

NEW: 2025 EDITION

ASEAN INVESTMENT LOCATION COMPASS

Finding the right investment location in Southeast Asia



ASEAN, a dynamic hub for global business expansion is at the crossroads of major trade routes. Unlocking ASEAN means unique access to a market of over 680 million consumers, robust growth and a continued commitment to regional integration. The region remains a beacon of opportunity for international companies seeking to localize value chains and tap into an attractive market base.

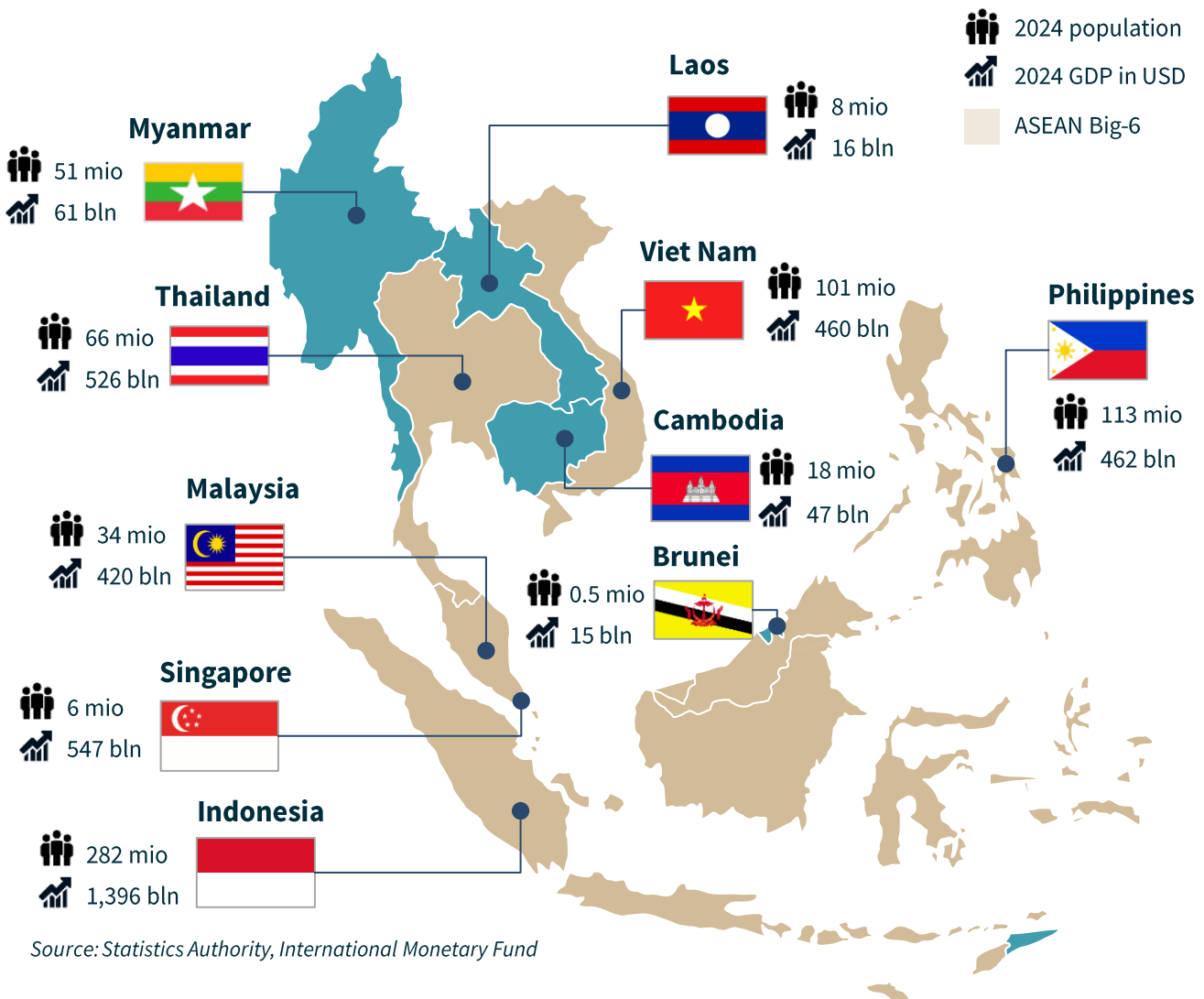


ASEAN INVESTMENT LOCATION COMPASS

A regional perspective

2025 has seen ASEAN further strengthen its position as a dynamic economic hub and a strategic alternative to China and India both for consumer markets and as a manufacturing base. ASEAN's **cost advantages**, increasingly **digitalized supply chains**, and **skilled workforce** continue to attract global investors with 2024 FDI at 226 USD bln, an approximately 10% increase from 2023.

ASEAN IN A NUTSHELL: ECONOMIC DEMOGRAPHICS



ASEAN's 2026 outlook is cautiously optimistic but marked by heightened external risks and moderate growth, with a focus on adapting through integration and structural reform despite tariffs from the US.

The recent 5-day Thai-Cambodia border dispute, displacing 300,000 people resulted in a ceasefire swiftly brokered by Malaysia. ASEAN leaders are likely to be key peace negotiators, with a historically low appetite for open conflict.









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Regional advantages

❖ **Recap from our 2024 Edition:** In our previous coverage, we highlighted ASEAN's strategic position between the Indian and Pacific Oceans, cementing its position within crucial global trade corridors connecting leading economies including China, India, Japan, and Australia. The region's generally competitive cost structure, offers significant manufacturing and operational advantages. ASEAN's FTA (RCEP), including Australia, China, Japan, South Korea and New Zealand, created the world's largest FTA by GDP, population and trade. Amid ongoing geopolitical tensions and pandemic-driven disruptions, these factors have led many companies to restructure supply chains and increasingly consider ASEAN as an ideal hub for investment and expansion.

ASEAN BIG-6 IN SPOTLIGHT – KEY INDICATORS

KEY PARAMETERS	 SINGAPORE	 MALAYSIA	 THAILAND	 INDONESIA	 VIET NAM	 PHILIPPINES
Population 2024 (Mio)	6.0	34.1	66.0	281.6	101.1	113.2
GDP 2024 (Current Price, bln USD)	547.4	419.6	526.4	1,396.3	459.5	461.6
GDP Per Capita 2024 (USD)	90,674	12,541	7,492	4,958	4,536	4,079
GDP Growth 2024 (%)	4.4%	5.1%	2.5%	5.0%	7.1%	5.7%
Manufacturing Sector 2024 (% of GDP)	21%	23%	25%	20%	24%	18%
Construction Industry 2024 (% of GDP)	3.5%	4.0%	2.7%	9.9%	6.6%	7.5%
Foreign Direct Investment 2024 (bln USD)	168.7	10.6	10.7	54.3	38.2	10.7
International Trade 2024 (imports and exports, bln USD)	1,711.2	740.6	753.1	595.0	841.4	296.6
# of Free Trade Agreements (bilateral and regional)	28	12	10	13	11	4

Source: Statistics Authority, International Monetary Fund, Trading Economics, WTO, EAC research and analysis

❖ **In 2025:** ASEAN's economic advantages increasingly include its large, young consumer market and dynamic digital economy, creating a favorable climate for foreign investors and driving innovation-led growth. Strengthened regional connectivity through digital infrastructure and resilient supply chains underpins trade and investment. Ongoing initiatives promoting inclusivity and sustainability, including green investment incentives and start-up support, further enhance competitiveness. Geopolitically, ASEAN's agile navigation of great power competition bolsters its influence and economic resilience – particularly in digital trade and energy. Member countries pursued bilateral not en-bloc U.S. tariff deals. In the near-term they will work to expand domestic investments and grow inter-ASEAN and wider APAC trade to counter global headwinds.



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Regional development

ASEAN's big 6 are accelerating cooperation zones, green and digital economy initiatives, and infrastructure projects. They are also seeing robust growth in EV supply chains, high-tech manufacturing, and cross-border connectivity - all reinforcing the region's role as a dynamic and resilient economic hub.

UPDATES IN 2025

Malaysia & Singapore: Johor-Singapore Special Economic Zone (JS-SEZ)

The JS-SEZ has advanced rapidly since its official launch in January 2025, marked by the signing of a formal agreement between the Malaysian and Singaporean Prime Ministers. With nine flagship areas, the special economic zone now offers businesses streamlined customs procedures, harmonised regulations, and coordinated infrastructure projects. These enhancements have fuelled a surge in investment, with Johor attracting RM27.4 billion (~USD 6.5 billion) in foreign direct investment in the first quarter of 2025 alone, predominantly from Singapore as expected.



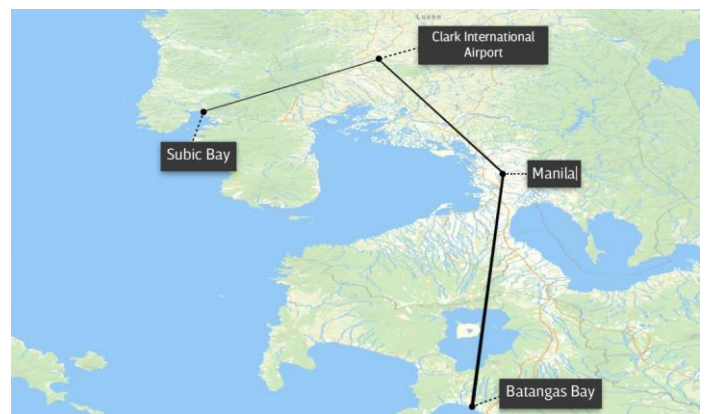
Indonesia: IKN Nusantara Capital City Project



Indonesia's ambitious Nusantara Capital City (IKN) project entered its second phase of development in 2025, backed by a substantial budget of USD 3 bln and private investments worth USD 4 bln. Conceived as the world's first "smart forest city," IKN marks a strategic shift from a resource-driven to a knowledge-based economy. Initially designed to relieve population and pollution pressures from current capital, Jakarta, IKN is also seen as key to spurring growth across Borneo from Brunei to Malaysia. Administrative functions and partial operations moved to IKN in August 2024, with full relocation and ongoing construction set to continue through 2025 and beyond.

Philippines: Luzon Economic Corridor (LEC)

The Luzon Economic Corridor (LEC) is a newly launched initiative aimed at integrating the industrial strengths of Subic, Clark, Manila, and Batangas. Announced at the April 2024 Trilateral Leaders' Summit between the Philippines, the US, and Japan, the LEC's core project is the SCMB (Subic-Clark-Manila-Batangas) freight rail, designed to connect key economic hubs. In support of the corridor's development, the United States has approved a USD3.8 million grant, specifically to support the initial development phase of the LEC, including feasibility studies and technical assistance for the SCMB freight rail project. Further US investments are expected as part of the US tariff trade deal.





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Regional development (cont.)

Viet Nam: Đà Nẵng Free Trade Zone (FTZ)

The Đà Nẵng Free Trade Zone is a newly approved 1,881-hectare initiative designed to position the city as a regional trade and investment hub. It is one of Viet Nam's newest and most ambitious special trade and investment zones and offers reduced corporate taxes, land rent exemptions, and streamlined electronic customs clearance. As Viet Nam's first pilot FTZ model, it supports the country's broader economic strategy by enhancing trade connectivity, attracting foreign investment, and reinforcing Đà Nẵng's role in regional supply chains.



Viet Nam: Hải Phòng Free Trade Zone

The Hải Phòng Free Trade Zone is a proposed 1,000-hectare initiative is part of the city's planned international logistics center, strategically located within the Southern Hải Phòng Coastal Economic Zone. Designed to strengthen Hải Phòng's role as a regional export import hub for logistics, industry, and services, the project is currently finalising its procedures for national-level approval. Projected to cost USD 8 bln with completion by 2030 it is expected to attract USD 40 bln in private investment and generate over USD 70 bln in trade and 400,000 jobs. Secondary plans include the development of housing for 500,000 people by 2040.



Thailand: Land Bridge Project



The Thailand Land Bridge Project is a transformative national initiative connecting the Gulf of Thailand with the Andaman Sea. The bridge will bypass the Straits of Malacca via a 90km high-capacity motorway and railway. With a massive planned investment of USD 36 bln, it will include the development of two world-class deep-sea ports in Chumphon and Ranong. By offering a faster, more efficient alternative to the congested Straits of Malacca, transport times will be cut by 4-5 days and shipping costs reduced by up to 20%. The project is expected to create 280,000 jobs, boost trade, and boost GDP growth by 1.5% in Thailand. The road and rail connections are expected to be completed by 2030.

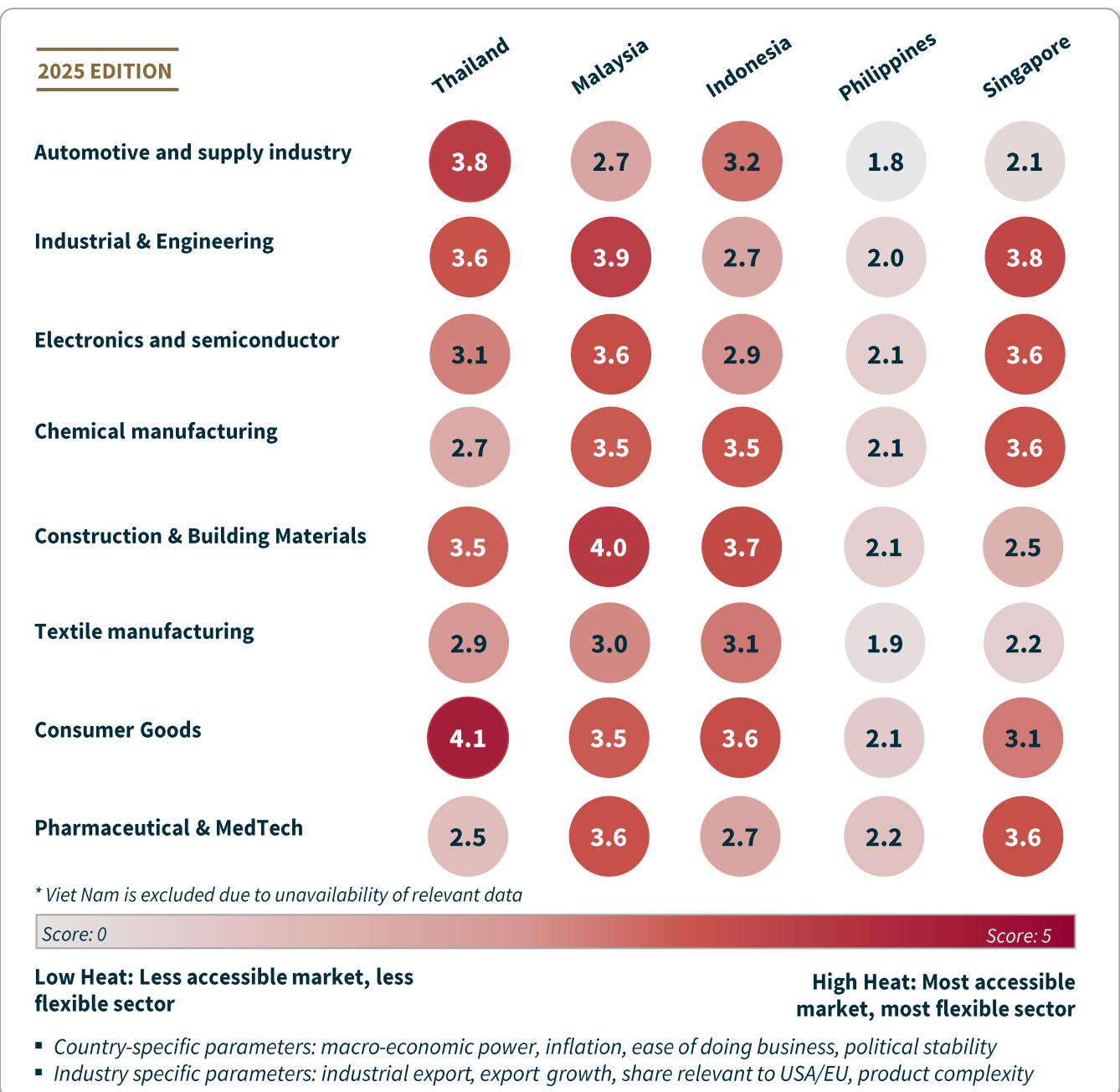


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EAC's ASEAN Localization Probability index 2025

Since 2019, EAC regularly updates the “**ASEAN Localization Probability Index**” which closely **follows the growing localization trend in the region**. This heatmap analyses which industries have the most flexible supply chains and assesses current country attractiveness per sector. It serves as an indicative tool for foreign investors but should be complemented with a case-by-case assessment for individual investment decisions.

In 2025, electronics, mechanical engineering, and automotive manufacturing remain key growth drivers for ASEAN economies, powered by improved infrastructure, skilled talent, and strong supply chains. **Electronics, semiconductor manufacturing and industrial engineering** have gained significant momentum in **Thailand** and **Malaysia**.





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Overview key investment projects in the region 2024-2025

In 2025, SEA continues to attract strong investment interest, building on last year's momentum in key sectors such as **semiconductor, cloud infrastructure, renewable energy, and electric vehicles**. These areas remain focal points for both regional and international investors, as SEA economies consolidate their positions in high-growth, future-oriented industries while sustaining commitments to innovation and sustainability.



Thailand



...announced a 490 mio USD investment to build an EV factory in Rayong with an annual capacity of 150,000 vehicles



...announced a 1 bln USD investment to build a data center and expand cloud and AI services in Chonburi

Malaysia



...announced a 2.2 bln USD investment to build a data center region and expand AI infrastructure and training programs



...announced a 220 mio USD investment to establish a lithium-ion battery plant in Kedah, with construction beginning in late 2024

Singapore



...announced a 7.8 bln USD investment to build a chip fabrication plant producing 130nm to 40nm semiconductors



...announced a 200 mio USD investment to expand its manufacturing and R&D facility in Singapore, completing Phase 1 in 2024 with full expansion expected by 2026.

Viet Nam



...announced a 1 bln USD investment to open a solar-powered factory in Binh Duong and a regional logistics hub



...announced a 1.6 bln USD investment to expand semiconductor packaging and testing operations in Bac Ninh

Philippines



...announced a 15 bln USD investment to build large-scale renewable energy projects including solar, wind, and battery storage

Indonesia



...announced a 320 mio USD investment split between manufacturing facilities, and education, R&D, and regulatory commitments



...announced a 777 mio USD investment to build an EV anode materials plant in Central Java, with full capacity expected by Phase 2

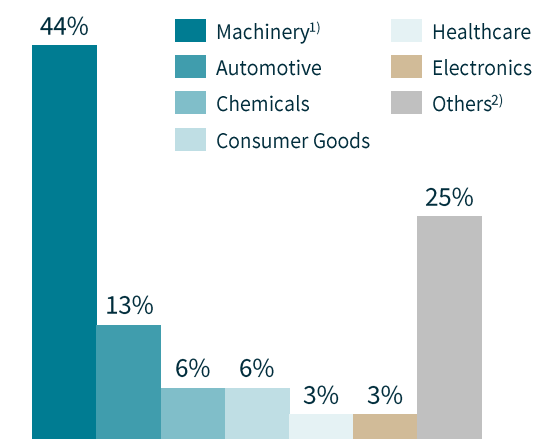
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EAC's survey on navigating US tariffs in June 2025

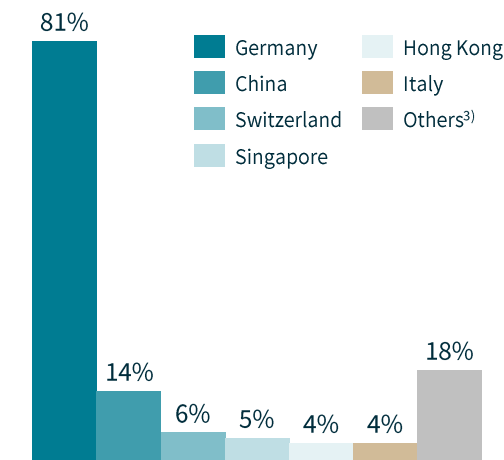
On 2 April 2025, the United States new 'reciprocal' tariff policy imposed baseline tariffs from 10% to 50%, with higher reciprocal rates targeting key trading partners or products. In response, EAC surveyed 265 companies with significant exposure in China across industries to assess business reactions.

While concerns remain, most respondents expressed confidence in managing the impact through supply chain adjustments, pricing strategy reviews and altering production footprints in line with customer demand.

"What industry is your company active in?"



"Where is your company's global headquarters located?"

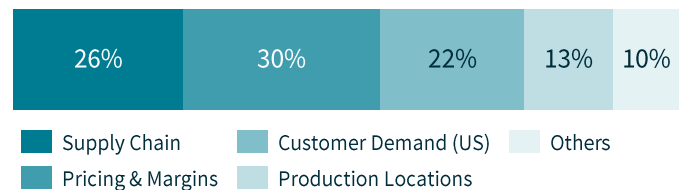


1) Machinery sectors include Semiconductor Equipment Manufacturers, Machine Tools, IoT Solution Suppliers

2) Others includes Professional Advisory, Services, Infrastructure & Real Estate, IT and MICE sectors

3) Others Include France, UK, US, Belgium, Austria, Finland, India, Malaysia, Qatar, and Sweden

"Which areas of your business are most affected?"



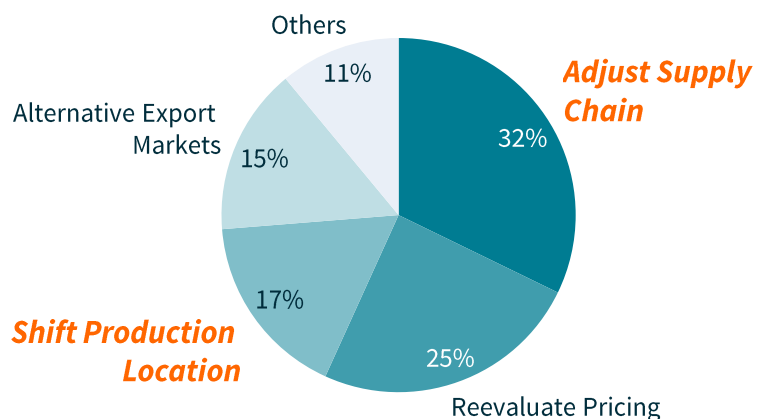
"How confident are you to respond effectively to the tariff announcement?"



"Has your company taken any strategic measures in response to the US tariff announcement?"



"What measures is your company most focussed on implementing?"





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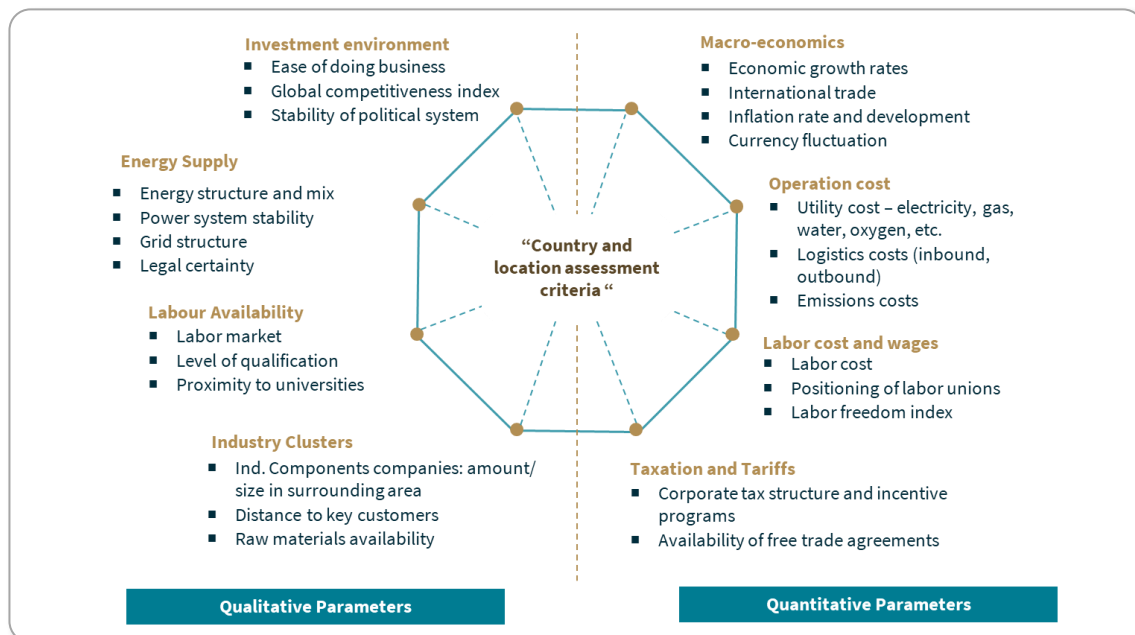
Choosing the right location for you

The ASEAN region offers diverse investment opportunities, particularly in rapidly growing markets like Viet Nam, Indonesia and Malaysia with Singapore aggressively competing with compelling guaranteed investment incentives. Key **factors to evaluate include economic growth, political stability, infrastructure, incentives 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 stability, and protectionism** that could impact returns. Thorough understanding of local markets, supply chains and regulatory compliance 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®

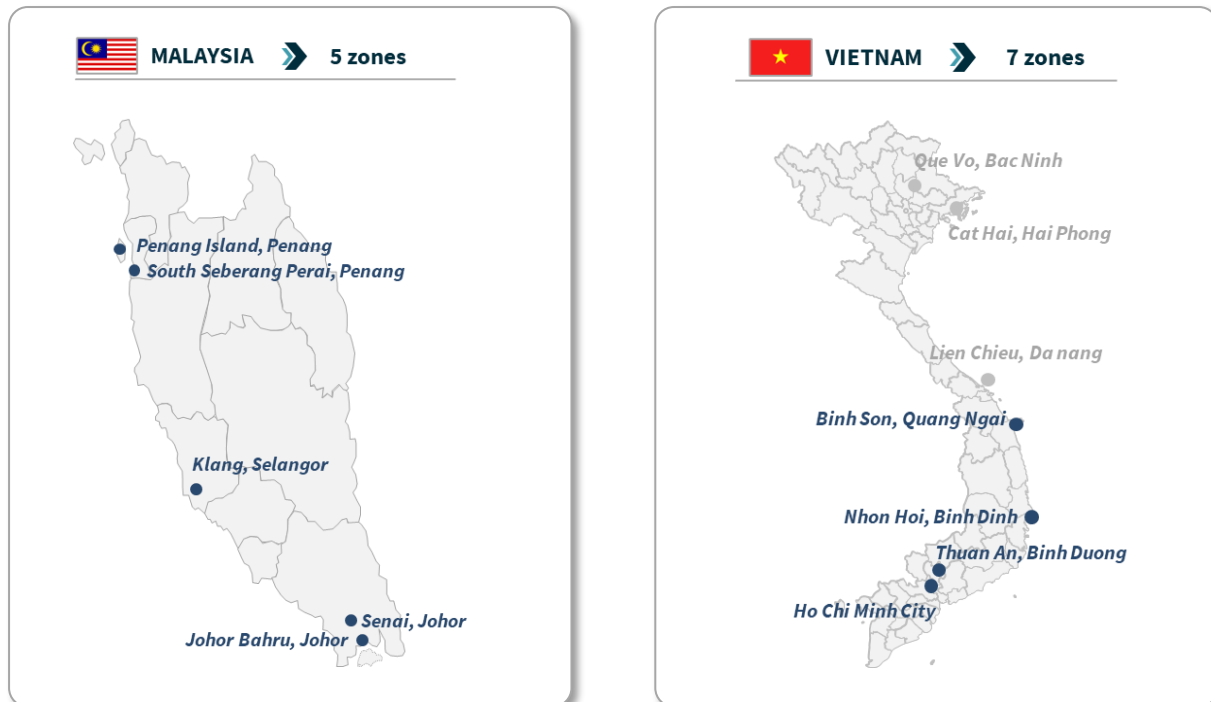
- ❖ **Systematic & objective screening process** | fact-based assessment of defined requirements
- ❖ **Peer benchmarking** | direct exchange to collect practical experiences with existing investors
- ❖ **Labor market assessment** | compare skills, costs, and workforce availability
- ❖ **Incentives identification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



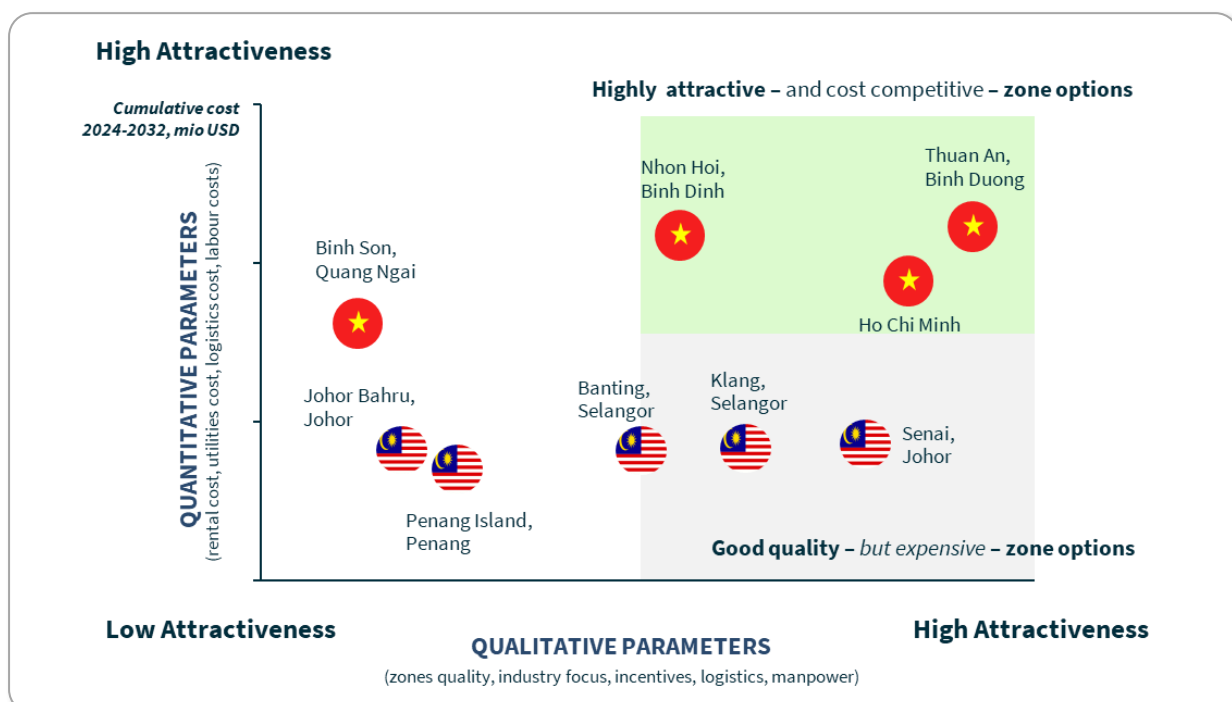
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Sample: SEA Location Search

EAC was recently tasked to select 2 manufacturing locations within ASEAN. 4 countries underwent **initial screening**, 2 countries were **filtered out**, with **deep-dive analysis of 9 out of 12 zones remaining**.



Short-listed zones underwent site visits, suitability assessments, feasibility studies (quantitative and qualitative assessment) resulting in 2 best-fit locations for market entry.





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Recent EAC Location Assessment Support

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***

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



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

SCOPE & OUTCOME

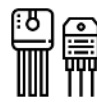
- ✓ **Opportunity screening** with focus on macro-economic and political framework, textile market fundamentals
- ✓ **Screening and assessment of site opportunities** in Indonesia, Thailand and Viet Nam
- ✓ **Prioritization of suitable sites** (country and in-country region) and zone discussions for 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***

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



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

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 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 Viet Nam, 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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Contact us to discuss potential support options

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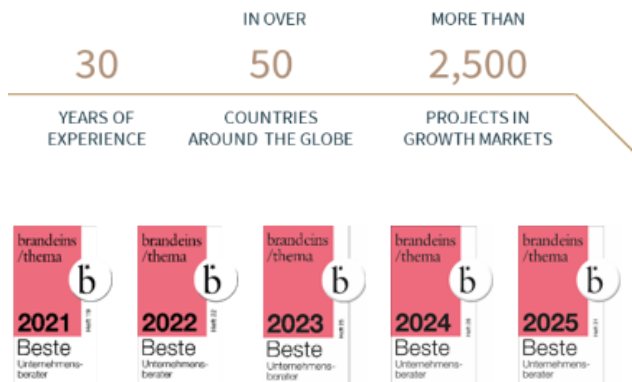


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