

# PROMISING

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# INVESTMENT

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# OPPORTUNITIES

infrastructure which includes airports, seaports, multi-modal cargo terminals, and logistics complexes.

**Logistics**  
2009



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# Korea's Logistics Industry

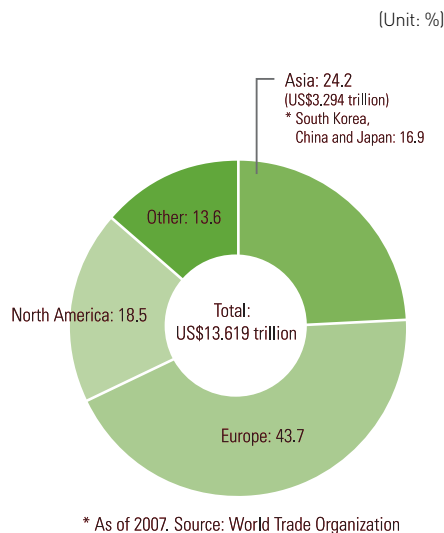


## 1. Overview

As far as global corporations are concerned, building an efficient logistics system is the key to their competitiveness. South Korea is located in Northeast Asia between China, which has been growing not only as a major base for manufacturing, but also the world's largest market, and Japan, which is still steadily increasing her economic weight. This location gives South Korea certain geo-economic advantages.

South Korea is well equipped with logistics infrastructure which includes airports, seaports, multi-modal cargo terminals, and logistics complexes. The country has also built up the world's best logistics information systems, thereby providing speedy, efficient customs clearance services. Global corporations can utilize South Korea's airports and seaports to rapidly and frequently connect to a great number of cities within Northeast Asia to build the optimum supply chain.

### ◆ Asia's Share of Global Exports



### ❖ Central Location and Emerging Logistics Market

Northeast Asia's GDP accounted for only 12% of the world GDP in 2003, but has increased to 20% in 2008, showing marked improvement in its economic weight.

South Korea, located at the center of Northeast Asia, is conveniently connected to many cities in the region as well as around the world. Incheon International Airport, a hub airport of Northeast Asia, connects to 157 cities in 49 countries, with direct flights to 33 cities in China and 27 cities in Japan (Oct. 2008). Busan Port, a hub seaport in the region, lies on the world's main sea routes and is linked to 45 ports in China, 60 ports in Japan, and 5 ports in Russia.

Incheon Airport handles the world's second largest international air cargo volume, of which trans-shipment to third-party countries accounts for over 50 percent. Busan Port handles a massive volume of transshipments to China and Japan. In 2008, Korea's logistics market was valued at KRW93 trillion, clearly making it a huge market.

### ❖ Promising Investment Region for Logistics Activities

South Korea has massive logistics complexes in the hinterland areas of her major international airports and ports. Such complexes constitute free trade zones, offering various benefits to foreign-invested companies. Furthermore, wider areas including free trade zones are operated as free economic zones to support the activities of foreign corporations.

South Korea's free trade zones, free economic zones, the Greater Seoul Area, which has a massive domestic demand for logistics, and the Chungcheong region offer the optimal logistics conditions within Northeast Asia and South Korea.

Thus, South Korea's superior logistics infrastructures and services can be effectively utilized to intensively handle import and export products in Northeast Asia or to undertake any logistics business involving sea and air transportation. The Korean logistics market - with its fast growing third-party logistics business - also constitutes a great attraction for global logistics companies wishing to enter Korea.

## **2. Well-developed Logistics Infrastructure and Network**

It is of the utmost importance for global companies to build an efficient supply chain, which can be built by closely linking sources of procurement, hubs of production and sales and consumers.

However, although Northeast Asia has grown into a gigantic market of production and consumption and developed into one of the world's key economic blocs, it is difficult to establish connectivity between the various countries, between distinct regions, or simply between individual Chinese provinces and to build an efficient logistics system because of its widely dispersed nature. As a single logistics hub cannot possibly cover the whole region, multiple logistics hubs are required.

Thus, in Northeast Asia, it is crucial to build an efficient logistics system in order to secure corporate competitiveness. While Hong Kong, Taiwan and Shenzhen supply the international logistics needs of southern China, Shanghai is emerging as an international logistics hub for the central region.

South Korea offers frequent sea and air transport services to and from northeastern China, the western coastal areas of Japan, and the far eastern region of Russia. As such, South Korea functions as an international logistics hub of Northeast Asia. South Korea is connected to the world's factory, China, and the economic powerhouse of Japan, as well as to Taiwan and Mongolia, giving her certain geo-economic advantages. South Korea also operates world-class airports and seaports, as well as a well-organized highway network, railroads, and inland logistics hub facilities, which when combined constitute an excellent transportation infrastructure. Compared with any other area in Northeast Asia, South Korea can connect to numerous cities faster and more frequently, providing world-class logistics services.

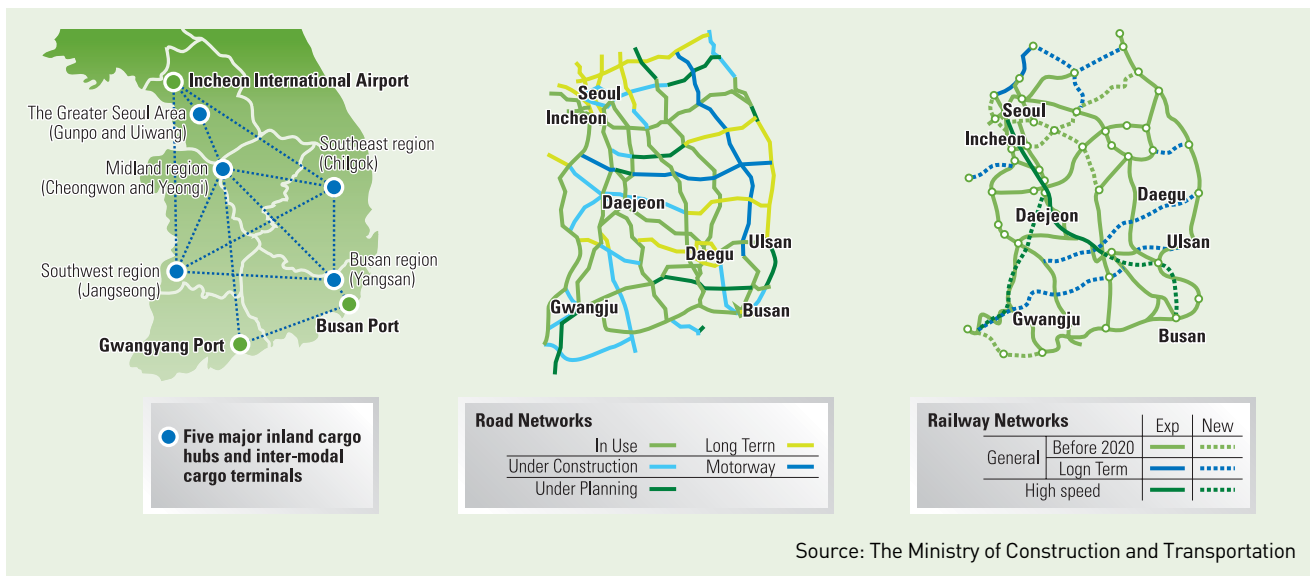
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◆ **Korea's Logistical Centrality**



► **Logistics Infrastructure in South Korea**

South Korea boasts well-developed automobile, shipping and other heavy industries, as well as advanced semiconductor, mobile phone and other cutting-edge IT sectors. The country is also perfectly equipped with road and railway networks which connect rapidly and efficiently to the region's major production hubs, industrial complexes, and large-scale urban consumption zones, as well as international trade gateways such as airports and seaports.



Source: The Ministry of Construction and Transportation

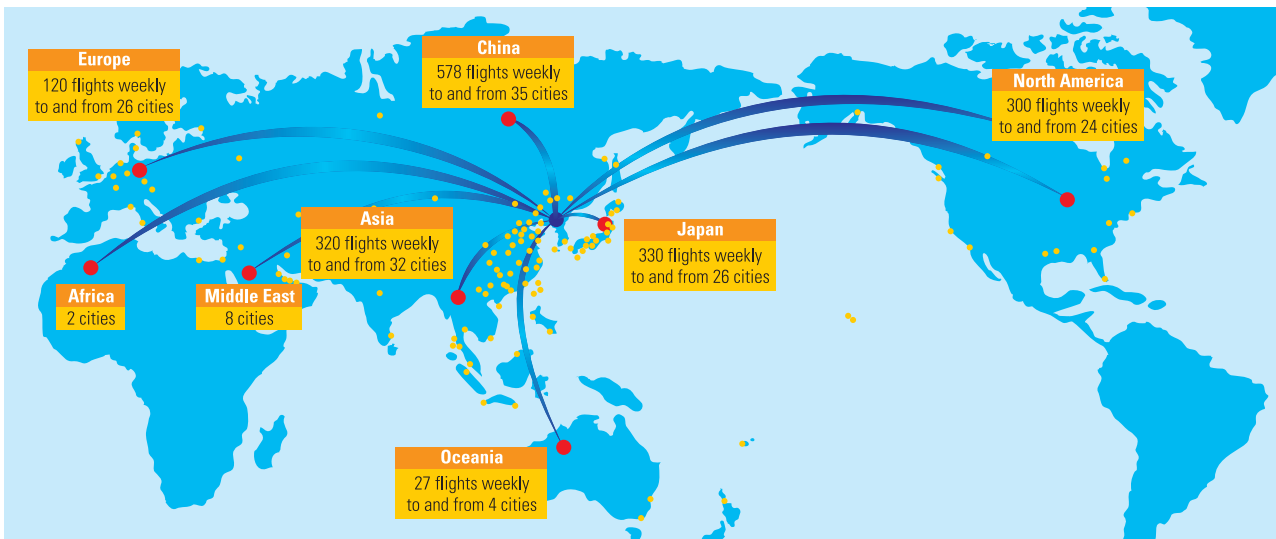
## ► World-Best Air Transportation Service

In the air transport sector, Incheon International Airport is directly connected to fast-growing Asia, North America, and Europe, combining geographical strengths with enhanced competitiveness. In 2008, Incheon International Airport handled 1.9 million tons of cargo, the world's second most, for the third consecutive year. Transshipments originating at the Airport to North America, China, and Southeast Asia account for 50 percent of its total cargo handled, consolidating Incheon International Airport's profile as a global air cargo hub.

Incheon International Airport boasts superior international air transport services within the region, and an excellent geographical situation, connecting Northeast Asia to New York by the shortest possible distance (from Incheon - 11,000km, Hong Kong - 13,000km, and Singapore - 15,000km). It also lies within 3.5 hours' flying time of 51 large cities, each with a population of over one million people. Furthermore, the Airport is home to vast hinterland areas and thus attracts a massive quantity of cargo.

As of October 2008, 61 airlines were operating at Incheon International Airport, which directly connects to 157 cities in 49 countries. Notably, the Airport connects to 33 cities in China, and 27 cities in Japan, thereby offering superior connectivity in Northeast Asia compared with other airports in the region. In addition, Korean Air and Asiana Airlines, the national flag carriers of South Korea, operate far more flights on many air routes in the region, compared with the airlines of Japan and China, thereby offering air passengers from Korea the most competitive air transport network

### ◆ 56 airlines operate to and from 165 cities (March 2009)



◆ **Incheon Airport's Connection to China and Japan**



▶ **Sea & Air Multi-modal Transportation to/from China**

Incheon International Airport's sea and air inter-modal transport services supplement China's insufficient air cargo carriage services, thereby assisting corporate logistics activities. Cargo is carried to Incheon Port via car ferries that are faster than any ship currently sailing from such Chinese port cities as Shanghai, Qindao, Weihai, and Yantai. The cargo is then immediately transported to Incheon International Airport, from which it is rapidly conveyed by air to North America, Europe, Southeast Asia, and elsewhere. Using these inter-modal sea and air services, corporations can access logistics systems at lower cost than if they used either sea or air transport services exclusively for the whole section of carriage.

▶ **Airport Logistics Park**

Established in 2001, Incheon International Airport opened an airport logistics complex covering an area of 470,000m<sup>2</sup> in March 2006 to support corporations' high value-added logistics activities. A second-stage expansion of the airport logistics park is being conducted with its opening scheduled for 2012. The first-stage area in the airport logistics complex of Incheon International Airport's Free Trade Zone had attracted 15 tenant companies as of December 2008 (individual companies and companies under consortia), and its lease ratio stood at 76%.

A free trade zone is an area which a nation opens to foreign cargoes under certain conditions for the purpose of promoting international trade and business. A free trade zone is free from the nation's tariff administration and control, benefits from exemption from tariffs and other public charges, and guarantees free manufacturing, logistics, distribution and trade activities. A free trade zone is excluded from the application of customs clearance procedures and tariff collection. When cargoes are carried into a free zone, permission is obtained for the use of the terminal cleaned, whereupon they are opened, attached with labels, mixed, processed, assembled, manufactured, and repackaged, and are sometimes presented at product exhibitions and re-exported.

◆ **Car Ferry Network for Incheon Port to Chinese Harbors**



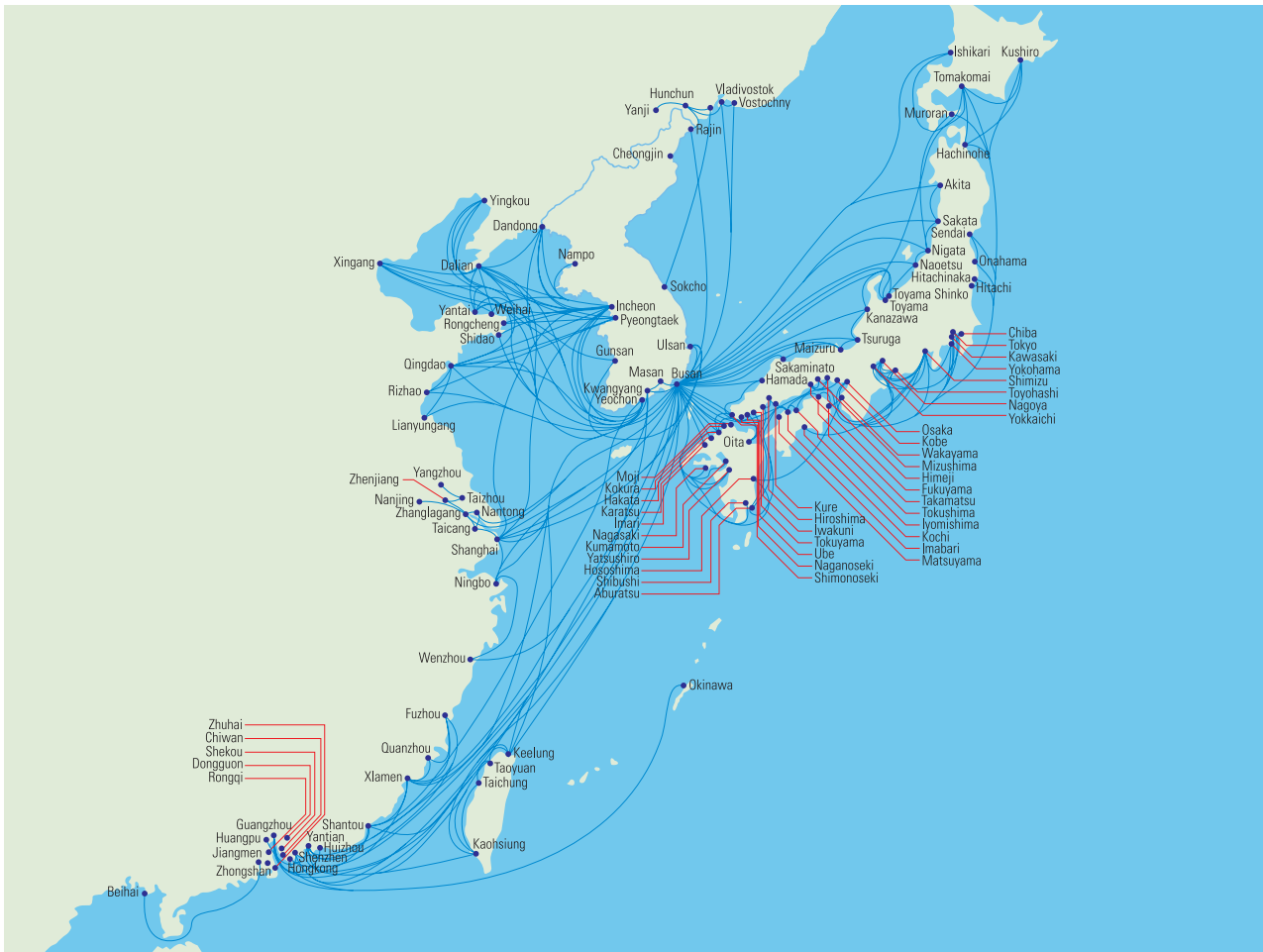
## ► Marine Transportation

Busan Port boasts the world's 5th largest container shipment handling volume. Located on the world's main marine transportation routes, Busan Port connects to many cities in Northeast Asia (notably those in China and Japan), and offers optimal logistics services. The world's major marine transportation channels - i.e. the European, American, Southeast Asian, Korea-China, and Korea-Japan routes - are directly connected to South Korea's seaports. As such, South Korea plays an important part in a vast sea-based Silk Road.

South Korea's harbors are well located, with Busan Port and Gwangyang Harbor being well connected to various parts of Northeast Asia. The harbors are linked to 45 harbors in China, 60 harbors in Japan, and 5 harbors in Russia. Moreover, upon reunification with North Korea, South Korea's harbors are geographically well-positioned to serve as gateways to China and Europe via rail routes in North Korea.

## ◆ Busan Port/Gwangyang Harbor Marine Transportation Network

The logistics hinterland complexes of Busan Port and Gwangyang Harbor have attracted 40 consortia composed of Korean and foreign logistics and manufacturing companies. Tenant companies for the logistical hinterland complex of Busan New Port have already been selected, completing the 2009 tenancy quota.



Source: Busan Port Authority

For more information, please contact with the Marketing Team of Busan Port Authority (Web Site: [bpa2007.busanpa.com](http://bpa2007.busanpa.com))

### ► Quick Customs Service

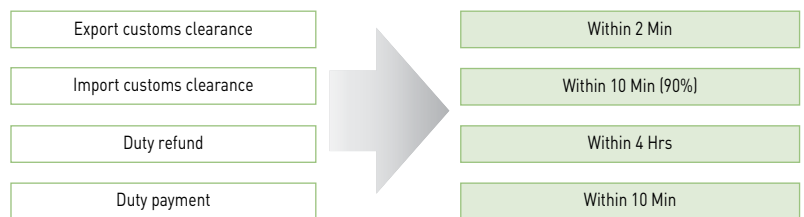
Regarding customs clearance, the key administrative service for international logistics, South Korea has long been implementing real-time cargo management systems and 24-hour-a-day customs clearance systems, cutting cargo customs clearance time to the lowest level in the world. The import cargo customs clearance time was drastically cut from 9.6 days in 2003 to 3.6 days in 2008. And, the time required from import declaration to completion of all procedures has been cut to less than 1 hour, thereby expediting the customs clearance of raw materials, et al., and helping greatly reduce the logistics costs of importers and exporters. South Korea's import customs clearance time is twice as fast as the four hours recommended by the United Nations Conference on Trade and Development (UNCTAD), making it the world's quickest. Customs clearance for travelers was cut from 40 minutes in 2003 to just 21 minutes in 2006, thereby reducing the time to half the 45 minutes recommended by the International Civil Aviation Organization (ICAO).

According to the World Bank's evaluation of customs-related administrative services for 2009, South Korea was ranked 8th among 183 countries. Excluding city states including Hong Kong and Singapore, South Korea was ranked 1st among large countries. The World Bank highly evaluated South Korea's advanced information technology-based electronic customs administration process including her paperless and networking systems for reducing documentation, costs and time.

As such, if corporations use Korea's airports and harbors as well as the free trade zones in their hinterland areas, they can connect to all areas of Northeast Asia and the rest of the world rapidly and efficiently, and will be guaranteed speedy customs clearance, among other logistics services, and an optimal business environment.

### ◆ South Korea's Electronic Customs Clearance System (UNI-PASS)

South Korea operates the world's first 100% electronic one-stop customs clearance system for import/export customs clearance, tariff collection, and duty refunds, as well as for the tracking of bonded cargoes and the confirmation of import /export requirements.



	Korea	USA	Canada	Australia
System	UNI-PASS	ACE	ICS	ICS
Paperless	100%	60-95%	95%	99%
Automatic acceptance (export)	99.6%	90%	Measuring	-
Single Window	Complete	Complete	Complete	Preparing

### 3. Rapidly Growing Logistics Market and Its Potential

From a logistics perspective, South Korea boasts an excellent location in Northeast Asia and a superior logistics infrastructure which is linked to various major cities in the region. South Korea's world-class manufacturing companies including Samsung Electronics, Hyundai-Kia Motors, LG Electronics, LG Display, Hynix Semiconductors, Hyundai Heavy Industries, POSCO, and Hyundai MOBIS procure raw materials, semi-finished products, and parts from all over the world, manufacture products in the country's major hubs, and supply products to numerous parts of the world.

Given that, for corporations, logistics systems which take into account procurement, production and sales are the key to competition, South Korea's superior logistics infrastructure, transportation network and services offer invaluable support for corporations' business operations. South Korea herself is both an attractive production hub and a world class logistics hub, which is already home to a large logistics market. However, the ratio of South Korean corporate shippers using third-party logistics providers is 46 percent, much lower than the 70~80-percent ratios of the corporate shippers of North America and Europe. This means that South Korea has considerable room for her logistics market to grow. The size of South Korea's logistics market has been estimated at over KRW93 trillion, and is expanding by a considerable percentage every year.

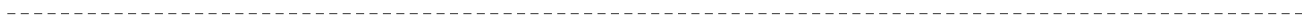
#### ◆ Size of South Korea's Logistics Market

	2005	2006	2007	2008
GDP (US\$100 million)	8,447	9,511	10,493	9,287
Total industries' sales (KRW trillion)	1,611	1,702	1,864	2,272
Ratio of corporate logistics costs to sales (%)	9.7	9.6	9.6	9.5
Ratio of paid logistics costs (%)	42.9	43.0	43.1	43.1
Logistics market size (KRW trillion)	67	70	77	93
Change from the previous year (%)	13.4	5.1	8.8	21.4

Source: 2009 Logistics Industry Comprehensive Collection, Korea Logistics News Co.

In Korea, some 340,000 transporters are listed as logistics providers, providing jobs for a total workforce of 1.05 million employees, and with total sales of KRW102.43 trillion. Nearly 1,100 warehousing firms are also listed as logistics providers, with a total workforce of 12,000 employees.

On the strength of South Korea's excellent IT infrastructure, e-business and TV home shopping businesses are growing fast, in turn prompting the development of fast and efficient door-to-door package delivery services.



South Korea's e-business market amounted to KRW630 trillion in 2008, representing a rise of 22 percent from the preceding year. Business-to-business (B2B) volume accounted for 89 percent of this total. Meanwhile, door-to-door delivery volume reached 1.05 billion packages in 2008, a year-on-year rise of 18 percent. In most parts of the country, the efficient logistics infrastructure makes it possible to deliver packages in 1~2 days at an affordable cost, thus providing considerable assistance to companies engaged in business activities.

In the meantime, the South Korean government has been implementing diverse policies aimed at fostering the logistics industry in order to enhance the country's competitiveness and to support corporate logistics activities:

To this end, tax breaks are provided to corporate shippers to support their logistics outsourcing. A total logistics provider accreditation system has been implemented in order to nurture comprehensive logistics providers. Since 2006, some 32 logistics companies have been approved as Certified Integrated Logistics Companies (CILC) (i.e. a company permitted to provide comprehensive, extensive logistics services).

Leading logistics companies in South Korea provide such logistics services including cargo carriage, warehousing, handling, multi-modal transportation, and value-added logistics. Among them are an impressive number of global logistics companies as among which are DHL, Schenker, Kuehne & Nagel, and Kintetsu World Express. These companies not only offer logistics services in South Korea, but also have close-knit logistics networks in Northeast Asia, enabling them to provide speedy services to shippers at an affordable cost both in the region and throughout the rest of the world.

◆ Major Logistics Companies in South Korea

	Company	2008 Sales (KRW billion)
1	Glovis	3,065.2
2	Korea Express Co.	1,828.3
3	Daewoo Logistics	1,704.5
4	Pantos Logistics	1,233.6
5	Samsung Electronics Logitech	1,139.9
6	DHL Global Forwarding Korea	215.7
7	Schenker Korea	197.5
8	Hyosung Trans World	164.6
9	Panalpina IAF	161.6
10	HanExpress	136.9
11	Eunsan Shipping & Aircargo	117.5
12	Kuehne + Nagel	115.2
13	Hyupjin Shipping	95.8
14	Sebang Express	86.5
15	KCTC International	73.8
16	KWE Korea	73.8
17	Hanaro TNS	73.6
18	Kotland	72.9
19	Geodis Wilson Korea	71.8
20	MLC World Cargo	68.0

## 4. Business Opportunities

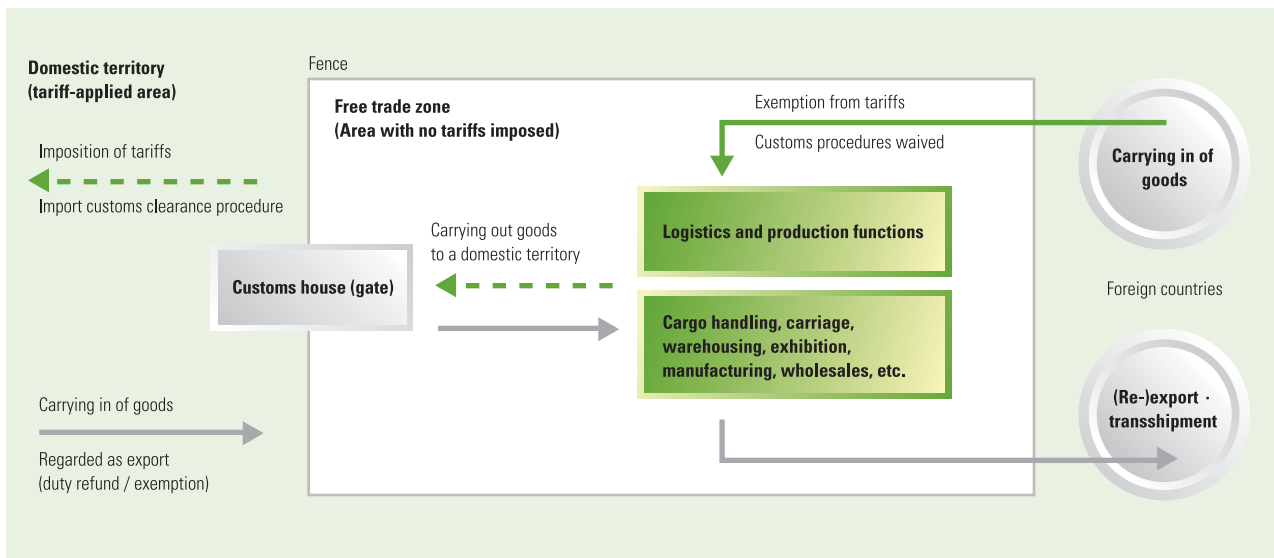
### ❖ Promising Areas for Domestic and Overseas Logistics Services

#### ▶ Free Trade Zones

Situated in the hinterlands of South Korea's major airports and harbors are massive logistics complexes that provide support for logistics services in Northeast Asia, a region which has emerged both as the world's factory as well as a vast market. As free trade zones, these areas benefit from tax breaks, low rental charges, and other forms of support.

South Korea operates free trade zones focused on manufacturing functions, and free trade zones focused on logistics functions. Free trade zones oriented towards logistics have been established adjacent to international hub airports and harbors to enhance Korea's global logistics competitiveness. As such, they are well connected to railroad, land transportation and marine transportation systems.

#### ◆ Diagram of a Free Trade Zone



The logistics complexes of Incheon International Airport, Busan Port, and Gwangyang Harbor among others were designated as free trade zones after 2002. As each offers tenants a strategic location, they have accommodated many global companies as tenants, thus enabling them to penetrate not only the South Korean market, but also the Chinese and the Japanese markets at the same time. As logistics-oriented free trade zones, which will continue to be developed from 2009, numerous global companies and Korean companies are hoping to enter them.

◆ Logistics-type FTZ Overview (as of 2008)

Category	Incheon Airport	Busan Port	Gwangyang Harbor	Incheon Port	Pohang Port
Designation date	April 2005 / December 2007	January 2002	January 2002	January 2003	December 2008
Area (1,000m <sup>2</sup> )	3,015	5,451	6,755	2,294	709
No. of tenant companies (Foreign-invested companies)	550 (12)	25 (22)	26 (25)	15 (0) * 10 existing companies joined as tenants	-
Cargo handling volume	-	19.97 million tons	9.82 million tons	Cargo handling companies	-
Investment attraction (Foreign investment)	US\$108,900,1000	US\$455,900,000 (US\$80,794,000)	US\$343,900,000 (US\$108,155,000)	Existing domestic companies joined as tenants	-

Free Trade Zones offer a broad range of incentives and administrative support to enhance the convenience of global companies' business activities, including the easing of regulations on manufacturing, distribution, and trade; the construction of optimal infrastructures; low rental charges for land and buildings; tax breaks; and one-stop administrative services. In addition, simplified customs reporting procedures are applied to various value-added logistics activities - such as the transfer and assignment of goods between registered companies, and the use, consumption and repair of foreign goods, with the application of zero VAT rates. Notably, financial regulations, including foreign currency remittance, have been eased in South Korea's free trade zones, but they remain rigid in China and other neighboring countries. South Korea's free trade zones offer the following major incentives.

◆ Incentives Offered by South Korea's Free Trade Zones

- Tariff Breaks
  - Facility materials, raw materials, etc. destined for production and manufacturing
  - Goods kept for a certain period of time by logistics providers and traders (goods in intermediary trade, etc.)
- Tax Breaks
  - Foreign-invested companies that have invested US\$10 million in the manufacturing sector, or at least US\$5 million in logistics
    - ※ Corporate tax, income tax: 100 percent exemption for 3 years; 50% reduction for 2 years
    - ※ Property tax, acquisition tax, registration tax, and comprehensive land tax: 100-50 percent exemption for up to 15 years
  - Zero VAT rates
    - ※ Domestic goods supplied to free trade zones to be exported
    - ※ Goods, services and so on supplied between tenant companies
- Other
  - One-stop services regarding construction permission, factory establishment, tax breaks, and foreign investment procedures

◆ **Companies that Have Established Global Logistics Bases at Incheon Airport**

Incheon Airport Logistics Complex has accommodated 15 companies including AMB, Schenker, and KWE since 2008. Its second phase of expansion is now being driven forward.

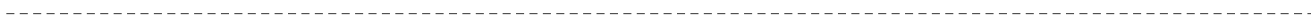
Date	Company	Establishment of Global Logistics Bases
2008.01.17	Photon Dynamics (USA)	Manufacturer of LCD equipment
2008.04.22	Samsung Electronics (Korea)	Logistics base for products manufactured by its Chinese factories
2008.07.03	ASML (The Netherlands)	ASML, the world's largest semiconductor manufacturer, relocated all of its logistics bases from Taiwan and Singapore to the Incheon Airport Logistics Complex.
2008.08.18	Neo-semitech (Korea)	The solar equipment manufacturer decided to establish its factory and logistics base at Incheon.
2008.08.23	SONY (Japan)	The electronics parts manufacturer relocated part of its Hong Kong logistics base (notebooks) to Incheon, and ultimately plans to relocate the whole of its logistics base there.
2008.10.01	Entegris (USA)	The semiconductor manufacturer established its logistics base at Incheon.
2008.10.20	FOXCONN (Taiwan)	The computer equipment manufacturer relocated part of its Hong Kong logistics base to Incheon.
2008.12.01	DHL (Germany)	The world-class express delivery company established its logistics base at Incheon International Airport.
Planned	TaeguTech (Korea)	The cutting tool manufacturer, which is 100% owned by Warren Buffet, is discussing a plan to establish its logistics base at Incheon.
Planned	Lam, Novellus, Axcelis, Varian (USA)	These American semiconductor manufacturers are discussing plans to establish their logistics bases at Incheon International Airport.
Planned	Roche (Switzerland)	The pharmaceutical company is discussing a plan to establish a medical equipment logistics hub at Incheon International Airport.

Source: Korea Customs Service

Busan Port and Gwangyang Harbor have also accommodated 43 global companies in the form of diverse types of consortia with Korean companies. Incheon, Pyeongtaek, and Dangjin ports will also continue to accommodate corporate tenants.

▶ **Free Economic Zones**

Broader free economic zones (FEZs) have been designated and are now being developed to support businesses in free trade zones, with the aim of promoting logistics at major international logistics hubs, and to create pleasant living environments for foreigners. So far, 6 free economic zones have been designated, of which Incheon Free Economic Zone, Busan - Jinhae Free Economic Zone and Gwangyang Bay Free Economic Zone include international airports and hinterland free trade zones (logistics complexes), thereby offering an optimal investment environment for the logistics sector.



◆ Designated Free Economic Zones

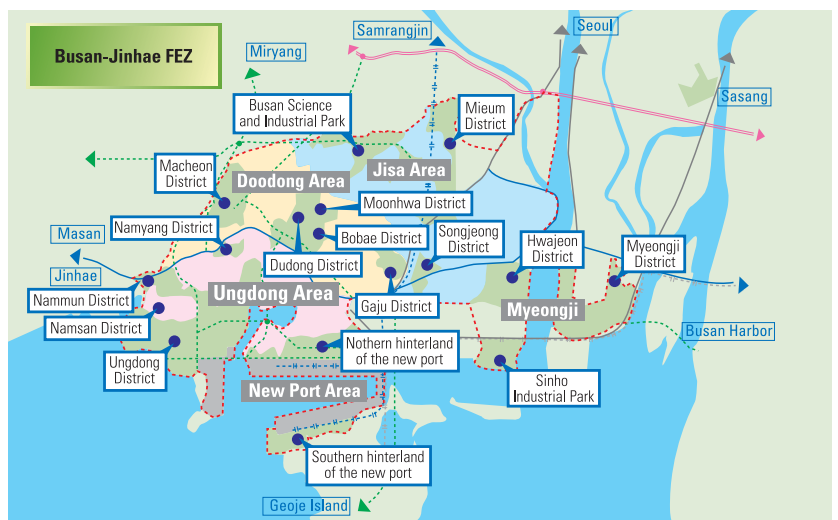
Name (Designation time)	Location	Scheduled date of completion	Area	Major businesses to be attracted
Incheon (Aug. 2003)	Incheon	2020	209km <sup>2</sup>	Commercial businesses, IT, BT, international finance, and tourism and leisure
Busan-Jinhae (Oct. 2003)	Busan, Gyeongnam Province	2020	104km <sup>2</sup>	Marine logistics, automobiles, machinery, and shipbuilding
Gwangyang Harbor (Oct. 2003)	Jeonnam Province, Gyeongnam Province	2020	90km <sup>2</sup>	Marine logistics and materials industry
Yellow Sea (Apr. 2008)	Gyeonggi Province, Chungnam Province	2025	55km <sup>2</sup>	Automotive parts, IT, BT, and value-added logistics
Daegu-Gyeongbuk (Apr. 2008)	Daegu, Gyeongbuk Province	2020	39km <sup>2</sup>	Education, clothing, fashion, IT, and parts and materials
Saemangeum-Gunsan (Apr. 2008)	Jeonbuk Province	2030	66km <sup>2</sup>	Automobile, shipbuilding, parts, and eco-friendly industries

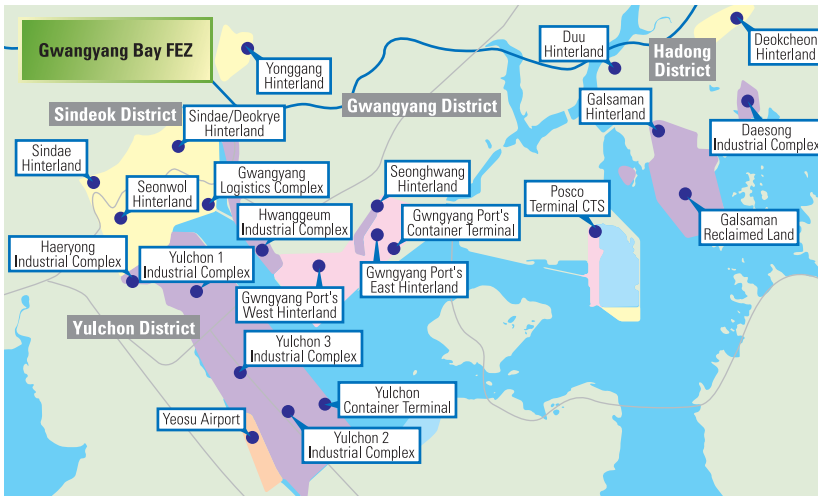


Incheon International Airport



Incheon Bridge, opened in October 2009  
World's 5<sup>th</sup> longest cable-stayed bridge





FEZs also provide such incentives as tax breaks, various forms of financial support, and one-stop administrative services.

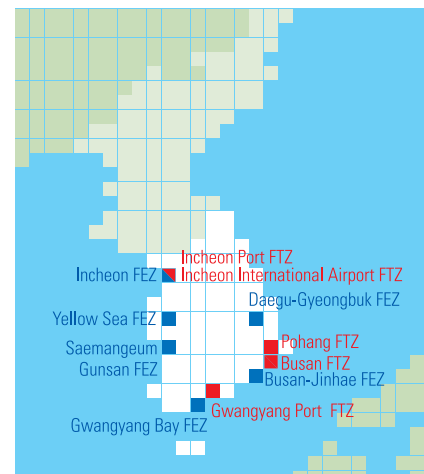
◆ Major Incentives Offered by FEZs

Category	Description
Tax breaks	<ul style="list-style-type: none"> <li>For foreign-invested companies: 100 percent exemption for 5 years and 50 percent exemption for 2 years on both income tax and corporate tax</li> </ul>
Various forms of financial support	<ul style="list-style-type: none"> <li>Breaks on agricultural land creation and other costs for implementers of development projects</li> <li>State financial support for infrastructure facilities</li> <li>Breaks on rental charges for foreign invested companies (up to 100 percent)</li> </ul>
Improvement of the business environment	<ul style="list-style-type: none"> <li>Foreign-invested companies are exempt from the regulations imposed in the Greater Seoul Area, including the total factory location limit.</li> <li>Foreign-invested companies are exempt from the mandatory employment system for recipients of the national meritorious service award and individuals with disabilities</li> <li>For foreign-invested companies, workweek holidays, types of business involving the dispatch of workers, and the periods of such dispatch have been extended.</li> <li>Foreign-invested companies are exempt from the ceiling on the total amount of investment.</li> </ul>
Improvement of the living environment	<ul style="list-style-type: none"> <li>The establishment of foreign education institutes is allowed (elementary, middle and high schools, and universities).</li> <li>The establishment of foreign hospitals is allowed. Koreans can also receive medical services from them.</li> <li>Provision of foreign language services at public agencies</li> </ul>
Streamlining of administrative procedures	<ul style="list-style-type: none"> <li>38 procedures pertaining to legal approvals and permissions have been streamlined.</li> <li>The FEZ Office, an agency which provides one-stop administrative services, has been established.</li> </ul>

Incheon International Airport's hinterland logistics complex (free trade zone) and its FEZ, Busan New Port's logistics complex, Busan-Jinhae FEZ, and Gwangyang Bay's logistics complex and Gwangyang Bay FEZ together constitute the optimal environment for building a competitive international supply chain in Northeast Asia as well as for handling import/export cargoes in South Korea.

In these zones, many leading global manufacturing and logistics companies are operating as tenants. Since the FEZs and FTZs are undergoing continuous expansion by stage, however, many sites are still available.

Furthermore, to promote demand in South Korea's domestic market, the Greater Seoul Area, with its massive demand, areas in the vicinity of Yeongdong Expressway and the Cheonan-Daejeon area are widely used as effective logistics hubs which provide easy access to many regions in the country.

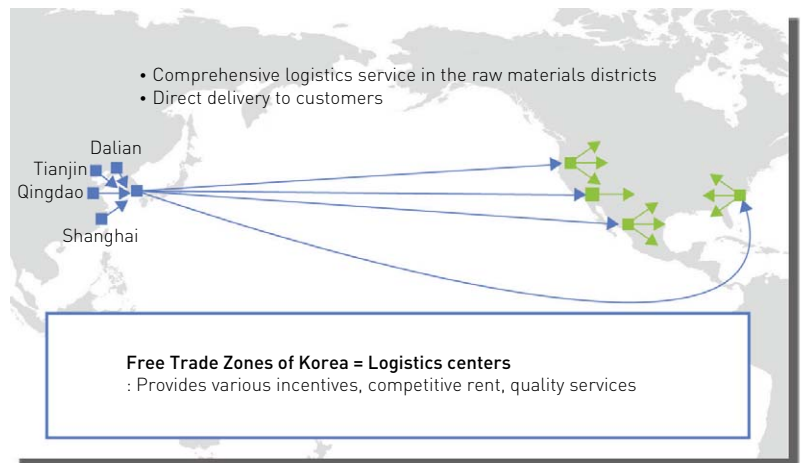


## ❖ Business Tips

Companies effectively able to exploit South Korea's superior geo-economic location, excellent logistics infrastructure and services, and tax breaks, among other economic incentives will be able to efficiently manage their supply chains through diverse logistics businesses, and cut logistics costs drastically.

- Those which can maximize South Korea's world-class logistics workforce and the country's cutting-edge IT-based logistics systems will be able to efficiently manage China's import/export products logistics, cutting both time and cost.
- By concentrating on South Korea's FTZs with a smaller number of products of diverse types that are exported and imported across China and providing value-added services for them, further costs associated with foreign exchange rate changes can be cut if they are delivered to major markets including the United States and Europe.
- In the case of products subject to less strict country-of-origin regulations and products subject to large-scale tax breaks resulting from Korea's free trade agreements (FTAs) such products can be exported under a Korean brand name, and subsequently enjoy higher sales prices, if companies relocate their Chinese production bases or assembly factories to South Korea's FTZs, and manufacture and assemble their products there.

## ◆ Services through Intensive Logistics Management in Production District Areas



### LG in China (Tianjin, Shenyang, Shanghai, etc.)

**Investment:** Undecided

**Ports concerned:** Port Hinterland Complex of Korea

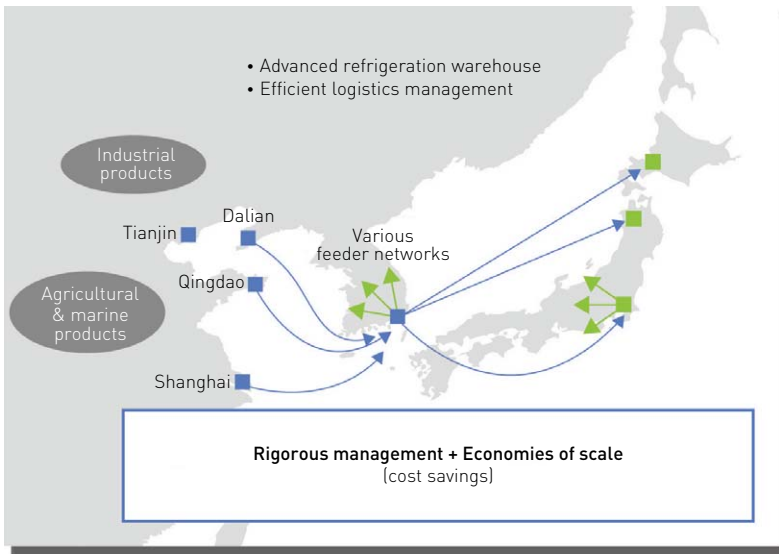
**Major businesses:** intensive management and distribution of electronic appliances

- Logistics services in individual factories

- Group-level comprehensive logistics service

- Although consumer goods and agricultural products produced in China are being imported in increasingly large quantities to Japan, many products fail to meet Japan's strict quality requirements, resulting in frequent claims for compensation. Companies can use South Korea's cutting-edge facilities and speedy quarantine systems within harbor-based FTZs and well-developed feeder logistics networks, and refine their logistics services for Korean domestic demand and exports to Japan.
- In the case of large companies and logistics companies that need to procure and supply raw materials across China, they can use South Korea's harbor-based FTZs to supply raw materials across China, and gain margins from sharp fluctuations in prices.

◆ **Promotion of Logistics Services through Flexible Response to Customer Requirements**

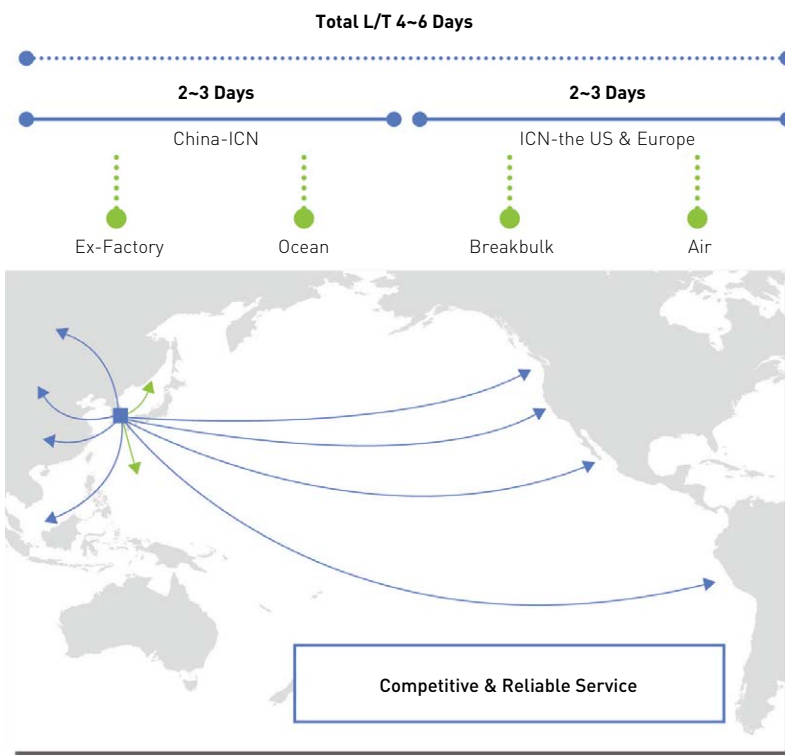


**Korea H group (Busan, Seoul etc.)**

**Investment:** Undecided  
**Ports concerned:** Busan Port Logistics Complex  
**Major businesses:** Intensive management for distribution of frozen fishery products  
 - Intermediary processing trade for frozen fishery  
 - Expanded Japanese market thru enhancement of service quality

- Speedy air transportation and low-cost marine transportation can be combined to overcome the shortcomings of China-origin air cargo services and cut costs in the process.
- In the case of companies handling high-price or seasonal products (textiles, electronics, etc.), they can use services provided by the well-established China-Korea ferry services as well as the ample air cargo services of Incheon International Airport to transport goods requiring roughly one week of delivery time, thereby meeting delivery time and further reducing logistics costs.
- In the case of air cargo transported from China to the United States, combined sea and air services take 2-3 days more than direct air transport, although costs can be cut by over US\$2,000 per 40-foot container.

◆ Cost Savings and Timely Delivery of Mid- and Short-term Cargo



**A company E in Tianjin (a multinational logistics company)**  
**Investment:** Undecided  
**Ports concerned:** Incheon Port Logistics Complex  
**Major businesses:** Sea & Air business  
 - Cost reduction through a feeder line between Korea and China  
 - Timely delivery through an air carrier between Central America and the US

- Companies taking advantage of well-established Korea-China-Japan feeder networks to speedily transport and deliver a small number of diverse products to various parts of Japan can cut down on logistics costs and delivery time.
- By transporting cargo by truck from the pick-up and delivery centers of Japan's major harbors to various parts of the country, high logistics costs will be incurred resulting in environmental pollution and traffic jams. However, by concentrating a diverse array of products from various parts of the region in South Korea's harbor FTZs and delivering them to various destinations in Japan, logistics system efficiencies will be enhanced.
- By utilizing South Korea's FTZs, companies will be able to cut transportation costs, indirect taxes, and administrative costs by KRW 200,000 to 300,000 per TEU. In addition, inland logistics costs incurred in Japan will decrease by about 15-20 percent.



# FDI in Korea's Logistics Industry



## ❖ Overview

Most countries are well aware of the importance of FDI promotion in the development of their national economy while competing with other countries across the world. FDI is induced for various reasons including resource exploration (natural/artificial resources), market exploration, efficiency, and strategic resources exploration, among others.

The Asia-Pacific Region is facing an important change in economic growth along the coastal areas as well as international cooperation regarding transportation systems including the Asian Highway and Trans-Asian Railway. Regional and international cooperation for trade and transportation facilities is increasing in Europe and Asia which has helped diminish barriers between countries. Such trends will generate increased demand for a logistics cluster platform that covers many countries.

Korea has been making substantive efforts to secure infrastructure for logistics including upgrading roads, railways, airports and port facilities in order to increase national competitiveness. Major infrastructure for logistics, including airports and seaports, has been significantly expanded.

Foreign companies are participating in SOC private investment projects driven by Korea in the form of equity investments or long-term loans (over five years). AMEC of the United Kingdom has invested in the construction of the Incheon Bridge (at 18.5km, the sixth longest in the world) which connects Incheon International Airport to Incheon Songdo International City in a BTO (Build-Transfer-Operate) system.

Systra (France) has invested in the construction of a light railway between Busan and Gimhae in a type of equity investment, while Mizuho Corporate Bank (Japan) is providing a long-term loan to the highway project between Daegu and Busan. DP World (Dubai) and Bouygues (France) among others are carrying out the operation and development of port terminals and logistics centers. They are also participating in the construction of Busan New Port (30 docks for container terminals). Prologis (USA) and others are investing in real estate development for logistics including general warehousing in inland areas.

Incheon International Airport, as the second largest international cargo airport and one of the top 10 international passenger airports as of March 2009, accommodates 56 airliners flying to and from 165 major cities across the world. It is becoming a hub airport in East Asia with facilities that can handle 4.5 million tons of cargo a year along with three large runways (two 3,750m runways and one 4,000m runway). In addition, Incheon International Airport has been recognized as the “Best Airport Worldwide” for four consecutive years for the first time in the history of the Airport Service Quality (ASQ) survey carried out by Airports Council International (ACI), an organization of over 1,700 airports across the world.

Incheon International Airport has developed and is operating the First Phase of its Airport LogisPark project along with its cargo terminal areas to maximize cargo and generate value added in response to changes in the international logistics environment. Areas around Incheon International Airport accommodating foreign logistics companies include DHL, Fedex, UPS, Polar Air, Schenker, KWE, and AMB Property. Incheon International Airport also accommodates the Asian hub of ASML, the world's third largest semiconductor equipment company, which is headquartered in the Netherlands. Additionally, Incheon International Airport is planning to develop a logistics complex (920,000m<sup>2</sup>) in the second phase and to provide sites beginning in 2012.

The Busan New Port next to the current port of Busan is the fifth largest port (13,452,000 TEU) based on the quantity of goods transported by ports across the world in 2008. Phases 1-3 of the Port's Northern Container Logistics Support Complex have been developed, with several foreign companies already established within. They include C. Steinweg Warehousing PTE., COSTCO Logistics Co., and Sanyo Maritime, among others.

The development project at the Northern Container Logistics Support Complex (Phase 4 scheduled for 2011) is in progress (0.22 million m<sup>2</sup>), and the Southern Container Logistics Support Complex (1.42 million m<sup>2</sup>) and the Woongdong District Logistics Support Complex (3.58 million m<sup>2</sup>) are planned for development, as well.

Gwangyang Port is exclusively reserved for containers, and development of its Eastern Logistics Support Complex (1.95 million m<sup>2</sup>) was completed in 2008. Foreign companies like TESCO Holdings, and Mevius, have already established operations there and plans are in place to develop a Western Logistics Support Complex (1.93 million m<sup>2</sup>) by 2012.

The Port of Pyeongtaek located near the capital region is developing an area of 1.43 million m<sup>2</sup> for a logistics support complex by 2010 and is set to develop an additional 1.2 million m<sup>2</sup> by 2015.

Ulsan Port, characterized by a high presence of liquid cargo, accommodates foreign-invested companies including Stolt Haven, Vopak, and Odfjell. Designs are being executed to secure a port logistics support complex of 440,000 m<sup>2</sup> by 2011. The respective ports of Incheon, Pohang, Masan, and Mokpo are planning to actively attract more foreign logistics companies while developing their port logistics support complexes, as well.

◆ **Inbound FDI in Korea's Logistics Industry**

(Unit: US\$ million, notification basis)

Year	2004	2005	2006	2007	2008
Logistics (Transportation, Warehousing)	371.7	363.5	567.6	563.8	703.8
Transportation	112.1	144.7	89.3	311.3	19.7
Warehousing	259.6	218.8	478.3	252.5	684.1

Thanks to the efforts of the Korean government, FDI notifications in the logistics sector have shown an increase since 2004. However, the weight of third party logistics (3PL) utilization for shipping companies in Korea stood at 42.2 percent in 2007 and 46.3 percent in 2008, much lower than the 70-80 percent seen in advanced countries.

Accordingly, the Korean government is planning to expand third party logistics for cost savings and specialization through logistics rationalization to foster companies in the sector and address the advancement of cargo transportation markets in a systematic manner. It also plans to newly develop northern and southern inland logistics bases around the capital region to revitalize collection and distribution systems. In addition, it plans to continuously expand IFT (Integrated Freight Terminals), ICD (Inland Container Depots), inland logistics bases and complexes while extending logistics complexes under operations in three sites to 39 sites by 2012.

The Korean government is also planning to build a national logistics general information center by 2012 to link and integrate the logistics information network while constructing an RFID based information system for the country's logistics bases including airports and ports.

### ❖ FDI Incentives in the Logistics Industry

In accordance with the 7-year Tax Break Operation Regulation for free economic zones, which was resolved in March 2009, large-scale foreign-invested companies are eligible for 7-year tax breaks. Major incentives for foreign companies that invest at least US\$10 million in the logistics sector include a 100-percent exemption from corporate tax and income tax for 5 years, and a 50-percent exemption for a further 2 years. The hinterland areas of airports and harbors, which are mostly located in the FEZs, benefit from these tax breaks.

Currently, foreign tenant companies within the logistics complex of Incheon International Airport obtain a 50-percent exemption from land rental charges for 5 years in cases where the initial investment ranges between US\$ 5-10 million, and a 100-percent exemption for 5 years in cases where the investment cost totals US\$10-15 million.

The Ministry of Land, Transport and Maritime Affairs (MLTM), which is responsible for the logistics sector, has decided to offer a range of incentives to be applied according to the scale of investment by foreign companies newly established in the hinterland complexes of free trade zones such as Busan New Port, Gwangyang Harbor, and Pyeongtaek-Dangjin Harbor (March 2009). As such, differentiated incentives are provided according to the size of a company's investment, such as a 5-year, 50-percent exemption from rental charges for an investment of US\$5 million; a 5-year exemption from rental charges for an investment of US\$10 million; a 7-year exemption from rental charges for an investment of US\$15 million; and a 15-year exemption from rental charges for an investment of US\$50 million.

Separately, certain local governments provide their own incentives for cargo attraction in a bid to help companies overcome the recent economic downturn, and to assist challenges faced by the logistics industry specifically, and thereby enhance its competitiveness.

## ❖ Logistics Industry Promotion Policy

The South Korean government, having recognized logistics services as a key to national development, has established and is now revising a National Logistics Master Plan composed of 5-year phases. Under this plan, the government will foster the logistics industry as a new growth engine with the aim of creating global value-added, in line with the overall goal of raising logistics value-added to 11-percent of the country's GDP by 2020. At the same time, five major strategies are being implemented to ensure that corporate logistics costs will account for 6 percent of sales to build low-cost, high efficiency national logistics systems, and to enhance the global competitiveness of key national industries.

The government is striving to develop South Korea's logistics system into the world's best so as to enhance the country's competitiveness while effectively supporting corporate activities. Domestic and foreign companies can take advantage of a range of support policies concerning facility location, taxes and finance to build optimal logistics systems.

### ◆ Strategies under the National Logistics Master Plan

Strategy	Description
Strengthen global logistics systems	<ul style="list-style-type: none"> <li>① Expand the infrastructure of major airports and harbors and develop them into international logistics centers.</li> <li>② Strengthen their linkages to Northeast Asia's logistics networks.</li> <li>③ Prepare logistical measures to respond to the expansion of South-North exchange.</li> <li>④ Conduct sales activities vigorously and openly to attract global logistics companies.</li> </ul>
Build and refine hardware infrastructures	<ul style="list-style-type: none"> <li>① Push for combined development and activation of logistics hubs facilities.</li> <li>② Strengthen the linkage functions between industries and logistics hubs.</li> <li>③ Refine urban and provincial logistics bases to activate regional logistics functions.</li> <li>④ Activate massive cargo transportation systems so as to balance the use of various means of transportation.</li> <li>⑤ Refine cargo handling facilities and equipment to build efficient transportation systems in linkage with logistics hubs.</li> <li>⑥ Build eco-friendly logistics systems.</li> </ul>
Strengthen software-oriented logistics systems	<ul style="list-style-type: none"> <li>① Push ahead with national logistics informatization and networking in order to promote the efficiency of national logistics systems and to strengthen the linkage between industries and logistics.</li> <li>② Diffuse standardization systems to enhance the efficiency of national logistics.</li> <li>③ Develop and diffuse future-oriented, cutting-edge logistics technologies with potentially great economic ripple effects.</li> <li>④ Strengthen system support for fostering logistics experts who will lead the advancement and internationalization of the logistics industry.</li> </ul>
Activate the logistics industry	<ul style="list-style-type: none"> <li>① Foster specialist logistics companies.</li> <li>② Enhance the transparency of the logistics markets to resolve such problems as market distortion.</li> <li>③ Strengthen support for the efforts of domestic logistics companies to internationalize their operations.</li> </ul>
Establish national logistics base systems	<ul style="list-style-type: none"> <li>① Establish integrated logistics policy systems.</li> <li>② Refine systems or the compilation of logistical statistics.</li> </ul>

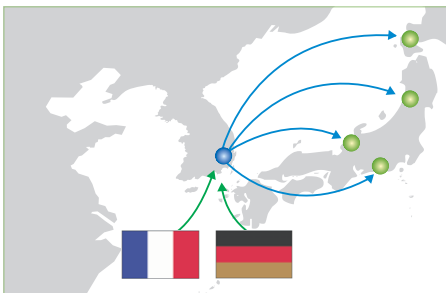
# Case Study of FDI in Korea



## CASE 1

### Distribution cost reductions through packaging in large quantities

**Case Study:** France-based company B transports products (including hair removal products for women and high-end cleaners) in large quantities that require supply on the same day to the Busan Port Free Trade Zone, and then repackages them in small quantities before exporting them to Japan and Korea. The company enjoys tax breaks of as much as USD 200~300 per TEU.



**Distribution cost reduction effects:**  
USD 200~300/TEU

The business model where specific cleaners or daily supplies manufactured in European countries including Germany and France are repackaged in Busan before being delivered to multiple destinations in Japan

For high-end special cleaners, perfumes, and wines, etc. manufactured in Europe, distribution costs can be reduced by transporting in large quantities to Free Trade Zones at Korean ports and undertaking mixed loading, consolidating, sophisticated packaging, and labeling before delivering them to consumers in Northeast Asia.

Through customized sales strategies of packaging which meets customer requirements, and sophisticated and prompt services by transporting in bulk packaging (drums, oak barrels, etc.), companies can reduce distribution costs by 10~20 percent and add value.

Currently such items manufactured in several European countries (including Germany, France and Italy) are being transported to Free Trade Zones at Korean ports. In particular, companies exporting to Japan can benefit by reducing transportation time when they utilize an excellent feeder network which exists at the Busan Port. A number of companies are considering using this model in the liquor market as well.

## CASE 2

### Model utilizing Korea's assembly technology

**Case Study:** US-based company T has an assembly factory in Korea where materials from France and Korea are assembled to target the Northeast Asian market. The company can reduce distribution costs by 15~30 percent on average and is scheduled to expand production capacity in the near future.

This business model brings high-priced office chairs and equipment manufactured in the US and Europe into the distribution center in Free Trade Zones at Korean ports where they are finished before being exported to the Northeast Asian market. In particular, with the increase in demand for high-end office equipment in Korea and Japan coupled with economic growth in China, markets are set to grow rapidly, along with high value-added distribution services that utilize superior assembly materials in Korea.

This business model features transportation in small units and high-capacity loading from the invested corporation's perspective, along with a reduction in distribution and labor costs. Defect rates are low as products are assembled in the vicinity of consumer locations.



#### Utilization of Korea's assembly technology

- Import of parts for high-end chairs to assemble and sell in Korea, China and Japan
- Reduction of production costs by 30% and distribution costs by 15%

Source: Incheon International Airport ([www.airport.kr/eng](http://www.airport.kr/eng))

### CASE 3

## LCD clustering model

This business model utilizes the LCD cluster that interconnects assembly factories in China and Taiwan as well as sophisticated LCD technologies from Korea and Japan.

The production base of the global display industry is concentrated in Northeast Asia; Korea, Japan, Taiwan and China are the major manufacturing countries. The tripartite competition system among Korea, Japan and Taiwan remained until the mid 2000s with a reinforced international specialization system. The establishment of global production networks in the display industry is expected to accelerate with the expansion of local production by large conglomerates.

The display industry including LCDs favored rapid transportation via air carriers due to high prices and the need for timely delivery. However, due to plunging prices and expansion of the consumer market along with severe competition, this industry is shifting back to conventional transportation. In particular, marine transportation is gaining popularity as the product breakage rate is lower than in air transportation.

When examining the structure of the industry in East Asia, Japan generally oversees the entire process of manufacturing, while Korea and Taiwan usually manufacture modular products with parts imported from Japan.

Japan dominates the market with leading technology in parts and manufacturing equipment, and manufactures polarizing plates, glass boards, and color filters through joint research with relevant parts and materials contractors.

Korea and Taiwan manufacture modular intermediate products by importing parts, materials and equipment from Japan while localizing some parts to encroach on the Japanese market.

Chinese manufacturers complete products by importing parts and modules from Korea and Taiwan while securing technology in down streaming markets such as LCD TVs.

This model, which leverages specialization in East Asia enables procurement and sales within Korea as well as overseas procurement, sales and distribution services by introducing a distribution center for storage, distribution, processing and management of LCD products in Free Trade Zones at Korean ports.

The LCD clustering distribution business model aims to create additional value from a distribution perspective by transporting a variety of high value-added products and is expected to produce a large quantity of goods transported with frequent transfer of products.

Sufficient demand in the surrounding area is required along with well-established airlines and the shortest possible lead time from frequent transportation services to be qualified as an international distribution base.

The Incheon International Airport is a strategic location as it is located close to Korea's major metropolitan area and retains Asia's largest airline network, which enables reduction in transportation time. In addition, the airport has made numerous efforts to be a qualified international distribution center, including minimization of time required for customs clearance by streamlining procedures, and introduction of government policies and tax conditions favorable to businesses. As a result, the Incheon International Airport has emerged as the world's second largest Asian air hub base with 700 companies conducting business within the Incheon International Airport Free Trade Zone.

Recently, the Incheon International Airport Corporation (IIAC) has taken supplementary measures to attract foreign investment, including establishment of physical infrastructure as well as simplification of cargo classification, repackaging, and overseas transference procedures, allowance of post-facto reports when exporting strategic materials to foreign companies, and settlement of corporate taxes for simpler storage, transfer, and repackaging by foreign companies. In addition, the IIAC has engaged in promotional activities to ensure that the competitiveness of the Incheon International Airport is better known to companies stationed in the Free Trade Zones, as well as to the Korea Trade-Investment Promotion Agency (KOTRA), and the Korea International Trade Association (KITA). As a result, a number of foreign and domestic companies including Schenker Korea, Kuehne & Nagel Inc, Samsung Electronics Giheung Factory, ASML, and SONY are utilizing the Incheon International Airport as a distribution center.

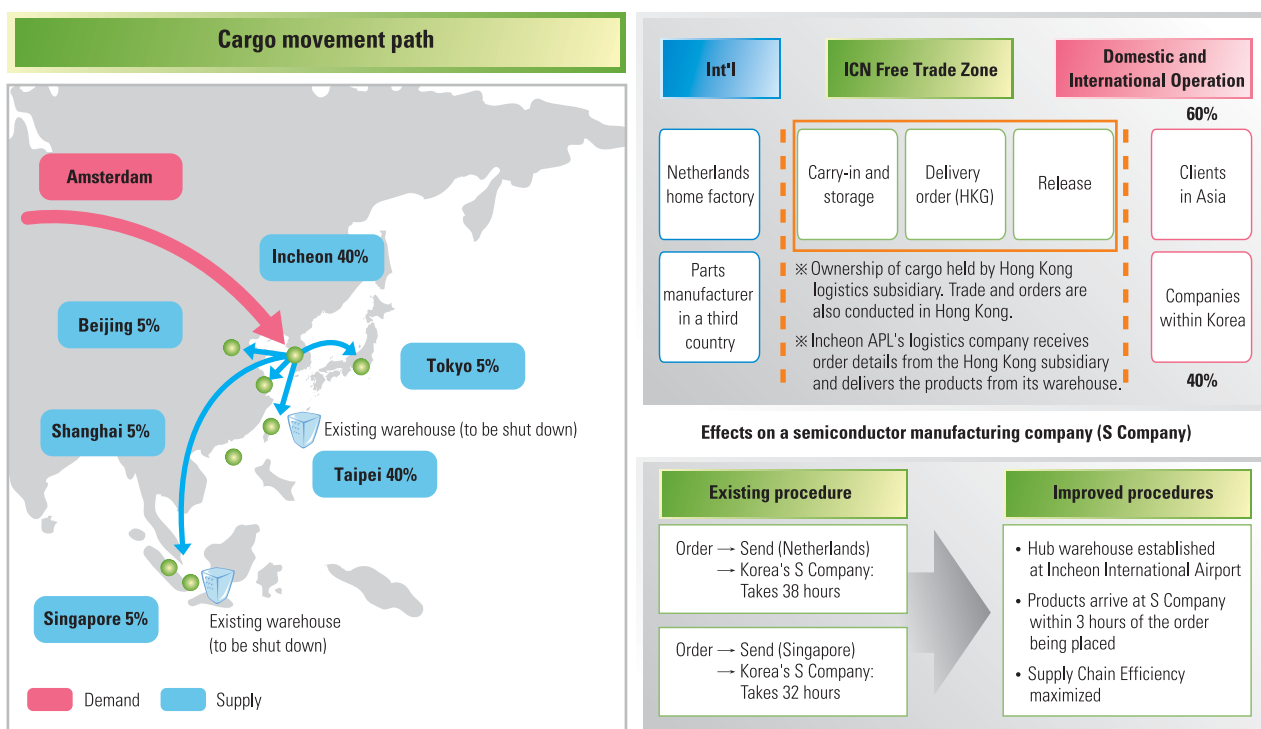
## CASE 4

### ASML

ASML, a Dutch firm and the world's largest semiconductor exposure equipment manufacturer selected Incheon International Airport Free Trade Zone in 2008 as its international logistics center to warehouse products to be distributed worldwide.

ASML is also the world's third largest semiconductor equipment manufacturer in general, with the world's largest revenue in exposure equipment. It formerly had a number of warehouses for parts scattered around Asia but integrated them into a centralized warehouse to cover the Asia Pacific region, and is now scheduled to expand its functions on a global basis to create a global hub warehouse from which parts and equipments can be exported worldwide.

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Starting early in 2009, ASML began operating a logistics center at Incheon International Airport, while the global logistics company Shenker is providing logistics services by renting the world-class logistics facility developer AMB's Incheon International Airport Center.

The government has changed its policy from requiring permission for export of strategic materials, which used to take up to ten days, to post facto reporting after exporting the bulk of strategic materials. This move is to attract more investment in warehousing from multinational companies.

The “Comprehensive Export Permission Policy”, which used to apply only to Korean corporations, has been extended to the distribution centers of foreign companies which do not have a domestic branch. Thanks to this policy, ASML Korea and the headquarters of ASML agreed on “commissioned management of export of strategic materials”, enabling ASML Korea to fully control the export of strategic materials. In addition, the Korea Customs Service and the customs service at the Incheon International Airport allowed the declaration of cargo to be divided and merged by multiple distributors. This enables each cargo item to be self-managed on an individual basis. If the same item is taken out for re-export, companies can reduce the lead time from four hours down to 30 minutes by applying a general export procedure instead of using existing return procedures and using electronic export customs procedures, without resorting to complex paperwork.

## CASE 5 SONY

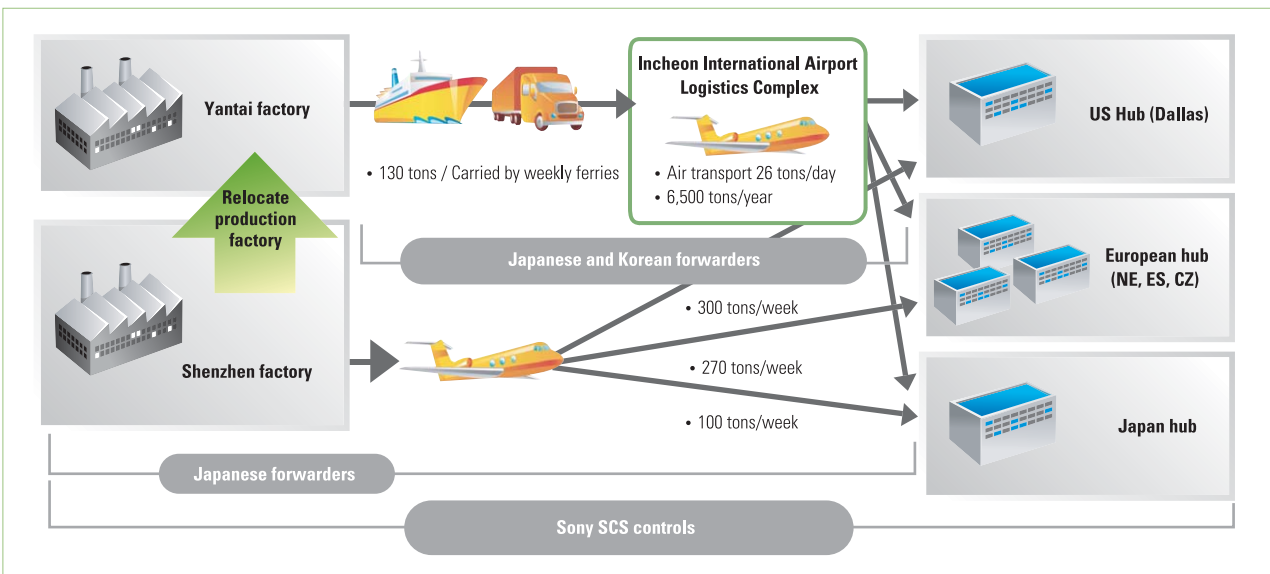
Sony established and began operations at a global distribution center in the Incheon International Airport Free Trade Zone in August 2008 through Sony Supply Chain Solutions (Korea) Co., Ltd.

Sony Inc. has operated a distribution center in Hong Kong for products manufactured in Shanghai and Yantai in China. The company decided to move the distribution center for laptop computers for the US market from Hong Kong to Incheon International Airport, which will handle 14,000 units, and is scheduled to send 420,000 laptop computers weighing about 6,000 tons to the US market annually. If successful, Sony plans to move the entire distribution center from Hong Kong to the Incheon International Airport Free Trade Zone.

The utilization of the current complex transportation and distribution system has been presented to Sony as a significant strategy in determining the transfer of Sony's distribution hub. Sony has adopted a distribution system that utilizes marine and air transportation and a distribution system where product items are transferred to the Incheon seaport using car ferries between China and Korea, and are then distributed worldwide through air carriers at the Incheon International Airport.

Sony's decision is regarded as symbolic of the geographic advantages of Incheon International Airport, which has strong growth potential as a central hub for distribution to the Yellow Sea region.

### ◆ Sony's Logistics Model, Using Incheon International Airport



# Relevant Organizations

## Public Organizations

Ministry of Knowledge Economy	<a href="http://www.mke.go.kr">www.mke.go.kr</a>
Ministry of Land, Transport and Maritime Affairs	<a href="http://www.mltm.go.kr">www.mltm.go.kr</a>
Ministry of Foreign Affairs and Trade	<a href="http://www.mofat.go.kr">www.mofat.go.kr</a>
Statistics Korea	<a href="http://www.kostat.go.kr">www.kostat.go.kr</a>
Free Economic Zone Planning Office	<a href="http://www.fez.go.kr">www.fez.go.kr</a>
Korea Customs Service	<a href="http://www.customs.go.kr">www.customs.go.kr</a>
Korean Intellectual Property Office	<a href="http://www.kipo.go.kr">www.kipo.go.kr</a>
National Tax Service	<a href="http://www.nts.go.kr">www.nts.go.kr</a>
The Bank of Korea	<a href="http://www.bok.or.kr">www.bok.or.kr</a>
Statutes of the Republic of Korea	<a href="http://elaw.klri.re.kr">elaw.klri.re.kr</a>
Korea Trade and Investment Promotion Agency	<a href="http://www.kotra.or.kr">www.kotra.or.kr</a>

## Associations

The Korea International Trade Association	<a href="http://www.kita.net">www.kita.net</a>
Korea International Logistics Council	<a href="http://kilc.kita.net">kilc.kita.net</a>
Korea International Freight Forwarders Association	<a href="http://www.kiffa.or.kr">www.kiffa.or.kr</a>
Korea Port Logistics Association	<a href="http://www.kopla.or.kr">www.kopla.or.kr</a>
Korea Customs Logistics Association	<a href="http://www.kcla.kr">www.kcla.kr</a>
Korea Logistics Association	<a href="http://www.kola.or.kr">www.kola.or.kr</a>
Korea Trucking Association	<a href="http://www.gongje.co.kr">www.gongje.co.kr</a>

## Research Institutes

The Korea Transport Institute	<a href="http://www.koti.re.kr">www.koti.re.kr</a>
Korea Maritime Institute	<a href="http://www.kmi.re.kr">www.kmi.re.kr</a>

## Local Governments (in alphabetical order)

Busan Metropolitan City	<a href="http://www.busan.go.kr">www.busan.go.kr</a>
N. Chungcheong Province	<a href="http://www.cb21.net">www.cb21.net</a>
S. Chungcheong Province	<a href="http://www.chungnam.net">www.chungnam.net</a>
Daegu Metropolitan City	<a href="http://www.daegu.go.kr">www.daegu.go.kr</a>
Daejeon Metropolitan City	<a href="http://www.metro.daejeon.kr">www.metro.daejeon.kr</a>
Gangwon Province	<a href="http://www.provin.gangwon.kr">www.provin.gangwon.kr</a>
Gwangju Metropolitan City	<a href="http://www.gwangju.go.kr">www.gwangju.go.kr</a>
Gyeonggi Province	<a href="http://www.gg.go.kr">www.gg.go.kr</a>
N. Gyeongsang Province	<a href="http://www.gyeongbuk.go.kr">www.gyeongbuk.go.kr</a>
S. Gyeongsang Province	<a href="http://www.gsnd.net">www.gsnd.net</a>
Incheon Metropolitan City	<a href="http://www.incheon.go.kr">www.incheon.go.kr</a>
Jeju Special Governing Province	<a href="http://www.jeju.go.kr">www.jeju.go.kr</a>
N. Jeolla Province	<a href="http://www.jeonbuk.go.kr">www.jeonbuk.go.kr</a>
S. Jeolla Province	<a href="http://www.jeonnam.go.kr">www.jeonnam.go.kr</a>
Seoul Metropolitan Government	<a href="http://www.seoul.go.kr">www.seoul.go.kr</a>
Ulsan Metropolitan City	<a href="http://www.ulsan.go.kr">www.ulsan.go.kr</a>

## Free Economic Zones


Incheon Free Economic Zone	<a href="http://www.ifez.go.kr">www.ifez.go.kr</a>
Busan-Jinhae Free Economic Zone	<a href="http://www.bjfez.go.kr">www.bjfez.go.kr</a>
Gwangyang Bay Area Free Economic Zone	<a href="http://www.gfez.go.kr">www.gfez.go.kr</a>
Yellow Sea Free Economic Zone	<a href="http://www.yesfez.go.kr">www.yesfez.go.kr</a>
Saemangeum-Gunsan Free Economic Zone	<a href="http://www.sgfez.go.kr">www.sgfez.go.kr</a>
Daegu Gyeongbuk Free Economic Zone	<a href="http://www.dgfez.go.kr">www.dgfez.go.kr</a>

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## Logistics-related

Incheon International Airport	<a href="http://www.airport.kr">www.airport.kr</a>
Gimpo International Airport	<a href="http://www.airport.co.kr/doc/gimpo">www.airport.co.kr/doc/gimpo</a>
Busan Port Authority	<a href="http://www.busanpa.com">www.busanpa.com</a>
Korea Container Terminal Authority	<a href="http://www.kca.or.kr">www.kca.or.kr</a>
Incheon Port Authority	<a href="http://www.icpa.or.kr">www.icpa.or.kr</a>
Gyeonggi Pyeongtaek Port Corporation	<a href="http://www.gppc.or.kr">www.gppc.or.kr</a>
Gwangyang Port Distripark	<a href="http://ftz.kca.or.kr">ftz.kca.or.kr</a>
Korea Railroad	<a href="http://www.korail.com">www.korail.com</a>
Korea Expressway Corporation	<a href="http://www.ex.co.kr">www.ex.co.kr</a>

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