

Korea

Tourism in the economy and outlook for recovery

Tourism is considered a sector for economic growth in Korea. In 2019 tourism directly contributed to 2.5% of total GDP. Tourism-related businesses employed 275 619 people in 2019, which fell to 191 005 people in 2020, representing 0.7% of total employment. Travel exports represented 11.5% of total service exports in 2020, down from 20.1% in 2019.

Following a record high of 17.5 million international arrivals in 2019, tourism was hit hard from the very start of the pandemic. In 2020, arrivals to Korea fell by 86% to 2.5 million and decreased further in 2021 to less than 1 million. The decrease in visitor volumes was reflected in a sharp decline in international expenditure, down 50.9% to USD 10.2 billion in 2020 and USD 10.3 billion in 2021.

Domestic tourism is generally an important sector for Korea, contributing approximately two-thirds of total tourism expenditure pre-pandemic. In 2020, domestic tourists fell 45% to 88.5 million. Domestic tourism recovered slightly in 2021, returning to 43.8% of pre-pandemic levels.

Tourism governance and funding

Since August 2018, tourism has been the responsibility of the Ministry of Culture, Sports and Tourism (MCST) with two main directorates:

- 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 Ministry works closely with the Korea Tourism Organisation, a publicly funded national tourism organisation. The Council for National Tourism Strategy, chaired by the Prime Minister, was established to co-ordinate matters between 13 relevant Ministries, including Foreign Affairs, Maritime Affairs, and the Forestry Agency, regarding the strategic planning and promotion of tourism.

Korea has maintained a whole-of-government approach to tackling COVID-19. The Prime Minister heads the Central Disaster and Safety Countermeasures Headquarters Meeting, which comprises MCST, other relevant ministries, the seventeen provinces and major cities. In addition, the Ministry of Culture, Sports and Tourism is in close co-operation with the Ministry of Health and Welfare, Korea Disease Control and Prevention Agency, Ministry of Foreign Affairs, and relevant authorities under the Korea Disease Control and Prevention Agency Task Force to monitor the influx of COVID-19 confirmed cases from overseas.

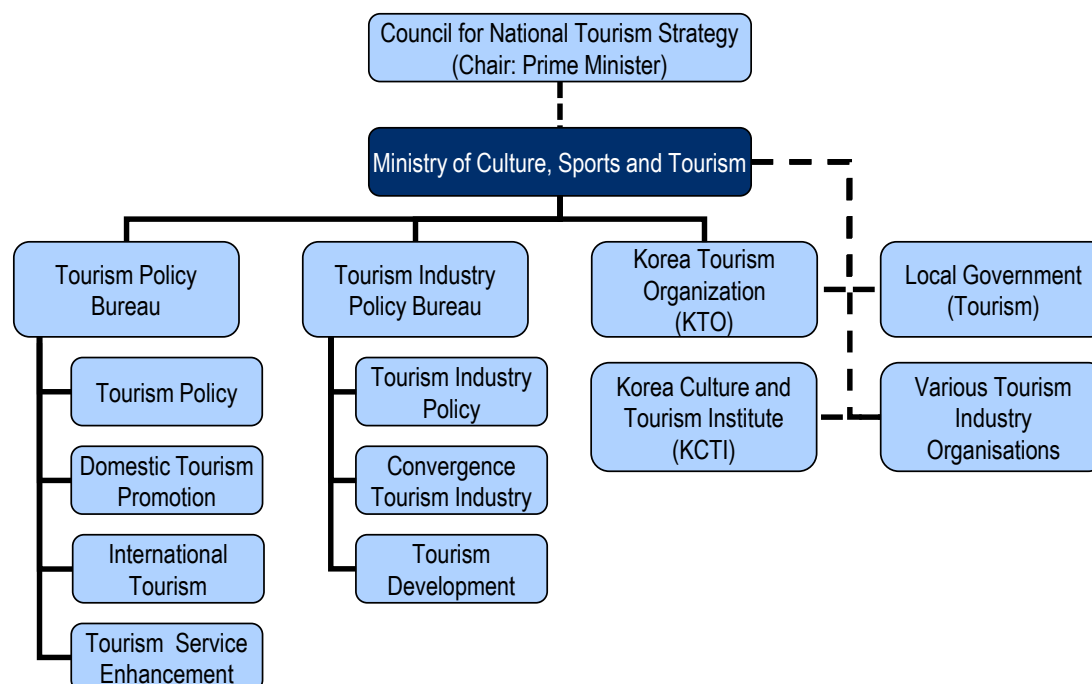
In 2021, the Tourism Promotion and Development Fund had a total expenditure of approximately KRW 1 500 billion, including subsidies for tourism industry promotion, tourism infrastructure and other projects to attract foreign tourists. In addition, KRW 1 350 billion in 2020 and KRW 1 400 billion in 2021 were allocated to support the tourism sector, including:

- Provision of loans and redemption grace periods (KRW 2.8 billion).

- COVID-19 emergency relief funds (KRW 124 billion).
- Job retention support for tourism businesses and capacity building of tourism workers (KRW 710 billion).
- Tax reductions (KRW 70.1 billion).
- COVID-19 response supplies and travel facilitation campaigns (KRW 153 billion).

In February 2022, a supplementary budget of around USD 3 million supported the salaries of 33 000 tourism employees.

Korea: Organisational chart of tourism bodies



Source: OECD, adapted from the Ministry of Culture, Sports and Tourism, 2022.

Tourism policies and programmes

In light of the pandemic, the tourism sector in Korea continues to face a wide range of issues and challenges. Key challenges include: supporting the survival of tourism businesses and their workforce, strengthening the competitiveness of tourism SMEs and their workers in response to future tourism trends, increasing traveller confidence and managing the return of tourism safely.

The halt of international tourism presented an opportunity for the tourism sector to evaluate and identify how to use better and integrate new and innovative technologies and move towards a safe recovery. Korea announced its policy vision for 2022 in the Annual Plan titled “Preparing for the fast recovery of the tourism sector through safe travel”, which identifies strategies to support the safe resumption of tourism, increase the attractiveness of Korea as a global tourist destination, and establish the infrastructure for future tourism.

To respond to key challenges, the Plan includes initiatives to assist tourism businesses and the workforce through financial aid, job retention, support for tourism businesses, capacity building for tourism workers, tax reductions, and health and hygiene support.

Korea has launched measures to support innovation in the travel sector's digital transformation by providing financial support in the form of vouchers to enhance the digital competency of tourism SMEs. This includes knowledge sharing with MSMEs and traditional travel operators to:

- Harness the digital transformation through new business model development.
- Undertake professional training on new trends.
- Provide ICT support and develop management skills, including human resources, tax, accounting, legal, and marketing.
- Create digital capacity-building programmes to understand systems, processes, digital content creation and planning.
- Provide practical application through theory and training practice.

To disperse pent-up demand for travel safely, Korea has harnessed a big data service platform that forecasts the degree of congestion of domestic tourist destinations to provide guidance on destination selection and reinforce safety protocols. Korea has also leveraged new and innovative technology to boost traveller confidence post-pandemic, maintain the interest of future travellers, and spur future demand for international tourism (see Box 1.10). Digital technology, such as the 'metaverse' platform and digital influencers, are being used to promote Korea as a safe destination.

Statistical Profile

Korea: Domestic, inbound and outbound tourism

	2017	2018	2019	2020	2021
TOURISM FLOWS, THOUSAND					
Domestic tourism					
Total domestic trips	284 966	311 153	344 750	225 199	..
Overnight visitors (tourists)	112 784	163 204	162 376	88 450	..
Same-day visitors (excursionists)	172 182	147 949	182 374	136 749	..
Nights in all types of accommodation	307 492	408 941	403 336	211 127	..
Hotels and similar establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Inbound tourism					
Total international arrivals	13 336	15 347	17 503	2 519	967
Overnight visitors (tourists)	..	..	..	..	..
Same-day visitors (excursionists)	..	..	..	..	..
Top markets					
United States	869	968	1 044	220	204
China (People's Republic of)	4 169	4 790	6 023	686	170
Japan	2 311	2 949	3 272	431	15
Chinese Taipei	926	1 115	1 260	167	4
Hong Kong, China	658	684	695	89	1
Nights in all types of accommodation	..	..	..	..	..
Hotels and similar establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Outbound tourism					
Total international departures	26 496	28 696	28 714	4 276	1 223
Overnight visitors (tourists)	..	..	..	..	..
Same-day visitors (excursionists)	..	..	..	..	..
Top destinations					
..
..
..
..
..
TOURISM RECEIPTS AND EXPENDITURE, MILLION USD					
Inbound tourism					
Total international receipts	17 173	23 104	25 457	11 775	..
International travel receipts	13 368	18 567	20 867	10 276	10 282
International passenger transport receipts	3 805	4 537	4 589	1 248	627
Outbound tourism					
Total international expenditure	34 453	38 022	35 340	16 705	..
International travel expenditure	31 691	35 133	32 739	16 092	13 851
International passenger transport expenditure	2 762	2 889	2 600	548	494

.. Not available; | Break in series

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/0c1ypm>

Korea: Enterprises and employment in tourism

	Number of establishments	Number of persons employed ¹				
	2020	2017	2018	2019	2020	2021
Total	..	..	..	..	..	..
Tourism industries	32 015 p	280 270	267 561	275 619	191 005 p	..
Accommodation services for visitors	2 223 p	71 769	69 926	70 658	49 930 p	..
Hotels and similar establishments	..	..	..	..	..	..
Food and beverage serving industry	3 237 p	28 998	32 785	35 644	26 446 p	..
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	16 660 p	107 209	99 077	103 311	61 784 p	..
Cultural industry	..	..	..	..	..	..
Sports and recreation industry	8 785 p	60 129	56 673	55 771	44 462 p	..
Retail trade of country-specific tourism characteristic goods	..	..	..	..	..	..
Other country-specific tourism industries	1 110 p	12 166	9 100	10 235	8 383 p	..
Other industries	..	..	..	..	..	..

.. Not available; p Provisional data

1. Data refer to number of employees.

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/p16c0f>

Korea: Internal tourism consumption

Million KRW

	2019		
	Domestic tourism expenditure	Inbound tourism expenditure	Internal tourism consumption
Total	57 088 564 p	30 467 398 p	96 139 553 p
Consumption products	56 611 040 p	30 369 552 p	95 564 182 p
Tourism characteristic products	55 129 470 p	26 652 595 p	89 138 991 p
Accommodation services for visitors	6 152 958 p	4 917 722 p	11 100 697 p
Food and beverage serving services	17 047 188 p	3 909 557 p	20 956 745 p
Passenger transport services	7 846 449 p	7 070 601 p	14 917 050 p
Air passenger transport services	5 785 402 p	5 320 402 p	11 105 804 p
Railways passenger transport services	795 512 p	697 066 p	1 492 578 p
Road passenger transport services	1 069 258 p	1 025 983 p	2 095 241 p
Water passenger transport services	196 277 p	27 150 p	223 427 p
Passenger transport supporting services	0	0	0
Transport equipment rental services	9 857 849 p	624 362 p	10 482 211 p
Travel agencies and other reservation services industry	1 269 650 p	6 336 p	1 275 986 p
Cultural services	1 503 970 p	226 659 p	1 730 629 p
Sports and recreation services	995 422 p	1 842 295 p	2 843 333 p
Country-specific tourism characteristic goods	10 455 985 p	7 649 733 p	25 427 011 p
Country-specific tourism characteristic services	0	405 331 p	405 331 p
Other consumption products	1 481 570 p	3 716 957 p	6 425 191 p
Tourism connected products	327 000 p	2 503 795 p	4 057 459 p
Non-tourism related consumption products	1 154 570 p	1 213 162 p	2 367 732 p
Non-consumption products	477 524 p	97 846 p	575 370 p

p Provisional data

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/tysb7d>



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