



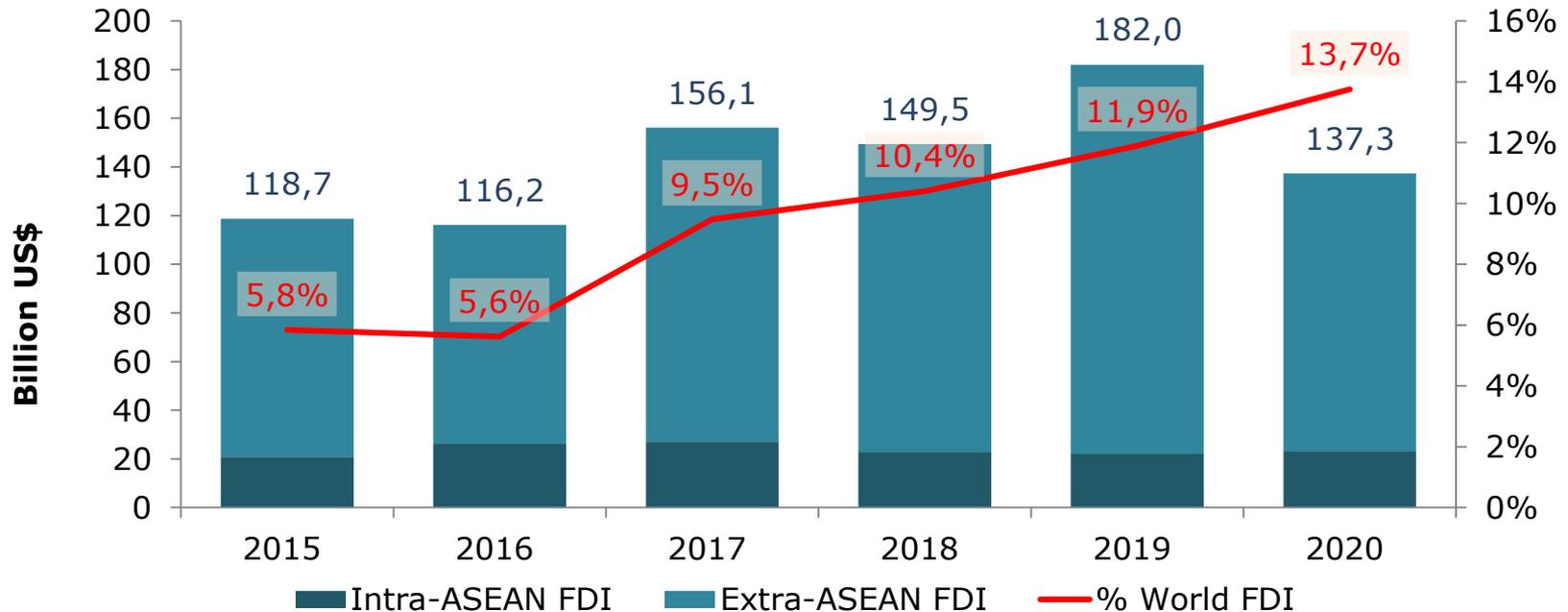
# **ASEAN Integration in Investment and Works in Achieving Sustainable Development Goals**

**Tan Tai Hiong  
ASEAN Secretariat**

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## Foreign Direct Investment (FDI) into ASEAN

- ASEAN is an important global investment destination, of which attractiveness continues to rise even after a significant drop of FDI inflows in 2020 by 24.6% to USD 137.3 billion, following the COVID-19 pandemic outbreak.



Source: ASEANStats (ASEAN FDI) and UNCTAD (World FDI)

# ASEAN Comprehensive Investment Agreement (ACIA)

## Objective

- To create a free and open investment regime in ASEAN in order to achieve the end goal of economic integration under the **ASEAN Economic Community (AEC)**

## Legal Enforcement

- Signed on 26 Feb 2009
- Came into force 29 Mar 2012
- 1<sup>st</sup> amendment signed on 26 Aug 2014 to improve mechanism to modify ACIA reservations
- 2<sup>nd</sup> and 3<sup>rd</sup> amendments signed on 21 Sep 2017 and 20 Dec 2017 following resolution of built-in agenda of the ACIA
- 4<sup>th</sup> amendment signed on 15 Jul 2020 to incorporate TRIMs-plus **Prohibition of Performance Requirements (PPR)** commitments

## Structure

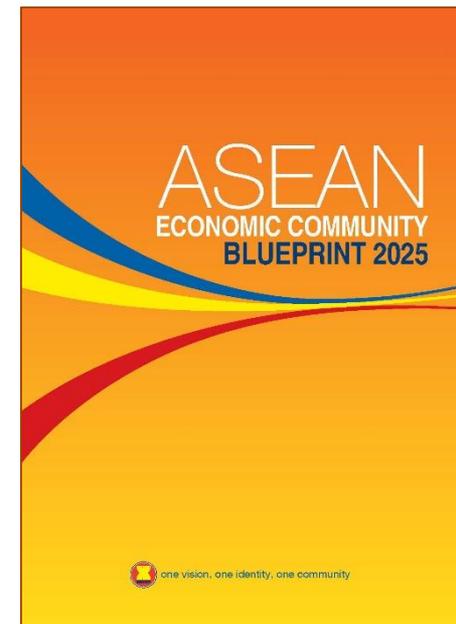
- 4 pillars of liberalisation, protection, facilitation and promotion
- 49 Articles, 3 Annexes, and 1 Schedule of Reservation List
- Manufacturing, agriculture, fishery, forestry, mining and quarrying and services incidental to these sectors
- Implemented by **ASEAN Investment Area (AIA) Council**, assisted by **Coordinating Committee on Investment (CCI)**

# Implementation of the 4 Pillars of ACIA



## ASEAN's Investment Agenda

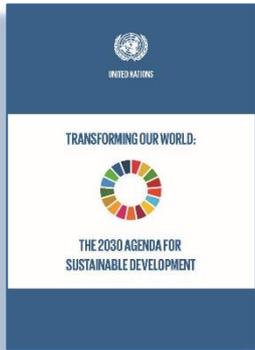
- ❑ ASEAN Economic Community (AEC) Blueprint 2025
  - Adopted at the 27<sup>th</sup> Summit in November 2015 in Kuala Lumpur, Malaysia
  - The Blueprint builds on the achievements and early gains of AEC 2015, while taking into consideration the evolving global context and relevant developments, to set a forward-looking direction for ASEAN for the next 10 years
  
- ❑ In terms of investment, ASEAN aims to enhance further its attractiveness as an investment destination globally through the establishment of an open, transparent and predictable investment regime in the region.
  - The improvement in the investment environment in ASEAN is being achieved through the implementation of the ACIA



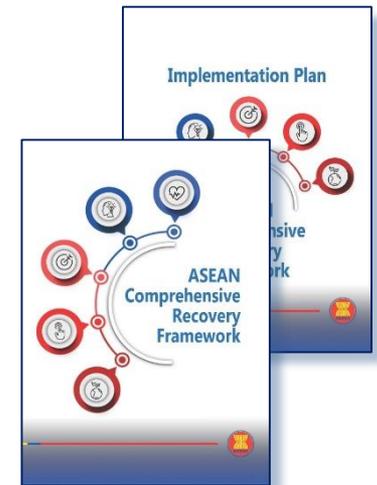
## **ASEAN Investment Facilitation Framework (AIFF)**

- ❑ Adopted by ASEAN Economic Ministers (AEM) – ASEAN Investment Area (AIA) Council, and noted by the 38<sup>th</sup> and 39<sup>th</sup> ASEAN Summit on 26 Oct 2021
- ❑ A non-binding framework containing 10 (ten) principles and actions to facilitate the inflow of investment into ASEAN as the region gears up towards post-pandemic economic recovery.
- ❑ Intended to improve accessibility and transparency of investment measures, streamline and speed up administrative procedures and requirements, and create favourable conditions for investment that would enhance regional economic integration and allow ASEAN to capture opportunities presented by shifts in global value chains.

# The Mandates to Embrace Sustainable Investment

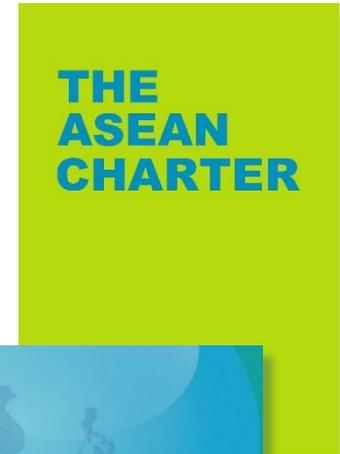


- ❑ The 2030 Agenda for Sustainable Development adopted by all UN Member States in Sep 2015, provides for *"a framework for shared action for people, planet and prosperity to be implemented by all countries and all stakeholders, acting in collaborative partnership"*.
- ❑ The 2016-2025 Investment Work Programme adopted by the AEM-19<sup>th</sup> AIA Council in Aug 2016, include an action line for CCI to *"conduct policy dialogues on new areas and emerging issues in investment rulemaking like responsible business conduct and sustainable development"*.
- ❑ The COVID-19 pandemic in 2020 called for a consolidated and coordinated exit strategy from the crisis, resulting in adoption of the ASEAN Comprehensive Recovery Framework (ACRF) by the 37<sup>th</sup> ASEAN Summit in Nov 2020.
  - Sustainability is one of the key themes
- ❑ Pursuant to the ACRF Implementation Plan, CCI is expected to explore initiatives to promote investment that contribute to SDGs, such as possible ASEAN Guidelines on Sustainable Investment.
  - CCI agreed to conduct a Forum to exchange information and best practices on initiatives to promote sustainable investment within this 2021



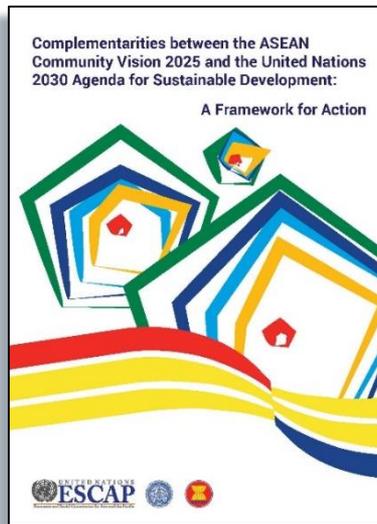
# ASEAN's Commitment on Sustainable Development

- ❑ ASEAN is "**RESOLVED** to ensure *sustainable development* for the benefit of present and future generations, and to place the well-being, livelihood and welfare of the peoples at the centre of the ASEAN community building process." (**ASEAN Charter, Preamble**)
  
- ❑ "We **UNDERLINE** the *complementarity* of the UN 2030 Agenda for Sustainable Development with ASEAN community building efforts to uplift the standards of living of ASEAN peoples" (**ASEAN Community Vision 2025**)
  - Adopted at the 27<sup>th</sup> ASEAN Summit (Nov 2015, Kuala Lumpur)
  - Encompassing the 2025Blueprint of all 3 pillars of *ASEAN Political-Security Community (APSC)*, *ASEAN Economic Community (AEC)*, and *ASEAN Socio-Cultural Community (ASCC)*

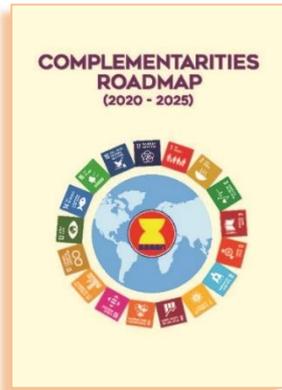


# Complementarity between ASEAN Community Vision 2025 and UN SDG 2030

- ❑ 31<sup>st</sup> ASEAN Summit (Nov 2017, Manila) reaffirmed that the ASEAN Community Vision 2025 and the UN 2030 Agenda for Sustainable Development will be implemented in a mutually-reinforcing manner
  - ❑ Thailand-ASEAN Secretariat-ESCAP Joint Report on *"Complementarities between the ASEAN Community Vision 2025 and the UN 2030 Agenda for Sustainable Development"*
    - *Published and noted by the 31<sup>st</sup> ASEAN Summit*
    - *AMS have made notable progress in promoting economic, social and environmental advancement*
    - *Complementarities cut across all pillars of political-security, economic, and socio-cultural areas in the ASEAN Community Blueprint*
    - *Identifies 5 priority areas of complementarity with flagship initiatives, plus 2 additional flagship initiatives*
      - ✓ *(a) Eradicating poverty, (b) Infrastructure and Connectivity, (c) Sustainable Management of Natural Resources, (d) Sustainable Consumption and Production, and (e) Resilience*



# Complementarity between ASEAN Community Vision 2025 and UN SDG 2030

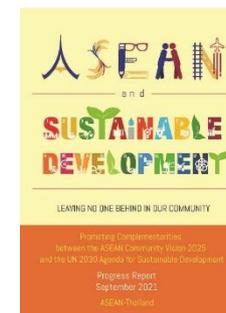
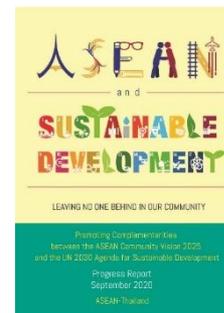
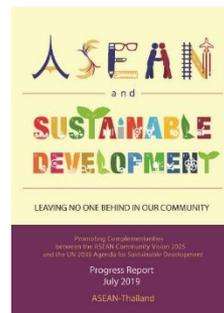
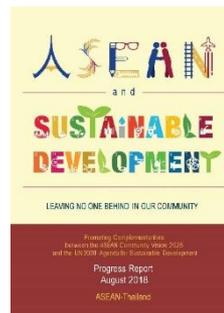
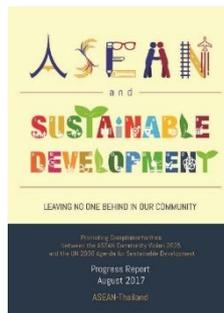


## Complementarities Roadmap 2020-2025

- ❑ Launched at 35<sup>th</sup> ASEAN Summit (Nov 2019)
- ❑ Serves as a guide for further advancing the Complementarities Initiative
- ❑ Identifies possible action lines and concrete deliverables on the basis of the priority areas and the flagship initiatives of the Complementarities Report

## Progress Report on Promoting Complementarities

- ❑ Produced annually since 2017 by MoFA of Thailand as ASEAN Coordinator on SDG
- ❑ Fostering partnership for sustainability is key



## ACIA and Investing in SDG

- ❑ While providing for a legal framework for investment integration in ASEAN across the 4 pillars of investment (i.e. liberalisation, facilitation, promotion and protection), ACIA does *not* dictate how investments within each Member State shall be administered. It is up to individual policy and procedures of each ASEAN Member States (AMS).
- ❑ The preamble of ACIA does recognise the importance of sustained investment flows in promoting ASEAN's economic development
  - **"CONVINCED** that *sustained inflows of new investments and reinvestments will promote and ensure dynamic development of ASEAN economies*"
- ❑ There have been increasing realisation (and reflected in their policies) among AMS that promoting Foreign Direct Investment (FDI) is not only about promoting the quantity of FDI, but also about ensuring that the FDIs are high quality and in line with their development goals, especially SDG.
  - This is reflected by AMS during their annual Investment Peer Review process as well as in their presentations during these two days

## ASEAN Member States' Investment Policies in Achieving SDGs

- ❑ Long- and medium-term economic development plans in line with SDGs
  - Generally address issues of poverty alleviation, sustainable development, climate change, social development, competitiveness, innovation, etc.
  - AMS generally aims at elevating their development or income-status
- ❑ Promoting and facilitating investments which are in line with SDGs
  - Prioritising on environmental-friendly industries, technology-intensive sectors, diversification of economies, labour-intensive sectors, less-developed regions, etc.
- ❑ Developing critical infrastructure, incl. through Public-Private Partnership (PPP)
  - ASEAN Principles for PPP Frameworks was adopted on a voluntary basis in 2014 to improve the PPP and to address cross-border projects issues.
- ❑ Improving overall ease of doing business and investment facilitation
  - Reform of laws and regulations, streamlining of procedures, one-stop services, online investment administration, improving tax policies, investor service, etc.
  - Participating in Investment Policy Reviews conducted by OECD



## Concluding Notes

- ❑ ASEAN Member States (AMS) are committed to implement their ASEAN Community Vision 2025 and the UN 2030 Agenda for Sustainable Development, which are complementary and cross-cutting through all areas of political-security, economic and socio-cultural pillars.
- ❑ Investment policy is one important tool to mobilise resources to develop the economy, and AMS have undertaken continuous improvement to their investment policies to ensure that foreign investments contribute to their overall economic development goals, including sustainable development.
- ❑ Investment policies are subject to constant dynamism of global economy, business practices and technology. There is room for everyone to learn and evolve, including through this forum.



**Thank You**

**[investment@asean.org](mailto:investment@asean.org)**

**[SID@asean.org](mailto:SID@asean.org)**