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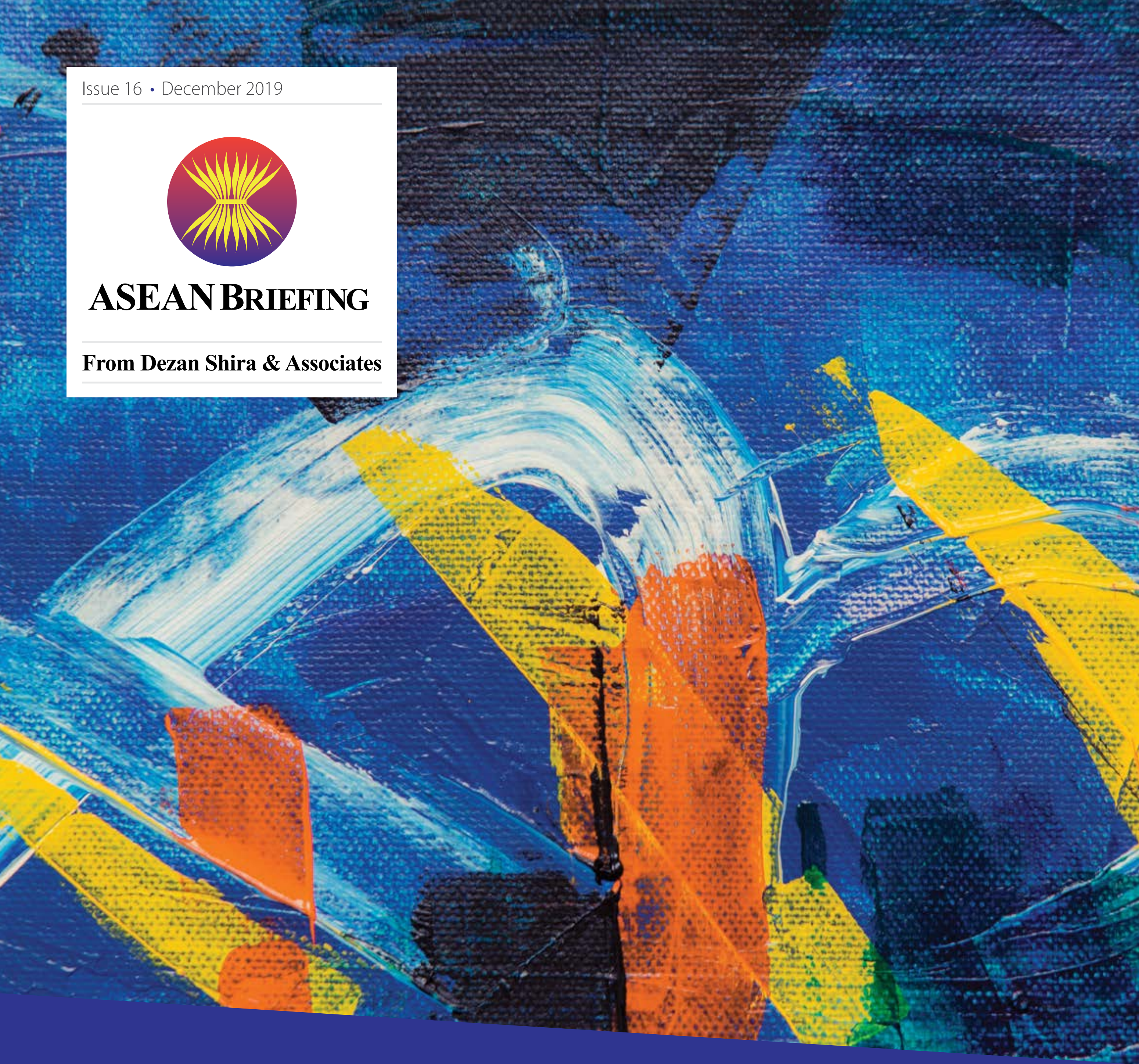
ASEAN BRIEFING

From Dezan Shira & Associates



Relocating Your Business from China to ASEAN

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Introduction

ALBERTO VETTORETTI
Managing Partner

ASEAN countries have become an alluring destination for Chinese-based businesses looking to relocate all or part of their production facilities amid the brewing US-China trade war. ASEAN was already China's largest trading partner in the first half of 2019 as trade turnover increased by 10 percent from 2018 to US$294 billion; overtaking the US for the first time since 1997.

Some investors, however, remain skeptical at the idea of relocating to an ASEAN country, citing the bloc's lack of developed supply chains and infrastructure. While these are genuine concerns, ASEAN's growth rates have stabilized at just over four percent in 2019. The bloc has also well-established trade networks, such as the ASEAN-China free trade agreement and is home to prominent international businesses engaging in conventional and nuanced industries. Additionally, ASEAN hosts a young and educated workforce and growing middle-class.

In this issue of the ASEAN Briefing magazine, we begin by introducing the various incentives issued by ASEAN countries to attract investments from the spillover of the trade war. We then analyze productivity levels in ASEAN and what impact this has on businesses relocating to the region. Finally, we focus on special economic zones (SEZs) in ASEAN and their increasing importance in garnering foreign investments at a time of global economic uncertainty.

With kind regards,

Alberto Vettoretti

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This Issue's Topic

Relocating Your Business from China to ASEAN

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Trade War Incentive Schemes in ASEAN

By Dezan Shira & Associates
Author: Michael Malvenda

Governments across ASEAN have been unveiling an array of incentive packages to entice businesses affected by the US-China trade war. Countries such as Thailand, the Philippines, Malaysia, and Indonesia have introduced tax breaks and initiatives to improve the ease of doing business whereas Vietnam, Singapore, and Cambodia have accelerated business reforms, such as executing free trade agreements (FTAs), and double taxation agreements (DTAs).

We consolidate and briefly discuss the development of each country's incentives over the past year. The developments showcase how ASEAN members are distinguishing themselves and what opportunities are available for investors looking elsewhere in Asia.

Thailand Plus

Thailand introduced a stimulus package called "Thailand Plus" in September 2019. This package covers seven key points, which include introducing new tax incentives and deductions, as well as reforms and initiatives designed to improve the ease of doing business.

Foreign investors with a foothold in the country, especially in high-value manufacturing sectors like electronics, automotive, aerospace, and maintenance, repair, and overhaul (MRO) services, could benefit from this latest package.

Thailand already offers investors corporate income tax (CIT) exemptions through the Eastern Economic Corridor, but Thailand Plus allows companies to be eligible for further reductions if they invest at least 1 billion baht (US$32 million) provided the investment is realized by the end of 2021.

Thailand will endeavor to expand its FTA network under Thailand Plus, reviving the Thailand-EU FTA and is expected to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Moreover, special investment zones for companies from South Korea, Japan, China, and the US will be developed.

Key Incentives under Thailand Plus

50 percent CIT reductions for investments of least 1 billion baht (US$32 million) provided the investment is realized by the end of 2021.

- Foreign investors that employ highly-skilled personnel in the field of STEM are eligible for CIT tax deductions of 150 percent for training expenses for the 2019-2020 FY; and
- Investors engaged in the development of advanced technology are entitled to 200 percent CIT tax deductions.

Businesses looking to engage in automation systems and robotics can receive a CIT reduction of 200 percent from the 2019-20 FY.

The government will amend the Foreign Business Act to simplify the process for obtaining visas and work permits for foreign investors.

The Philippines' CITIRA and legislative amendments

In September 2019, the Philippines introduced the Corporate Income Tax and Incentives Rationalization Act (CITIRA). CITIRA will gradually reduce Corporate Income Tax (CIT) from 30 percent to 20 percent over a 10-year period as well as rationalize specific tax incentives. The current CIT of 30 percent is the highest in ASEAN.

The Act is the second phase of the government's Comprehensive Tax Reform Package program, and aims to increase foreign investment, stimulate job growth, and enable domestic small and medium enterprises (SMEs) to be more regionally competitive.

Under CITIRA, the government will also develop new priority regions beyond the National Capital Region, Metro Manila. Investments outside this region could help the country develop its infrastructure and supply chains to compete more readily with other ASEAN countries.

To further encourage foreign investment, lawmakers amended two provisions of the Foreign Investment Act (FIA) of 1991. The amendments include the removal of the 'practice of professions' from the foreign investment negative list (FINL). This was done to attract more skilled foreign professionals. The other amendments aim to reduce the number of mandatory direct local hires by foreign investors from 50 to 15 and to allow foreign investors to have 100 percent ownership of SMEs.

The government also revised the Public Service Act and Retail Trade Liberalization Act. The former opened utility sectors like telecommunications and transportation to foreign investors; the latter set the minimum paid-up capital at US$200,000 for foreign businesses looking to invest in the country's retail industry.

Malaysia's budget, investment fast-track

Malaysia's 2020 budget focused on tax incentives and grants to attract investments, particularly from China, as well as multinational companies engaging in high-end technology, manufacturing, or value-added industries.

Qualifying companies will need to invest at least 5 billion ringgit (US$1.1 billion) into Malaysia. In return, the government will make available 1 billion ringgit (US$238 million) in incentives over five years.

Moreover, Malaysia will establish a specific channel to cater to Chinese investors and has set up a panel to fast-track investments for US and Chinese businesses looking to move operations out of China.

A 10-year tax exemption is available for investors in the electronics and electrical (E&E) industry, particularly investors in select knowledge-based services. Additionally, the budget provides a grant to develop the digital economy. The goal is to advance the industry through the introduction of new technology, re-training of the local workforce, and the development of new electronics and electrical subsectors. Incentives are also available for businesses to implement automation into their practices.

Indonesia's tax incentives

Indonesia introduced Government Regulation 45 of 2019 (GR 45, 2019) in June 2019, which laid out a host of tax incentives for businesses that invest in labor intensive industries, training programs, and research and development (R&D).

The regulation expanded on the previous legislation's criteria regarding taxpayers eligible to receive tax incentives irrespective of industry. The move aims to garner further foreign investment, expand the skilled labor base, and advance industries.

GR 45, 2019 can be particularly advantageous for foreign companies looking to establish a manufacturing base in Indonesia for areas such as textiles, commodities, and services. Furthermore, for taxpayers that engage in R&D initiatives, the incentives are designed to encourage more companies to generate innovation and shift to more high technology industries and products.

Indonesia is also preparing another incentive for 2021 in the form of reducing its CIT rate from 25 percent to 20 percent.

Tax Incentives and Grants under Malaysia's Budget 2020

Activity	Incentives/Grants
Multinational companies investing at least 5 billion ringgit (US$1.1 billion)	Incentives of up to 1 billion ringgit (US$238 million) over 5 years
Domestic businesses seeking to become export-oriented	Eligible for up to 1 billion ringgit worth of incentives over five years
Investments in the electronics and electrical industry	• 10-year tax exemptions; and • The government has also made available a 50 million ringgit grant (US$11 million) under the 5G Ecosystem Development Grant to accelerate the digital economy.
Businesses that implement automation in their operations	• Eligible to receive an accelerated capital allowance and automation capital allowance on the first 2 million ringgit (US$476,000) and 4 million ringgit (US$953,000) for qualifying capital expenditure; and • The incentive is extended to companies in the services sector on the first 2 million ringgit (US$476,000) for qualifying capital expenditure from 2020-2023.
Foreign ownership of property	Threshold on high rise properties (condominiums and apartments) for foreign ownership has been reduced from 1 million ringgit (US$238,000) to 600,000 ringgit (US$143,000).

Incentives under Indonesia's GR 45, 2019

Activity	Incentives/Grants
Investments into labor-intensive or pioneer industries	Investors can enjoy a net income reduction of 60 percent of their total investment in the form of tangible fixed assets, which includes any land used for the main business activities over a certain period.
Investing in apprenticeship programs or training activities	Investors can receive a gross income reduction of up to 200 percent of the total costs incurred.* **GR 45, 2019 defines 'certain competencies' as developing human resources that can meet the labor requirements needed by national industries and businesses.*
Engaging in R&D initiatives	Tax facility of 300 percent in gross income reduction of total costs incurred.* **To avail of this facility, the R&D activity must be deemed to be advancing the national economy, introduce new industries and technologies, or transfer of foreign technology to local businesses.*

Vietnam

The reshaping of the global supply chain has largely benefited Vietnam compared to other ASEAN countries. Vietnam offers competitive costs, low wages, developed infrastructure, and tax incentives for numerous industries. The combination of these factors as well as the country's close proximity to China has enabled the former to emerge as the main winner of the US-China trade war without the need to offer any further incentives.

Still, the government has strived to make it easier and more profitable to do business in Vietnam, and its economic development more sustainable. Recently, the government issued a decree providing science and technology enterprises with preferential treatment ranging from corporate tax cuts and exemptions to credit incentives, and exemptions or reductions in land and water surface lease fees. Besides this, the government is prioritizing investments in IT with labor and tax incentives.

The government also announced a plan to privatize state-owned enterprises by equitizing and divesting state capital from hundreds of enterprises by 2020. This move presents an opportunity for investors in sectors like agriculture and forestry, where Vietnam holds a comparative advantage to its ASEAN neighbors due to low labor costs.

In terms of special economic zones (SEZs), Vietnam has begun expanding its development zone policy and these zones offer their own incentives from free tariffs to low personal income tax.

Lastly, the country has signed FTAs with the Eurasian Economic Union (EAEU) and recently with the EU. The latter coincides with the Vietnam-EU Comprehensive Partnership and Cooperation Framework Agreement, which will deepen economic and investment ties.

Singapore

Singapore has one of the world's most business and investor-friendly tax regimes, a transparent common law legal system, followed by efficient and cost-effective procedures for incorporating a company.

These factors will continue to make the country the ideal destination for foreign investors seeking to expand into ASEAN and Asia. Similar to Vietnam, Singapore already stands out from most ASEAN countries and does not need to develop trade war schemes *per se* because of the framework it has built over the years.

Singapore has been successful in pursuing FTA and DTA initiatives as part of its investment push. Although its ASEAN neighbors have strong FTA and DTA networks, these are not as extensive as Singapore's, which cover 85 DTAs and 24 FTAs.

An FTA with the EAEU was recently signed that will help facilitate Russian investments into Asia. Additionally, earlier this year, the EU ratified and approved an FTA it signed with Singapore, alongside two other agreements – the EU-Singapore Investment Protection Agreement and the EU-Singapore Partnership and Cooperation Agreement.

In October 2019, Singapore and China upgraded its existing FTA. The amended FTA covers cooperation in six areas, including investments, with both countries agreeing to offer each other high levels of investment protection, strengthening their economic relationship.

Singapore's Corporate Tax Incentives

- A wage credit scheme;
- Exemptions for start-ups;
- Partial tax exemption schemes;
- Investment allowance;
- Industry specific incentives;
- Enterprise finance schemes;
- Double tax deductions;
- Incentive for pioneer industries; and
- Merger and acquisition schemes.

The trade war has also intensified the debate on whether Singapore or Hong Kong is the leading financial hub in Asia. In addition to having more FTAs and DTAs than Hong Kong, Singapore offers investors a diverse business community with over 7,000 multinational firms operating from the country.

Furthermore, Singapore is uniquely positioned as being the gateway to the fastest growing economies in Southeast Asia.

The rest of ASEAN and RCEP

Other ASEAN countries–Brunei, Cambodia, Laos, Myanmar–have not enacted specific trade war schemes, but have begun to take some steps to attract foreign investment.

Myanmar has discussed wooing more foreign investment as its regional neighbor Vietnam could face capacity constraints and underdeveloped infrastructure.

More substantially, Cambodia has ratified an agreement of double taxation avoidance and the prevention of fiscal evasion regarding income tax with Hong Kong. The country has also ratified DTAs with other countries in the region, including Singapore, China, Thailand, Vietnam, Brunei, and Indonesia.

Cambodia is pursuing further reforms as part of its Industrial Development Policy, including structural and industrial diversification reforms (incentives are being provided for non-garment manufacturing companies), to cut business costs and strengthen the logistics sector, and develop the digital economy.

Regionally, all ASEAN countries are aiming to sign the Regional Comprehensive Economic Partnership (RCEP) next year. The RCEP would be the world's largest trade deal, and comprise of ASEAN's trading partners Australia, New Zealand, China, Japan, and South Korea.

It would also boost commerce across the group by lowering tariffs, standardize custom rules and procedures, and expand market access; helping members mitigate the negative impact spilling over from the US-China trade war.

ASEAN as Asia's New Manufacturing Hub: Too Good to be True?

By Dezan Shira & Associates
Author: Peter Upton

In May 2019, the American Chamber of Commerce in China analyzed that 40 percent of its surveyed members had either begun to shift their production outside of China or were thinking of shifting their production out of the country. Of those planning to leave China, more than half listed the ASEAN region as the location they considered relocating to.

Some bearish investors raise eyebrows at the idea of a move to an ASEAN country as being truly profitable. They claim ASEAN countries lack China's developed supply chain and the infrastructure necessary to support a burgeoning industrial sector. For many, it comes down to the simple question: can companies be as productive in ASEAN as they were in China, or can't they?

There are many components to measuring productivity. For this article, we will look at key considerations like total factor productivity (TFP) and labor GDP per worker. TFP, also known as multifactor productivity (MFP), is a measure of economic performance that compares the amount of output (goods and services produced) to the combined inputs used to produce those goods and services. These inputs include capital, energy, and labor.

Vietnam

When placed side-by-side with other ASEAN nations over the past 50 years, Vietnam's productivity appears lackluster. According to a 2017 report by the Asian Productivity Organization, Vietnam brought up the rear of the region–if measured by GDP per worker – with productivity levels of US$11,000 per worker, 91 percent lower than the US, which stood at US$123,000 per worker.

However, in the past 10 years, Vietnam has bucked the curve in almost every measurable category in terms of productivity growth. When measuring labor productivity growth rates of GDP per hour worked between 2010-17, Vietnam recorded seven percent growth; the highest among ASEAN members. If measuring for TFP, or the flow of services from capital input from 2010-17, Vietnam was also on China's heels at 1.8 percent compared to China's 2.5 percent.

While there is a lot of optimism surrounding supply chain shifts to Vietnam, critics are worried that a move south means hitting a total reset on operations. The Wall Street Journal ran an article in August 2019 offering a bleak outlook for the country's manufacturing landscape. The article highlighted Vietnam's overstuffed ports and diminutive workforce in comparison to its northern neighbor, China.

But Vietnam has been a go-to for investors transitioning out of China for quite some time now. Long before the US-China trade war, low-value and labor-intensive industries like garments and footwear have been moving quietly over the border to Vietnam and Cambodia. Nike, for instance, has been in the country since the mid-1990s. With its increasingly skilled workforce, improving infrastructure, pro-business policies, and close proximity to China, Vietnam seems ready step up as the ASEAN alternative to Chinese manufacturing.

Thailand

After Vietnam, Thailand has been the second biggest driver of regional productivity growth in the past decade, at a 6.6 percent increase in GDP per hour worked between 2010-17. By most other metrics it tends to take on a steady place in the center of the ASEAN pack, with only 0.6 percent TFP growth from 2010-17, up from-0.3 percent over the previous two decades.

This 0.6 percent TFP growth is still higher than the overall zero percent average TFP growth from ASEAN nations between 2010-17. The majority of its economic growth reportedly stems from an increase in labor productivity. Thailand has an extremely export-heavy economy, accounting for roughly two-thirds of its GDP and a slowdown in the economy of any neighboring country (like China) is immediately felt at home. Analysts have said that Thailand needs to switch to more industry automation or else risk slowing growth due to a declining local population.

Malaysia

In terms of worker productivity, Malaysia is one of the top ASEAN regional performers, with a 2017 GDP-per-worker of US$60,000. More than double the amount of China's US$26,000 per-worker. In terms of TFP growth, the country was at 0.7 percent in 2017, similar to the US and only increasing 0.2 percent from 1970 levels. Malaysia's recent economic slowdown in the first half of 2019 has worried some investors who believe the country has become too intertwined with China.

Analysts have commented that the country's easy access to low-skill labor has hindered its ability to invest in automation and other forms of upgraded production technology. After having enjoyed eight percent growth for eight years through the '90s, Malaysia is safely considered an up-and-coming powerhouse with a good manufacturing base and infrastructure.

Indonesia

Indonesia's growth rates are troubling when stacked up with the rest of the region by almost any metric for productivity. For TFP growth between 2010-17, Indonesia was the only major ASEAN nation seeing negative growth at -1.5 percent. In terms of GDP per worker, the country was valued at US$26,000 per worker, higher than Myanmar (US$11,500), Vietnam (US$11,000), and Cambodia (US$6,000) in 2017.

The South China Morning Post wrote that Indonesia actually lost foreign direct investment between the winter of 2018 and the spring of 2019. The piece said that Indonesia needs to establish a better regional trade network if it wants to bring foreign manufacturers into the country.

Though Indonesia's ability to become a reliable source for productivity appears questionable at present, the country arguably has the most growth potential out of all the ASEAN countries. There may also be some hope for greater investment in the country due to the government's efforts in loosening protections on local trade to further open the economy to foreign businesses.

Philippines

While growth in the Philippines has not been as strong as in Vietnam or Thailand, it has been expanding at a respectable pace. Placed on a labor-to-energy productivity curve, the Philippines performs like a less-developed nation, with high energy productivity compared to labor productivity. In terms of GDP per worker for 2017, the Philippines was a mid-level regional performer at about US$17,000 per worker. For GDP growth per hour worked from 2010-17, the Philippines also held the middle ground with 4.1 percent. It has, however, had some of the largest long-term regional growth in this area, growing from an overall 1.7 percent between 1990-2010. For TFP growth in the 2010-17 period, the Philippines experienced some of the strongest overall growth in ASEAN at 1.4 percent.

Critics, however, point out that the past growth period has shown a significantly smaller GDP growth than predicted and programs like "Build, Build, Build" have not only underperformed, but are also likely to be primarily funded by foreign entities, such as under the Chinese Belt and Road Initiative. Still, a Deloitte report predicted the Philippines would outperform the rest of the region over the next 20 years.

Singapore

Singapore's per-worker GDP in 2017 surpassed many developed countries, though it experienced one of the region's widest gaps between average GDP per worker and average GDP growth per hours worked. In terms of GDP increase per hour worked for the 2010-17 period, Singapore saw a small slump from its 1990-2010 numbers–dropping from 2.8 to 2.4 percent. For Singapore's 2010-17 TFP growth, it remained marginally ahead of the ASEAN average at 0.3 percent growth. Growth forecasts for 2019 have been exceptionally poor for Singapore due to anticipated economic slowdown from their biggest trading partner, China. This year, Moody's ranked Singapore as the third most vulnerable Asia-Pacific country due to a slowdown in Chinese demand, after Mongolia.

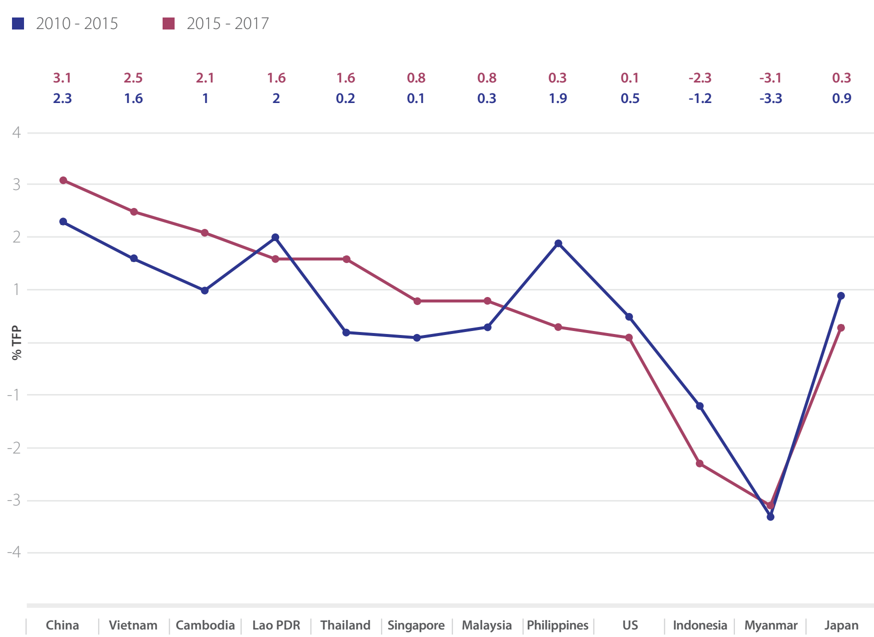
Despite this gloomy outlook, commentators are mostly quite positive about Singapore's prospects. Some critics say that growth is just a matter of Singapore further exploring its trade options, like the new Singapore-EU FTA or greater investment from businesses in new agreements such as the ASEAN Smart Cities Network.

What does it mean for production?

Investors should keep in mind that a move to ASEAN can never mean cutting China completely out of the picture. The world's second-largest economy and largest consumer base is a much more alluring regional market than anything the rest of the world currently has to offer.

While infrastructure and politics in ASEAN can sometimes seem like a step into China's past, it is important to remember that these countries have not simply been stuck in a vacuum since the 1980s. They are home to longstanding trade networks and international businesses that rival the best China has to offer. They also host an increasingly well-educated, young workforce and growing middle class.

TFP PER COUNTRY (%)



Source: Asian Productivity Organization Handbook 2019

Special Economic Zones in ASEAN: An Introduction for Foreign Investors

By Dezan Shira & Associates
Author: Ayman Falak Medina

To consolidate its emergence as a powerful trading bloc, ASEAN member states have been promoting special economic zones (SEZ) as a cornerstone for efforts to encourage more foreign investment. SEZs–which include industrial parks, special export processing zones, technology parks, and innovation areas–gained increasing prominence after the establishment of the ASEAN Economic Community (AEC) in 2015, and more so now as a tool to attract investors seeking to diversify supply chains because of the US-China trade war.

However, investors looking to take advantage of SEZs in ASEAN should seek to develop a base understanding before assessing factors that may impact their business. SEZs in each country comes with their own strengths and weaknesses; investors need to understand the profile of SEZs in each country, before conducting a comparative analysis and site visits.

Thailand

In 2015, Thailand commenced the development of 10 SEZs located across border areas contiguous to Myanmar, Malaysia, Laos, and Cambodia. The aim of the initiative was to take advantage of increasing border trade between these neighbors, which was valued at 1 trillion Thai baht (US$32 billion) in exports in 2018. The government has claimed that total investments into its SEZs have reached US$23 billion since 2015. The development of the SEZs was initiated in two phases. The first phase is located in five provinces, namely Tak, Mukdahan, Sakaeo, Trat, and Songkhla. The second phase is located in the provinces of Nong Khai, Narathiwat, Chiang Rai, Nakhon Phanom, and Kanchanaburi.

The government has targeted 13 priority sectors to be developed through the SEZs, which include the agro-industry, manufacturing of engines and vehicle parts, and the manufacture of textiles and garments, among many others. Businesses that set up in SEZs are offered a variety of incentives ranging from eight years corporate income tax (CIT) exemption and an additional 50 percent CIT reduction for five years.

Additionally, the government aims to develop new SEZs catering specifically for the defense technology industry.

Indonesia

The country currently operates 13 SEZs located throughout the vast archipelago. Each SEZ was selected for its accessibility to local resources and therefore serve specialized industries in sectors such as manufacturing, agriculture, natural resources, and tourism. These can be divided into two categories: industry-based SEZs (eight) and tourism-based SEZs (five).

Three were inaugurated in 2019 with one being in East Kalimantan province–the proposed site for the new capital–and an additional seven SEZs are currently in the development phase for 2020, as Indonesia aims to attract more than US$50 billion into its SEZs over the next decade. As of October 2019, the total investments into Indonesia's SEZs reached US$6 billion, still far below its regional neighbors.

In trying to attract major investments, in particular from the spillover of the US-China trade war, Indonesia is set to simplify current rules on tax holidays for investors looking to build facilities on its SEZs. Currently investors can get a variety of fiscal and non-fiscal invectives for investing in SEZs. These include CIT reductions of 20-100 percent, tax allowances, and the accelerated issuance of business licenses.

Philippines

The Philippines has 12 SEZs or free port areas, 22 specific agri-business zones and a further 300 proclaimed economic zones spread throughout the country. These economic zones are classified into manufacturing, tourism, digital parks, and medical tourism parks.

There are seven main investment promotion agencies (IPAs) with the largest being the Philippine Economic Zone Authority (PEZA). Each IPA has the authority to grant its own financial and non-financial incentives. These have ranged from tax-free and duty-free importation of raw materials to 100 percent exemption of CIT and visa facilitation services for foreign investors and their dependents.

This will change with the introduction of CITIRA, a new law aimed at rationalizing specific tax incentives issued by IPAs. This means IPAs will no longer be given the authority to issue their own individual incentives and will have to follow new rules set out by CITIRA.

Singapore

Singapore is the world's largest port by shipping volume but is too small to have space for special economic zones of its own. Instead, it has partnered with the Government of Malaysia to create the Iskandar SEZ in nearby Johor Baru and with Indonesia to create the Batam Export Processing Zone.

Both are highly successful, particularly for Singaporean companies, which now use these zones as bases for factory extensions of their manufacturing operations to sell across Asia and beyond.

Indonesia has recently eased business license processing in Batam, and the authorities are going to reclaim eight thousand hectares of idle land to create small enclaves of SEZs. The Batam Indonesia Free Trade Authority says this project could attract a potential US$60 billion worth of investments–with Singaporean companies at the forefront.

Vietnam

Vietnam has begun to expand its development zone policy to include 18 coastal economic zones and 325 state-supported industrial parks. These economic zones offer their own incentives from free tariffs to low personal income tax.

The country's parliament has delayed issuing the Special Zone Act, which would see the creation of three new SEZs across the country. Located in the provinces of Quang Ninh and Khanh Hoa and the island of Phu Quoc, these SEZs are set to provide foreign investors a 99-year land lease in addition to other incentives.

Malaysia

Malaysia has five investment corridors (a new type of SEZ). In 2018, the investment corridors had created close to two million jobs and have attracted investments worth 788 billion ringgit (US$188 billion). The Iskandar SEZ has positioned Malaysia's east coast as a key area for the development of ASEAN free trade, having realized the largest investments in 2018 totaling 150 billion ringgit (US$35 billion). Since

SEZs in Indonesia

SEZ	Primary industry
Arun Lhokseumawe	Oil & gas, petrochemicals, logistics, agro industry, paper
Sei Mengkei	Palm oil processing, rubber processing, logistics, tourism
Galang Batang	Bauxite processing, aluminium processing, energy, logistics
Tanjung Api-api	Petrochemicals, rubber processing, palm oil processing, logistics
Tanjung Kelayang	Tourism
Tanjung Lesung	Tourism
Singhasari	Tourism, technology development
Mandalika	Tourism
Morotai	Tourism, fishery processing, logistics
Palu	Nickel & iron ore processing, cocoa processing, seaweed processing, rattan wood processing, logistics
Bitung	Coconut processing, pharmaceuticals, fishery processing, logistics
Sorong	Industrial shipyard, mining, agricultural products
Maloy Batuta Trans Kalimantan	Palm oil processing, wood processing, logistics

List of Free Ports in the Philippines

Name	Investment areas
Aurora Pacific Economic Zone and Freeport	Eco-tourism, light industries, green energy, online gaming, green technology
Alviera Industrial Park	Property: mixed-use development
Cagayan Special Economic Zone	Gaming, tourism, land-based gaming, mineral resource processing, fintech
Freeport Area of Bataan	Manufacturing, logistics, energy, electronics, shipbuilding, tourism, IT services
Cavite Economic Zone	Textiles and garments manufacturing, electronics, tourism, IT services
Clark Freeport Zone	Aviation, education, tourism, industry, hospitality, entertainment
Subic Bay Freeport Zone	Shipbuilding, port logistics, aviation, tourism, hospitality, manufacturing, IT services
Poro Point Freeport Zone	Airport, seaport, mixed-use commercial areas, tourism
Baguio City Economic Zone	Manufacturing, automotive, electronics, aerospace, telecommunications, medical instruments
Mactan Export Processing Zone	Manufacturing, minerals processing/trading, logistics, industrial services, retail
Zamboanga City Special Economic Zone Authority	Tourism, IT services, medium and heavy industries, halal food manufacturing, biotechnology, port logistics
Polloc Free Port and Economic Zone ARMM	Port logistics, halal products and services

its inception in 2006, the region has doubled in size and is on track to achieve its investment target of US$91 billion by 2025.

The ECER, which is the other main SEZ, aims to attract 120,000 new jobs and 70 billion ringgit (US$16 billion) in investments by 2025. The ECER offers competitive incentives to investors, such as income tax exemption of 100 percent for 10 years and stamp duty exemption on land or building purchased for development.

Cambodia

Cambodia has some 45 SEZs across the country covering four zones, namely, the Phnom Penh zone, Sihanoukville zone, the Manhattan zone, and the Tai Seng Bavet zone.

The authority responsible for Cambodia's SEZs is the Cambodia Special Economic Zone Board, which operates under the umbrella of the Council for the Development of Cambodia. Various tax incentives are available under these zones ranging from 100 percent CIT exemption for up to nine years to exemption of import and export duties.

One of the first notable investors into Cambodia's SEZ was Coca Cola, which opened a US$100 million plant at the Phnom Penz SEZ (PPSEZ) in 2016. Since then, other brands, such as Apple, Timberland, Puma, and IBM have established a presence at the PPSEZ. By 2018, there were some 340 projects valued at US$2 billion in the country's SEZs.

Laos

There are currently 11 SEZs in Laos. The government aims to set up 25 SEZs by 2020 – mostly in border areas and isolated regions of the country.

There are two types of economic zones in Laos—special economic zones (SEZ) and specific economic zones. There are two SEZs-the Savan-Seno zone located in Savannakhet Province, and the Golden Triangle zone located in the sub-Mekong region.

As of December 2018, 400 foreign and domestic companies registered in the SEZs, accumulating investments of over US$1 billion. The Laos government has agreed in principle to develop a new specific economic zone near its border with Thailand to serve as a modern trade and service complex.

Myanmar

The government established the Thilawa SEZ in 2011, which has been operational since 2015. Two other SEZs are still in development, namely, the Dawaei and Kyuakpyu SEZs.

The Thilawa SEZ project was a joint venture between the Myanmar and the Japanese government. 90 international firms have already moved into the zone since 2015, coming from a wide variety of sectors from ship building to garment manufacturing.

The Thilawa SEZ has also developed a one-stop service center to provide efficient service to foreign investors. The center is comprised of officials from 13 ministries and uses advanced technology to process business permits in addition to broadcasting important legal information.

Through its SEZs, the government has granted several tax exemptions and reliefs for investors. This includes zero CIT for the first eight years of operations and a 50 percent tax relief for the next five years.

Malaysia's Investment Corridors

Name	Investment areas
The East Coast Economic Region (ECER)	Manufacturing: automotive, bio-economy, chemicals, minerals, steel
Iskandar Malaysia	Agro-processing, oleochemicals, tourism, research and development, petrochemicals, oil and gas, logistics, green industries
North Corridor Economic Region (NCER)	Agriculture, manufacturing, logistics, education, tourism, human capital development
Sabah Development Corridor (SDC)	Agriculture, manufacturing, services
Sarawak Corridor of Renewable Energy (SCORE)	Palm oil, aquaculture, forestry, aluminum, oil and gas, steel, tourism, marine engineering

SEZs and Specific Economic Zones in Laos

SEZ	Primary industry
Savan-Seno Special Economic Zone	Services (banking, finance, hospitality, healthcare, entertainment), trade, industrial manufacturing, logistics
Golden Triangle Special Economic Zone	Real estate, telecommunications, logistics, tourism, education, F&B, trade
Boten Beautiful Land Specific Economic Zone	Agriculture, livestock, business centers, distribution centers, telecommunications
Vientiane Industrial and Trade Area	Heavy manufacturing (textiles, garments, electronics), commerce, retail
Saysetha Development Zone	Light industries, machinery, agricultural products, new energy industry
Thatluang Lake Specific Economic Zone	Finance, tourism, residential properties
Longthanh - Vientiane Specific Economic Zone	Resorts, residential properties, hotels, commercial properties, schools, retail
Dongphosy Specific Economic Zone	Properties: residential, commercial, industrial, and educational
Thakhek Specific Economic Zone	Industrial and services zone
Pakse - Japan SME Special Economic Zone	Industrial and services zone
Phoukhyo Specific Economic Zone	Logistics (shipping services, air transport), education, hotels, sport parks, commerce and industries