

# Korea

## Tourism in the economy

In 2014 the number of international visitors to Korea stood at a record 14.2 million, an increase of 16.6% compared with 12.2 million in 2013. As inbound tourism has increased, the contribution of tourism to the development of the national economy has also gradually expanded. China is the most important inbound market for Korea, accounting for 6.1 million visitors, followed by Japan with 2.3 million visitors. The average expenditure of foreign tourists visiting Korea in 2014 was USD 1 606 per person. Expenditure of tourists from the Middle East exceeds USD 3 000 per person. Although the expenditure of Chinese tourists is lower at USD 2 095, the greater number of visitors makes China the most attractive market in economic terms. Japanese tourists have the lowest level of expenditure, at USD 999.

Tourism income was USD 18.1 billion in 2014, a 24.4% increase compared to that of 2013, which was USD 14.5 billion. Tourism expenditure was USD 19.8 billion and the tourism deficit was at its lowest level since 2009, at USD 1.7 billion. The increase in tourism income from the increased shopping activity of inbound tourists visiting Korea has made a considerable contribution to revitalising of the domestic economy. It is estimated that the effect on production due to the tourism expenditure of international tourists was USD 38.6 billion in 2014, creating 520 000 jobs.

The number of Korean people enjoying domestic tourism in 2014 was 38 million, slightly up (0.6%) on the previous year. Day trips increased 2.1% to 128.6 million and overnight travel rose by 3.7% to 98.5 million. In total, 397.8 million domestic travel days were recorded in 2014.

In 2014, tourism contributed an estimated 5.8% of total GDP in Korea and the total number of employees in the tourism industry (direct and indirect) was estimated to be 1.6 million, a 1.6% increase compared with the previous year when tourism was estimated to account for 6.4% of total employment (WTTC).

## Tourism governance and funding

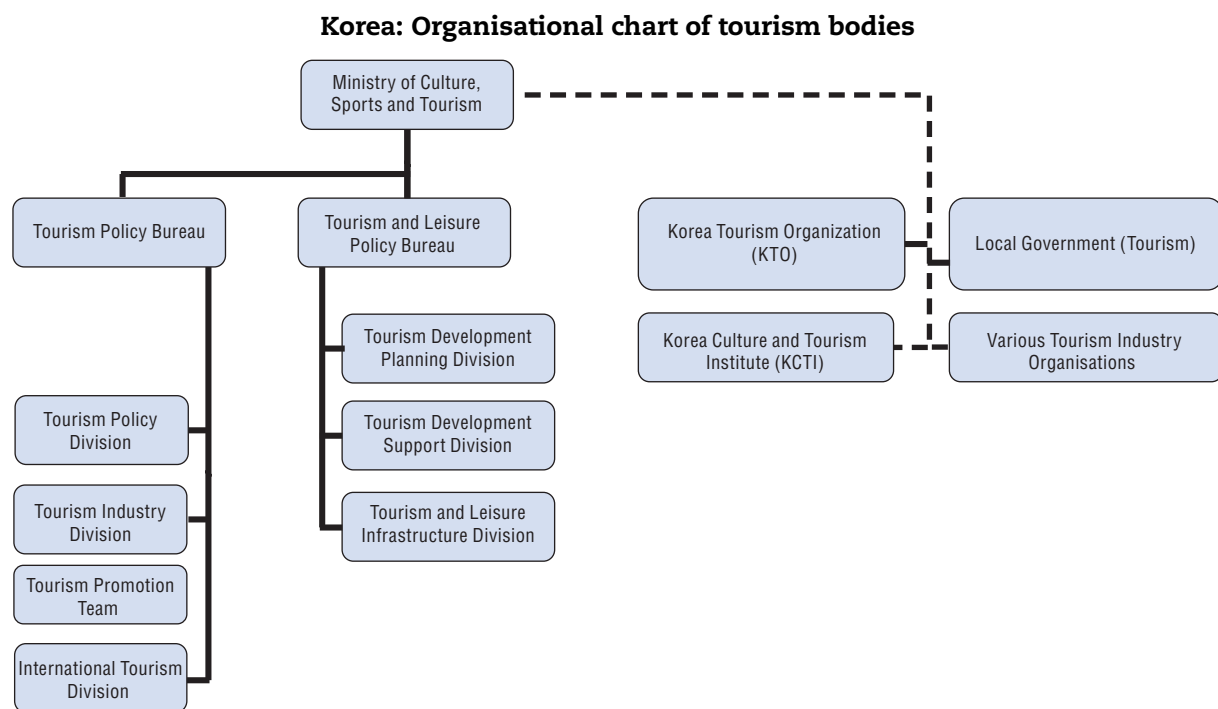
The Ministry of Culture, Sports and Tourism (MCST) has a Sports and Tourism Policy Office, under the charge of a Vice Minister. There are two policy bureaux within this Office which have responsibilities relating to tourism:

- Tourism Policy Bureau, encompassing the Tourism Policy Division, Tourism Industry Division and International Tourism Division.
- Tourism and Leisure Policy Bureau, comprised of the Tourism Development Planning Division, Tourism Development Support Division, and Tourism and Leisure Infrastructure Division.

The MCST co-operates with the Ministry of Land, Infrastructure and Transportation to revitalise tourism through facilitating improved connectivity between air, land and water transportation. The MCST works with the Ministry of Justice to promote an easing of standards for the issue of visas and simplifying the entry process for international visitors to Korea.

Similarly, the Ministry works in partnership with the National Police Agency to run the tourism police system, which helps to improve aspects of their visit which may inconvenience tourists and provide assistance in case of emergency.

To promote development of the tourism industry, the MCST shares information through a network of national policy institutes focusing on tourism, economy, environment, and transportation. In addition, close co-operation for improvement of the tourism system and development of the tourism industry has been maintained through conclusion of Memoranda of Understanding and meetings with related industries.



Source: OECD, adapted from the Ministry of Culture, Sports and Tourism, 2016.

The Tourism Promotion and Development Fund supports tourism promotion under Article 14 of the Framework Act on Tourism. Sources of funding include government funds, the casino industry, a departure tax on national tourists going abroad, and profits from fund operation. The Minister of Culture, Sports and Tourism is in charge of the management and operation of the Fund, which is used for: constructing and repairing tourism facilities; securing and repairing transportation; constructing and repairing infrastructure of tourism related businesses; subsidising corporations in charge of examination and research of tourism policies; and other tourism promotion activities.

The total expenditure of the Fund was USD 857.7 million in 2014, excluding operating costs. Of this, USD 485.1 million was allocated to loans to support the expansion of tourism facilities and the operation of tourism enterprises. A further USD 372.6 million in tourism

subsidies was allocated to the tourism promotion infrastructure (USD 67.1 million), the tourism industry promotion (USD 99.9 million) and projects to attract foreign tourists (USD 205.6 million).

## Tourism policies and programmes

The Korean Government has been focusing on the following tourism policies: creative tourism (convergence), improving the visa system, enhancing air traffic connectivity, 10YFP sustainable tourism, developing a high value tourism programme, enhancing tourism quality, attracting 20 million foreign tourists, diversifying target markets, and vacation and holiday improvements policy for the revitalisation of domestic tourism.

Creative Tourism has been promoted in Korea since 2011, with the aim of creating more jobs in the tourism industry and improving competitiveness by fostering venture tourism enterprises that create new value and synergies. It connects other industries with tourism based on creativity, innovation, openness and technology. Creative Tourism helps to discover new ideas for creative tourism businesses and supports entry to tourism markets.

Tourism Week takes place twice every year (Spring and Fall). The promotional campaigns uses mass media such as TV and radio as well as discount events and special programmes arranged in 3 550 accommodation, restaurant, and other tourism facilities. As a result, domestic tourism has been remarkably increased. During Fall Tourism Week 2014, total travel days reached 12.2 million, with positive impacts consumption (USD 493.3 million), production inducement (USD 815.2 million), added value inducement (USD 411 million), and employment inducement (6 356 people).

Tourism Doo-rae is a project that supports local residents in the establishment of tourism businesses such as accommodation, restaurants and entertainment for tourists who visit local communities. Over 100 local communities across the country benefited from the project from 2013 to 2014. By the end of 2014, Tourism Doo-rae projects were under development in 24 regions.

Simplification of standards and procedures for visa issue is being promoted for the convenience of Chinese and Southeast Asian tourists wishing to enter Korea. In particular, expansion of multiple entry visas and simplification of visa application documents for university students and family tourists has speeded up the process. From 2016, an e-visa service will be implemented for Chinese group tourists who enter the Republic of Korea. This will enable them to deal with the visa application online without visiting the embassy in person. At the same time, a dedicated service has been established for foreign tourists to claim a tax refund.

To revitalise tourism industries in the neighbourhood of international airports in Korea, a no-visa entry programme for transit tourism has been implemented. This allows tourists transferring at domestic airports on route to Jeju Island to stay for 120 hours in the area neighbouring the transit airport without a visa. This contributes to an increase in local tourism demand and income from foreign visitors as well as to development of the local economy and job creation.

Around 95% of international visitors to Korea travel by air. The need for an increase in air routes and seat supply is an important challenge for the promotion of growth in international visits. Together with the Ministry of Land, Infrastructure and Transportation, the MCST is actively promoting co-operation in the aviation sector for open skies

agreements with China and Southeast Asian countries. A three-year exemption from facility fees has been introduced at local airports for airlines with new international routes.

Work Life Balance is being promoted to grow domestic tourism through expansion of national leisure time and reduce the annual national average for working hours from the current level of 2 100 hours. A substitute holiday system, tourism week and a short term school vacation in Spring and Autumn have been introduced, and people have been encouraged to use their annual paid holidays.

## Statistical profile

Table 1. Korea: Domestic, inbound and outbound tourism

	2010	2011	2012	2013	2014
<b>TOURISM FLOWS, THOUSAND</b>					
<b>Domestic tourism</b>					
Total domestic trips	168 148	156 594	213 468	231 035	227 100
Overnight visitors (tourists)	92 174	71 622	92 289	99 667	98 521
Same-day visitors (excursionists)	75 974	84 972	121 180	131 368	128 579
Nights in all types of accommodation	263 633	201 976	244 102	257 852	269 268
Hotels and similar establishments	..	..	..	..	..
Specialised establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
<b>Inbound tourism</b>					
Total international arrivals	8 798	9 795	11 140	12 176	14 202
Overnight visitors (tourists)	..	..	..	..	..
Same-day visitors (excursionists)	..	..	..	..	..
<b>Top markets</b>					
China	1 875	2 220	2 837	4 327	6 127
Japan	3 023	3 289	3 519	2 748	2 280
United States	653	662	698	722	770
Chinese Taipei	406	428	548	544	644
Thailand	261	309	387	373	467
Nights in all types of accommodation	..	..	..	..	..
Hotels and similar establishments	..	..	..	..	..
Specialised establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
<b>Outbound tourism</b>					
Total international departures	12 488	12 694	13 737	14 846	16 081
Overnight visitors (tourists)	..	..	..	..	..
Same-day visitors (excursionists)	..	..	..	..	..
<b>Top destinations</b>					
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
<b>TOURISM RECEIPTS AND EXPENDITURE, MILLION USD</b>					
<b>Inbound tourism</b>					
Total international receipts	14 329	17 289	18 779	19 540	22 923
International travel receipts	10 291	12 347	13 357	14 525	18 062
International passenger transport receipts	4 039	4 942	5 422	5 015	4 861
<b>Outbound tourism</b>					
Total international expenditure	16 299	17 806	18 784	20 152	22 205
International travel expenditure	14 278	15 531	16 495	17 341	19 763
International passenger transport expenditure	2 022	2 275	2 289	2 811	2 442

.. Not available

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Source: OECD Tourism Statistics (Database).


StatLink  <http://dx.doi.org/10.1787/888933320190>

Table 2. **Korea: Enterprises and employment in tourism**


	Number of establishments	Number of persons employed <sup>1</sup>				
	2014	2010	2011	2012	2013	2014
<b>Total</b>	..	..	..	..	..	..
<b>Tourism industries</b>	<b>20 769</b>	<b>186 395</b>	<b>204 579</b>	<b>229 658</b>	<b>227 135</b>	<b>230 334</b>
Accommodation services for visitors	1 278	60 402	62 783	70 803	63 899	67 465
Hotels and similar establishments	..	..	..	..	..	..
Food and beverage serving industry	5 014	36 725	39 715	41 576	42 150	39 506
Passenger transport	..	..	..	..	..	..
Air passenger transport	..	..	..	..	..	..
Railways passenger transport	..	..	..	..	..	..
Road passenger transport	..	..	..	..	..	..
Water passenger transport	..	..	..	..	..	..
Passenger transport supporting services	..	..	..	..	..	..
Transport equipment rental	..	..	..	..	..	..
Travel agencies and other reservation services industry	12 854	49 928	59 287	69 990	70 574	69 400
Cultural industry	..	..	..	..	..	..
Sports and recreation industry	946	28 321	30 156	33 690	36 421	36 633
Retail trade of country-specific tourism characteristic goods	..	..	..	..	..	..
Other country-specific tourism industries	677	11 018	12 638	13 599	14 092	17 330
<b>Other industries</b>	..	..	..	..	..	..

.. Not available

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1. Data refer to number of employees.

Source: OECD Tourism Statistics (Database).

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