Korea’s Strategy for Promoting Eurasian Sea–Rail Intermodal Transport

2017.4.6.
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I. Background

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ROUTE DIVERSIFICATION THROUGH EURASIAN SEA-RAIL INTERMODAL TRANSPORT
I. Background

**ROUTE DIVERSIFICATION THROUGH EURASIAN SEA-RAIL INTERMODAL TRANSPORT**

REQUIRES

**STATUS ANALYSIS AND SOLUTION DELIVERY**
Eurasian Sea–Rail Intermodal Transport Route
Ⅱ Progress
II. Progress

- Korea–Kazakhstan Logistics Cooperation Meeting & Expert Seminar in Kazakhstan (’16.12.6.~12.9.)
  - Visit by the Assistant Minister of MOLIT to Kazakhstan (’16.12.6.~12.8.) and Expert Seminar in Kazakhstan (’16.12.9.) to Build a Consensus for the Eurasian Sea–Rail Intermodal Transport

- Meeting with Korean Businesses (’16.12.27.)
  - Agreement on Launching an Public–Private T/F on the Eurasian Sea–Rail Intermodal Transport

- Launch of the Public–Private T/F on the Eurasian Sea–Rail Intermodal Transport
  - Make-up: Members of Government, Logistics & Shipping Companies, Research Institute

- Three T/F Meetings (’17, 1~3)
  - Review of the Current Transcontinental Railway & Its Prospect, Discussion of Strategy

- Korea–China Logistics Cooperation Meeting / Korea–China–Japan Meeting on Transport & Logistics (17.3.22.~23.)
  - Exchange of Opinion and Cooperative Ideas among the Two/Three Countries
Challenges
III. Challenges

Low Demand from the Korean Shippers due to High Costs, Imbalance in Logistics Flow and Technical Issues

1. High Costs of TCR

- Three Times Higher than Maritime Transport Costs
  
  \[\text{EX} \ 7,000\text{USD from Busan} \rightarrow \text{Lianyungang} \rightarrow \text{Khorgos} \rightarrow \text{Brest(Poland)}\]

  * Maritime Transport: 1,500~2,000USD from Busan to Hamburg (As of Feb, 2017)

- Threshold Fares that Shippers Can Accommodate for a Cut in Transport Time: USD 4,000

  * 33 Days (maritime) VS 21 Days (Intermodal Transport) → Time Saving of 12 Days
III. Challenges

2. Imbalance in Logistics Flow between Korea and EU

- **Intermodal Transport Flow:** Biased toward ‘from Korea to EU’
  - Selling of ‘Vacant Containers’ by Korean Shippers to Reduce Costs

  * Transport to EU: Electronics(including components), Automobile Parts, Nuclear Reactor Machinery
  * Transport to Korea: Fossil Fuel, Photosynthesis Machinery

3. Technical Issues

- Delay & Disruption in Transport due to Differences in Customs Procedure and Classification Code
- Damages in Transit due to Shocks inside Rail Cars, Security Check, and Dramatic Temperature Change( in case of Intraregional Trade)
- Poor Reliability of Service due to the Lack of a Real-time Tracking System
IV Promotion Strategy
IV. Promotion Strategy

01. Better Price Competitiveness for TCR

02. Securing Transport Volume for Shippers

03. Logistics Technology Development through R&D

04. Building of a Global Cooperation Channel through UNESCAP
Better Price Competitiveness for TCR

Government Support

- China: Subsidy Payment for TCR Promotion
  - An MOU with Germany to Offer Subsidies on the Goods
    Transferred from/to Turkey
  - Implementation of a Joint Study
    (Korea/China/Japan) on Subsidy Installment

- Kazakhstan-owned Terminals
  at the TCR Origin and Destination Points
  → Negotiation with the Kazakhstan Government
    over the Terms of the Terminal Use

Reduction in Transport Costs

- Review of the K-DST Technology to Reduce Costs per Unit Load

- Implementation of A Joint Study
  (Korea and China) to Explore Application of the K-DST and Other Technologies to TCS Route
Securing Transport Volume for Shippers

Support for the Shippers Using the Eurasian Route

- Consulting Support for the Logistics–Shipper Consortium* and Logistics Sharing Project** to Secure Transport Volume from Korea
  * 50% of Consulting Expenses (for a Project Worth KRW40m)
  ** Subsidy per Company: KRW14Mil–70Mil

- Use of KOTRA’s Extensive Network* to Offer Support at the Venture Destination
  - For Consortiums with Confirmed or Planned Overseas Projects

Securing Transport Volume from Outside

- Limit in Domestic Transport Volume
  → Increase the Volume with Those from the Korean Companies Based in China and Japanese Companies Shipping via Korea

- Continued Dialogue with Japan to Survey and Tap into the Shipment Passing Korea
Logistics Technology Development through R&D

Seamless Logistics Network

- Creation of a Pan-Eurasian Platform to Share HS Code and CIQ* Information

* CIQ: Customs, Immigration, Quarantine

Service Reliability Improvement

- Development of In-transit Damage Prevention Technologies
  - Shock Absorbing Packaging Technology
  - Non-electric Temperature Management Technology for Containers
  - Remote X-Ray Screening for Container Security Check

- Introduction of a Real-time Tracking System
  - IoT-based Tracking System to Check Transport
  - Information Real-time
Building of a Global Cooperation Channel through UNESCAP

Promotion of the Eurasian Route

- **Seminar with UNESCAP in Korea** (host: KOTI)
  on Eurasia Logistics Standard Harmonization
  * 1st Seminar: '17.2.22.
  2nd Seminar: '17.4.5.-4.6.

- **ASEM–Eurasia Expert Group Meeting on Transport and Logistics** (next meeting: Indonesia)
  To Exchange Policy and Technology Trends
  And Discover New Cooperative Ideas

Promotion of Public–Private Partnership

- A Proposal to Launch a Joint Study among Korean, Chinese, and Japanese Experts
  (from China during Korea–China–Japan Meeting on Transport & Logistics)
  → Support Building a Communication Channel and Initiation of the Joint Study

- Regular Meeting between the Government and Experts
  To Discuss Industry Trends and Build Long–term Strategies
Plan Forward
V. Plan Forward

1. Meeting with Korean Businesses to Promote Eurasian Intermodal Transport
   - What Issues Do Businesses Face when Using the Route?

2. Joint Study between Korea, China, and Japan
   - How Can Korea, China, and Japan Share Their Knowledge, Technologies, and Experiences?

3. Visit to the Intermodal Transport Sites in Korea, China, and Japan
   - How Can We Better Connect the Tree Hubs of Korea, China, and Japan?
Thank You