

## Course Material No.9

# ROK Market Opportunity: Logistics

**Course 9: ROK Market Opportunity – Logistics** aims to introduce ROK's logistics infrastructure, as well as air and maritime transportation options.

By the end of the course, learners will be able to:

- Understand available logistics options when exporting CA products to ROK;
- Understand how to optimize supply chains and enhance operational efficiency

## Logistics Infrastructure

### ►► Comprehensive Transportation Network

- ❖ Korea's logistics infrastructure rank 17th in the 2023 World Bank Group's Logistics Performance Index, with a score of 3.8 out of 5.
- ❖ This commitment to high-quality infrastructure is supported by an extensive transportation network that includes over 114,314 kilometers of roads and 6,580 kilometers of railways, ensuring regional interconnectivity and facilitating smooth transit across the country.

### ►► Modes of Transportation

- ❖ The well-developed airports and seaports in Korea play crucial roles in connecting the nation to the global landscape, facilitating smooth movement of both passengers and cargo.
- ❖ **Air transport** is the safest and fastest option, with minimal risk of theft or damage, but it is also the most expensive and has strict cargo size and weight limitations.
- ❖ Korea's international and domestic airports serve as key hubs for cargo transport:
  - **Incheon International Airport (ICN)** is a major Asia-Pacific hub, handling about 2.9 million tonnes of cargo annually.
  - **Gimpo International Airport (GMP)** primarily serves domestic and regional flights, processing around 150,000 tonnes of cargo annually.
  - **Busan Gimhae International Airport (PUS)** handles about 75,000 tonnes of cargo annually.

## Airports Network



Major Airports	ICN	GMP	PUS
City	Incheon	Seoul	Busan
IATA	ICN	GMP	PUS
ICAO	RKSI	RKSS	RKPK
Passengers (Annual)	Up to 70 million	Up to 25 million	Up to 17 million
Cargo (Annual)	Up to 2.9 million tonnes	Up to 150,000 tonnes	Up to 75,000 tonnes

- ❖ **Maritime Transport** is the cost-effective and eco-friendly method without size restrictions. However, it is slower and subject to delays from weather and port congestion.
- ❖ Korea's largest seaports include:
  - **Busan Port** is the largest port, ranked sixth globally, handling approximately 22 million TEUs (Twenty-foot Equivalent Units) annually.
  - **Incheon Port** acts as a gateway to the capital city of Seoul, managing around 20 million TEUs annually.
  - **Ulsan Port** specializes in petrochemical and automotive products, with an annual capacity of 15 million TEUs.

## Airports Network



Major seaports	Busan Port	Incheon Port	Ulsan Port
City	Busan	Incheon	Ulsan
UN/LOCODE	KRPUS	KRINC	KRUSN
Port Size	Large	Large	Medium
Coordinates	35°06'11"N 129°03'51"E	37°27'10"N 126°35'44"E	35°32'52"N 129°17'13"E
Port Authority	Busan Port Authority	Incheon Port Authority	Ulsan Port Authority
Cargo (Annual)	22 million TEUs	20 million TEUs	15 million TEUs

## Air Transport from CA to ROK

Incheon International Airport (ICN) is the primary destination for air transport between Central America and Korea, facilitated by its efficient customs clearance system, transport routes, and cost estimates.

- ❖ Import clearance is expedited through UNI-PASS, an electronic customs system, typically completed within two hours.

### Customs Clearance

Export Clearance	Within 2 mins	<ul style="list-style-type: none"> <li>• System: UNIPASS</li> <li>• Paperless: 100%</li> <li>• 24/7 clearance service</li> <li>• Express cargo: one-stop clearance on the spot</li> <li>• Pre-declaration available before entry</li> </ul>
Import Clearance	Within 2 hrs	
Customs Drawbacks	Within 5.2 hrs	
Tax Payment	Within 10 mins	

- ❖ Major airlines, including Delta, Continental, Iberia, British Airways, and United, operate routes connecting Central America to ICN, generally involving stopovers at their respective hubs.
- ❖ Transit times range from two to three days, with daily departures available based on the chosen logistics provider.
  - Understanding the average costs associated with this air transportation is essential for effective logistics planning.

# Maritime Transport from CA to ROK

Busan Port is the primary destination for marine transport between Central America and South Korea, selected for its convenient access from the Americas, as well as its transport routes and associated cost estimates.

## Shipping Routes

- ❖ Marine transport routes from Central America (CA) to Korea generally require transfers at major ports, such as those in Mexico or Panama. A direct shipping option is not available, except for Panama.
- ❖ The shipping process typically involves at least two ports and can take anywhere from 29 to 62 days for freight to reach Busan Port.

Carrier	Origin	Trans shipments	Route
CMA- CGM	Caldera, Costa Rica	Corinto, Nicaragua/ Acajutla, El Salvador/ Puerto Quertzal, Guatemala	
CMA- CGM, HAPAG, M.S.C., Evergreen	Puerto Quertzal, Guatemala	Manzanillo, Mexico	
Maersk	Balboa, Panama	N/A	
COSCO	San Lorenzo, Honduras	Manzanilla, Mexico	

## Costs and Additional Fees

- ❖ According to the quotation received in 2023, the standard shipping cost for a 40' General Purpose container (GP) ranges from a minimum of 643 USD to a maximum of 2,841 USD.
  - A 40' Reefer container costs minimum 4,145 USD and maximum 5,595 USD; however some routes and carriers may not offer reefer containers in certain countries.
  - Actual cost may vary based on shipping volume and timing. Additionally, if special services or packaging/container types are required for certain products, actual costs may differ from the provided estimates. It is recommended to consult with the exporters' logistics partners.
- ❖ A Bill of Lading (B/L) incurs costs related to both port entry and inland transportation.
  - Logistics options and associated costs vary depending on the mode of transport and final destination; therefore, it is advisable to consult with the logistics company to ensure timely delivery.

We look forward to supporting your success in the ROK market.