To Become a Logistics Hub in Northeast Asia

Busan City’s Strategies and Cooperation in Logistics

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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 766 km²
- Administrative organization: 15 districts, 1 county
- The largest marine city in Korea
- Coastal line: 306 km, Port-related area: 249 km²

**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: 27.4 km
- 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
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

- HBCT(5)
- UTC(3)
- DPCT(3)
- KBCT(5)
- BICT(2)
- BGCT(2)
3. Busan New Port Development Project

<table>
<thead>
<tr>
<th>Phase</th>
<th>Berth</th>
<th>Open</th>
<th>Operator</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>2010(2006)</td>
<td>PNIT(PSA)</td>
<td>Concession</td>
</tr>
<tr>
<td>1</td>
<td>6</td>
<td>2007~2009</td>
<td>PNC(DPW)</td>
<td>BTO</td>
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<td>2-1</td>
<td>4</td>
<td>2009</td>
<td>HJNC</td>
<td>Concession</td>
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<td>2-2</td>
<td>4</td>
<td>2010</td>
<td>HPNT</td>
<td>Concession</td>
</tr>
<tr>
<td>2-3</td>
<td>4</td>
<td>2012</td>
<td>CMA, KMTC</td>
<td>BTO</td>
</tr>
<tr>
<td>2-4</td>
<td>3</td>
<td>After 2012</td>
<td>HDC</td>
<td>BTO</td>
</tr>
<tr>
<td>2-5</td>
<td>2</td>
<td>After 2012</td>
<td>TBN</td>
<td>TBD</td>
</tr>
<tr>
<td>2-6</td>
<td>3</td>
<td>After 2012</td>
<td>TBN</td>
<td>TBD</td>
</tr>
</tbody>
</table>
## 4. Operators in Busan New Port

<table>
<thead>
<tr>
<th>Year</th>
<th>Carriers</th>
<th>Cargo t/put</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>MAERSK, ZIM, UASC, CSAV, Korea ferry</td>
<td>1.6 M TEU/year</td>
</tr>
<tr>
<td>2009</td>
<td>MAERSK, ZIM, UASC, CSAV, MSC, CMA-CGM, COSCO</td>
<td>2.6 M TEU/year</td>
</tr>
<tr>
<td>2010 ~ 2011</td>
<td>Hanjin + CKYH, Hyundai + NWA, CMA-CGM + KMTC, Feeder liners</td>
<td>8 M TEU/year</td>
</tr>
</tbody>
</table>
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

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

2nd Largest Economy
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**

<table>
<thead>
<tr>
<th>Location</th>
<th>Gangseo District, Busan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area</td>
<td>33.0 km²</td>
</tr>
<tr>
<td>Cost</td>
<td>about USD 9.3 billion (KRW 11 trillion)</td>
</tr>
<tr>
<td>Period</td>
<td>2008 ~ 2020</td>
</tr>
</tbody>
</table>

- **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)
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)**
4. Plans

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

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

Regional Industrial Complex 9 km²

Integrated Logistics Complex 20 km²

Knowledge Creating City 4 km²

- 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**

- Low Turnover + High Complex
  - International Industrial Logistics Town
- High Turnover + Low Complex
  - New Port Hinterland Logistics Park

- Light manufacturing, assembly, packaging, etc.
- High-tech manufacturing cluster, etc.
III. Creation of International Industrial and Logistics Complex in Gangseo District

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
IV. Construction of New Hub 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
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