

For Immediate Release

**MINISTER CHAN CHUN SING AT THE  
25<sup>TH</sup> ASEAN ECONOMIC MINISTERS' RETREAT IN PHUKET, THAILAND**

1. Minister for Trade and Industry Chan Chun Sing attended the 25<sup>th</sup> ASEAN Economic Ministers' (AEM) Retreat in Phuket, Thailand from 22 to 23 April 2019.
2. At the Retreat, the ASEAN Economic Ministers discussed implementation matters related to the ASEAN Economic Community (AEC) 2025 Blueprint and Thailand's deliverables for its ASEAN chairmanship this year. The Ministers also exchanged views on the ongoing efforts to conclude the Regional Comprehensive Economic Partnership (RCEP) negotiations, and global developments affecting the region.
3. The Ministers also signed two ASEAN agreements on the sidelines of the Retreat, namely the ASEAN Trade in Services Agreement (ATISA) and the Fourth Protocol to Amend the ASEAN Comprehensive Investment Agreement (ACIA). These agreements were concluded under Singapore's ASEAN chairmanship in 2018. The ATISA will deepen the integration of the services sectors, and create a more liberal, stable and predictable environment for service suppliers in the region. The Fourth Protocol to Amend the ACIA will remove impediments to investment to bolster ASEAN's appeal as an attractive investment destination.
4. Mr Chan said, "Against the current backdrop of trade tensions and global uncertainty, ASEAN remains fully committed to free and open trade and regional economic integration. These agreements will contribute to Singapore's efforts to position ASEAN as a region of growing opportunities and seamless economic activity. As ASEAN collectively unlocks the region's economic potential, our people and businesses will benefit."
5. Mr Chan was accompanied by officials from the Ministry of Trade and Industry.

**Ministry of Trade and Industry  
23 April 2019**

**Annex A: Factsheet on ASEAN Trade in Services Agreement (ATISA)  
Annex B: Factsheet on ASEAN Comprehensive Investment Agreement (ACIA)**

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## Annex A

### Factsheet on ASEAN Trade in Services Agreement (ATISA)

- Negotiations on the ASEAN Trade in Services Agreement (ATISA) concluded in 2018, at the 17<sup>th</sup> ASEAN Economic Community Council Meeting.
  - The ASEAN Ministers signed the Protocol to Implement the Tenth Package of Commitments under the ASEAN Framework Agreement on Services (AFAS)<sup>1</sup> on the sidelines of the 50<sup>th</sup> ASEAN Economic Ministers (AEM) Meeting on 29 Aug 2018, and the ATISA bolsters this achievement.
- Both the ATISA and AFAS are landmark agreements in bolstering trade in services in ASEAN. They are also long-standing initiatives that ASEAN Member States (AMS) have pursued over the last few years.
- Services is an increasingly important sector in ASEAN economies, accounting for more than 50% of ASEAN's Gross Domestic Product (GDP).<sup>2</sup> For Singapore, ASEAN is our third largest services trading partner<sup>3</sup>, and the services sector now accounts for more than 73% of employment – or more than 2.7 million workers – in Singapore<sup>4</sup>.
- Together, the ATISA and AFAS will benefit Singapore businesses and our workers, reducing barriers and further promoting services trade in ASEAN – which is worth more than USD700 billion today<sup>5</sup> – and lays the ground for its continued growth.

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<sup>1</sup> The AFAS provides the legal framework for each ASEAN Member State to broaden the coverage of liberalised services sectors that are open for access by businesses and services suppliers from other AMS. Under the AFAS, AMS have reduced or eliminated restrictions on trade in services through “Packages” of commitments, and each AMS’ commitments have gone beyond similar efforts at the World Trade Organization (WTO).

<sup>2</sup> **Source:** ASEAN Secretariat's ASEAN Services Report 2017.

<sup>3</sup> **Source:** Department of Statistics Singapore, 2016.

<sup>4</sup> **Source:** Ministry of Manpower Statistics, 2017.

<sup>5</sup> **Source:** ASEAN Secretariat's ASEAN Services Report 2017.

### **Benefits of the ASEAN Trade in Services Agreement (ATISA)**

- The ATISA builds upon and enhances the AFAS by further reducing “beyond-the-border” barriers for our services suppliers, creating a more stable and predictable environment for trade in services, and setting the stage for future services integration and liberalisation in ASEAN.
  - This includes establishing commitments around AMS’ services liberalisation commitments under the AFAS – which are a legally-binding guarantee of the widest preferential services market access into ASEAN markets to-date.
  - Such commitments include the reduction of discriminatory regulatory barriers, and creating a more transparent regime for ASEAN services suppliers.
- The ATISA also includes a built-in agenda for AMS to convert their AFAS commitments to a negative list approach.
  - Under a negative list approach, all services sectors are considered as liberalised by default. A State would then list only those sectors/sub-sectors in which it has taken measures that it considers to run counter to the obligations of the agreement (also known as non-conforming measures).
    - This contrasts with the positive list approach, in which a State has to explicitly list the sectors/sub-sectors in which it intends to liberalise.
  - In negative lists, Parties would usually include references to the relevant legislation that supports such non-conforming measures.
  - The eventual negative listing approach under the ATISA thus fosters transparency and can potentially improve market access for businesses and service suppliers.
- When implemented, the ATISA will make up the third and final part of the “troika” of ASEAN agreements that improve ASEAN’s economic and sectoral integration, along with the ASEAN Trade in Goods Agreement (ATIGA) and the ASEAN Comprehensive Investment Agreement (ACIA).

## **Annex B**

### **Factsheet on ASEAN Comprehensive Investment Agreement (ACIA)**

- The 17<sup>th</sup> ASEAN Economic Community Council Meeting last year saw ASEAN Member States (AMS) agree on enhancements to the ASEAN Comprehensive Investment Agreement (ACIA) through the finalisation of a *Fourth Protocol to Amend the ACIA*.
  - Specifically, AMS agreed to stronger commitments prohibiting the imposition of performance requirements on investors. Coupled with the earlier agreement this year for AMS to transition their ACIA Reservation Lists to a two-annex negative list format<sup>6</sup>, these enhancements will help improve the integration of ASEAN investment regimes through greater liberalisation and transparency.
- Our efforts to continually enhance the investment environment in ASEAN are important in maintaining our ability to attract foreign direct investment (FDI), drive growth, and secure our investments in the region.
  - Inbound investments generate around 20,000 jobs each year for Singapore.<sup>7</sup>
  - Singapore is the second largest investor in ASEAN with USD18.3 billion worth of investments in 2017<sup>8</sup>. Singapore businesses surveyed continue to identify ASEAN as the top choice for overseas expansion<sup>9</sup>.

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<sup>6</sup> Under a negative list approach, all sectors are considered as liberalised by default, except for specified measures or sectors/sub-sectors. The ACIA Reservation Lists are currently in the form of a single-annex. However, many international agreements have progressed to a two-annex negative list. In two-annex negative lists, a State would schedule existing non-conforming measures that are in force in its first annex, while scheduling reservations for full policy discretion (i.e. sectors/sub-sectors in which a State wishes to enact any measures it deems necessary – even in the future) in its second annex. This contrasts with the single-annex negative list, where a State schedules all existing or future measures in a single list. The two-annex negative list is thus more transparent for investors, enabling them to make better-informed investment decisions.

<sup>7</sup> **Source:** Singapore Economic Development Board, 2008-2017.

<sup>8</sup> **Source:** ASEAN Secretariat.

<sup>9</sup> **Source:** SBF's ASEAN Outlook Survey 2017/2018.

### **Benefits of Enhancements to the ACIA**

- Enhancements to the ACIA include introducing clearer and additional commitments prohibiting the imposition of performance requirements by governments on investors.
  - Performance requirements are stipulations imposed by governments on investors that require the latter's investment operations to meet specified goals as a condition for entering or expanding in a host State. This can potentially distort investment decisions, or even deter investments.
  
- The *Fourth Protocol to Amend the ACIA* will put this into effect.
  - This is the first instance in which AMS will undertake specific commitments in the area of performance requirements, as this is not previously committed to in the ACIA or any of ASEAN's agreements in force with its external partners.
    - This improves the transparency of AMS' commitments in this area, with a clear listing of the performance requirements that are prohibited under the ACIA.
  - AMS have committed to extend these commitments to both the pre-establishment and post-establishment phases of investments.
    - This provides investors with guarantees against such performance requirements throughout the entire life-cycle of their investment.
  - The commitments also cover both mandatory performance requirements (those linked to the conditions for entry and operation of the investment) and non-mandatory performance requirements (those linked to the access or continued access to benefits or advantages).
  - Importantly, AMS have gone above and beyond their multilateral commitments, by undertaking commitments that exceed those found in the World Trade Organization's (WTO) Trade-Related Investment Measures Agreement (TRIMS).
    - In particular, AMS have committed to not restrict the sales of goods in their territories, or to relate such sales to the volume or value of its exports or foreign exchange earnings.

- AMS have also committed to not require an investor to supply exclusively from their territories the goods that their investment produces to a specific regional market or to the world market.
- Both of these commitments will provide ASEAN investors with a greater guarantee to sell the goods that their investments produce, free from restrictions.
- When in force, ASEAN investors can enjoy greater confidence and ease-of-mind when investing in the ASEAN region.
  - This can, in turn, promote stronger investment flows into our region resulting in other positive spill over effects on our economies.

### **Need for Continuous Review**

- AMS recognise the need to continually re-assess and review our investment regimes, and have thus agreed to consider, in the future, additional commitments on prohibiting performance requirements to again improve the ACIA.