OVERVIEW
STRATEGIC LOCATION OF BUSAN PORT

- Singapore
- Hong Kong
- Qingdao
- Zarubino
- Vladivostok

<table>
<thead>
<tr>
<th></th>
<th>'08</th>
<th>'09</th>
<th>'10</th>
<th>'11</th>
<th>'12</th>
<th>'13</th>
<th>14.1~9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>13,453</td>
<td>14,194</td>
<td>16,185</td>
<td>17,046</td>
<td>17,686</td>
<td>13,702</td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>5,808</td>
<td>5,372</td>
<td>6,276</td>
<td>7,353</td>
<td>8,748</td>
<td>7,777</td>
<td></td>
</tr>
<tr>
<td>T/S</td>
<td>7,645</td>
<td>8,822</td>
<td>9,909</td>
<td>10,683</td>
<td>10,938</td>
<td>5,925</td>
<td></td>
</tr>
</tbody>
</table>

- Percentage Change: 3.9%
BUSAN PORT: A BIRD’S-EYE VIEW

NEW PORT

NORTH PORT
HISTORY OF BUSAN PORT

1876 • Birth

1940 • Growth

1970 • Prosperity

21st Century • Rebirth
CHANGES IN BUSAN PORT GOVERNANCE
CHANGES IN BUSAN PORT GOVERNANCE

1945.8.
• State-Owned and Operated

1990.4.
• Establishment of Korea Container Terminal Authority

1997.
• State-Owned and Privately-Operated
• Start of TOC System in Korea

2004.1.
• Establishment of Busan Port Authority
<table>
<thead>
<tr>
<th></th>
<th>PAST</th>
<th>PRESENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AUTHORITY</strong></td>
<td>Government</td>
<td>Port Authority</td>
</tr>
<tr>
<td><strong>GOVERNED BY</strong></td>
<td>• Central Government</td>
<td>• Independent Governing Body</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• (Port Commission)</td>
</tr>
<tr>
<td><strong>MAIN FEATURES</strong></td>
<td>• Port economically dependent on strong status of country’s economy</td>
<td>• Financially self-supporting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Balance between public &amp; private benefit</td>
</tr>
<tr>
<td><strong>STRENGTH</strong></td>
<td>• Nationwide balanced development</td>
<td>• Possibility for specialized, expert management</td>
</tr>
<tr>
<td><strong>WEAKNESS</strong></td>
<td>• Lack of locally focused development</td>
<td>• National imbalance in ports’ development</td>
</tr>
</tbody>
</table>
ESTABLISHMENT OF BPA

GOVERNMENT
• Low efficiency
• Lack of expertise
• Lack of locally focused development

BPA
• High quality of port service
• Marketing functions
• Potential for well-timed investment
• Balance between public and private interests
• Proven and widely adopted port management system
ESTABLISHMENT OF BPA

Enactment of Port Authority Act
(*03.5)

BPA Establishment
(*04. 1)

10TH Anniversary Celebration
(*14.1)
CURRENT STATUS OF BUSAN PORT GOVERNANCE
CURRENT STATUS OF BUSAN PORT GOVERNANCE

- Port management rights transferred to PA
- Appointment of PA President & Port Commissioner

- Port Development · Management · Operation

- Terminal Operation
CURRENT STATUS OF BUSAN PORT GOVERNANCE

- SERVICE SUPPLIER
  - GOV.
  - PA

- SERVICE CONSUMER
  - PRIVATE SECTOR

- TERMINAL OPERATORS
  - PORT USERS
  - Ocean Carriers, Shippers...

- BPA
  - Busan Metropolitan City
    - Gyeongsang nam-do

- MOF
ROLE OF CENTRAL GOVERNMENT AND BPA

Ministry of Oceans and Fisheries
- Directs policies relating to maritime development, utilization, and conservation
- Establishes policies of overall maritime administrative system

Busan Port Authority
- Development, management, and operation of Busan Port
**BPA GOVERNANCE: CORPORATE STRUCTURE**

Port Commission

- **Members:** 7 people
- **Highest Decision Making Body of BPA**
BPA GOVERNANCE: MISSIONS

1. To enhance port management efficiency by adopting corporate management system

2. To increase trade volume by strengthening port marketing strategy

3. To develop efficient port expansion plan by securing diverse sources of investment

4. To balance development of both port & city
BPA GOVERNANCE: PORT LOCATIONS

NEW PORT

NORTH PORT

GAMCHEON PORT
## BPA Governance: Port Facilities

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Size</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berths</td>
<td>30,709.4 m²</td>
<td>200 vessels</td>
</tr>
<tr>
<td>Warehouses</td>
<td>71,000 m²</td>
<td>130,000 tons</td>
</tr>
<tr>
<td>Open-Storage Areas</td>
<td>250,000 m²</td>
<td>1,290,000 tons</td>
</tr>
<tr>
<td>Container Yards</td>
<td>3,469,000 m²</td>
<td>520,000 TEU</td>
</tr>
<tr>
<td>Anchorage</td>
<td>21 sites</td>
<td>123 vessels</td>
</tr>
</tbody>
</table>
BPA GOVERNANCE: AREAS OF BUSINESS

1. Port Development
   - Busan New Port Development Project
   - Busan North Port Redevelopment Project

2. Distripark Development

3. Port Management & Operation
   - Container Terminals
   - General Piers
   - Passenger Terminal(Intl’, Domestic, Cruise)

4. Maintenance of Port Facilities
ACHIEVEMENTS
FINANCIAL ACHIEVEMENT

Sales

Net Income

Unit: billion USD

Sales

Net Income

Unit: billion USD
TRADE VOLUME GROWTH

**Total Container Throughput**

<table>
<thead>
<tr>
<th>Year</th>
<th>TEU</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>10,407</td>
<td>5.4%*</td>
</tr>
<tr>
<td>2013</td>
<td>17,686</td>
<td></td>
</tr>
</tbody>
</table>

* Average annual rate of increase

**T/S Cargo Share**

<table>
<thead>
<tr>
<th>Year</th>
<th>TEU</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>6,035</td>
<td>40.8%</td>
</tr>
<tr>
<td>2013</td>
<td>8,933</td>
<td>49.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Local TEU</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>4,251</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>8,748</td>
<td></td>
</tr>
</tbody>
</table>

* Average annual rate of increase
INCREASING PORT EFFICIENCY
CASE STUDY: PORT AUTHORITY OF NEW YORK AND NEW JERSEY

- Financial Independence
- Guaranteed Autonomy of Management
- Satisfying Both Public and Private Interests
EFFECTS TO IMPROVE THE GOVERNANCE OF BUSAN PORT

BUSAN PORT NETWORK
- Working group with Government (MOF), Busan City, ocean carriers, terminal operators, academia

EXPANDING NETWORK
- Regular meetings with foreign ship-owner Representatives
- Regular working-level meetings with ocean carriers

GLOBAL ACTIVITY
- IAPH World Port Conference (2011)
- 1st Busan International Port Conference (2013)
INCREASING PORT EFFICIENCY