

## **ECONOMIC MINISTERS SIGN THE ASEAN-CHINA INVESTMENT AGREEMENT, COMPLETING THE ASEAN-CHINA FREE TRADE AREA (FTA)**

The ASEAN-China Investment Agreement was signed by Economic Ministers of ASEAN and China today at the 41<sup>st</sup> Meeting of the ASEAN Economic Ministers (AEM) in Bangkok, Thailand. The ASEAN-China Investment Agreement, concluded in November 2008, forms the final substantive pillar of the ASEAN-China Free Trade Area (ACFTA).

The Investment Agreement sets out comprehensive commitments on the promotion and facilitation of investments, and protection of investors and investments. In the Agreement, ASEAN and China also agree not to take over the assets of an investor unreasonably without proper compensation; ensure the right to freely transfer funds relating to investments amongst the Parties; and give recourse to an aggrieved investor that suffers losses due to the host government having acted in breach of its obligations under the agreement.

China is ASEAN's 4<sup>th</sup> largest trading and investment partner, and the successful completion of this final pillar towards the ACFTA highlights the interest of both ASEAN and China to expand investment linkages. It also underlines ASEAN and China's shared interest to maintain trade and investment regimes that are attractive to the business community, and signals ASEAN and China's commitment to further deepen and enhance economic relations.



Hailing the signing of the Investment Agreement as a significant achievement, Singapore's Minister for Trade and Industry, Lim Hng Kiang, said "The ASEAN-China Goods and Services Agreements already entered into force in July 2005 and July 2007 respectively. The Investment Agreement, when it enters into force within six months from today, would complete the establishment of the ACFTA. With the establishment of the ACFTA, ASEAN Member States and China demonstrate their commitment and resolve to maintain free and open trade and investment flows, and to grow ASEAN-China economic relations even further and faster. This is especially important in the current economic climate."

The ACFTA effectively creates a free trade area of over 1.9 billion people with a combined GDP of almost US\$6 trillion. ASEAN's total annual trade with China was about US\$200 billion in 2008, and FDI flows from China surged to more than US\$1.1 billion in 2007, and in 2008 was a cumulative US\$6.1 billion.

**MINISTRY OF TRADE AND INDUSTRY, SINGAPORE**

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