

## ACIA FACT SHEET

### ACIA Objectives

ACIA's objectives include the following:

- Initiate progressive liberalisation of the investment regimes of ASEAN Member States (AMS)
- Enhance protection of investors of all AMS and their investments
- Improve transparency and predictability of investment rules, regulations and procedures conducive to increased investment among AMS
- Jointly promote the ASEAN region as an integrated investment area
- Create favorable conditions for investment by investors of a Member State in the territory of the other Member States

### Benefits to Investors

- Creates a more conducive investment environment
- Encourages investors who are not yet in ASEAN to do business in the region
- Provides greater confidence among current investors in ASEAN to continue and expand their investment in the region
- Provides wider sector options to invest in
- Encourages greater industrial complementation and specialization
- Increases foreign equity participation in liberalized sectors
- Strengthens access to investment-related data and information from the AMS allowing greater predictability for business planning

### Key Features of ACIA

ACIA is forward looking and was developed based on international best practices. Some of the key features of the agreement are as follows:

- Balanced-focus on liberalization, promotion, facilitation, and protection of investments.
- Comparable provisions (with international practices) on liberalization and protection.
- Adoption of a single negative list approach on reservations with provision for further progressive liberalization.

### The ACIA Milestones

On the 39<sup>th</sup> ASEAN Economic Ministers (AEM) Meeting, ASEAN member states agreed to review the following agreements related to investments:

- ASEAN Investment Area (AIA)
- ASEAN Investment Guarantee (AIG) and its subsequent protocols

In January 2008, formal negotiations began taking into consideration the guiding principles as approved by the ASEAN economic ministers (AEM).

On 26 February 2009, ACIA was completed and signed by the AEMs in Hua Hin, Thailand.

ACIA took effect on 29 March 2012.

- Reaffirmation of provisions of precursor agreements, including the national treatment and most favored nation treatment obligations.
- Build-up and improvement of precursor agreements.

## **Coverage**

Below are the scopes the ACIA:

- Covers almost all forms of investment. Those not covered are included in the AMS' Reservations List.
- Refers to measures adopted or maintained by an AMS relating to ASEAN-based investors and ASEAN investors (investments by non-ASEAN national in ASEAN territories).
- Liberalization provisions apply to the following sectors:
  - Manufacturing
  - Agriculture
  - Fishery
  - Forestry
  - Mining and quarrying
  - Services incidental to the above sectors (See ASEAN Framework Agreement on Services or AFAS for more information)
  - Any other sectors as may be suggested by AMS
- Liberalization provisions apply to all sectors.

## **Improved Provisions**

The ACIA, having replaced the AIA and AIG, has more comprehensive investment provisions compared to its precursor agreements. Improved provisions include:

- Clear alignment of relevant provisions on liberalization and protection
- Clearer and transparent provisions for obtaining approvals and transfers
- Comprehensive and clearer definitions in line with international investment agreements
- Comprehensive mechanism on investor-state dispute settlement
- Expanded scope and application
- Granting of immediate benefits to both ASEAN investors and ASEAN-based foreign investors