

20TH ASEAN-KOREA COMMEMORATIVE SUMMIT SEES THE INKING OF THE ASEAN-KOREA INVESTMENT AGREEMENT

Leaders of ASEAN and Korea witnessed the Economic Ministers' signing of the ASEAN-Korea Investment Agreement at their 20th Commemorative Summit held today on South Korea's Jeju Island. The agreement forms the final key pillar of the ASEAN-Korea Free Trade Area (AKFTA). This completes the FTA and signals the rise of ASEAN-Korea economic relations to new heights.

Elaborating on the significance of the agreement, Singapore's Minister for Trade and Industry, Lim Hng Kiang, said, "The agreement is comprehensive, and includes elements of liberalisation, protection, promotion and facilitation. Its aim is to bring more certainty to investors, augment the attractiveness of ASEAN and Korea as investment destinations, and potentially increase investments among the Parties."

Under the Investment Agreement, ASEAN and Korea commit to open up their respective investment regimes to investors from each of the Parties and to treat these investments favourably. The governments of ASEAN Member States and Korea are also not allowed to take over a company's assets without fair and adequate compensation. In cases of investment disputes, investors are given legal recourse in domestic courts or international arbitration institutions.

Korea is one of ASEAN's top 5 largest trading and investment partners, and the sealing of this final pillar of the AKFTA emphasises ASEAN and Korea's efforts at further cultivating the strong economic partnership. Minister Lim added that "the completion of the FTA shows ASEAN's continuous engagement of global markets, and highlights the commitment of ASEAN and Korea towards ensuring open trade and investment regimes."

With the completion of the AKFTA, a free trade area of over 600 million people with a combined GDP of almost US\$1.5 trillion, is effectively created. In 2008, ASEAN's total annual trade with Korea was about US\$90 billion. FDI flows from Korea surged from US\$3.1 billion in 2007 to more than US\$5.5 billion in 2008.

**MINISTRY OF TRADE AND INDUSTRY, SINGAPORE
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