

# LOGISTICS

## Global Market Size/Forecast

- 📌 **(GLOBAL LOGISTICS MARKET SIZE)** The global logistics market is estimated at USD 5.96 trillion in 2024, and it is expected to reach USD 8.04 trillion by 2030, with a compound annual growth rate (CAGR) of 5.11%.



- Aviation Sector Leading Logistics
- Thanks to the explosive growth of e-commerce, over 80% of international e-commerce shipments are expected to be transported by air, with a projected CAGR of 5.97%.  
\*Source: Mordor Intelligence 2024
- Cold Chain Market to Grow by 15.9% Annually
  - The global cold chain market, valued at USD 316.3 billion in 2024, is projected to grow at an annual rate of 19.2%, reaching approximately USD 892.3 billion by 2030.  
\*Source: Cold Chain Market Size And Share 2030, Grand View Research (2024)

### <Domestic ICT Industry Production Forecast>

(Unit: KRW trillion)

Statistical Survey Agency	Size at Reference Point (100 million USD /Base Year)	Size at Future Point (100 million USD /Base Year)	Annual Growth Rate Forecast (%)	Main Market Scope
Grand View Research	3,163(2024)	8,923(2030)	19.2	<ul style="list-style-type: none"><li>• Storage/Warehousing - Transport</li><li>• Monitoring–Equipment - Packaging</li><li>• Food, medicine and other cold chain demand industries' and regions/ forecast</li></ul>
Precedence Research	3,428(2023)	12,420(2033)	13.9	
Allied Market Research	2,021(2020)	7,822(2030)	14.6	

\* Source: Grand View Research, Precedence Research, Allied Market Research (2024)

## Domestic Market Size/Forecast

### LOGISTICS MARKET SIZE

- ▶ In 2022, the logistics industry's revenue reached KRW 183.1 trillion, marking an 18% increase compared to the previous year. This sector accounted for 4.1% of the total value-added production in 2023. The number of logistics businesses and employees was 644,000 and 1.384 million, respectively, making up 5.5% of the total industry.

\* Source: Korea Chamber of Commerce and Industry, 2024 Distribution Logistics Statistics

### CONTAINER CARGO VOLUME GROWTH

- ▶ The expected cargo volume at Busan Port in 2024 is forecast to reach 23.4 million TEU, a 2.8% increase from the previous year. This growth is attributed to factors such as the acceleration of Busan's transshipment hub status for global carriers, increased preference for transshipment at Busan due to rising land transport costs in Japan, and the opening of new terminals, which positively impact logistics improvements.

### EXPLOSIVE GROWTH IN THE COLD CHAIN SECTOR

- ▶ In South Korea, the cold chain sector, which was estimated at KRW 49 trillion in 2018 compared to KRW 120 trillion for the entire logistics industry, is expected to reach KRW 195 trillion by around 2028 and is predicted to eventually surpass the traditional logistics sector.

\* Source: Cold Chain News (2023.12)

### LOGISTICS REAL ESTATE MARKET GROWTH

- ▶ As of 2023, the total area of logistics centers in South Korea reached approximately 35.67 million m<sup>2</sup>, a 25% increase compared to the previous year. This growth is expected to continue steadily into 2025.

\* Source: Savills Korea(2024.3)

# Trends in Cargo Traffic at Major Airports and Ports

## <Busan Port Cargo Volume Trends (2022-2024)>

(Unit: Thousand TEU)

Category		2022		2023		2024 (Forecast)		
		Cargo Volume	Growth Rate (YoY)	Cargo Volume	Growth Rate (YoY)	Cargo Volume	Increase/Decrease	Growth Rate (YoY)
Total		22,078	△2.8	22,750	△3.1	24,300	1,150	△5.0
Imports/Exports		10,310	△1.2	10,610	△2.9	10,900	150	△1.4
	Imports	5,200	△0.7	5,400	△3.9	-	-	-
	Exports	5,110	△1.7	5,210	△2.0	-	-	-
Transshipment (T/S)		11,800	△4.1	12,140	△3.2	13,400	990	△8.0

\* Source: Busan Port Authority, 2025

## <Incheon Airport Cargo Volume Trends (2022-2024)>

(Unit: Flights, Passengers, Tons)

Category	2022		2023		2024	
	Total	Growth Rate(YoY)	Total	Growth Rate(YoY)	Total	Growth Rate(YoY)
Operation	171,253	△30.7	337,299	△97.0	413,200	△22.5
Passengers	17,869,759	△458.6	56,131,064	△214.1	71,156,947	△26.8
Cargo	2,945,855	△11.5	2,744,136	△6.8	2,946,902	△7.7

\* Source: Incheon International Airport Corporation, 2025

# Trends in Foreign Investment in South Korea

## INVESTMENT SIZE

- ▶ In 2024, foreign direct investment (FDI) in South Korea's logistics and distribution industry is reached USD 2.3 billion, a slight decrease in wholesale, retail (distribution), and transportation/storage from the previous year.  
\* Primarily due to supply excess from aggressive investment in logistics real estate, delays in new investments from the retail sector, and a cautious wait-and-see approach.
- ▶ Over the past five years, the majority of foreign investments in the logistics and distribution industry have been in greenfield projects.

### <Foreign Investment Trends by Detailed Sector in Distribution and Logistics Industry (2020-2024)>

(Unit: million USD , number of filings)

Sub-industry		2020		2021		2022		2023		2024	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Retail (Distribution)	Total	701	1,198.9	1,350	2,866.1	1,564	3,414	1,515	1,798	1,508	1,711
	M&A	51	62	39	2,812	31	104	47	215	39	339
	Greenfield	650	1,137	1,312	311	1,533	3,310	1,468	1,582	1,469	1,372
Transport, Warehousing	Total	44	632	54	311.3	72	928	93	686	85	602
	M&A	9	71	9	21	11	448	13	28	11	5
	Greenfield	35	561	45	290	61	480	80	657	74	598

\* Source: The Foreign Investment Statistics System (INSC)

## INVESTMENT TRENDS

- ▶ The aggressive expansion of e-commerce from China into the South Korean market is increasing the potential for new logistics centers in the metropolitan area. Companies such as AliExpress and its logistics subsidiary, Cainiao, are actively securing logistics sites in the capital region.
- ▶ Despite a temporary slump in 2024 due to aggressive infrastructure supply in the logistics real estate sector, a rebound is expected in the second half of 2025.

## Investment Strengths

### ➤ Global Logistics Competitiveness Index (LPI) : Ranking: 17th

- 1st place: Singapore (Source: World Bank 2023)

### ➤ Third-Party Logistics (3PL) (CAGR)

- 5.48% (2024-2029) (Source: Mordor Intelligence 2024)

### ➤ World's 2nd Largest Air Cargo Hub: Incheon Airport

- January to August 2024: 1.935 million tons of air cargo, an 8.9% increase compared to the previous year (Source: Logistics News, 2024)

### ➤ World's 2nd Largest Transshipment Cargo Hub: Busan Port

- Annual throughput: 13.4 million TEU, as of 2024 (Source: Busan Port Authority, 2024)

### ➤ World's 7th Largest Container Port: Busan Port

- Annual cargo volume: 24 million TEU, as of 2024 (Source: Busan Port Authority, 2024)

### ➤ World's 4th Largest Liquid Cargo Port: Ulsan Port

- Numerous global tank terminal operators and petrochemical companies have established a presence here.

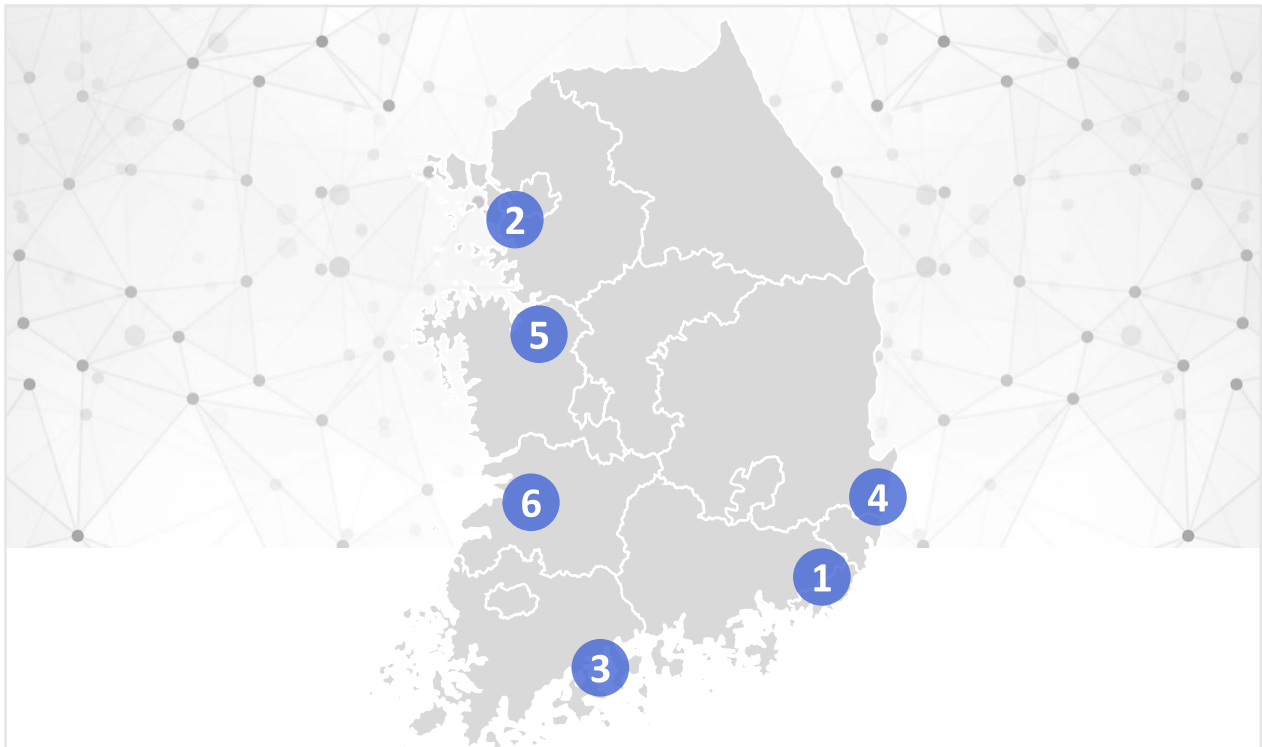
### ➤ Top-Level International Port Connectivity

- Korea-Japan-China Port Feeder Network: 116 weekly sailings
- Global Port Network: 368 weekly sailings (Source: Busan Port Authority, 2023)

## Incentives/Regulatory Status

		Free Economic Zone	Foreign Investment Zone		Free Trade Zone
			Cluster type	Individual type	
Legal Basis		Special Act on the Designation and Operation of Free Economic Zones	Foreign Investment Promotion Act		Special Act on the Designation and Operation of Free Trade Zones
Entry Requirements		<ul style="list-style-type: none"> <li>Foreign-invested enterprises</li> <li>Manufacturing, logistics, medical institutions, educational institutions, foreign broadcasting, financial institutions, etc.</li> <li>※ Logistics: over \$5 million</li> </ul>	<ul style="list-style-type: none"> <li>Foreign investment ratio 30% or more</li> <li>Foreign investment amount 100 million or more</li> <li>※ Logistics: over \$5 million</li> </ul>	<ul style="list-style-type: none"> <li>Foreign investment ratio 10% or more</li> <li>Foreign investment amount 100 million KRW or more</li> <li>※ Logistics: over \$10 million</li> </ul>	<ul style="list-style-type: none"> <li>Foreign-invested enterprises in export-oriented domestic/foreign enterprises</li> <li>Wholesale businesses for import/export transactions</li> <li>Integrated logistics-related businesses</li> </ul>
Tax Incentives	Customs duties	Exempt for imported capital goods for 5 years from the date of import declaration			Foreign goods: Non-tariff import declaration Domestic goods: Exemption or refund
	Local taxes	Exempt as per municipal ordinances within 15 years			
Entry Support		50-100% rent reduction as per municipal ordinances	Reduction of shared property rents based on local ordinances	Exemption of rental fees for national/public properties (100%)	75-100% rent reduction depending on foreign investment ratio, industry, and investment amount

## Cluster Status



### 1. Busan

- Northeast Asia's hub port, the world's 2nd largest transshipment (T/S) cargo port.
- Ranked 7th in global container traffic (as of 2022)

### 2. Incheon

- World-class airport (Incheon International Airport) with strong logistics links.
- The 2nd largest container port in South Korea located
- A large back market (Seoul metropolitan area)

### 3. Gwangyang

- Close to Yeosu National Industrial Complex, with strong logistics connections in steel and petrochemical clusters.
- South Korea's 3rd largest container port located.

### 4. Ulsan

- World's 4th largest liquid cargo port
- Presence of numerous investments in global tank terminals

### 5. Pyeongtaek

- Specializes in automobile exports.
- South Korea's 5th largest port.

### 6. Saemangeum

- Strong logistics links to major cities in China due to proximity.
- Deep water allowing large container ships to dock easily.



## Industry Development Policies

### NATIONAL LOGISTICS BASIC PLAN

- Policies for logistics functions and transport methods.
- Focus on logistics standardization, industry support, and workforce development. Support for international logistics and environmental logistics.
- Development of logistics infrastructure according to the comprehensive facility development plan.

### LOGISTICS POLICIES FOCUSED ON AIRPORT AND PORT BACKYARDS

- Establishment of logistics bases in 5 major regions, including Incheon Airport and Busan New Port
- Investment of KRW 2.28 trillion by 2030 to expand 8 port backyards.
- Support for specialized logistics companies.

### FOREIGN INVESTMENT INCENTIVES

- **Economic Zones:** Tax reductions, simplified approval processes, deregulation, and management support.
- **Free Economic Zones, Foreign Investment Zones:** Relaxed requirements for logistics businesses as preferred sectors.

## Key Examples

### UPS / Logistics / USA

- The world's largest air express company has announced a new investment to establish a logistics center at Incheon Airport as part of its plan to build a Northeast Asian logistics hub.
- Groundbreaking for a state-of-the-art logistics system began in May 2024, with completion expected in Q2 2035.

\* Investment filing for 2024: USD 16 million

- The launch of the Trump 2.0 administration and increased trade regulations with China will likely enhance its role as a logistics hub for Chinese exports to North America.

### DP World/Logistics / UAE

- The world's largest port operator and logistics company.

\* Investment filing for 2024: USD 57 million

- Aggressive promotion efforts in collaboration with industry PMs, local governments, and FEZs, including regular meetings with management
- Aggressive business promotion with the establishment of logistics centers in Busan New Port, a gateway to Northeast port logistics