

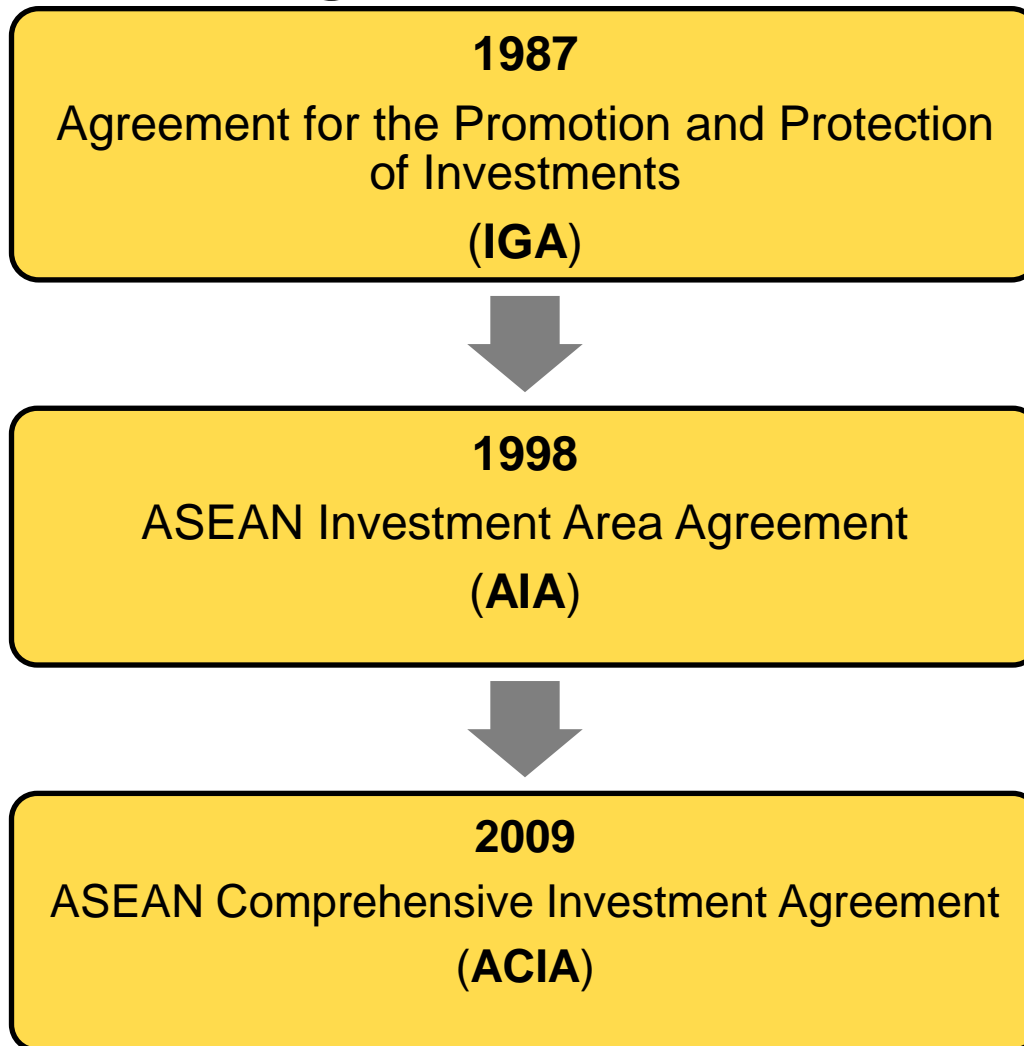
INVESTMENT POLICY COOPERATION IN ASEAN LEADING UP TO ACIA

ASEAN-OECD
Investment Policy
Conference

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Evolution of ASEAN's investment agreements

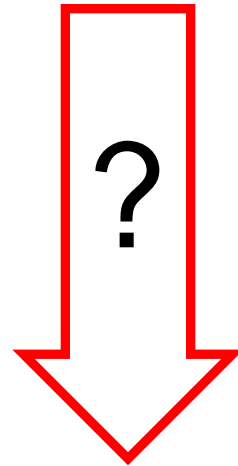


1987 AGREEMENT FOR THE PROMOTION AND PROTECTION OF INVESTMENTS

- Region-wide investment guarantee agreement (IGA)
- Amended in 1996 to include provisions on:
 - Transparency and predictability
 - Dispute settlement procedures
 - Accession of new members

1987

Agreement for the Promotion and Protection of Investments
(IGA)



1998

ASEAN Investment Area Agreement
(AIA)

ASEAN Heads of
Investment Agencies
(AHIA)

Joint regional investment
initiatives focusing on
promotion, facilitation
and liberalization

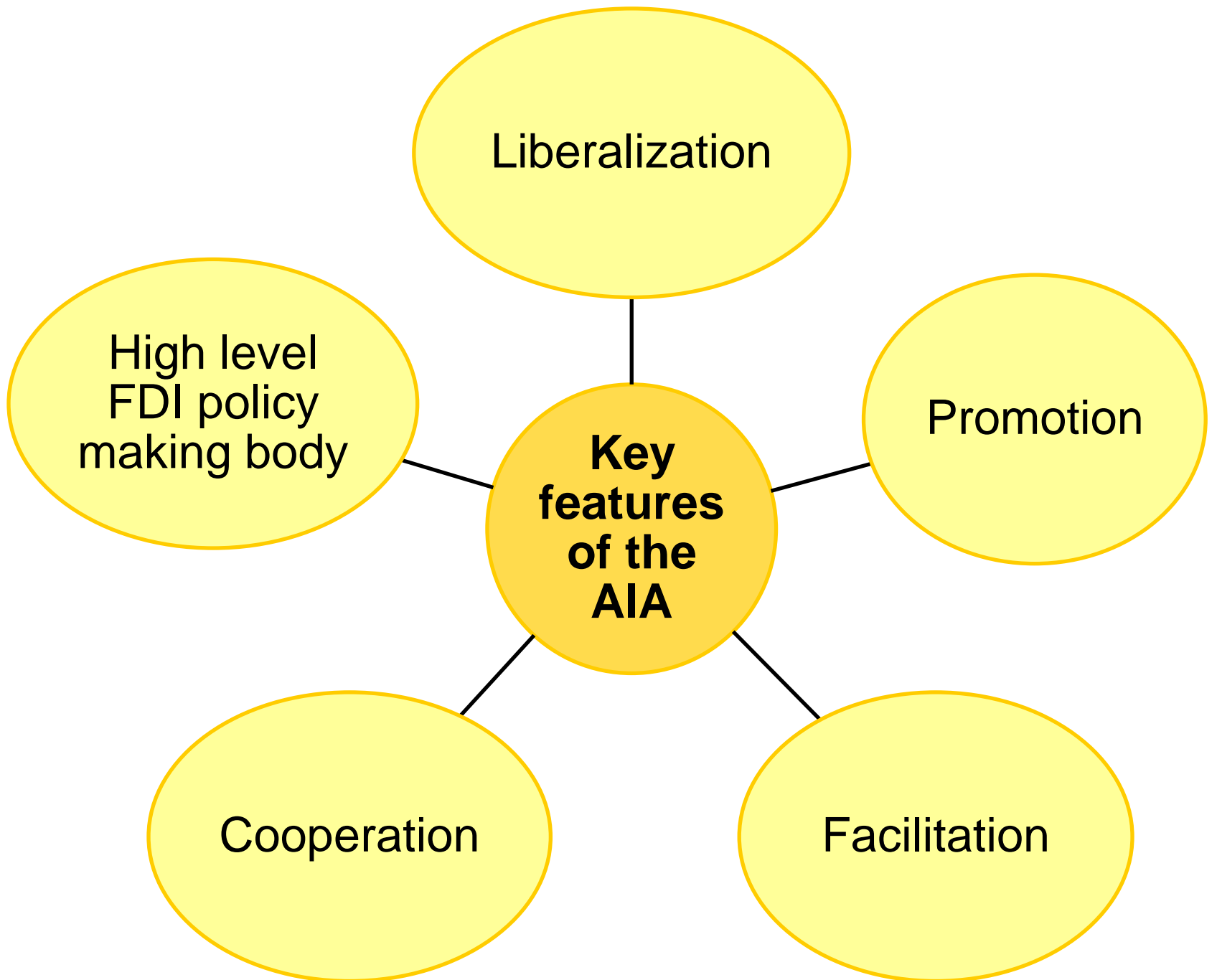
**Between 1987
– 1998....**

ASEAN Plan of Action on
Cooperation and
Promotion of FDI and
Intra-ASEAN Investment

1996-1998
Work Programme

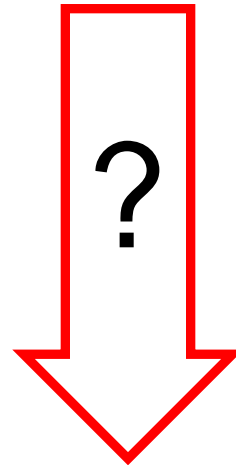
1998 ASEAN INVESTMENT AREA AGREEMENT

- Signed on 7 October 1998.
- The most significant attempt at economic cooperation in the area of FDI.
- Designed to further enhance the process of FDI policy liberalization, promotion, facilitation and harmonization that was already taking place in ASEAN.



1998

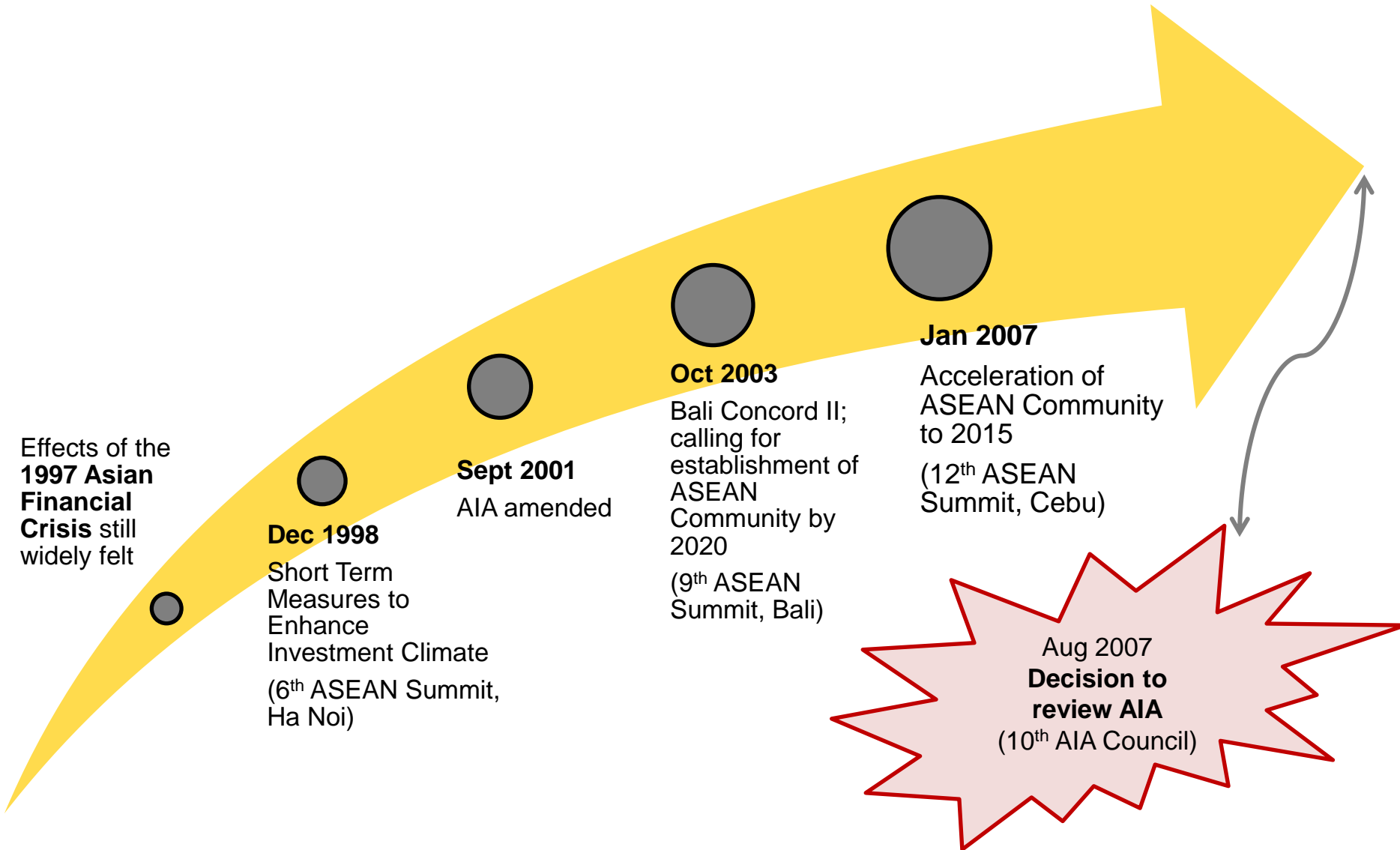
ASEAN Investment Area Agreement
(**AIA**)



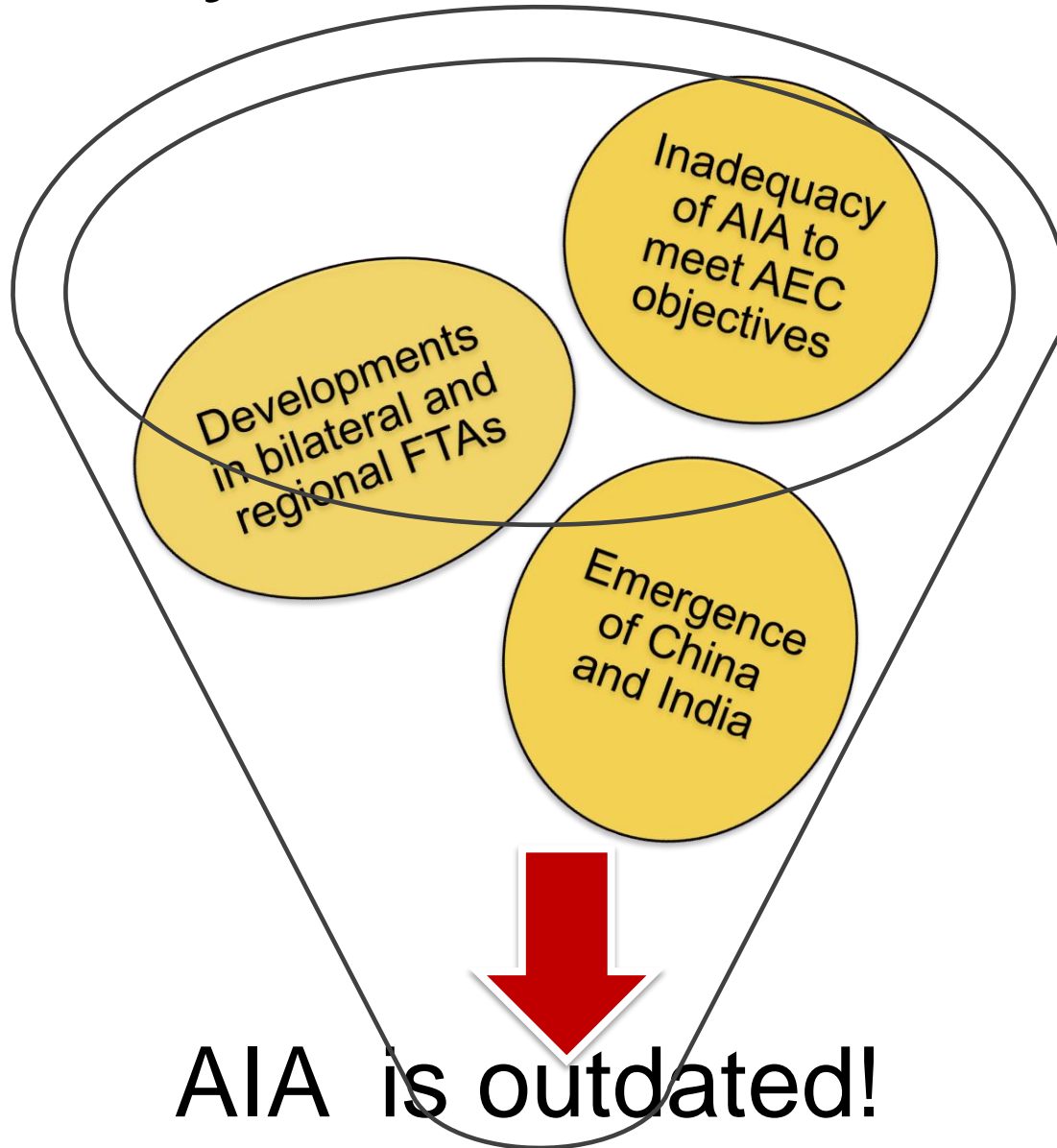
2009

ASEAN Comprehensive Investment Agreement
(**ACIA**)

Significant events after the AIA.....



Why review the AIA?



Inadequacy of AIA to meet AEC objectives

AEC Goals

- Single market and production base

Insufficient scope

- AIA only covers market access.
- Protection of investments is under the 1987 IGA.

Geopolitical developments

- AIA was drafted before 1997 Asian Financial Crisis
- Outbreak of pandemic diseases affected investor confidence

Developments in bilateral and regional FTAs

Bilateral

- By 2007, several ASEAN member countries had comprehensive FTAs with both developed and developing economies.

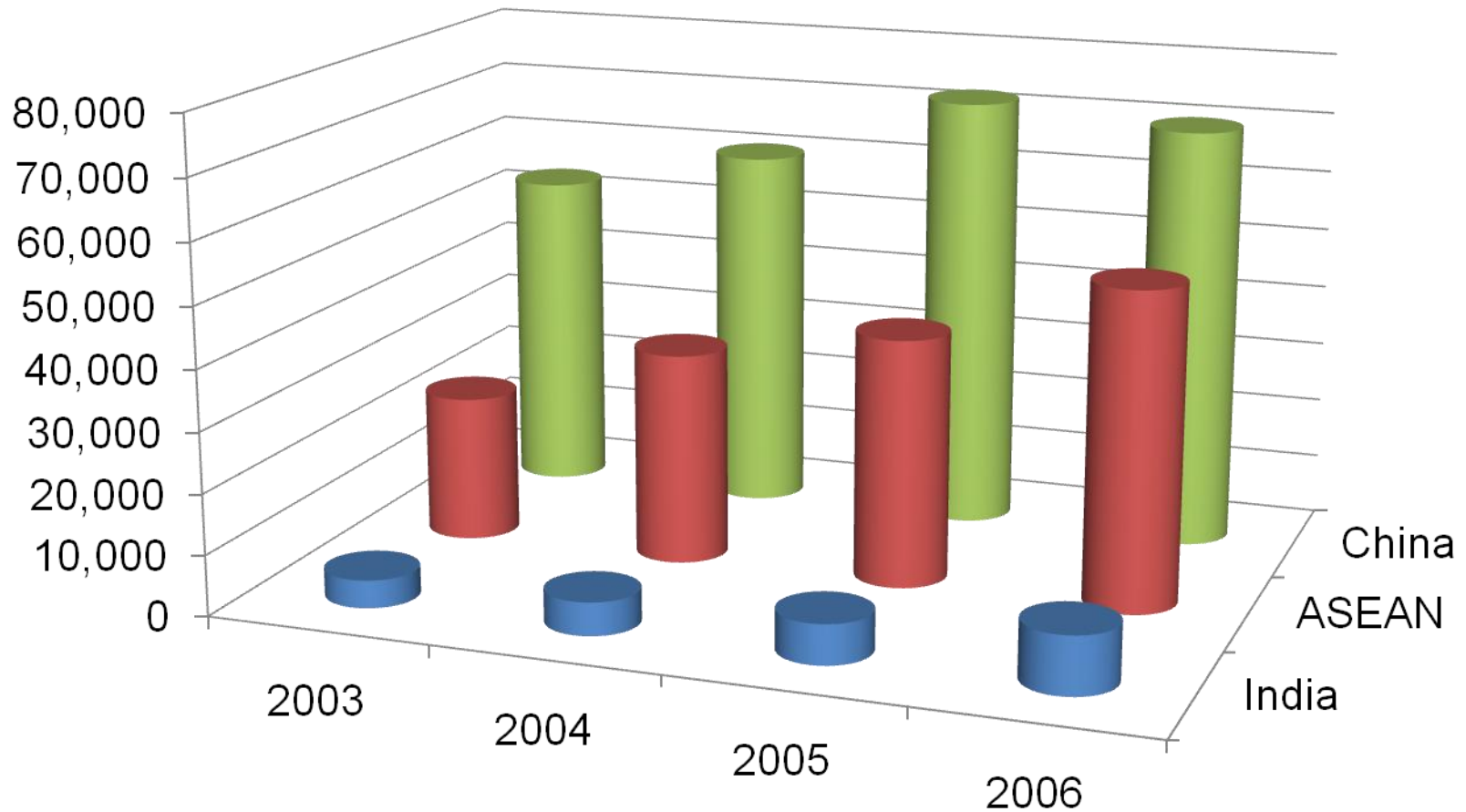
Regional

- ASEAN+1 FTAs more comprehensive than AIA.
- Australia and New Zealand, China and Korea.

Unilateral

- Several ASEAN member countries had undertaken liberal investment policy reforms.

Rising competition from China and India



2009 ASEAN COMPREHENSIVE INVESTMENT AGREEMENT (ACIA)

- The 39th ASEAN Economic Ministers Meeting in 2007 agreed to review the 1998 AIA and the 1987 IGA.
- Formal negotiations began in January 2008 based on agreed guiding principles.
- Main objectives:
 - To create a free and open investment regime to attract investments
 - To achieve ASEAN economic integration (AEC)
- Signing of ACIA completed by AEM on 26th February 2009.

Is ASEAN on the right track?

Since the establishment of ASEAN, economic integration has been high on the agenda.



Free flow of investments is a core element under the AEC.



Regional investment policy cooperation has been developed in a balanced manner to reflect international best practices and to address current global trends and challenges.

The road ahead.....

Post 2007- crisis

- FDI inflows to ASEAN has been declining:
 - 2007: US\$74.4 billion
 - 2008: US\$49.5 billion
 - 2009: US\$39.62 billion
- However, growth prospects for 2010 are encouraging (*ADB improved its earlier GDP 2010 forecast for ASEAN from 5.1% to 6.7%*).

Is ACIA the answer?

- ACIA aims to address key challenges facing the region in terms of the need to provide:
 - more transparent, consistent, and predictable investment rules, regulations, policies and procedures; and
 - promote ASEAN as an integrated investment area and production network.

THANK YOU
