

INVESTMENT  
OPPORTUNITIES  
IN KOREA

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# Tourism & Leisure



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\* Figures on the report show the likely adjustment of average yearly currency rates from Korean Won (KRW) to the US dollar (USD). A rate adjustment is adopted particularly reflecting the recent average market variations to eliminate the valuation effects arising from movements in exchange rates in case when the data expressed shows an annual growth rate on the paper.

\* Rate adjusted figures are rounded off, but the sum is correct down or up to the decimal when the rounded values are not equal to the adjustment.



# 1 Industry Trends

## Definition and Classification

- The tourism and leisure industry refers to the operation of tourism facilities for tourists in addition to the provision of transportation, lodging, food, sports, entertainment, recreation, and tour/leisure services for their tourism/leisure activities.
- Tourism and leisure activities are a series of activities which take place while the tourist is away from his/her place of everyday life until the point when he or she returns to such place. Tourism/leisure services are characterized by the fact that they are provided from the moment the tourist starts using the services.

### ■ Classification of the Tourism and Leisure Industry ■

Tourism and leisure industry	Major sub-industries
Retail	Souvenirs, shopping in tour, etc.
Food & beverage	Restaurants, bars, etc.
Lodging	Hotels, motels, etc.
Transportation	Land transportation, marine transportation, air transportation, etc.
Transportation assistance	Passenger vehicles, bus terminals, parking lots, etc.
Car rental	Car rental services for tourists
Travel	Domestic/overseas travel, travel reservation services, etc.
Cultural and art performances	Cultural and art performances (films, performances, museums, plays, music, etc.)
Sports	Stadium management, sports services, golf courses, ski resorts, etc.
Entertainment and amusement	Game sites, gambling, etc.

## 1.1 Market Trends in Korea

### 📌 Status of domestic travel in Korea

- “Total number of domestic travel days” refers to the total number of days Koreans have gone on a day or overnight trip in a period of one year. In 2018, Koreans traveled for a total of 556,890,000 days, up 16% from the previous year.



### Status of Domestic Travel in Korea

(Unit: Days)

Year	Total No. of domestic travel days		
		Day trip	Overnight trip
2005	388,836,797	148,649,882	240,186,915
2006	416,982,061	168,373,799	248,608,262
2007	477,372,260	183,033,025	294,339,235
2008	408,026,189	141,017,187	267,009,002
2009	375,340,664	106,693,142	268,647,522
2010	339,607,551	75,974,080	263,633,471
2011	286,947,961	84,971,961	201,976,000
2012	365,282,249	121,179,761	244,102,488
2013	389,220,312	131,368,005	257,852,307
2014	397,846,767	128,578,532	269,268,235
2015	406,818,700	138,521,516	268,297,184
2016	412,378,155	140,682,024	271,696,131
2017	479,673,688	172,181,521	307,492,167
2018	556,890,000	147,949,000	408,941,000

Source: Ministry of Culture, Sports and Tourism (2005–2018), Korean National Tourism Survey

Note: The survey method has changed since 2018.

### Status of foreign tourists in Korea

- In 2018, a total of 15,350,000 foreigners visited Korea, a 15.1% up from the previous year.
  - The total number of tourists from China has increased by 15% from the previous year after the Chinese government eased restrictions on group tours to Korea.
  - As for the Japanese market, the total number of Japanese tourists has increased by 28% compared to the previous year because of the positive effects of Hallyu (Korean Wave) in Japan and the stabilization of the political situation on the Korean Peninsula.
- Along with the growth of the Chinese and Japanese markets, the diversification strategies for other Asian and the Middle East markets have turned out to be successful and resulted in the increase in the inflow of foreign tourists to Korea.



Status of Foreign Tourists to Korea by Year

(Unit: People, %)

Year	No. of foreign tourists	Growth rate
2005	6,022,752	3.5
2006	6,155,046	2.2
2007	6,448,240	4.8
2008	6,890,841	6.9
2009	7,817,533	13.4
2010	8,797,658	12.5
2011	9,794,796	11.3
2012	11,140,028	13.7
2013	12,175,550	9.3
2014	14,201,516	16.6
2015	13,231,651	-6.8
2016	17,241,823	30.3
2017	13,335,758	-22.7
2018	15,346,879	15.1

Source: Tourism Knowledge & Information System (www.tour.go.kr)

- The main purposes of foreign tourists visiting Korea in 2018 were leisure, recreation, and vacation, which accounted for 78.4%, followed by business and professional activities (18.1%), education (3.0%), and religion/pilgrimage (0.4%).

Purpose of Visit by Foreign Tourists to Korea

(Unit: %)

Purpose of visit	2016	2017	2018
Leisure, recreation, vacation	59.8	51.9	78.4
Business and professional activities	15.0	19.0	18.1
Education	4.0	5.8	3.0
Religion/pilgrimage	0.4	0.5	0.4
Others	0.1	0.3	0.1

Source: Ministry of Culture, Sports and Tourism (May 2019), International Visitor Survey

Note: The survey method has changed since 2018.

- In 2018, the main factors of consideration by foreign tourists when choosing Korea as a travel destination were shopping (63.8%), food/cuisine tour (57.9%), and natural landscape (36.2%).
- The survey showed that the foreign tourists' main motives for choosing Korea as a travel destination were the country's shopping environment and food culture.

### Main Factors of Consideration When Choosing Korea

(Unit: %)

Factors of consideration	2016	2017	2018
Shopping	67.3	62.2	63.8
Food/cuisine tour	44.5	52.8	57.9
Natural landscape	43.2	36.4	36.2
Visiting friends/family	–	–	20.4
Visiting historical and cultural sites	25.6	19.8	14.8
Modern culture such as fashion and trends	25.4	25.4	13.1
Length of vacation	9.6	10.7	12.4
K-pop/Hallyu	7.9	10.7	9.3
Distance from home country	12.2	12.3	7.4
Low travel costs	10.1	11.3	6.6

Source: Ministry of Culture, Sports and Tourism (May 2019), International Visitor Survey

Note: Top 10 factors of consideration in 2015, including those who gave more than one reason; the survey method has changed since 2018.

- When asked what were the most memorable places they have visited during their stay in Korea, 58.3% of foreign tourists who have visited Korea in 2018 answered Myeong-dong, Namdaemun, and Bukchang-dong, while 28.1% answered Dongdaemun Fashion Town and 16.8% of them singled out Sinchon and Hongik University District. Meanwhile, the remaining 16.3% answered Jongno and Cheonggyecheon.
- When asked about what impressed them the most, they answered the street culture and shopping districts.

### Most Memorable Tourist Destinations in Korea

(Unit: %)

Popular destinations	2018	Popular destinations	2018
Myeong-dong, Namdaemun, and Bukchang-dong	58.3	Haeundae, Busan	9.5
Dongdaemun Fashion Town	28.1	Itaewon	9.1
Sinchon and Hongik University District	16.8	Jamsil	9.0
Jongno and Cheonggyecheon	16.3	Jeju-do	7.9
Gangnam Station	10.9	Yongdusan Mountain and Jagalchi Market, Busan	5.0

Source: Ministry of Culture, Sports and Tourism (May 2019), Status of Foreign Tourists to Korea

Note: Top 10 factors of consideration in 2015, including those who gave more than one reason. The survey method has changed since 2018.

- The most popular city and provinces that foreign tourists have visited in Korea in 2018 were Seoul (79.4%), Gyeongsangnam-do (17.5%), and Gyeonggi-do (14.9%).
- A majority of foreign tourist activities were carried out in Seoul.

### Most-Visited Cities/Provinces of Foreign Tourists

(Unit: %)

City/Province	2016	2017	2018
Seoul	78.0	78.8	79.4
Gyeongsang-do	12.5	18.1	17.5
Gyeonggi-do	13.1	15.6	14.9
Gangwon-do	6.4	6.8	9.7
Jeju-do	20.2	10.8	8.5
Incheon	6.2	10.0	8.3
Chungcheong-do	2.5	3.9	4.0
Jeolla-do	2.2	3.0	2.6

Source: Ministry of Culture, Sports and Tourism (May 2019), Status of Foreign Tourists to Korea

Note: The statistics include those who gave more than one reason. The survey method has changed since 2018.

### Status of Koreans' overseas travel

- The total number of Koreans who have traveled abroad in 2018 was 28,695,983, an 8.3% increase from the previous year.
- In 2018, the number of Koreans who took short vacations has increased because there were several short holidays in that year. Thus, the number of Koreans traveling abroad has been rising as more LCCs (low-cost carriers) have started operating in Korea.

### Status of Koreans' Overseas Travel by Year

(Units: People, %)

Year	No. of Koreans who have traveled abroad	Growth rate
2005	10,080,143	14.2
2006	11,609,879	15.2
2007	13,324,977	14.8
2008	11,996,094	-10.0
2009	9,494,111	-20.9
2010	12,488,364	31.5
2011	12,693,733	1.6
2012	13,736,976	8.2
2013	14,846,485	8.1
2014	16,080,684	8.3
2015	19,310,430	20.1
2016	22,383,190	15.9
2017	26,496,447	18.4
2018	28,695,983	8.3

Source: Tourism Knowledge & Information System ([www.tour.go.kr](http://www.tour.go.kr))



## 1.2 Industrial Competitiveness

### Tourism revenue from international visitors

- In 2018, the tourism revenue reached USD 15.2 billion, a 14.6% increase from the previous year as more foreign tourists have visited Korea and spent more on shopping.
- Tourism expenditure increased dramatically in 2017, but stopped at USD 28.4 billion in 2018 as fewer Koreans traveled abroad in that year.

#### Tourism Revenue and Expenditure by Year

(Unit: USD million)

Year	Tourism revenue	Tourism expenditure	Tourism revenue and expenditure
2010	10,225	14,278	-4,052
2011	12,334	15,531	-3,297
2012	13,201	16,495	-3,293
2013	14,288	17,341	-3,052
2014	17,336	19,470	-2,134
2015	14,676	21,528	-6,852
2016	16,754	21,689	-6,935
2017	13,264	27,960	-14,696
2018	15,206	28,414	-13,208

Source: Tourism Knowledge & Information System ([www.tour.go.kr](http://www.tour.go.kr))

Note: Preliminary figures are used for 2018.

### Global position of Korea in terms of tourism

- Ever since the number of foreign tourists visiting Korea hit the 10 million mark in 2012, it has been steadily growing until it reached 15.35 million in 2018.
- In 2018, Korea ranked 27th in having the highest number of foreign tourists.

#### Number of Foreign Tourists by Country

(Unit: Million tourists)

Rank	Nation	2015	2016	2017	2018	Change (%) (18/17)
1	France	84.5	82.7	86.9	...	...
2	Spain	68.2	75.3	81.9	82.8	1.1
3	United States	77.8	76.4	76.9	...	...
4	China	56.9	59.3	60.7	62.9	3.6
5	Italy	50.7	52.4	58.3	62.1	6.7
6	Turkey	39.5	30.3	37.6	45.8	21.7



Rank	Nation	2015	2016	2017	2018	Change (%) (18/17)
7	Mexico	32.1	35.1	39.3	41.4	5.5
8	Germany	35.0	35.6	37.5	38.9	3.8
9	Thailand	29.9	32.5	35.5	38.3	7.9
10	United Kingdom	34.4	35.8	37.7	...	...
11	Japan	19.7	24.0	28.7	31.2	8.7
12	Austria	26.7	28.1	29.5	30.8	4.6
13	Greece	23.6	24.8	27.2	30.1	10.8
14	Hong Kong	26.7	26.6	27.9	29.3	4.9
15	Malaysia	25.7	26.8	25.9	25.8	-0.4
16	Russian Federation	26.9	24.6	24.4	24.6	0.7
17	Portugal	10.1	18.2	21.2	...	...
18	Canada	18.0	20.0	20.9	21.1	1.2
19	Netherlands	15.0	15.8	17.9	19.0	6.1
20	Macao	14.3	15.7	17.3	18.5	7.2
21	Poland	16.7	17.5	18.3	...	...
22	Hungary	14.3	15.3	15.8	17.2	8.7
23	Croatia	12.6	13.7	15.6	16.6	6.7
24	United Arab Emirates	14.2	14.9	15.8	15.9	0.8
25	India	13.3	14.6	15.5	...	...
26	Vietnam	7.9	10.0	12.9	15.5	19.9
27	Korea	13.2	17.2	13.3	15.3	15.1
28	Saudi Arabia	18.0	18.0	16.1	15.3	-4.8
29	Ukraine	12.4	13.3	14.2	...	...
30	Singapore	12.1	12.9	13.9	...	...

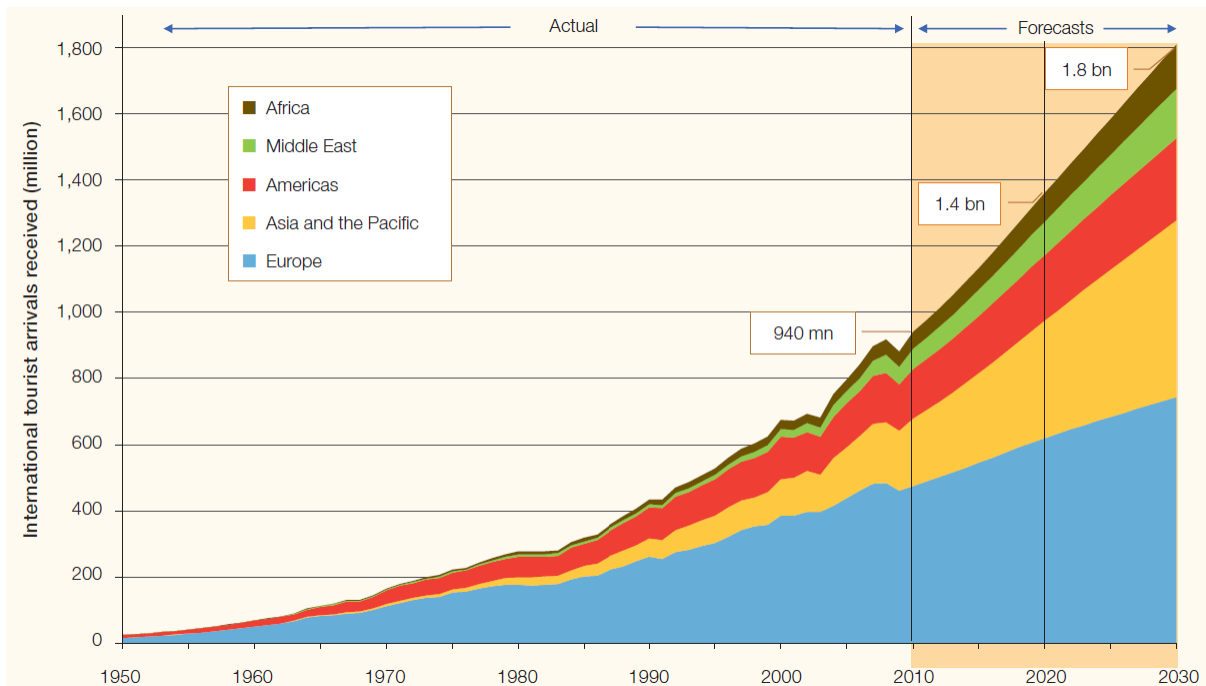
자료: UNWTO(May 2019), World Tourism Barometer(Vol.17, Issue2 Statistical Annex)

## Industry prospects

- As the tourism industry caters to end consumers, the growth rate of the tourism market can be predicted based on tourism demand.
- The number of international tourists continues to increase, and the total number of tourists is forecasted to reach 1.4 billion by 2020 and 1.8 billion by 2030.
  - While the annual average growth rate of international tourists is expected to be 3.3% between 2010 and 2030, the growth rate in Northeast Asia is forecasted to be significantly higher at 4.5% for the same period.



### Forecast for International Tourism by 2030



Source: UNWTO (2016), Tourism Highlights

- Air transportation is the most important means of long-distance transportation, greatly contributing to the growth of the global tourism industry.
  - Until recently, “regulations and protection” have been the most important factors of the air transportation market, but the trend has shifted to the market principles of “competition and cooperation” because of globalization, open sky agreements, and privatization.
  - Competition in the market has taken various forms over the years, largely because of open sky agreements, a strategic alliance between carriers, and the expansion of the integrated transportation market between regions.
- In the case of Korea, the introduction of new low-cost carriers for short-distance travel has greatly contributed to increasing the number of foreign tourists and Koreans traveling abroad.
  - As of 2018, the amount of domestic travel by Koreans has increased by 16%, and the number of foreign tourists visiting Korea has increased by 15% from the previous year.
- The Korean tourism and leisure industry continues to grow because of increasing demand in the tourism market.

### 1.3 Promising Fields in Korea

#### Marina<sup>1)</sup>

- A marina is a dock or basin with moorings, facilities, and services for leisure boats and activities.
- Unlike those of other advanced countries with well-developed infrastructure for marine leisure activities centered around marinas, marinas in Korea are still developing. At present, there are a total of 34 marinas that are in business in Korea.
- The Korean government has established and implemented the Revised Basic Plan for Phase 1 of the Marina Project in 2015 in preparation for the increasing demand for marinas as the GDP continues to grow.

#### Areas Designated as a Marina

City/Province	Target ports	No. of areas
Capital area	Jeongok, Deokjeokdo Island, Seoul, Incheon, Sihwaho Lake, Yeongjong, Heulgot, Bangameori	8
Chungcheong-do	Hongwon, Changni, Waemok, Anheung, Muchangpo, Janggohang, Wonsando Island	7
Jeollabuk-do	Gogunsan Islands, Bieung	2
Jeollanam-do	Mokpo, Soho, Yeosu Expo, Ungcheon, Hwawon, Gyema, Jindo, Wando, Gwangyang, Namyel	10
Gyeongsangnam-do	Chungmu, Samcheonpo, Myeongdong, Danghangpo Port, Jiseopo Port, Donghwan, Gusan, Hadong	8
Busan & Ulsan	Busan North Port, Jinha, Suyeongman, Unchon, Goneul, Baegunpo Port, Dongam, Dadaepo	8
Gyeongsangbuk-do	Yangpo, Hupo, Duho, Gampo, Ganggu	5
Gangwon-do	Susan, Gangneung, Sokcho, Deoksan	4
Jeju-do	Gimnyeong, Dodu, Iho, Sinyang, Hwasun, Gangjeong	6
Total		58



Source: Ministry of Oceans and Fisheries (2015), Revised Basic Plan for Phase 1 of the Marina Project

1) Source: Official website of the Ministry of Oceans and Fisheries ([www.mof.go.kr](http://www.mof.go.kr)).



## Resort

- In Korea, resorts are categorized into “general resort complexes” and “specialized resorts” with facilities, sports, entertainment, food, and relaxation designed especially for tourists.
- Most of the resorts are built in a natural environment with pleasant views, usually on a tourism belt that comprises mountains, rivers, and oceans.
- According to an annual report by the Ministry of Culture, Sports and Tourism, there were a total of 27 general resort complexes and 94 specialized resorts as of 2018. The numbers continue to rise every year.

### Number of Resorts

(Unit: Resorts)

Classification	2014	2015	2016	2017	2018
General resort	21	26	28	28	27
Special resort	69	74	82	88	94
Total	90	100	110	116	121

Source: Tourism Knowledge &amp; Information System (www.tour.go.kr)

## Tourist hotels

- As of 2018, the total number of tourist hotels in Korea was 1,044, with 126,422 rooms.
- In terms of the number of guest rooms, Seoul ranked first, followed by Jeju-do, Gyeonggi-do, and Busan.

### Number of Tourist Hotels

(Units: Hotels and Rooms)

Classification	5 Star (Premium 1st-Rate Hotel)		4 Star (Premium 2nd-Rate Hotel)		3 Star (1st-Rate Hotel)		2 Star (2nd-Rate Hotel)		1 Star (3rd-Rate Hotel)		Unrated		Total	
	No. of hotels	No. of rooms	No. of hotels	No. of rooms	No. of hotels	No. of rooms	No. of hotels	No. of rooms	No. of hotels	No. of rooms	No. of hotels	No. of rooms	No. of hotels	No. of rooms
Seoul	25	11,449	41	11,564	82	14,190	61	4,870	55	3,139	66	7,133	330	52,345
Busan	8	2,942	2	767	14	1,992	29	3,110	14	653	14	1,256	81	10,720
Daegu	-	-	4	558	5	321	6	318	3	158	3	678	21	2,033
Incheon	5	2,484	4	918	5	488	20	1,247	18	966	26	2,735	78	8,838
Gwangju	-	-	1	205	1	30	1	110	4	194	5	402	12	941
Daejeon	-	-	2	510	6	646	3	157	2	94	3	139	16	1,546
Ulsan	1	200	-	-	2	420	3	265	2	101	6	1,094	14	2,080
Gyeonggi-do	1	377	8	1,818	20	2,613	34	2,125	17	933	44	3,376	124	11,242
Gangwon-do	6	1,165	6	1,576	9	719	7	358	-	-	18	2,050	46	5,862
Chungcheong buk-do	-	-	-	-	5	533	5	235	4	191	7	773	21	1,732



Classification	5 Star (Premium 1st-Rate Hotel)		4 Star (Premium 2nd-Rate Hotel)		3 Star (1st-Rate Hotel)		2 Star (2nd-Rate Hotel)		1 Star (3rd-Rate Hotel)		Unrated		Total	
	No. of hotels	No. of rooms	No. of hotels	No. of rooms	No. of hotels	No. of rooms	No. of hotels	No. of rooms	No. of hotels	No. of rooms	No. of hotels	No. of rooms	No. of hotels	No. of rooms
Chungcheong nam-do	-	-	1	151	3	461	5	328	2	105	6	533	17	1,578
Jeollabuk-do	-	-	4	495	2	201	8	490	2	68	13	1,004	29	2,258
Jeollanam-do	1	311	3	321	7	541	13	629	8	370	6	393	38	2,565
Gyeongsang buk-do	2	764	4	1,009	3	215	11	575	6	310	15	1,162	41	4,035
Gyeongsang nam-do	1	166	3	586	11	879	15	648	13	707	7	488	50	3,474
Jeju-do	15	5,357	12	2,213	17	1,354	8	459	4	219	70	5,571	126	15,173
Total	65	25,215	95	22,691	192	25,597	229	15,924	154	8,208	309	28,787	1,044	126,422

Source: Annual Report on Tourism Trends in 2018 published by the Ministry of Culture, Sports and Tourism in August 2019

- As of 2017, the average occupancy rate of tourist hotels in Korea was 60.71%. Tourist hotels in Seoul had an average occupancy rate of 68.97%, followed by those in Daejeon with 61.71%, Ulsan with 61.57%, and Busan with 60.29%.

### Occupancy Rate of Tourist Hotels

(Unit: %)

City/Province	Occupancy rate (%)	
	2016	2017
Seoul	75.34	68.97
Busan	60.41	60.29
Daegu	54.64	53.51
Incheon	65.67	58.31
Gwangju	52.76	42.33
Daejeon	59.47	61.71
Ulsan	54.51	61.57
Gyeonggi-do	62.54	58.01
Gangwon-do	50.48	53.10
Chungcheongbuk-do	45.11	43.80
Chungcheongnam-do	49.24	52.87
Jeollabuk-do	53.69	48.52
Jeollanam-do	48.30	48.88
Gyeongsangbuk-do	48.79	48.46
Gyeongsangnam-do	46.68	44.26
Jeju-do	63.58	58.53
Nationwide	64.15	60.71

Source: Annual Report on Tourism Trends in 2018 published by the Ministry of Culture, Sports and Tourism in August 2019

### Theme parks

- According to the annual report by the Themed Entertainment Association (TEA), the total attendance for the top 25 parks worldwide was 251 million in 2018.
  - Walt Disney World's Magic Kingdom in Florida, USA ranked first in terms of total attendance with approximately 21 million visitors, followed by Disneyland in California, USA (approximately 19 million visitors) and Tokyo Disneyland in Japan (approximately 18 million).
- As for the theme parks in Korea, Lotte World had approximately 5.96 million visitors, while Everland had approximately 5.85 million visitors, ranking 17th and 19th, respectively.
- Theme parks that are independently formed within a region are mostly in the form of a business, and they are built as part of the brand strategy to improve the value and sales of a certain company.
  - The main themes for the primary industry are farms, fruits, and flowers, while the main themes for the secondary industry are mining, handicraft, winery, confectionery, toys, auto manufacturing, and robotics. As for the third industry, the main themes can be animation and films.
- Most modern theme parks are making full use of high-tech systems by incorporating IT systems and robotics into their facilities.
  - Some of the key factors that set high-tech theme parks apart from the others are usually virtual reality technology, simulation, and holograms.
  - Some of the world's leading high-tech theme parks include the EPCOT Center in USA and Space World and Joy Polis in Japan.
- The digital entertainment industry integrates technology with fun. Those industries that incorporate advanced technology into attractive content have a higher chance of success and can achieve a synergy effect with high-tech theme parks when it has a stable supply of local workforce and technology.

## 2 Foreign Direct Investment Trends

### 2.1 Foreign Direct Investment Status

- A 2018 report on the status of foreign direct investments in lodging, food services, and leisure sports among other tourism-related industries shows that 7 investments (USD 5,061,000) were made in lodging, 30 (USD 180,440,000) in food services, and 1 (USD 40,000,000) in leisure sports.

- There were significant differences in the number and amount of foreign direct investments in tourism-related industries in Korea by year. In 2018, aside from food services, only an insignificant amount of investment was made in lodging and leisure sports.

Foreign Investment Status

(Units: No. of investments, USD 1,000)

Classification	2014		2015		2016		2017		2018	
	No. of invest ments	Amount	No. of invest ments	Amount	No. of invest ments	Amount	No. of invest ments	Amount	No. of invest ments	Amount
Lodging	50	454,010	51	625,818	33	517,532	41	1,058,466	7	5,061
Food service	67	287,721	88	29,647	149	298,545	156	60,432	30	180,440
Leisure sports	20	136,327	15	1,035,337	12	30,805	12	162,413	1	40,000

Source: Official website of the Ministry of Trade, Industry and Energy ([www.motie.go.kr](http://www.motie.go.kr))  
 Note: The statistics are based on the number and amount of reported investments.

## 2.2. Success Cases of Major Foreign-Invested Companies

### 👉 Osiria Tourism Complex<sup>2)</sup>

- The Osiria Tourism Complex is a year-round marine resort currently being built in the port city of Busan. The project is open to private investments.
- The development of the Osiria Tourism Complex aims to create a “theme park with dreams and ideals.”
  - The complex will be divided into different sections for lodging (11.87%), shops (6.7%), sports and entertainment (40.35%), resort and culture (15.32%), public convenience (13.88%), and other facilities (11.88%).

Summary of the Osiria Tourism Complex Development Project

- Project Period: 2006–2019
- Location: Daebyeon & Sirang-ri, Gijang-eup, Gijang-gun
- Area: 3,660,000 m<sup>2</sup>
- Project Scope: Theme park, aqua world, hotel, golf course, shopping center, etc.
- Total Project Cost: Approximately USD 3.6 billion (USD 1.1 billion from the government fund and USD 2.5 billion from private investors)
- Project Commissioned By: Busan Metropolitan Corporation

2) Source: Official website of the Osiria Tourism Complex ([www.ebtc.co.kr](http://www.ebtc.co.kr)).



### **Yeongjongdo Midan City<sup>3)</sup>**

- Located northeast of the Yeongjong District of Incheon, Midan City is the first free economic zone in Korea to be developed through international competition.
- The Midan City Development Project aims to build a casino resort to contribute to the promotion of Korea's tourism services dubbed MICE (Meeting, Incentive tour, Convention, Exhibition).
  - The purpose of the Midan City Project is to build a city of leisure, recreation, and convention with a casino in the center of the resort complex, which will be followed by the second and third resort complexes in the future.
- The resort will include a hotel, condominium, casino, spa, convention center, shopping mall, office building, international school for foreigners, international health-care center, and entertainment facilities.

#### Summary of the Yeongjongdo Midan City Project

- Project Period: 2006-2025
- Address: 897, Unbuk-dong, Jung-gu, Incheon (Incheon Free Economic Zone Authority in Yeongjong District)
- Area: 2,699,945 m<sup>2</sup>
- Total Project Cost: USD 4.5 billion (Establishment of SPC, infrastructure development, construction of buildings)
- Project Commissioned By: Midan City Development, Incheon Metropolitan City Development Corporation

### **Solaseado Smart City<sup>4)</sup>**

- This project aims to build “a new city for the future” where advanced technology contributes to the production of food and energy in addition to creative activities intending to help people have a life of abundance and leisure.
- The goal is to build a smart city for the future to achieve sustainability by coping with environmental changes through the development of new industries based on advanced technology and new renewable energy designed to answer to the climate, technology, social, and economic changes.
  - Build the world's only smart city for tourism where everyday life in the city itself is a tourism product.
  - Obtain pollution-free energy through solar power generation.
  - Open tourism farms through the establishment of a solar-powered smart farm cluster and farming complex.

3) Source: Official website of the Incheon Free Economic Zone Authority ([www.ifez.go.kr](http://www.ifez.go.kr)).

4) Source: Official website of Solaseado Smart City ([www.solaseado.com](http://www.solaseado.com)).



- Create a new ecosystem for the tourism and leisure industry using convergence and integrated tourism content.
- Develop a city specifically designed for self-driving electric vehicles without any carbon emissions.
- Manage an urban infrastructure using artificial intelligence.
- Solaseado Smart City comprises the Smart City Industrial District, International Business Theme District, Water-Friendly Tourism District, and Health & Healing Theme District.

#### Summary of Solaseado Smart City

- Project Period: 2010-2030
- Address: Guseong-ri, Sani-myeon, Haenam-gun, Jeollanam-do
- Area: Approximately 21 km<sup>2</sup>
- Total Project Cost: Approximately USD 5.4 billion
- Project Commissioned By: Southwestern Coast Tourism & Leisure City

## 3 Policy and Location

### 3.1 Key Policies and Incentives<sup>5)</sup>

- Implementation of Worker Vacation Fund Program
  - The Ministry of Culture, Sports and Tourism set policy goals to promote domestic and regional tourism by securing employee vacation rights and tourism support to help Koreans take a break and vacation from their everyday life.
  - The government office implemented the Employee Vacation Fund Program to establish a vacation culture among businesses so workers can freely take a break from work and promote domestic tourism.
  - To encourage workers to go on a vacation in their own country, the Ministry of Culture, Sports and Tourism set up a fund with the cooperation of the government, businesses, and workers. In 2018 alone, a total of 20,000 workers participated in the program.
- Designation of International Conference District
  - According to a statistical report published by the Union of International Association (UIA), Korea ranked second in the highest number of international conferences hosted in 2018 by hosting a total of 890 international conferences in the year, becoming one of the biggest hosts of international conferences in the world.

5) Source: Annual Report on Tourism Trends in 2018 published by the Ministry of Culture, Sports and Tourism in August 2019

- Over the years, Korea has been exerting efforts to improve the competitiveness of regional MICE through the integration of lodging facilities, shopping centers, and performance halls with international conference facilities in the center. As a result, Korea designated the International Conference District and International Conference Complex.
- The Ministry of Culture, Sports and Tourism plans to increase the number of international conference districts to 12 by 2022 and make a continuous effort to create added value by utilizing the advantages of the regions where the districts will be located and change the districts into a complex for related facilities.
- Promotion of Wellness Tourism
  - Wellness tourism is now developing, and the Ministry of Culture, Sports and Tourism has been striving to keep pace with the latest trends of tourism by establishing tourism content that is unique to Korea. As a result, the ministry singled out the “Top 25 Wellness Destinations.” The number increased to 33 in 2018 after the Ministry added eight more wellness destinations.
  - The Ministry provided support to the 33 wellness destinations to better serve foreign tourists by publishing promotional materials in various languages and making/installing tourist maps with multiple languages.
  - Other programs for the promotion of wellness tourism include the creation of VR content for each destination, the production/broadcasting of TV commercials for the wellness destinations, and participation in various tourism exhibitions locally and abroad.
- Implementation of Korea Quality
  - “Korea Quality” is a program designed to ensure the qualitative growth of Korea’s tourism industry, which has seen quantitative growth for the most part over the years. The program aims to propose service standards for both lodging and shopping sectors of the tourism industry and strengthen their quality management process through the quality assurance program.
  - As of 2018, a total of 480 hotels/motels and shopping centers are maintaining the Korea Quality certification.
  - The Korea Quality certification program was implemented in hopes of improving the overall quality of the tourism industry, increase the level of satisfaction among tourists, and improve the image of Korea as well.
  - Foreign tourists visiting Korea are continuously increasing, and the Korean government has been exerting all-out efforts to create a higher level of tourism infrastructure by proposing program improvement measures, offering consulting services for the establishment of hotels/motels, and carrying out various activities

aimed at increasing the number of alternative lodging facilities and services that can satisfy both Korean and foreign tourists.

### 3.2 Major Locations<sup>6)</sup>

◆ In accordance with the characteristics of the cultural and tourism resources of Korea, the ministry has designated and promoted a total of six “tourism belts” by integrating the frequently visited regions, regions with a similar regional culture, and regions that are connected to each other through the same mountains and rivers.

#### ① East Coast Tourism Belt

- Integrate the natural environment of the East Coast with cultural resources.
- Develop a resort and health-care tourism between the blue sea of the East Coast and Baekdudaegan Mountain Range.

#### ② West Coast Tourism Belt

- Integrate the history and culture with marine leisure of the West Coast.
- Develop a resort and recreational complex for the overnight stay of Korean and foreign tourists.

#### ③ South Coast Tourism Belt

- Develop tourism content in connection with the Namhae Archipelago.
- Open new sea routes for international cruise connecting to adjacent seas and other major destinations in the world, and attract international cruise companies.

#### ④ Korean Peninsula Peace Ecotourism Belt

- Contribute to alleviating the tension between South and North Korea through peaceful utilization of the ecological resources in the regions on the border between South and North Korea.
- Promote tourism after designating rare ecological resources and cultural properties in the DMZ as a Biosphere Reserve.

#### ⑤ Riverside Ecological Culture Tourism Belt

- Create spaces for people’s leisure activities by utilizing rivers and other waterside areas as a form of tourism resource.
- Develop tourism resources and establish an infrastructure in consideration of the characteristics of the natural, academic, and cultural environment around the four rivers

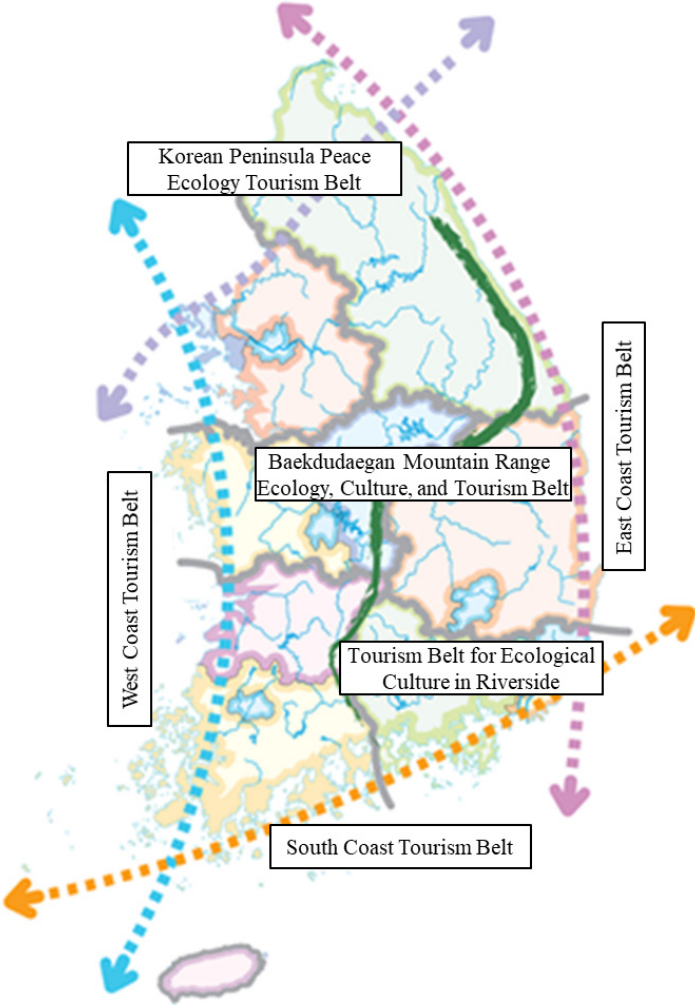
#### ⑥ Baekdudaegan Mountain Range Ecological Culture Tourism Belt

6) Source: Ministry of Culture, Sports and Tourism (2011), Third Basic Plan for Tourism Development (2012–2021)



- Establish an infrastructure on the Baekdudaegan Mountain Range for resorts and green ecology experience.
- Create history and culture tourism destinations on the Baekdudaegan Mountain Range, which is rich in both history and culture.

List of Tourism Belts



Source: Ministry of Culture, Sports and Tourism (2011), Third Basic Plan for Tourism Development

4 Potential Partners

4.1 List of Related Organizations and Associations

Name of Organization	Website	Main Roles
Ministry of Culture, Sports and Tourism	<a href="http://www.mcst.go.kr">www.mcst.go.kr</a>	<ul style="list-style-type: none"><li>■ The Ministry of Culture, Sports and Tourism develops and promotes various tourism policies for Korea to improve the country’s tourism competitiveness.</li><li>– The ministry promotes tourism as one of Korea’s</li></ul>



Name of Organization	Website	Main Roles
		strategic industries, establishes an infrastructure for global standard tourism services, and promotes the quality and sustainability of tourism services.
Korea Tourism Organization	kto.visitkorea.or.kr	<ul style="list-style-type: none"> <li>As the executive body that implements the tourism policies of the Korean government, the Korea Tourism Organization (KTO) develops and distributes a wide range of high value-added tourism products, such as medical, cruise, and Hallyu tourism.</li> <li>KTO has a total of 31 overseas branch offices for the global tourism market.</li> <li>In Korea, KTO supports promotional and marketing activities in liaison with regional local governments and regional tourism services providers.</li> </ul>
Korea Culture & Tourism Institute	www.kcti.re.kr	<ul style="list-style-type: none"> <li>The Korea Culture &amp; Tourism Institute (KCTI) is a policy research organization that proposes new directions and action plans for the Korean government's tourism policies.</li> <li>KCTI carries out research products commissioned by the Korean government, regional local governments, and international organizations dedicated to tourism.</li> <li>KCTI promotes the creation and distribution of tourism information by operating the Tourism Knowledge &amp; Information System (www.tour.go.kr).</li> </ul>
Korea Tourism Association	www.ekta.kr	<ul style="list-style-type: none"> <li>The Korea Tourism Association (KTA) represents the Korean tourism industry by ensuring the healthy development of the tourism industry.</li> <li>KTA collects and adjusts the opinions of those in the tourism industry and cooperates with relevant organizations locally and abroad to promote the tourism industry and improve the rights and welfare of members.</li> </ul>
Korea Hotel Association	www.hotelskorea.or.kr	<ul style="list-style-type: none"> <li>The Korea Hotel Association (KHA) was established to promote the healthy development of tourism hotels and improve the rights of member companies.</li> <li>The main tasks of KHA include reviewing and rating of hotels as commissioned by the Korean government, selecting businesses eligible for the tourism promotion and development fund (hotel management fund), providing policy support for tourism hotels, proposing solutions for current issues to the Korean government as a consultative body, and offering training programs to tourism hotel employees.</li> </ul>
Korea Association of Travel Agents	www.kata.or.kr	<ul style="list-style-type: none"> <li>The Korea Association of Travel Agents (KATA) was established to promote the development of the tourism industry and improve the rights of association members.</li> <li>KATA operates the Tourist Complaint Center to resolve tourist-related disputes and issues of compensation.</li> </ul>



Name of Organization	Website	Main Roles
Korea Casino Association	<a href="http://www.koreacasino.or.kr">www.koreacasino.or.kr</a>	<ul style="list-style-type: none"> <li>■ The Korea Casino Association (KCA) serves as a supervisory authority dedicated to instructing and supervising casinos in the areas of the process environment, improving customer services, and developing the casino industry through a wide range of surveys, research, and promotional activities.</li> </ul>
Korea Resort Condominium Business Association	<a href="http://www.condo.or.kr">www.condo.or.kr</a>	<ul style="list-style-type: none"> <li>■ The Korea Resort Condominium Business Association represents resorts and condominiums in Korea by collecting and adjusting their opinions and cooperating with relevant organizations to ensure the healthy development of the Korean condominium industry and promote management efficiency.</li> </ul>
Korea Association of Amusement Parks & Attractions	<a href="http://www.kaapa.or.kr">www.kaapa.or.kr</a>	<ul style="list-style-type: none"> <li>■ The Korea Association of Amusement Parks &amp; Attractions (KAAPA) was established to protect and improve the rights of association members while proactively cooperating with the Korean government's policies for the healthy development of resort facilities in Korea.</li> <li>■ KAAPA promotes communication between resorts and improves their welfare by carrying out a wide range of survey, research, test, and promotional activities aimed at improving their safety and services.</li> </ul>
Korea MICE Association	<a href="http://www.micekorea.or.kr">www.micekorea.or.kr</a>	<ul style="list-style-type: none"> <li>■ With over 200 member companies involved in the MICE industry, the Korea MICE Association currently represents the MICE industry.</li> <li>■ The Korea MICE Association collects and adjusts the opinions of those in the industry and collaborates with other relevant organizations locally and abroad to promote the Korean MICE industry while also improving the rights and welfare of its member companies.</li> <li>■ The Korea MICE Association was established to promote the international conference industry to improve the rights and welfare of the tourism industry in addition to satisfying the public's interest.</li> </ul>
Korea Association of Professional Convention Organizers	<a href="http://www.kapco.or.kr">www.kapco.or.kr</a>	<ul style="list-style-type: none"> <li>■ The Korea Association of Professional Convention Organizers represents the rights of its member companies, provides bidding information, promotes PCO, and develops human resources.</li> <li>■ The Korea Association of Professional Convention Organizers currently has a total of 49 member companies. <ul style="list-style-type: none"> <li>– Among the companies that are registered as an international conference organizer, only the qualified PCOs with enough workforce and professional teams that specialize in planning international conferences are accepted as a member of the Korea Association of Professional Convention Organizers.</li> </ul> </li> </ul>

Name of Organization	Website	Main Roles
Korea Equestrian Federation	kef.sports.or.kr	<ul style="list-style-type: none"> <li>■ Dedicated to the development of the Korean horse racing industry, the Korea Equestrian Federation runs programs to train horseback riding instructors and enhance their horse racing competitiveness.</li> </ul>
Korea Golf Association	www.kgagolf.or.kr	<ul style="list-style-type: none"> <li>■ The Korea Golf Association was established to develop the golf industry and public health through the promotion of golf.</li> </ul>
Korea Sailing Federation	www.ksaf.org	<ul style="list-style-type: none"> <li>■ The Korea Sailing Association was established to support and train yacht racers and teams, while also promoting sailing and yacht games among the public.</li> </ul>

## 4.2 List of Local Government Offices

Name of Local Government Office	Division in Charge	Website	Location
Seoul	Tourism and Sports Bureau (Tourism Policy Division, Tourism Business Division)	www.seoul.go.kr	110, Sejong-daero, Jung-gu, Seoul
Busan	Culture & Sports Bureau (Tourism & MICE Industry Bureau, Tourism Promotion Division)	www.busan.go.kr	1001, Jungang-daero, Yeonje-gu, Busan
Daegu	Culture, Sports & Tourism Bureau (Tourism Division)	www.daegu.go.kr	88, Gongpyeong-ro, Jung-gu, Daegu
Incheon	Culture & Sports Bureau (Tourism Promotion Division)	www.incheon.go.kr	29, Jeonggak-ro, Namdong-gu, Incheon
Gwangju	Culture & Tourism Bureau (Tourism Promotion Division)	www.gwangju.go.kr	111, Naebang-ro, Seo-gu, Gwangju
Daejeon	Culture, Sports and Sports Bureau (Tourism Marketing Division)	www.daejeon.go.kr	100, Dunsan-ro, Seo-gu, Daejeon
Ulsan	Culture, Tourism & Sports Bureau (Tourism Promotion Division)	www.ulsan.go.kr	201, Jungang-ro, Nam-gu, Ulsan
Sejong	Autonomous Decentralization Bureau (Tourism & Cultural Properties Division)	www.sejong.go.kr	2130, Hannuri-daero, Sejong-si
Gyeonggi-do	Culture, Sports & Tourism Bureau (Tourism Division)	www.gg.go.kr	1, Hyowon-ro, Paldal-gu, Suwon-si, Gyeonggi-do
Gangwon-do	Culture, Tourism & Sports Bureau (Tourism Marketing Division, Tourism Development Division)	www.provin.gangwon.kr	1, Jungang-ro, Chuncheon-si, Gangwon-do
Chungcheongbuk-do	Culture, Sports & Tourism Bureau (Tourism Marketing Division)	www.chungbuk.go.kr	82, Sangdang-ro, Sangdang-gu, Cheongju-si, Chungcheongbuk-do
Chungcheongnam-do	Culture, Sports & Tourism Bureau (Tourism Promotion Division)	www.chungnam.go.kr	21, Chungnam-daero, Hongbuk-myeon, Hongseong-gun, Chungcheongnam-do



Name of Local Government Office	Division in Charge	Website	Location
Jeollabuk-do	Culture, Sports & Tourism Bureau (Tourism Division)	<a href="http://www.jeonbuk.go.kr">www.jeonbuk.go.kr</a>	225, Hyoja-ro, Wansan-gu, Jeonju-si, Jeollabuk-do
Jeollanam-do	Tourism, Culture & Sports Bureau (Tourism Division)	<a href="http://www.jeonnam.go.kr">www.jeonnam.go.kr</a>	1, Oryong-gil, Samhyang-eup, Muan-gun, Jeollanam-do
Gyeongsangbuk-do	Culture & Sports Bureau (Tourism Policy Division, Tourism Marketing Division)	<a href="http://www.gb.go.kr">www.gb.go.kr</a>	455, Docheong-daero, Pungcheon-myeon, Andong-si, Gyeongsangbuk-do
Gyeongsangnam-do	Culture, Tourism & Sports Bureau (Tourism Promotion Division)	<a href="http://www.gyeongnam.go.kr">www.gyeongnam.go.kr</a>	300, Jungang-daero, Uichang-gu, Changwon-si, Gyeongsangnam-do
Jeju-do	Tourism Bureau (Tourism Policy Division, Investment Division, Casino Regulatory Division)	<a href="http://www.jeju.go.kr">www.jeju.go.kr</a>	6, Munyeon-ro, Jeju-si, Jeju-do





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## Investment Opportunities in Korea

### Tourism & Leisure

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