

Busan (South Korea)

September 2023

1. Introduction



Busan, officially known as Busan Metropolitan City, is South Korea's second most populous city after Seoul, with a population of over 3.4 million people as of 2021. Busan is divided into 15 major administrative districts and a single county. The city is located on the southeastern tip of the Korean Peninsula. Its coastal location has been key in its development as a maritime logistics hub in Northeast Asia. It offers world-class mega ports, and a gateway to the Eurasian continent.

The city is also the economic, cultural, and educational centre of southeastern South Korea. It is home to several sectors including marine science and research and development, and several relevant institutions, such as the Korea Maritime Institute (KMI), the Korea Institute of Ocean Science and Technology (KIOST). Busan is a centre for international

conventions, hosting the Asia-Pacific Economic Cooperation conference (APEC) summit in 2005. It is also a centre for sports tournaments in Korea, having hosted the 2002 Asian Games and FIFA World Cup.

In 2021, the city recorded a real Gross Regional Domestic Product (GRDP) of KRW87.63 trillion, growing by 1.94% from the previous year. It had a GDPR per capita of KRW29, 395 in the same year.

Table 1: General and economic information

Mayor	Park Heong-joon
Population (2021)	3,396,109
Area	769.94 km ²
Real GDPR ¹ (2021)	KRW87.63 trillion
Economic growth (2021)	1.94%
GDPR per capita (2021)	KRW29, 395
Exports (2021)	USD14.82 billion
Imports (2021)	UUSD15.38 billion
Inward FDI (2022)	(2 projects, USD63.9 million capex)
Outward FDI (2022)	(2 projects; USD19.1 million capex)

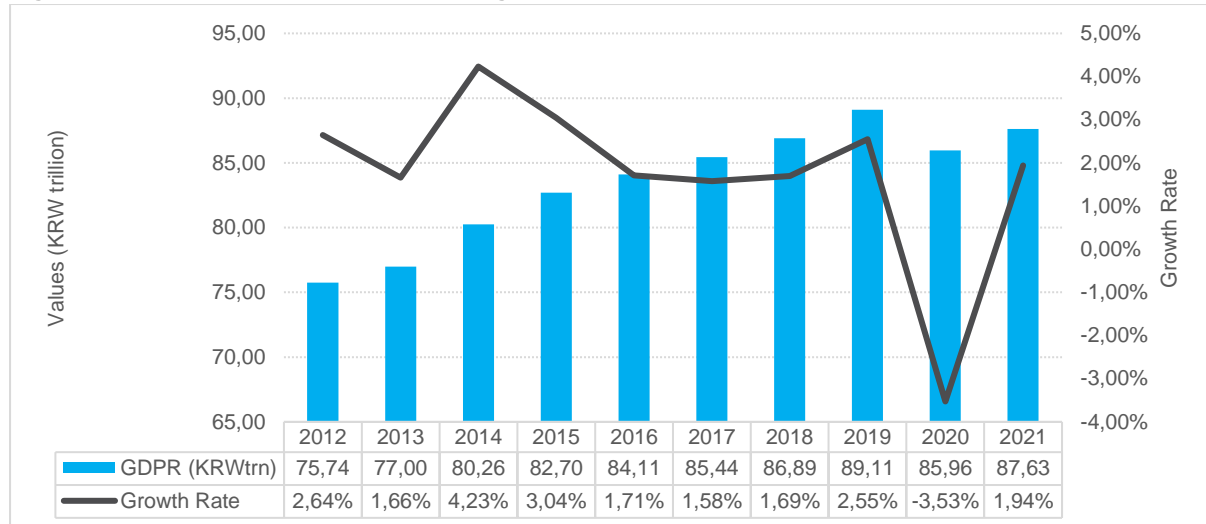
Source: Busan Metropolitan City, 2023; Korean Statistical Information Service, 2023

¹ GDPR at chained 2015-year prices

2. Economic Overview

Busan's GDP in real terms between 2012 and 2021 is shown in figure 1 below. In 2021, Busan's real GDP increased by 1.94% y-o-y to KRW87.63trn, up from KRW85.96trn in 2020. The city had the 6th largest contribution (4.56%) to South Korea's GDP among the country's provinces and cities.

Figure 1: Busan's real GDP and economic growth, 2012 - 2021

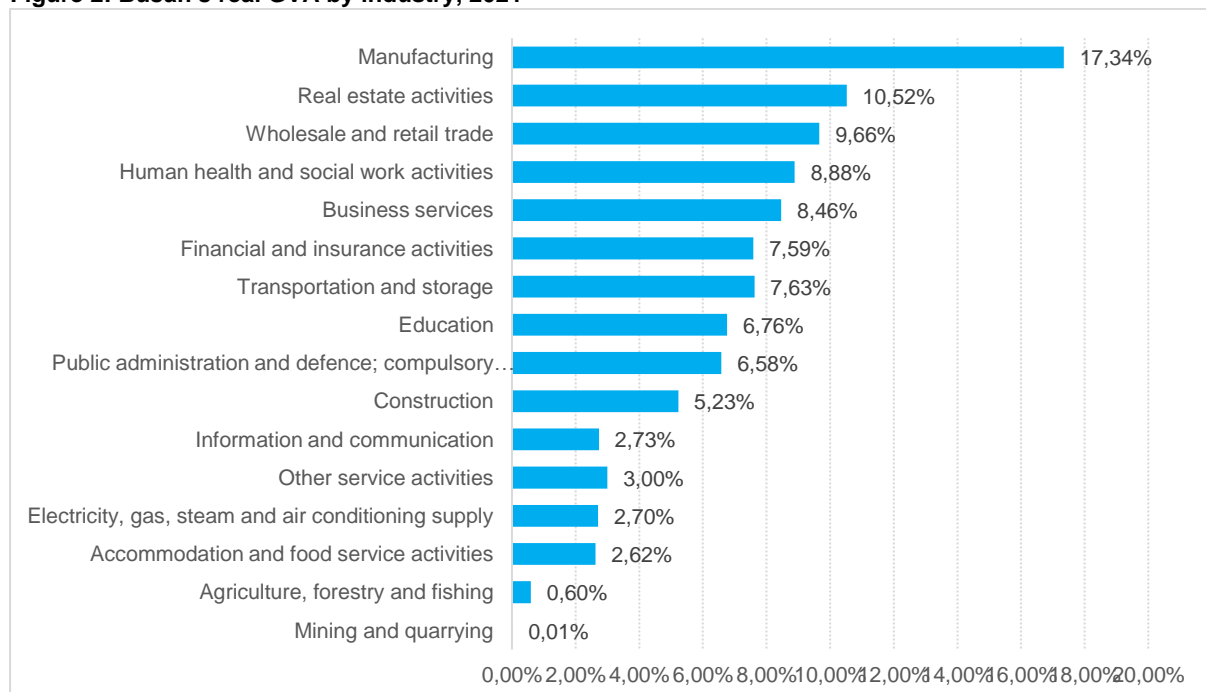


Source: Korean Statistical Information Service, 2023

Note: GDP at market prices, at chained 2015-year prices.

As shown in Figure 2, manufacturing was Busan's top performing sector in terms of contribution to gross value added (GVA) in 2021, accounting for 17.34% of GVA. Real estate activities (10.52%); and wholesale and retail trade sector (8.60%) followed in second and third positions, respectively.

Figure 2: Busan's real GVA by industry, 2021



Source: Korean Statistical Information Service, 2023

Busan's key industries, as provided by Busan Metropolitan City are highlighted below:

Port logistics industry

With the aim of becoming the marine capital and mega-hub terminal of Northeast Asian, Busan has constructed port logistics infrastructure around a world-class port and state-of-the-art logistics complex. The Busan New Port around Gadeokdo Island Gangseo-gu, will strengthen the port's global competitiveness, with the aim of creating a world-class high-tech industry and logistics complex on a 33 km square land in the Gangseo region. This will be an international integrated logistics complex, high-tech industry complex, R&D complex, etc., with a key objective being to foster the growth of high value-added industries.

Knowledge services infrastructure

Busan, which is the largest movie and visual city in Asia, the representative tourism city in Korea, a specialized financial centre, and World No.1 in shipbuilding orders with Korea's three largest shipping companies closely located, is intensively promoting the infrastructure of the knowledge services industry. This will serve as the base for a next-generation growth engine and foreign investment promotion.

Future strategic industry and new growth industry

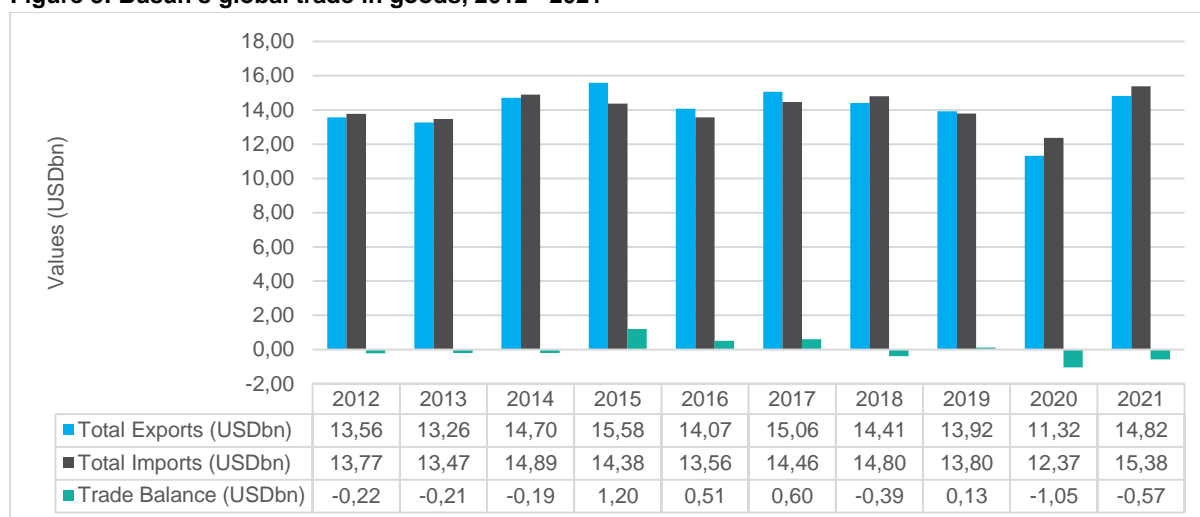
Busan intends to strengthen the competitiveness of the convergence industry as a new growth engine to create a sustainable future. Several projects are being carried out in future strategic industry areas including IT, offshore and shipbuilding, bio, robots, and green energy industry. Developing the cloud/IoT industry, shipbuilding and offshore plant industry, IT convergence industrial base, and radiation medical and scientific industry are also key objectives. Developing a world-class footwear and textile industry through the development of highly functional and quality shoes is a priority, as is leading the global market through the promotion of marine convergence material industrialization projects.

3. Trade

3.1 Busan's Global Trade in Goods

Figure 3 below presents Busan's global trade in goods between 2012 and 2021. In 2021, the province's global exports increased by 130.89% y-o-y to a value of USD14.82bn from USD11.32bn earned in 2020, while imports increased by 24.38% y-o-y to a value of USD15.38bn from a cost of USD12.37bn incurred in 2021. Despite the significant increase in export earnings, the trade balance remained in deficit in 2021 albeit narrower, at a shortfall of USD0.57bn.

Figure 3: Busan's global trade in goods, 2012 - 2021



Source: Korean Statistical Information Service, 2023

Key trade product categories

The machinery and transport equipment category was Busan's dominant export category to the world in 2021. Valued at USD6, 260.95m, this was equivalent to 42.26% of all export receipts earned by the city in 2021. Manufactured goods, classified chiefly by material, placed second at a value of USD4, 740.75m (32.00%), followed by the food and live animals' category at a value of USD1, 185.37m (8.00%).

Manufactured goods, classified chiefly by material, also dominated Busan's imports in 2021 which at a cost of USD4, 094.84bn was equivalent to 26.62% of all import costs incurred by the city in 2021. Machinery & transport equipment placed second at a cost of USD4, 008.78bn (or 26.06%), while foods and live animals came third at a cost of USD3, 193.58bn (or 20.76%).

Table 2: Busan's top global export and import product categories, 2021

Export Categories, 2021				Import Categories, 2021			
Rank	Product (HS6)	Value (USDm)	% Share, 2021	Rank	Product (HS6)	Value (USDm)	% Share, 2021
1	Machinery and transport equipment	6260.95	42.26%	1	Manufactured goods classified chiefly by material	4094.84	26.62%
2	Manufactured goods classified chiefly by material	4740.75	32.00%	2	Machinery & transport equipment	4008.78	26.06%
3	Food and live animals	1185.37	8.00%	3	Foods and live animals	3193.58	20.76%
4	Miscellaneous manufactured articles	1046.94	7.07%	4	Miscellaneous manufactured articles	1527.88	9.93%
5	Chemicals and related products	1011.14	6.82%	5	Chemicals & related products	1181.84	7.68%
6	Crude materials inedible (except fuels)	494.69	3.34%	6	Crude materials inedible (Except fuels)	1133.50	7.37%

7	Mineral fuels, lubricants, and related materials	67.73	0.46%	7	Mineral fuels, lubricants & related materials	198.77	1.29%
8	Beverages and tobacco	7.18	0.05%	8	Beverage and tobacco	36.67	0.24%
9	Commodities & transaction N. E. C	0.84	0.01%	9	Animal & vegetable oils, fats & waxes	6.11	0.04%
10	Animal vegetable oils, fats, and waxes	0.68	0.00%	10	Commodities & transaction N. E. C	1.51	0.01%
	TOTAL EXPORTS	14816.26	100.00%		TOTAL IMPORTS	15383.48	100.00%

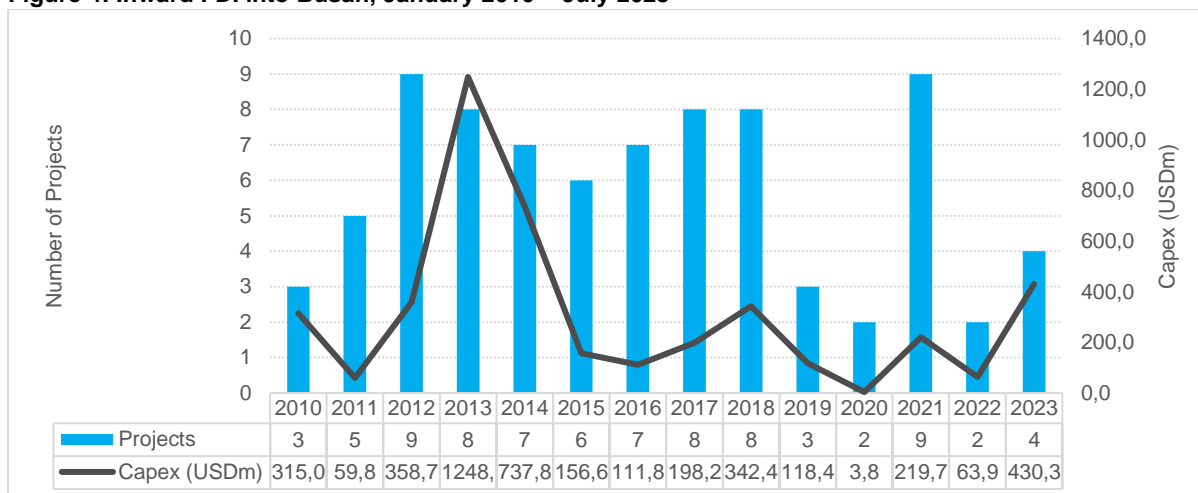
Source: Korean Statistical Information Service, 2023

4. Foreign Direct Investments

4.1 Global FDI into Busan

A total of 81 FDI projects were recorded into Busan between January 2010 and July 2023. These projects represented a total capital investment (capex) of USD4.4bn, which equated to an average investment of USD53.9m per project. During the period, 14,730 jobs were created.

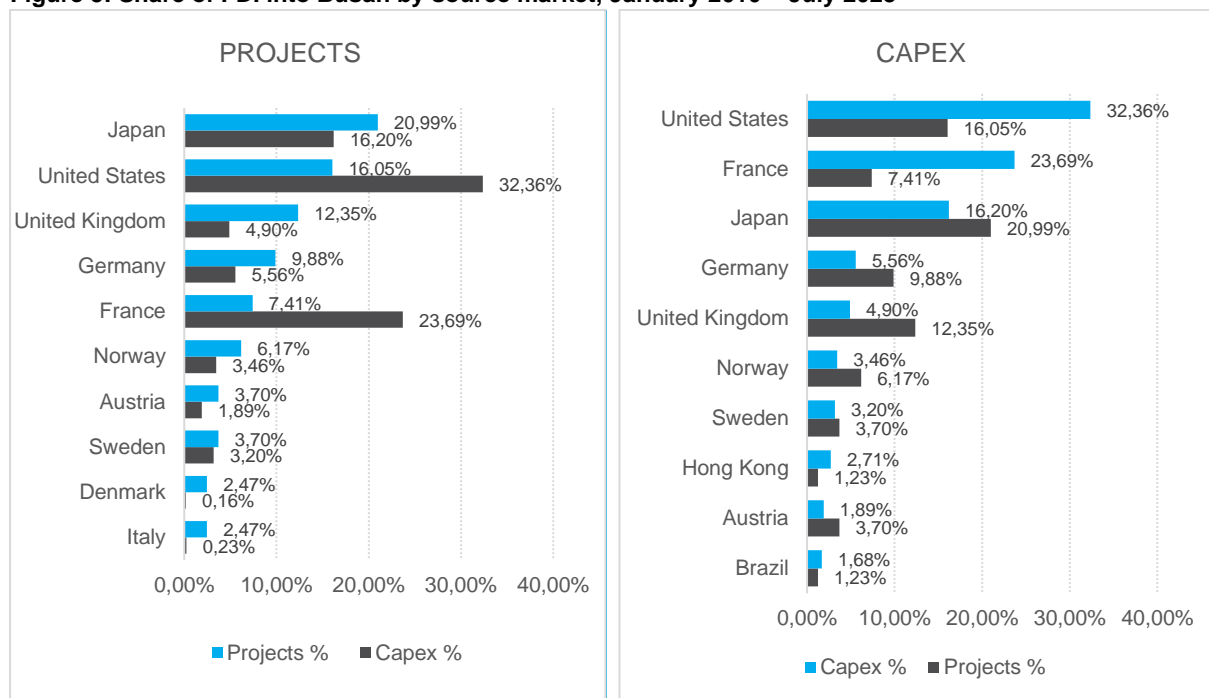
Figure 4: Inward FDI into Busan, January 2010 – July 2023



Source: FDI Intelligence, 2023

In terms of the largest source markets for inward investment into Busan, Japan took the number one position in terms of the number of projects invested over the said period. These projects accounted for 20.99% (17 projects) of total global FDI projects into Busan between January 2010 and July 2023. The United States had the largest capex value over the said period, accounting for 32.36% of total capital investment (capex) or USD1.41bn.

Figure 5: Share of FDI into Busan by source market, January 2010 – July 2023



Source: FDI Intelligence, 2023

The top 10 global companies investing in Busan in terms of the number of projects from January 2010 and July 2023 are shown below. The transcosmos Korea company invested the most projects (4 projects) into Busan's software & IT services sector over the period. When measured by capex, Renault dominated with capex investment of USD587.90m invested across three projects, all of which were in the Automotive OEM sector.

Table 3: Top 10 global companies, FDI into Busan (projects), January 2010 – July 2023

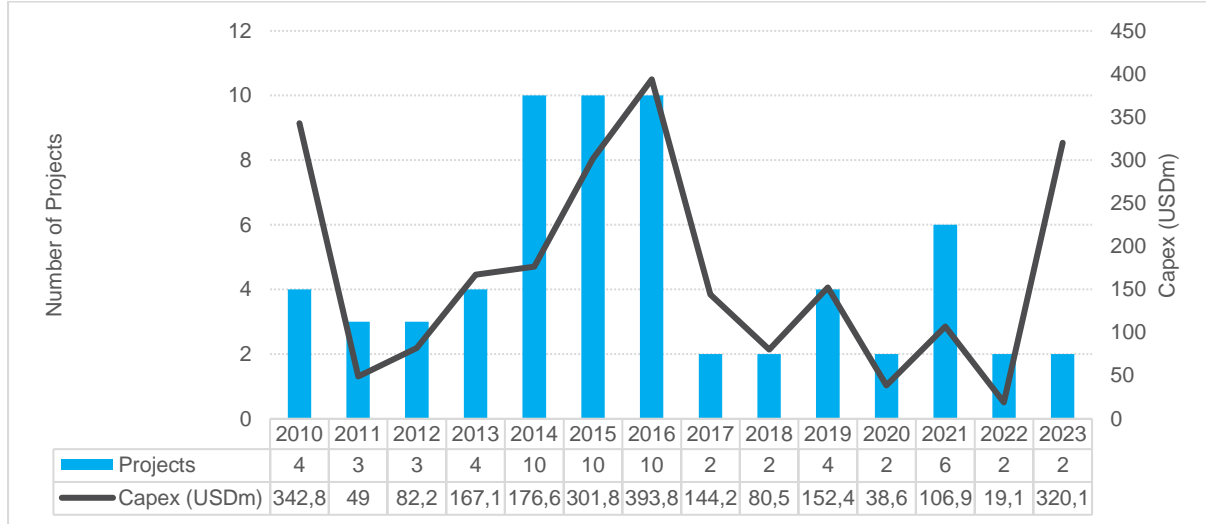
RANK	INVESTING COMPANY	SECTOR	PROJECTS	CAPEX (USDm)
1	transcosmos Korea	Software & IT services	4	35
2	Renault	Automotive OEM	3	587.90
3	Dachser Korea	Transportation & Warehousing	2	98
4	WeWork (We Holdings)	Real estate	2	4
5	ABS	Business services	1	28
6	Advanced Insulation Systems	Plastics	1	86
7	Aker Solutions (Aker Kvaerner)	Coal, oil & gas	1	18
8	Alphastrut	Metals	1	3
9	Alphatron Marine	Communications	1	8
10	AM Ventures	Financial services	1	31
TOTAL			81	4 365

Source: FDI Intelligence, 2023

4.2 FDI from Busan into the World

Turning to outward investment by Busan into the global economy from January 2010 – July 2023, some 64 outward investment projects were undertaken, with a total capital expenditure of USD2.38bn. This equated to an average investment of USD37.1m per project. During the period 18, 250 jobs were created.

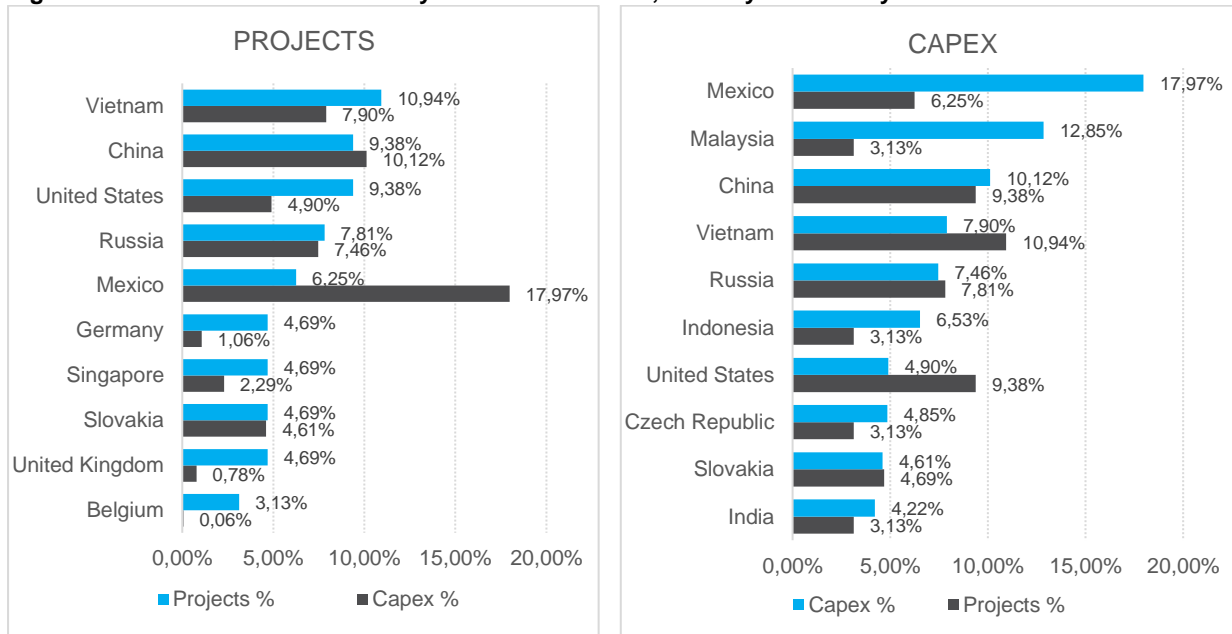
Figure 6: Outward FDI from Busan, January 2010 – July 2023



Source: FDI Intelligence, 2023

In terms of largest destination markets for outward investment from Busan, Vietnam was the largest recipient when measured by the number of projects with 7 recorded during the period under review. These projects) accounted for 10.94% of total outward FDI projects from Busan between January 2010 – July 2023. Mexico was the largest recipient when measured by capex investment at a value of USD426.9bn over the said period, accounting for 17.97% of total capex.

Figure 7: Share of FDI from Busan by destination market, January 2010 – July 2023



Source: FDI Intelligence, 2023

The top 10 companies from Busan as ranked by the number of outward FDI projects undertaken globally over the period January 2010 to July 2023 are tabled below.

Table 3: Top 10 companies, FDI from Busan (projects), January 2010 – July 2023

RANK	INVESTING COMPANY	SECTOR	PROJECTS	CAPEX (USDm)
1	Sungwoo Hitech	Automotive components	7	523
2	Dong-Ah Geological Engineering	Business services	5	39.70
3	Busan Bank (Pusan Bank)	Financial services	4	132
4	Busan Port Authority	Transportation & Warehousing	4	160
5	Korea Exchange (KRX)	Financial services	4	58
6	Kiswire	Metals	3	406
7	PharmCADD	Software & IT services	3	23
8	Kiswire Inc	Metals	2	45
9	Korean Register of Shipping	Business services	2	21
10	Kwangjin (Kwang Jin)	Automotive components	2	70
TOTAL			64	2 375

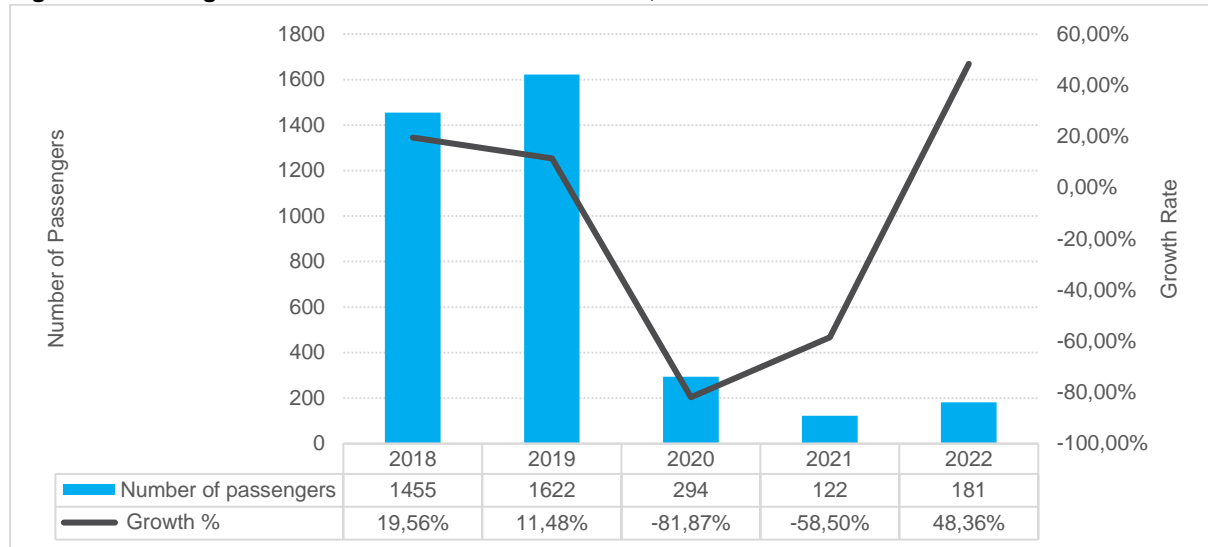
Source: FDI Intelligence, 2023

5. Tourism

5.1 Passenger Arrivals from Busan in South Africa

The figure below shows the number of passengers from the city of Busan arriving in South Africa over the period 2017 to 2022. In 2022, passenger arrivals increased by 48.36% y-o-y from 122 arrivals in 2021 to 181 in 2022.

Figure 8: Passenger arrivals from Busan in South Africa, 2018–2022

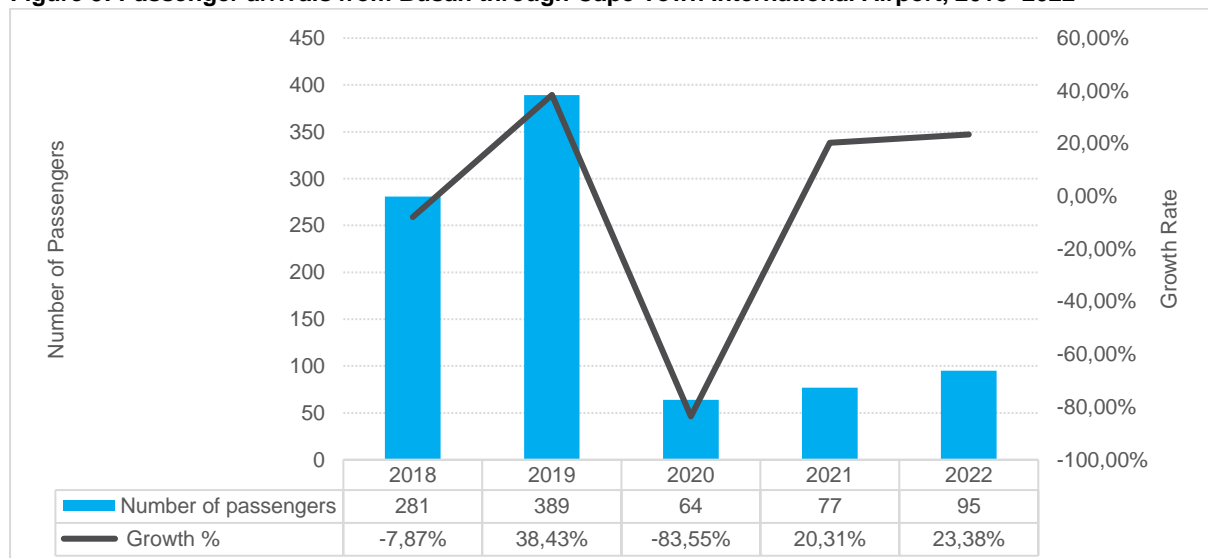


Source: OAG Aviation Worldwide, 2023

5.2 Passenger Arrivals from Busan through Cape Town International Airport

The Cape Town International Airport (CTIA) received a total of 95 travellers from Busan in 2022, representing a 23.38% y-o-y increase from the record of 77 passengers in 2021. This was also an increase of 48.44% in comparison to 2020.

Figure 9: Passenger arrivals from Busan through Cape Town International Airport, 2018–2022



Source: OAG Aviation Worldwide, 2023

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