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Developments and logistics operations of Busan Port in creating business opportunities



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Content

- I . Introduction of Busan Port
- II . Opportunities in New Port
Distripark
- III . Opportunities in North
Port Redevelopment



Birds-eye view of Busan Port

North Port



New Port





Busan Port Overview

- ▷ 6th Busiest Container Port ('18)
- ▷ 2nd Busiest T/S Port ('18)
- ▷ 75% Container Volume of S.Korea





World's 6th Busiest Port

	1985	1990	2000	2002	2004	2008	2010	2013	2014	2015	2016	2017	2018
1	Rotterdam (2,655)	Singapore (5,224)	Hong Kong (18,090)	Hong Kong (19,144)	Hong Kong (21,932)	Singapore (29,918)	Shanghai (29,069)	Shanghai (33,617)	Shanghai (35,285)	Shanghai (36,537)	Shanghai (37,133)	Shanghai (40,233)	Shanghai (42,010)
2	NY/NJ (2,367)	Hong Kong (5,101)	Singapore (17,090)	Singapore (16,941)	Singapore (21,329)	Shanghai (27,980)	Singapore (28,431)	Singapore (32,579)	Singapore (33,868)	Singapore (30,922)	Singapore (30,904)	Singapore (33,667)	Singapore (36,599)
3	Hong Kong (2,289)	Rotterdam (3,667)	Busan (7,540)	Busan (9,453)	Shanghai (14,557)	Hong Kong (24,248)	Hong Kong (23,532)	Shenzhen (23,278)	Shenzhen (24,030)	Shenzhen (24,205)	Shenzhen (23,997)	Shenzhen (25,209)	Ningbo (26,520)
4	Kobe (1,519)	Kaohsiung (3,495)	Kaohsiung (7,426)	Shanghai (8,620)	Shenzhen (13,650)	Shenzhen (21,400)	Shenzhen (22,509)	Hong Kong (22,288)	Hong Kong (22,270)	Ningbo (20,626)	Ningbo (21,570)	Ningbo (24,607)	Shenzhen (25,735)
5	Antwerp (1,350)	Kobe (2,596)	Rotterdam (6,274)	Kaohsiung (8,493)	Busan (11,492)	Busan (13,453)	Busan (14,194)	Busan (17,686)	Ningbo (19,450)	Hong Kong (20,073)	Hong Kong (19,632)	Hong Kong (20,770)	Guangzhou (21,890)
6	Yokohama (1,327)	LA (2,587)	Shanghai (5,613)	Shenzhen (7,614)	Kaohsiung (9,710)	Dubai (12,000)	Ningbo (13,144)	Ningbo (17,327)	Busan (18,652)	Busan (19,469)	Busan (19,455)	Busan (20,493)	Busan (21,674)
7	Hamburg (1,159)	Busan (2,348)	LA (4,879)	Rotterdam (6,506)	Rotterdam (8,300)	Ningbo (11,226)	Guangzhou (12,550)	Qingdao (15,520)	Qingdao (16,624)	Guangzhou (17,570)	Guangzhou (18,820)	Guangzhou (20,372)	Hong Kong (19,641)
8	Keelung (1,158)	Hamburg (1,969)	LongBeach (4,601)	LA (6,106)	LA (7,321)	Guangzhou (11,001)	Qingdao (12,012)	Guangzhou (15,309)	Guangzhou (16,160)	Qingdao (17,436)	Qingdao (18,010)	Qingdao (18,300)	Qingdao (19,300)
9	Busan (1,148)	NY/NJ (1,872)	Hamburg (4,248)	Hamburg (5,374)	Hamburg (7,003)	Rotterdam (10,830)	Dubai (11,600)	LA/LB (14,599)	Dubai (15,249)	Dubai (15,592)	LA/LB (15,632)	LA/LB (16,888)	LA/LB (17,400)
10	LongBeach (1,141)	Keelung (1,828)	Antwerp (4,082)	Antwerp (4,777)	Dubai (6,429)	Qingdao (10,320)	Rotterdam (11,146)	Dubai (13,641)	LA/LB (15,161)	LA/LB (15,352)	Dubai (14,772)	Dubai (15,440)	Tianjin (16,020)

* 2018 figure is estimate)



World's 2nd Busiest T/S Port (2017)

(Unit : '000TEU)

No.	Port	Total('17)	T/S	Ratio('16)
1	Singapore	33,667	28,617	85.0%
2	Busan	20,493	10,225	49.9%
3	Port Kelang	11,978	8,265	68.8%
4	Tanjung pelepas	8,377	7,874	94.0%
5	Jebel Ali(UAE)	15,368	7,530	49.0%
6	Hong Kong	20,770	6,439	30.7%

* Source : Alphaliner

(T/S volume (Except for Busan) are calculated by multiplying each port throughout('17) and T/S volume portion('16))



Busan Port T/put by Nation (2018)

- Top 3 nations(CHA, USA, JPN) account for 54.8% of total volume
- 61% of T/S Volume

(Unit : '000TEU)

RANK	PORTS	Throughput(TEU)			YoY Growth Rate(%)		
		TOTAL	L/C	T/S	TOTAL	L/C	T/S
	TOTAL	21,674	10,216	11,458	5.8	0.0	11.5
1	China	5,370	1,975	3,395	5.1	-1.0	9.0
2	USA	3,342	1,503	1,839	11.8	2.8	20.5
3	Japan	3,119	1,364	1,755	6.0	1.3	10.1
4	Canada	738	240	498	7.0	0.7	10.4
5	Vietnam	626	396	230	4.2	3.8	5.0
6	Mexico	536	286	250	-1.1	-8.1	8.3
7	Russia	518	237	281	10.1	23.3	1.0
8	India	414	292	122	6.8	5.3	10.6
9	Thailand	409	188	221	-0.5	3.2	-3.5
10	Indonesia	382	191	191	6.1	10.3	2.3

* Source : BPA-Net (2018 figure is estimate)



Competitiveness of Busan Port - ①

Location : Between the World's Factory & 3rd Largest Economy





Competitiveness of Busan Port - ②

Connectivity : 268 Weekly Liner Service(2019.1.)

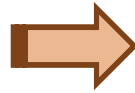
America	53 SVC/Week
Europe	16 SVC/Week
Oceania	7 SVC/Week
Africa	2 SVC/Week





Competitiveness of Busan Port - ③

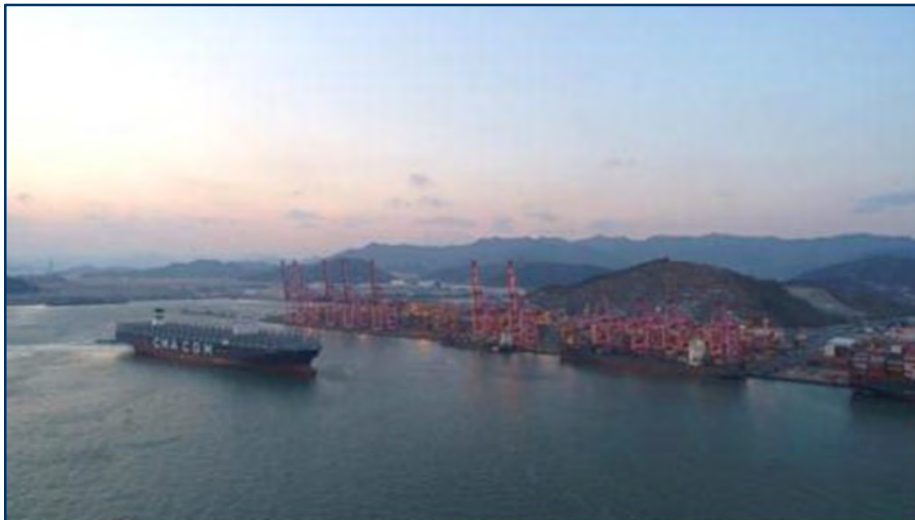
Deep Water



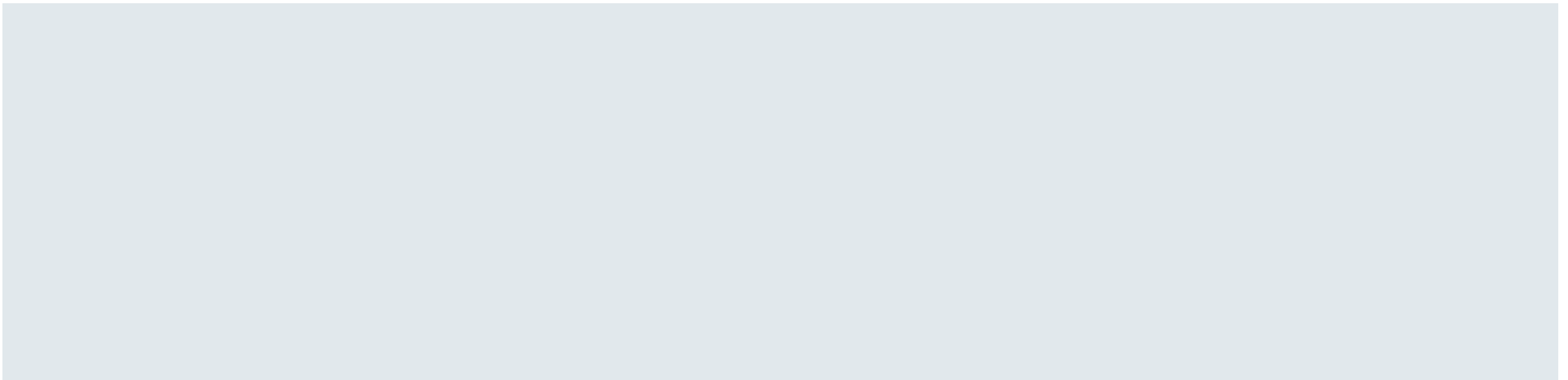
- ◆ Water Depth : 17~18m
- ◆ Little Tidal Difference : 1.3m

*20,656 TEU Vessel "Antoine De Saint Exupery" by CMA CGM
(February 2, 2018)*

** Length : 400m, Width : 59m*



2. Opportunities in New Port Distripark





Overview of Busan New Port Distripark

Distripark Overview

- Total **8.5 million m²** Distripark
- Cargo Generation : **2.1M TEU(2017)**
- Competitive Rent & Incentives for FTZ





Northern & Ungdong Distripark





Foreign Investment in Distripark

Foreign Investment

Stage	Number of Companies	Consortiums		Rentable Area	Current Operational Status
		Foreign Countries	Korea		
North Container Distripark (1st, 2nd)	30	46	48	1,010,338m ²	30 companies operating
Ungdong Distripark (1st, 2nd)	37	63	42	1,336,184m ²	37 companies operating
Total	67	109	90	2,346,522m²	-

Current Status of Investment by Nation

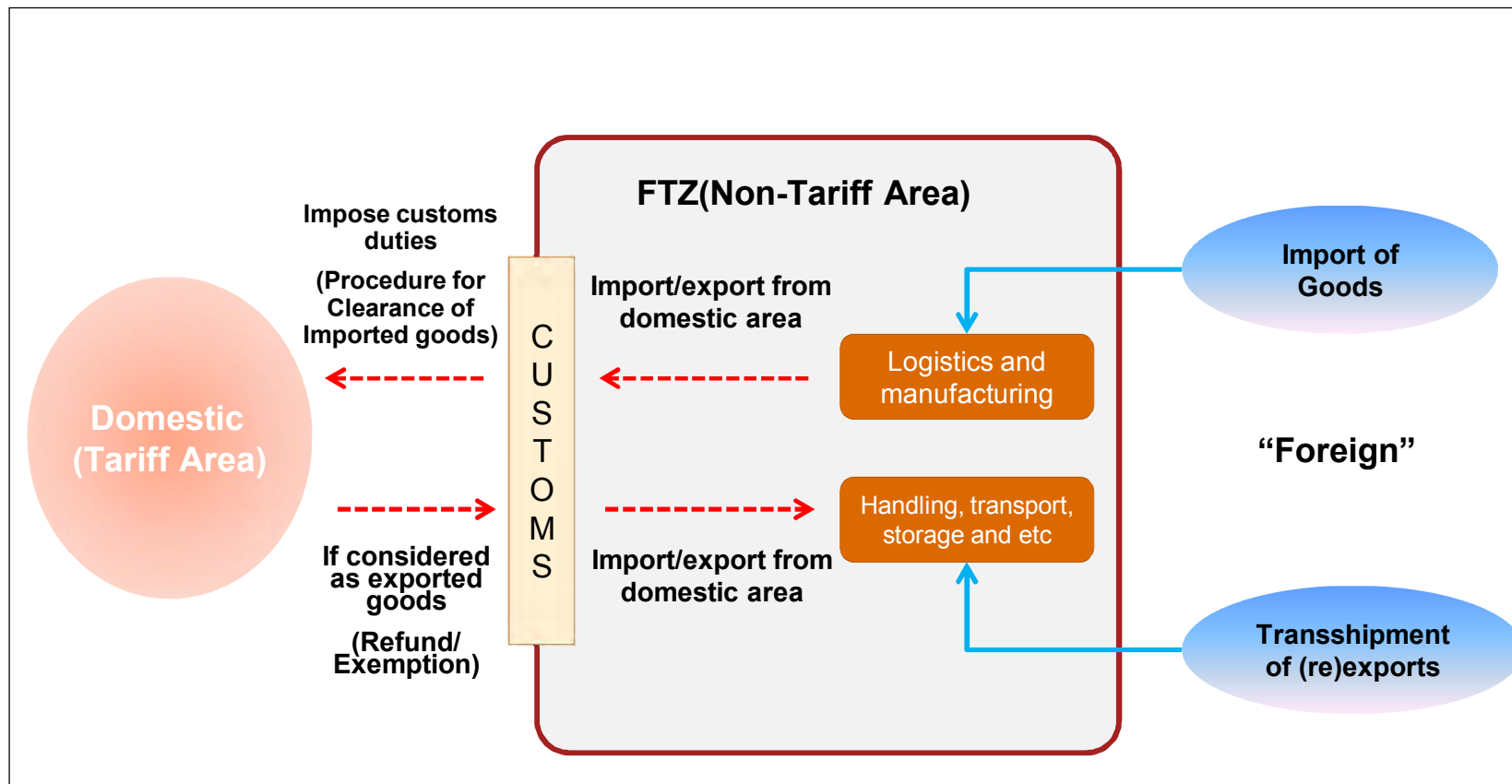




The benefits and incentives

1) Free Trade Zone

A specific area dedicated to providing the best environment for business with benefits of tax and other financial support.





The benefits and incentives

2) Reasonable Price for Land Rental

Lease Term *“can be extended up to 50 years”*

Lease Rate

	Condition	Lease rate	Applying period
Basic Lease	Tenant companies	\$ 0.48 /month·m ²	Until 2019 (Slightly adjusted every three year)
Preferential	Foreign-invested companies which operate the logistics industry followed	\$ 0.32 month/m ²	

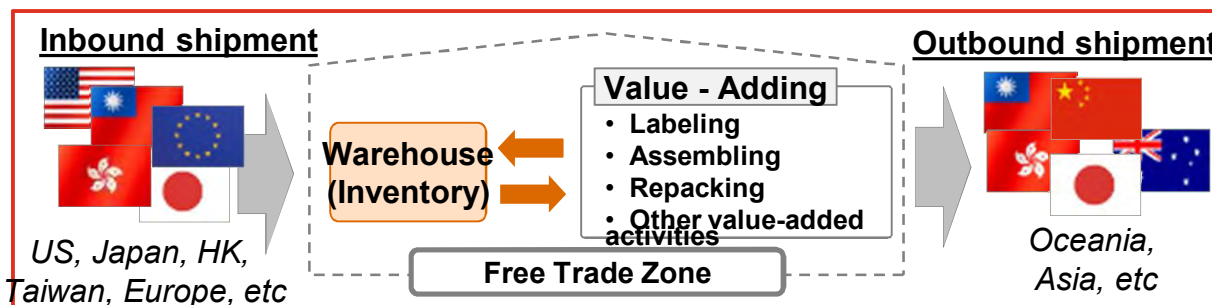
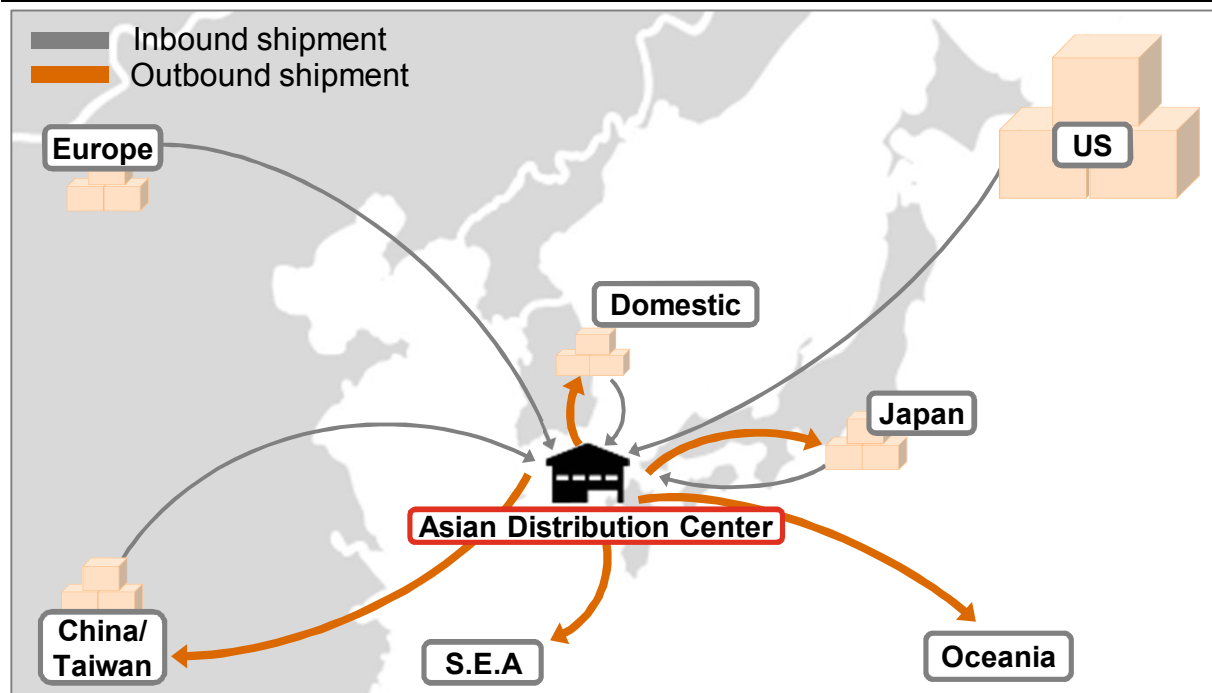
Reduction in Lease Rate

	Condition	Discount	Applying period
Qualification	Investment of US \$5 million or more	50%	3 years
	Investment of US \$10 Million or more	50%	5 years



Business Model of the Distripark

Biz-Model example of A Company



Effectiveness

Cost Reduction

- Reduced logistics costs with integrated logistics compared to shipping directly to each country
- Reduced costs through value-added activities, such as labeling and LCL to FCL switches

Shorten lead time

- Rapid response and delivery to customer orders available
- Easy transshipment to free trade zone



Value-added activities in Distripark

Manufacturing



Assembling



Inspection



Labeling



Separation



Packaging



Parts for shipbuilding or construction, Food, Beverage, Clothes, Car parts, Dangerous Cargoes, Fresh Foods, Home Appliances, etc.



Business Model of the Distripark

Movable parts from America(STEEL CASE), other parts from EU & ASIA → **Assembly**
→ Export finished goods to Japan & other Asian countries



Assembly 1



Assembly 2



Assembly 3



Finished



Packaging & Re-distribution

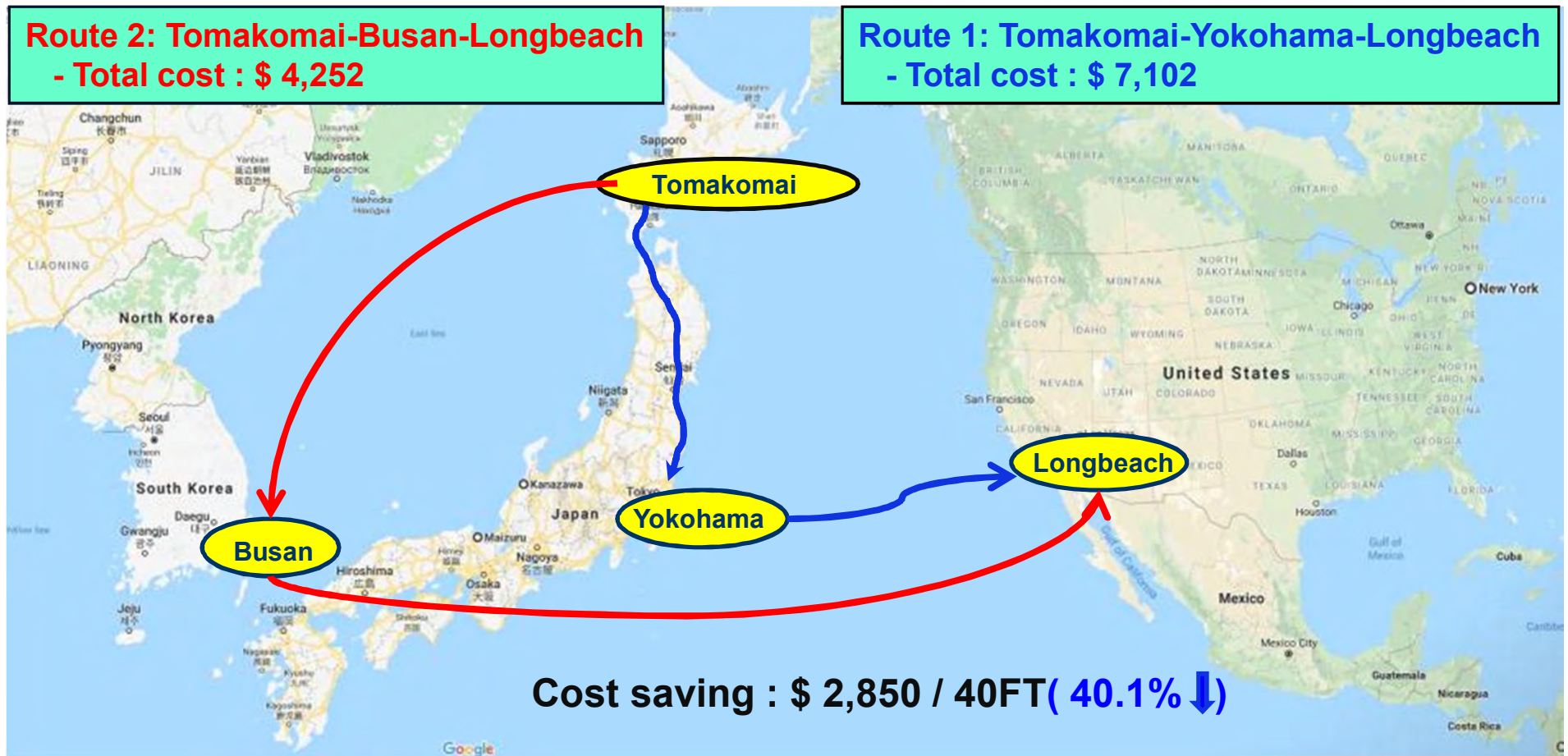


Case of Japanese companies to use Busan Port

1) Tomakomai case

Route 2: Tomakomai-Busan-Longbeach
- Total cost : \$ 4,252

Route 1: Tomakomai-Yokohama-Longbeach
- Total cost : \$ 7,102



※ Source : Research on Container Cargo Logistics Model for Japanese West Coast (BPA, 2019.2)

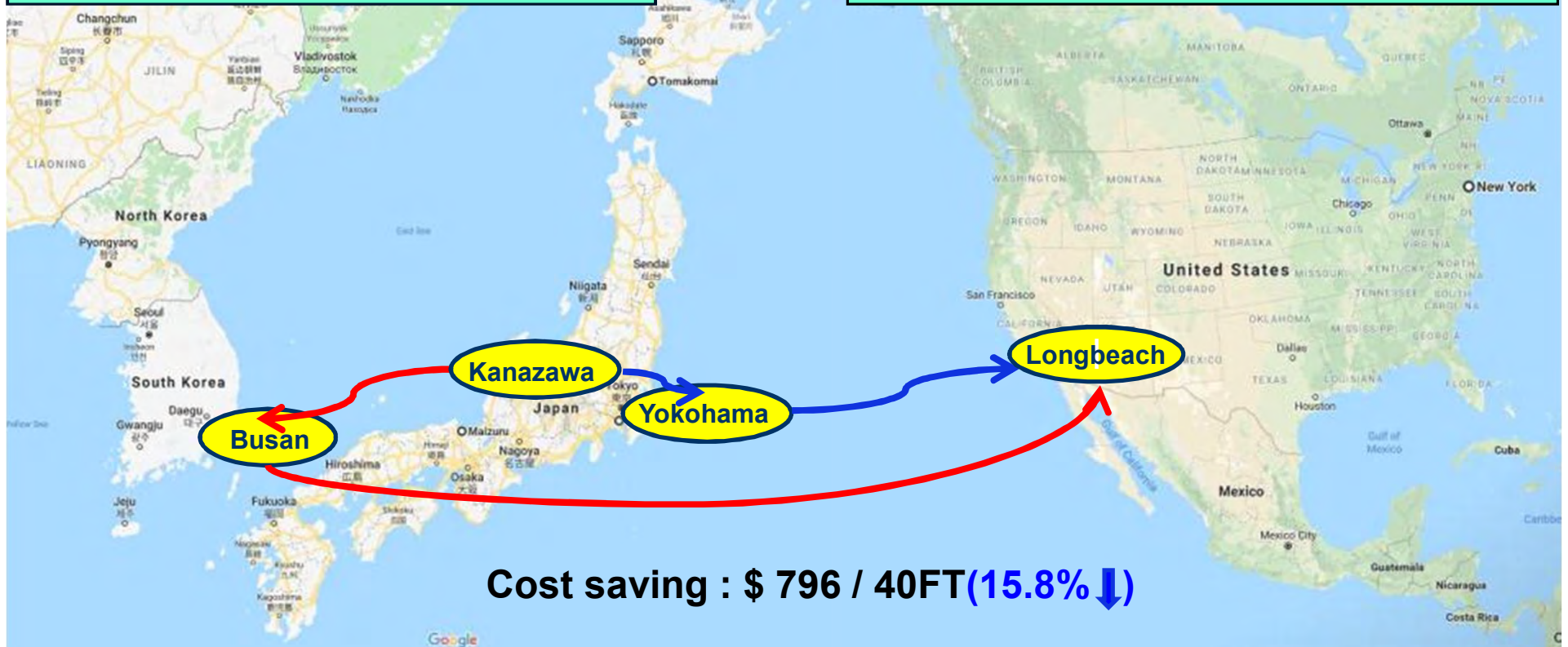


Case of Japanese companies to use Busan Port

2) Kanazawa case

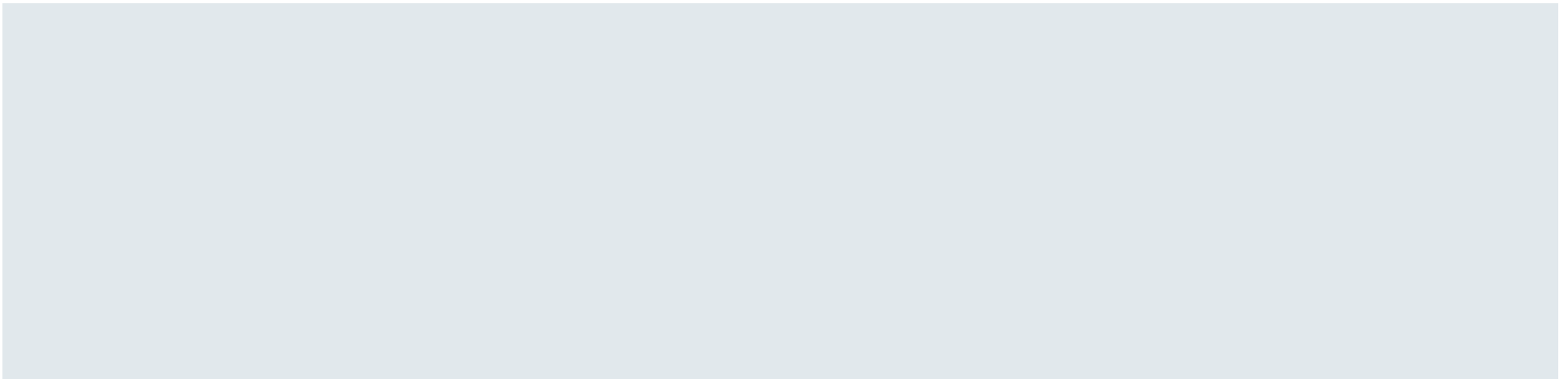
Route 2: Kanazawa-Busan-Longbeach
- Total cost : \$ 4,252

Route 1: Kanazawa-Yokohama-Longbeach
- Total cost : \$ 5,048



※ Source : Research on Container Cargo Logistics Model for Japanese West Coast (BPA, 2019.2)

3. Opportunities in North Port Redevelopment



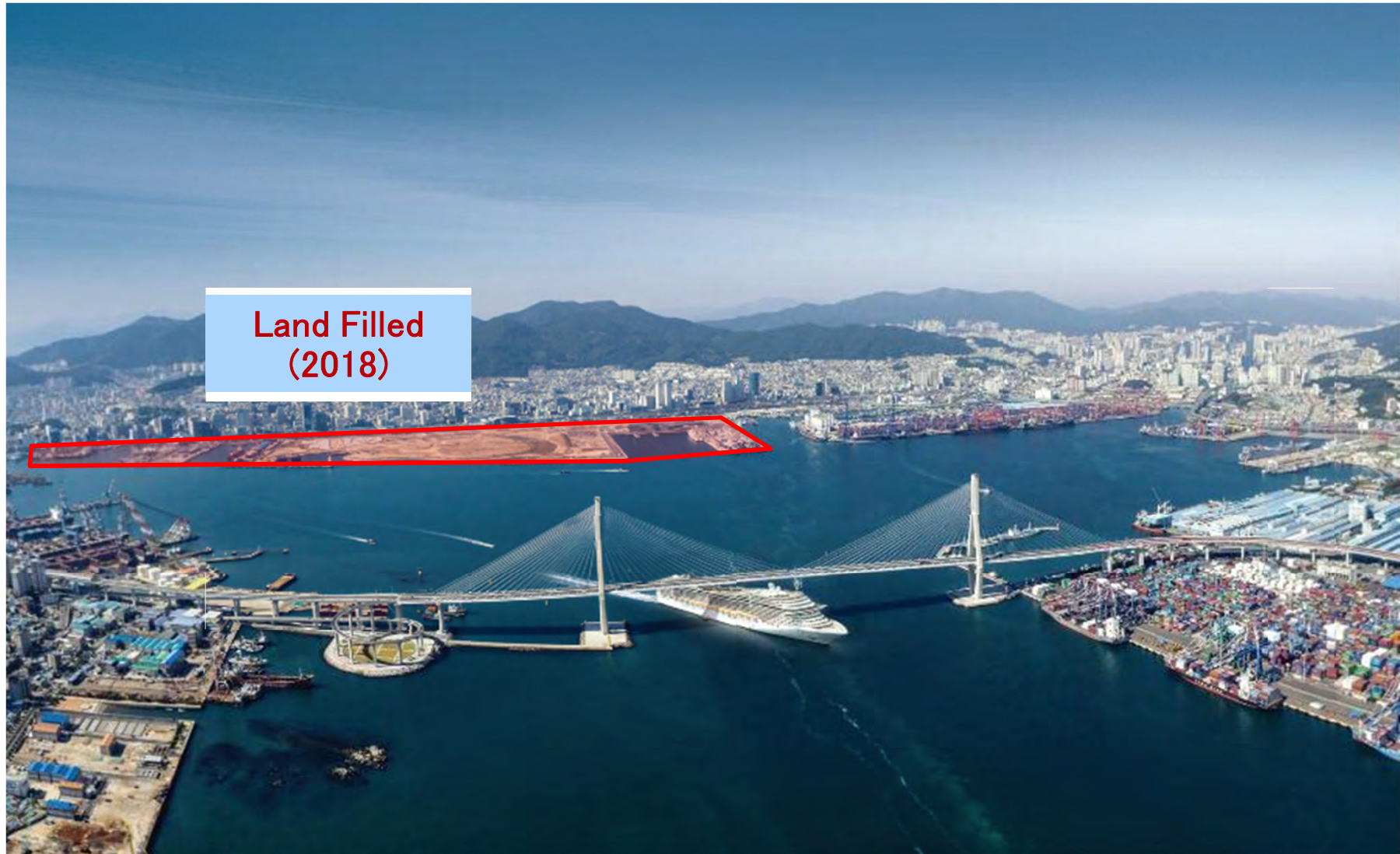


North Port Redevelopment Project





North Port Redevelopment Project





North Port Redevelopment Project

- Completed **76.4%** of landside(909,325/1,190,326 m²)








← Phase2 : In progress → Phase1-1 : Complete → Phase1-2 : Complete →

- Plan to create public facilities including waterfront : 809,534 m²





The site for a private investment

	Commercial Business District	45,855 m ²
	IT/Image/Exhibition District	56,640 m ²
	Urban Complex District	74,147 m ²
	Marine Culture District	178,441 m ²
	Transfer Center	25,709 m ²
	Total	380,792 m²



- 211,543 m² completed a investment among 380,792 m²
 - Commercial: 45,855 m² / IT/Image/Exhibition: 36,290 m² / Urban complex 74,147 m² / Marine culture 29,542 m² / Transfer : 25,709 m²
- The site of Landmark(more than 50% of the remnant) will determine the success of the project



Investment Attraction Plan

Marine Culture District(Landmark) planned for International bidding

- Seated at the heart of the site as a popular attraction for Busan residents as well as local and foreign tourists.
- Setting up a landmark vision is proceeding('19~)
- Attracting a potential investor ('20~)

Content(Landmark)	
Area (m ²)	113,379
Building Coverage Rate / Floor Area Ratio	40%/600%
Height Limit	No Limit





Redevelopment : Past, Present and Future



In the **PAST**



TODAY : Busan Port Int'l Passenger Terminal



The **FUTURE** : Completion of North Port Redevelopment

THANK YOU

**All of us at BPA wish you
the great success**



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