Enhanced Dispute Settlement Mechanism

Investment Dispute Between an Investor and a Member State





Protocols to Amend ACIA

First Protocol (2014)

- provides a mechanism to facilitate the modification of reservations in the ACIA Schedule including a step-by-step process with prescribed timelines

Second and Third Protocols (2017)

- put in effect the resolution of the items in ACIA's built-in agenda

Various Initiatives in line with ACIA Objectives

- further liberalisation
- mechanism to amend/modify the reservations of AMS
- peer review mechanism
- ACIA promotion forums and seminars
- ASEAN investment publications
- ASEAN investment website
- outbound investment missions
- ASEAN investment forum
- studies and capacity building activities

ASEAN Economic Community

Milestones

1967:
Birth
of
ASEAN

2003:
Bali Concord II:
ASEAN
Community

2008:
ASEAN
Charter

2016-2025:
AEC Blueprint
2025

1997:
ASEAN
Vision
2020

2007:
AEC Blueprint
(2008-2015)

31 December 2015:
Formal Establishment
of the AEC





AEC 2015: Key Achievements

- More liberalised market and reduced trade costs
- Enhanced mobility of skilled people
- Improvements in transportation and connectivity
- Narrowing the development gap
- Better integration into the global economy



AEC 2015: Key Achievements

Improved investment regimes and business-enabling environment

- ASEAN Comprehensive Investment Agreement (ACIA) entered into force in 2012: commitments to liberalise, facilitate, promote, and protect cross-border investment.
- Adoption and implementation of common frameworks, standards and mutual cooperation in various areas: agriculture, finance, competition policy, IPR, consumer protection, and SME development.

AEC Blueprint 2025



- Adopted by Leaders at the 27th ASEAN Summit 22 Nov 2015



New Features/Elements

- More emphasis on trade facilitation
- Stronger and renewed emphasis on sectoral cooperation and cross-cutting issues.
- Increased engagement with stakeholders
- Increased focus on innovation and productivity-driven growth
- Enhancement of and inclusion of ‘micro enterprises’ to the SME Development agenda
- From ‘integration into the global economy’ to Global ASEAN

Highly Integrated & Cohesive Economy	Competitive, Innovative & Dynamic ASEAN	Enhanced Connectivity & Sectoral Cooperation	Resilient, Inclusive, People-Oriented & People-Centered ASEAN	Global ASEAN
<ul style="list-style-type: none"> • Trade in Goods • Trade in Services • Investment Environment • Financial Integration, <u>Financial Inclusion</u>, and Financial Stability • Facilitating Movement of Skilled Labour & Business Visitors • <u>Enhancing Participation in GVCs</u> 	<ul style="list-style-type: none"> • Effective Competition Policy • Consumer Protection • Strengthening IPR Cooperation • <u>Productivity-Driven Growth, Innovation, R&D, Technology Commercialisation</u> • Taxation Cooperation • Good Governance • <u>Effective, Efficient, Coherent and Responsive Regulations</u>, and GRP • <u>Sustainable Economic Development</u> • <u>Global Megatrends and Emerging Trade-related Issues</u> 	<ul style="list-style-type: none"> • Transport • ICT • E-commerce • Energy • Food, Agriculture, and Forestry • Tourism • <u>Healthcare</u> • Minerals • <u>Science & Technology</u> 	<ul style="list-style-type: none"> • Strengthening the Role of <u>MSMEs</u> • <u>Strengthening the Role of the Private Sector</u> • <u>Public-Private Partnership</u> • Narrowing the Development Gap • <u>Contribution of Stakeholders on Regional Integration Efforts</u> 	<ul style="list-style-type: none"> • Strategic approach towards external economic relations • <u>Review and improve existing ASEAN FTAs and CEPs</u> • <u>Enhance economic partnerships with non-FTA DPs</u> • <u>Engage with regional and global partners</u> • <u>Support to the multilateral trading system</u> • <u>Engagements with regional and global institutions</u>

* *New elements are underlined*



Highly Integrated and Cohesive Economy

objective

- to facilitate seamless movement of goods, services, investment, capital and skilled labour within ASEAN to enhance ASEAN's trade and production networks, and establish a more unified market for its firms and consumers.

elements

- trade in Goods; Trade in Services; Investment Environment; Financial Integration, Financial Inclusion, and Financial Stability; Facilitating Movement of Skilled Labour and Business Visitors; Enhancing Participation in Global Value Chains

AEC and ACIA

Total FDI Inflows, by Source (US\$ million)

ASEANstats FDI data (June 2017)

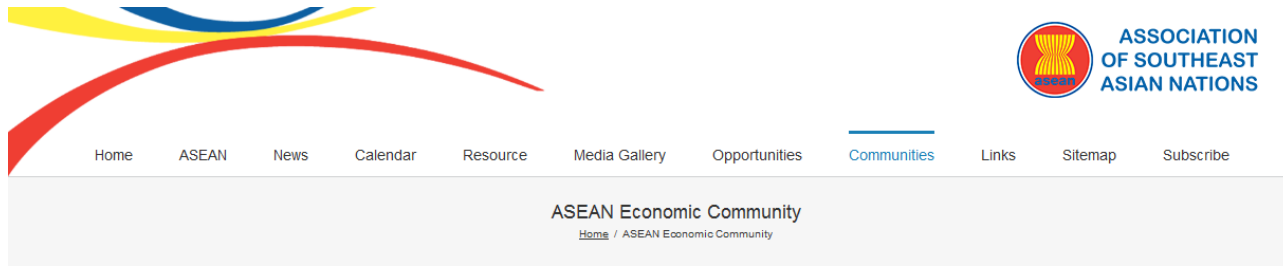
Country	2008	2009	2010	2011	2012	2013	2014	2015	2016
I-ASEAN	8,987.5	8,807.8	16,306.4	16,426.3	23,543.3	18,190.8	21,576.8	21,350.9	23,947.9
DPs	24,779.0	19,932.5	65,108.5	52,989.0	52,580.3	71,736.9	82,754.5	75,086.3	75,622.5
AU	1,016.6	124.7	3,958.6	5,019.2	658.2	2,194.7	4,495.3	1,934.9	3,433.2
CD	538.2	1,344.4	1,303.3	927.4	3,894.3	750.1	1,411.1	1,149.3	295.9
CN	732.7	2,068.7	3,488.6	7,190.1	8,168.2	6,353.5	6,184.8	6,412.2	9,210.5
EU	10,408.7	5,659.9	21,145.2	24,289.1	-1,770.1	19,656.3	37,861.4	20,833.6	30,464.5
IN	1,441.5	283.1	3,801.2	-2,076.9	7,311.1	2,108.1	1,216.2	961.6	1,048.6
JP	5,512.3	3,451.1	12,987.0	7,753.8	14,618.1	24,358.6	12,981.5	14,738.5	13,989.4
NZ	-45.8	-140.8	339.5	24.6	-939.6	275.4	439.6	22.2	-467.9
PK	7.1	15.1	29.4	9.2	29.8	-0.3	9.8	-19.9	45.2
KR	1,397.0	1,804.1	4,319.3	1,773.9	1,305.6	4,252.9	4,690.3	5,704.0	5,889.7
RU	85.5	141.5	54.5	10.1	189.1	608.0	-113.2	-28.9	56.6
US	3,685.2	5,180.8	13,682.1	8,068.6	19,115.6	11,179.6	13,577.7	23,378.8	11,656.6
RoW	15,246.1	14,625.1	26,759.3	18,248.9	41,421.2	30,123.2	28,725.6	25,184.0	-2,847.6
ASEAN	49,012.6	43,365.4	108,174.2	87,664.2	117,544.7	120,050.9	133,056.9	121,621.1	96,722.7



AEC and ACIA

“Effects of the resolute and steady implementation of ASEAN’s policy agenda for a free, open and transparent regional investment regime have also brought about changes in the investment strategies of firms. Firms are more keen to increase their regional presence, proof of a shift in their investment strategies now inclining towards a more regional orientation, rather than regarding the ASEAN region as consisting of separate, fragmented markets” (ASEAN Investment Report 2014)

<http://www.asean.org/asean-economic-community/>



- [ASEAN Economic Community](#)
 - [ASEAN Economic Ministers \(AEM\) >](#)
 - [ASEAN Free Trade Area \(AFTA Council\) >](#)
 - [ASEAN Ministers on Energy Meeting \(AMEM\) >](#)
 - [ASEAN Ministerial Meeting on Agriculture and Forestry \(AMAF\) >](#)
 - [ASEAN Finance Ministers Meeting \(AFMM\) >](#)
 - [ASEAN Investment Area \(AIA\) Council >](#)
 - [ASEAN Ministerial Meeting on Minerals \(AMMin\) >](#)
 - [ASEAN Ministerial Meeting on Science and Technology \(AMMST\) >](#)
 - [ASEAN Mekong Basin Development Cooperation \(AMBDC\) >](#)
 - [ASEAN Transport Ministers Meeting \(ATM\) >](#)
- www.asean.org/storage/2015/12/AEC-at-a-Glance-2015.pdf



[AEC Blueprint 2025](#)



[AEC at a Glance](#)



[AEC 2015: Progress and Key Achievements](#)



[Factsheet on AEC](#)

The establishment of the ASEAN Economic Community (AEC) in 2015 is a major milestone in the regional economic integration agenda in ASEAN, offering opportunities in the form of a huge market of US\$2.6 trillion and over 622 million people. In 2014, AEC was collectively the third largest economy in Asia and the seventh largest in the world.

The [AEC Blueprint 2025](#), adopted by the ASEAN Leaders at the 27th ASEAN Summit on 22 November 2015 in Kuala Lumpur, Malaysia, provides broad directions through strategic measures for the AEC from 2016 to 2025. Along with the ASEAN Community Vision 2025, and the ASEAN Political-Security Community (APSC) Blueprint 2025 and the ASEAN Socio-Cultural Community (ASCC) Blueprint 2025, the AEC Blueprint 2025 forms part of [ASEAN 2025: Forging Ahead Together](#). It succeeded the [AEC Blueprint \(2008-2015\)](#), which was adopted in 2007.

The AEC Blueprint 2025 is aimed towards achieving the vision of having an AEC by 2025 that is highly integrated and cohesive; competitive, innovative and dynamic; with enhanced connectivity and sectoral cooperation; and a more resilient, inclusive, and people-oriented, people-centred community, integrated with the global economy

The AEC Blueprint 2025 consists of five interrelated and mutually reinforcing characteristics, namely: (i) A Highly Integrated and Cohesive Economy; (ii) A Competitive, Innovative, and Dynamic ASEAN; (iii) Enhanced Connectivity and Sectoral Cooperation; (iv) A Resilient, Inclusive, People-Oriented, and People-Centred ASEAN; and (v) A Global ASEAN. These characteristics support the vision for the AEC as envisaged in the [ASEAN Community Vision 2025](#).

The AEC Blueprint 2025 sets out the strategic measures under each of the five characteristics of AEC 2025. To operational





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