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Republic of Korea’s Port Development and Challenges

Kim Gyuserb, Deputy Director of Port Policy Division
INDEX

01  Ports to Korea
02  Ports in Korea
03  Busan New Port Development Project
04  Characteristics and Challenges in Port Policy
Ports to Korea
- Divided Nation in Peninsula: **Actually Island**
- **Small Nation with No Natural Resources**
  - Area: 99,720㎢, 109th in the world
  
  → No Choice but **International Trade through ports**
- **Favorable Location** for Maritime Transportation
  - Between 2nd and 3rd Largest Economies in the world
  - On the Main Shipping Routes

→ Fast Growth in Industries based on Ports
  (raw material import and product export)
02

Ports in Korea
60 ports: 31 International ports, 29 Coastal ports

- 5 major ports, handling more than 100 million tonnage a year

Port of Incheon
Port of Pyeongtaek
Port of Ulsan
Port of Busan
Port of Gwangyang
Ports in Korea are,

1. Most Important **Industrial Infrastructure** (Industrial Ports)

2. Most Important **Logistics Infrastructure** (Container Ports)
1. Most Important **Industrial Infrastructure** (Industrial Ports)

- **Shipbuilding Industry** (2nd in the world)

- Port of Ulsan
- Port of Gohyen
- Port of Okpo
1. Most Important **Industrial Infrastructure** (Industrial Ports)

- **Steel Industry** (5th in the world)

  Port of Pyeongtak-Dangjin  
  Port of Gwangyang  
  Port of Pohang
1. Most Important **Industrial Infrastructure** (Industrial Ports)

- **Oil and Chemical Industry** (*6th in the world*)

Port of Pyeongtak-Dangjin  Port of Daesan  Port of Gwangyang  Port of Ulsan
1. Most Important Industrial Infrastructure (Industrial Ports)

- Car Manufacturing Industry (5th in the world)

Port of Pyeongtak-Dangjin
2. Most Important Logistics Infrastructure (Container Ports)
- Container Throughput: 26 million TEU in 2015 (4th in the world)
- Port of Busan: 6th in Container throughput
Busan New Port Development Project
In late 1990’s

No More Space for More Port Facilities

→ New Port at New Location, far away from City

10 New Port Development Projects started

- Public Sector : Breakwater, Dredging, Road, Railway
- Private Sector : Container Terminals
Busan New Port

Busan New Port

Heavily Populated Area
Busan New Port
Busan New Port

13 berths in operation
- 13 million TEU in 2015
8 berths under construction
6 berths under F/S
Characteristics and Challenges in Port Policy
Characteristics of Korea’s Port Policy

1. **Centralized Policy Making Process and Execution**
   - Owned by Central Government
   - No Role from Local Government
Characteristics of Korea’s Port Policy

2. Highly Controlled Development and Management

- National Port Development Master Plan (every 5 years)
1. Confliction between City and Port

Port of Busan

Port of Incheon
Challenges of Korea’s Port Policy

1. Confliction between City and Port

Busan Port Redevelopment Project
Challenges of Korea’s Port Policy

2. Low Demand Growth in Port
   - Supply Surplus in Shipbuilding, Steel, and Chemical Industries
   → Downsizing Trend in port-based Heavy Industries
   - More Severe Competition for Container Hub among ports
Challenges of Korea’s Port Policy

3. Uncertainty in Container Shipping

- Changes in Alliances

- ~2011: 6
  - Maersk
  - MSC
  - CMA-CGM
  - New world
  - Grand
  - CKYH

- ~2016: 4
  - 2M
  - G6
  - Ocean 3
  - CKYH+E

- 2017: 3
  - 2M+HMM
  - Ocean
  - The Alliance
**Challenges of Korea’s Port Policy**

3. **Uncertainty in Container Shipping**
   - Bigger ships

Source: OECD-IFT, The impact of mega ship, 2015, 05.

Source: Economist. Com.
- Challenges of Korea’s Port Policy
  3. Uncertainty in Container Shipping

- Hanjin Shipping Company’s Bankruptcy
Challenges of Korea’s Port Policy

3. Uncertainty in Container Shipping
- How fast?
- How many?
- How deep?