

ASEAN INVESTMENT LOCATION COMPASS

Finding the right investment location in Southeast Asia



Unlock the potential of ASEAN, the dynamic hub for global business expansion. Nestled at the crossroads of major trade routes, ASEAN offers unique access to a market of over 680 million consumers. With its robust growth and a commitment to regional integration, ASEAN stands as a beacon of opportunity for international companies seeking to localize their value chain in the region.

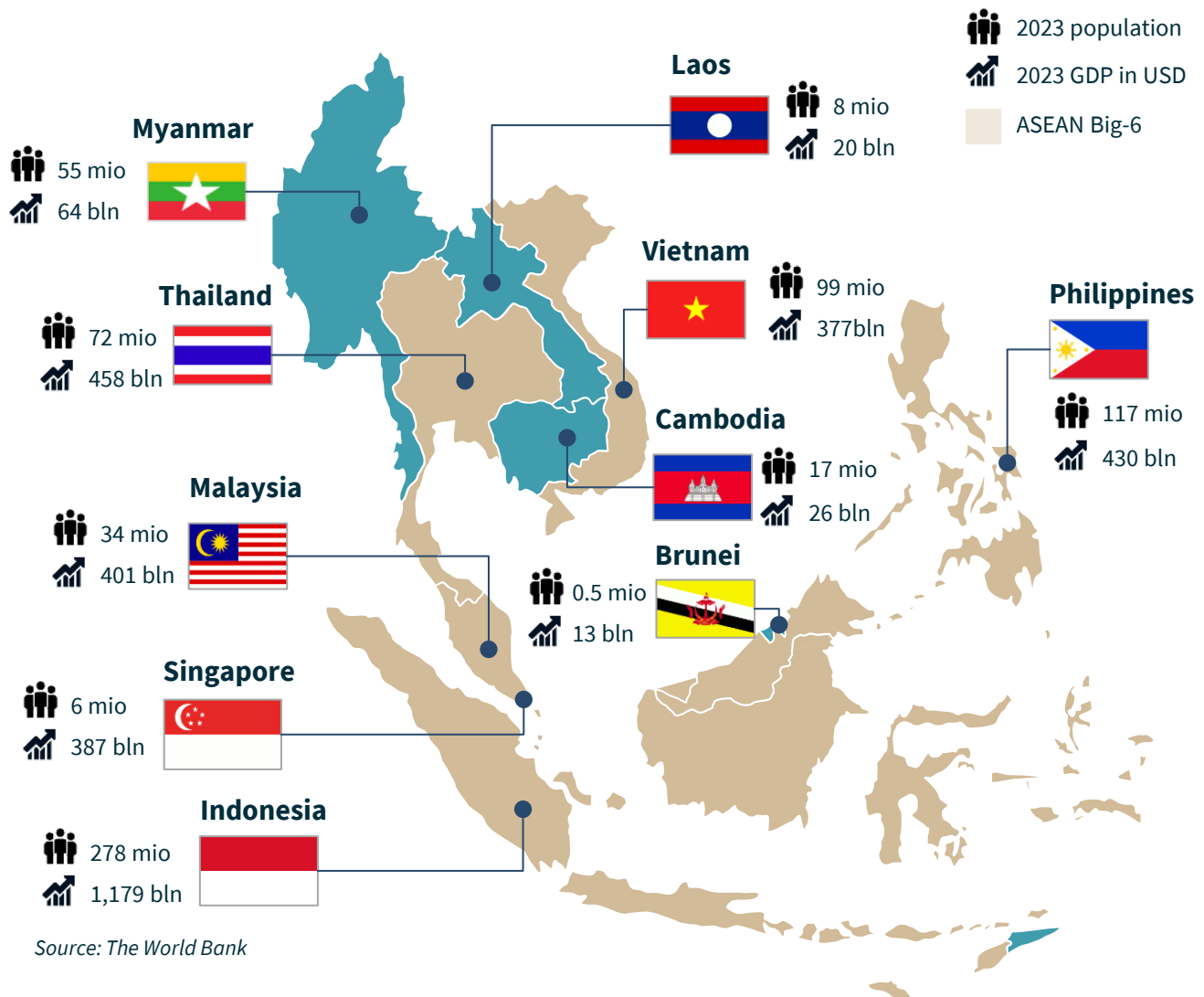


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A regional perspective

Besides its immense economic growth potential, **ASEAN is increasingly seen as a competitive alternative** to China and India for manufacturing due to its **cost-effectiveness, supply chain resilience, skilled workforce, political stability & access to strategic markets** across Asia-Pacific.

ASEAN IN A NUTSHELL: ECONOMIC DEMOGRAPHICS



Near-term economic outlook for the ASEAN region in 2025 remains positive, supported by the continued expansion of domestic demand in several large Southeast Asian economies.

Foreign direct investment inflows are also expected to remain strong, as multinationals continue to diversify their manufacturing supply chains towards ASEAN industrialized nations









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Regional advantages

- ❖ **Strategic Location:** ASEAN countries are strategically located between the Indian and Pacific Ocean, serving as a crucial maritime route for global trade. The region connects major economies such as China, India, Japan, and Australia, making it vital for shipping and commerce.
- ❖ **Competitive Cost Structure:** ASEAN countries generally offer a cost-effective environment for manufacturing and operations (exception Singapore), with lower labour and production costs than many Western countries. This makes the region attractive for companies optimizing costs.

ASEAN BIG-6 IN SPOTLIGHT – KEY INDICATORS

KEY PARAMETERS						
	SINGAPORE	MALAYSIA	THAILAND	INDONESIA	VIETNAM	PHILIPPINES
Population (mio, 2023)	5.9	34.3	71.8	277.5	98.9	117.3
GDP 2023 (Constant Price, bln USD)	387.1	401.1	458.4	1,178.9	377.4	430.3
GDP Per Capita 2023 (USD)	84,734	11,649	7,172	4,941	4,347	3,726
GDP Growth 2024e (%)	2.6%	4.6%	2.7%	5.0%	6.2%	6.2%
Manufacturing Sector 2023 (% of GDP)	18%	23%	25%	19%	24%	16%
Construction Industry 2023 (% of GDP)	3.3%	3.6%	2.7%	9.9%	6.3%	7.2%
Foreign Direct Investment 2023 (bln USD)	159.6	8.8	4.5	21.6	18.5	8.9
International Trade 2023 (imports and exports, bln USD)	1,523.2	672.9	702.8	565.5	728.2	283.1
# of Free Trade Agreements (bilateral and regional)	28	11	9	12	9	4

Source: ASEANstats, The World Bank, Statista, EAC research and analysis

- ❖ **Regional Comprehensive Economic Partnership (RCEP):** established in November 2020, RCEP is aimed at promoting trade, investment, and economic integration by reducing tariffs, simplifying rules, enhancing market access, and fostering cooperation among 15 Asia-Pacific nations
- ❖ **Reshaping of International Supply Chains:** geopolitical tensions and pandemic-driven disruptions have triggered supply chain restructuring, favouring ASEAN as a relocation hub. This trend motivates investors, to expand capacities and establish stronger regional footholds.

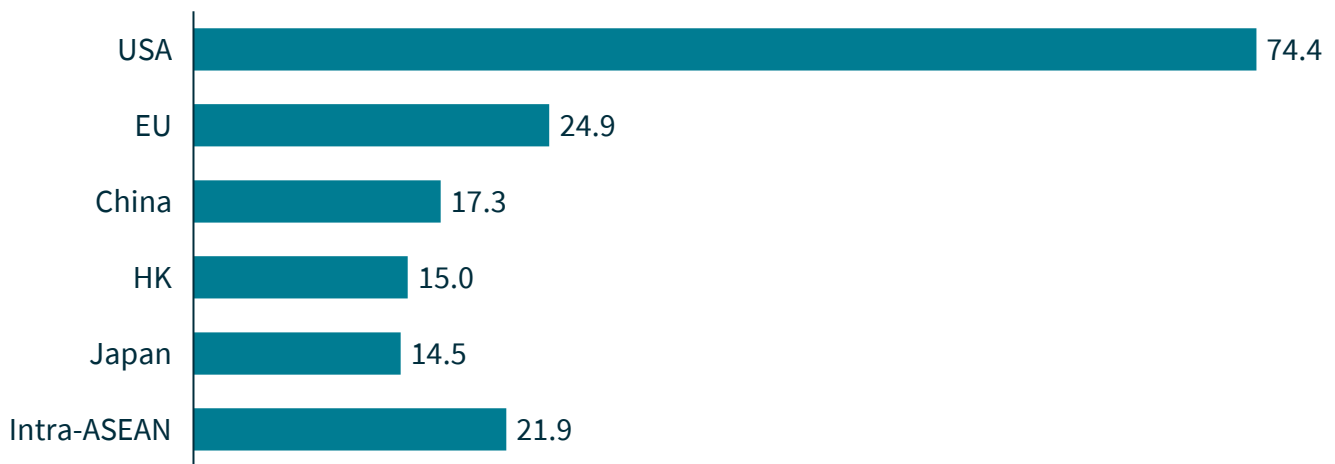


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Foreign direct investment trends in the region

In 2023, **ASEAN attracted a record of around 230 bln USD in foreign direct investment**, with a slight increase from the previous year. This growth was driven by robust economic performance and strong links to global value chains. **Singapore remains with 70% the main recipient of investments.**

TOP FOREIGN DIRECT INVESTORS IN ASEAN BY ORIGIN IN 2023 (BLN USD)



Source: ASEAN Statistic

KEY INVESTMENT RATIONALES & TYPES



Greenfield Investment

The number of announced greenfield projects rose for the third consecutive year. Manufacturing and services, were the main industrial targets, accounting for 95% of all projects by value. Top 6 announced GI industries are **E&E equipment, basic mental and mental products, electricity generation, information & communication, petroleum products and motor vehicles and transportation equipment.**



International Project Finance (IPF)

IPF deals in ASEAN, both by number of projects and by value, declined for the second consecutive year, mirroring the **global downturn in international project finance.** IPF in sectors relevant to the Sustainable Development Goals (SDGs) such as **health, education and infrastructure** fell. In infrastructure it dropped by 55% with significant declines in **power generation, telecommunication, transportation, and water and sanitation.**



Mergers & Acquisition (M&As)

Cross-border M&As more than **doubled** in 2023, driven by a fivefold increase in **manufacturing M&As**, mainly in the **automotive industry.** M&As in finance rose 126%.



Rising investment from China

The rise in Chinese FDI is not new. Notable increases took place in the early 2010s and between 2015 and 2017. But the recent wave is significant in terms of magnitude, structural change and industries – mainly in activities related to **manufacturing, EVs & technology.**



Rising investment in renewables

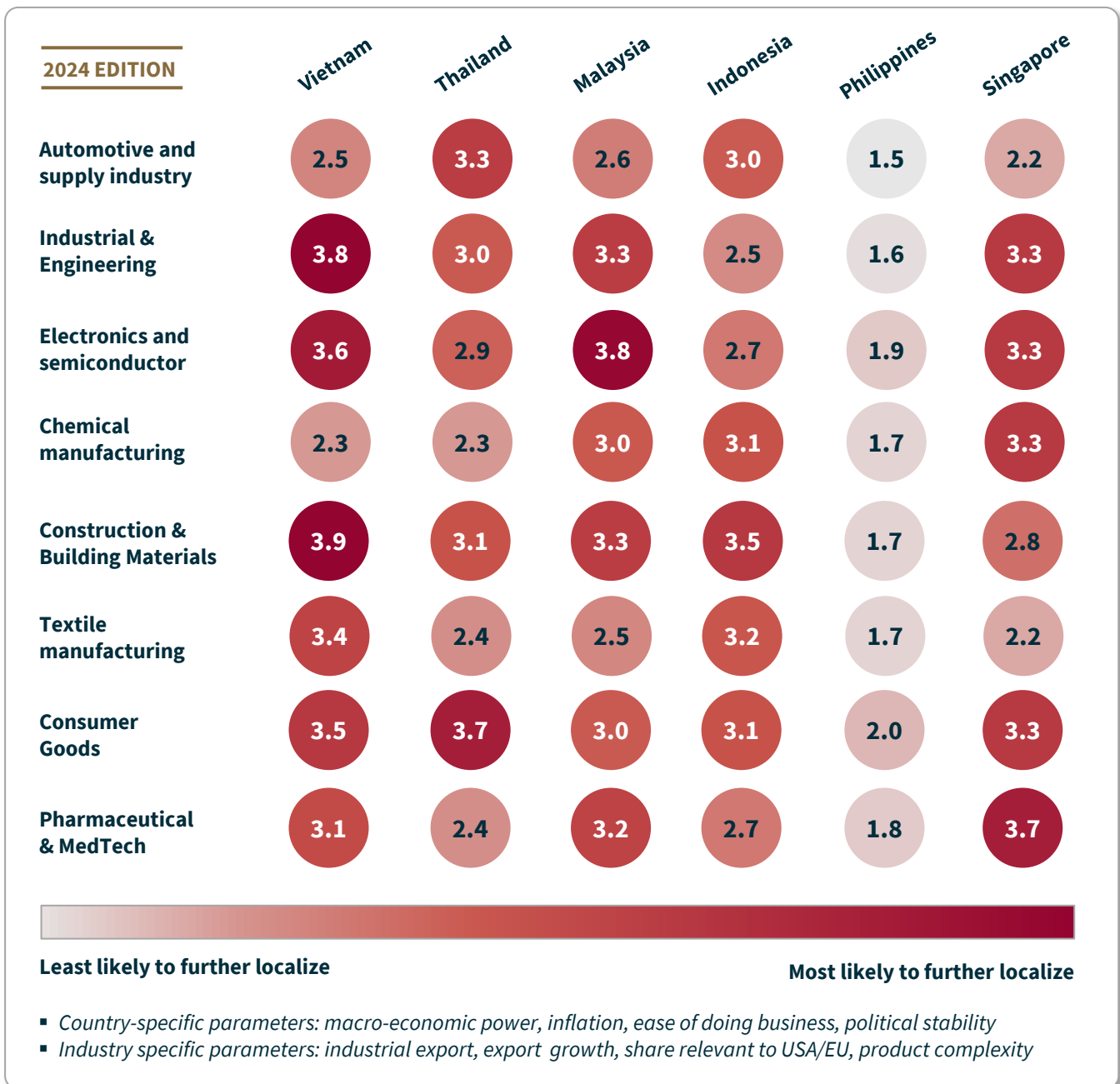
The renewable energy supply chain, **from upstream, to midstream** (renewable manufacturing), **to downstream** (renewable energy generation), is a **major recipient of FDI** in ASEAN. Key drivers are energy transition policies, rapid economic and industrial growth, the growing population, emerging investment opportunities and MNEs' energy transition commitments.



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EAC's ASEAN Localization Probability index 2024

Since 2019, EAC regularly updates the “**ASEAN Localization Probability Index**” with closely follows **the increasing localization trend in the region** and investigates which industries are most likely to transform their supply chains and where foreign companies are likely to settle down. The index only serves as indication for foreign investors and needs to be refined on individual investment case.

In recent years, **electronics manufacturing, mechanical engineering and automobiles** have gained increasing importance in **Vietnam, Thailand and Malaysia** and are benefiting from the expansion of basic infrastructure, training of qualified personnel and the upstream supply chain.

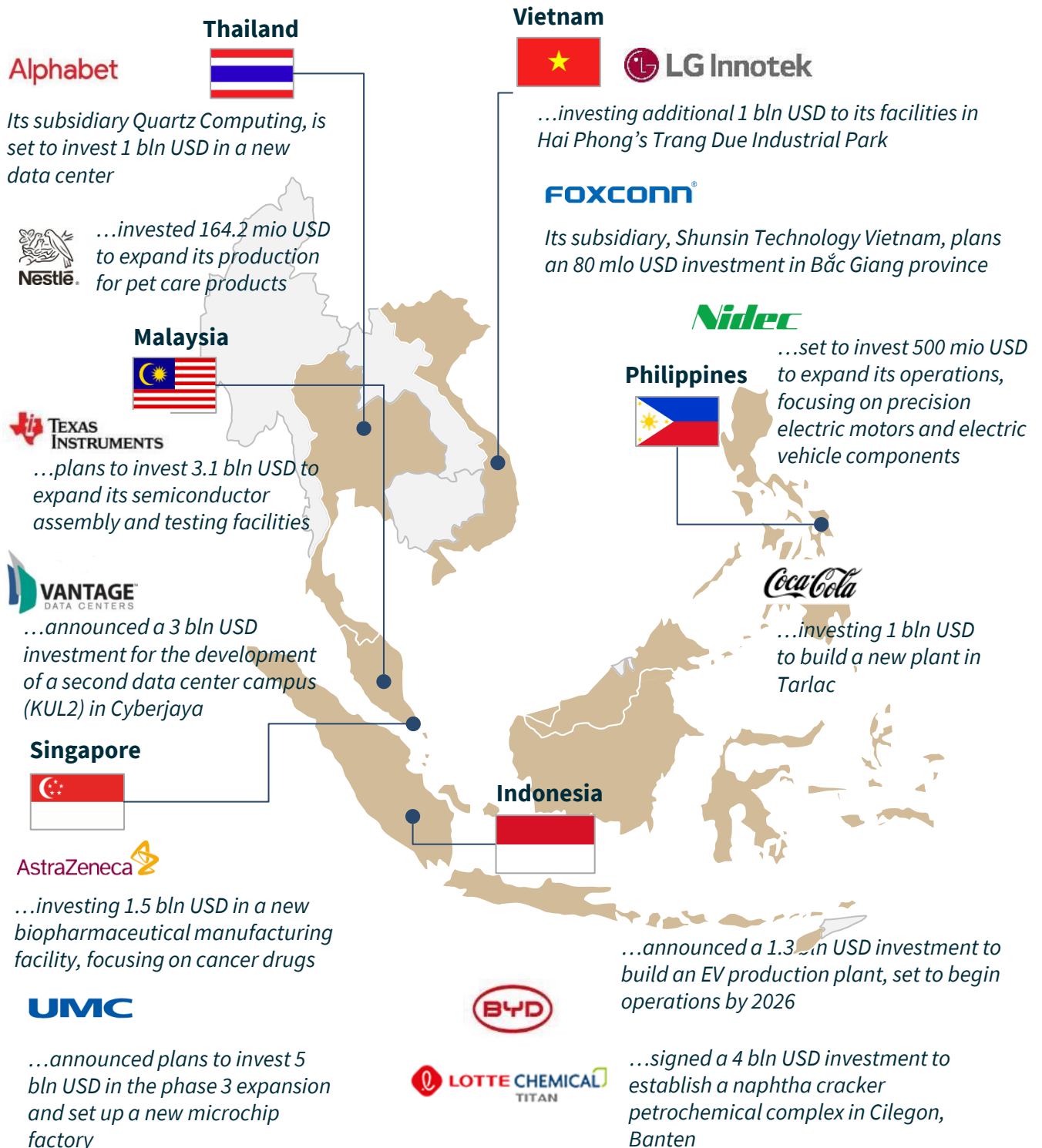




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Overview key investment projects in the region 2022-2024

Foreign investments in Southeast Asia are thriving, driven by strategic location, growing economies, and favorable trade policies. Key **sectors include manufacturing, technology, pharmaceuticals and automotive**, attracting global investors seeking regional market access and opportunities.





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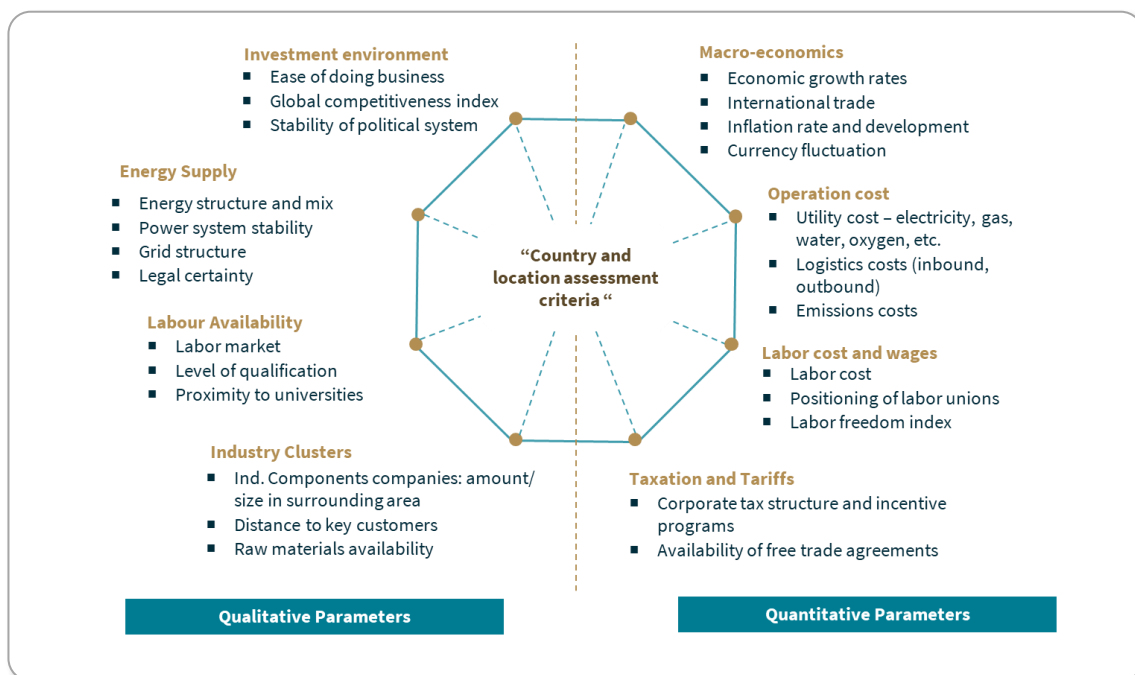
Path to Success to find the right location

The ASEAN region offers diverse investment opportunities, particularly in rapidly growing markets like Vietnam, Indonesia and Malaysia. Key **factors to evaluate include economic growth, political stability, infrastructure and labor costs**. Sectors such as technology, manufacturing, and renewable energy are thriving, bolstered by favorable tax incentives and trade policies.

However, **investors should remain cautious about regulatory complexities, currency fluctuations, and geopolitical risks** that could impact returns. Thorough understanding of local markets, and compliance with laws are crucial for success. Strategic planning and alignment with regional trends can help capitalize on the region’s growth while mitigating potential challenges.

IDEATION: SCOPE OF CHECKLIST AND KEY CONSIDERATIONS

- ❖ **Understanding market potentials** | transparency of future customers and supply streams
- ❖ **Dimensioning investment scale** | planned value chain, suppliers, size, required workforce
- ❖ **Location & plot requirement catalogue** | key qualitative, quantitative and technical specs



Source: EAC International Consulting®

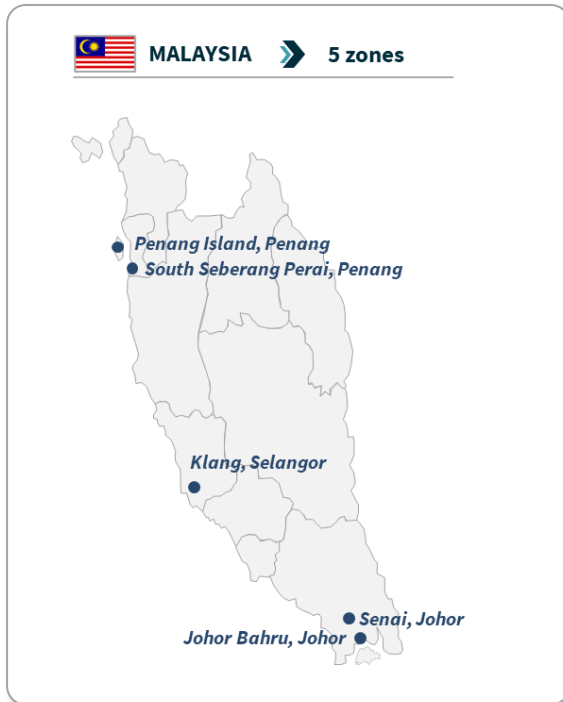
- ❖ **Systematic & objective screening process** | fact-based assessment of defined requirements
- ❖ **Peer benchmarking** | direct exchange to collect practical experiences with existing investors
- ❖ **Labor market assessment** | compare skills, costs, and workforce availability
- ❖ **Incentives identification process** | research tax breaks and subsidies.
- ❖ **Risk analysis performed** | evaluate political, financial, and environmental risks
- ❖ **Supply chain feasibility** | consider logistics and supplier access
- ❖ **Cultural integration planning** | adapt strategies to local customs
- ❖ **Sufficient staffing support** | consider local hires, interim management



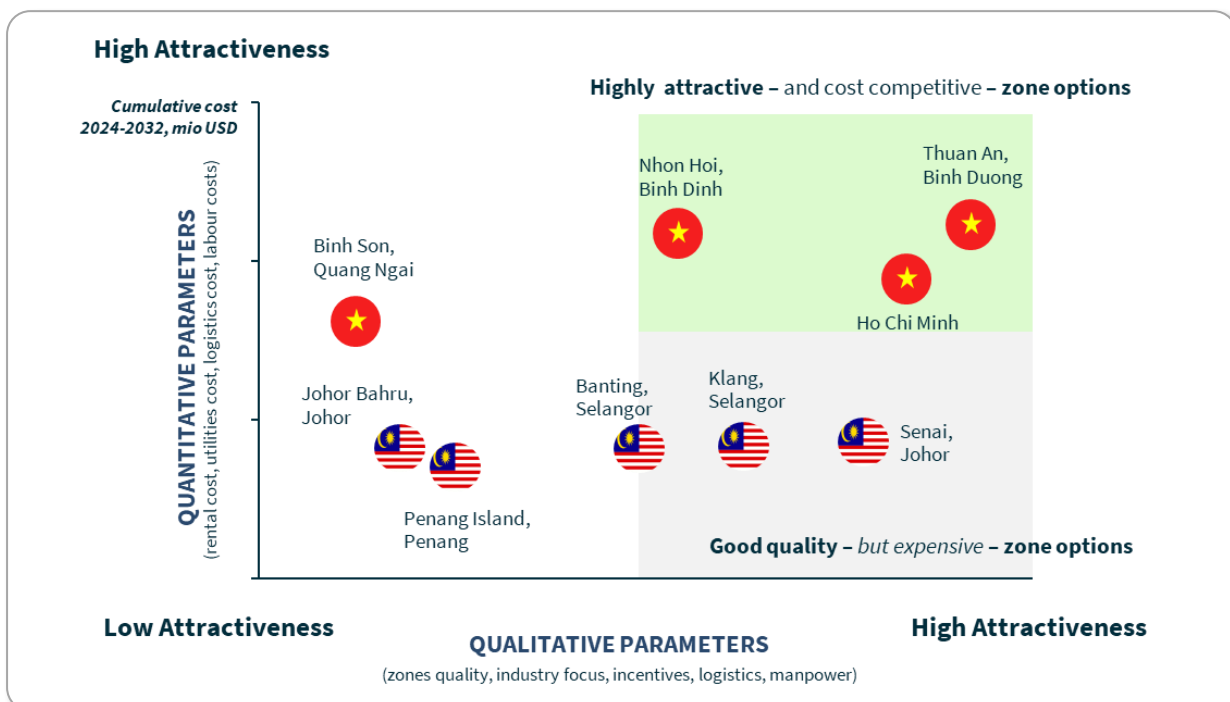
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Project Case: SEA Location Search (excerpt)

Starting with consideration of 4 countries in ASEAN for **initial assessment**, **2 countries were filtered out**, with **9 out of 12 zones remaining** for detailed assessment.



Shortlisted zones were visited and underwent detailed assessment of pre-defined quantitative and qualitative assessment resulting in 2 best-fit locations for negotiation stage.



Source: EAC International Consulting®



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Recent EAC Project Cases

EAC – International Consulting leverages its **extensive expertise to guide international companies in identifying the ideal investment locations across the ASEAN region**, ensuring strategic alignment with market opportunities and business goals.

EAC CASE STUDIES – OUR LATEST PROJECTS



*Sanitaryware manufacturer looking for an **expansion of manufacturing footprint in SEA***



*European fiber manufacturer planning to **build a regional production facility in ASEAN***

SCOPE & OUTCOME

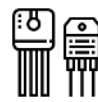
- ✓ **Long-listing of possible low-cost country options** in SEA for new manufacturing set-up
- ✓ **Assessment of qualitative and quantitative parameters** to recommend the most suitable country
- ✓ **Assessment of most suitable investment zones** within the prioritized countries
- ✓ **Final recommendation of most suitable location** followed by support in incentive negotiations and land acquisition

SCOPE & OUTCOME

- ✓ **Opportunity screening** with focus on macro-economic and political framework, textile market fundamentals
- ✓ **Screening and assessment of site opportunities** in Indonesia, Thailand and Vietnam
- ✓ **Prioritization of suitable sites** (country and in-country region) and zone discussions for investment facilitation
- ✓ **Support in investment agreement negotiations** until closing of contractual framework



*Global automotive tier aiming to set-up **electronics manufacturing plant in best-cost SEA countries***



*Global leading supplier of electrical components to **build-up assembly plant to locally serve SEA***

SCOPE & OUTCOME

- ✓ **Benchmarking the “best” investment regions** in ASEAN and India in comparison to South China
- ✓ **Highlighting of advantages and disadvantages** for each prioritized region within ASEAN
- ✓ **Recommendation of most suitable investment zones** based on strategic and operational parameters
- ✓ **Execution of joint visits to prioritized regions** in Thailand and Malaysia to jointly select the best location

SCOPE & OUTCOME

- ✓ **Common ideation session to assess forward-looking value streams** and supply chain requirements
- ✓ Development of detailed **country and location requirement catalogue** for future investment
- ✓ **Assessment of prioritized investment regions** and indicative simulation of future cost structures
- ✓ **Verification available recommendation of best-fit sites** for final selection



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News: EAC to Launch *intelloTRAK*® for Southeast Asia

Based on the success of the China edition, EAC is excited to announce the upcoming release of our browser-based location search tool, *intelloTRAK*®, tailored for companies planning to establish new production units in Southeast Asia. Scheduled for launch in mid-2025, *intelloTRAK*® aims to provide critical first intelligence on potential investment zones, aiding businesses in making informed decisions regarding location selection.



intelloTRAK® is designed to address these complexities by offering detailed analyses of investment zones, considering factors like costs and proximity to key infrastructure elements, including highways, airports, harbors, and railway stations. This version of *intelloTRAK*® will cover Vietnam, Thailand, and Malaysia, with potential extensions to include Indonesia and the Philippines, pending further review.

With *intelloTRAK*®, companies can anticipate a streamlined, efficient location selection process, ensuring they can strategically position themselves within Southeast Asia's dynamic markets. Whether you are embarking on a new venture or considering a relocation *intelloTRAK*® takes the guesswork out of finding the perfect fit:

- ❖ **Tailored Search:** Define specific needs and get matched with top locations
- ❖ **Data-Driven Insights:** Gain valuable intel on infrastructure and cost details
- ❖ **Empowered Decisions:** Informed choices with unparalleled transparency
- ❖ **Objectiveness:** neutral opinion without hidden costs, you in the driver seat

Visit [IntelloTRAK](#)® or contact us directly under to learn more about *intelloTRAK*® and see how it can streamline your search! Ready to find your perfect Asian Manufacturing Location? Contact us: intelloTRAK@eac-consulting.de



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