

Tourism Cooperation in Northeast Asia and Korean Tourism Policies

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I . Introduction

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Tourism industry is growing as a high value-added and strategic industry, and its growth is fastest and strongest worldwide

- representing 10.7% of global GDP and 8.2% of global labor force**
- emerging as one of the most critical sectors to determine a nation's competitiveness**

Tourism market in the East Asia and Pacific region is expected to grow at the most brisk pace among the World Tourism Organization (WTO)'s six regional categories

- foreign arrivals in the NE Asian region will reach 109.3M by 2010**
- China has voiced its strong will to grow into the world's number one tourist destination by 2020**

NE Asian countries are competitively spurring their efforts to promote the tourism industry as the national strategic industry, intensifying competition in the tourism industry

- a compelling need to reinforce partnerships and collaboration within the region in order to promote the sustainable growth and development of the tourism industry in the region

This paper covers :

- ❏ Changes in Northeast Asia tourism market**
- ❏ Measures for tourism cooperation in NE Asia in response to the changing environment**
- ❏ Korea's responses to meet the challenge**

II. Changes in Northeast Asia Tourism Market

- 1. Current status overview and outlook**
- 2. Nature of NE Asian tourism market changing**

1. Current status overview and outlook

Changes in Northeast Asia Tourism Market

● Overview

Number of global inbound tourists :

- 460M(1990) → 700M(2000), 4.3% increase per annum

Number of tourists in the NE Asian region doubled :

- 8.5M → 18.6M(same period), 8.1% increase per annum

Inbound tourists from NE region (2000) :

- Korea : 61% , Japan : 54%, China : 36%

● Outlook

The WTO forecast a 3.5% increase in the number of visitors worldwide by 2010, with the figure for the Asian region at a high 7% mainly for China

- NE Asia Outbound : 51M('00), 74M('10), 108M('20)
- Worldwide : 699M('00), 981M('10), 1,137M('20)

NE Asian tourists within the region :

- 34.3% (1990) - 36.6% (2000)
- 45.7% (2010) - 55.1% (2020)

Changes in Northeast Asia Tourism Market

<Table 1> Trends of international tourism exchange

1990 (1000pers.)

Inbound Outbound	Korea	Japan	China	Taiwan	Hong Kong	N.E.Asia Total	Other regions	Total
Korea	0	740	55	144	185	1,124	766	1,890
Japan	1,460	0	463	915	1,332	4,170	12,686	16,856
China	43	106	0	0	754	903	587	1,490
Taiwan	211	608	0	0	1,345	2,163	1,189	3,352
Hong Kong	71	40	0	27	0	137	1,076	1,121
N.E.Asia Total	1,784	1,494	518	1,085	3,615	8,497	16,240	24,737
USA	325	555	233	221	612	1,947	53,753	55,700
Russia F.	26	25	110	0	0	161	9,773	9,934
Other	823	1,162	886	300	1,815	4,986	362,291	367,276
Other total	1,174	1,742	1,229	521	2,427	7,093	425,817	432,910
Total	2,959	3,236	1,747	1,606	6,042	15,590	442,057	457,647

Changes in Northeast Asia Tourism Market

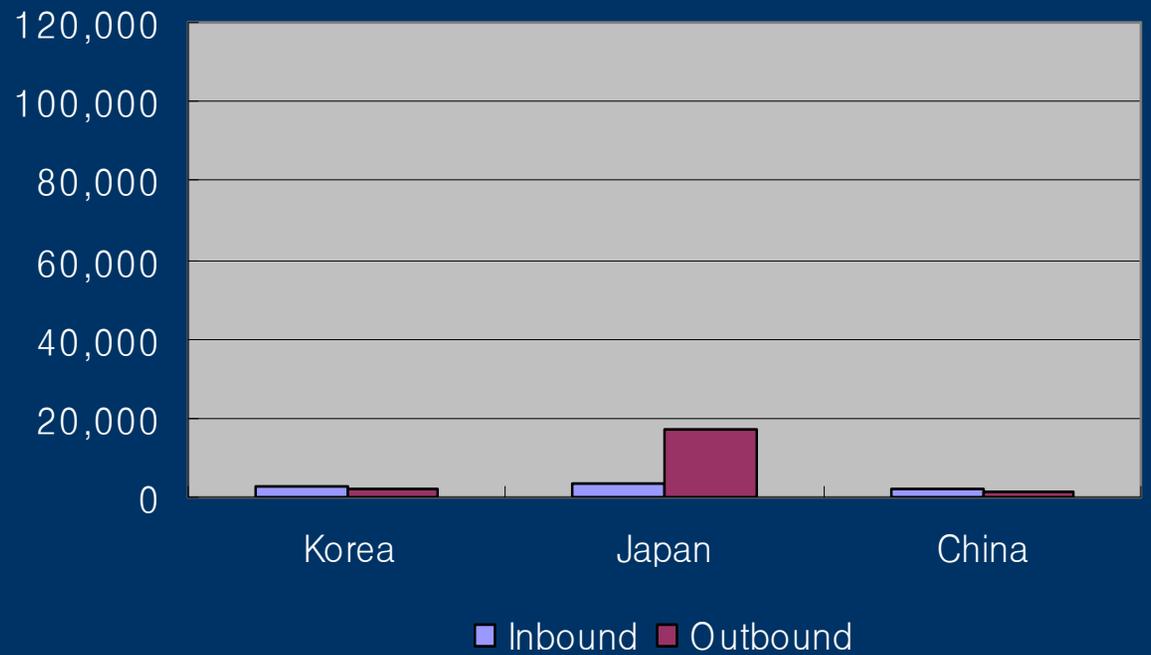
2000 (1000pers.)

Inbound Outbound	Korea	Japan	China	Taiwan	Hong Kong	N.E.Asia Total	Other regions	Total
Korea	0	1,064	1,345	77	373	2,859	2,944	5,803
Japan	2,472	0	2,202	881	1,369	6,923	17,712	24,635
China	443	352	0	0	3,786	4,580	5,301	9,882
Taiwan	127	913	0	0	2,386	3,426	3,289	6,715
Hong Kong	201	243	0	333	0	777	2,887	3,664
N.E.Asia Total	3,243	2,572	3,546	1,290	7,913	18,565	32,134	50,698
USA	459	726	896	332	966	3,378	69,507	72,698
Russia F.	128	32	833	0	0	993	36,377	37,370
Other	1,493	1,427	4,708	1,002	4,180	12,810	525,036	537,846
Other total	2,079	2,185	6,438	1,334	5,146	17,181	630,920	648,102
Total	5,322	4,757	9,984	2,624	13,059	35,746	663,054	698,800

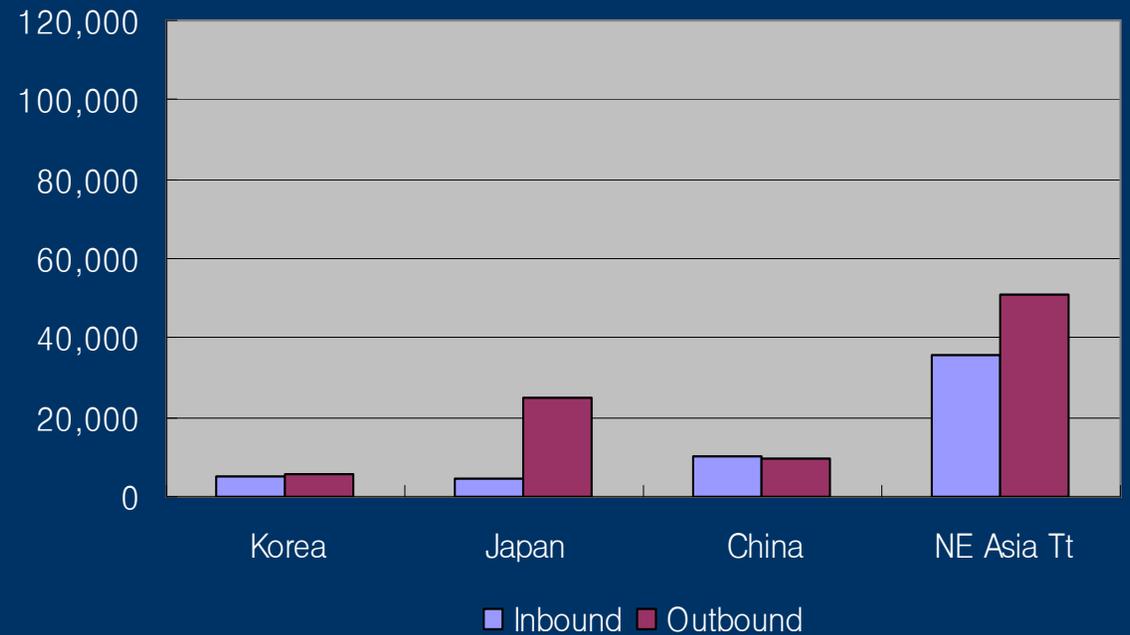
Source : WTO by international visitors

● Inbound & Outbound tourists in Korea, Japan, China (1000pers.)

1990



2000



● Korea

Outbound tourists :

- 7.1M in 2003, rapid growth since 1998

Number of inbound tourists :

- 5.3M in (2000) → 4.8M (2003), 2.5% decrease per annum)

Arrivals from the Northeast Asian region should gradually increase :

- 73% (2010) → 80% (2020)

Changes in Northeast Asia Tourism Market

<Table 2> Forecasting of international tourism exchange

2010 (1000pers.)

Inbound Outbound	Korea	Japan	China	Taiwan	Hong Kong	N.E.Asia Total	Other regions	Total
Korea	0	1,460	3,748	18	423	5,649	3,254	8,903
Japan	3,330	0	5,824	835	821	10,810	18,418	29,228
China	1,271	621	0	0	7,125	9,018	10,024	19,853
Taiwan	122	1,934	0	0	4,021	6,077	3,642	9,719
Hong Kong	470	793	0	1,019	0	2,282	4,779	7,060
N.E.Asia Total	5,193	4,087	9,572	1,872	12,391	33,835	40,116	73,952
USA	701	1,228	1,947	406	1,504	5,785	93,361	99,145
Russia F.	110	10	1,496	0	0	1,616	101,368	102,984
Other	1,096	1,492	5,194	637	3,599	12,019	603,331	615,349
Other total	1,907	2,730	8,637	1,043	5,102	19,420	798,059	817,479
Total	7,100	7,538	18,210	2,915	17,493	53,255	838,175	981,431

Source : WTO by international visitors

Changes in Northeast Asia Tourism Market

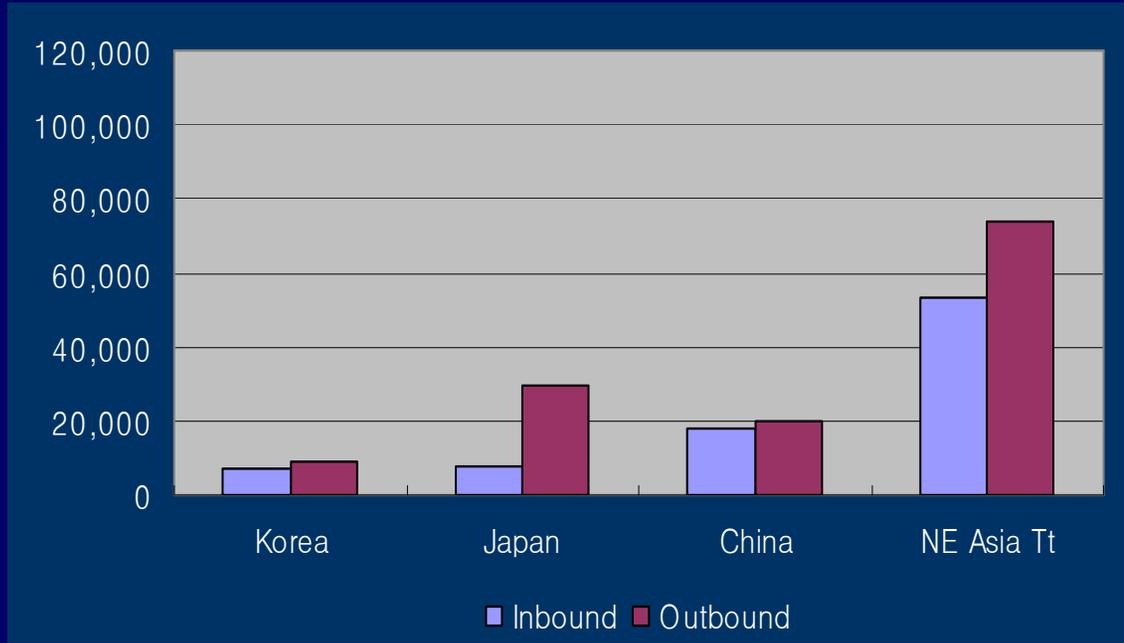
2020 (1000pers.)

Inbound Outbound	Korea	Japan	China	Taiwan	Hong Kong	N.E.Asi a Total	Other regions	Total
Korea	0	1,556	9,408	10	360	11,334	3,246	14,580
Japan	4,053	0	13,066	694	383	18,196	18,523	36,720
China	3,172	872	0	0	10,709	14,753	15,847	31,412
Taiwan	119	4,215	0	0	6,832	11,166	3,790	14,957
Hong Kong	760	1,531	0	1,901	0	4,192	7,154	11,346
N.E.Asia Total	8,104	8,174	22,474	2,605	18,284	59,642	48,560	108,202
USA	1,155	2,190	4,199	556	2,514	10,614	127,977	138,592
Russia F.	99	7	2,211	0	0	2,316	167,618	169,935
Other	773	1,598	5,849	349	3,136	11,705	708,892	720,596
Other total	2,027	3,795	12,259	905	5,650	24,636	1,004,487	1,029,123
Total	10,131	11,969	34,733	3,511	23,935	84,275	1,053,047	1,137,325

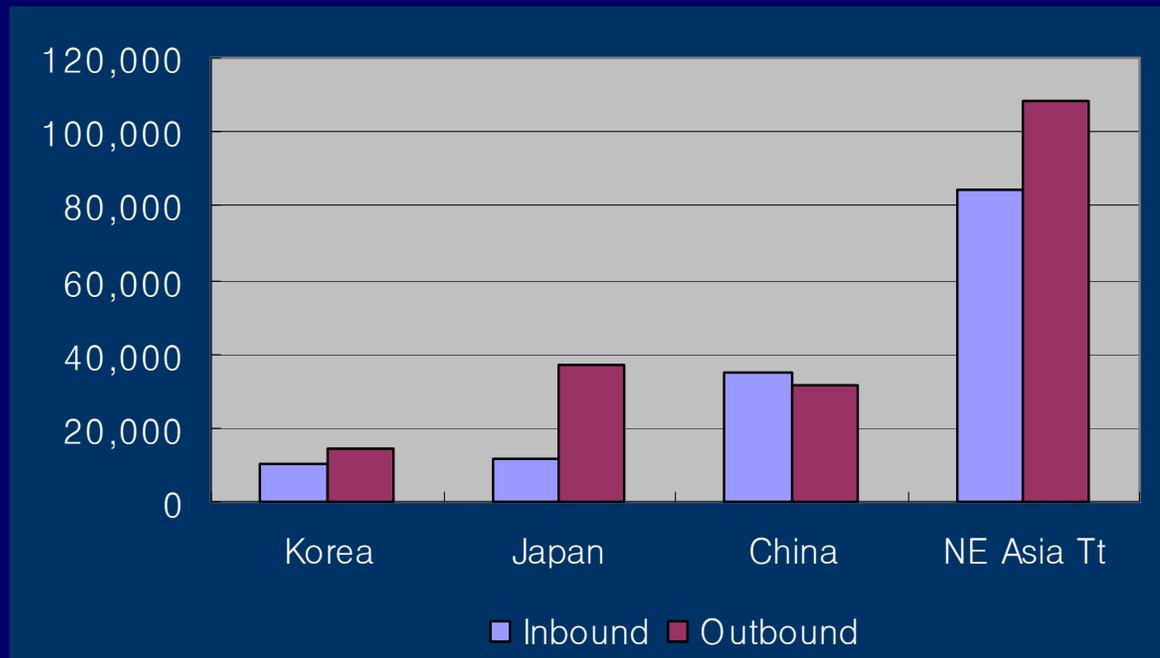
Source : Forecasting of NRI by WTO's data

Forecasting inbound & Outbound tourists in Korea, Japan, China (1000pers.)

2010



2020



2. Nature of Northeast Asian tourism market changing

Changes in Northeast Asia Tourism Market

Major changes in the region's tourism market :

- **return visit** increasing
- **local tourism** expanding and competition intensifying
- **thematic tourism** to be prevalent

● Return visit increasing

Majority of international tourism within the Northeast Asian region consists of relatively cheap and short holidays (eg. 2 or 3 nights)

- extended version of domestic tourism meaning it is more like, in terms of time and cost, traveling far away domestic destinations
- more than 2M Japanese visitors a year in Korea, around 60% of who are not first-timers
- tourism activities will extend to local areas
 - ➡ the basis for international tourism will be shifted to **city-to-city networks from country-to-country** networks

● **Local tourism expanding and competition intensifying**

Accessibility of each local city in a country should improve and information on local areas should be easier to get enabling tourists to make wider choices for travel products

Competition between local cities should get intensified

- local city should seek for a solution to enhance its competitiveness

● **Thematic tourism to be prevalent**

Future tourism pattern should be a thematic one :

- going for unique products offered at defined destination areas
- mainly in small groups such as families and friends who share common interests

III. Measures for Tourism Cooperation in Northeast Asia

- 1. Formation of regional cooperation bloc and regional links**
- 2. Strategies**

1. Formation of regional cooperation bloc and regional links

Measures for tourism cooperation in Northeast Asia

● Background

The countries in the Northeast Asian region is closely connected in terms of cultural and historical backgrounds as well as geographical proximity

- actively involved with economic exchanges including tourism exchanges



Development of Northeast Asian Tourism Economic bloc



Figure 1. Northeast Asia



Figure 2. American continent



Figure 3. Europe

Source : Northeast Asian Tourism Economic Bloc (2003, Kusano Keiich, NRI)

● **NE Asian Tourism Economic Bloc**

Meaning far broader links across diverse and extensive sectors including :

- tourism-related industries (airlines & hotels)
- information and telecommunication
- financial, environmental, and educational sectors

● **Strategies**

Requirements for the formation of the Northeast Asian tourism economic bloc :

- creating an environment in which tourists can travel wherever they want without any restrictions
- enhancing the quality of tourism services to meet diversified demands

Seven Strategies

- ▶ **Build international airline network**
- ▶ **Speed the passage of travelers in immigration and ensure tourists' safety**
- ▶ **Form tourism service network**
- ▶ **Build regional links in tourism infrastructure and related businesses**
- ▶ **Cooperate in environmental-friendly development**
- ▶ **Develop mutually-beneficial projects**
- ▶ **Establish tourism cooperation framework among Northeast Asian countries**

Strategy 1 : Build international airline network

Airline network should provide convenience for short holidays, especially enabling footloose travelers to go wherever and whenever

Blueprints (including airline companies' management strategy) need to be formulated for building strong regional networks :

- large city-to-large city, large city-to-local city, local city-to-local city**

Strategy 2 : Speed the passage of travelers in immigration and ensure tourists' safety

It is also necessary to ease restrictions on visa requirements to promote intra-regional traffic

- visa-exemption for tourists across the Korea-China-Japan**
- easing regulations (or cutting bureaucracy in immigration)
e.g) Simpler procedures for visa issuance**
- speedy procedures in customs, entry-point passages, and security checks**

strategy 2 : Speed the passage of travelers in immigration and ensure tourists' safety

Security and safety issues are :

- international regulations on security, and common safety standards on public facilities need to be formulated to strengthen tourist safety protection**
- individual country will need to develop its own plans to protect visitors in the country**
- international efforts to curb terrorism and promote tourists' safety should be integrated for better results**
- effective international communications (eg. hotline operations) and coordinated studies on safety issues**

Strategy 3 : Form tourism service network

Formation of a well-established service network across the region to remove obstacles :

- languages, currencies, and various kinds of institutional systems
e.g. Pre-paid Korea travel cards (KTC) of KNTA
- Such service systems need to be developed to regionally-integrated, further-sophisticated ones

Detailed proposals for the facilitation of travel :

- ensuring convenient use of public transportation in the region such as railways, subways, and ferries
e.g. "East Asia Travel Pass"
- introducing region-wide quality certification system for the hospitality industry and hotel rating system to promote regional tourism standardization
- enhancing the quality of tourism services

Strategy 4 : Build regional links in tourism infrastructure and related businesses

International tourism zones connect :

- transport infrastructure (such as airports, roads and railways) and local tourist destinations**
- variety of tourism services such as accommodations, shopping centers, restaurants, and entertainment facilities**

Strategy 5 : Cooperate in environmental-friendly development

Development of programs for ecotourism :

- multinational environment watch programs**
- publishing best practices disseminating eco-guided programs**

Ex. Ecotourism Association of Australia, founded in 1991, has developed and operated accreditation and certification programs and eco-guide programs, and furthermore it has been making effort to make them international standards

Strategy 6 : Develop mutually-beneficial projects

Mutually-beneficial projects include :

- new program development for a variety of cultural and tourism exchanges
- development of shared brands or joint products
- promotion of cooperation in related businesses such as hotels, airlines, and tourism operators
- development of training programs for employees in the hospitality industry to enhance tourism quality
- introduction of incentives to promote investment in the region

Strategy 7 : Establish tourism cooperation framework among Northeast Asian countries

The efforts have yet to produce tangible results :

- Korea, Japan, China need to identify and implement specific action plans, taking their tourism cooperation to an upper level

Specific action plan could include :

- reviewing a possibility of **shared brand development**
- joint research on potential markets outside the region
- development of **packaged products**
- joint participation in international tourism and trade fairs and exhibitions
- building a **joint web site** for public relations
- introducing a **joint transport pass** (eg. oriental rail pass)

IV . Korea's responses

- 1. Current status and challenges**
- 2. Future direction**
- 3. Strengthen intra-regional and inter-Korean tourism cooperation**

1. Current status and challenges

Korea's responses

Despite the growing popularity of Northeast Asia, Korea has not seen an increase in its number of international visitors

(1000 pers.)

- 2,995 (1990)	- 5,321 (2000)	
- 5,147 (2001)	- 5,347 (2002)	- 4,753 (2003)

Korea appears to have trouble attracting international visitors because of the following reasons :

- inadequate tourism infrastructure in terms of both quantity and quality
- Korea offers not many sightseeing, recreational, shopping, and dining opportunities
- complicated entry process and insufficient international transport links

- **Inadequate tourism infrastructure**

Accommodations are concentrated in the Seoul metropolitan area and Jeju Island

Most of them are expensive five-star hotels

Absence of a global theme park also negatively affects tourists' choice of destination in the first place

- **Not enough opportunities**

Korea has been slow at turning its rich historical and cultural assets into tourism products

Service quality has been relatively low, with little hospitality shown to foreigners

- **Complicated entry process and insufficient transport links**

Significant improvement in the entry process is particularly necessary to draw into Korea the growing number of travelers from China

Need improvement transportation linkage with NE Asian countries and cities

2. Future direction

Korea's responses

● Korea's policies

To address these challenges and emerge as Northeast Asia's leading tourist destination, Korea will have to incorporate the following in its policies :

- build and project image as attractive tourist destination
- put in place extensive, quality infrastructure
- create unique, tailored tourism products
- simplify entry process and improve international transport system

● Build and project image as attractive tourist destination

Build a compelling brand image as a tourist destination

- project the image through consistent marketing strategies
- use a marketing slogan to its maximum impact

Strengthen international marketing activities :

- overhauling related operations
- employing various marketing tools
- building more "Korea Centers" that offer quality, current tourist information on Korea
- reinforcing international marketing capabilities at local level

● Put in place extensive, quality infrastructure

Provide a wide range of quality accommodations :

- tourist hotels, budget accommodations in rural areas, global budget-hotel chains, and traditional guest houses
- adaptation of an "accommodation-rating system" for foreign visitors

Focus on the high-value-added convention business :

- assisting convention facility management
- designating an international conference city
- financing the city's development
- forming an organization dedicated to attract global conferences
- enhancing the expertise of global conference organizers

Establishment of world-class theme park

● Create unique, tailored tourism products

Diverse, unique tourism products are fundamental to become a leading tourist destination :

- build Seoul's five palaces into cultural tourism packages
- serve traditional cuisine as culinary tourism products
- turn the "Korea Wave" into film tourism opportunities
- establish a Taekwondo Park

Tourism products tailored to the tastes of target markets

- focus on niche products that would keep Japanese visitors returning
- develop an appealing product that would attract greater number of Chinese visitors

● **Simplify entry process and improve international transport system**

Need a simplified entry process, an extensive intra-regional transport network, easy access to attractions

- easing visa requirements for Chinese tourists
- entitling more Chinese to visa exemption or multiple-entry visa
- expediting visa processing for China's top travel agencies
- improving transportation linkages with NE Asian countries
- introducing a transportation pass valid throughout the region
- creating a cruise product linking Korea, China, and Japan (namely, "Oriental Cruise")

3. Strengthen intra-regional and inter-Korean tourism cooperation

Korea's responses

● Expand intra-regional tourism cooperation

For tourism cooperation within the region, Korea needs to :

- Regularly hold "Korea-China-Japan Tourism Ministerial Meetings"
- Create a "Northeast Asia Tourism Promotion Commission "that would develop joint strategies to attract international tourists, and expand tourism exchanges within the region
- Form an "ASEAN + 3 private sector commission"

● **Expand inter-Korean tourism cooperation**

Boost Korean peninsula's tourism competitiveness

- form an inter-Korean tourism cooperative body
- jointly research and develop both Korea's tourism resources, and create comprehensive plans for development, conservation, and use of tourism resources
- open up more areas for inter-Korean tourism, and develop a program exchanging inbound tourists
- vitalize tourism business around Mt. Geumgang and Gaesung industrial complex

Thank You

See you again !