



Investment



ASEAN Comprehensive Investment Agreement (ACIA)

The ASEAN Comprehensive Investment Agreement (ACIA) was signed by ASEAN Ministers on 26th of February 2009. 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 (also known as the ASEAN Investment Guarantee Agreement or ASEAN IGA) and the 1998 Framework Agreement on the ASEAN Investment Area (commonly known as "AIA Agreement"), as well as the related Protocols.

The objective of merging these two agreements was in response to the more competitive global environment and with a view towards enhancing ASEAN's attractiveness as an investment destination, creating a free and open investment regime and meeting economic integration goals. ACIA represents a comprehensive investment agreement covering Manufacturing, Agriculture, Fishery, Forestry, Mining and Quarrying, and Services incidental to these five sectors.

ACIA

Under ACIA, 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. It also allows for the liberalisation of other sectors in the future.

ACIA thus 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 (ISDS), 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 also encourage further development of intra-ASEAN investment, especially among multi-national companies based in ASEAN through expansion, industrial cooperation and specialisation, and contribute to enhancing economic integration.

Investment flows into ASEAN have been trending upwards over the past few years due to stronger global and regional economic performance. The global economic crisis put a dent in these flows but foreign direct investment (FDI) into ASEAN remained at relatively high levels of US\$59.7 billion in 2008. In contrast, growth in intra-ASEAN investment flows was buoyant, increasing by 13.4% in 2008 to US\$10.7 billion, as a result of successful internal integration initiatives. The share of intra-ASEAN FDI went up to 18.2% in 2008, from 13.5% in 2007. ASEAN's share of global FDI remained constant, at 3.5% of global inflows.

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 committed to move towards a more liberal and transparent investment environment, with the aim of enhancing investment flows and attracting more investors into the region, contributing towards the economic growth and development of the region.

For more information:

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