



# Incheon International Airport & Free Economic Zone

KRIHS  국토연구원

**October, 2015**



---

## **Contents**

**01. In-cheon International Airport &  
New Airport City**

**02. In-cheon Free Economic Zone**

**03. Prospects & Implications  
for El Dorado II**



**01**

# **In-cheon International Airport (IIA) & New Airport City**



# Overview of Airport

Phase (Period)	1 <sup>st</sup> (1992~2001)	2 <sup>nd</sup> (2002~2008)	3 <sup>rd</sup> (2009~2017)**
Cost	7.1 billion USD (7.8 trillion KRW)	4.3 billion USD (4.7 trillion KRW)	3.6 billion USD (4.0 trillion KRW)

\* Exchange rate : 1USD=1,100KRW (Applying the average of exchange rate during 1992~present, It would be a variation between actual value and current value.)

\*\* Estimate price

Facility		1st & 2nd Phase (Present)	3rd Phase (2009~2017)	Aggregate	Final Phase
Site Area (m <sup>2</sup> )		21,292,000	1,105,000	22,397,000	47,428,000
Runways		3	-	3	5
Passenger Terminal (m <sup>2</sup> )		496,000	384,000	880,000	1,390,000
Concourse (m <sup>2</sup> )		166,000	-	166,000	166,000
Aprons	Passengers	2,437,000	790,000	3,227,000	4,398,000
	Cargo	737,000	410,000	1,147,000	1,893,000
Handling Capacity (Annual)	Flights	410,000	-	410,000	740,000
	Passengers	44 million	18 million	62 million	100 million
	Cargo	4.5 mil. tons	13 mil. tons	5.8 mil tons	10 mil tons

# History of Airport Construction

Date	Description
'89. 1. 23	Awareness of Needs for the Airport Development in Metropolitan area (the work report of Ministry of transportation in 1989)
'89. 6~'90. 4	F/S for Location selection
'90. 6. 14	Confirmation of Construction Site (56,100,000m <sup>2</sup> of Yeong-jong island and Yong-yu island, Incheon city)
'92. 1. 31	Establishment of New Airport Construction Center
'92. 11. 12	Groundbreaking ceremony
'94. 9. 1	Establishment of Metropolitan Airport Construction Corporation
'94. 10. 29	Construction completion for the sea wall final closure
'95. 11. 29	Start of Incheon International Airport Expressway constructed with private investment
'96. 3. 21	Naming : 「Incheon International Airport」
'99. 2. 1	Establishment of Incheon International Airport corporation
'00. 2. 28	Launch of Flight checks
'00. 6. 30	Construction of basic facilities such as terminal and control tower
'00. 7 ~'01. 3	Trial trip and operation of comprehensive equipment
'00. 11. 21	Opening of Incheon International Airport Expressway
'01. 3. 29	Opening of Incheon International Airport

# Planning of Airport City (in Surrounding Area)

---

## Planning (The 1<sup>st</sup>), 1995~1996

- A research (pre-feasibility study) on "Airport city development" conducted, and conceptual development alternatives ("**New International World City**") were reviewed and suggested (KOACA, Korea Airport Construction Authority)

## Background

- Intensified the global competition by changing world economic environment
- Enhancing national competitiveness through high-tech S.O.C expansion
- Maximizing effects of airport construction

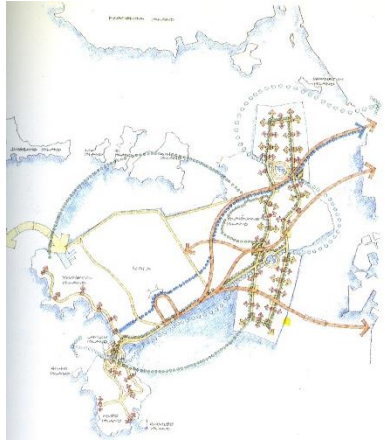
## Purpose

- Vitalizing airport functions through supporting new airport effectively
- Promoting advanced and enhanced economy
- Future oriented urban environment and multi-centric metropolitan development

## Globalization Strategies through Airport City Development

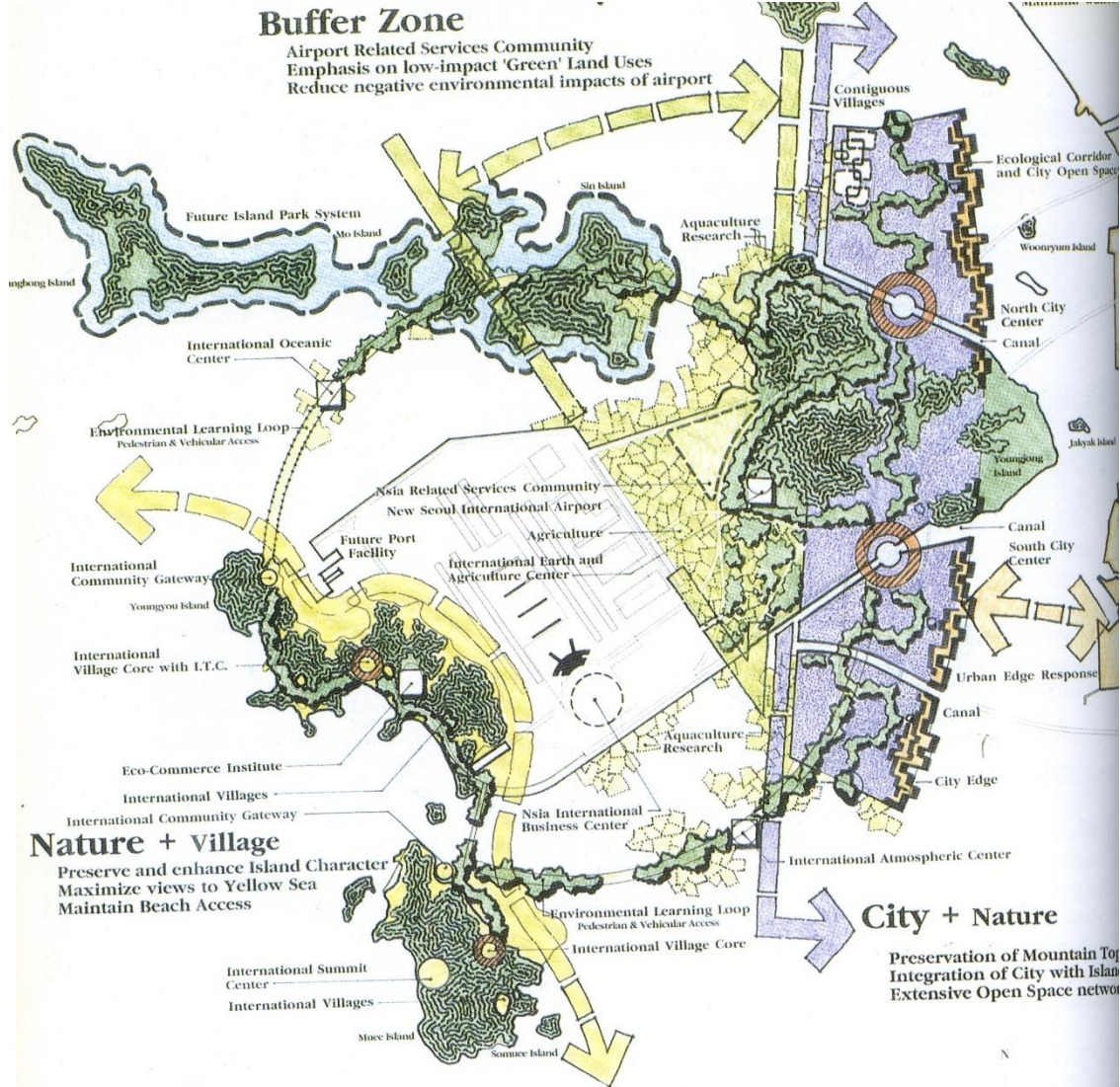
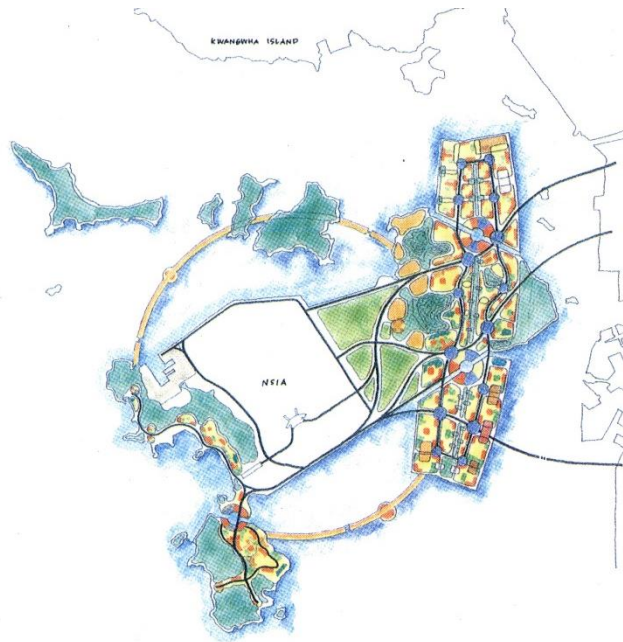
- True Airport City co-related with Airport System
- New Global Comprehensive System
- Center for New Technology

# Conception of the Airport City (1)

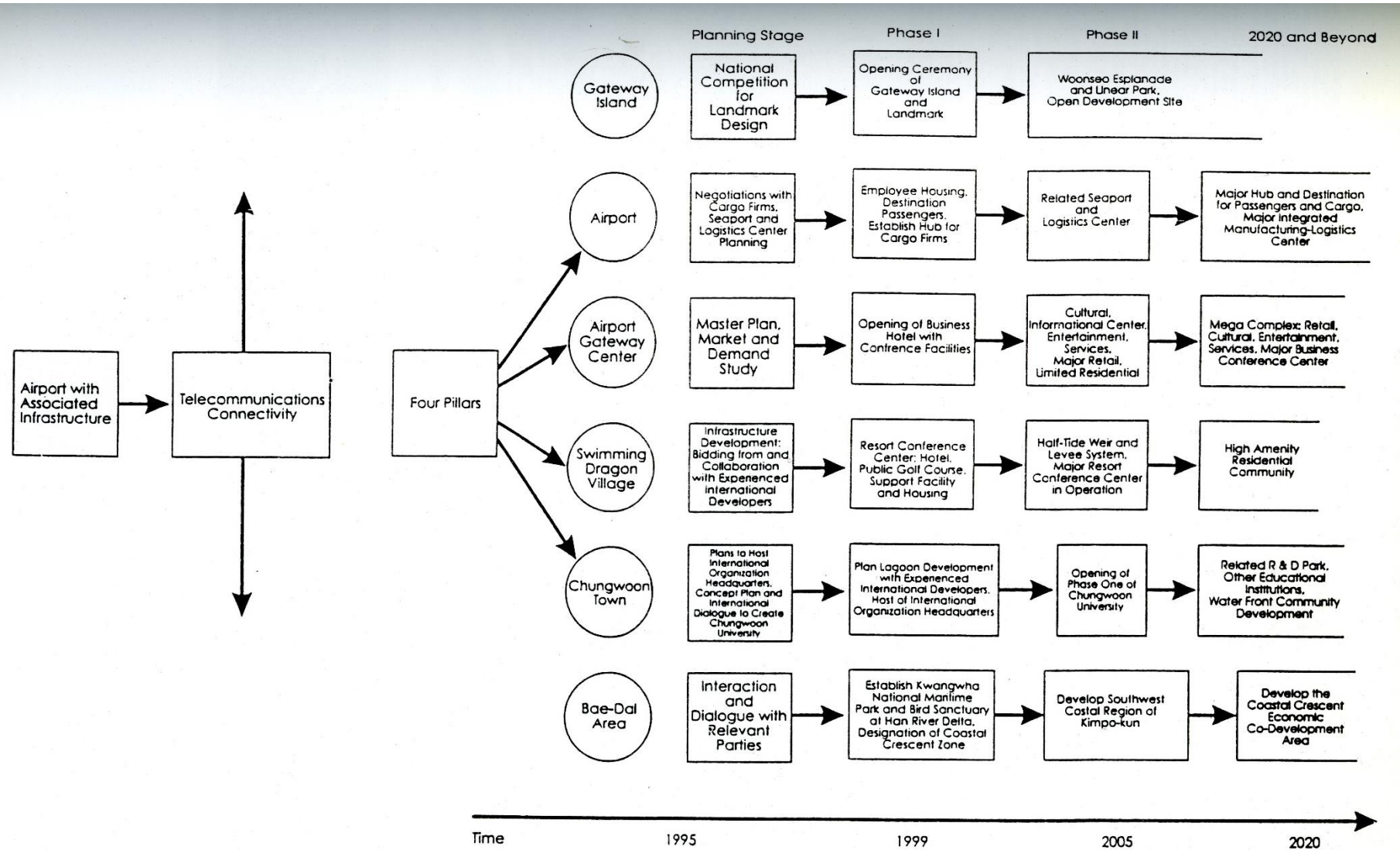


## Linkages & Movement

- MAJOR EXPRESSWAY CONNECTIONS TO MAINLAND
  - PRIMARY ISLAND - VESSEL/ARTERIAL
  - RAIL CONNECTION TO MAINLAND
  - LIGHT RAIL/LAND BUS TRANSIT - ISLAND WIDE
  - PRIMARY TRANSIT FROM VILLAGES - GETTING AND RECEIVING VIA LINKAGE
  - PRIMARY ISLAND TO MAINLAND TRANSIT INTERCHANGES
  - ISLAND ISLAND TRANSIT CENTER - BUS, RAIL, FERRY, LIGHT-RAIL
  - PRIMARY VILLAGES TO ARTERIAL TRANSIT CONNECTION
  - SECONDARY VILLAGES TO ARTERIAL TRANSIT CONNECTION
- SCALE: 1 : 500,000



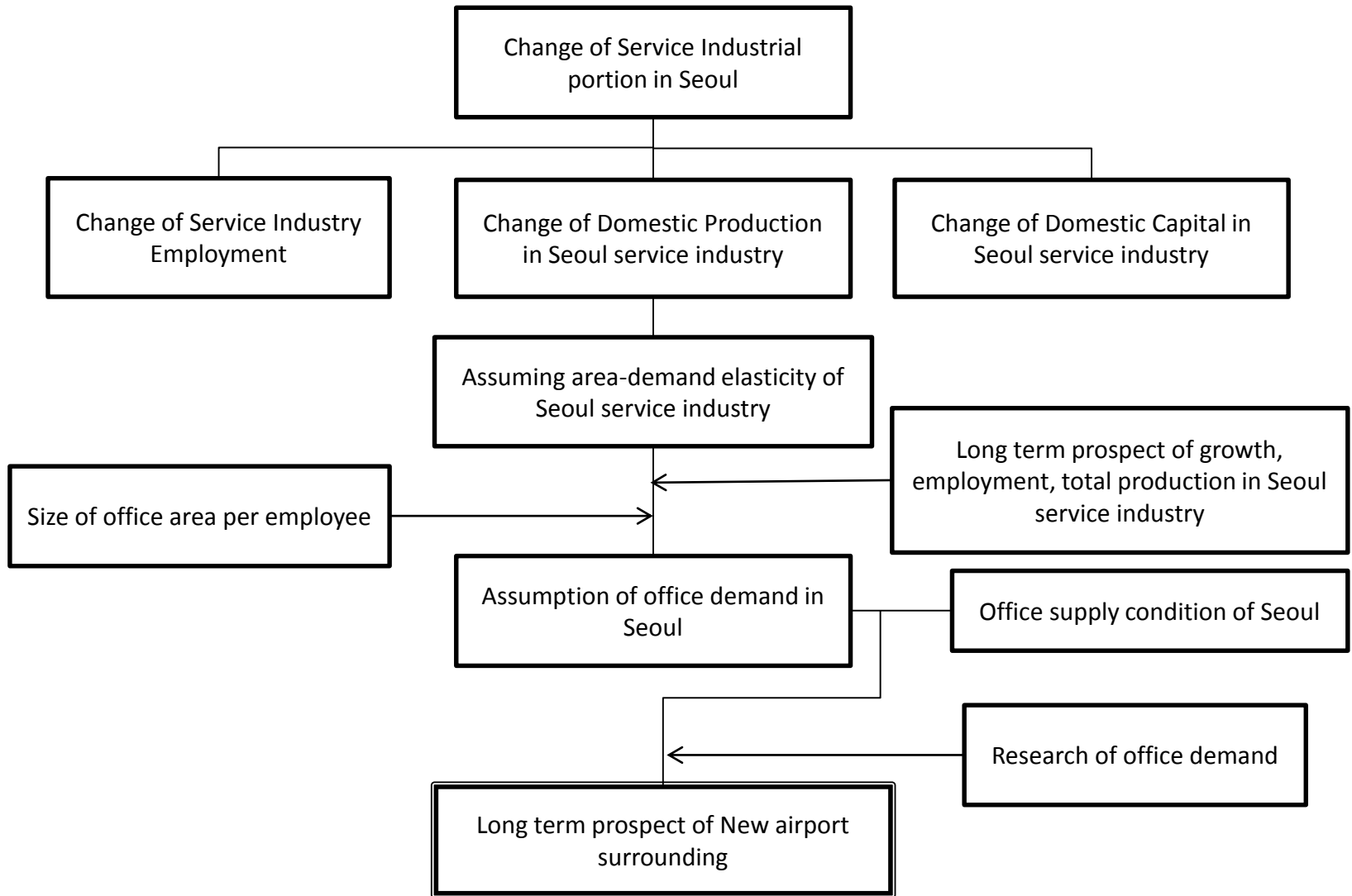
# Conception of the Airport City (2)



# Functions & Facilities of Airport City

Function	Details	Facilities
<b>International work / Communication</b>	International Trade Exhibition/sample market Convention Headquarters/branches International Finance Teleport Specialized Service	Trading Center, Office Building Exhibition Hall Convention center/hotel Office Building Office Building Telecom Center, Intelligent Building Office Building
<b>Industrial</b>	High-tech industry complex R&D complex Multimedia complex	Facilitated industrial complex Industrial Complex for Foreigner
<b>Commercial / Logistics</b>	Air cargo Complex	Cargo exchange center, Customs facilities, Distribution center, Bonded Shed - General air cargo complex · cargo terminal, warehouse - Container cargo complex · CFS, CY - Logistics and processing center, cargo terminal
<b>Tour / Leisure</b>	Art and Culture Sports Relax Entertainment	Multi-complex cultural center, Memorial facility In/out door sport and health facilities Hotel, park, resorts, amusement park Casino, Horse/car racing park
<b>Residential</b>	Village complex	Detached House, Apartment, Efficiency Apartment
<b>Others</b>	Educational service Medical service Public(governmental) service	Educational Institution, International School Medical center Public office

# Flow of Demand Forecasting (Ex. of Office)



# 7 Years' Delay & New Strategy in the 2000s

---

## Factors of delay, 1997~2001

- Weak financial capacity of the state, In-cheon city gov't and KOACA
- No proper governance (and bureaucratic organization) for implementation
- IMF Bailout in December 1997 and economic recession (1997~1999)
- Free market system (less regulations, less gov't intervention) consolidated

## New directives of In-cheon airport city

- Introduction of "Free Economic Zone" (went through enactment)
- Encourage foreign investment and facilitate "globalization" of the metropolis
- Combining airport new city and In-cheon Free Economic Zone (2003)

## Free Economic Zone

- An area where business and economic activities of foreign investors are guaranteed by promoting systems and conditions that differ from other areas
- An international city that offers taxation support, free economic activities, high quality administrative services, and a convenient living environment



# 02 In-cheon Free Economic Zone (IFEZ)



# Overview of IFEZ (1)

## IFEZ, area size of 132.9km<sup>2</sup> (2003)

- Songdo, Yeongjong, and Cheongna International Cities
- Including Incheon International Airport/ Ports
- The core government's strategy for Northeast Asia's economic central

## IFEZ, In-Cheon & Seoul

- Incheon, west coast originates, serving as the gateway to Seoul metropolitan area with 23 million people
- Located 8 km from downtown Incheon and 50km from the center of Seoul, 60~90 minutes away from major metropolitan centers



# Overview of IFEZ (2)

<b>Location</b>	<ul style="list-style-type: none"><li>• Regions of Yeonsu-gu (Songdo District), Jung-gu (Yeongjong District), Seo-gu (Cheongna International City)</li><li>• Located in the west coast, adjacent to Seoul</li><li>• Stronghold connecting China and Japan, and an entry point to North Korea</li></ul>
<b>Area</b>	<ul style="list-style-type: none"><li>• Total 132.9km<sup>2</sup></li><li>• Songdo District(53.4km<sup>2</sup>), (Yeongjong District(61.7km<sup>2</sup>), Cheongna International City(17.8km<sup>2</sup>)</li></ul>
<b>Accessibility</b>	<ul style="list-style-type: none"><li>• Approximately 50km distance from downtown of Seoul</li><li>• Major metropolitan cities, such as Suwon, Anyang, Gwangmyeong, and Bucheon accessible in under an hour</li><li>• Bridge role between China and Japan, both countries 1~2 hours away</li></ul>
<b>Potential Market</b>	<ul style="list-style-type: none"><li>• Population of 2.9 million in Incheon Metropolitan City</li><li>• 23 million people in Seoul and its surrounding metropolitan regions (48% of the national population)</li><li>• 147 foreign cities with a population of 1 million or more within the distance of 3 flight hours away, large consumption market of 2 billion people</li></ul>



# Yeongjong 영종

- 61.7 km<sup>2</sup>, 2003~2020
- 19 Billion USD, 300,000 Residents
- Aviation, Logistics, Leisure & Tourism
- Slower than Songdo, yet recently facilitated



Wangsan Marina



Airport



World City



BMW Driving Center

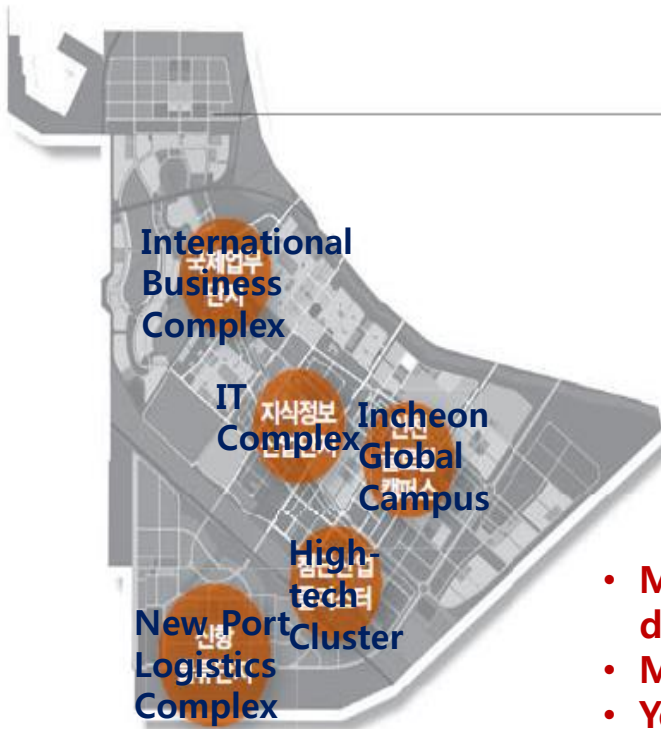


Mall of Korea



Didan City Resort

# Songdo 송도



- 53.4 km<sup>2</sup>, 2003~2022
- 21 Billion USD, 260,000 Residents
- International Business, IT, BT, R&D
- The subject of prior investment
- Got slower after 2008,
- Yet, recently facilitated (better than two other Districts)
- Became a benchmark of "Smart City"

- Most promising FEZ among 9 FEZs designated in Korea
- Must be benefitted by its location
- Yet, disputes on "over-investment" are on-going



International Business Complex



IT Complex



High-tech Cluster



Incheon Global Campus



New Port Logistics Complex

# Changes 2007-2014 (Songdo District)



2007



2014

# Cheongna 청라

- 17.8 km<sup>2</sup>, 2003~2015
- 6 Billion USD, 90,000 Residents
- Financial Business, Leisure, Tourism & High-tech Industries
- The slowest among 3 Districts
- Locational disadvantages
- Disputes on overlapped investment and difficult to do marketing



SSG Shopping Complex



Hana Financial Town



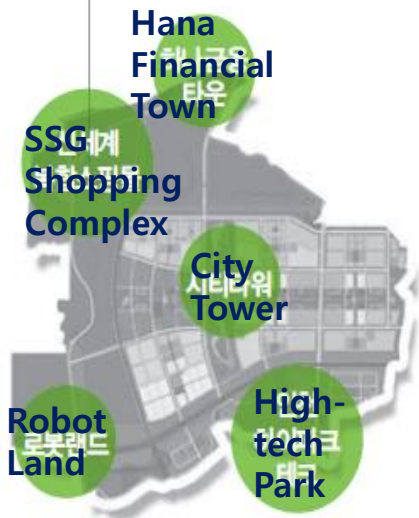
City Tower



Robot Land



High-tech Park



# Performances

Indicators	2003-08	2008-18	2010-13
FDI (Million USD)	360	1,029	3,543
Major Companies Located	22	13	22
Housing Units Constructed	7,673	5,423	36,181
Reclamation Area (sq. km)	21.71	0	2.81
International and Foreign Schools	0	0	2
Universities	0	2	2
Population	53,438	20,199	103,846
Revenue (Million KRW)	497,540	552,598	987,678
Major Shopping Mall & Leisure Facilities	1	1	3
Parks and Green Area (thousand sq. m)	1,571	721	2,904
Automated Waste Treatment Facility	1	2	7
International Organizations	1	8	3

# Governance & Associated Developers

## The Agency : IFEZ Office (under the In-cheon metropolitan city)

- Established in 2003 right after IFEZ designation, takes overall charge of development
- 4 divisions and 46 teams, 286 officials (as of 2013)
- Office Budget 300 Million USD (2004) ~ 570 MUSD (2008) ~ 900 MUSD (2013)



## ※ Other Developers Involved (Ex.)

- In-cheon City
- In-cheon Technopark
- Songdo Development Ltd. Inc.
- Ministry of L. I. and T.
- LH Corporation
- In-cheon Urban Development Corporation
- In-cheon International Airport Corporation
- Korea Agri-Fishery Corporation



# 03

## Prospects & Implications for El Dorado II



# New Airport, New City and New Opportunities

## The success of In-cheon Airport and on-going competition

- Ranked 1<sup>st</sup> in Service, 2<sup>nd</sup> Cargo, 9<sup>th</sup> in Passengers (2013, Int'l Airport Association)
- 87 Airlines, 167 Cities connected (45 M. Passengers, Transfer rate 18.5% in 2015)
- The competitiveness of airport and surrounding area is mutually complementary

## "Airport War" in Asia requires more robust surrounding city development

- IFEZ can be a significant competitiveness to give a victory to ICN
- Especially, being the "HUB" (higher transfer rate) requires more global functions.



A great uncertainty lies under the future of ICN and IFEZ,

- Yet, the current strategy is more aggressive
- The result will be relied heavily on external factors

# Opportunities for EL DORADO II & New Town

## Questions on EL DORADO II & Facatativá New Town

- The basic characteristics, role and function of El Dorado II ?
- How much international and what's are the grand directives and strategies?
- How the specific function of New Town determined, on what ground?

## A tentative SWOT of EL DORADO II & Facatativá New Town

- Rapid increase of demands
- Big metropolis nearby
- National policy priority
- Intensifying development pressure
- Abundant resources

Strength

- Poor transport network in metropolitan area
- Immature global business and high-tech industries
- Insufficient foreign and private investment

Weakness

- Weak competition among airports in surrounding nations
- Rapid advancement of global business and high-tech industries
- Demands for fancy new town for middle-high class

Opportunity

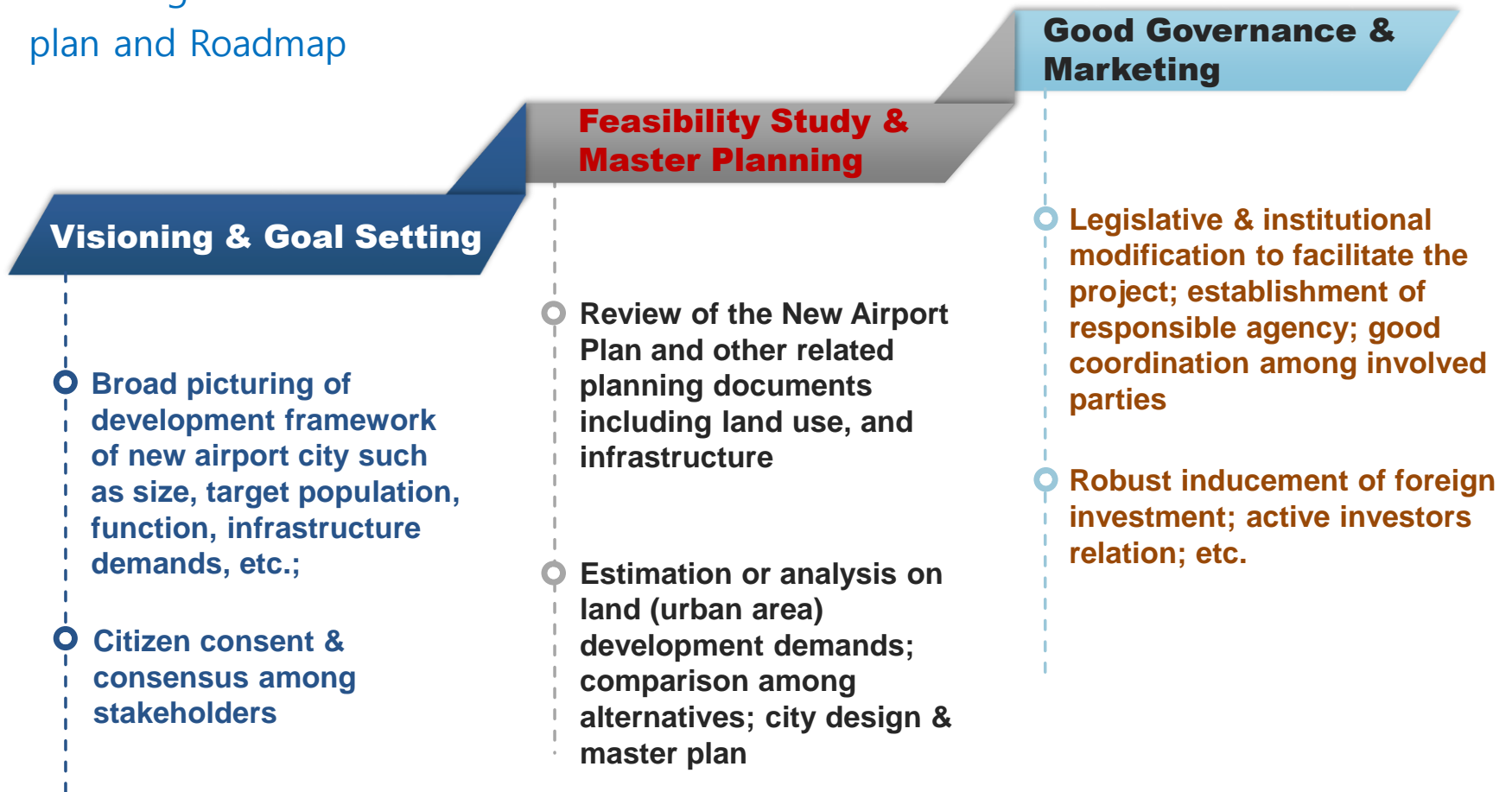
Threat

- Uncertainty of economy
- Possible over-investment and too ambitious development strategy
  - Regional disparity
- Speculation on the newly developed land

# Suggestions for Facatativá New Town

## Positing a basic framework of Facatativá New Town and pre-feasibility study

- A set of strategic directives at the national and wide-regional level
- Should be parallel with long-term economic and regional development strategies
- Provide guidelines for New Town Master-plan and Roadmap



---

**Gracias**  
감사합니다



PRESIDENCIA DE LA REPÚBLICA



**TODOS POR UN  
NUEVO PAÍS**  
PAZ EQUIDAD EDUCACIÓN

KRIHS



국토연구원