2016
Logistics and Distribution

Investment Opportunities
In Korea
Logistics and Distribution

Centrally located in Northeast Asia, Korea boasts excellent infrastructure including world-class airports and ports, cementing its status as the gateway to the Chinese and global logistics market.

Status of Korean logistics industry (2014)

| Cargo traffic volume | The world’s 2nd largest |
| Incheon International Airport |

| Cargo transhipment volume | The world’s 3rd largest |
| Busan Port |

Industry Overview

Status of Korean logistics industry
Trend of the Northeast Asia's logistics industry
Foreign direct investment
Current status

Competitiveness

Korean logistics industry’s ranking in terms of World Bank LPI
Korea’s major logistics infrastructure

Success Cases

B.L International Co., Ltd.

Where to Invest

Location descriptions

1. Busan New Port Hinterland
2. Incheon Port Hinterland
3. Gwangyang Port Hinterland
4. Pyeongtaek Port Hinterland
5. Ulsan Port Hinterland
6. Pohang Port Hinterland
7. Saemangeum Port Hinterland
8. Incheon Port Hinterland
9. Inland Transportation (road) Logistics Base
10. Inland Transportation (railway) Logistics Base

Source: KCCI, Statistics Korea
Industry Overview

Status of Korean logistics industry

Centrally located in Northeast Asia, Korea is growing to become a logistics hub connecting 56 countries, 184 cities, and 88 airlines as of June 2013 thanks to its excellent logistics infrastructure like the Incheon International Airport, which handles the world’s 2nd largest cargo volume and Busan Port, the world’s 5th largest container port.

Trend of the Northeast Asia’s logistics industry

The share of the Asian market including the Chinese market is growing in the global trade. The outlook is that the Asian economy will outgrow that of the United States and EU by 2030.

Foreign direct investment: Current status

Foreign direct investment in the logistics industry

Major investment types

* Source: MOTIE(2014)

* Source: KOTRA(2013)
Competitiveness

Korean logistics industry’s ranking in terms of World Bank LPI

<table>
<thead>
<tr>
<th>Classification</th>
<th>2007</th>
<th>2010</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customs</td>
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<tr>
<td>Ranking</td>
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<tr>
<td>Score</td>
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<td>3.33</td>
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<tr>
<td>Logistics infrastructure</td>
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<tr>
<td>Ranking</td>
<td>25</td>
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<td>Score</td>
<td>3.44</td>
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<td>3.67</td>
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<tr>
<td>Logistics competence</td>
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<tr>
<td>Ranking</td>
<td>22</td>
<td>23</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>Score</td>
<td>3.63</td>
<td>3.64</td>
<td>3.65</td>
<td>3.66</td>
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<tr>
<td>Logistics tracking</td>
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<tr>
<td>Ranking</td>
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<td>21</td>
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<tr>
<td>Score</td>
<td>3.56</td>
<td>3.83</td>
<td>3.68</td>
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<tr>
<td>Timeliness</td>
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<tr>
<td>Ranking</td>
<td>30</td>
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<td>21</td>
<td>28</td>
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<tr>
<td>Score</td>
<td>3.86</td>
<td>3.97</td>
<td>4.02</td>
<td>4.00</td>
</tr>
</tbody>
</table>


Korea is strengthening its competitiveness in the logistics industry, narrowing the gap between the advanced logistics countries. Korea ranked relatively higher in logistics infrastructure than other components and ranked 21st in the logistics tracing category, which is closely related to the use of IT technologies.

Korea’s major logistics infrastructure

Korea is centrally located in Northeast Asia and has a well-developed network of airports and ports, offering fast access to various cities and countries around the world.

*Source: InvestKorea(2016)*
Success Cases

B.L International Co., Ltd.

A fruit distribution company B.L International Co., Ltd., was established in 1993 with a 100% equity investment by B.A.K. Holdings Limited (Canada). B.L International is expected to create a new logistics business model by providing a wide range of high added-value logistics services that go beyond transshipment and storage to include fruit rinsing, sorting and packaging based on its advanced refrigerator and freezer facilities.

1993
Advanced into Korea with a 100% equity investment by B.A.K. Holdings Limited (Canada).

Yongin Logistics Center
Runs a logistics base in Yongin for fresh fruit exports and imports.

2013
After filing a foreign investment report, the company is building logistic facilities in the hinterland of the Busan New Port (Corporate tax cut for 7 years).
Where to Invest

Location Descriptions

1. **Busan New Port Hinterland**
   It is proposed as an optimal port hinterland for companies related to intermediate processing trade targeting the Northeast Asian markets.

2. **Incheon Port Hinterland**
   It provides the best location and environment for global companies in high value-added services industries (medical treatment, tourism, manufacture, education, R&D).

3. **Gwangyang Port Hinterland**
   The optimum business environment for enterprises based on high-tech manufacturing business (metalworking, new material, fine chemicals, etc.) and international logistics companies.

4. **Pyeongtaek Port Hinterland**
   The ideal location for steel-automobile-high-tech industries aimed at the Chinese market and for cold chain-related companies.

5. **Ulsan Port Hinterland**
   As the oil hub port in Northeast Asia, it is an ideal location for energy-related businesses, such as petroleum, chemical, gas.

6. **Pohang Port Hinterland**
   Base port in Korean East Sea Rim, which has the best business environment for companies related to auto parts, processing of agricultural products, etc.

7. **Saemangeum Port Hinterland**
   It has the optimum location and environment for creating added value for global enterprises related to sustainable advanced agriculture, new renewable energy, and culture and tourism.

8. **Incheon Port Hinterland**
   The best location for global companies aiming at globalizing their businesses including high tech industries and flight logistics.

9. **Inland Transportation (road) Logistics Base**
   Best location and environment for logistic service cooperates in IFT since domestic transportation is rising.

10. **Inland Transportation (railway) Logistics Base**
    Best location and environment for logistic service companies in ICD thanks to better connected domestic railway and increasing transportation.
1. Busan New Port Hinterland

**Investment Highlights**

**Location Description**
It is proposed as an optimal port hinterland for companies related to intermediate processing trade targeting the Northeast Asian markets.

**Key Rationale**
- A port of which processing container volume is 5th largest in the world and biggest in Korea
- The world top 3 transshipment-specialized port
- It has ideal location and environment for making profits through value-added logistics business within port hinterland

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**Location Requirements**

<table>
<thead>
<tr>
<th>Recommended Business Sector</th>
<th>Port Hinterland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Land Lease + Facility Establishment</td>
</tr>
<tr>
<td>(Hinterland is rent, complex logistics and production facilities are installed)</td>
<td></td>
</tr>
<tr>
<td>Land Zoning</td>
<td>Busan-Jinhae Free Economic Zone (BJFEZ, 52.9㎢), Port Type FTZ (Area 9,363 ㎡, designated in January, 2002)</td>
</tr>
<tr>
<td>Investment Condition</td>
<td>5 million USD or more</td>
</tr>
</tbody>
</table>

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**Accessibility and Distribution Routes**

- Total Area: 7,910,000 m²
- Available Area: 4,190,000 m²

Within 24 Hours Sailing from Busan
- 24% of World GDP
- 35% of World Container Volume
- 25% of World Population
## Case References

**Busan International Logistics Center**
- Rent size: 14,479㎡ (warehouse 2 buildings, other 2 buildings)
- Business type: Warehousing logistics (Value-added logistics including sorting, assembly, processing, labeling), forwarding
- Handling products: Suntory wine, furniture, kitchenware, chemical products,
- Employment: 70 People
- Sales: Sustainable growth from 2011 (1.8 million USD) → 2014 (5.1 million USD)
- Business model case: Assembly, packing, labeling, classification

## C&S International Logistics Center Co., Ltd.
- As LLP (Lead Logistics Provider), it is designated as ILN (International Logistic Network) to create added value
- Business model: Auto parts of domestic and foreign automobile manufacturers → collected, sorted, stored in Busan New Port Logistics Center → exported to Nissan car factory in Fukuoka, Japan through transportation by trailers
- (Effects) Days taken for placing an order to Korea shortened from 40 days → 6 days, factory parts inventory reduced from 25 days → 3 days, reducing costs to ensure competitiveness

**Nippon Express Korea Co., Ltd.**
- Nippon Express Korea Co., Ltd. that is a Korean company invested by Nippon Express is planning to establish a logistics center in the Ungdong hinterland of Busan New Port
- Construction scale and investment amount: land (33,713㎡), construction area (18,700㎡), 12.5 million USD
- Business model: Multi Country Consolidation, MCC

## Business Considerations

<table>
<thead>
<tr>
<th>Route Services &amp; Volume</th>
<th>Business Suggestion</th>
<th>Main Costs</th>
<th>Business Cluster</th>
</tr>
</thead>
</table>
| Connection with about 500 cities in 100 countries around the world 389 weekly services 19.45 million TEU as of 2015 (Transshipment 10.08 million TEU) | Creation of added value through loading and unloading, packing, and sorting cargo through integrated logistics and its manufacturing facilities (intermediate processing trade) | Term: up to 50 years Rent: (basic) 0.48 USD / month-㎡ Wage: 1,300-2,000 USD/month (at the level of 57% of 3,600 USD/month, which is the average monthly income per household) | **Major Corporations in the region**

- **Korean**: Samsung Electronics, LG Electronics, Hyundai-Kia Automotive, Hyundai Heavy Industries, Hyundai Mobis, Kumho Petrochemical, Hyosung, Mipo Dockyard, Hanjin Heavy Industries & Construction, Hankook Tire Universe, Hanssem (Co., Ltd.)
- **International**: Renault Samsung Motors, BASF, etc.

**Potential Customers**
- Global Logistics Company such as Ryohin Keikaku, Sojitz Logistics, Pro-Logis, etc.

**Related Organization**
- Public institutions: Busan Port Authority, Korea Southern Power, Korea Asset Management Corporation, Korea Securities Depository
- Research institutes: Korea Maritime Institute, Korea Institute of Ocean Science & Technology
### Infrastructure

<table>
<thead>
<tr>
<th>Busan New Port facilities, Port Hinterland’s Status and Development Plan</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Berthing facilities: quay wall (14,340m), quay 45 berths</td>
<td></td>
</tr>
<tr>
<td>• Amenities: breakwater(3,890m), shore protection(40,300m), road(37,700m), railroad(53,500m)</td>
<td></td>
</tr>
<tr>
<td>• Anchorage: 8 places, accommodation capacity(30,000<del>80,000DWT), depth of water(15</del>23m)</td>
<td></td>
</tr>
<tr>
<td>• Port hinterland of North Container Terminal: 1,704 million m³/32 logistics companies moved in</td>
<td></td>
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<tr>
<td>• Port hinterland of Umgdong district: 2,486 million m³/39 logistics companies moved in</td>
<td></td>
</tr>
<tr>
<td>• By 2020, South Container Terminal Port Hinterland (1.442 million m³) West Container Terminal Port Hinterland (2.168 million m³), Umgdong District Port Hinterland 2nd step (1.120 million m³) North Port Hinterland Container Terminal 2nd step (0.522 million m³) are scheduled to be created</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Utilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Water supply: 34,000 tons/day</td>
<td></td>
</tr>
<tr>
<td>• Waste Water Treatment: 32,000 tons/day</td>
<td></td>
</tr>
<tr>
<td>• Electricity: 620,000 MWh/Year</td>
<td></td>
</tr>
<tr>
<td>• Communications: 87,000 circuits</td>
<td></td>
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<tr>
<td>• Energy Supply: 1,390,000 Gcal/Year</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Transportation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Airport: Gimhae International Airport(24km, 40minutes)</td>
<td></td>
</tr>
<tr>
<td>• Railroad: Gyeongbu(45km), Woonam line(6km), Donghae Nambu line(45km), Gyeongbu KTX(24km), Busan port railway incoming line(no.4 pier line, no.6 pier container, Donga milling line, Jina industrial line, Woonam line)</td>
<td></td>
</tr>
<tr>
<td>• Road: Central Expressway (Samnak IC<del>Dodang JCT), Branch Line of Jungang Expressway (Dodang JCT</del>Yangsan JCT), Gyeongbu Expressway(Guseo IC<del>Yangsan intersection), Namhae Expressway(DaejeonJCT</del>Naengjeong JCT), Namhae national highway no.2 branch line(Nakdongdaegyo Bridge~Naengjeong JCT)</td>
<td></td>
</tr>
<tr>
<td>• Port: Busan New Port</td>
<td></td>
</tr>
</tbody>
</table>

### Labor & Material

<table>
<thead>
<tr>
<th>Labor Condition</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Local population: Busan (men: 1.76 million people, women: 1.80 million people), Gyeongsangnam-do (men: 1.69 million people, women: 1.67 million people) as at the end of 2015</td>
<td></td>
</tr>
<tr>
<td>• Wages: 17,000-25,000 USD/Year</td>
<td></td>
</tr>
<tr>
<td>• Welfare benefits: Pension Insurance (National pension, Employment Insurance, Accident Insurance, Health Insurance), Childcare allowance, Medical checkup programs, Parental leave, Commuter Bus, Child support and student loans, Rewards for long-term employees, Food support</td>
<td></td>
</tr>
</tbody>
</table>

### Core Resource Supply Environment

| • A number of colleges, universities, graduate schools are located in Seoul, which enables high-quality human resource supply |  |
| • Fusion research in conjunction with Geumcheon Digital Industrial Complex in Guro is possible |  |

### Living Conditions

| • Education: A number of universities such as the Pusan National University, Pukyong National University, Gyeongsang National University, Korea Maritime University, Dongmyung University are located. Busan and Gyeongnam have a population of approximately 7 million and a majority of elementary and middle schools are located here, so it has an excellent learning environment |  |
| • Medical Facilities: Pusan National University Hospital, Kosin University Hospital, Dong-A University Hospital, Gyeongsang National University Hospital, Inje University Haenundae Paik Hospital, Gwanghye Hospital, National Masan Hospital, Busan St. Mary’s Hospital, etc. |  |
| • Others: BEXCO, Changwon Exhibition Convention Center, Cultural Arts Center, art halls, concert halls, etc. |  |

### Government Support

| • Extended application of transhipment cargo(T/S) incentives: Exemption of T/S freight entrance fee, exemption of vessel entry/departure fee |  |
| • Efficient and swift clearance, inspection system |  |
| • Operation of target incentive scheme: A shipping company whose yearly volume increase over the past 3 years is at least 50,000TEU or transshipment volume is at least 200,000TEU is granted up to 300,000 USD |  |
| • Special case of tariffs, etc.: In case of foreign goods imported into free trade areas, customs duties, etc. are reserved and levied when exported to customs territory (domestic area except for free trade area) |  |
| • In case of raw materials for export, foreign products and services supplied between occupant companies, Zero tax rate of VAT applies |  |
| • (Cheap rent) at the level of 1% of land value (rent prescribed in the State Property Act is 2.5%), a foreign-invested company that meets certain requirements are eligible for free rent |  |
| • (Tax relief for foreign investment companies) Companies are exempted from state tax up to 7 years and local tax up to 15 years, in accordance with the investment scale and industry type |  |
| • (Deregulation) Exclusion of obligatory employment of disabled, men of merit, and the elderly and exemption from traffic charges, extension of lease(50 years → 100 years) |  |
2. Incheon Port Hinterland

Investment Highlights

Location Description
It provides the location and environment for global companies in high value-added services industries (medical treatment, tourism, manufacture, education, R&D)

Key Rationale
• World’s 65th largest port, Korea’s 3rd largest port
• The largest international port in the metropolitan area with 49% population and 49% of GDP of Korea
• The best place for global business, with Incheon International Airport and the Free Economic Zone located nearby

Location Requirements

<table>
<thead>
<tr>
<th>Recommended Business Sector</th>
<th>International Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Mainly service business such as real estate development business, law, corporation related to financial accounting, finance, logistics Business related to manufacture, tourism, medicine, R&amp;D, educational institutions, etc.</td>
</tr>
<tr>
<td>Land Zoning</td>
<td>Incheon Free Economic Zone (IFEZ) : Yeongjong(98.4㎢), Cheongla(17.8㎢), Songdo(53.4㎢)</td>
</tr>
</tbody>
</table>

Investment Condition 1 million USD or more

Accessibility and Distribution Routes

Target Area
• Total Area: 6,191,000 m²
• Available Area: 2,118,000 m²
Case References

Incheon Joint Logistics Centre
• Rent size : 14,479m² (warehouse 2 buildings, other 2 buildings)
• Business type : Warehousing logistics (Value-added logistics including sorting, assembly, processing, labeling), forwarding
• Handling products : Suntory wine, furniture, kitchenware, chemical products,
• Employment : 70 People
• Sales : Sustainable growth from 2011 (1.8 million USD) \(\rightarrow\) 2014 (5.1 million USD)
• Business model case : Assembly, packing, labeling, classification

MTL Co., Ltd.
• Business Model : Provision of FCL Freight’s TCR Services with a Russian state railway transport company (FELB)

KONAPON, YL Logistics Co., Ltd.
• Business Model : Multimodal transport services for LCL Cargo sent from Japan to China and Russian through Incheon Port
• Major shippers : Large logistics companies such as Nippon Express
• Sales : 83.4 million USD as of 2014
• (Effect) Shortening of shipping time, reducing cost of logistics and factory inventory

Bizpost Group
• Investment Scale: 1 billion USD / Conclusion of Golden Harbour development business cooperation MOU in September 2015
• Business Model : Resource Development & Real Estate

Business Considerations

Route Services & Volume
29 regular shipping companies, 43 services / 49 weekly services / Processed 2.33 million TEU as of 2014

Business Suggestion
International business and financial services / Logistics and distribution services / IT, medical and bio, education, tourism and culture

Main Costs
Land value x 0.01/month-m² (up to 50 years)
Wage : 1,300~1,900 USD/month
(at the level of 52% of 3,600 USD/month, which is the average monthly income per household)

Business Cluster

Major Corporations in the region
• Korean : Samsung Electronics, LG Electronics, Shinsegae, Hyundai Department Store, Celltrion, Sun Kwang Logistics, Kubbo, Daewoo SLS (Co., Ltd), etc.
• International : Boeing, BMW, Brose, GM Korea, DMBio, Fibox etc.

Potential Customers
• Bizpost, JD Capital, Panchina, etc.

Related Organization
• International organizations : GCF, AFOB, WEB-A, Songdo International organizations Library, GGGI, NEASPEC, WB
• UN organizations : UN ESCAP, UN-APCICT, UN ISDR, UN CITRAL, EAAFP, UNOSD
• Public institutions : Incheon Port Authority, Korea Gas Corp., Incheon Free Economic Zone Authority, Incheon Main Customs, Incheon Regional Maritime Affairs and Fisheries Office, Incheon Quarantine
• Research Institutes : Korea Institute of Ocean Science & Technology, Incheon Development Institute, Polar Research Institute, etc.
Infrastructure

**Incheon accommodation, Status and Port Hinterland Development Plan**
- Berthing facilities: quay wall 26,979.5m / Berthing capacity 123 ships
- Handling capacity: container 1.120 million TEU, Bulk 96.815 million tons
- Container Terminal: Incheon Container Terminal (0.4 million TEU/year, Yard 0.27 million m³) Sung Kwang Incheon Container Terminal (0.24 million TEU/year, Yard 0.225 million m³) Korea Express South Port (0.1 million TEU/year, Yard 0.14 million m³), E1 Container Terminal (0.14 million TEU/year, Yard 0.101 million m³)
- Logistics Park: a total of 2.317 million m² (Aam Logistics, South port east pier, South port west pier, North port hinterland, Gyeongseodong siles, etc.)
- Port Hinterland Development Plan: a total of 6.448 million m² (Aam Logistics complex 1 0.962 million m², Aam Logistics complex 2 2.626 million m², North Port Hinterland 0.742 million m², Incheon New Port Hinterland 2.118 million m²)
- Incheon New Port Development Plan: Berth 12 units (Pier length 3,300m), Handling capacity 3.56 million TEU, Maximum berthing capacity 12,000TEU, depth of water 18m

**Utilities**
- Water supply: 43,000 tons/day
- Waste Water Treatment: 125,000 tons/day
- Electricity: 516,000 MWh/Year
- Communications: 47,000 circuits
- Energy Supply: 1,200,000 Gcal/Year

**Transportation**
- Airport: Incheon International Airport (34km, 50 minutes)
- Railroad: Gyeongin line (Incheon-Bucheon-Seoul, 27km), Suin line (Songdo-Suwon, 47.5km), Incheon International Airport Railroad (Incheon International Airport-Seoul station), Incheon subway line no.1
- Road: Gyeongin Expressway (Inha University Hospital-Seoincheon I.C.), No.2 Gyeongin Expressway (Yonghyun jung bridge-Anhyun JCT), Yeongdong Expressway (Seochang JCT ~ Wolgot I.C.), Seoul Ring Expressway (Anhyun JCT ~ Seoun JCT), Aamro (national highway route no.77), Gyeoninro (national highway route no.46), Injuro (national highway route no.42)
- Port: Incheon Port (Inner Harbor), Incheon New Port (Songdo)

**Labor & Material**

**Labor Condition**
- Local population: Incheon Metropolitan City (men: 1.5 million people, women: 1.46 million people) as of the end of 2015
- Wages: 16,000-23,000 USD/year
- Welfare Benefits: Pension Insurance (National pension, Employment Insurance, Accident Insurance, Health Insurance) Incentive, Severance pay, Meals, In-house Cafeteria, Medical Checkup, etc.

**Core Resource Supply Environment**
- A number of colleges, universities, graduate schools are located in Seoul, which enables high-quality human resource supply
- Fusion research in conjunction with Geumcheon Digital Industrial Complex in Guro is possible

**Living Conditions**
- Education: A number of universities including the University of Incheon, Inha University, Yonsei University, New York University are located
- It has a very excellent educational environment, with a number of elementary, middle, high schools such as Garim High School, Incheon High School, Michuhol Foreign Language High School, BaekSeok School, and Jemulpo High School located
- Medical Facilities: Inha University Hospital, Incheon St. Mary's Hospital of the Catholic University of Korea, Incheon Red Cross Hospital, Korea Worker's Compensation & Welfare Service Incheon Hospital, Incheon Christian Hospital, Incheon Sarang Hospital
- Others: Songdo Convensia, Incheon Culture & Arts Center, Kukai Hall of Art Incheon, Byujeong Arts Center, concert hall, etc.

**Government Support**
- Volume incentive schemes for shipping companies
  - New route: A container shipping company which provided new services and processed at least 8,000 TEU
  - Ocean route: A shipping company that opened a new ocean-going container route
  - Transshipment cargo: A shipping company that handled at least 2,000 TEU of transshipment cargo
  - Increased volume: A shipping company that handled at least 20,000 TEU, whose processed cargo volume increased 10% from the previous year
- Forwarder incentive: A forwarder whose exports increased by at least 100 TEU
- Tax reduction incentives for occupant companies and the implementer of development projects
- Support for move-in
- Subsidies
- National subsidy programs to support the invitation of foreign education and research institutions
- Support for infrastructure: Support with priority for infrastructure with national funds
- Administrative support: One-stop administrative support and ombudsman to help the management of foreign-invested companies and settlement of daily grievance
3. Gwangyang Port Hinterland

Investment Highlights

Location Description
The optimum business environment for enterprises based on high-tech manufacturing business (metalworking, new material, fine chemicals, etc.) and international logistics companies

Key Rationale
- Networks with 122 countries worldwide, 2nd largest processing volume of containers in Korea, annual container harbor traffic volume is 0.25 billion tons
- Optimal industrial infrastructure (POSCO Gwangyang Steel Works, Yeosu National Industrial Complex) and port hinterland

Location Requirements

Recommended Business Sector
International logistics focusing on metal, steel, fine chemicals

Type
- Metalworking, New Material, Steel, Machine Fitting
- Fine Chemicals
- International business and international logistics

Land Zoning
Gwangyang Bay Area Free Economic Zone (GFEZ):
Gwangyang(13.6㎢), Yulchon(27.8㎢), Sindeok(14.1㎢), Hwayang(10㎢), Hadong(12.2㎢)

Investment Condition
At least 1 million USD

Accessibility and Distribution Routes

Target Area
- Total Area: 12,066,703 m²
- Available Area: 3,877,703 m²

1 USD = 1,200 KRW
Case References

Golden Gwangyang Logistics Center

- Facility Size: Site area (73,612㎡), GFA (44,325㎡)
- Business Type: Integrated logistics (classification, assembly, processing, exhibition), 3rd party logistics
- Resident Companies: Sebang Global Moving Network, Dongbu Gwangyang Logistics Center, Hanjin, K&K Corporation (Co., Ltd.)
- Number of Employees: 30 people

Dongbu Gwangyang Logistics Center Co., Ltd

- In order to secure sales competitiveness of logistics warehousing and to ensure business competitiveness by streamlining operation/management, it merged Dongbu Gwangyang Logistics Center and Dongbu Integrated Logistics (Co., Ltd.) to form Dongbu Gwangyang Logistics Center Co., Ltd.
- Business Model
  - Gwangyang warehouses: It established the distribution center of imported grains such as hay and non-ferrous metals, and attracted new shipments such as wood pellets, resin
  - Major shippers: CityCGreen, Ewic, RisTecBiz, etc.
  - Integrated warehouses: It established the distribution center of feed additives
  - Major shippers: Tre Bio, CTCBio, Ghtcore, BizBio, Poshimental
  - Golden warehouse: LGChemistry, LG MMA Total Logistics Services in connection with Yeosu Industrial Complex

Yeosu Industrial Complex

- (Major shippers) LG Chemistry, LG MMA, Hansol Logistics, Daeyoung GS
- Sales: Growth from 2012 (1.2 million USD) → 2014 (3.7 million USD)
- Operating profits: Sustainable growth from 2012 (251,000 USD) → 2014 (1.2 million USD)
- Processing volume of foreign cargo: 2012 (11,029TEU) → 2014 (52,263TEU)
- Employment effects: 152 persons
- Investment of 24.3 million USD into Gwangyang warehouses, Integrated warehouse, Golden warehouse (as of December, 2014)
- Strengthening competitiveness through integration of IT system with a shipper LG MMA WowIT
- Selected as a certified company of excellent warehouses in 2014

Business Considerations

Route Services & Volume

<table>
<thead>
<tr>
<th>Route</th>
<th>Services</th>
<th>Weekly Services</th>
<th>Processed Cargo</th>
</tr>
</thead>
<tbody>
<tr>
<td>41 regular shipping companies</td>
<td>85 services</td>
<td>85 weekly services</td>
<td>2.51 million tons of cargo as of 2014</td>
</tr>
<tr>
<td>(container 2.33 million TEU)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Business Suggestion

International business, logistics / Manufacturing of primary metal, metalworking, electrical equipment, other equipment / New material, IT, steel, fine chemicals, mechanical assembly

Main Costs

- Term: up to 50 years
- Rent: (basic) 0.2 USD/month-㎡
- Wage: 1,400-2,400 USD/month (at the level of 65% of 3,600 USD/month, which is the average monthly income per household)

Business Cluster

Major Corporations in the region

- Korean: POSCO, LG Chemicals, GS Caltex, Honam Petrochemical, Namhae Chemical, Kumho Petrochemical, Honam Thermal Power Plant, South-East thermal power plant, Daelim, Hyundai Hyso, SAMWOO Heavy Industries (DSSW)
- International: BASF, SNNC, Itirf, ahyi, Chesapeake, MPC Yulchon power, etc.

Potential Customers

- Logistics industry including loading and unloading, shipping, storage, exhibition, packing, processing, assembly of goods
- Manufacture of steel, parts and materials, machinery, metalworking products, other transport equipment, electronic parts, electrical equipment

Related Organization

- Public institutions: Yeosu Regional Maritime Affairs and Fisheries Office, Gwangyang City Hall, Gwangyang Bay Area Free Economic Zone Authority, Gwangyang Customs, Yeosu Quarantine, Yeosu Coast Guard, etc.
- Research institutions: Gwangyang Development Institute, Jeonnam Development Institute, etc.
### Infrastructure

#### Gwangyang Port Facility, Port Hinterland’s Status and Development Plan

- **Yeosu pier of Gwangyang port**: Berth (43 units), Pier length (9.6 km), Berthing capacity (2.173 million DWT), Handling capacity (187.266 million tons/year)
- **Gwangyang pier of Gwangyang port**: Berth (52 units), Pier length (12.7 km), Berthing capacity (1.762 million DWT, 48,000 TEU), Handling capacity (90.105 million tons, 4.6 million TEU)
- **Berth capacity**: 2 places in Yeosuhang port, 13 places in Gwangyang port, 8 places in anchorage outside port limit
- **East port hinterland**: 1.95 million ㎡ (Total working expense: 272.9 million USD)
- **West port hinterland**: 1.93 million ㎡ (Total working expense: 313.5 million USD)
- **Yulchon port hinterland**: 1.39 million ㎡ (Total working expense: 143.6 million USD)

#### Utilities

- **Water supply**: 100,000 tons / day
- **Waste Water Treatment**: 86,000 tons / day
- **Electricity**: 330,000 MWh / Year
- **Communications**: 38,000 circuits
- **Energy Supply**: 740,000 Gcal / Year

#### Transportation

- **Airport**: Yeosu Airport (27 km, 35 minutes) / Sacheon Airport (51 km, 60 minutes)
- **Railroad**: Gyeongjeon line (Suncheon-Gwangyang), Jeolla line (Iksan-Yeosu), Yeocheon line (Yeocheon National Industrial Complex-Jeolla line) Gwangyang Steel Works line (Hwanggil-Gwangyang port)
- **Road**: Namhae Expressway (Suncheon-Hadong), National highway Route 2, Route 17, Gwangyang port eastern back road, Industrial Complex access road, Indeok road, Yeosu Industrial Complex access road
- **Port**: Yeosu port, Gwangyang port

### Labor & Material

#### Labor Condition

- Regional population: Gwangyang-si (total: 155,000 people, men: 78,000 people, women: 74,000 people) / Yeosu-si (294,000 people, men: 150,000 people, women: 145,000 people) as of 2015
- Average wage: 17,500-29,000 USD/year
- Average employee welfare: Pension Insurance (National pension, medical insurance, accident insurance, employment insurance), Housing fund, support of tuition, vacations, staff loans, labor welfare fund, car subsidies, logistics training, benefits for long-term employees, etc.

### Living Conditions

#### Education

- Chonnam National University, Sunchon National University, Sunchon Jeil College, Harlyco University
- It has very excellent learning environment with a number of elementary, middle, high schools including Gwangyang jecheol high school, Gwangyang high school, Suncheon high school, Yeosu high school located

#### Medical Facilities

- Chosun University Hospital, Kwangyang Sarang Hospital, Gwangyang Seoul Hospital, Suncheon Hankook Hospital, Suncheon St. Catholic hospital, etc.

#### Others

- World Marine Center, Gwangyang Culture & Art Center, Sunchon Culture & Arts Center, concert halls, etc

### Government Support

#### Incentives to shipping companies

- **(Incentives for cargo performance)**
  - Import and transshipment container: Volume of processed container excluding the volume subject to incentives for increased volume, of the competent year (TEU)
  - Total support funds: 416,000 USD for imported containers, 250,000 USD for transshipment containers
- **(Incentives for increased freight)**
  - Imported container, transshipment container: Processed volume of the competent year that exceeds the previous year's volume processed (TEU)
  - Total support funds: 833,000 USD for imported containers, 833,000 USD for transshipment containers
- **(Incentives for arctic passage)**
  - Cargo volume of a shipping company that imported cargo into Korea using Arctic shipping routes in 2015
  - Total support funds: 160,000 USD

- **Operator’s incentive programs**
- **Port’s mileage programs**
4. Pyeongtaek Port Hinterland

**Investment Highlights**

**Location Description**
The ideal location for steel, automobile, and high-tech industries aimed at the Chinese market and for cold chain-related companies.

**Key Rationale**
- Port is located in the metropolitan area, the industrial and consumption center (61% of GDP (729 billion USD)) and 60% of national population (30 million people).
- It ranks first in processing import and export of automobiles (1.5 million cars), third in international passenger traffic (0.5 million people), forth in container throughput (540,000 TEU).
- Automobile factories of Kia Motors, Hyundai Motor, Ssangyong Motors are located, and Samsung and LG Electronics are going to invest in large scale.

**Location Requirements**

<table>
<thead>
<tr>
<th>Recommended Business Sector</th>
<th>Port Hinterland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Land Lease + Facility Establishment (Hinterland is rent, international logistics and production facilities are installed)</td>
</tr>
<tr>
<td>Land Zoning</td>
<td>Yellow Sea Free Economic Zone (YSFEZ, 4.393 million m²)</td>
</tr>
</tbody>
</table>

**Investment Condition** At least 1 million USD

**Accessibility and Distribution Routes**

- **Target Area**
  - Total Area: 7,910,000 m²
  - Available Area: 4,190,000 m²
Case References

Dole Logistics Company, Korea Fresh System Co., Ltd.

- Rent size: 24,091㎡ (In Poseung logistics base)
- Business type: (Dole Logistics) Loading and unloading, storage, logistics, customs clearance, shipping of agricultural produces of Dole Korea
- (Korea Fresh System) Banana processing ripening warehouse, agricultural quarantine, processing, selection, packing, etc.
- Handling products: Dole’s agricultural produces, banana, fruits
- Number of employees: 30 people
- Sales: Sustainable growth from 2011 (2.5 million USD) → 2013 (2.8 million USD)
- (Business model case: Ripening, processing, selection, packing)

Daekyung Enertech Co., Ltd.

- It concluded MOU for attracting investment in renewable energy sector with the Yellow Sea Free Economic Zone Authority
- Investment size: 33,000 ㎡, Investment Amount: 50 million USD
- Investment facility: Renewable energy production facilities, R&D center are established
- Business model: Manufacturing of renewable energy production equipment

Business Considerations

Route Services & Volume
China-Southeast Asia 16 harbours and 5 shippers and 10 passages’ services (Qingdao, Tianjin, wound, HongKong, Philippines Southeast Asia, etc.) / 13 weekly services / 116.97 million tons (540,000 TEU, car 1.5 million units) as of 2014

Business Suggestion
International logistics and manufacturing based on steel, car, electronics industry

Main Costs
- Term: up to 50 years
- Rent: (basic) 0.6 USD/ Month-㎡
- Wage: 1,300-2,000 USD/month (at the level of 57% of 3,600 USD/month, which is the average monthly income per household)

Business Cluster

Major Corporations in the region
- Korean: LG Electronics, Mando, Dongwoo Fine-Chem, Ssangyong Motor, Hyundai Steel, Dongbu Steel, Dongkuk Steel (Co., Ltd.), Kia Motors, etc.
- International: 3M, Mitsubishi, ABB, Sony, Daihen Korea, Daihan Air, Merck, Metal Dyne Korea (Co., Ltd.), etc.

Potential Customers
- Bosch, Delphi, Eaton, Michelin, etc.

Related Organization
- Public institutions: Gyeonggi Pyeongtaek Port Corporation, Yellow Sea Free Economic Zone, National Agricultural Products Quality Management Service, Korea Rural Community Corporation, etc.
- Research Institutes: Daejeon Development Institute, Chungnam Institute, Korea Research Institute of Ships and Ocean Engineering, etc.
Infrastructure

Pyeongtaek facilities, Port Hinterland’s Status and Development Plan

- Berthing facilities: 62 Berths 11,195m (Pyeongtaek district: East pier, Dangjin district: West pier, Songak Pier, Godae Pier)
  - 7 containers, 4 cars, 8 ferries, 9 pieces of haberdashery, 21 steels, etc.
- Annual handling capacity: 16 million tons, Average depth of water: 11~18m
- Planning to further develop 30 berths by 2030 (car, ferry, haberdashery, steel)
- Port Hinterland: Step 1 (1,429 k㎡) development (13 international logistics companies are moved in)
  - Step 2 (1,050 k㎡), Step 2-2 (3,081 k㎡) development are planned

Utilities

- Water supply: 85,000 tons / day
- Waste Water Treatment: 6500 tons / day
- Electricity: 265,000 MWh / Year
- Communications: 23,000 circuits
- Energy Supply: 600,000 Gcal / Year

Transportation

- Airport: Incheon International Airport(96km, 90minutes), Gimpo International Airport(86km, 90minutes), Cheongju Airport(76km, 100minutes)
- Railroad: the industrial railroad between Pyeongtaek dangjin port-Anjung-Pyeongtaek (scheduled by 2019), subway between Suwon-Pyeongtaek-Cheonan, West sea single track railway between Yamok-Yesan (planned)
- Road: Gyeongbu Expressway(Pyeongtaek-Anseong IC), West Coast Expressway (Seosan IC - SeopyeongtaekIC), National highway Route 34 (Unjeongri-Gongseri), National highway Route 38 (Godaeri-Songak IC, Asan seawall-Anhwari), National highway Route 39 (Injumyeon-Hyangnammyeon), National highway Route 77 (LNG Entrance Intersection-Seopyeongtaek IC)
- Port: Pyeongtaek port

Labor & Material

Labor Condition

- Local population: Pyeongtaek-si (men: 230,000 people, women: 220,000 people) Dangjin-si (men: 80,000 people, women: 50,000 people) as of the end of 2015
- Wages: 16,000~25,000 USD/year
- Benefits: Pension Insurance (national pension, employment insurance, accident insurance, health insurance), Incentive, Severance pay, Annual paid holidays and holidays for congratulations and condolences, Medical checkup, Parental leave, Support of children’s student loans, Rewards for long-term employees, Food support, etc.

Living Conditions

- Education: Pyeongtaek University, International University, Korea National University of Welfare, etc. It has a superior educational environment, with elementary schools (57 schools), middle schools (24 schools), high schools (21 schools) located
- Medical Facilities: Pyeongtaek St. Mary's Hospital, The good Samaritan Bagae Hospital, Seongsim JungAng Hospital, Seongse Hospital, etc.
- Others: Pyeongtaek Art Center, Southern Cultural Arts Center, Northern Arts Center, theaters, etc.

Government Support

- Preferential rent: 0.4 USD/month-㎡ (foreign-invested enterprise engaged in the logistics sector prescribed in the Free Trade Zone Act)
- Officially assessed land price and rent: Officially assessed land price x 50/1,000 (State Property Act) (Occupant enterprise which significantly fails to meet the initial business plan)
- Reduction of rent (Basic rent and preferential rent): In case of at least 5 million USD of foreign investment (50% for 3 years), at least 10 million USD of foreign investment (50% for five years)
5. Ulsan Port Hinterland

Investment Highlights

Location Description
As the oil hub port in Northeast Asia, it is an ideal location for energy-related businesses, such as petroleum, chemical and gas

Key Rationale

- Korea’s top 1 port in handling liquid cargo (154 million tons as of 2014), it accounts for 40% of general cargo volume of export in Korea (37 million tons as of 2014), container transport performance (380,000TEU as of 2014)
- The hub port for oil business in Northeast Asia
- It has built the optimal location and environment for making profits by creating industrial hinterland for creating high added value

Location Requirements

Recommended Business Sector: Port Hinterland

Type: Land Lease + Facility Establishment
(Hinterland is rent, complex logistics and production facilities are installed)

Land Zoning: Port Type FTZ (area 9,363 k㎡, designated in January, 2002)

Investment Condition: 1 million USD or more

Accessibility and Distribution Routes

Target Area
- Total Area: 7,910,000 m²
- Available Area: 4,190,000 m²
Case References

**Taeyoung Horizon Korea Terminals Co., Ltd.**

- It was founded as a joint venture with investment from UAE State Oil Company ENOC in 2006
- Investment scale and amount: 132,000L liquid cargo-exclusive tank, investment amount: 83.4 million USD
- Business model: Pier operation, loading and unloading, shipping, storage, processing, sales, etc. of liquid cargo
- Quay: Quay wall 360m (38,000DWT), Tank in place: 41 units, 232,450kl
- Sales: 910,000 USD in 2014 / Continued growth

**Daekyung Enertech Co., Ltd.**

- Incentive programs tailored for oil traders are implemented from January 2016
- Exemption of port facility fee, berthing fee, and anchorage dues are exempted
- Northeast Asia Oil hub industrial policy forums are held: The central government, local experts, relevant agencies shared future policy direction, which will revitalize Northeast Asia oil hub logistics trade
- International conferences with oil companies, trading companies, relevant research institutes were held, and foreign investment inducing activities are developed → It enhances the invitation of global energy logistics companies

Business Considerations

<table>
<thead>
<tr>
<th>Route Services &amp; Volume</th>
<th>14 shipping companies, connected to 37 ports in 5 countries (China, Japan, Southeast Asia, India, Russia) / 49 weekly services / 380,000 TEU as of 2014 (Transshipment 15,000TEU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Suggestion</td>
<td>Integrated logistics and manufacturing, liquid logistics and oil hub support</td>
</tr>
</tbody>
</table>
| Main Costs              | Term: up to 50 years  
Rent: 1.4 USD/m²/year  
Wage: 1,300 ~2,100 USD/month (at the level of 60% of 3,600 USD/month, which is the average monthly income per household)                                                                 |
| Business Cluster        | **Korean**: SK Energy, LS-Nikko Copper, S-Oil, Sebang, Hyundai Mipo Dockyard, Hyundai Heavy Industries, CJ Korea Express, Samsung Petrochemical, Hyundai Oil Terminal, Vopak Terminals Korea, Hyosung, SK Gas (Co., Ltd.), etc.  
**International**: JUCT, NECHEM, WanHai Line, ODFJELL, JSTT, etc.                                                                 |
| Potential Customers     | BYD (China), Huawei (China), etc.                                                                                                                                                                   |
| Related Organization    | Public institutions: Ulsan Port Authority, Korea National Oil Corporation, KLWC, Korea East-West Power, Human Resources Development Service of Korea, Occupational Safety and Health Agency  
laboratory: Ulsan Development Institute, Disaster Safety Institute, Korea Energy Economics Institute |
Infrastructure

Ulsan Port Facilities, Ulsan New Port’s Hinterland’s Status and Development Plan

- Berthing facilities: Quay wall (20,218m), Quay 115 berths (4.279 million DWT), Handling capacity: 70.583 million tons
- Ulsan Main port: Quay wall (10,085m), Berthing capacity (1,818,500DWT, 61ships), Handling capacity (32,028 million tons)
- Onsan port: Quay wall (5,073m), Berthing capacity (1,457,000DWT, 32 ships), Handling capacity (15.984 million tons)
- Mipo port: Quay wall (210m), Berthing capacity (20,000DWT, 1ship), Handling capacity (987,000 tons)
- New Port: Quay wall (3,860m), Berthing capacity (473,000DWT, 16 ships), Handling capacity (21.584 million tons)
- Container Terminal (Ulsan Dongbang Port Terminal, Jeong-il Ulsan Container Terminal)
- Berthing capacity: 5 ships (2000TEU 4 vessels simultaneous berthing), Pier length 1,140m, Handling capacity 740,000TEU
- Ulsan New Port’s Port Hinterland
  - Step 1 (Industrial complex 1: 241km² is completed, industrial complex 2 (~2017)): area (423,630m²) purpose of use: Complex logistics and manufacturing, Oil hub support facilities
  - Step 2 (~2016 year): Area (255,761m²), purpose of use: Integrated logistics and manufacturing

Utilities

- Water supply: 10,000 tons / day
- Waste Water Treatment: 250,000 tons / day
- Electricity: 57,000 MWh/ Year
- Communications: 4,000 circuits
- Energy Supply: 124,000 Gcal / Year

Transportation

- Airport: Ulsan Airport (12km, 30minutes), Gimhae International Airport (24km, 40minutes)
- Railroad: Donghae Nambu Line (Busan-Inje-Pohang), Jeongsanpo line (Donghae Nambu Line-Jangsaengpo), Ulsanhang line (Donghae Nambu Line-Ulsan port), Onsan line (Donghae Nambu Line-Onsan Industrial Complex), Shinhangman entry railway (Onyang mangyang station-Shinhang North Port, 9.3km, to be completed in 2018)
- Road: Busan-Ulsan Expressway (Ulsan JCT ~ Noryang IC, 17.5km), Ulsan Expressway (Onyang JCT ~ Shinbok R, 14.3km), National highway Route 7 (Busan-Eunseo, 37.4km), National highway Route 14 (Geojie-Pohang, 33.7km), National highway Route 31 (Onsan-Doowang, 6.5km), Shinhangman line link road (Petrochemical Complex-North Port, 8.3km), Ulsan National Industrial Complex link road (Cheongnyang IC ~ Cheoyongam entrance, 5.8km)
- Port: Ulsan port

Labor & Material

Labor Condition

- Local population: Ulsan Metropolitan City (men:600,000 people, women: 560,000 people), Ulju-gun (men: 110,000 people, women: 100,000 people) as at the end of 2015
- Wages: 16,000-2,600 USD/month
- Welfare Benefits: Pension Insurance (National pension, Employment Insurance, Accident Insurance, Health Insurance), Severance pay, Lunch support, Medical support, Personal Accident Insurance, etc.

Living Conditions

- Education: A number of universities, including the University of Ulsan, Ulsan College, Choongnae College of Health Sciences, Korea National Open University, Korea Polytechnics University are located
  - Ulsan-si and Ulju-gun have about 1.4 million local population, as well as many elementary, middle, high schools, so it has very excellent educational environment
- Medical Facilities: Ulsan University Hospital, Ulsan Hospital, Ulsan-Cheil Hospital, Ulsan Hospital of Hyumyeongsim Medical Foundation, etc.
- Others: Ulsan Culture and Arts Center, Ulsan Buk-gu Culture and Arts Center, Ulju Arts Center, concert halls, etc.

Government Support

- (Ulsan’s offering incentives for shipping companies)
  - Performance incentives: Among shippers whose ratio of cargo volume processed in Ulsan port is at least 3%, performance is calculated with volume processed in the relevant year (Payment rate 30%) (Payment rate 50%)
  - Increase incentives: Among shippers whose ratio of cargo volume processed in Ulsan port is at least 3%, incentive is allocated according to the ratio based on the increased volume in the relevant year compared to 2-year average, excluding the lowest level in recent 3 years
- (Incentives for shippers in Ulsan)
  - Performance incentives: Shipper whose combined annual import and export volume is at least 2000 TEU, and the import and export volume (TEU) in Ulsan port of the relevant year is among ranking 1 to 7, is granted incentives according to the share of processed volume of the pertinent year (Payment rate 10%)
  - Incentives for increase: Shipper whose combined annual import and export volume is at least 2000 TEU, and the import and export volume (TEU) in Ulsan port of the relevant year is among ranking 1 to 7, is granted incentives according to the share of increased rate (Payment rate 10%)
- (Ulsan Port Authority’s import volume incentives)
  - Among container shippers who called at Ulsan port from before 2014, whose import volume in 2015 is at least 3000TEU and increased over previous 3 years
- (Incentives customized for oil traders)
  - Where oil traders attract new liquid cargo that has never come into and been handled in Ulsan port in the past five years, the relevant cargo is exempted from the Ulsan port facility fee for three years
  - Exemption of berthing fee, anchorage dues
6. Pohang Port Hinterland

Investment Highlights

Location Description
Base port in Korean East Sea Rim, which has the best business environment for companies related to auto parts, processing of agricultural products, etc.

Key Rationale
- Main port in Korean East Sea Rim (it has the only Int'l container terminal linking Russia, China, Japan, and North Korea)
- Base port for northern routes: The best place for transshipment of import and export of cars, electronic products, agricultural products
- Junctions of 3 provinces in northeast: Through Najin port, it can provide logistics services that are connected to the 3 provinces in Northeast China

Location Requirements

<table>
<thead>
<tr>
<th>Recommended Business Sector</th>
<th>Port Hinterland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Land Lease + Facility Establishment (Hinterland is rent, complex logistics and production facilities are installed)</td>
</tr>
<tr>
<td>Land Zoning</td>
<td>Port Type FTZ (area 1,339,000 ㎡, designated in December 2008)</td>
</tr>
<tr>
<td>Investment Condition</td>
<td>At least 5 million USD</td>
</tr>
</tbody>
</table>

Accessibility and Distribution Routes

Target Area
- Total Area: 1,339,018 ㎡
- Available Area: 709,531 ㎡
Case References

Pohang Yeongil Bay Port
- In July 2015, it was designated and publicly announced as Port Hinterland and since then has attracted excellent logistics companies
     - Business plan : warehouse 1 building, security house 1 building, office, investment amount (8.4 million USD), freight plan(37,300TEU), employment (73 persons)
     - Business model : Export of new model cars after KD working of them, Import and domestic sale of large vehicles, steel export
  2. Pohang International Logistica Center Refrigerated Warehouse : Qmax, Ovis Trading (Co., Ltd.), Hanyang Global Consortium
     - Business plan : Warehouse 3 buildings, Investment amount (12.5 million USD) Freight Plan (8,121TEU), Employment (77 persons)
     - Business model : Exporting Russian aquatic products after importing and processing them, support for export of agricultural products, support for export of imported Chinese agricultural produce and Southeast Asian fruits

Japanese Ibiden Co., Ltd.
- After it entered into an investment MOU with Pohang in 2011, it built factories in an area of 100,475m2 within Pohang and materials-exclusive complex, and has produced graphite since 2014
  - Business model : Manufacture and technology transfer of related parts, such as artificial graphite, solar cell, semiconductor
  - Expected import substitution effect of artificial graphite worth of 66.7 million USD

China Gansu Yuzen Group
- It signed an investment memorandum(MOU) with Pohang and plans to invest 25 million USD in Pohang Part and Material Complex in the future
  - Business model : It plans to build a factory of producing metal silicon, raw material of semiconductor, solar cell

Business Considerations

Route Services & Volume
- It connects to 22 ports in five countries including China, Japan, Southeast Asia / 7 weekly services / 148,000 TEU as of 2015

Business Suggestion
- Integrated logistics, automotive parts, support for steel export, processing agricultural and fishery products

Main Costs
- Term : Up to 50 years
- Rent : 0.1 USD/ month-㎡
- Wage : 1,300~2,000 USD/month (at the level of 57% of 3,600 USD/month, which is the average monthly income per household)

Business Cluster

Major Corporations in the region
- International : Ibiden Graphite Korea, HC T&P, etc.

Potential Customers
- Rokin Logistics & Supply Chain, Younghwi Mart(China), Tidfore(China), DAIFUKU (Japan), Yibiden(Japan), etc.

Related Organization
- Public institutions : Pohang Facilities Management Corporation, Pohang Technopark, Pohang Cost Guard
- Research institutes : Research Institute of Industrial Science & Technology (RIST), East Sea Rim Research Institute of Economy and Culture, Korea Maritime Institute, Ulsan Development Institute
Infrastructure

Pohang facilities, port status and development plans

Hinterland

- Berthing facilities: Quay wall 11,545m, quay 45 berth (new port: 38 berth, old port: 9 berth, Yeongil bay port: 7 berth)
- Yeongil Bay Port quay wall 1,670m, new port 8,764m, old port 1,111m
- Berthing capacity: 1.523 million tons, Handling capacity: 91.335 million tons/year
- Pohang Yeongil Bay New Port Development: Container Terminal (quay wall 1,000m), Port Land (599,370 m²) Operating period (2009-2059 year), Project implementer (Pohang Yeongil New Port Corporation)
- Port Hinterland Development Plan
  - Area: 5,846k㎡ (30,300 m² of back logistics center is created)
  - Attracted industries: Commerce, business, residence, industry, logistics, distribution, etc.

Utilities

- Water supply: 4,500 tons/day
- Waste Water Treatment: 15,000 tons/day
- Electricity: 130,000 MWh/year
- Communications: 8,000 circuits
- Energy Supply: 280,000 Gcal/year

Transportation

- Airport: Pohang Airport (5km, 15minutes), Ulsan Airport (64km, 80minutes)
- Railroad: Jungang Line, Donghae Nambu Line, Donghae jungbu Line
- Road: Gyeongbu Expressway (Youngcheon IC-Gyeongju IC, 34.6km), Daegu-Pohang Expressway (Daegu-Pohang, 68.9km), Gijye-New Port Expressway, Sangju-Yeongcheon Expressway, National highway Route 7 (Busan-Sokcho IC, 30km), Shoreline perimeter road, North Access Road, South Access Road, Pohang National Highway Bypass, Yeongil Bay port hinterland road
- Port: Pohang port

Labor & Material

Labor Condition

- Local population: Pohang-si (men: 260,000 people, women: 250,000 people) Gyeongju-si (men: 130,000 people, women: 130,000 people) as of the end of 2015
- Wages: 17,000-25,000 USD/year
- Welfare Benefits: Pension Insurance (National pension, employment insurance, accident insurance, health insurance), Childcare allowance, Medical Check-up, Parental leave, Commuter Bus, Children’s student loan support, Rewards for long-term employees, Food support

Living Conditions

- Education: A number of universities including the Pohang University of Science and Technology, Pohang University, Handong University, Korea Polytechnics 6 University, POSCO Technical University, are located
  - Pohang has excellent educational environment, with a number of schools including 65 elementary schools, 34 middle schools, 27 high schools
- Medical Facilities: Pohang University Medical Center, Pohang Semyeong Christian Hospital, Pohang St. Mary’s Hospital, Pohang Women’s Hospital, Pohang Sunlin Hospital, Gyeongsangbuk-do Pohang University Medical Center, etc.
- Others: Pohang Cultural Arts Center, Seorabeol Cultural Center, Pohang Central Art Hall, concert halls, etc.

Government Support

Incentives targeted to shipping companies

- (Common Criteria) In the case of containers-exclusive vessels entering and departing Pohang port (which conveys at least 20TEU in every entry/departure)
- 70% reduction of vessel entry/departure fee
- 70% reduction of berthing fee and anchorage dues
- 70% reduction of freight entry/departure charges
7. Saemangeum Port Hinterland

Investment Highlights

Location Description
It has the optimum location and environment for creating added value for global enterprises related to sustainable advanced agriculture, new renewable energy, and culture and tourism.

Key Rationale
- Located in the center of Yellow Sea Rim (with easy expansion to China, Japan, Eurasia), it has about 60 cities nearby with at least one million population and less than 3-hour accessibility by air traffic.
- Hub of the west coast industrial belt linking Dangjin-Gunsan-Muan-Daebul.
- Industrial center of new renewable energy (energy industry, shipbuilding industry are located.

Location Requirements

<table>
<thead>
<tr>
<th>Recommended Business Sector</th>
<th>International business focusing on advanced agriculture, new renewable energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Industry-logistics, international cooperation, international business Culture-tourism</td>
</tr>
<tr>
<td>Land Zoning</td>
<td>Saemangeum Gunsan Free Economic Zone (Industrial complex 18.700 million m², Tourist Complex 9.9 million m²)</td>
</tr>
<tr>
<td>Investment Condition</td>
<td>1 million USD or more</td>
</tr>
</tbody>
</table>

Accessibility and Distribution Routes

Target Area
- Total Area: 52,000,000 m²
Case References

LGM Hoist Co., Ltd.
• It signed an investment MOU with North Jeolla Province, Gunsan-si, Gunsan Free Trade Zone Management Service
• Investment scale: 16,499㎡ within Gunsan Free Trade Zone, Investment amount : 4.3 million USD
• Business type : Machine-equipment design, production, installation, sale
• Handling products : Hoist, cranes, etc.
• Number of employees : 30 persons

Chengdu Indonesia Refrigerated Logistics Co., Ltd.
• Business model : Food processing, operation of refrigerated logistics center
• Investment scale: 100,000 m2 within Saemangeum Industrial Complex, Investment amount: 3 million USD
• Investment facility : Food processing and distribution facility
• (Effects) Job creation for 260 people, operation of international refrigerated logistics facilities

Business Considerations

Saemangeum project further information
Quay wall 4.1km, Breakwater 3.5km, Shore protection 14.4km, Road 3.3km / Working expenses : 2.12 billion USD / Period : 2009-2030 year

Business Suggestion
International logistics, International business / Automobiles, Shipbuilding, Advanced agriculture, New renewable energy

Main Costs
Term : up to 50 years
Rent : 0.1 USD /month-㎡
Wages : 1500-1700 USD/month (at the level of 50% of 3,600 USD/month, which is the average monthly income per household)

Business Cluster

Major Corporations in the region
• Korean : Hyundai Heavy Industries, Doosan Infracore, Tata Daewoo Commercial Vehicle Company Limited, Daesang Corporation, Ilgahng, JY Heavy Industries, OCI Corporation (Co.,Ltd.), etc.
• International : GM Korea Co., Ltd, Solvay, Toray, Royalcanin, etc.

Potential Customers
• CNPV Power, CSUN, Goldwind, etc.

Related Organization
• Public institutions : Gunsan Regional Maritime Affairs and Fisheries Office, Gunsan Customs, Gunsan Coast Guard, Gunsan Chamber of Commerce, etc.
• Research institutes : Jeonbuk Development Institute, Plasma Research Center, etc.
**Infrastructure**

### Gunsan New Port Facilities' Status and Development Plan
- Berthing facilities: Quay wall 6,726m / Berthing capacity 36 ships
- Handling capacity: Container 280,000 TEU, Bulk 21,240 million tons
- Yard: 23 buildings (138 k㎡), Yard (1,389 k㎡)

### Saemangeum New Port Facilities and Port Hinterland Development Plan
- Saemangeum New Port Plan: 2020 year - 520,000 ㎡ (4 berth) will be created, 2030 year - 4,880,000 ㎡ (18 berth) will be created
- Port Hinterland Development Plan: a total of 276.8k ㎡ will be created (industry∙research sites 41.7k ㎡, international cooperation sites 52.0k ㎡, tourism∙leisure sites 36.8k ㎡, agriculture∙life sites 94.3k ㎡, City hinterland sites 10.0k ㎡, environment∙ecological sites 42.0k ㎡)

### Transportation
- **Airport:** Gunsan Airport (21km, 30minutes)
- **Railroad:** Honam high-speed railway (Iksan-Janghang line), Jeolla line (Gunsan-Iksan), Jeonju-Gwangyang expressway, Iksan-Jangsu expressway, Saemangeum-Jeonju expressway are planned
- **Road:** West Coast expressway (Gunsan IC~Buan IC), Honam expressway (Jeonju IC~Seojeonju IC), Jeonju-Gwangyang expressway, Iksan-Jangsu expressway, Saemangeum-Jeonju expressway are planned
- **Port:** Gunsan port, Saemangeum New Port to be developed

### Labor & Material
#### Labor Condition
- Local population: Gunsan-si (men: 120,000 people, women 120,000 people), Iksan-si, Jeonju 22si as of 2015
- Average wage: 18,000 to 21,000 USD/year
- Average Employee welfare: Pension Insurance (National pension, Medical insurance, Accident insurance, Employment insurance), Housing fund, Support of student loans, Leave system, Staff loans, Labor welfare fund, Car subsidies, Logistics training, Benefits for long-term employees, etc.

### Living Conditions
- **Education:** A number of universities including the Chonbuk National University, Wonkwang University, Kunsan National University, Woosuk University are located
  - It has excellent educational environment, with a lot of elementary, middle, high schools located
- **Medical Facilities:** Chonbuk National University Hospital, Wonkwang University Hospital, Dong Gunsan Hospital, Gunsan Medical Center, etc.
- **Others:** Gunsan community center, Sori Arts Center of Jeonju, Jeonju Arts Hall, Deokjin Arts Center, theaters, etc.

### Government Support
- **Tax Reduction and Exemption**
  - National tax (tariff, corporate tax, income tax), Local tax (acquisition, property tax) are reduced or exempted
- **Support for Business Environment**
  - Use of state or public property: Support of business site, postponement of deadline of payment and installment payment benefits
  - Rent reduction or exemption of state or public property: Rent reduction ratio (State property: within the range of 99/100 of rent, Public property: prescribed as ordinance of local governments)
  - Lease of state or public land or buildings: Lease period (within the range of 50 years, 50 years can be additionally extended)
  - Fund support: Site preparation, rent reduction or exemption, medical facilities, training facilities, houses and other amenities are installed
- **Improvement of living environment**
  - Housing is provided for foreigners
  - Language services are provided: Interpretation, translation of official documents/related material into foreign languages, process of civil petitions
  - Foreign institutions are established and operated: Child care facilities, elementary-middle-high schools-college courses
  - Infrastructure support: Support with priority for infrastructure with state funds
  - Establishment of foreign medical institutions: General hospital, dental hospital, sanatoriums and pharmacies for foreigners
8. Incheon Port Hinterland

**Investment Highlights**

**Location Description**
The best location for global companies aiming at globalizing their businesses including high tech industries and flight logistics.

**Key Rationale**
- Rank 1st for airport service evaluation for 10 years in a row, 3rd place in an international logistic volume, 9th place in an international passenger transportation.
- The best location for global business since all of air networks are connected to Incheon (54 countries, 184 cities, 88 airline)

**Location Requirements**

<table>
<thead>
<tr>
<th>Recommended Business Sector</th>
<th>Airport Hinterland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type</strong></td>
<td>Flight logistics, space-aviation industry, tourism-leisure industry</td>
</tr>
<tr>
<td><strong>Land Zoning</strong></td>
<td>Incheon Free Economic zone(IFEZ) : Young jong area(61.7㎢)</td>
</tr>
<tr>
<td></td>
<td>Free economic zone (1,800,000㎡) and Incheon international business complex(3,916,000㎡)</td>
</tr>
</tbody>
</table>

**Investment Condition** Over 1million USD

**Target Area**
- Total Area : 67,416,000 m²
- Available Area : 10,646,000 m²

**Accessibility and Distribution Routes**

- **Korean Global Market Share**
  - **Semiconductor** 61.0%
  - **Mobile phone** 30.6%
  - **LCD/LED** 38.1%
  - **Ship building** 34.4%
  - **Optical Equipment** 33.5%
  - **Automotive** 7.3%
Case References

STATS Chip PAC Korea

- **Lease scale**: 100,117㎡ (Factory, Technology center, cargo storage, etc.)
- **Business model**: Semi-conductor packaging design, assembly, test
- **The number of employment**: 2,350 workers
- **Sales**: In 2014, 584 million USD, expect continuous growth after manufacturing facilities are expanded
- **Investment plan**: inside airport hinterland, 110,117㎡ manufacturing facility will be constructed (completed in 2017)

DHL Korea

- **In April 2009**, built gateway with high technology system within Incheon international airport Free economic zone
- **Construction and investment**: 20,000㎡, 50million USD
- **Business model**: Logistic service such as cargo storage, classification, delivery
- **Adopt 6 sides camera tunnel system, auto distribution system, sliding shoot sorter system → maximum number of cargo to handle per hour**: 3,500 (increase by 5 times compared to previous system)
- **(Effect)** play a pivotal logistic collecting center which deals with increasing volume of cargo in Incheon airport, rising as a major Asia logistic center

Business Considerations

**Airway service, Passenger, Cargo Transportation**

As of 2015, number of flights: 410,000/year, number of passengers: 4.4 million/year, cargo transportation: 4.5 million ton/year

**Business Suggestion**

Logistics and distribution service / space-aviation industry, tourism-leisure industry

**Main Costs**

- **Term**: Max. 50 year
- **Land cost x 0.01/month-㎡**
- **Wage**: 1,300-2,000 USD/month (at the level of 57% of 3,600 USD/month, which is the average monthly income per household)

Business Cluster

**Major Corporations in the region**

- **Korean**:
  - Korean air, Asiana, Hyundai Logistics, Samsung Electronics Logitec, Segyung Brite Stone, Club Polaris, Samsung TESCO, etc.
- **International**:
  - Schenker Korea, AMB Property, AACT, DHL, KWE Korea, etc.

**Potential Customers**

- Boeing, BMW, Summerfisher Alphaacer

**Related Organization**

- **International organizations**:
  - GCF, AFOB, WEB-A, Songdo International organizations Library, GGGI, NEASPEC, WB
  - UN organizations: UN ESCAP, UN-APCICT, UN ISDR, UN CITRAL, EAAFP, UNOSD
  - Public institutions: Incheon Port Authority, Korea Gas Corp., Incheon Free Economic Zone Authority, Incheon Main Customs, Incheon Regional Maritime Affairs and Fisheries Office, Incheon Quarantine
  - Research Institutes: Korea Institute of Ocean Science & Technology, Incheon Development Institute, Polar Research Institute, etc.
## Infrastructure

**Incheon International airport facility**
- Runway: 3 runway (1 runway - 4,000m, 2 runways - 3,750m)
- Ramp: Passenger flight 2.44 million m², cargo flight 0.74 million m²
- Passenger terminal and boarding building: 0.5 million m²/0.17 million m²
- Processing capability: The number of annual flight – 410,000, the number of passenger -44 million people, cargo-4.5 million ton
- Free trade zone: cargo terminal 0.26 million m², airport logistic center 1.54 million m²

**Current status of Incheon international airport hinterland and development plan**
- 3 stage development plan for Incheon international airport: newly build 2nd terminal (384,000 m²), expand airplane ramp (passenger-56 unit cargo-21 unit)
- Free trade zone: 1.80 M m² (cargo terminal, DHL, AMB, Schenker, KWE are established)
- International business complex: 3,916,000 m²
  - IBC-I: 330,000 m², airport assistance is possible
  - IBC-II: 3,274,000 m², comprehensive leisure complex
  - IBC-III: 161,000 m², business commercial facility and southern reservoir: 151,000 m², accommodation

### Transportation
- **Airport**: Beijing capital international airport (120 min.), Shanghai Pudong international airport (120 min.), Tokyo Nanta international airport (120 min.), 61 cities with over 1 million population are located within 3 hours of total flight time
- **Railroad**: Airport railway (Incheon international airport station~Seoul station, 58km)
- **Road**: Incheon airport expressway (airport new town JC~North road JC, 36.55km–Yeongjong bridge), 2nd Gyeongin expressway (airport new town JC~Hakik JC, 19.96km–Incheon bridge)
- **Port**: Incheon inner port, Incheon south port, Incheon North port, Incheon new port

## Labor & Material

### Labor Condition
- Local population: As of 2015, 2.81 million people (male: 1.42 million, female: 1.39 million) in Incheon
- Average wage: 16,000~20,000 USD/year
- Average Employee welfare: Major 4 types of insurance, company community club, medical check-up, dormitory, financial supports for children’s education, financial supports for family occasions, new employment training

## Living Conditions

### Education
- A number of universities including the University of Incheon, Inha University, Yonsei University, Incheon global college campus (SUNY Korea, George mason University, University of Utah)
- A number of elementary, middle, high school provide excellent education environments including Chadwick, Cheonta Dalton school

### Medical Facilities
- Inha university hospital, Catholic St. Mary hospital, Kil hospital

### Others
- Songdo convention, concert hall

## Government Support

- Exemption from tax for resident companies and developers
  - National tax: cooperate tax, income tax, 50~100% of tariff
  - Regional tax: acquisition tax, 50~100% of property tax
- Lease support for resident companies
  - Lease the land owned by nation or public within the period of 50 years
  - reduce rental fees
- Subsidy for resident companies
  - Financial support for moving, hiring, training, facility and location
- National subsidy for attracting foreign education research institutions and for infrastructure in Free Economic Zone
- Administrative support: Provide One-Stop administrative supports and run Ombudsman programs to deal with troubles arising from business as well as everyday life
- Improving the life condition of foreigners: Provide foreign language service, reliable medical service condition, outstanding education condition
- Relieving the burden and offering deregulation
  - Relieve labor regulation
  - Allow foreign currency trade at will
  - Exempt from some of restriction regulations
9. Inland Transportation (road) Logistics Base

Investment Highlights

Location Description
Best location and environment for logistic service cooperates in IFT since domestic transportation is rising

Key Rationale
- Best location for logistics and businesses because inland cargo networks are connected with metropolitan area-Jungbu-Youngnam-Busan-Honam
- Superior connection to a port and an airport
- Located in the area with high demands of logistics such as industry complex, Free Trade Zone, Free Economic zone

Location Requirements

Recommended Business Sector
Inland logistic base (Complex freight terminal, IFT)

Type
Cargo classification, storage, assembly, processing, delivery, cooling-freezing-storage service

Land Zoning
Gunpo IFT (691,567 m²), Yangsan IFT (219,538 m²), IFT in Jungbu inland logistic base (100,587 m²), IFT in Youngnam inland logistic base (145,511 m²), IFT in Honam inland logistic base (299,376 m²)

Investment Condition
Over 1 million USD

Accessibility and Distribution Routes

Target Area
- Total Area: 1,313,575 m²
- Available Area: 989,003 m²

1 USD = 1,200 KRW
Case References

Youngnam Complex Logistic Cooperation (YIFT Cooperation)

- Open: From January 2010, 10, run inland logistic base in Youngnam area
- Area: 145,511m² (7 cargo handling buildings, 3 delivery centers)
- Business model: cargo classification, collecting cargo, packaging, delivery
- Major resident company: CJ logistics, Ildong Hoodis, Toray Saehan, Samhaw storage, Emart, Nongshim (rental rate 97%)
- Sales: in 2014 (4.25 million USD) → in 2014 (6.1 million USD)

Korea Complex Logistics

- In 1997 opened Gunpo complex logistic terminal
- Business model: Terminal operation business (run complex logistic terminal in Gunpo, Yangsan, Jangsung, Jungbu)
- Sales: in 2014 6.7 million USD

Business Considerations

<table>
<thead>
<tr>
<th>Volume of Road Transportation</th>
<th>Cargo: about 720 million ton/year</th>
<th>People: about 26.4 billion/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Suggestion</td>
<td>Cargo logistics, collection and delivery, storage</td>
<td></td>
</tr>
<tr>
<td>Main Costs</td>
<td>Land: Different by inland logistic base</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wage: 137,500~250,000 USD/month (70% of average urban household income (3,600 USD/month))</td>
<td></td>
</tr>
</tbody>
</table>

Business Cluster

<table>
<thead>
<tr>
<th>Major Corporations in the region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korean</td>
</tr>
<tr>
<td>Samsung Electronics, LG electronics, Hyundai Motor company, Kia Motor company, LG Display, Samsung Thales, KT, Doosan heavy industries, Hyundai heavy industries, Samsung heavy industries, Tata Daewoo, OCI</td>
</tr>
<tr>
<td>International</td>
</tr>
<tr>
<td>GM Korea, Renault Samsung</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Potential Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.F.Express, YTO Express, STO Express, Yamato Express, Nippon Express, etc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Related Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector: Custom, Import food inspection office, Food and agriculture inspection center, Korail</td>
</tr>
<tr>
<td>Research institution: Korea research institute for Human settlements, The Korea Transport institute, Korea maritime institute, regional development research center</td>
</tr>
</tbody>
</table>
**Infrastructure**

**Current status of inland logistic base (IFT)**
- Metropolitan area (Gunpo IFT): 323,296m² (9 cargo handling building, 8 Delivery center), cargo handling capability (5.81 million ton/yr)
- Busan/Yangsan IFT: 190,233m² (7 cargo handling building, 8 Delivery center), cargo handling capability (3.71 million ton/yr)
- Jungbu inland logistic base: 100,587m² (4 cargo handling building, 4 Delivery center), cargo handling capability (2.36 million ton/yr)
- Youngnam inland logistic base: 145,511m² (7 cargo handling building, 3 Delivery center), cargo handling capability (3.57 million ton/yr)
- Honam inland logistic base: 229,376m² (4 cargo handling building, 10 Delivery center), cargo handling capability (4.70 million ton/yr)

**Development plan for inland logistic base (IFT)**
- Plan to expand Gunpo IFT
  - Development scale: 324,572m² (cargo handling building 11,974m², Delivery center 312,598m²), Investment amount 482.5 million USD
  - Development capability: General cargo 5.65 million ton/year
- 2stafe development for Honam/Jangseon
  - Development scale: 240,000m² (investment amount 120 million USD)
- North of metropolitan area (Paju complex logistic terminal and inland container base)
  - Development scale: 390,000m² (investment 318 million USD)

**Transportation**
- **Railroad**:
  - Total extension: 105,673km (Open: 97,919km, Paved: 89,701km, Unpaved: 2,182km, Not open: 7,754km)
  - Expressway: 4,139km, general national road: 13,930km, metropolitan road: 4,758km, regional road: 18,058km, city road: 27,170km, Gun road: 22,202km, Gu road: 15,396km
  - Subway: 272km, Daejeon subway: 228km, Gyeongbu subway: 285km, Jungbu subway: 574km
  - Rail: 1,715km, Jungang line: 211km, Gyeongbu line: 244km, Joongsang line: 194km, Seocheon local line: 17km, Gunpo local line: 30km

**Labor & Material**

**Labor Condition**
- Regional population: As of 2015 Gunpo si (male: 0.14 million people, female: 0.14 million people), Yangsan si (male: 0.15 million people, female: 0.15 million people), Sejong si (male: 0.1 million people, female: 0.1 million people), Chilgok gun (male: 60,000, female: 60,000), Gangsung gun (male: 20,000, female: 20,000)
- Average wage: 16,000~30,000 USD/year
- Average Employee welfare: pension (national pension, medical pension, accident insurance, unemployment insurance), financial support for family occasion, annual leave, reward leave, regular bonus, meal subsidy

**Living Conditions**
- **Education**: A number of universities are located around a distribution base by each catchment area (Seoul national university, Chungnam national university, Yeongnam national university, Pusan national university, Jeonnam national university)
  - Outstanding educational environments thanks to a number of elementary, middle, high schools near ICD
- **Medical Facilities**: Many college hospitals and general hospitals including hospitals under Seoul national university, Chungnam national university, Yeongnam national university, Pusan national university, Jeonnam national university
- **Others**: COEX, BEXCO, EXCO, Kim Dae Joong convention center

**Government Support**
- Infrastructure (entry road, entry railway, entry water supply) built by the government for businesses to use
- As for BOO (Build Own Operation), land buying cost is all financed by government loan
- Except the cost of buying land, 15~40% of total civil investment is financed by the government
- Loan condition: 15 years with a 5 year grace period

**Tax benefit**
- Exemption of acquisition and registration tax
10. Inland Transportation (railway) Logistics Base

Investment Highlights

**Location Description**
Best location and environment for logistic service companies in ICD thanks to better connected domestic railway and increasing transportation

**Key Rationale**
- Best location for logistics and businesses because inland cargo network is connected with metropolitan area—Jungbu—Youngnam—Busan—Honam
- All logistic services including cargo collection, storage, distribution, custom clearance and superior connection with port and airport
- Located in area with high demand of logistics such as industry complex, free trade zone, Free economy zone

**Location Requirements**

**Recommended Business Sector**
Inland Clearance Depot, ICD

**Type**
All logistic services including collection, storage, distribution, customs clearance of cargo

**Land Zoning**
- Uiwang ICD(754,807 m²), Yangsan ICD(720,241 m²), Gunpo IFT(28,759 m²), Youngnam inland logistic base ICD(154,225 m²), Honam inland logistic base ICD(102,412 m²), Jungbu inland logistic base ICD(67,708 m²)

**Investment Condition**
1 million USD

**Accessibility and Distribution Routes**

**Target Area**
- Total Area: 1,313,575 m²
- Available Area: 989,003 m²
## Case References

### Uiwang ICD
- 1993: opened 1st terminal of ICD Uiwang
- Business model: railway cargo working, CY operation (storage, management, custom clearance), lease and management of office, maintenance and management of facility, operation of gas station, operation and maintenance of facility, operation of CFS
- Main client: Hanjin, Hyundai Merchant Marine, CJ Express, KCTC, Samik Logistics, Korail Logistics, Hyundai Logistics, Dongbang, Interjis

### Yang san ICD
- From April, 2000, it opened Yang san ICD and started to operate the facility (stakeholder: 16 companies including Hyundai Merchant Marine)
- Business model: cargo working and storage (CY, CFS), inland delivery (Busan port, Gwangyang port), custom clearance, distribution, 3PL
- Resident company: Hyundai logistics, Dongbu express, Daecheon logistics, Korea NSK, Mare, Interjis
- Volume of container incoming and outgoing (2015): 130,000TEU (Export 6,000 TEU, import 30,000TEU, vacant 95,000TEU) - CFS: 400,000R/T, regular cargo: 1.62 million ton
- Sales: 2013 (8.7 billion) → 2014 (9.4 billion) / total net profit of 2014 was recorded as 7.1 B and continued to grow

## Business Considerations

<table>
<thead>
<tr>
<th>Volume of Railway Transportation</th>
<th>Cargo: about 40 million ton/year</th>
<th>People: about 1.225 million/year</th>
</tr>
</thead>
</table>

### Business Suggestion
All logistic services including cargo collect, store, distribute, clear the custom

### Main Costs
- Land: Different by inland logistic base
- Wage: 137,500~250,000 USD/month (70% of average urban household income (3,600 USD/month)

## Business Cluster

### Major Corporations in the region
- **Korean**: Samsung Electronics, LG electronics, Hyundai Motor company, Kia Motor company, LG Display, Samsung Thales, KT, Doosan heavy industries, Hyundai heavy industries, Samsung heavy industries, Tata Daewoo, OCI
- **International**: GM Korea, Renault Samsung

### Potential Customers
- Nippon Express, Zhanjiagang Haomin, TOLL Holding

### Related Organization
- Public sector: Custom, Import food inspection office, Food and agriculture inspection center, Korail
- Research institution: Korea research institute for Human settlements, The Korea Transport institute, Korea maritime institute, regional development research center
Infrastructure

Current status of ICD

- Metropolitan area(Uiwang ICD) : 754,807m²(CY 419,050m², CFS 10,712m², support facility 325,045m²), cargo handling capability(1.37 million TEU/year)
- Seoul metropolitan area( Gunpo IFT) : 28,795m²(railway cargo handling area 3,180m², CY 10,228m²)
- Busan( Yangsan ICD) : 720,241m²(CY 495,962m², CFS 132,198m², support facility 92,081m²), cargo handling capability(1.4 million TEU/yr)
- Jungbu ICD : 67,708m²(CY 63,925m², CFS 3,783m²), cargo handling capability(350,000TEU/year)
- Yeongnam ICD : 154,225m²(CY 150,000m², CFS 4,225m²), cargo handling capability(330,000TEU/year)
- Honam ICD : 102,412m²(CY 9,000m², CFS 93,412m²), cargo handling capability(340,000TEU/year)

Development plan for ICD (IFT) railway transportation

- Plan to expand Gunpo IFT
  - Development : 17,351m²( Container open storage yard)

Transportation

Railway : total 2,445km / Gyeongbu(441km), Honam(252km), Gyeongin(27km), Gyeongwon(55km), Ansan(26km), Bundang(47km), Gwacheon(14km), Ilsan(19km), Chungbuk(115km), Joongang(207km), Taebaek(103km), Yeongdong(192km)

Labor & Material

Labor Condition

- Regional population : As of 2015 Gunpo si (male:0.14 million people, female:0.14people), Yangsan si(male:0.15 million people, female:0.15 million people), Sejong si(male:0.1 million people, female:0.1 million people), Chilgok gun(male:60,000, female: 60,000), Gangsung gun(male:20,000, female:20,000)
- Average wage : 16,000~30,000 USD/year
- Average Employee welfare : pension (national pension, medical pension, accident insurance, unemployment insurance), financial support for family occasion, annual leave, reward leave, regular bonus, meal subsidy

Living Conditions

- Education : A number of universities are located around a distribution base by each catchment area (Seoul national university, Chungnam national university, Yeongnam national university, Pusan national university, Jeonnam national university)
- Outstanding educational environments thanks to a number of elementary, middle, high schools near ICD
- Medical Facilities : Many college hospitals and general hospitals including hospitals under Seoul national university, Chungnam national university, Yeongnam national university, Pusan national university, Jeonnam national university
- Others : COEX, BEXCO, EXCO, Kim Dae Joong convention center

Government Support

Government support

- Infrastructure(entry road, entry railway, entry water supply)is built by the government for businesses to use
- As for BOO(Build Own Operation), land buying cost is all financed by government loan
- Except land buying cost, 15-40% of total civil investment is financed by the government
- Loan condition : 15 years with a 5 year grace period

Tax benefit

Exemption of acquisition and registration tax