



DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY

**NATIONAL TOURISM POLICY REVIEW
REPUBLIC OF KOREA**

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(Note by Korea)

Since the inauguration of the new administration in 1998, the Korean government has responded to the growing significance of tourism for the economy by making reforms in tourism policy and changing the name of the ministry responsible for tourism to the Ministry of Culture and Tourism. In the course of these reforms, the Tourism Vision 21 (1999-2003) and the second Tourism Development Plan (2002-2011) were implemented. South-North Korea tourism exchanges were initiated in 2000, opening a new era for the Korean Peninsula. Moreover, co-hosting the 2002 FIFA World Cup has largely improved tourism facilities and infrastructure, and the upcoming Asian Games scheduled for September 2002, are expected to contribute further to the development of the tourism industry.

I. TRENDS IN TOURISM

Economic Trends

The Korean economy has recovered quickly from the financial crisis that struck in 1997. Afterwards, despite world economic downturns, Korea posted economic growth of 9.3% and 3.0% in 2000 and 2001 respectively, mainly thanks to the increase of domestic consumption. In 2002, economic growth is expected to rise by more than 5.0%. The unemployment rate stayed at 4.1% in 2000 and 3.7% in 2001.

In terms of Korea's industrial production structure, the percentage of agriculture, forestry, fishing, and mining industries in Korea has fallen from 5.2% in 1998 to 4.7% in 2001. The manufacturing industry has decreased its share of Korea's industry to 30.0% in 2001 compared with that of 30.9% in 1998. However, the share of the service industry has risen continuously from 40.7% in 1998 to 43.7% in 2001. In particular, Information and Telecommunication (IT), and Culture and Tourism industries have been increasing their shares of Korean industry. The domestic IT industry's share of GDP has grown from 8.6% in 1997 to 12.7% in 2001 and the industry is emerging as a driving force of the national economy. In addition, the domestic digital cultural contents (CT) market has recorded a production worth of US\$ 1.1 billion in 2000 compared with that of US\$ 0.16 billion in 1998. The tourism industry was estimated to account for 4.72% of GDP in 1998.

Tourism Trends

International tourism (Inbound): Thanks to ongoing promotional activities by the Korean government, the number of foreign tourists visiting Korea totalled 5 321 792 persons in 2000. However, in the wake of global recession and the September 11 terrorist attacks, foreign arrivals in 2001 have decreased by 3.3% with 5 147 228 foreign tourists over the previous year.

**Table 1 - International Tourist Arrivals
(1997-2001)**

Year	Tourist Arrivals (thousands)	Changes (%)
1997	3 908	6.1
1998	4 250	8.8
1999	4 660	9.6
2000	5 322	14.2
2001	5 147	-3.3

By region, the Asian market accounted for 74.7% (down by 3.5% from the previous year with 3,847,185 persons) of total foreign tourists. Japan, one of the biggest inbound markets, generated the largest proportion (46.2%) of international tourist arrivals, but still declined by 3.8% over the previous year. In contrast, China registered a growth rate of up to 8.9% in 2001. While international arrivals from other Asian markets have declined, Taiwan and Hong Kong recorded a growth rate of 1.8% and 2.0% respectively. In 2001, the United States showed a drop in arrivals by 6.9% with 426,817 tourists in comparison with 458, 617 tourists in 2000. As for the growth rate of international arrivals by region, all regions have suffered a decline (Asia: -3.5%, America: -5.2%, Europe: -5.2% and Africa: -0.8%) except Oceania, which grew by 10.4% (59,682 persons). The second largest inbound market, followed by Japan, is China, accounting for 9.4% of the total foreign tourists. US arrivals, which were ranked second in 2000, stagnated and came in third in 2001, accounting for 8.3% of total arrivals.

**Table 2 - International Tourist Arrivals
by Region**

(Unit: person, %)

Region/Country	1998	1999	2000	2001	Growth Rate (2000-2001)
Asia	3 029 330	3 446 177	3 984 888	3 847 185	-3.5
Japan	1 954 416	2 184 121	2 472 054	2 377 321	-3.8
China	210 662	316 639	442 794	482 248	8.9
Others	864 252	945 417	1 070 040	987 616	-7.7
America	471 317	463 937	534 519	506 787	-5.2
United States	405 735	396 286	458 617	426 817	-6.9
Others	65 582	67 651	75 902	79 970	5.4
Europe	378 612	385 511	452 478	428 824	-5.2
Others	370 957	364 160	349 907	364 432	4.2
Total	4 250 216	4 659 785	5 321 792	5 147 228	-3.3

Source: Ministry of Culture and Tourism

International tourism (Outbound): The number of Korean departures, which had rapidly increased since overseas travel liberalization in 1989, plummeted from late 1997 when the nation was struck by the financial crisis. However, it grew by 41.6% in 1999 with the expectation of currency stabilization and economic recovery and recorded a growth rate of 26.9% in 2000. Korean departures in 2001 numbered 6,084,414, increasing slightly by 10.5%, compared with the previous year. This small increase is regarded

to be the result of smaller numbers of Korean tourists (-6.8%) travelling to the United States in the wake of the September 11 terrorist attacks.

Of total outbound Korean departures, 43.5% were pleasure travellers, 25.6% were business travellers, 10.3% were visiting friends or relatives.

**Table 3 - Korean Departures
(1997-2001)**

Year	Tourist departures (thousands)	Changes (%)
1997	4 542	-2.3
1998	3 067	-32.5
1999	4 341	41.6
2000	5 508	26.9
2001	6 084	10.5

By region, the most popular destination for Korean tourists in 2001 was Asia, with 3.9 million Koreans, or about 64% of the total departures. North America recorded approximately 810,000 Koreans (31%) followed by Europe with 390,000 Koreans (6%) and Oceania with 280,000 Koreans (4.6%). In 2001, China overtook Japan for the first time as the most visited country by Korean tourists in a year.

**Table 4 - Korean departures
by Region**

(Unit: person, %)

Region/Country	1998	1999	2000	2001	Growth rate (2000-2001)
Asia	1 915 864	2 808 541	3 326 240	3 891 676	17.0
Japan	822 358	1 053 862	1 100 939	1 169 620	6.2
China	484 009	820 120	1 033 250	1 297 746	25.6
Others	1 609 497	934 559	1 609 497	1 424 310	-11.5
America	499 769	673 481	845 517	813 603	-3.8
United States	425 330	571 332	719 227	670 455	-6.8
Others	74 439	102 149	126 290	143 148	13.3
Europe	171 236	278 966	369 287	394 645	6.9
Others	480 057	580 608	967 198	984 490	1.8
Total	3 066 926	4 341 596	5 508 242	6 084 414	10.5

Source: Ministry of Culture and Tourism

International tourism (Balance of Payments in Tourism): Tourism revenue generated by foreign tourists who visited Korea in 2001 totalled US\$ 6.3 billion, a decrease of 7.8% over the previous year, while tourism expenditures by Korean tourists was US\$ 6.9 billion, an increase of 11.5% from the previous year. Despite a surplus for the last three consecutive years (1998-2000), the tourism balance of payment showed a deficit of US\$ 600 million in 2001.

Table 5 - Tourism Balance of Payments

(Unit: US\$ million, %)

Year	Tourism Earnings (A)		Tourism Expenditures (B)		Balance (A)-(B)
		Changes		Changes	
1997	5,115.9	-5.8	6,261.5	-10.1	-1,145.6
1998	6,865.4	34.2	2,640.3	-57.8	4,225.1
1999	6,801.9	-0.9	3,975.4	50.6	2,826.5
2000	6,811.3	0.1	6,174.0	55.3	637.3
2001	6,282.5	-7.8	6,886.9	11.5	-604.4

Economic impact of tourism: As of 1998, the tourism industry was estimated to account for about 4.72% of GDP. It was estimated that expenditure by foreign tourists generated a total of US\$ 11.9 billion in production, US\$ 2.7 billion in income and 475, 795 jobs. Tourism revenue generated by foreign tourists and Korean tourists combined totalled US\$ 29.3 billion and produced one million employment opportunities.

II. NATIONAL TOURISM POLICY

Vision and Objectives of National Tourism Policy

A five-year plan (1999-2003) named '*Tourism Vision 21*' was established in 1999 and plays a pivotal role as the main framework of national tourism policy in Korea. The plan includes sub-goals focusing on:

1. Establishing Korea as a tourism hub in northeast Asia.
2. Attracting foreign and domestic investment.
3. Establishing the knowledge-based tourism industry; and
4. Encouraging domestic tourism by Korean people.

In the area of tourism development, the following objectives were established under the second Tourism Development Plan (2002-2011):

- Establish Korea as an attractive tourism destination with international competitiveness.
- Establish Korea as a sustainable tourism destination which combines and harmonizes development and conservation. (see also Annex 2)
- Establish Korea as a knowledge-based tourism destination which creates higher value of tourism resources.
- Establish Korea as a domestic tourism destination by encouraging the participation of Korean citizens, thus enhancing Korean quality of life.
- Establish Korea as a tourism destination that will help usher in a peaceful era for the Korean Peninsula.

Policy Strategy

In order to achieve the objectives of 'Tourism Vision 21', the government is working on the following initiatives; 1) development of tourism resources, 2) development of differentiated tourism products, 3) improvement of tourism infrastructure, 4) systematic tourism promotional activities, 4) provision of world-class tourism facilities, 5) successful hosting of mega events, including the World Cup and Asian Games, 6) improved quality of life through tourism, 7) expansion of international cooperation and 8) inter-Korean tourism exchanges.

Main Policy Measures

Political measures: The Korean government has shown great interest in the tourism industry by placing policy priority on promotion of the tourism industry in 1999.

The Ministry of Culture and Sports has been replaced by the Ministry of Culture and Tourism with a reinforced organizational structure. National level support has been given to tourism promotion activities, including a special advertisement with the appearance of the President.

Taking the opportunity to host various mega events and projects such as the ASEM (Asia Europe Meeting) in 2000, 'Visit Korea Year' (2001-2002), the 2002 World Cup and the Asian Games, promotional activities have increased steadily, and the 'Expanded Meeting for Tourism Promotion', which consists of relevant government agencies, is eliminating obstacles to the development of the tourism industry.

Economic measures: The budget assigned to tourism by the central government is US\$ 179 million, which is injected primarily into tourism development projects undertaken by local self-governing organizations. The 'Tourism Promotion and Development Fund' provides funds to the tourism enterprises with a 5 % annual interest rate, which is lower than the commercial rate. As of 2001, the fund contained US\$ 421 million. At the time of the World Cup, temporary tax breaks (valid until late 2002) have been introduced as an incentive in case of a shortage of tourist accommodation facilities.

Legislative measures: Major legislation, which regulates tourism enterprises and controls tourism development, includes the Tourism Promotion Act, the International Conference Industry Promotion Act, and the Tourism Accommodations Assistance Act. Other legislative moves made to foster growth in tourism include simplification of immigration procedures, easing of tourism industry regulation and foreign investment promotion.

Achievements of Tourism Policy

Expansion of investment in tourism: The government has significantly expanded the scale of financial assistance to the tourism industry. The tourism budget was as low as US\$ 19 million in 1997 but it reached as high as US\$ 179 million in 2002 – an increase of 942%.

Perception of tourism as a strategic industry: The president of Korea has appeared in a special advertisement for overseas promotion. The Expanded Meeting for Tourism Promotion (1999, 2000 and 2001), presided over by the president, has provided the tourism industry with national level support.

Creation of large-scale tourism infrastructure: The central government, in close cooperation with local governments, has created tourism infrastructure which strengthens connections between regions. The government has been carrying out several projects including development of the Seven Cultural Tourism

Zone (1999-2003), South Coast Tourism Belt (2000-2009), and the Confucian Culture Zone in northern Gyeongsangbuk-do (2000-2010).

Improvement of facilities for foreign tourists: Tourism facilities accommodating foreign tourists have been substantially improved during the 2002 World Cup and Asian Games. International air and shipping routes have been expanded and domestic transportation has been largely improved. Also, tourism services designed for the convenience of foreign tourists have been improved as follows; 1) creation of city/province tourist information centers, 2) expansion of tourist information signposts translated into foreign languages, 3) introduction of 1330 tourism information hotline, 4) operation of interpretation services and automated receipt issuing machines in taxis, etc. To promote the development of improved tourist souvenirs, the 'Tourist Souvenir Contest' has taken place since 1998, and a special tourist services gift certificate was introduced to vitalize the domestic tourism industry.

Promotion of the international convention industry: The government created legislation on promotion of the international convention industry and has provided strong support to improve convention facilities and to host a variety of international conventions, including the 14th WTO General Assembly (2001), the first APEC Tourism Ministerial Meeting (2000), 'International Travel Expo '99 Kangwon' and 'Samcheok International Cave Expo Korea' (2002). To this end, active participation in the work of APEC, OECD and ESCAP has been under way.

Inter-Korean Tourism Cooperation: Since the Mt. Geumgangsan area was open for tours in 1998, more than 430,000 Korean tourists have visited the area. This project was initiated by Hyundai Group, a private enterprise, and KNTTO joined the project in 2001.

Role of Local Government in Formulating Tourism Policy

The role of local governments in formulating policy has been significant since local, self-governing legislation was introduced in 1995. Every self-governing provincial body has established long-term goals and strategies. The decisions and views of each of these bodies are considered in drafting national tourism policy through annual meetings of local government officials responsible for tourism.

III. GOVERNMENT INVOLVEMENT

Tourism Organizations and Their Main Functions

Ministry of Culture and Tourism: This is a government agency responsible for matters of tourism. The Tourism Bureau and its four divisions are directly in charge of formulating tourism policy. The ministry is involved in establishing a national tourism development plan, managing tourism-related legislation, operating the Tourism Promotion and Development Fund, controlling and supervising the work of KNTTO and KTRI, promoting the tourism industry, drafting measures on attracting foreign tourists, carrying out tourism promotions and facilitating the cooperation with international bodies and foreign governments. (see also Annex 4)

Tourism-related divisions in local government: In general, the Culture & Tourism Bureau in local governments is responsible for tourism affairs. As the name indicates, its work is closely related to affairs in the area of culture. Main responsibilities include developing the local tourism industry, managing local tourism resources, improving the quality of services provided by tourism personnel, conducting tourism promotions, providing information, and managing rest areas in tourist areas.

Korea National Tourism Organization: As the national tourism organization in Korea, KNTTO is responsible for a number of overseas marketing activities including attracting foreign tourists, conducting market surveys, supporting the hosting of international conventions, supporting the development of tourist souvenirs and products in collaboration with local, self-governing bodies and the tourism industry.

Korea Tourism Research Institute: As a government-funded research institute, KTRI supports the formulation of national tourism policies and conducts research on tourism development policy. Main functions of KTRI include providing research on governmental and industrial tourism policies, supporting the formulation of medium- and long-term tourism promotion plans, consulting local governments and the tourism industry, and analyzing and forecasting domestic and foreign tourism trends.

Facilitating Visitor Movement

International travel: Since overseas travel liberalization was introduced in 1989, there is no restriction for Korean on overseas travel. The Visa Exemption Agreement was signed with 60 countries giving visa exemption to diplomatic and government officials and general passport holders, and 14 countries giving exemption to diplomatic and official passport holders.

The government has continuously tried to simplify immigration and customs procedures for international tourists. Automatic passport readers were installed for speedier immigration clearance. In terms of customs clearance, the Korea Customs Service is adopting Advance Passenger Processing System which is directly connected with the immigration office. The system alerts officials upon arrival of passengers who have previously violated customs laws so that their baggage can be thoroughly inspected. For passengers who have nothing to declare, a customs declaration form is no longer required and they can benefit from speedier customs procedures.

When departing from Korea, a Passenger Service Charge of about US\$ 12 is required. Korean nationals also **should** pay the Airport Departure Tax of about US\$ 8, which goes to the Tourism Promotion and Development Fund designed for promoting the domestic tourism industry.

Domestic tourists: As more enterprises are implementing a five-day workweek, tourism demand is expected to grow rapidly. The government has launched 'Travel Korea First' campaign in order to stimulate domestic tourism by Korean people. The Ministry of Culture and Tourism is improving the nationwide tourism information system.

Measures for Tourism Enterprises

The government is financially supporting the construction and renovation of tourism facilities development of tourist attractions and tourist complexes, construction of new tourist convenience facilities and operation of tourism enterprises with a loan raised by the Tourism Promotion and Development Fund. The interest rate for the fund is 1-2 % lower than the commercial rate.

In preparation for the World Cup, the government granted a temporary tax break to tourist hotels and exempted foreign guests from value added tax. More tourism businesses are open to foreign investment while restrictions that discourage foreign investment in tourism businesses are being eliminated.

Measures for Attracting Foreign Investment in Tourism

Various measures, including the Foreign Investment Promotion Act, have been taken to attract more direct foreign investment since the financial crisis struck the Korean economy in late 1997. According to the act, if any foreign investment over US\$ 20 million is made in such tourism businesses as tourist hotels, floating hotels and international convention facility (US\$ 30 million in the case of comprehensive leisure businesses and comprehensive resort facility businesses), the area can be designated as a Foreign Investment Zone. Enterprises in these zones receive tax reductions and exemptions in accordance with the Special Tax Treatment Control Act. The Social Indirect Capital Investment Act also stipulates tax reductions and exemptions for Koreans and foreigners who invest in tourist attractions and tourism complexes.

IV. LINKS WITH THE TOURISM INDUSTRY

Structure of Public and Private Partnerships

Within the basic structure of public and private partnerships, the government supplies a favourable environment to the development of the tourism industry, and collects the opinions of the industry for improvement. Currently, a total of seven tourism-related associations are in operation; Korea Tourism Association, Korea Tourist Hotel Association, Korea Association of General Travel Agencies, Korea Casino Tourism Association, Korea Resort Condominium Association, Korea Association of Comprehensive Resort Facilities and Korea Association of Specialized Travel Agencies. The main functions of industry associations are to seek development in their respective areas, to support exchanges of useful information among members and to make recommendations.

Requests and recommendations from private tourism enterprises are lodged with relevant associations. KNTTO supports tourism enterprises in the areas of tourism products and overseas promotion.

Tourism Industry Financing and Investment

Due to the lack of incentives, private funding has not been sufficient despite the efforts of the government to develop tourism resources. The government has taken initiative and invested in tourism with the Tourism Promotion and Development Fund aimed at encouraging private investment.

Financing for development of tourism resources (tourism attractions, tourist complexes and special tourism zones) involving government participation is set up with both public and private support. Central and local governments cover construction of basic tourism infrastructure and their maintenance, and private sources finance the development of tourism facilities.

Future Policy Issues

One of the main tourism policy issues which lies ahead is how to attract further investment in tourism. Discouraging factors such as the requirement of massive investment, the period of debt collection, and high real estate prices have led investors to turn their backs on the tourism industry. The shortage of professional tourism personnel is another issue that must be addressed. Sustainable development of tourism resources is on the agenda, and issues of safety for Korean and foreign tourists should also be addressed.

V. LINKS WITH OTHER POLICIES

Cooperation

The Expanded Meeting for Tourism Promotion, which is presided over by the president of Korea, has taken place annually since 1999. Government ministers, political party representatives, city mayors, provincial governors, and tourism-related organizations and groups have participated in the meeting in order to promote the tourism industry by discussing issues faced by the industry. Tourism-related policies are currently discussed and orchestrated in the Economic Minister's Meeting and a Committee for Tourism Policy Review, under the supervision of the Prime Minister, is being established to examine proposed and existing tourism policy.

Integration of Other Policies with Tourism Policy

The Korean government is exploring a systematic approach to managing national land by establishing the Comprehensive Land Development Plan, the Comprehensive Plan for Environmental Improvement and the Environmental Conservation Plan, based on extensive research on the present condition of the environment and ecosystem. These plans lay down guidelines for environment and ecosystem conservation. Such guidelines are also an important part of tourism development policy. For example, under the National Tourism Promotion Act, the government prepares a 10-year Tourism Development Plan which contains guidelines on the protection, development, use and management of tourism resources. By doing so, the plan ensures that tourism policy is harmonized with environmental and economic policies.

VI. INTERNATIONAL COOPERATION

Mission and Political Objectives

The Korean government has removed various obstacles to international tourism, and taken a number of actions not only to promote international goodwill and mutual understanding but also to seek mutual benefits in the international community through development of international tourism. In particular, the government has focused on strengthening international cooperation by arranging bilateral and multilateral meetings.

Bilateral Relations

The government signed a bilateral tourism agreement with Hungary in 1989, followed by India, Uzbekistan, Mexico, Brazil, Italy, Russia and Ukraine, in order to promote tourism collaborations in the international community. Training programs for foreign government officials, designed to support human resources development in developing countries by sharing tourism experience and knowledge, are held annually. KNTO (Korea National Tourism Organization) has held training sessions on tourism policy and marketing strategy since 1998, and about 20 foreign government officials from five to ten countries attend this annual program. In 2001, KTRI (Korea Tourism Research Institute) undertook training for 15 Kazakhstan tourism officials, and another 22 officials from 14 countries in South America, Africa and Central Asia will attend training in 2002.

Multilateral Relations

In order to enhance cooperation with other countries, Korea has participated in various international organizations, including WTO (World Tourism Organization), OECD (Organization for Economic Cooperation and Development), APEC (Asia-Pacific Economic Cooperation), PATA (Pacific Asia Travel Association), ASTA (American Society of Travel Agents), ATMA (Asia Travel Marketing Association) and AACVB (Asian Association of Convention and Visitor Bureaus). Korea has hosted a number of internationally recognized conferences such as the OECD Tourism Conference (1998), APEC Tourism Ministerial Meeting (2001) and the WTO General Assembly (2001), and developed various projects in collaboration with international organizations. In particular, the government has sent tourism experts to international tourism-related organizations to research international tourism policy and to support the work of the organizations. Experts were dispatched to the OECD from January 1996 to July 1998, and Korean experts are currently dispatched to the WTO and ESCAP (Economic and Social Commission for Asia and the Pacific).

ANNEX 1 - EMPLOYMENT

According to the OECD business classification system, the number of tourism-related enterprises in Korea is 999 833 as of 2000, an increase of 21.9% from 1997. The number of employees has increased by 11.3% from 2 371 341 persons in 1997 to 2,639,694 persons in 2000. In 2000, out of the total personnel employed in tourism businesses, 58.9% worked in accommodations or restaurants, 21.5% in land transportation or pipeline transportation, 0.5% in marine transportation, 0.4% in air transportation, 6.5% in travel agencies or transportation-related services and 12.1% in leisure-, culture- and sports-related businesses. With the sharp growth of the services industry in the 1990s, the number of enterprises and employees in the tourism industry has grown rapidly.

Classification	No. of Tourism enterprises				No. of employees			
	1997	1998	1999	2000	1997	1998	1999	2000
Accommodations and Restaurants	521 496	578 281	601 117	607 718	1 402 179	1 335 955	1 453 198	1 555 985
Land transportation and Pipeline transportation	183 478	187 319	214 345	238 885	525 534	506 671	539 661	569 129
Marine Transportation	959	1 173	923	1 017	15 924	16 870	12 987	14 454
Air Transportation	203	245	220	222	6 252	16 195	21 336	8 670
Travel Agency Transportation-related services	22 372	23 131	23 475	25 474	166 388	155 105	163 485	173 047
Leisure- Culture- and Sports-related services	86 597	98 997	115 374	120 517	255 064	249 571	284 637	318 409
Total	815 105	889 146	955 454	993 833	2 371 341	2 280 367	2 475 304	2 639 694

Source: National Statistics Office (2000)

ANNEX 2 - SUSTAINABLE TOURISM DEVELOPMENT

Legislation

The government enacted legislation to carry out pre-research to estimate potential impact of tourism development plans on the natural environment and local communities. The environmental impact of tourism development is taken into account in the early stages of development projects to ensure that tourism development projects harmonize with the environment and pursue sustainable use of tourism resources.

The legislation aims to foster environmentally friendly tourism development by minimizing the negative impacts of development. When establishing a regional tourism development plan or planning a tourist site, government agencies (Ministry of Environment, Ministry of Construction and Transportation, and Ministry of Government Administration and Home Affairs) should be consulted in order to assess all aspects of a development comprehensively.

Main Activities

In terms of facilitating an Ecotourism zone, the government is developing special measures for eco-tourism, which take unique local tourism resources into consideration. Eco-park projects and other eco-facilities are underway to provide tourists with the opportunity to experience natural environments and eco-systems.

Guidelines for creating sustainable tourist attractions have been set up to build the foundation for sustainable tourism development. In the future, development of standards and designation of a model eco-facility are expected to be introduced.

In order to maintain the sustainability of tourism resources, 'Rest Year' and reservation systems have been introduced, and certain activities such as building campfires, hunting and fishing are prohibited within areas of environmental value.

A nationwide database of natural, social, cultural, historical and tourism resources has been created so that those resources can be managed to maximize their effective use, and to ensure harmony of environment, society, and economy.

Pre-training programs, which provide opportunities for learning about the natural environment and promotion of ecosystem conservation, are underway to educate visitors and to create environment-friendly attitudes.

Evaluation

Indicators for sustainable tourism are being developed to assess and evaluate the sustainable use and management of tourism resources.

International Cooperation

Korea has strengthened cooperative relationships with international bodies, such as WTO and APEC, for the purpose of developing sustainable tourism. Sustainable tourism was included in the deliverable policy goals of the Seoul Declaration adopted in the first APEC Tourism Ministerial Meeting held in Korea in 2000, and Korea was selected to oversee implementation of this policy.

ANNEX 3 - IMPROVEMENT OF TOURISM STATISTICS

Measurement for Assessing the Quantitative Importance of Tourism

Korea developed TSA (Tourism Satellite Account) in February 2000 to assess the economic impacts of tourism on the national economy. TSA measures tourist expenditures, value added in supplying tourism demand, and employment and investment generated in the tourism industry.

The data was drawn from the statistical sources of KNTO, Bank of Korea and NSO (National Statistics Office) in order to grasp the structure of tourism supply and demand. To supplement existing data, a survey was carried out on tourism expenditure by household and price structure of package tour products.

In this process, the scale and structure of tourism expenditure were identified in terms of the demand of national economy. Using an indirect method, scale and structure of value added in tourism were measured by multi-sectoral analysis from the supply side of the national economy.

The results of the TSA estimate show that in 1998, tourism demand was the equivalent of 4.7% of total private consumption, and value added in supplying tourism demand was 3.2%.

ANNEX 4 - SOURCE AND DOCUMENTATION

The Ministry of Culture and Tourism carries out functions related to:

5. Establishing long-term tourism promotion and development plans.
6. Establishing basic and regional tourism development plans.
7. Legislating, planning, controlling and researching tourism-related laws and regulations.

International tourism data is produced by the Ministry of Justice, and KNTO publicizes the data after review. Domestic tourism data is produced based on reports from cities and provinces and surveys conducted by KNTO. The Bank of Korea produces materials on earnings, expenditures and balance of payments in international tourism. Statistical data on occupancy rates and sales figures of tourist hotels are provided by the Korea Tourist Hotel Association.

KTRI publishes the analytical materials and reports on tourism policy, which affects the changing tourism environment, through tourism policy research and tourism research projects. Website addresses of tourism-related organizations are as follows.

Ministry of Culture and Tourism: <http://www.mct.go.kr>

Korea Tourism Research Institute: <http://www.ktri.re.kr>

Ministry of Justice: <http://www.moj.go.kr>

Korea National Tourism Organization: <http://www.knto.or.kr>

Korea Tourism Association: <http://www.koreatravel.or.kr>