

Building the ASEAN Community

ASEAN-China Free Trade Area

Building Strong Economic Partnerships



The Framework Agreement on Comprehensive Economic Cooperation between ASEAN and China has sets goals to not just eliminate tariffs. It also addresses behind-the-border barriers that impede the flow of goods and services as well as encourage investment and enhance cooperation.

The Framework Agreement was signed in November 2002, which provided the legal basis for ASEAN and China to negotiate further agreements leading to the creation of the ASEAN-China Free Trade Area (ACFTA) by 1 January 2010. The ACFTA was the first FTA with external parties to be signed by ASEAN. In August 2014, ASEAN

and China decided to upgrade the ACFTA.

The Agreement on Trade in Goods was signed in November 2004 and has been revised twice in 2006 and 2010. The modality for tariff reduction and elimination were categorised as either 'Normal Track' or 'Sensitive Track'. For the Normal Track, all tariff lines in this category have been eliminated by ASEAN-6 (Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand) and China as of 1 January 2012. For Cambodia, Lao PDR, Myanmar and Viet Nam, tariff elimination will have to be completed by 1 January 2015, with some flexibility afforded to eliminate tariffs on products not exceeding 250 tariff lines by 1 January 2018.

The Agreement on Trade in Services was signed on 14 January 2007, which aims to liberalise and substantially eliminate discriminatory measures with respect to trade in services among the parties in various service sectors. To promote and facilitate investment flows, an Investment Agreement was also signed in August 2009. The Investment Agreement stipulates key protection elements for ensuring fair and equitable treatment for investors, non-discriminatory treatment on nationalisation or expropriation and compensation for losses. It also has provisions allowing for transfers and repatriation of profits in freely usable currency and provides investors recourse to arbitration to settle investor-state disputes.

The area of economic cooperation is also given focus through the ambit of the ACFTA Working Group on Economic Cooperation between ASEAN and China formed in 2009. The Working Group explores activities to expand economic cooperation in areas of mutual interest, which are unded by the ASEAN-China Cooperation Fund.

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1. [ASEAN-China Free Trade Area \(ACFTA\)](#)
2. [ASEAN-China Economic Cooperation](#)

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