GOING FORWARD WITH FREIGHT

The locational and other advantages of Korea have meant business growth over the years for AGS World Transport Korea

Ask AGS World Transport why it chose to invest in Korea, and you’ll quickly realize it all boils down to one word: Busan.

The second-largest city of Korea and located way down south, Busan often takes a backseat to the capital city of Seoul when it comes to business. But as the world’s fifth-largest container port, the Northeast Asian center of transshipments and a port with feeder networks connecting most of the ports of Japan and coastal China, Busan New Port is integral when it comes to international freight forwarding like AGS World Transport.

In 2005, AGS Singapore bought the debt and shares of a struggling Korean company with whom they had long been in a partnership called Eurasia Line. Though almost a decade ago, AGS Singapore realized then that Korea – specifically, Busan – was an important location for shipments to North America, Latin America and China. The government administration at the time was promoting Busan as a Far East Asian mega-hub.

Yes, the ports of China may be growing in both size and number, but vessels heading to the Americas need to stop in Busan or nearby Gwangyang, which makes both key transit locations.

Keun Yeop Kim
Managing Director of AGS World Transport Korea

Two years later, AGS Singapore merged with the Australia-based AGS Group. Today, AGS World Transport Korea is one of the most successful of AGS World Transport’s 25 offices worldwide. Its focus is ocean freight, for which it acts as a neutral non-vessel operation common carrier (N.V.O.C.C.) for less than container load (LCL) consolidation to and from locations around the world. The Korea operations also offers services related to warehousing, customs clearance, buyer’s consolidation, heavy/breakbulk/project cargo, inland hanlage service and 3PL/supply chain solutions. Keun Yeop Kim, managing director of AGS World Transport Korea, which also goes by the name AGS Eurasia Line Co., Ltd., aims to add air freight to his company’s services as well.

AGS World Transport Korea serves its 1,500 freight forwarding customers through a head office in Seoul and a branch in Busan. Kim plans to open a liaison office in the city of Daejeon soon.

AGS World Transport, founded in 1985, moves both full containers and consolidation across all oceans as an N.V.O.C.C. As a Master Loader of Containers, the company controls dedicated space on a large number of vessels and provides weekly services to and from all major ports worldwide.

Kim says the advantages of Korea for a freight forwarding company like AGS World Transport are clear and varied.

The first is a strategic locational advantage. Yes, the ports of China may be growing in both size and number, but vessels heading to the Americas need to stop in Busan or nearby Gwangyang, which makes both key transit locations, said Kim.

“And number two, the Korean government is supportive for transit cargo,” he added. “And also, it’s easy customs clearance for the transit cargo. And also it is good as a gateway to Japan.”

With the relatively high warehousing and trucking costs of Japan, many global companies choose to take care of their labeling and repacking in Busan. Of course, Korea’s proximity to China makes it an ideal gateway to the world’s second-largest economy as well. The future development of Incheon Port, in northwestern South Korea, would offer international freight forwards more opportunities in this regard, said Kim.

Aside from the locational advantages of Korea when considering what makes a company like AGS World Transport successful in Korea, Kim notes something you wouldn’t readily expect in a conversation about the freight forwarding industry. The people.

“Basically, the freight forwarding business is a people business,” he said. “Usually we are not selling the real goods, but we are selling our services... In Korea, the personal relationships are very important. Especially this industry, it’s very important.”

This is where the value of understanding and accommodating to cultural differences comes in, Kim added.

As someone who has been in the industry for 27 years, the managing director has experienced business in Korea getting easier and easier thanks to a government that listens to what foreign companies are saying and makes changes to their feedback.

“The attitude of the Korean government has changed a lot,” said Kim. “So for the foreign companies, it’s good.”

By Young Chang
Executive Consultant
Invest Korea
young.chang@korea.or.kr

Did you know?

- The “AGS” in AGS World Transport stands for “Australian Groupage Services” and “Asian Groupage Services” prior to the purchase of Asian Groupage Services by the new parent company AGS World Transport Pty. “Groupage” is commonly used in Europe. The American equivalent would be “consolidation.”

- Busan New Port, where AGS World Transport Korea does a lot of its business, handles 76 percent of Korea’s port container cargo.