

# Korea

## Tourism in the economy

In 2016, the number of international visitors to Korea totalled 17.2 million, an increase of 30.3% over 2015. The previous year, inbound tourism had been sufficiently resilient to withstand the threat presented by the emergence of MERS (Middle East Respiratory Syndrome), with a decrease of just 6.8% in the number of international visitors compared with 2014.

Korea has become one of the most popular destinations for Chinese and other Asian tourists in recent years. In 2016, China retained its position as the largest inbound market, accounting for 8.1 million visitors. Other markets of importance included Japan (2.3 million visitors), the United States (866 000 visitors) and Taiwan (833 000 visitors). At the same time, outbound travel grew by 15.9% to 22.4 million departures.

Tourism income in 2016 was estimated at USD 17.1 billion, up 13.2 % on 2015. Tourism expenditure was USD 23.1 billion, showing a reduction in the tourism deficit from USD 6.4 billion in 2015 to USD 6.0 billion in 2016, a decrease of 6.6 %. Highest spending visitors included those from the Middle East (USD 2 594), China (USD 2 060) and Russia (USD 1 783), compared to the average per person spend of USD 1 625.

The pattern of demand from international visitors has diversified in recent years, shifting from group tours towards individual tours and from five-star hotel stays towards three- and four-star hotel stays. Shopping accounted for 52.6% of all credit card expenditure by international visitors in 2016. Spending on accommodation (31.7%) and food services (9.1%) both showed a significant increase on the previous year.

In 2016, tourism contributed an estimated 5.1% of total GDP in Korea and the total number of employees in the tourism industry was 1.5 million, 5.8% of total national employment. Total domestic trips numbered 241.7 million, an increase of 1.4% over the previous year. Same-day trips increased by 1.6% to 140.6 million, overnight travel rose by 1.3% to 101 million, and the number of nights spent by domestic visitors in collective accommodation establishments totalled 271 million in 2016.

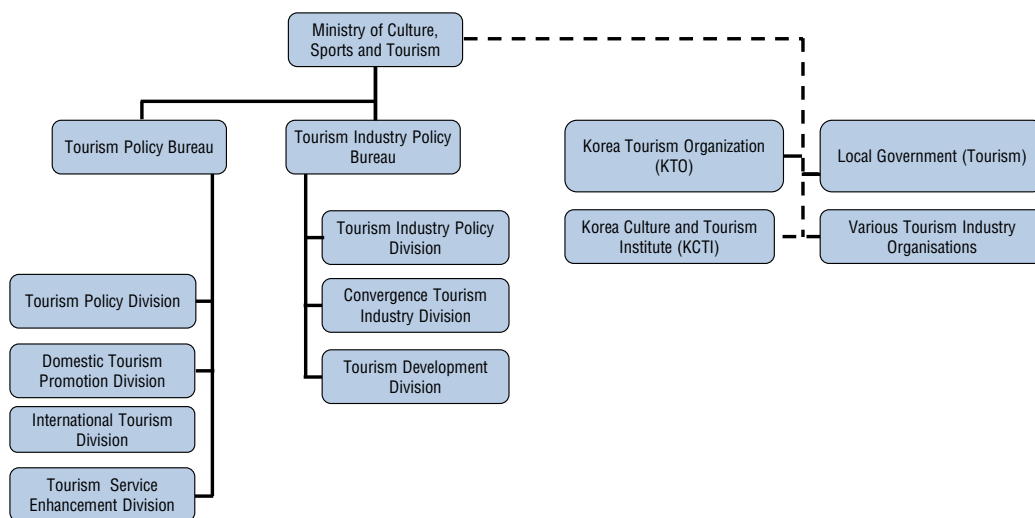
## Tourism governance and funding

In May 2017, the incoming President and Administration announced a new policy agenda, including goals, strategies and tasks for the next five years with the ultimate purpose of improving tourism welfare, promoting domestic tourism, and fostering a fourth industrial revolution. Accordingly, the Ministry of Culture, Sports and Tourism (MCST) completed its reorganisation in September 2017 to effectively respond to the new policy agenda while continuing to increase the competitiveness of Korea's tourism. As a result, under the purview of a Vice Minister within the Ministry of Culture, Sports and Tourism (MCST), there are currently two policy bureaus as follows:

- Tourism Policy Bureau, encompassing the Tourism Policy Division, Domestic Tourism Promotion Division, International Tourism Division and Tourism Service Enhancement Division.
- Tourism Industry Policy Bureau, comprised of the Tourism Industry Policy Division, Convergence Tourism Industry Division and Tourism Development Division.

The new administration is reviewing the option of establishing a National Tourism Strategy Meeting, to be presided over by either the President or Prime Minister. This would involve a horizontal and public-private co-operative platform at the ministerial level in order to foster tourism as a national strategic industry. Participating ministries may include the Ministry of Land, Infrastructure and Transport, Ministry of Justice, Ministry of Foreign Affairs and Ministry of Maritime.

### Korea: Organisational chart of tourism bodies



Source: OECD, adapted from the Ministry of Culture, Sports and Tourism, 2018.

The Tourism Promotion and Development Fund supports tourism promotion under Article 14 of the Framework Act on Tourism. In 2016, the total expenditure of the Fund was approximately USD 1.2 billion, including USD 332 million allocated to subsidies for tourism industry promotion, as well as tourism infrastructure and other projects to attract foreign tourists.

## Tourism policies and programmes

In recent years, Korea's tourism policy has focused primarily on increasing the volume of foreign tourists. In May 2017, the new Administration introduced a policy direction emphasising "tourism welfare" and promoting tourism as a mechanism to both enhance quality of life and boost the national economy. The five major priorities in tourism for 2017-2021 are:

- Fostering a tourism-leisure society,
- Enhancing the competitiveness of the tourism industry,
- Creating quality jobs through tourism,

- Fostering balanced regional growth and local economic development through tourism,
- Diversifying source markets and nourishing a more value added industry.

One of the major challenges in fostering sustainable inbound tourism is to diversify both source markets and regional destinations for visitors. Numbers of foreign tourists hit a record high in 2016. However, Chinese visitors accounted for 46.8% of the total international arrivals, helped by promotional campaigns and easing of visa rules to target a growing group of Chinese independent tourists. The tourism administration is moving to diversify source markets by launching aggressive marketing campaigns which target Japan and Southeast Asia.

Other priorities aimed at generating larger international tourism receipts include developing strategies to attract more independent travellers and fostering high value added tourism.

Korea is undertaking the following initiatives:

- Introduction of vacation bonus subsidies, providing employees of small companies with vacation bonuses partly subsidised by the government (25% of the set amount): a vacation support plan to better assure that employees of Small and Medium Sized Enterprises (SMEs) take adequate vacation leave; issued in the form of a prepaid debit card. The total vacation cost is shared by the ratio of 50% employee, 25% government, and 25% employer (each deposit their share to the virtual account linked with the prepaid card); spending of this card is restricted to the tourism sector and to a specified usage period.
- Life cycle tourism programs tailored to all age groups from children to seniors. Plans are also dedicated to underprivileged groups.
- Customised tourism content, promotion, and marketing strategies for each major source market.
- A strong overseas promotional and marketing campaign focused on ten designated regional destinations with high potential to attract a greater number of international visitors.
- A dedicated online platform and improved digital marketing strategies to enhance the visitor experience of independent travellers. Recommended tour itinerary information, with an option to purchase product, is scheduled to launch in September 2017.
- Major online and mobile promotional campaigns designed to attract the interest of independent travellers.

In addition to marketing campaigns, some new products have been introduced to facilitate tourist movements and spending. Furthermore, efforts continue to be made to improve the competitiveness of high added-value tourism by targeting new corporate meetings, diversifying the incentive tourism market and expanding the realm of medical tourism.

**Incentives to promote and facilitate visitor spending in Korea**

The Korea Tour Card will be launched in 2017, aimed at improving the overall visitor experience of destinations. This official tour card, to be offered exclusively to international visitors, can be used as a convenient way to pay for public transport fares and entrance fees at various tourist attractions as well as to purchase shopping, dining, and entertainment products. Discounts will also be available to card users. Available for purchase at select locations, it offers international visitors a number of benefits including shop discounts, coupons, and a welcome gift for first-time card buyers. It can be topped up or refunded at banks, convenience stores, and subway stations (<http://koreatourcard.kr>).

The Tax Refund Automated System and Immediate Tax Refund Policy have also been introduced to enhance the shopping experience of visitors to Korea. The Automated Tax Refund System, launched in 2014, simplifies the traditional tax refund procedure. In the airport, visitors can scan their passport and VAT refund receipt on the landside kiosk to receive the tax refund in cash on the airside. Since January 2016, the Immediate Tax Refund Policy has enabled International tourists to purchase products, up to a certain value, exclusive of tax. This policy provides a more pleasant and convenient experience by saving travellers the time and effort of claiming tax refunds.

## Statistical profile

Table 1. Korea: Domestic, inbound and outbound tourism

	2012	2013	2014	2015	2016
<b>TOURISM FLOWS, THOUSAND</b>					
<b>Domestic tourism</b>					
Total domestic trips	213 468	231 035	227 100	238 297	241 750
Overnight visitors (tourists)	92 289	99 667	98 521	99 776	101 068
Same-day visitors (excursionists)	121 180	131 368	128 579	138 522	140 682
Nights in all types of accommodation	244 102	257 852	269 268	268 297	271 696
Hotels and similar establishments	..	..	..	..	..
Specialised establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
<b>Inbound tourism</b>					
Total international arrivals	11 140	12 176	14 202	13 232	17 242
Overnight visitors (tourists)	..	..	..	..	..
Same-day visitors (excursionists)	..	..	..	..	..
<b>Top markets</b>					
China	2 837	4 327	6 127	5 984	8 068
Japan	3 519	2 748	2 280	1 838	2 298
United States	698	722	770	768	866
Chinese Taipei	548	544	644	518	833
Thailand	360	400	558	523	651
Nights in all types of accommodation	..	..	..	..	..
Hotels and similar establishments	..	..	..	..	..
Specialised establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
<b>Outbound tourism</b>					
Total international departures	13 737	14 846	16 081	19 310	22 383
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	18 850	19 644	22 704	19 056	21 053
International travel receipts	13 429	14 629	17 836	15 214	17 210
International passenger transport receipts	5 422	5 015	4 868	3 841	3 843
<b>Outbound tourism</b>					
Total international expenditure	22 934	24 458	26 136	27 957	29 143
International travel expenditure	20 645	21 648	23 192	25 270	26 642
International passenger transport expenditure	2 289	2 811	2 944	2 687	2 501

.. Not available

Source: OECD Tourism Statistics (Database).


StatLink  <http://dx.doi.org/10.1787/888933640557>


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

	Number of establishments	Number of persons employed <sup>1</sup>				
	2015	2012	2013	2014	2015	2016
<b>Total</b>	..	..	..	..	..	..
<b>Tourism industries</b>	<b>23 874</b>	<b>229 658</b>	<b>227 135</b>	<b>230 334</b>	<b>235 604</b>	..
Accommodation services for visitors	1 503	70 803	63 899	67 465	70 305	..
Hotels and similar establishments	..	..	..	..	..	..
Food and beverage serving industry	4 855	41 576	42 150	39 506	27 902	..
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	14 607	69 990	70 574	69 400	84 558	..
Cultural industry	..	..	..	..	..	..
Sports and recreation industry	2 290	33 690	36 421	36 633	37 707	..
Retail trade of country-specific tourism characteristic goods	..	..	..	..	..	..
Other country-specific tourism industries	619	13 599	14 092	17 330	15 131	..
<b>Other industries</b>	..	..	..	..	..	..

.. Not available

1. Data refer to number of employees.

Source: OECD Tourism Statistics (Database).

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