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CONTACT: ART WONG, Media Relations Manager

E-Mail: wong@polb.com

Website: www.polb.com

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(562) 590-4123

Hanjin Agrees To \$1 Billion Lease For Long Beach's Largest Container Terminal

Hanjin Shipping Co. of South Korea, one of the world's leading shipping lines, has agreed to a long-term lease for the use of the Port of Long Beach's largest container terminal, a 375-acre project under construction at the site of the former Long Beach Naval Station and Naval Shipyard.

The massive scale of the project mirrors skyrocketing growth in Pacific Rim trade. The new cargo terminal will be the size of 280 football fields, or more than twice as big as Hanjin's existing, 170-acre facility in Long Beach -- which is already the port's largest and only three years old.

The project is a major investment for Hanjin and Long Beach. Hanjin will pay the port a minimum of \$42 million a year for the Terminal Island facility, or more than \$1 billion during the 25 years of the lease. The port is spending \$500 million to develop the "Pier T" terminal. Although a government agency, the port is not supported by tax dollars.

The project is a major economic boost for the region, employing thousands of temporary construction workers, and eventually 600 permanent terminal management and union workers.

The lease signing by Hanjin follows months of negotiations. Hanjin and port officials signed a letter of intent in March. The Long Beach Board of Harbor Commissioners' Development Committee is scheduled to act on the lease at its meeting Monday, Oct. 30.

"This is a milestone for Long Beach and Hanjin," said port Executive Director Richard D. Steinke. "This is the first in a series of mega-terminal projects that we are planning over the next decade to expand the port and to keep pace with growing international trade.

"This lease underscores Hanjin's remarkable success during the past decade and its high expectations for the future."

Hanjin was founded 23 years ago, and began calling at the port in 1979. It moved into its first dedicated Long Beach terminal in 1991, a 57-acre facility on Pier C. In 1997, the Korean shipping line moved into its 170-acre facility on Pier A. Last year, the Hanjin terminal was the first in Long Beach to handle the equivalent of 1 million container units or about one-quarter of all of the port's container cargo.

"We have had tremendous success in Long Beach and look forward to maintaining our very close relationship with the port and the City of Long Beach," said N.U. Park, executive vice president and managing director of Hanjin's American operations. "We are excited about working with the port on another major container terminal project - one that will be among the world's largest."

Under terms of the agreement, the port will build a state-of-the-art facility that includes 5,000 lineal feet of wharf, at least 50-foot water depths, a 30-lane truck gate complex, electrical plugs for 1,200 refrigerated containers, a dockside rail yard, and 12 to 16 "post-Panamax" sized cranes capable of unloading ships too wide for the 106-foot Panama Canal.

Construction of the new terminal has been underway since 1998, when the Navy transferred use of the complex to the port. The port has already cleared structures from more than 200 acres. Demolition for the final 175 acres is underway. Underground utilities, light poles and half-depth paving have been completed for 200 acres. The first 2,400 feet of the concrete wharf is completed, and construction of another 1,300 feet is underway. A contract for the final 1,300 feet of wharf will be awarded next summer.

With the signing of the lease, the port will seek bids and award contracts for the gate complex, the completion of paving and utilities, and construction of buildings.

All phases of construction should be completed during 2003.

After Hanjin moves to Pier T, its Pier A terminal will be leased to another shipping line. Other lines calling at the port have expressed interest in leasing the site.