



MINI WHITE PAPER 2 OF 3
ASEAN REGIONAL EDITION

Benchmarking High-Performing SEZs

Global Lessons and Strategic Implications for the ASEAN Region

Reimagining Special Economic Zones for Strategic FDI in the ASEAN Region

NurZen in partnership with IDOM

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1. Executive Summary

CONTEXT

ASEAN countries are entering a phase of intensified intra-regional competition, with multiple countries and Special Economic Zones (SEZs) targeting similar sectors and investors. ASEAN is one of the world's most resilient destinations for foreign direct investment (FDI). In 2024, while global FDI fell by 11%, inflows to ASEAN rose by 8% to US\$226 billion. Investors are more selective, favouring predictability and credible delivery over cost and incentives alone. ASEAN's challenge is therefore not investment potential but the ability to convert it into delivered projects and lasting industrial activity.

APPROACH

The analysis benchmarks leading ASEAN SEZs, including Subic Bay (Philippines), Thailand's Eastern Economic Corridor (EEC), Vietnam's VSIP industrial parks, Indonesia's Morowali Industrial Park (IMIP), the Johor–Singapore SEZ and Singapore's JTC, against selected international comparators such as Ulsan (South Korea) and Tanger Med (Morocco). The framework assesses five dimensions: sector specialisation and value-chain integration; governance and institutional effectiveness; investor journey and operational excellence; sustainability and innovation; and bankability and investment readiness.

KEY FINDINGS

Six interrelated findings explain how ASEAN SEZs compete, grow and turn investor interest into projects.

Each of the six benchmark findings maps to one of the six strategic priorities for future SEZ development.

Finding (Chapter 6)	What the benchmark shows	Strategic priority (Chapter 8)
1 Bankability constrains delivery	Strong assets and long project lists do not become investment unless projects are ready to finance. Subic Bay approved PHP 20.63 billion (about US\$360 million) of investment in 2024, yet project preparation remains its main opportunity. In Johor, well-prepared data-centre projects raised RM15 billion (about US\$3.5 billion) of green finance.	P6 Close the bankability gap through structured project preparation, business cases, risk allocation and funding pathways
2 Specialisation builds cluster advantage	Leading zones focus on a coherent set of related sectors and build the suppliers, skills and infrastructure around them. Indonesia's IMIP became a leading nickel-processing cluster; Thailand's EEC targets defined "S-curve" industries such as next-generation automotive and electric vehicles, smart electronics, robotics, aviation and logistics, and biotechnology.	P1 Deepen sector specialisation and industrial clusters
3 Governance sets the pace of decisions	Clear mandates, decision-making authority and agency coordination matter more than ownership. Vietnam's VSIP is a privately led joint venture and Singapore's JTC is a government statutory board. Both succeed, which shows that no single ownership model guarantees performance.	P2 Strengthen governance and institutional effectiveness around delivery
4 Execution certainty is a baseline requirement	Investors expect predictable, coordinated and transparent and digitally enabled processes. Johor's facilitation centre offers one point of contact across more than 30 agencies, shows that the advantage lies in the coordination, not the portal.	P3 Deliver a seamless investor experience, from enquiry to aftercare
5 Sustainability conditions capital access	Clean energy and credible decarbonisation shape location and financing decisions. Subic Bay's shore-power project could cut air pollution from ships at berth by about 95% (SBMA estimate); IMIP's reliance on captive coal is a growing risk.	P4 Embed sustainability in the investment proposition and turn it into investable projects
6 Integration multiplies value	The strongest zones link clusters to logistics, suppliers, talent and innovation. The EEC connects the ports of Laem Chabang and Map Ta Phut with U-Tapao Airport and planned rail, which connects its industrial estates to national and international gateways	P5 Connect zones to wider economic ecosystems

Read together, the six main findings show where zones can lose value and the priorities show how to recover value. They form one integrated chain rather than six separate agendas:

1. **Positioning.** Specialisation and regional integration (Findings 2 and 6; Priorities 1 and 5) define what a zone is for and where it sits in regional production networks.
2. **Delivery.** Governance and execution certainty (Findings 3 and 4; Priorities 2 and 3) turn that position into predictable approvals, coordinated services and timely implementation.
3. **Capital.** Sustainability and bankability (Findings 5 and 1; Priorities 4 and 6) determine whether projects can be financed by investors and lenders who increasingly apply ESG criteria.

Bankability is where all the three layers converge. A project is financeable only if it fits a coherent sector strategy, is backed by institutions ability to commit, follows a predictable process, meets sustainability requirements and connects to markets. A weakness in any layer therefore appears as a bankability gap, which is why zones with strong assets can still fail to convert them.

Implication for ASEAN SEZs. Advantage will go to zones that position clearly, deliver with certainty and present financeable projects, and that pursue the above three layers together. The sequence varies by zone. In the first 12 months, the focus should be predictability with clear mandates, a single investor interface and published approval timelines. Over one to three years, zones should strengthen governance, integrate investor processes and build sector infrastructure. Beyond that, they should connect clusters to regional infrastructure and markets and maintain an investment ready pipeline. Zones can locate themselves on the paper's five-level maturity model (Chapter 8.1) and track progress with indicators (Chapter 8.2 KPIs) such as time-to-permit, FDI conversion rate and the share of the project pipeline that is investment-ready.

Strategic message: ASEAN SEZs increasingly compete on their ability to execute, not on incentives alone. The strongest zones convert strategic assets into bankable projects and connect specialised clusters to regional production networks.

2. Introduction

This White Paper is part of a joint NurZen–IDOM initiative on the evolution of Special Economic Zones (SEZs) and their role in shaping competitive investment across ASEAN. It applies IDOM's benchmarking framework to a region marked by deep integration, a mature and competitive SEZ landscape, China+1 supply-chain shifts (firms adding production sites outside China) and a strong industrial base. The objective is to examine how leading SEZs turn regional opportunity into sustained investment and industrial growth.

3. What Makes ASEAN SEZs Structurally Different

ASEAN's SEZ landscape is shaped by three structural conditions: intense competition among neighbouring investment locations; a diversified industrial base spanning electronics, automotive, industrial processing and clean technologies; and production networks that distribute activities across multiple countries. China+1 strategies are reinforcing this regional model. As a result, the competitiveness of an individual SEZ increasingly depends on how clearly it positions itself and how effectively it connects to the wider regional production system.

3.1. A more selective global FDI environment

Global FDI is becoming more selective and risk-sensitive. In 2024, global FDI inflows declined by 11%, while investors increasingly concentrated capital in locations offering policy stability, regulatory predictability and credible execution capacity. Geopolitical fragmentation, supply-chain restructuring, industrial policy and sustainability requirements are shifting the basis of competition from cost advantage towards certainty, resilience and operational performance.¹

3.2. ASEAN's relative resilience and strategic opportunity

Against this global decline, FDI inflows to ASEAN rose by 8% to US\$226 billion in 2024, allowing the region to remain the leading FDI recipient among developing regions for a fourth consecutive year. This resilience reflects ASEAN's growing role as a global supply-chain hub, supported by manufacturing, supply-chain-intensive industries and the digital economy.²

3.3. In ASEAN's competitive investment landscape, execution certainty increasingly differentiates locations

Cost and fiscal incentives remain relevant, but they are increasingly insufficient to differentiate locations competing for similar investors. In ASEAN's integrated and highly competitive investment landscape, location decisions are increasingly shaped by four conditions:

Stability and predictability, political and macroeconomic stability, regulatory consistency and policy continuity.

Execution certainty, coordinated institutions, reliable infrastructure and predictable permitting and approval timelines.

Ecosystem depth, access to specialised suppliers, skilled talent and sector-specific capabilities.

ESG credibility, access to clean infrastructure and demonstrable alignment with investor sustainability requirements.

Together, these conditions reduce implementation risk and strengthen a location's ability to convert investor interest into committed projects, particularly in capital-intensive sectors with long investment horizons.

3.4. Strategic sectors require more sophisticated investment locations

ASEAN's investment profile is moving towards manufacturing, supply-chain-intensive industries, the digital economy and higher-value services. In 2023, the five largest recipient industries accounted for 86% of ASEAN FDI inflows, illustrating the increasing concentration of investment in a limited number of activities.³ Competing for these investments requires more than serviced land and fiscal incentives. SEZs must provide sector-specific infrastructure, reliable logistics and clean energy, specialised talent, capable suppliers and credible ESG performance. As investment becomes more sophisticated, what SEZs offer must become more specialised.

4. Implications for SEZ value proposition

The changing investment environment is redefining the role of SEZs. Competitive zones are moving beyond the provision of land, infrastructure and incentives to become platforms that reduce investment risk, accelerate implementation and support specialised industrial development. This transition is visible across five shifts:

1. from administrative facilitation to integrated digital investor services within smart, data-driven zones;
2. from generic industrial land to specialised clusters;
3. from environmental compliance to investable green infrastructure;
4. from isolated enclaves to regionally connected growth corridors; and
5. from investment promotion to investment-ready project pipelines.

Together, these shifts redefine what SEZs offer: from providing preferential conditions to building the capabilities needed to attract, deliver and grow strategic investment.

5. Benchmarking Framework

This section is structured around IDOM and NurZen's benchmark analysis of high-performing SEZs, which provides the analytical foundation for the White Paper. The benchmark focuses on ASEAN, with Subic Bay as the primary reference zone alongside Thailand's EEC, Vietnam's VSIP, Indonesia's IMIP, the Johor–Singapore SEZ and Singapore's JTC, complemented by international reference cases such as Tanger Med in Morocco and Ulsan in South Korea.

5.1. Scope and Selection Methodology

The benchmark focuses on the institutional, operational, sustainability, ecosystem and investment-readiness conditions that enable SEZs to attract, retain and scale strategic FDI. Cases were selected based on their relevance to ASEAN, sector specialisation, gateway or logistics role, governance and investor-service innovation, sustainability performance, ecosystem integration and availability of credible evidence.

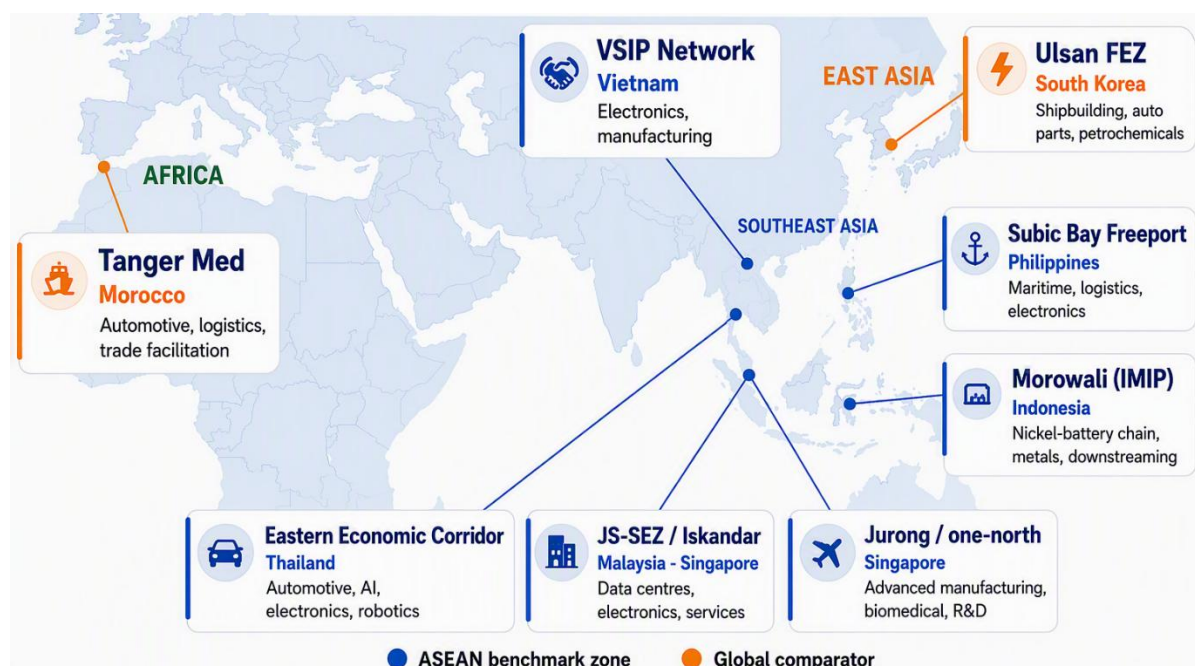


Figure 1: ASEAN benchmark cases and selected international comparators⁴

The resulting sample combines ASEAN cases with selected international reference zones to identify recurring capabilities and transferable lessons across different institutional and industrial contexts. For the purposes of this qualitative and diagnostic benchmark, “high-performing” refers to zones demonstrating recognised strengths in one or more assessment dimensions; it does not imply uniform performance across all dimensions or constitute an overall ranking of the selected cases.

5.2. Assessment Logic

Each SEZ was assessed across five dimensions that together capture the capabilities required to attract, execute and scale strategic investment.

Dimension	Scope of Assessment
Sector Specialisation & Value Chain Integration	Priority sectors, anchor investors, sector-specific infrastructure, value-chain depth and competitive differentiation
Governance & Institutional Effectiveness	Legal framework, institutional mandates, public-private roles, decision-making autonomy and coordination capacity
Investor Journey & Operational Excellence	Investor facilitation, permitting and licensing, customs integration, digital services, shared facilities and aftercare
Sustainability, Innovation & ESG Performance	Clean-energy access, resource efficiency, circular-economy initiatives, ESG performance, innovation ecosystems and R&D linkages
Bankability & Investment-Readiness	Project-pipeline maturity, infrastructure and land readiness, permitting certainty, project preparation, ESG alignment and investor-facing documentation

Table 1: Assessment Dimensions

The assessment is informed by relevant international literature, including UNCTAD guidance on sustainable SEZ development and sustainability practices promoted through the Global Alliance of Special Economic Zones (GASEZ).⁵

Methodological note: The IDOM–NurZen benchmark is qualitative and diagnostic. It identifies recurring capabilities and transferable practices across the selected cases but does not establish causal relationships.

6. Benchmark Findings: Execution and Competitiveness in ASEAN SEZs

Across ASEAN, infrastructure, connectivity and incentives remain essential foundations for SEZ competitiveness, but they are increasingly insufficient to differentiate locations competing for similar investors. The benchmark indicates that differentiation now depends more strongly on execution certainty, project readiness, sector depth and integration within regional production networks. These capabilities determine whether a zone's land, infrastructure and location actually attract investment and industry.

Finding 1: Bankability as a Recurring Constraint on SEZ Delivery

Bankability means that a project is prepared well enough for investors and lenders to finance it. Investment pipelines do not automatically translate into realised investment. Across ASEAN, the challenge is often not the availability of investment opportunities, but the ability to transform them into investment-ready projects that meet investor and lender requirements. As a result, a strong list of planned projects does not always produce projects that can be financed.

Subic Bay illustrates this distinction between investment momentum and project readiness. In 2024, the value of investments approved by SBMA reached PHP 20.63 billion (around US\$360 million at the 2024 average exchange rate).⁶ At the same time, the IDOM–NurZen benchmark identifies an opportunity to strengthen the preparation of selected infrastructure and development projects through more robust business cases, clearer implementation arrangements and funding structures aligned with investor and lender requirements. The priority is therefore not only to expand the development pipeline, but to increase the share of projects that can progress credibly towards investment and financing decisions.⁴

The same pattern is visible in Johor's digital-infrastructure market. In June 2025, DayOne secured an RM15 billion green-financing package, approximately US\$3.5 billion, to refinance existing obligations and support capital expenditure for data-centre development in Johor, including campuses within the Johor–Singapore Special Economic Zone. The transaction shows how much financing well-prepared digital-infrastructure projects can raise when the project design, the financing structure and the sustainability credentials all meet lenders' requirements.⁷ Indonesia's down streaming strategy (processing minerals domestically before export) provides a different example: restrictions on unprocessed nickel exports helped create a clear investment proposition for smelting and battery-material production, while also increasing exposure to concentration and sustainability risks.

For ASEAN zones seeking to mobilise finance, three capabilities are particularly important: a clear value proposition and sector focus; investment-grade business cases demonstrating viability, phasing and funding requirements; and alignment with investor and development-finance expectations, including relevant ESG and green-finance criteria.

Across the cases reviewed, zones with strong assets repeatedly lacked bankable projects, and this held back investment.

Strategic Implication: For SEZs with established assets and development pipelines, the priority is to convert opportunities into bankable projects. Strong business cases, credible implementation plans and clearly structured funding pathways are essential to move projects from ambition to investment.

Finding 2: Strategic Specialisation as the Basis for Cluster Development

The benchmark indicates that competitive advantage is built through strategic focus rather than by trying to attract every kind of industry. Leading SEZs concentrate on a coherent set of related sectors and develop the infrastructure, suppliers, skills and innovation capabilities required to support them. In ASEAN, this specialisation is increasingly shaped by regional production networks, with individual zones performing complementary roles across cross-border value chains.

Thailand's EEC provides a prominent example, targeting defined "S-curve" industries (Thailand's priority growth industries) such as next-generation automotive and electric vehicles, smart electronics, robotics, aviation and logistics, and biotechnology. In 2022, the three EEC provinces accounted for 15.5% of Thailand's GDP, reflecting the corridor's established industrial base. The EEC strategy builds on this concentration through targeted industries, tailored incentives and supporting infrastructure.⁸

Indonesia illustrates a resource-led specialisation model. Supported by restrictions on unprocessed nickel exports and a national downstreaming policy, the country has developed an integrated nickel-processing and battery-materials ecosystem centred on the Indonesia Morowali Industrial Park (IMIP). IMIP has become one of the world's largest integrated nickel-processing and stainless-steel production clusters, turning Indonesia's mineral resources into a base for downstream industrial development.⁹

The benchmark cases illustrate different forms of specialisation, from advanced manufacturing and logistics to resource-based processing and innovation-led industrial development.

SEZ	Core Cluster	Key Outcomes
EEC (Thailand)	Next-gen automotive/EV, electronics, robotics, aviation	~15.5% of Thailand's GDP in 2022; targeted development of S-curve industries supported by tailored incentives and infrastructure
IMIP (Indonesia)	Nickel processing, stainless steel and battery materials	One of the world's largest integrated nickel-processing and stainless-steel clusters; expanding capabilities in battery materials and downstream production
Subic Bay (Philippines)	Maritime, logistics, electronics	1,900+ firms; ~160,000 jobs; ~US\$1.3B exports (2024); Hyundai Heavy anchor
VSIP (Vietnam)	Electronics, precision manufacturing and export-oriented industries	1,000+ investors; approximately US\$24 billion in registered investment; strong presence of international manufacturers in electronics and precision industries
Ulsan FEZ (Korea)	Hydrogen, energy, automotive, R&D	3 specialised districts; world-leading hydrogen research; co-located production and R&D

Table 2: Sector Specialisation Across Selected Benchmark Cases¹⁰

Strategic Implication: SEZs should build competitive depth around a coherent set of related sectors rather than pursue every available investment opportunity. Clear sector positioning, supported by specialised capabilities and supplier linkages, helps a zone stand out and reduces its reliance on incentives.

Finding 3: Governance Effectiveness Depends on Coordination and Execution

The benchmark indicates that governance becomes a source of competitive advantage when it enables coordinated and timely execution. High-performing zones combine clear institutional mandates, operational autonomy and effective coordination across the agencies involved in investment approval and delivery. Where responsibilities are fragmented or decision-making authority is unclear, delays increase and investor confidence weakens.

The Johor–Singapore SEZ illustrates the importance of cross-border coordination. It combines Singapore’s capital, connectivity and business ecosystem with Johor’s land, energy and cost advantages, supported by the Invest Malaysia Facilitation Centre Johor, which provides a single investor interface across more than 30 agencies.¹¹

Vietnam’s VSIP network demonstrates a different model: a joint-venture platform that combines local institutional access with international industrial-park development expertise. Other successful zones, including Singapore’s JTC, remain publicly governed, showing that no single ownership model guarantees performance.

The central issue is therefore not whether governance is public or private, but whether institutions have clear mandates, sufficient autonomy and the capacity to coordinate decisions. Public-private partnerships and joint ventures can strengthen access to capital and specialised expertise where appropriate, but their value depends on the governance arrangements through which they operate.

Governance effectiveness also supports bankability. Investors and lenders require predictable responsibilities, approval processes and decision-making authority before committing capital.

SEZ	Model Type	Key Governance Features
JS-SEZ (Malaysia–Singapore)	Public–Public (Bilateral Government Partnership)	Cross-border governance framework; one-stop facilitation centre coordinating 30+ agencies across two jurisdictions.
VSIP (Vietnam)	Joint Venture (Public–Private / G2G-backed JV)	Bilateral joint-venture platform combining local development capabilities with international industrial park expertise.
JTC (Singapore)	Public	Statutory board under Singapore's Ministry of Trade & Industry
EEC (Thailand)	Public	EEC Office with special legal mandate; integrated one-stop service; long-tenure incentives
Subic Bay (Philippines)	Public	Operationally autonomous freeport authority

Table 3: Governance Models Across Benchmark SEZs

Strategic Implication: SEZ governance should be designed around execution rather than institutional form. Clear mandates, decision-making autonomy and effective multi-agency coordination are the conditions that allow zones to respond predictably to investors and deliver projects at pace.

Finding 4: Execution Certainty as a Baseline for Investor Competitiveness

Good governance sets up the institutions. Execution certainty is what investors experience when those institutions work: approvals arrive when promised and timelines are met.

Across ASEAN, infrastructure and connectivity remain essential, but they are no longer sufficient to differentiate locations competing for similar investors. Competitive advantage increasingly depends on execution certainty: the ability to provide predictable approvals, coordinated institutional support and reliable implementation timelines. For investors choosing among multiple regional locations, speed matters, but predictability matters just as much.

Leading zones reduce uncertainty through institutional coordination supported by digital systems. Malaysia's IMFC-J provides investors with a single point of contact while coordinating more than 30 federal, state and local agencies. Thailand's EEC applies a similar model through a dedicated investment-facilitation office. In both cases, the competitive advantage comes from coordinated decision-making, not from the existence of a portal alone.

Subic Bay has established one-stop arrangements for customs and licensing, supported by dedicated logistics infrastructure and digital customs and cargo-tracking systems. The IDOM–NurZen assessment identifies an opportunity to integrate the investor journey further through two coordinated interfaces: an Investor Portal covering licensing and aftercare, and a Goods Management Portal covering customs, cargo visibility and transit tracking. This model would preserve the distinct operational requirements of investor facilitation and goods management while providing users with a more joined-up experience from start to finish.

Execution also extends beyond approvals. Shared facilities, build-to-suit solutions, sector-specific technical support and proactive aftercare can reduce setup costs and help investors move from entry to operation more efficiently.

Strategic Implication: SEZs should compete on execution certainty, not digital tools alone. Integrated processes, accountable institutions and predictable timelines are what convert investor interest into operational projects.

Finding 5: Sustainability as a Condition for Investment Competitiveness

Sustainability is increasingly becoming a condition for investment and industrial competitiveness rather than a standalone compliance requirement. Multinational investors, customers and development-finance institutions assess access to clean energy, credible decarbonisation pathways and alignment with environmental, social and governance requirements when evaluating locations and projects. For ASEAN SEZs integrated into global supply chains, sustainability performance can affect market access, financing options, operating resilience and long-term competitiveness.¹²

Subic Bay shows how planned environmental investments can help a zone attract green investment. The zone is developing the Philippines' first shore-power connection project, which SBMA estimates could reduce air pollution from ships at berth by approximately 95%.¹³ The strategic opportunity is to turn this and other decarbonisation initiatives into a structured pipeline of projects that investors can finance, in clean energy, port decarbonisation and circular-economy infrastructure.

Other ASEAN cases show how sustainability is becoming embedded in industrial development. VSIP 3 integrates energy, water and waste-management systems within its industrial-park model, while the Johor–Singapore SEZ links data-centre development with access to renewable energy. These examples indicate that clean infrastructure is becoming part of the investment proposition for energy-intensive and export-oriented sectors.¹⁴

Indonesia’s nickel-processing industry illustrates the corresponding risk. Its economic and industrial significance is substantial, but continued reliance on captive coal-fired power (plants built to supply the park directly) may weaken access to sustainability-sensitive markets and financing as carbon requirements tighten. Decarbonising the energy base is therefore becoming central to the cluster’s long-term competitiveness.

Zone	Selected Sustainability Initiatives
Subic Bay (Philippines)	Development of the Philippines’ first shore-power connection project, with an estimated reduction of approximately 95% in air pollution from ships at berth; broader ambition to develop Subic Bay as a carbon-neutral economic zone
VSIP 3 (Vietnam)	Development as a green industrial park incorporating advanced technologies and environmentally responsible solutions; presence of major sustainability-oriented manufacturing investments, including LEGO’s facility
JS-SEZ (Malaysia–Singapore)	Green-financing activity linked to data-centre development in Johor, including projects located within the JS-SEZ
EEC (Thailand)	Targeted incentives and development initiatives supporting clean industries, resource efficiency and more sustainable industrial development
IMIP (Indonesia)	Major industrial value creation and a globally significant battery-materials cluster; current reliance on captive coal positions decarbonisation as the cluster’s next strategic priority
Tanger Med (comparator)	Carbon-neutrality target for 2030; port complex supplied with green electricity since December 2024; 13 MW floating solar park; digital and smart-resource management initiatives

Table 4: Sustainability Initiatives Across Benchmark SEZs¹⁵

Strategic Implication: Sustainability must be embedded in the SEZ investment proposition, not treated as a separate compliance exercise. Zones that combine credible decarbonisation pathways with investable green infrastructure will be better positioned to attract investors and industries that apply sustainability criteria.

Finding 6: Regional Integration Multiplies the Value of Individual Zones

The benchmark indicates that the competitiveness of an SEZ depends increasingly on the wider ecosystem to which it is connected. Serviced land and infrastructure create a foundation, but greater value emerges when zones connect industry with logistics, suppliers, talent, innovation and urban services. In ASEAN, this integration extends beyond individual zones and national borders, as production activities and investment flows are distributed across complementary regional locations.

Subic Bay demonstrates the value of physical integration. Its deep-sea port and international airport, located approximately three kilometres apart and connected to a major economic corridor, provide the foundation for an integrated cargo and logistics proposition. The strategic opportunity is to manage these assets as a unified regional gateway rather than as separate pieces of infrastructure.

Integration can take different forms. Vietnam’s VSIP combines industrial development with housing, services and green amenities, extending the value proposition beyond industrial land. Indonesia’s IMIP integrates mining, processing and battery-material production within a connected industrial value chain. The first broadens the ecosystem around the workforce and investor; the second deepens linkages between successive stages of production.

Thailand's EEC applies physical integration at corridor scale, linking the ports of Laem Chabang and Map Ta Phut with U-Tapao Airport and planned rail infrastructure. This network connects industrial locations to national and international gateways, illustrating how corridor-level planning can extend the competitiveness of individual zones.

The most advanced ecosystems also connect industrial activity with research and innovation. Singapore's one-north and Ulsan's R&D Business Valley illustrate how the proximity of firms, research institutions and specialised talent can support innovation-led industrial development.

As value chains become more specialised and geographically distributed, ASEAN's competitiveness will increasingly depend on the quality of connections between zones, infrastructure, clusters and markets. Individual SEZs create greater value when they play complementary roles within this regional production system.

Strategic Implication: SEZ strategies should strengthen connections, not only the assets within the zone. Competitiveness will increasingly depend on how effectively zones link specialised clusters to regional infrastructure, markets and production networks.

7. ASEAN's Strategic Position: Strengths and Execution Gaps

7.1. Structural Advantages

ASEAN zones are entering the next phase of SEZ competition from a position of strength. The region's established industrial base, role in global supply chains, investment momentum and growing regional connectivity provide a strong platform for strategic FDI. The opportunity is not to recreate these advantages, but to use them to build SEZs that are more distinctive, better connected and ready for investment.



Figure 1: Structural Advantages¹⁶

7.2. Gaps Limiting Investment Conversion

ASEAN's principal challenge is therefore not a lack of investment potential, but uneven capacity to turn that potential into delivered projects and lasting industrial activity. The benchmark identifies six gaps that can hold this back: undifferentiated positioning, limited project bankability, fragmented execution, rising sustainability requirements, shortages of specialised talent and excessive dependence on narrow sectors or capital sources.



Figure 2: Gaps Limiting Investment Conversion¹⁷

ASEAN Outlook: The region has a strong but time-sensitive opportunity to consolidate its role in global production networks. Capturing that opportunity will depend on whether SEZs can turn structural advantages into distinctive, investment-ready offers and deliver them with greater certainty.

8. Strategic Priorities for Future SEZ Development

The benchmark points to six strategic priorities for turning ASEAN's structural advantages into sustained investment and industrial activity. Together, they define a shift from zones that compete mainly on incentives towards SEZs that are distinctive, focused on delivery and ready for investment. The appropriate sequence will vary by zone, but progress requires coordinated action across all six priorities.

Priority 1: Deepen Sector Specialisation and Industrial Clusters

Define a coherent set of priority sectors based on the zone's assets, market position and role within regional value chains. Investment attraction should then be aligned with the infrastructure, suppliers, skills and innovation capabilities required to build competitive depth in those sectors.

Priority 2: Strengthen Governance and Institutional Effectiveness

Design governance around execution. Clarify institutional mandates, assign decision-making authority and establish effective coordination across the agencies responsible for investment approval and delivery. Public-private partnerships and joint ventures should be used selectively where they add capital, expertise or implementation capacity.

Priority 3: Deliver a Seamless Investor Experience

Integrate the full investor journey, from initial enquiry and licensing to customs, operations and aftercare. Digital platforms should support accountable institutions, coordinated processes and transparent service standards rather than replicate fragmented procedures online.

Priority 4: Embed Sustainability in the Investment Proposition

Integrate sustainability into industrial strategy, infrastructure planning and project development. Zones should establish credible decarbonisation pathways and translate clean energy, circular-economy and resource-efficiency opportunities into investable projects aligned with market and financing requirements.

Priority 5: Connect Zones to Wider Economic Ecosystems

Plan SEZs as connected parts of the wider economy. Link industrial clusters with logistics, suppliers, research, talent, urban services and regional markets so that the zone strengthens, and benefits from, capabilities beyond its physical boundaries.

Priority 6: Close the Bankability Gap

Establish a structured project-preparation process that converts development priorities into investment-ready opportunities. Projects should be supported by robust business cases, credible implementation arrangements, appropriate risk allocation, ESG alignment and clearly defined funding pathways that meet investor and lender requirements.

8.1. A Maturity Model: Where Does your Zone Stand Today?

The IDOM–NurZen maturity model illustrates how the combined development of the six strategic priorities can support the progression of an SEZ from a basic industrial estate towards an integrated, investment-ready and bankable ecosystem. The model describes this progression across five indicative levels, helping zones assess their current position and identify the capabilities they need to strengthen.

Level	Stage	Defining characteristics	Basis of competition
L1	Basic industrial estate	Serviced land, utilities and basic permitting; investor approvals handled separately across multiple agencies	Land cost and fiscal incentives
L2	Facilitated SEZ	A functioning one-stop interface, streamlined and increasingly digital permitting, and a dedicated authority with a clear mandate	Speed, predictability and ease of setup
L3	Specialised SEZ	A defined sector focus with anchor investors, sector-specific infrastructure and emerging supplier linkages	Ecosystem depth within target sectors
L4	Integrated investment platform	Coordinated digital investor and customs services, proactive aftercare, integrated logistics, ESG embedded in zone development, and industrial-urban integration	End-to-end execution certainty across the investment lifecycle
L5	Integrated and bankable ecosystem	An investment-ready project pipeline aligned with development-finance and green-finance requirements, strong ESG credibility, innovation and R&D linkages, and self-reinforcing industrial clusters	Investment readiness, ecosystem depth and regional integration

Table 5: IDOM–NurZen Indicative SEZ Maturity Model

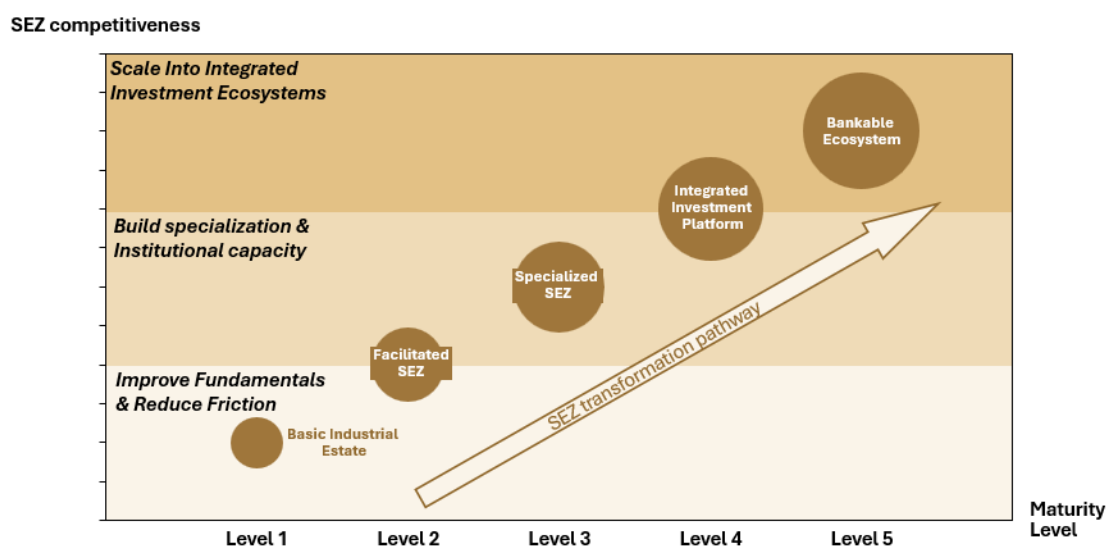


Figure 3: Evolution of SEZ Competitive Advantage Across Maturity Levels

The maturity model is diagnostic rather than prescriptive. Zones may perform at different levels across individual capabilities, and progress does not necessarily follow a uniform sequence. Across the benchmark, no zone is equally advanced in every dimension: Thailand's EEC and Vietnam's VSIP demonstrate strengths in specialisation and integration, while Singapore's JTC, one-north and Korea's Ulsan provide relevant examples of innovation-led ecosystems. Subic Bay combines an integrated port-airport platform with opportunities to generate greater value through stronger project preparation and investment readiness.

The transition between maturity levels will vary according to each zone's starting position, institutional capacity and project pipeline. The following roadmap therefore presents indicative implementation horizons rather than a fixed sequence. Some actions should begin in parallel, even where their full impact will only materialise over the medium or long term.

Horizon	Strategic focus	Priority actions
Near term (0–12 months)	Improve investor predictability	Clarify institutional responsibilities; establish a single investor interface; publish service standards and approval timelines.
Medium term (1–3 years)	Build specialised and integrated capabilities	Strengthen governance; integrate investor processes; develop sector-specific infrastructure, supplier linkages and skills.
Longer term (3–5+ years)	Consolidate an integrated and bankable ecosystem	Connect clusters to regional infrastructure and markets; scale sustainable solutions; maintain an investment-ready project pipeline.

Table 6: Indicative Roadmap for SEZ Capability Development

Note: The horizons are indicative and should be adapted to each zone's maturity, institutional context and investment pipeline. Actions across different horizons may need to proceed in parallel.

8.2. Measuring Progress: A Practical Set of KPIs

Progress should be measured through a focused set of indicators linked to the strategic capabilities that define SEZ competitiveness. The objective is not to create a universal scorecard, but to track whether each zone is improving investor predictability, investment conversion, cluster development, sustainability performance and project readiness. Indicators and targets should be adapted to the zone's maturity, sector focus and institutional context.

Strategic Capabilities	Indicator	Strategic purpose	Direction of progress
Investor predictability and execution	Time-to-permit	Measures the predictability and efficiency of core investment approvals	Shorter and more consistent approval times against published service standards
	End-to-end investor setup time	Measures the time required for an approved investor to become operational, including licensing, land access, utilities and essential operational approvals	Reduced time from investment commitment to commercial operation
Cluster and ecosystem development	Investment concentration in priority sectors	Measures whether investment attraction is reinforcing the zone's intended sector positioning	A growing share of new investment aligned with defined priority sectors
	Supplier localisation	Measures the extent to which investors generate linkages with suppliers within the zone and the wider economy	Increasing local and regional sourcing within target value chains
Investment conversion and bankability	FDI conversion rate	Measures the proportion of qualified investment opportunities that progress to committed investment and, subsequently, to implementation	Higher conversion from qualified opportunities to committed investment, with implementation tracked separately
	Investment-ready pipeline	Measures the number and value of priority projects that meet defined preparation, implementation, ESG and financing requirements	A growing share of the development pipeline reaching investment-ready status
Sustainability and resilience	Clean-energy share	Measures the share of zone energy demand supplied through renewable or other verified low-carbon sources	Progress towards published energy and decarbonisation targets
	Emissions intensity	Measures greenhouse-gas emissions relative to industrial output, energy consumption or another relevant operational unit	Declining emissions intensity in line with the zone's decarbonisation pathway

Table 7: Performance Indicators for Tracking SEZ Competitiveness and Maturity

Note: The indicators provide a strategic monitoring framework rather than a standardised ranking methodology. Baselines, definitions and targets should be established for each zone according to its maturity, sector profile and available data.

9. Conclusion

ASEAN's SEZs are entering a new phase of competition. Serviced land, infrastructure and fiscal incentives remain important, but they are no longer sufficient to differentiate locations competing for similar investors. Competitive advantage increasingly depends on whether zones can define a clear sector position, execute with certainty and connect effectively to regional production networks.

ASEAN already possesses many of the foundations required to succeed: an established industrial base, strong investment momentum, strategic connectivity and an expanding role in global supply chains. The priority is to build on these advantages: zones need a distinct sector focus and projects that are ready to finance, backed by effective governance, integrated investor services and credible sustainability pathways.

The next generation of ASEAN SEZs will therefore be defined not by incentives alone, but by their ability to attract investors with a targeted value proposition. Zones that convert development priorities into bankable projects, build specialised clusters and connect them to regional markets and production networks will be best positioned to capture and sustain strategic FDI.

WHAT COMES NEXT

This publication forms part of a three-stage White Paper series on Reimagining Special Economic Zones for Strategic FDI. The series progresses from understanding the global forces reshaping investment, to benchmarking how leading SEZs respond across different regional contexts, and finally to translating those findings into strategic recommendations and action:

White Paper 1: Global Trends & Framework. Introduces the global forces reshaping FDI and examines how changing investor priorities are redefining the role and value proposition of Special Economic Zones.

White Paper 2: Benchmarking High-Performing SEZs: Applies the benchmarking framework across two regional editions to identify the capabilities associated with competitive and investment-ready SEZs:

White Paper 2.1 MENA Regional Edition: Examines benchmark evidence and its strategic implications for SEZ development across the MENA region.

White Paper 2.2 ASEAN Regional Edition: Assesses how specialisation, governance, execution certainty, sustainability, bankability and regional integration are shaping SEZ competitiveness across ASEAN.

White Paper 3: Strategic Recommendations & Call to Action: Translates the global and regional findings into strategic priorities and actions for policymakers, SEZ authorities, developers and investors.

Contact us to explore how your SEZ can be repositioned for strategic FDI attractiveness.

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Glossary

ASEAN	Association of Southeast Asian Nations — Regional intergovernmental organisation comprising eleven Southeast Asian countries that promotes economic integration, trade cooperation and regional development.
China+1	China+1 strategy — Corporate supply-chain strategy through which firms diversify production beyond China by expanding manufacturing activities into other Asian economies, reinforcing investment flows into ASEAN.
EEC	Eastern Economic Corridor — Thailand's strategic economic corridor focused on advanced industries, infrastructure development and investment attraction in the eastern provinces.
ESG	Environmental, Social and Governance — Framework used to assess sustainability, social impact, governance quality and risk management in projects, companies and investment decisions.
EV	Electric Vehicle — Vehicle powered by electric motors and batteries; a targeted next-generation industry in several ASEAN zones, including Thailand's EEC.
FDI	Foreign Direct Investment — Cross-border investment where an investor acquires a lasting interest and degree of influence in an enterprise located in another economy.
FEZ	Free Economic Zone — Designation used in the Republic of Korea for zones offering regulatory, tax and infrastructure advantages to attract foreign investment (e.g. Ulsan FEZ).
G2G	Government-to-Government — Cooperation or partnership arrangement established directly between two national governments, such as the bilateral backing behind VSIP.
GASEZ	Global Alliance of Special Economic Zones — International alliance of SEZ authorities and associations, launched under UNCTAD's auspices, that promotes sustainable, resilient and investment-attractive zone practices.
GDP	Gross Domestic Product — Total value of goods and services produced within an economy over a given period; used in this paper to gauge the economic weight of zones and their host provinces.
IMFC-J	Invest Malaysia Facilitation Centre Johor — Single point of contact for JS-SEZ investors, coordinating approvals and support across more than 30 federal, state and local agencies.
IMIP	Indonesia Morowali Industrial Park — Integrated industrial park in Indonesia focused on nickel processing, stainless steel and battery-material value chains.
JS-SEZ	Johor–Singapore Special Economic Zone — Cross-border economic zone linking Johor and Singapore to support investment, connectivity, business facilitation and regional value-chain integration.
JTC	JTC Corporation (formerly Jurong Town Corporation) — Singapore's statutory board under the Ministry of Trade and Industry responsible for planning, developing and managing industrial land, estates and innovation districts such as one-north.
JV	Joint Venture — Business arrangement in which two or more parties jointly develop, own or operate an activity, asset or enterprise.
KPI	Key Performance Indicator — Measurable indicator used to track progress against strategic objectives, operational targets or performance outcomes.

MENA	Middle East and North Africa — Region addressed in the forthcoming White Paper 2.1 Regional Edition of this series.
R&D	Research and Development — Activities focused on innovation, technological advancement, product development and process improvement to enhance competitiveness.
SBMA	Subic Bay Metropolitan Authority — Operationally autonomous public authority that governs and administers the Subic Bay Freeport Zone in the Philippines.
SEZ	Special Economic Zone — A geographically defined area in which governments facilitate industrial and economic activity through a differentiated regulatory framework, investment incentives, administrative facilitation and infrastructure support.
UNCTAD	United Nations Conference on Trade and Development — United Nations body that supports developing countries through research, policy analysis and technical assistance related to trade, investment and sustainable development.
VSIP	Vietnam Singapore Industrial Park — Network of industrial parks developed through Vietnam–Singapore cooperation, combining industrial land, infrastructure and investor services.

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