RESEARCH INTEREST

AGRO-TOURISM AS A RURAL DEVELOPMENT STRATEGY IN KOREA*

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Keywords
Policy evaluation, Rural tourism, Rural theme village, Korea

Summary
This paper investigates diverse policy experiences of enhancing agro-tourism in Korea. Since the campaign of “rural theme village” as a rural development strategy is closely related with the discussion of agro-tourism, this paper looks into past and recent streams of agro-tourism strategies pursued by the central government in Korea. This paper examines why agro-tourism has emerged as one of major rural development strategies in Korea. Along with a historical background of agro-tourism development in Korea, this paper presents the current and possible future characteristics of green tourism for rural community development in Korea. This paper also examines the perceived role of tourism in rural development. Special attention is paid to the ways in which the development of tourist attractions encourages changes in attitudes towards both rural resources assessment and entrepreneurship. Presenting success and failure stories, this paper also considers why the development of tourist attractions has been slow in rural areas of Korea, reviewing restraints, reservations, and problems identified during the last decade.

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I. Introduction

Agro-tourism, also called eco-tourism or rural-tourism, is adopted by many countries around the world as one of major rural policies to generate rural viability. The term here we used, agro-tourism, is a composite of agricultural products, eco-products, and cultural products, which bears such diverse functions as economic, social, educational, environmental, recreational, therapeutic, etc. Agro-tourism enables us to rediscover the values of rural resources disregarded in the modernization process of a national economy, giving insights to both farmers and policymakers to adopt a wider perspective than the hitherto agricultural product oriented mentality of rural development (Ohe, 2006). The boundary and application of agro-tourism are quite diverse; however, it generally encompasses agricultural production, lifestyle, and rural environment to accommodate people in both urban and rural areas. It also has been extensively studied from the viewpoint of farm-based rural businesses for both developed and developing countries (Kannan and Singh, 2006; Liu, 2006; Ohe, 2006; Page and Getz, 1997). While we all agree that it is not a panacea for rural renaissance, it is in general regarded as a way of revitalizing rural economy that has had a relative deprivation against urban economy without regard to its economic circumstances.

This paper investigates diverse policy experiences of enhancing agro-tourism in Korea. Since the campaign of “rural theme village” as a rural development strategy is closely related with the discussion of agro-tourism, this paper investigates past and recent streams of agro-tourism strategies pursued by the central government in Korea. This paper examines why agro-tourism has emerged as one of major rural development strategies in Korea. Along with a historical background of agro-tourism development in Korea, this paper presents the current and possible future characteristics of green tourism for rural community development in Korea. This paper also examines the perceived role of tourism in rural development. Special attention is paid to the ways in which the development of tourist attractions encourages the changes in attitudes towards both rural resources assessment and entrepreneurship. Presenting success and failure stories, this paper also considers why the development of tourist attractions has been slow in rural areas of Korea, reviewing restraints,
reservations, and problems identified during the last decade.

This paper starts by explaining the background of rural tourism policies in Korea in the next section. The development of rural theme village policies is explained in Section III. Section IV outlines some major drawbacks the current policies have. Section V introduces a suggestion to improve rural development programs aimed at meeting the needs of urban and rural dwellers. Finally, Section VI concludes with some cautionary notes drawn from the past experiences and with some future directions of the agro-tourism in Korea.

II. Background

South Korea’s economic success is best characterized as “a prime example of latecomer’s high-rate growth, which condenses the longer development history of developed countries” (Cho, 1994: 177). In 1960, South Korea (hereafter Korea) had a per capita gross national product of $80 a year, a figure putting it on roughly the same level as Ghana and Sudan and a bit behind India. Since then, Korea has been near the top of the world’s growth charts, with forty years of growth averaging more than 8% a year, doubling repeatedly in an exponential explosion of economic growth. Except in neighboring Taiwan, this sustained boom has no parallel in history—not even in postwar Japan. Now the rapid economic development has lifted its per capita income from one-third in the mid-1980s to two-thirds of the OECD average in 2005 (OECD, 2005a; 2005b).

In order to modernize the economy, Korea adopted an unbalanced growth strategy for industrialization. Anticipated imbalances became apparent in many areas: for example, between urban and rural development; between large-scale and small-scale businesses; and between export and domestic industries. While the living standard of the country’s population has increased substantively, the effect of the benefits has been concentrated in few regions. Since the development model focusing on efficiency was supported widely, preference was given to few predetermined industrial projects concentrated within selected urban locations. Although diverse government interventions to lessen the disparity between urban and rural areas have been implemented dur-
ing the last two decades, the consequence was a typical example of ‘the rich gets richer and the poor gets poorer.’

This urban-centered strategy has resulted in a speedy collapse of traditional rural communities. The share of agriculture and forestry among the entire industries gradually decreased to 3.1 percent of GNI as of 2003, although the share of agriculture-related industries -- such as input industry, distribution and transportation industry, food-processing and service industry -- reached 14 percent. The ratio of elderly people aged 65 or more in rural areas has reached 24% while its national average was around 9% in 2005.

This rapid transition is well presented in <Figure 1> and <Figure 2>. The proportion of farming households to total households has dropped to about 7% in 2005 while it stood at around 28% in 1980. While the average annual income of farm households in 2004 was 29,001,000 won (about 30,000 US dollars), 7.9% up from 26,878,000 won in 2003, the ratio of farm household income to urban household income had diminished from 120% in 1984 to 79% in 2004.

In addition, the launch of the WTO and some bilateral negotiations with the US and Chile has quickly transformed the farming environment by rapidly liberalizing the agricultural market and constantly dragging down the price of agricultural products. Farmers thus became anxious and the past agricultural policy that focused on production increase seemed to have reached its limits. So today, Korea’s agricultural policy focuses on strengthening the competitiveness through economy of scale and producing safe and high quality products. On top of that, Korea plans to transform rural villages into a space where people can engage in diverse industrial activities and enjoy lives.
Agro-Tourism as a Rural Development Strategy in Korea

FIGURE 1. Proportion of Farm Households to Total Households in Korea

Source: Korea National Statistical Office, each year.

FIGURE 2. Ratio of Farm Households Income to Urban Households Income

Source: Korea National Statistical Office, each year.
III. Development of Rural Theme Village

The incumbent government in Korea launched a balanced development strategy to eliminate gaps between urban and rural areas by accelerating the development of rural areas and farming and fishing villages. The major policies (Lee, 2004) in the revised fourth national territorial plan (2000 to 2020) for the development of rural regions are first, establishing a regional innovation system fitted for depressed regions, second, inducing agriculture and fisheries to become value-added industries, third, diversifying rural economic activities and integrating industrial supports, fourth, improving the welfare of rural residents by improving settlement conditions and finally, encouraging rural-urban interactions. In sum, the fourth plan suggested that rural areas be utilized as alternative space for production, leisure, ecology, and residential purposes for all people in rural and urban areas while their natural environment is well preserved (Kim, 2001).

The government expects that the new development approach for rural areas would greatly improve the quality of life not only for rural residents but also for urban people. As noted by Douglass (2000), if the approach is to have any success, it is crucial to construct rural-urban linkages that may drive diverse multiplier effects of these rural industrial activities. The government expects that the diversification of rural economy will be stimulated based on the promotion of procession industries of primary goods and of leisure and tourism industries.

Now rural tourism is one of the most promising areas for Korean farmers to cope with their agricultural income falling. It also helps give Korean agriculture an increased range of functions propelled by a new demand from rural-urban linkages. In recognition of this fact, the Korean government has put considerable effort into this new program since 2003, the year the incumbent government proposed an agriculture and rural plan that would spend about 119 trillion won (about 119 billion US dollars) during the ten-year span from 2004 to 2013.

To increase rural-urban interactions, the government promotes various urban-rural exchange programs and leisure/tourism activities such as green businesses and tourism farms in rural, mountainous, and coastal areas. <Table 1>
### TABLE 1. Rural Theme (Green Tour) Village Programs in Korea in 2006

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Implementing Agency</th>
<th>Objectives</th>
<th>Action Plan</th>
<th>Period</th>
<th>Unit</th>
<th>Number of Villages</th>
<th>Cost / Unit *</th>
<th>Duration</th>
<th>Total Cost *</th>
</tr>
</thead>
</table>
| Information network village      | Ministry of Government Administration and Home Affairs                               | • To promote regional informatization development in rural communities  
• To increase profitability of rural communities through informatization | • Reduce the information gap  
• Revitalize regional economy through informatization  
• Facilitate green tour programs | 2001-2012                  | Village          | 280 (39)         | 2,052          | 1 yr      | 1,052         |
| Green tour village               | Ministry of Agriculture and Forestry (MAF)                                          | • To provide farming and rural community tours for city dwellers  
• To increase off-farm income of farming communities | • Establish common facilities for green tour program  
• Improve the landscape of participating villages | 2002-2013                  | Village          | 123              | 246          | 1 yr      | 246          |
| Fishing experience village        | Ministry of Maritime Affairs and Fisheries                                          | • To provide hands-on fishing programs by establishing fishing tourism facilities  
• To increase off-fishing income | • Improve roads, parking facilities, lights, etc.  
• Establish information center, squares, camping lot etc | 2002-2009                  | Village/Municipality | 31               | 359          | 1 yr      | 359          |
| Rural theme village              | Rural Development Administration                                                    | • To improve rural amenities through traditional rural knowledge and culture | • Set up own characteristics of village  
• Establish facilities for hands-on programs  
• Program development by experts | 2002-2009                  | Village          | 66               | 112          | 2 yrs     | 112          |
| Mountain theme village           | Korea Forest Service                                                                  | • To utilize forestry resources for additional income  
• To achieve balanced national development by improving landscape & living conditions in forest areas. | • Establish system for the increase of forest products  
• Using unique propensity of forestry, develop forest tour programs | 1995-2007                  | Village          | 153              | 2,413         | 3 yrs     | 2,413         |

*Source: The Office for Government Policy Coordination. Assessment of Green Tour Village Programs. (*=hundred million Korean won, about US$105,000)
presents the current rural tourism programs that solely focus on inducing urban people to rural villages. Operated by diverse ministries and agencies in Korea, urban-rural exchange programs offer opportunities both for rural and urban people. Urban people can enjoy leisure activities and learning by experience, staying and resting in the countryside, while rural people can create jobs and increase sales of products. Below are examples of a major action plan suggested by the Ministry of Agriculture and Forestry (MAF, 2006).

1. Development of green tour conditions to satisfy city dwellers’ needs

The development of 32 green agricultural experience villages was promoted in 2004, and 1,000 green tour villages (green agricultural experience villages, agricultural traditional theme villages, etc.) will be developed by 2013.

2. Education of professionals to take the lead in green tours

Development of retirees and u-turning farmers with various experiences, in addition to potential manpower in a village, into village leaders through training of about 800 applicants.

3. Intensification of P.R. and marketing activities to create the needs for green tours

Promotion of green tour expositions to induce concerned parties such as green tour villages, local governments, local developers, and tour-related companies to a variety of exhibits as well as green tour P.R. to city dwellers through workshops and events.

4. Institutional arrangement for the activation of urban-rural exchanges
The conversion of the Investment Promotion Center at the Korea Agricultural & Rural Infrastructure Corporation (currently the Korean Rural Corporation) into the Urban & Rural Area Exchange Center to take full charge of post-management, education, P.R., etc. of the rural tourism villages.

In addition to these development policies at the village level, the MAF also adopted a synoptic plan and the development of rural tourism is one of major policy alternatives for the plan. The plan is the first comprehensive rural plan focusing on rural sustainability in Korea. The plan intends to construct 1,000 rural zones combining 3 to 5 villages into a zone. Approximately 5 to 7 villages per city/county will be developed by 2013. While most rural planning is rather more in line with welfare or equity policy, this plan is based on the ideologies of competition and efficiency. The total budget for this plan is 7 billion won (about 5 million US dollars) per rural development zone.

IV. Evaluation of the Theme Village Policies

1. Conflicts due to the duplication of program contents

Since 2000, the Korean government has developed various rural theme village programs to revitalize the rural economy in Korea. Although the standard of living has constantly improved for the rural villages participating in the programs, there stands the problem of duplication of investment and its subsequent conflicts. The rural theme village programs propelled by each related Ministry shows similarity in their contents and objectives as shown in Table 1. According to a research by the Office for Government Policy Coordination, there are considerable disparities in subsidies among the villages participating in similar programs of different Ministries despite analogous geographical and physical conditions. Recognizing these problems, the MAF established “Guidance for the Integration of Rural Theme Village Programs,” which actually turned out to have failed to coordinate due to the lack of legally binding power imposed on the programs.

In terms of program contents, while the program driven by the Korea
Forest Service focuses on physical facilities for the improvement in income, the programs promoted by other Ministries are more concerned with the facilities for hands-on tours. Particularly, the different implementing agencies of the MAF and the Rural Development Administration have quite similar program contents that may cause confusion and dissatisfaction among the farmers who participate in each program.

2. Absence of post-hoc management after implementation

Even though there are educational programs that foster human capital development for participating farmers in designing and implementing stages, only few government agencies provide management programs after the rural programs are implemented. No consideration on the post-hoc program management may bring about difficulties to sustain the status what the program actually pursues. There also remains the risk of backwardness when participating villages cannot afford facility maintenance, or when there are losses of driving force in the villages. The MAF has recently recognized the problems and prepared a supplement program for farmers to guarantee continuous and successful management of the programs.

3. Sustainability of the participating villages

It’s too early to evaluate the effect of the policy; however, there is no clear indication of population increase in the villages that have operated the programs. In addition, the programs have been less successful in increasing the off-farm income of the participating farmers. It could be explained by not having enough time to witness the results, however, it could also be explained by the poorness of program contents and similarities among programs that consequently failed to attract city dwellers continuously. This evaluation is different from the promulgation of the government, which seems to be largely caused by the indicators’ difference originating from the heterogeneity of the villages sampled.
4. Tendency of deepening dependency on government subsidy

The objective of the rural theme village programs has an implicit premise that villages can achieve independent management and sustainable growth after the implementation of the programs. Unlike the premise, however, the participating villages showed deepening dependency on government support even in the villages where the implementations have been evaluated as successful by the MAF.

5. Differences in supporting units and grants among the programs

All the government agencies that operate the rural theme village programs target the village level as a development unit. In reality, however, government support in some programs can be granted as subsidies to individuals or households, which results in "the rich gets richer and the poor gets poorer." The magnitude of grant differences among the programs may cause other conflicts among the beneficiaries of farmers, and possibly distrust in government policies and disharmony among rural inhabitants.

V. Suggestions to Improve Rural Development Programs

1. Consolidation of similar programs

1.1 Step 1: Coordination of programs among Ministries (a short term, 1yr)

The rural development programs implemented by different Ministries do not have a common guiding principle by which programs are implemented. It is recommended that one of the related Ministries establish a fundamental rule according to districts and program objectives. The Office for Government Policy Coordination is a candidate for this function.
1.2 Step 2: *Intra-level integration of the green tour village programs (a short term, 2-3 yrs)*

The green tour village program exemplifies the disarrangement of programs by different agencies due to the lack of prior consultation. It is necessary to rearrange the programs classified by districts and program contents through the current action plans by the MAF. The MAF which operates diverse rural development programs is a top candidate for this work. This is also true for the programs of the MAF and the Rural Development Administration.

1.3 Step 3: *Integrating the selection and operation of rural development programs among Ministries (mid-term, 4-5 yrs)*

The current rural development programs in Korea could be characterized by “duplicative support,” which may beget inefficiency in budget allocation, and “dispersed support,” which could even weaken the development potential. Since the rural development programs are quite similar in program objectives and contents, the best way to be successful and efficient for the programs would be to unify the programs over Ministries and offices. However, it has been almost impossible to completely consolidate the programs due largely to the orientation of self-interest of each Ministry during the last several decades. Accordingly, we recommend that a new law be enacted or related laws revised to guarantee consistency and efficiency of the rural village programs. Establishing a government committee that can control the whole process of the programs is a top priority to prevent such problems as duplication, conflicts, and inefficiency mentioned before. The law should be in conformity with higher level plans such as the Fourth National Territorial Plan and diverse central government policies such as NURI and the RIS, which are in special need for the current rural development programs.

2. Ensuring the diversity of programs

The demand side of rural development is quite diverse with respect to size and spatial and industrial characteristics. Considering these reasons, we suggest
that procedural principles be adopted for the whole programs. The three desirable principles we propose are first to reinforce the capacity of local governments through “decentralization,” second, to promote economic efficiency through “selection and concentration,” and to ensure “diversity.”

Budget allocation and selection process should be made in the order of the principles explained before. Budget could be allocated five to six hundred million won at the first stage, 10 to 20 hundred million won at the second stage, and 50 to 70 hundred million won at the final stage. We recommend that the total number of rural villages at the national level should be restricted to about 3,000 at the first stage of the selection process.

In the first stage, it would be efficient to divide programs by types of support: for example, agricultural production-based; tour-based; and the combination of both under the “principle of diversity.” The evaluation of the first stage should precede the second and third stages in the context of the “principle of selection and concentration.” In this way, we could identify promising rural areas by comparing the accomplishments that can secure economic efficiency. Therefore, it is recommended that limits are placed on the numbers of participating districts: 3,000 districts for the first operation and 2,000 districts for both the second and third operations.

Especially in the selection processes, it is most desirable that local governments take charge of the majority of the programs under the “principle of decentralization.” Given that there is relatively less experience in operating the programs, there is a need for the phased devolution of power from the central government to local governments.

3. Readjustment of performance indicators of the MAF and related Ministries

Evaluating the accomplishments of programs could promote the responsibility of participants making their operations more efficient. Since 2005, when the programs' performance indicators were established, the central government has evaluated the achievements of each program every year. However, the performance indicators of related Ministries have not corresponded with the original objective of the rural development program: that is, sustainability of agri-
culture and rural areas.

Among the current performance indicators, there are no substantive indicators such as “population increase/decrease in rural areas,” “income increase/decrease of farmers,” and “ratio of income to investment.” Instead, they are composed of indicators such as “number of participating districts,” “number of visitors,” and “product sales” that are of no use in examining the economic efficiency of the programs.

There are many cases where the successful rural villages propagated by the Ministries do not actually conform with substantial policy objectives. Thus, it is necessary to establish performance indicators that could exactly evaluate the accomplishments of each program. This could raise the responsibility of related agencies and government officers, and satisfy their own policy objectives.

VI. Conclusion: Recollecting a Retrospect Verdict

There are two ways to look at what rural tourism is expected to achieve in Korea: one is the glass-half-empty way and the other the glass-half-full. Considering the current situation of the theme village policies, the strategy in Korea is ambivalent to be comprehended by either perspective. Indeed, rural tourism should be regarded as socially beneficial not only for rural communities but also for urban people, on the grounds of multi-functionality and public good nature of agriculture. Rural areas are not solely for agriculture any more. They function as important guardians in terms of tradition, culture, and environment. In this regard, policymakers recognize the importance of rural tourism and rural industrialization as the major alternatives for rural development in Korea.

In recognition of this fact, the Ministry of Agriculture and Forestry (MAF) in the Korean central government launched a rural tourism program more than 20 years ago. It was called "tourist farm program" which had been operated by the MAF from 1984 to 2002 mainly in support of tourism farms and farm inns. However, in assessing the managerial aspects of both tourism farms and farm inns that were carried out by the MAF, it seems that the pro-
gram has not reached its policy objectives, and may even have gone to an undesirable direction. Many of the tourism farms are not yet profitable, and some of them are in a state of financial crisis. It also seems that their contributions to the local economy are not as great as had been expected.

Park et al. (2002) investigated the tourist farm program for the clarification of policy implications from the past performance as well as for the future rural tourism. The study found that while there were 407 tourist farms in 1996, the sustainability was lost in many tourist farms and only 222 tourist farms remained in 2001. Thus, they concluded that the government support should be directed to the activities in rural areas with public good nature such as the promotion and training of farm leaders, and the establishment of information network, rather than direct financial provision for individual farmers. Park et al. (2001) also noted the importance of public-private partnership in the rural development strategies in Korea. Without a suitable public-private partnership in carrying out a rural tourism program, there can be a lack of success for rural tourism entities if the public sector solely oversees the whole process of the program.

Development or planning is by nature future oriented. Particularly in the case of rural Korea with a clear direction for change, it is essential to establish a development policy on the basis of accurate future projections. Nevertheless, the current programs seem unable to realize the blueprint the government has. Rather, we are apprehensive of repeating the “lost 10 years since UR” as Chung (2005) designates. Based on the experience gained during the 10-year period since the beginning of Uruguay Round negotiations, the government has endeavored to introduce market-oriented policies, but they are still outside the mainstream.

The principle that works in the market is to concentrate limited available resources on potential opportunity factors maximizing efficiency, rather than to compensate for a drawback. The problem is that the main current is still not market-oriented rural development policy, but wasting rural policy for temporary approaches to rural inhabitants. It would be much more helpful to adopt market-friendly policies such as the reinforcement of liaison between rural and urban areas for the inflow of urban capital into rural areas. The fundamental device to avert rural Korea from its deepening emptiness and relative disparity in income is to foster a market-friendly environment through rural
development policies geared to raising the competitiveness of rural Korea.

In this paper, we showed that the rural development in Korea is now more than ever dependent upon rural tourism as agricultural sectors lose their significance over time. If we accept rural tourism as a prime economic force to rebuild rural Korea, policy makers or planners have to keep at least one thing in mind not to reiterate the failure of tourist farm or tourist inn programs by the MAF. Rural tourism should not be viewed as primary pull or supplier attractions but instead serve as an opportunity to provide a mix of attractions that appeals across user or demand segments, since very few culture/heritage attractions in rural areas can stand on their own as reasons to draw people into an area, as Gartner (2005) pointed out.

It’s quite eminent that there emerges a new phenomenon that indicates rural life is not going to be completely out of the picture in Korea. In recent days, an increasing number of urbanites have been moving to rural areas, seeking clean air and a decent living environment. If things go as expected, there are enormous chances of revitalization in rural Korea. It also may be necessary to have a systematic program of design, monitoring and follow-up by the development agencies concerned, including agricultural cooperatives and the related Ministries. In addition, local governments should take a leading role to form a regional partnership for the rural-urban exchange programs. Most of all, the government should have a long-term perspective in terms of sustainable agriculture and rural development since we have to expect a bunch of pitfalls in the development of rural tourism as a strategy to revitalize our rural economy in the short run.

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