

『To Become a Logistics Hub in Northeast Asia』

Busan City's Strategies and Cooperation in Logistics

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부산광역시
BUSAN METROPOLITAN CITY

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I . Visions and Targets of Busan City

1. Busan at a Glance



Overview

- 2nd largest city located in the southeastern part of Korea
 - Population of about 3.6 million in 766km²
 - Administrative organization: 15 districts, 1 county
 - The largest marine city in Korea
- Coastal line: 306km, Port-related area: 249km²

Economics

- GRDP: USD 48.5 billion (KRW 56 trillion)
- Economically active population: 1.64 million
- No. of local companies: 270,000
- Export-Import: USD 20 billion

2. Maritime and Port Business in Busan

▶ Shipping

- No. of ships using Busan Port: 120,654 (Entering: 60,161 / Departing: 60,493)
- No. of registered sailors: 48,000 / No of registered ships: 1,573
- Ferry services on 12 sea routes / No. of passengers: about 1.8 million

▶ Port Facilities

- Berth length: 27.4km
- Berth capacity: 170 vessels (North Port: 118, Gamcheon-Dadaepo: 34, New Port: 18)
- 7 container terminals, 39 berths, capacity: 12 million TEU, yard: 2 million m²

▶ Maritime Industry

- No. of companies: 27,562 (10%) / No. of Employees: 121,000 (11%)
- Added Value: USD 6.6 billion (KRW 7.7 trillion) (15%)

3. Visions and Targets of Busan City

Vision

Ocean Capital in the Era of Northeast Asia

- Dynamic Busan, Asian Gateway -

Targets

Becoming a Leading Maritime, Port & Logistics Hub in Northeast Asia

Economic Center in the Southeast Economic Belt

Hub of Asian Film, Tourism and Finance

Major Projects

Timely Construction of Busan New Port



Int'l Industrial and Logistics Complex



Hub Airport in the Western Part of Busan



II. Development of Busan New Port

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1. Map of Busan Port

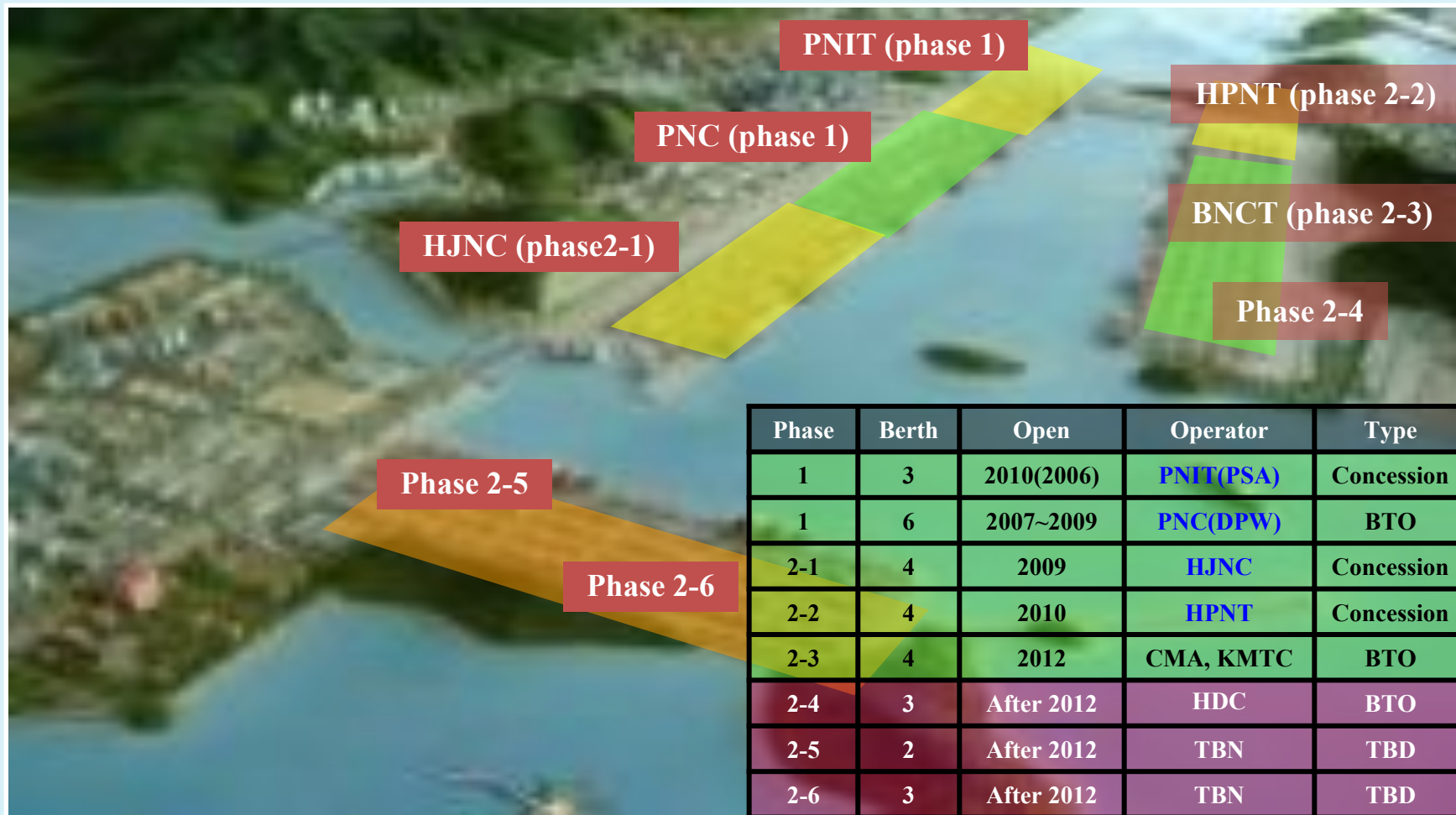


- The world's 5th largest container port since 1876
- 37 berths (20 in North Port, 17 in New Port)
- 75% of the nation's total container volume

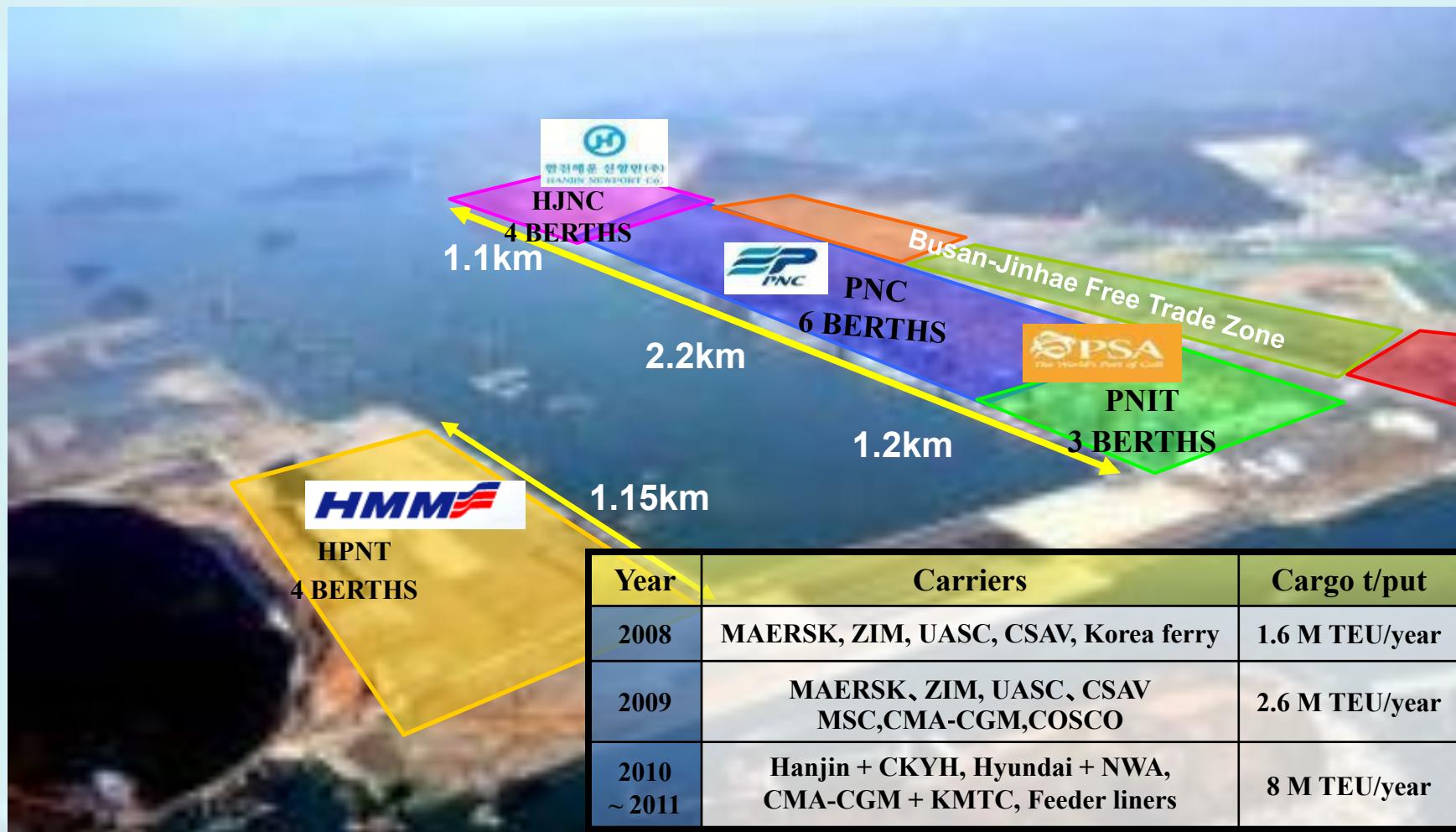
2. Container Terminals in Busan North Port



3. Busan New Port Development Project



4. Operators in Busan New Port



5. Development of Port Hinterland



6. Port Hinterland

Assembling



Packaging



Storage



Stevedoring



Tax incentives & benefits

- ❖ Lease terms and conditions
 - Lease period : maximum 50 years
 - Lease fee: 48 cents / m² / year
- ❖ Direct tax
 - 100 % exemption for first 3 years
 - 50 % exemption for next 2 years
- ❖ Indirect tax
 - 100% exemption
 - Zero VAT

7. Geographical Location of Busan Port

within 3-hour flight radius

- 20% of the world's total GDP
- 33% of the world's total container volume
- 25% of the world's total population

Eastern Gateway to Russia

Logistics Hub

2nd Largest Economy

Largest Manufacturing Base

- Located on the main trunk route
- Linked to over 500 ports in 100 countries

8. Advantages of Busan Port

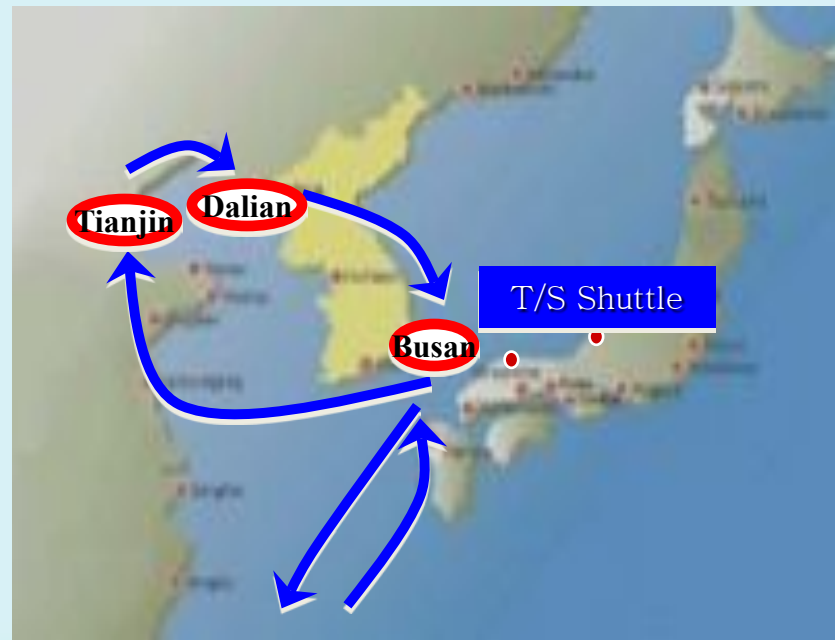
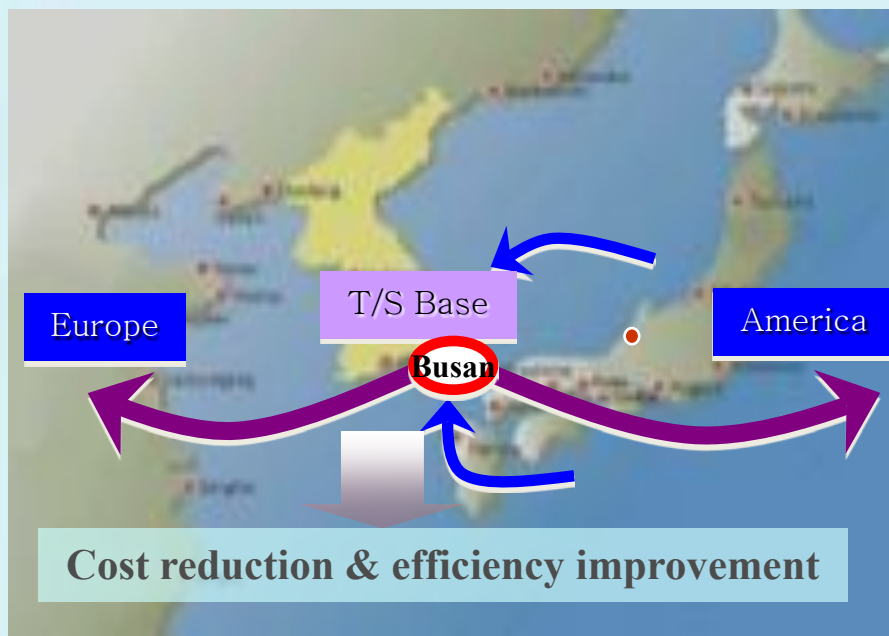
- Sophisticated feeder network
- 323 services a week
- Minimal typhoon impact and sea fog
- High productivity by u-Port TECH

Best Transshipment Port

- ◆ Japan : 58 services/week
- ◆ China : 46 services/week
- ◆ SE Asia : 52 services/week
- ◆ Russia : 11 services/week

8. Advantages of Busan Port

- Transshipment base for cargoes from/to Europe and America
- Transshipment shuttle with connections to ports in North China
- Cost reduction and heightened efficiency



III. Creation of International Industrial
and Logistics Complex in Gangseo District

1. Project Overview



Strategic location in the southeastern economic belt!

International industrial logistics complex in the new port hinterland

Location Gangseo District, Busan

Area 33.0km²

Cost about USD 9.3 billion (KRW 11 trillion)

Period 2008 ~ 2020

- **Stage 1:** 5.7 km² (KRW 2.1 trillion)
- **Stage 2:** 23.3 km² (KRW 7.3 trillion)
- **Others:** 4.0 km² (KRW 1.6 trillion)

2. Geographical Advantage

- Center for the global logistics network based on its hub port and international airport
- Easy access to many cities in East China and coastal areas of Russian Far East
- Possibilities of playing a key role in forming a Mega-City Region(MCR) with Kyushu, Japan



3. Target and Major Functions

Target

International Industrial and Logistics Complex generating high value-added returns in the port hinterland

Major Functions

Integrated International Logistics Complex

- SARR(Sea·Air·Rail·River)
- High-tech logistics center

Regional Industrial Complex

- Industrial cluster in the nation's southeastern economic belt
- Global parts and material supply base

Knowledge Creating City

- Globalized finance and Information market
- Eco-friendly R&D center

Infra

Busan New Port
(30 berths)

24/7 New International
Airport

TSR, TCR

Busan·Jinhae Free Economic Zone (BJFEZ)

III. Creation of International Industrial and Logistics Complex in Gangseo District

4. Plans

- Cluster of specialized industries in the southeastern economic belt
- Global parts and material supply base
- New growth center
- Exclusive foreign investment zone

Regional
Industrial
Complex

9km²

Integrated
Logistics
Complex

20km²

Knowledge
Creating City

4km²

- Integrated logistics, assembly and processing complex
- Global parts and material supply base
- Global SARR logistics complex
- Multimodal terminal and support complex

- Advanced international business environment
- Eco-friendly R&D center

5. Strategies – global positioning strategy

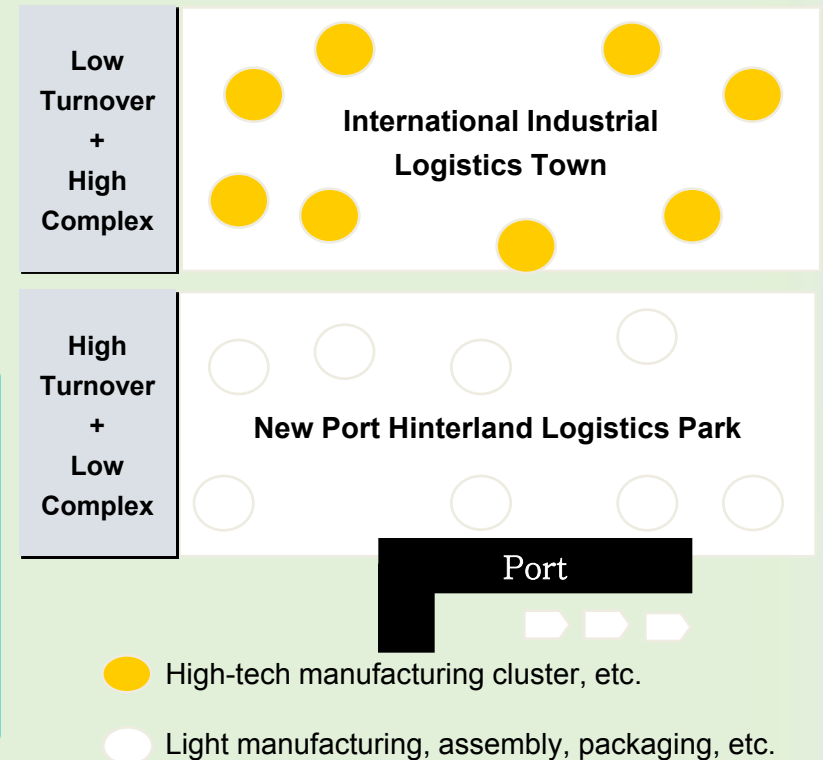
Background

- Attracting high value added global businesses is key to success.
- Setting up strategies through thorough analysis of market, companies and clients' needs
 - Urban design and infrastructure are necessary from an early stage to attract businesses

Plans

- Setting up strategies to attract global businesses
 - Establishing S/W and H/W infrastructure and providing various incentives (tax benefits, etc.)
- Developing business models and specific strategies to meet the global companies' needs
- Surveying of what makes global companies decide to make an investment, and setting up strategies

Differentiate New Port Hinterland Logistics Park from International Logistics Complex



5. Strategies – for creation of Green u-City

Background

- Creating an international industrial and logistics complex generating high value-added returns
- Adopting 'low carbon, green growth' technologies to make the area a future growth engine in the 'green growth' era



Plans

- Realizing 'low carbon, green growth' city
- Introducing Green u-City to the city's master plan
 - ▷ Companies in Green u-City to be able to generate profits by securing carbon credits
- Attracting global investments by promoting Green u-City



5. Strategies – for a culture & leisure city

Aims

- to create eco-friendly leisure space for all citizens

- An easily accessible eco-friendly culture, sports and recreational place, utilizing riversides and mountains
 - Riverside sports parks, eco experience areas, museums, exhibition halls, theme parks, walking trails, recreation forests

- Creating a cultural complex meeting various cultural demands of the citizens
 - A cultural complex where people can enjoy shopping and many things to eat, see and enjoy in one space

- Tourist and leisure facilities by making use of seas and rivers
 - Comprehensive leisure space and cruise tour
 - Various marine sports facilities such as canoeing park and yacht marina



IV. Construction of New Hub Airport

1. Functions and Development Plans

Functions

- Key airport in the southern part of Korea / LCC hub airport
⇒ Hub Airport in Northeast Asia

Development Plans

- 24-hour/day airport
(Japan: Kansai/Chubu Centrair Int'l Airports, Korea: Incheon/new Int'l Airports)
- Intermodal Logistics Airport
(Port-connected airport: Changi/Chek Lap Kok/Pudong/ Schiphol Int'l Airports)
- Economically operated airport (competitiveness is one of the top priorities)
- Easily accessible airport (Chubu Centrair/Haneda Airports)
- Easily expandable airport

2. Bird's Eye View



V. Advantages of Transcontinental
Railways and North Pole Route

1. Future Terminus of Transcontinental Railways

▶ Gateway to Asia-Europe

- Busan, a terminus of TCR, TMGR and TSR for Asia and Europe
- A port city, best positioned to utilize multimodal (Sea & Rail) transport

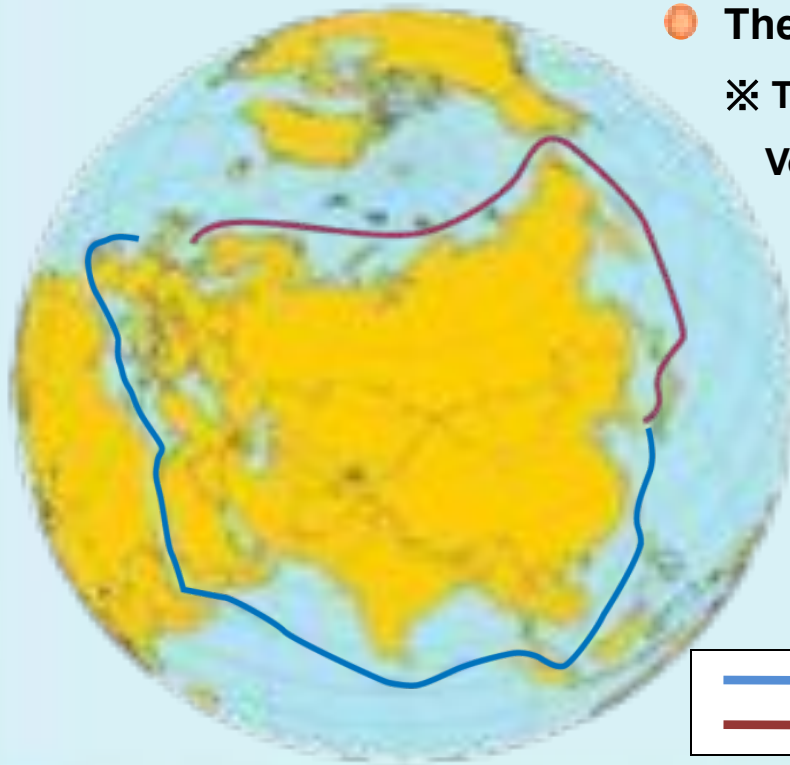
▶ Strengthening Cooperation with Mongolia

- Planning to promote cooperation in logistics and develop a new logistics model with Mongolia when transcontinental railways are completed.



2. Busan, Home Port on the North Pole Route

▶ Terminus of the Asia - Europe sea routes when the North Pole Route becomes available



- The shortest sea route connecting Asia and Europe

※ To be shortened: 20,100km → 12,700km

Voyage duration: 24 days → 14 days

(about 40% to be reduced)

- Hub port for the shipping, shipbuilding and other port-related industries
- Possible home port for cruise ships in connection with the tourism industry in the Arctic Ocean

— Suez Route
— North Pole

VI. How to Cooperate in Logistics

Suggestions



- MOU or sister port agreement
 - ✂ To cooperate in such areas as port construction and operation, and to exchange technical advice
- Exchanges of information, technology and personnel
- Imposing favorable port tariffs
- Establishment and joint operation of inland logistics centers
- Establishment of joint terminal operating company
- Joint R&D investment in RFID (Radio Frequency Identification)-based terminal operation

Thank You