
3rd Strategy Workshop for the Future of Jeju Tourism

Discussion on the Alternative Solutions for Future Tourism in Jeju

March 21, 2016

■ Presentation: Discussion on the future tourism of Jeju and our preparation (Our response toward the increasing demand of tourists to Jeju)

○ Presenter: Kim Hyang-Ja (Senior Researcher, Korean Culture, and Tourism Research
Institute)

- Recently the number of residents in the Jeju region has exceeded 640,000 and visitors to Jeju have reached 13 million, showing the positive growth potential of the region. The number of people visiting Jeju has increased at an average annual rate of 12.3% from 2008 to 2015. But it is difficult to clearly estimate how many people will visit Jeju in the long term.
- Due to the increase of such visitors, problems related to carrying capacity such as water supply and drainage, energy, and garbage can occur. We also need to think about whether we are adequately supplying accommodations for tourists.
- Now is the time that we need to come up with measures to address such uncertainties, and set the agenda for our future. Projects such as the construction of a New Airport or large complex facilities need to be carried out with consideration of the future demand of tourism in Jeju.
- When Logistics were forecasted, the demand of tourists wanting to visit Jeju will reach its threshold in capacity by 2021 while polynomial calculations analyzed the timing as the year 2023. The capacity threshold of visitors are expected to reach 17.69 million per year(15 million through airport facilities, 1.09 million through the Jeju Port, and 1.6 million through the Gangjeong Port).
- When we assume that Jeju's infrastructure can handle a population up to 800,000 and a 30 million floating population by 2030, the estimated number of rooms at luxury tourist hotels required for the busiest season will be 22,453. For water supply and drainage facilities, in 2030, the daily waste water for a population of 256,690, 261 tons of food waste, 54 tons of recyclable waste, and 282 tons of waste to be incinerated will be generated.
- We calculated the carrying capacity of the Jeju region to prepare for the possible increase in the inflowing population and visitors. When we estimate the demand by

2030, the number will be an average of 340,000. In 2030, to accommodate visitors to Jeju, we need 17,072 more rooms at luxury tourist hotels on top of the current 2,453 rooms. When we consider the entire population including residents and temporary visitors as 1,087,671, there will be no issue with the infrastructure of the water supply, and treatment of recyclable waste and waste to be incinerated. But, the expected amount of waste water and food waste will exceed the carrying capacity of the infrastructure requiring adequate solutions.

- We need the research results on the threshold of the carrying capacity of the island and it's time to develop a strategy to solve such issues.

■ DISCUSSION

○ Master: Lee Jae-Hong (Director General of Jeju Tourism Organization)

- Recently, there are two ongoing mega projects in Jeju. One is the construction of the second Jeju Airport and the other one is the development of a New Port as a new national project. Though they are designated as national projects, it is uncertain if our goal that we want to achieve through the project and the results of the projects will be aligned. And even when we consider that the projects will achieve our goals, there are differing opinions on what the future of Jeju should be.
- This workshop is not about making any decisions on our action items on the project. Instead, it would be helpful that we suggest ideas on the consideration of the projects from the tourism perspective. At this point in the tourism industry of Jeju, rather than having discussions on whether the current carrying capacities of hotels of the region are insufficient or excessive, there should be discussions on why such opinions have been made regarding how much carrying capacity we have considered as adequate and what amount of carrying capacity we can handle.

○ Yang Seong-Chang (Chief of Jeju Aviation Policy Research Institute)

- According to the research report on the aviation demand on Jeju which was announced by the Ministry of Land, Infrastructure, and Transport in September 2014, the number of domestic flight passengers are expected to reach 38.86 million while international flight passengers will be 44.24 million in 2030.
- When we look into the number of flight passengers that will arrive in Jeju in order to estimate the number of travelers or visitors to Jeju, the number will be 22.6 million. These numbers determined based on the prerequisite that there is no limitation in the carrying capacity of Jeju Airport. Last year, the number of flight passengers that used Jeju Airport was 26.2 million and the number of people that arrived in Jeju was 13.1 million. According to the statistics announced by the Jeju provincial government, 12.37 million passengers arrived in Jeju by flight out of the 13.36 million people that visited

Jeju in 2015.

- Tourists, except for Jeju residents and business travelers, are estimated to account for about 94% of all flight passengers arriving in Jeju. Applying such a ratio to the estimation on the year 2030, the number of tourists, 94% of the 22 million total flight passengers arriving in Jeju, will be around 20.28 million.
- Comparing the transportation rate of tourists incoming to Jeju island, ships account for 10% of travelers. When we apply the 10% of ship travelers to the 20.28 million of expected flight travelers, which is the forecast of the Ministry of Land, Infrastructure, and Transport, the total number of tourists visiting Jeju by ship or flight in 2030 is expected to be 22.75 million.
- What this means is that 10 million more inbound travelers will visit Jeju. Regardless of such estimations, Jeju is currently working on addressing the increasing demand and the corresponding carrying capacity issues which were suggested in the aviation demand research by building a second airport as a long-term solution while trying to come up with ways to use the current airport most efficiently as an immediate solution.

○ Yang Jung-Cheol (Special Researcher of Global Environment and Island Research Institute)

- According to the McKinsey & Company report, in 2020 the number of cruise passengers of the Northeast Asian market will reach seven million. The International Cruise Liners Association aims to reach 4.6 million passengers by 2020 and currently Chinese cruise tourists are increasing at an annual rate of 34% according to China.
- In 2016, the number of cruise ships' entry to Jeju was 550 and already the berth capacity including the preliminary berths has reached its peak. When the Gangjeong Port construction is completed, the number of cruise ships that can dock in Jeju ports will be around 1100-1200. Given that the average number of hours of stay by Chinese cruise passengers is 5-6 hours, the number of cruise ships docking may increase.
- As the construction of a new port is anticipated, we can expect that Jeju will serve as a hub and eventually the number of cruise ships arriving at the ports in Jeju is expected to reach over 20 million per year. The estimation of 2,000 entries will be the stepping stone for developing the ports as home ports and then eventually hub ports.

○ Jeong Seung-Hun (Chief of Research and Planning Office, Jeju Research Institute)

- The first comprehensive plan for the international free city and its second plan is scheduled to be completed by 2021. But when we look into the demand estimation up to this point, it's challenging to make a precise forecast in the early stages. Today, as we say "well begun is half done", Dr. Kim has presented on the topic of future demand on tourism in Jeju. But I don't think we'll be able to make any conclusions

at this seminar. I think it should be a place for discussion on how we can maintain the plan afterwards.

- Currently demand forecasts have been done with the main focus being the total number of tourists. But there are too many variables to make a precise estimation. In particular, when we make a long-term forecast, we need to be cautious in our approach.
- What I want to also emphasize is how we should utilize big data. In particular, in terms of travelers' spending, days of stay, or accommodation, we need to determine how we may be able to use big data.

○ Go Seung-Ik (Director of Marketing Department, Jeju Tourism Association)

- The Ministry of Land, Infrastructure and Transport tend to make quite conservative estimates. I think when we consider how many people will visit Jeju in 2030, what's more important is the estimation's prerequisite. That is whether Jeju will remain a valuable tourist destination.
- I think we also need to consider the slot-expansion issue and the dispatch of large aircraft to Jeju when we consider our carrying capacity up to 2018. Currently more than 60% of the aircraft dispatched to Jeju fall under the LLC category and most of them are 737 types which only carry 120-140 passengers.
- When we also consider various elements such as rising land prices and the trend of increasing rural migration population, I cannot be sure whether the currently suggested threshold on the carrying capacity is accurate. Dr. Kim estimated the future tourist demand to be 30 million people. But I think we need to raise the number.
- Last, there had been little discussion on transportation. When we review the statistics, this year the number of tourists increased by 12%. If such a trend is maintained, at the end of this year, the number of tourists will reach 15.3 million. Accordingly, the number of Rental Cars used by them will have exceeded 26,000 and with 5,000 more vehicles which will be deployed during the peak season of August, the roads will be quite congested. So, I think we should also consider some possible options to solve this issue.

○ Kim Jong-Gi (Senior Researcher of Jeju HR Development Committee, Jeju Chamber of Commerce & Industry)

- Though I've thought that it would be difficult to forecast the future growth of tourism with an exact figure, after the presentation I had a clearer understanding of how much we can expect to see for the overall future demand growth.
- I think airports and ports are infrastructures which may actually drive the tourism demand. As we make estimations on demands per facility, when we look at the bigger picture, there have to be differences. When any plan, for infrastructure which may

generate demand on tourism, is announced I think there should be a comprehensive approach on such facilities.

- Along these lines, what I felt was most critical during the presentation were the parts on the resident population and the floating population. In the end, the sum of the two populations should be the size of people staying in Jeju, now, at the same time period. I think such numbers should also be considered when the carrying capacity is calculated for the future demand.
- On top of that, as the tourism industry is operated based on human resources, when we talk about the increase in the number of tourists, we also need to consider whether there is enough manpower that is prepared for the tourists. Though there have been talks about human resources in Jeju's tourism industry, there are still areas requiring improvement in terms of HR development and management.
- Demand forecasts should be discussed from a comprehensive perspective. Rather than making estimations on a certain timing, I hope we do both short and long-term estimations by setting specific periods systemically.

○ Shin Wang-Geun (Aviation Service Professor, Jeju Tourism University)

- Jeju province is shifting its focus from quantitative tourism growth to qualitative growth. But there are increasing question marks as to whether or not such qualitative growth would be possible with more than 10 million travelers, even though qualitative growth could have been pursued prior to the 10 million milestone.
- I think demand forecasts should be done based on Jeju's carrying capacity, with any point of standard on the number of affordable tourists without deterioration on the residents' quality of life. If we reach the point where the number of people in Jeju exceeds the 20-30 million level as expected in the estimation, then would be the time when we need to be an urban region and give up our identity as an island and pure nature. And in such cases, policy direction should also be converted into one focusing on the features of mega cities.

○ Song Gyu-Jin (Chief of Jeju Transportation Research Institute, Jeju YMCA)

- Focus on tourism should be on both balance and growth. We need to pay attention to whether or not residents have benefited economically with certain levels of increase in the number of tourists. But up to now, residents have hardly felt such benefits. Unlike the past, current traffic congestion in Jeju has deteriorated. So there should be research done on whether there would be enough transportation available for the delivery of incoming tourists. The issue of whether charter buses, rental cars, or taxis can handle the demand of tourists is one of the most critical issues.
- So far, the social costs incurred by transportation issues was about KRW 230 billion in 2014. But the number will increase to about KRW 320 billion in 2020 and

residents should pay for the cost. What we should focus on is how many will share the costs and should they be passed on to the tourists to pay for social programs or road infrastructure which will help ease such inconveniences for residents.

- Rather than simply accepting increasing numbers of tourists, we need to introduce various tools to control such demand in order to help Jeju adequately handle them. For instance, by introducing a certain cap on tourism resources, we can control and direct travelers to use certain parts of them.

○ Yang Phil-Soo (Head of Tourism Industry Department, Jeju Tourism Organization)

- As there are issues in future forecasts based on the data of the past, we need to conduct research on the future of Jeju through comprehensive discussions of experts, rather than only looking at a single field. Of course, making estimations on the tourism demand by using statistical methodologies on time series is important. But there needs to be research done on how the society as a whole will change by 2030 by having discussions on the “Trend 2030 Jeju” with experts in all fields of Jeju.
- When we think of the future tourism that we discussed today, according to the presentation, most experts forecast that the number of visitors to Jeju will more than double by 2030.
- In terms of the hardware of tourism, I think we need to prevent possible damages to the image of Jeju by investing more on a longer-term perspective, rather than only focusing on immediate benefits with minimal investment on construction. The introduction of Universal Design to achieve handicapped-friendly tourist destinations needs to be considered.
- In terms of software, the province has been carrying out various projects to pursue the conversion toward qualitative growth. The services provided in Jeju should be considered as a product with the logic of economics. So we have to prioritize areas with greater revenue by providing better services while less profitable areas should get less focus. Gradual identification and incremental improvement of current problems is also important.

- Jeju Tourism Organization is proactively suggesting various policy solutions to provide measures to solve pending issues in this regional society.
- We would like to come up with more reasonable and forward-looking alternative solutions that can be made based on the results of this workshop in order to contribute to the increased quality of life for Jeju residents and to the region's development.



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