

Korea

Tourism in the economy

Tourism is a significant driver of economic growth in Korea. In 2018, it accounted for 4.7% of GDP and is estimated to support 1.4 million jobs, representing 5.3% of total employment. Travel exports represented 15.5% of total service exports in 2018.

International visit arrivals increased by 15.1% to 15.3 million in 2018. The largest visitor flows are from neighbouring countries, including China (up 14.9% over 2017) and Japan (up 27.6% over 2017). Together, these two inbound markets generated 50.4% of total international arrivals to Korea. Chinese Taipei outnumbered the United States for the first time as the third major source market.

Increased volumes were reflected in solid expenditure growth in 2018, with international visitor expenditure up 14.6% to KRW 16.7 trillion. Expenditure by Chinese visitors, now Korea's leading market by value as well as volume, amounted to KRW 6.2 trillion in 2018. Other large markets showing strong growth included the United States (KRW 1.9 trillion) and Japan (KRW 1.7 trillion).

Total domestic trips totalled 311.2 million, an increase of 9.2% on 2017. Same day trips decreased by 14.1% to 147.9 million, while overnight travel rose by 44.7% to 163.2 million. The number of nights spent by domestic visitors in collective accommodation establishments totalled 408.9 million in 2018.

Tourism governance and funding

Chaired by the Prime Minister, the national tourism strategy meeting was established in December 2017. The meeting brings together not only the tourism minister but also related Ministers including those for foreign affairs, transport, law and justice, and maritime. In April 2019, the third meeting discussed ways to attract more international tourists and boost domestic travel to stimulate regional economies.

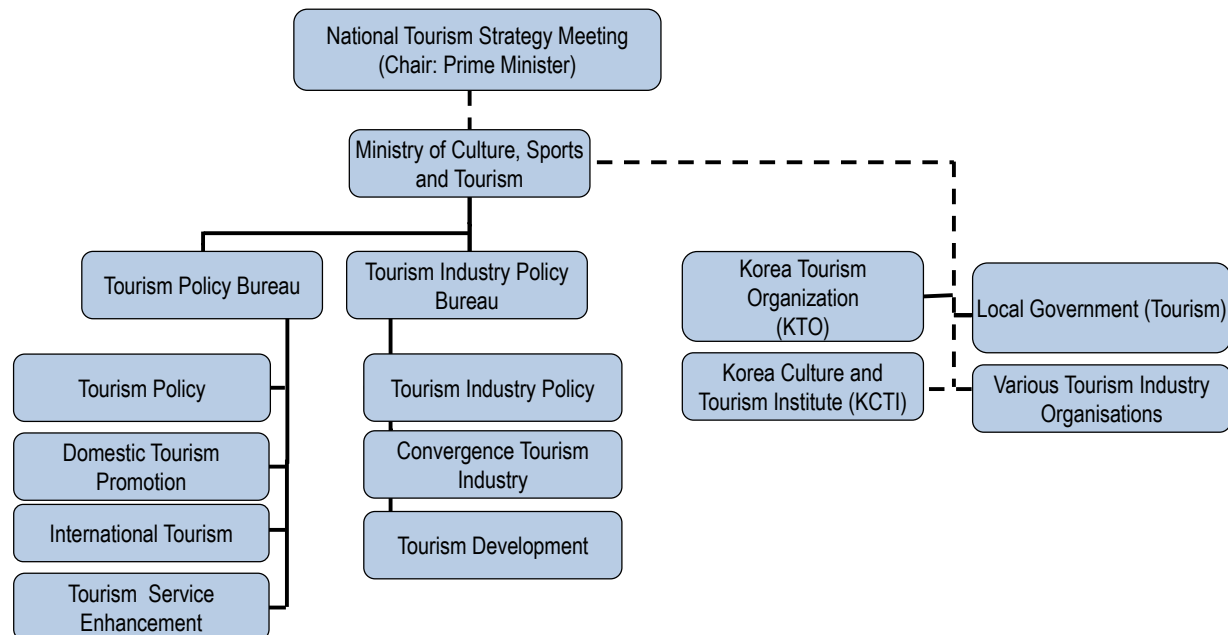
The Ministry of Culture, Sports and Tourism works closely with the Korea Tourism Organisation, which is the publicly funded and responsible for marketing and promotion of Korea domestically and abroad. The organisation has recently reformed its structure by further strengthening key departments and aligning these closely to the Government's tourism policy priorities. These include tourism welfare, supporting the growth of tourism enterprises, safety management, international co-operation and the application of big data technologies to tourism.

As of August 2018, tourism became the responsibility of the Second Vice Minister within the Ministry of Culture, Sports and Tourism (MCST) with two main directorates:

- Tourism Policy Bureau, encompassing separate divisions for Policy, Domestic Tourism Promotion, International Tourism and Tourism Service Enhancement.
- Tourism Industry Policy Bureau, comprising divisions for Tourism Industry Policy, Convergence of the Tourism Industry and Tourism Development.

The Tourism Promotion and Development Fund supports tourism under the Framework Act of Tourism. In 2018, the total expenditure of the Fund was approximately KRW 811 billion, including KRW 97 billion for tourism industry promotion, as well as tourism infrastructure and other projects to attract foreign tourists.

Korea: Organisational chart of tourism bodies



Source: OECD, adapted from the Ministry of Culture, Sports and Tourism, 2020.

Tourism policies and programmes

Korea's Tourism Innovation Strategy announced in April 2019 was the result of the third national tourism strategy meeting. It has guided the tourism industry through a period of impressive growth in visits and expenditure. Nonetheless, the industry faces a range of challenges to ensure that the pace of growth can continue in a sustainable way. Key challenges include:

- Securing continued growth of inbound tourists and higher yielding tourists by enhancing visa facilitation.
- Strengthening the competitiveness of tourism SMEs in response to future tourism trends (Box 2.5).
- Increasing the dispersal of visitors to less visited regions.
- Enhancing the attractiveness and quality of tourism products and services.

Under the auspices of the Tourism 2020 Strategy, Korea is pursuing a range of policy responses to address these challenges. First, the government will ease visa rules to draw more visitors from China, Vietnam, the Philippines, Indonesia and India. Second, four local municipalities will be developed into regional tourism hubs, and tour programmes will embrace more cultural content, including K-pop, to attract foreign fans of Korean pop culture. The government will also increase subsidies for tourism to a level similar to that allocated to manufacturing industry. It will provide tourism ventures with up to KRW 198 billion.

To encourage foreign tourists to travel to other destinations within Korea, the government and the tourism industry have developed several measures. One specific policy is to extend multiple entry visas to Chinese nationals that reside in the country's more economically prosperous cities. Currently the visas – which

allow for unlimited entry and exit to and from Korea during a certain period of time – are only available to residents of Beijing, Shanghai, Guangzhou and Shenzhen.

In addition to more aggressive marketing of Korean pop culture, another proposal being advanced by the government is expanding tourism to include the Demilitarised Zone, a border area of tourist interest which is around 250 kilometres long and about 4 kilometres miles wide.

Other policy initiatives include:

- Life cycle tourism programmes tailored to all age groups from children to seniors. Plans are also dedicated to attract and support underprivileged groups.
- Customised tourism content, promotion, and marketing strategies for each major source market.
- A dedicated online platform and improved digital marketing strategies to enhance the experience for independent travellers. Recommended tour itineraries have been developed with an opportunity to purchase products.

Statistical Profile

Korea: Domestic, inbound and outbound tourism

	2014	2015	2016	2017	2018
TOURISM FLOWS, THOUSAND					
Domestic tourism					
Total domestic trips	227 100	238 297	241 750	284 966	311 153
Overnight visitors (tourists)	98 521	99 776	101 068	112 784	163 204
Same-day visitors (excursionists)	128 579	138 522	140 682	172 182	147 949
Nights in all types of accommodation	269 268	268 297	271 696	307 492	408 941
Hotels and similar establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Inbound tourism					
Total international arrivals	14 202	13 232	17 242	13 336	15 347
Overnight visitors (tourists)	..	..	..	..	..
Same-day visitors (excursionists)	..	..	..	..	..
Top markets					
China	6 127	5 984	8 068	4 169	4 790
Japan	2 280	1 838	2 298	2 311	2 949
Chinese Taipei	644	518	833	926	1 115
United States	770	768	866	869	968
Hong-Kong, China	558	523	651	658	684
Nights in all types of accommodation	..	..	..	..	..
Hotels and similar establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Outbound tourism					
Total international departures	16 081	19 310	22 383	26 496	28 696
Overnight visitors (tourists)
Same-day visitors (excursionists)
Top destinations					
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TOURISM RECEIPTS AND EXPENDITURE, MILLION USD					
Inbound tourism					
Total international receipts	22 390	18 712	20 923	17 173	19 856
International travel receipts	17 460	14 798	16 886	13 368	15 319
International passenger transport receipts	4 930	3 913	4 038	3 805	4 537
Outbound tourism					
Total international expenditure	26 136	27 957	29 817	34 453	34 769
International travel expenditure	23 192	25 270	27 243	31 691	31 973
International passenger transport expenditure	2 944	2 687	2 574	2 762	2 796

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888934077255>

Korea: Enterprises and employment in tourism

	Number of establishments	Number of persons employed ¹				
	2017	2014	2015	2016	2017	2018
Total	..	..	..	..	..	..
Tourism industries	33 089	230 334	235 604	261 978	280 270	..
Accommodation services for visitors	1 843	67 465	70 305	73 631	71 769	..
Hotels and similar establishments	..	..	..	..	..	..
Food and beverage serving industry	3 884	39 506	27 902	27 110	28 998	..
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	19 944	69 400	84 558	98 421	107 209	..
Cultural industry	..	..	..	..	..	..
Sports and recreation industry	6 528	36 633	37 707	50 219	60 129	..
Retail trade of country-specific tourism characteristic goods	..	..	..	..	..	..
Other country-specific tourism industries	890	17 330	15 131	12 596	12 166	..
Other industries	..	..	..	..	..	..

.. Not available

1. Data refer to number of employees.

Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888934077274>



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