

Development of Agro-Industry in the Republic of Korea

With Special Reference to the Development of Rural Industrial Parks and Touristic Farms

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한국의 농산업 개발 : 농공단지과 관광농원을 중심으로

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요 약

1970년대 이후 도시 중심의 급속한 공업화 정책을 추진한 결과, 농촌의 저발전 문제에 직면하고 있다. 1980년대 중반부터 이에 대한 대응전략으로서 농공단지 개발을 통한 산업유치, 농산물 가공산업 개발 및 유통체계 개선, 관광농업 개발 등이 논의되어 왔다. 오늘날에 와서는 WTO 체제 하에서 농산물 무역자유화가 보편적인 규범으로 자리잡아 가면서 이러한 변화를 더욱 재촉하고 있다.

이 글의 목적은 농공단지와 관광농원을 중심으로 우리 나라 농산업 발전과정을 고찰하고, 향후 발전 방향을 제시하는 데 있다. 농공단지와 관광농원 육성사업의 특성과 성패요인을 분석하는 데 있어서 이 용된 자료는 주로 2차자료이다.

농공단지조성사업의 성과에 대한 많은 논란에도 불구하고, 개량적인 지표는 그것이 농촌지역경제 활성화에 직간접적으로 공헌하였음을 보여준다. 농촌노동력의 66.1%를 고용하고, 이들에게 1인당 월 평균 70만원 이상의 소득을 제공해 주었으며, 서비스업 등 관련산업의 성장에도 영향을 미쳤기 때문이다. 그러나 농공단지조성사업은 많은 문제점도 안고 있다. 농촌지역에 속한 노동자가 부족하며 직업훈련 기회 및 창업지원 프로그램이 도시지역에 집중되어 있다. 또한 입주 기업이 농산물이나 골재 등 현지 자원을 활용하는 경우가 매우 적은 것으로 나타나고 있다. 이에 대한 대응책으로서 농촌 주민들이 손쉽게 참여할 수 있는 직업훈련 프로그램을 개발하여 제공해야 하며, 경영과 시장정보 분석 등을 기술적으로 지원할 수 있는 효과적인 지도체계를 구축해야 한다.

관광농업은 새롭게 떠오르는 산업이다. 아직 기반이 취약하지만 국가 경제성장과 도시화 진행 추이에 비추어 볼 때 관광농원은 점차 증가할 것으로 전망된다. 하지만 이 산업의 지속적인 발전을 위해서는 정책의 유연성을 확보해야 하고, 농원운영자의 경영능력이 향상되어야 하며, 수요의 계절성을 극복해야 하는 등의 과제를 안고 있다. 또한 공동운영 형태의 농원에 있어서는 참여자들을 효과적으로 조직하고, 토지소유권 분쟁을 해소해야 하는 문제가 있다. 무엇보다도 아직 이 산업의 기반이 취약하다는 전제 위에 점진적이고 지속적인 재정과 기술지원이 요청되고 있다. 다양한 운영 프로그램의 개발과 지역내 네트워크 형태의 연계개발 방식의 채택이 필요하며, 관광농원이나 농어촌휴양지 개발지역에서는 산업개발 및 주거지 개발계획이 관광여건 조성과 총체적으로 연계되어야 할 것이다.

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Note: This paper is prepared for the APO Seminar on "Development of Agro-Industry in Rural Areas" held in Manila, Philippines, 17-28 June 1996.

I. Introduction

'Saemaul Undong' ('New Community Movement') and urban-oriented industrialization had been the major features of Korea's industrialization policies, during 1970s. It was generally recognized that Saemaul Undong contributed to rural reconstruction in terms of infrastructure development and consciousness change. Moreover, this kind of achievement became a stimulator of urban-oriented industrialization.

On the contrary, it was regarded that Saemaul factories were generally failed. It seems that such failure was closely related to the urban-oriented industrialization. Government's industrialization policy had focused on heavy industry and processing trade. Investment heavily depended on foreign loans had restricted to selecting industrialization places. It separated rural areas from the industrialization process in terms of technology and capital flow.

In this situation, rural industrial policy had given stress on the agricultural development based on Green Revolution. Increase of rice yields became a major agricultural development policy. The policy was accomplished by extension services. Price support of agricultural products and dissemination of high-yield varieties (HYVs) was basic model of rural development. The yields per 10a were 289kg in 1965, 503kg in 1975, and 504kg in 1980, respectively. Thus, it might be said that the failure of Saemaul factories during 1970s was resulted from rapid urban- and export-oriented industrialization and price support-oriented agricultural development.

As a result, there was great Exodus from rural to urban areas. The rate of urban population in 1970 was 49.8%. It was increased to 66.7% in

1980. The migrants were mainly youths and young adults. It offered high-quality labor with low wage to urban enterprises. Decrease of rural population, increase of agricultural productivity and price support policy led to escape from the absolute poverty in rural areas.

However, there has been generated relative development gap between urban and rural areas. In addition, there has appeared such new problems as aging rural population and low viability of rural communities. Thus, some alternatives have been discussed for rural development since 1980s. These are the development of rural industrial parks, the improvement of agricultural marketing system by making voluntary organizations, and the development of agricultural processing industries and touristic agriculture.

Nowadays, trade liberalization of agricultural products under WTO system is stimulating such rural changes. Based on the increase of environmental pollution and households' income, secure and high-quality food industry is also newly coming up.

This paper is to review the development process of agro-industry with special reference to rural industrial parks and tour farms, and suggest their future directions. Secondary data were mainly used for analyzing the characteristics, successes and failures of the projects for rural industrial parks and tour farms.

II. Development of Rural Industrial Parks

1. Major Characteristics of Rural Industrial Parks

1) Objectives of the project

The project for rural industrial parks is a government policy and action plan to assist rural industrialization. The objectives of the project for rural industrial parks are i) to raise off-farm income, ii) to narrow development gaps among regions, and iii) to activate rural economy.

2) Implementation system of the project

It is comprehensively carried out under the work division and cooperation among Ministry of Trade, Industry and Energy(MTIE), Ministry of Agriculture, Forestry and Fisheries(MAFF), Ministry of Construction and Transportation (MCT), and Ministry of Environment(MOE). MTIE plays such roles as the integration of the policies, the assistance of the enterprises joined, and management of the industrial parks. MAFF helps to categorize rural areas and financially assist prepare the parks. MCT makes the criteria for assigning the places for the parks. MOE makes criteria for environmental preservation and assists and manages the drainage water recycling facilities.

The legal system for the project is composed of Act of Industry Assignment and Development, Act of Enterprise Allocation and Establishment, and Special Act of Rural Development. The subject of the assignment and development of the project is a mayor or a county headman.

3) Stratification of the project areas

The rural areas are classified as three categories such as 'general,' 'urgent,' 'additional' assistance areas based on the urgency of assistances. The criteria for the classification are shown in Table 1. Such categorization is for narrowing regional development gaps. The areas with relatively a high degree or probability of industrialization are categorized as 'general assistance area.' On the contrary, those with lower level or probability of industrialization are categorized as 'urgent assistance area.'

'Additional assistance area' is between the two.

<Table 1> Classification of areas for industrial development parks

Classification	General Assistance Area	Urgent Assistance Area	Additional Assistance Area
Criteria	<ul style="list-style-type: none"> -Industrial density : 0.08 or more -Located around metropolitan or a large city -Prepared with favorable transportation and communication system -With large industrial city (more than 333 ha) 	<ul style="list-style-type: none"> -Industrial density : less than 0.01 -Producing intensively such agricultural products planning import increase -Unneighboring a city with 100,000 persons or more -Ill-prepared transportation and communication system 	<ul style="list-style-type: none"> -Industrial density : 0.01~0.08 -Neither general assistance area nor urgent assistance one

Source : Rural Development Corporation(RDC), Unpublished Document, 1995.

Note : Industrial density = no. of manufacturing workers/total population.

Table 2 shows the distribution of category of rural area by region. In total, 'additional assistance area' has the highest frequency and 'general assistance area,' the lowest. However, the distribution of the frequencies is different by region. In south-west region, 'general assistance area' has the highest frequency in the three categories. In south-east region, 'additional assistance area' is most highly frequent. And, In central region, 'general assistance area' is highly frequent.

<Table 2> Distribution of category of rural areas by region
(Unit: No. of Counties and Cities)

Classification	Central Region	South-East Region	South-West Region	Total
General Assistance Area	18	11	2	31
Additional Assistance Area	15	24	18	57
Urgent Assistance Area	14	16	20	50
TOTAL	47	51	40	138

Source: MAFF, Regulations of Agricultural Development Policy, 1995.

Note: Central region: Seoul, Inchon, Taejon metropolitan cities and Kyonggi, Kangwon, Chungchong provinces.

South-west region: Kwangju metropolitan city and Cholla, Cheju Provinces.

South-east region: Pusan metropolitan city and Kyongsang Provinces.

4) Major assistances to develop rural industrial parks

The major assistances for the development of rural industrial parks are financial support for land preparation, facility construction including drainage recycling apparatus and factory

operation, tax exemption and reduction, and manpower allocation as a special case for military service. The subsidy and loan for land preparation and arrangement are different by the type of rural areas. These are shown in Table 3.

<Table 3> Assistance for land preparation and arrangement by the type of areas
(Unit: 1,000 Won/3.3m²)

Classification		General Assistance Region	Additional Assistance Region	Urgent Assistance Region
Central Government	Subsidy	15 (-)	30 (15)	45 (15)
	Loan	10 (-)	20 (10)	20 (10)
Local Government	Subsidy	5 (-)	5 (5)	5 (5)
Total		30 (-)	55 (30)	70 (30)

Source: MAFF, Regulations of Agricultural Development Policy, 1995.

Note: One dollar is approximately equivalent to 800 Won.

The number within () is for large enterprises.

Annual Interest rate for loan: 7.0 to 8.5% (Repayment in five years with a five-year grace period)

2. Development Process of Rural Industrial Parks

1) Brief history of the project development

The official action for the development of rural industrial parks initiated in 1982. The planning committee for off-farm income increase was established in Ministry of Finance and Economy(the then Economic Planning Board) in February 1982. Act of the Development of Rural Income Sources was enacted in 1983. Such pilot project as industrial park development was implemented in 7 model areas.

Based on the experiences of pilot project, in 1986, the policy objective to make 200 rural industrial parks up to 1991. And, in the same year, bureau of rural industrial park was established.

Since 1990, the project for rural industrial park has encountered the second round. The authorities for managing the project transferred from central to regional and local governments. Additionally, the Act of the Development of Rural Income Sources was abolished and incorporated into Act of Industry Assignment and Development, Act of Enterprise Allocation and Establishment, and Special Act of Rural Development. It means that the project for the development of rural industrial parks should be implemented through the cooperation among such related government agencies as MTIE, MAFF, MCT, MOE.

There were big changes in the regulation of the project for rural industrial parks in 1994. The major points are as follows:

(i) Restriction of the project areas

The candidate places for rural industrial parks are confined to Myon(sub-county) areas. This is to preserve rural environment from water

and soil pollution. Exceptionally, the other places with sufficient infrastructure and manpower can be assigned to the project areas by a provincial governor.

(ii) Expansion of the size of parks

The maximum total size of the parks by a county or a city has altered 1 million square meters. In the past it ranged from 330,000 to 1 million square meters. The size of each industrial park has also expanded from 66,000~247,500m² to 66,000~330,000m². This is to pursue for scale of economy.

(iii) Deregulation

There have been some advances in the deregulation of industrial park development policies. The fields of such deregulation are abolition or alleviation of precondition of park approval, criteria for common facility construction and operation, investigation of basic design, job classifications prohibited to be entered, environmental impact assessment, land use right, etc.

(iv) Increase of financial assistances

Financial assistances have been added. These include increase of subsidy for the enterprise using local resources, expansion of the range to assist land preparation, reduction of loan interest rate and land price, expansion of maximum amount of loan, etc.

(v) Increase of manpower support

Manpower support has been strengthened. Priority to employ technical worker is given to the enterprised in the rural industrial parks.

2) Accomplishment of the project

(i) Preparation and distribution of the industrial park

Table 4 shows the trend of develop-

ment of industrial parks. The number of parks developed was increased and it has been rapidly decreased since 1992. The ratio of distribution to the assigned land size is 92.9% in total, which is

quite high. The ratio in 1994, 49.9%, is low because the distribution of land is still in the process.

<Table 4> Trend of development of industrial parks

(Unit: Pyong)

Classification	No. of Parks	Assigned Land Size (A)	Distributed Land Size (B)	B/A (%)
1986	24	676,117	676,117	100.0
1988	45	1,756,110	1,742,081	99.2
1990	48	1,824,802	1,653,031	90.6
1992	7	289,338	227,588	78.6
1994	6	175,996	87,742	49.9
Total	130	4,722,363	4,386,559	92.9

Source: MAFF, RDC, Assignment and Development of Rural Industrial Parks, 1995.

Note: 1. One Pyong is equivalent to 3.3m².

Table 5 shows the type of the industries in the parks by size and occupational category. The reason why the number of the industrial parks and the size of land distributed dramatically decreased is mainly due to the boom of the

investment for land during late 1980s and the fall of estate business (see also Table 4). Such factories as processing food, stones, etc. especially utilize local natural resources.

<Table 5> Type of factories in the industrial parks by size and occupational category

Year	Size of Factories			Occupational Category							
	Large	Small	Total	Electrics & Electronics	Machine & Metal	Fiber & Textile	Chemical Industry	Food	Stone	Others	Total
1986	4	263	267	36	63	36	36	20	2	74	267
1988	8	665	673	72	205	114	60	62	8	152	673
1990	8	676	682	53	128	109	94	62	60	176	682
1992	1	76	77	1	39	0	2	15	0	20	77
1994	0	25	25	0	7	0	0	1	13	4	25
Total	21	1,703	1,724	162	442	259	192	160	83	426	1,724

Source: RDC, Unpublished Document, 1995.

(ii) Number and size of the parks by area

Table 6 shows the number and size of the industrial parks by the type of area. The number of rural industrial parks is the biggest in the 'additional assistance area.' It is the smallest in the 'urgent assistance area.' The size of the

parks by the type of area has the similar distribution. It implies that entrepreneurs still consider general assistance area more favorable for business than other areas even if there are more incentives in the 'urgent assistance area.'

<Table 6> The number and size of rural industrial parks by type of area ('95. 6)

(Unit: ha)

Classification	General Assistance Area	Additional Assistance Area	Urgent Assistance Area	Total
No. of Industrial Parks	83	115	71	269
Size of Industrial Parks	1,214.0	1,838.0	957.7	4,009.7

Source: RDC, Unpublished Document, 1995.

3. Effects of Rural Industrial Parks

1) Gross output

The gross output of all the business in the rural industrial parks was about 11.7 billion

dollars in 1994, which is 2.8% of GDP(414.6 billion dollars). Comparing to 1993, it has been increased 30.7%, which consists of domestic sector, 33.3%, and abroad sector, 23.4%.

<Table 7> Increase rate of gross output by size and occupational category of business

(Unit: %)

Increase Rate of Gross Output	Size of Business			Occupational Category					
	Small	Medium	Large	Electrics & Electronics	Machine & Metal	Fiber & Textile	Chemical Industry	Food	Complex
'93~94	40.7	33.3	22.7	33.1	42.5	6.8	42.8	21.7	33.2

Source: RDC, Unpublished Document, 1995.

2) Analysis of business management

The result of evaluation of business management is shown in Table 8. It was analyzed by 1,302 among total 2,196 enterprises in the rural industrial parks which reported their financial tables. The growth rate has highly increased in the enterprises in the industrial parks.

Especially, among them, it is very high in the large enterprises. Comparing to national average, their 'growth rate,' 'stability,' 'mobility rate,' and 'debt rate' are higher. It implies that the enterprises in rural industrial parks are stable and highly growing although the profitability is still low.

<Table 8> Evaluation of business management

(Unit : %)

Classification		Growth Rate		Profitability		Productivity	
		Small	Large	Small	Large	Small	Large
'93		28.9	9.9	1.1	-0.1	27.4	26.6
'94	Industrial Park	34.5	30.8	1.6	1.0	26.2	23.2
	National Average	16.5	12.0	1.8	1.9	26.1	26.4

Classification		Stability		Mobility Rate		Debt Rate	
		Small	Large	Small	Large	Small	Large
'93		122.3	98.8	104.3	126.4	487.0	595.0
'94	Industrial Park	122.9	114.1	103.7	112.2	486.0	420.0
	National Average	108.8	101.6	92.0	95.5	394.2	282.9

Source : RDC, Unpublished Document, 1995; The Bank of Korea, 1995.

Note: 1. 'Small' = small business; 'Large' = large business.

2. Growth rate : increase rate of gross output; Profitability; net profit rate of gross capital; Productivity : increase rate of added value; Stability : rate of fixed long-term appropriateness.

3) Employment and income effect

The enterprises in rural industrial parks employ total 92,560 workers in June 1995 (see Table 9). Among them, the rate of local employees are 66.1%. The rate of clerks from local residents(51.9%) is low, while the rate of local part-time laborer is high(83.3%). It is due to the fact that the rate of the old is very high in the rural population structure.

Total wage costed by the enterprises in the park is 934 thousand dollars in 1994 (see Table 10). The rate of wage costed to the workers from the local areas is 63.4%. The average salary is 903 dollars. The salaries by job classification are: \$ 1,089 for technician, \$ 903 for mechanic, \$ 876 for clerks, \$ 701 for part-time laborers. The salaries for large business workers are relatively higher than small business workers.

<Table 9> Composition of employees by origin

Classification	Clerk	Technician	Mechanic	Part-Time Laborer	Total
The Indigenous (%)	8,630 (51.9)	5,749 (54.3)	36,507 (68.9)	10,296 (83.3)	61,182 (66.1)
Immigrants (%)	7,984 (49.1)	4,844 (45.7)	16,479 (31.1)	2,071 (16.7)	31,378 (33.9)
Total (%)	16,614 (100.0)	10,593 (100.0)	52,986 (100.0)	12,367 (100.0)	92,560 (100.0)

Source : RDC, Unpublished Document, 1995.

<Table 10>

Average salary by job classification

(Unit : dollars)

Classification	Clerk	Technician	Mechanic	Part-Time Laborer	Average
Small Enterprise	881	1,085	894	731	899
Large Enterprise	981	1,094	939	694	948
Average	876	1,089	903	714	903

Source : RDC, Unpublished Document, 1995.

4. Prospect of Rural Industrial Parks

There are still some debates on success of rural industrial park development project. Examples of the debates are low level of land distribution rate, generation of closing or partly operating factories, low utilization of local resource, etc. However, it seems that rural industrial parks have contributed to local economy in a certain point. These may be summarized as follows :

(i) The rural industrial parks have activated local economy through the offer of employment opportunity;

(ii) They induce urban population to rural areas and lessen the exodus of rural people;

(iii) They utilize such local resources as agricultural products and other natural resources like stones;

(iv) They lessen urban problems such as traffic jam, shortage of residence by stimulating urban factories to be transferred to rural areas;

(v) They activate service sector by giving income and population to rural areas; and

(vi) They contribute to environmental preservation by controlling the factories collaboratively.

Thus, it can be said that the rural industrial parks will continue to grow in the future.

However, in recent, the number and size of the newly developed parks have decreased, dramatically. The rural Korea is encountering new phase of rural industrialization. Good remedial measures will help to develop the rural industrial parks in the future. Some of them are (i) to place more parks in a economically and topographically favorable areas, (ii) to simplify the legal procedures for preparing parks and making business, (iii) to specialize the parks by considering geographical characteristics and local resources, (iv) to assist entrepreneurs and workers in terms of facility management office, environmental preservation facilities, and kindergarten, (v) to give great incentives and subsidies for acquiring manpower, and (vi) to offer training programs about management, technology and market information processing.

III. Development of Touristic Agriculture

1. Background of Arising Touristic Agriculture

Touristic agriculture is a kind of industry combining agriculture with tour. In this case agriculture is an auxiliary means to raise rural households' income. The interest on touristic agriculture is rapidly increasing in 1990s although

it started in mid-1980s. The background of arising touristic agriculture may be investigated in certain aspects.

1) Aspect of urban people

During 1970s and 1980s, urbanization has rapidly been processed. The urbanization rate is

85.3% in 1995 (see Table 11). With the appearance of exceed density problems in urban areas, the demand for rural life experiences are increasing. Boring of urban life such as traffic, air pollution, lack of leisure places makes the civilians persue for rurality.

<Table 11> Change of urban and rural population

(Unit: 1,000 persons, %)

Classification	1980	1990	1995	2000	2010
Total Population	37,407	43,390	44,851	46,789	49,683
- Urban	24,950	34,548	38,258	40,192	44,565
- Rural	12,457	8,842	6,593	6,597	5,118
Urbanization Rate	66.7	79.6	85.3	85.9	89.7

Source: Korea National Tourism Organization, A Study on the Activation of Rural Tour Development, 1995.

Based on the industrialization in urban areas, the increase of income is major source of the growth of tour industry including touristic agriculture. Increase of leisure time is also making the touristic agriculture prosperous. Table 12 shows that leisure time has steadily increased

and labor time has decreased. Preference to leisure-type farm experiences and increase of environmental pollution and interest of secure food will be the antecedents of the development of touristic agriculture.

<Table 12> Change of time allocation within a week per capita

(Unit: Hour)

Classification	1980's	1990's	2000's
Necessary time for life	69.3 (41.3%)	73.8 (43.9%)	75.0 (44.6%)
Labor	54.0 (32.1%)	45.0 (26.8%)	41.0 (24.4%)
Leisure	44.7 (26.6%)	49.2 (29.3%)	52.0 (31.0%)

Source: Korea Transportation Development Institute, A Study on the Utilization of Idle Land for Tour Development in Seoul Metropolitan Areas, 1989. 12.

2) Aspect of agriculture

There are limitations on the political support influencing the prices of agricultural products under the 'World Trade Organization' (WTO) system. Table 13 shows that the portion of agriculture is dramatically decreased and such trend will be continued.

3) Aspect of farmers

There is much marginal labor with aged farmers. The aged farmers are limited income raising opportunities. In that situation, they are sticking to farming. Thus, as shown in Table 14, the employment structure in agriculture has relatively high portion comparing to the output ratio (see also Table 13).

<Table 13> Change of industrial structure

(Unit: %)

Classification	1980	1990	1994	2000	2010
Agriculture, Forestry & Fisheries	15.1	9.2	7.0	3.4	2.5
Manufacture & Mine	31.5	27.9	27.2	28.6	29.2
SOC & Others	53.4	60.8	65.8	68.0	68.3

Source: Korea Development Institute, Prospect of National Development Indicators, 1995.

<Table 14> Change of employment structure

(Unit: %)

Classification	1980	1990	1994	2000	2010
Agriculture, Forestry & Fisheries	34.0	18.3	13.6	11.9	8.8
Manufacture & Mine	22.5	27.3	29.9	30.8	29.1
SOC & Others	43.5	54.4	56.5	57.3	62.1

Source: Korea Development Institute, Prospect of National Development Indicators, 1995.

4) Aspect of government

The government tries to fulfill the needs of both urban people and farmers. These are the offer of leisure places for urban people and income raising opportunities for farmers.

Touristic agriculture is also expected to narrow regional development gaps because

underdeveloped areas with good scenery and amenity have favorable aspects for tour industry development.

Increase of idle land and decrease of self-sufficiency rate of crops is another factor for the government to give emphasis on touristic agriculture. Table 15 shows the trend of idle land.

<Table 15> Trend of idle land

(Unit: 1,000 ha)

Classification		1988	1990	1992	1994
Arable Land (A)	Total	2,137.9	2,108.8	2,069.9	2,032.7
	Paddy	1,357.8	1,345.3	1,314.7	1,267.1
	Upland	780.1	763.5	755.2	765.6
Idle Land (B)	Total	19.3	40.4	68.9	62.5
	Paddy	4.5	12.4	31.0	31.4
	Upland	14.8	28.0	37.9	31.1
B / A (%)	Total	0.9	1.9	3.3	3.0
	Paddy	0.3	0.9	2.4	2.5
	Upland	1.9	3.7	5.0	4.1

Source: MAFF, Current Idle Land, 1995.

The self-sufficiency rates of cereals and pulses have been greatly decreased. They are 28.0% and 15.0% in 1994, respectively.

2. Characteristics of Tour Farm Development Project

1) Type of rural tour development projects

There are three types of rural tour

development projects, which are 'rural resort,' 'tour farm,' and 'tourist home village.' 'Rural resort' is larger than 'tour farm.' 'Tourist home village' is developed with neighboring other tour resources. Table 16 shows the size, location, commodities, and political assistances. They are characterized as the industry raising added value by utilizing local resources.

<Table 16> Type of rural tour development projects

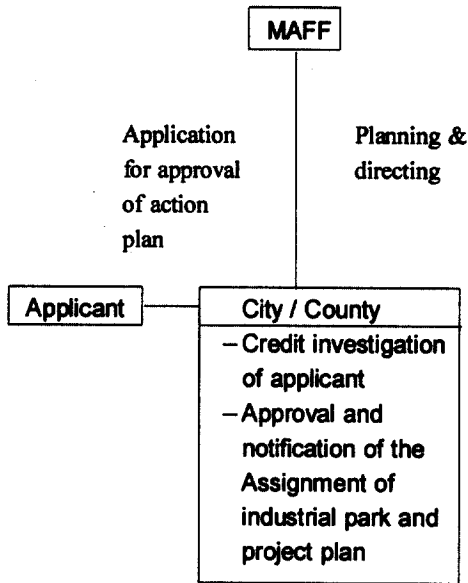
Classification	Rural Resort	Tour Farm	Tourist Home Village
Size	30,000~100,000m ² or below (Public development: no limit)	50,000m ² or below Facilities: less than 60%	More than 4 households
Location	-Neighboring splendid scenery or tour zone -Easily accessible by public transportation	-Neighboring good scenery or tour zone -Easily accessible	-Neighboring enough tour resources -Demanding gest houses
Item	-Production and sale of local special products -Agriculture exhibition center -Restaurant, gest house, sports facilities, other convenient facilities	-Production and sale of local special products -Touristic farm -Restaurant and gest house	-House repair and alteration
Loan	-Loan: maximum \$ 2.5 million per site (Up to 100% of project cost) -Annual interest: 3% -Repayment in five years with a three-year grace period	-Loan: maximum \$ 562,500 per site (Up to 70% of project cost) -Annual interest: 3% -Repayment in five years with a three-year grace period	-Loan: maximum \$ 250,000 per village; \$ 12,500 per household (Up to 70% of project cost) -Annual interest: 5% -Repayment in three years with a two-year grace period

Source: MAFF, Regulations of Agricultural Development Policy, 1995.

2) Project implementation procedure

The project implementation flowchart is presented in Fig. 1. Ministry of Agriculture,

Forestry and Fisheries (MAFF) makes basic plan and sends it to city or county level. The applicant for tour farm business submits the document for



<Fig. 1> Project implementation flowchart

area assignment and approval to a mayor or a county headman with a recommendatory letter made by three land management committee members and five or more villagers. A mayor/county headman requests agricultural cooperatives

to conduct a credit inquiry of the applicant. The project area and business plan are reviewed to be approved or rejected by 'Rural Development Committee.' Approved project area and business plan are informed publicly by a mayor/county headman.

3. Trend of Development of Touristic Agriculture

1) Number of tour farm developed

The number of tour farms developed has been increased as shown in Table 17. The number of households participated has also been increased while the number of tour farms and households canceled has been decreased. It says tout farm project is growing steadily.

2) Type of tour farm operation

Table 18 shows the operation type of tour farm by year. It implies that communal type increases and individual farm and one-person operation type decrease.

<Table 17> Trend of establishment of tour farm

Approval Year	Approvement		CANCEL		No. of Drop-out Household	Current Situation	
	No. of Tour Farm	No. of Household	No. of Tour Farm	No. of Household		No. of Tour Farm	No. of Household
1984	12	110	6	54	10	6	46
1985	13	166	6	78	22	7	66
1986	16	195	7	92	24	9	79
1987	11	113	5	44	3	6	66
1988	17	69	3	11	6	14	52
1989	27	151	5	20	31	22	100
1990	40	241	5	29	29	35	183
1991	22	128	1	5	4	21	119
1992	35	208	—	—	30	35	178
Total	193	1,381	38	333	159	155	889

Source: MAFF, Current Situation of Rural Tour Resource Development Projects, 1995.

<Table 18> Operation type of tour farm by year

Year	Operation Type							
	Communal Farm	%	Individual Farm	%	One-Person Operation	%	Total	%
1984	1	16.7	4	66.7	1	16.7	6	100.0
1985	1	14.3	3	42.9	3	42.9	7	100.0
1986	3	33.3	4	44.4	2	22.2	9	100.0
1987	—	—	5	83.3	1	16.7	6	100.0
1988	4	28.6	3	21.4	7	50.0	14	100.0
1989	5	22.7	9	40.9	8	36.4	22	100.0
1990	16	45.7	7	20.0	12	34.3	35	100.0
1991	10	47.6	6	28.6	5	23.8	21	100.0
1992	19	54.3	10	28.6	6	17.1	35	100.0
Total	59	38.1	51	32.9	45	29.0	155	100.0

Source : MAFF, Current Situation of Rural Tour Resource Development Projects, 1995.

3) Development of tour farm by region

The number and size of rural tour development projects by region are shown in Table 19. Comparing to rural resort and tourist home village, the number and size are far more

high. The number and size of tour farm is the highest in central region, which has the biggest population. Other regions, south-western and south-eastern, has developed similar amount of tour farm.

<Table 19> Number and size of rural tour development projects by region (1995. 12)

Classification	Rural Resort		Tour Farm		Tourist Home Village	
	Number	Size (ha)	Number	Size (ha)	Number	Size (ha)
Central	5	35.8	136	309.7	45	630
South-Western	1	11.4	90	234.5	27	393
South-Eastern	5	44.3	93	226.2	40	507
Total	11	91.5	319	770.4	112	1,530

Source : MAFF, Current Situation of Rural Tour Resource Development Projects, 1995.

4) Income effect from tour farm

The effect of income increase from tour farm is presented in Table 20. Gross income of 656 households is 7,402 thousand dollars. The average income per household 11 thousand dollars. Net income is almost half of gross

income. The major items contributing to income are food and agricultural products. The figure is low as a household income. It seems that it is still an auxiliary means for income raise. One of the major reasons limiting income increase is seasonal tide of tourists.

〈Table 20〉

Income effect from tour farm (1991)

(Unit: 1,000 dollars)

Classification	Selling Agricultural Product	Selling Indigenous Commodity	Selling Food	Tourist Home	Others	Total	Average Per Household
Gross Income	1,954	901	3,013	923	611	7,402	11
Management Cost	873	463	1,698	451	268	3,753	6
Net Income	1,081	439	1,324	471	344	3,659	6
Occupation Cost	37	15	45	16	12	125	

Source: MAFF, Current Situation of Rural Tour Resource Development Projects, 1995.

Note: The result is from the survey of 656 households.

4. Prospect of Touristic Agriculture

With the expansion of 5-day-work system in offices and factories, weekend leisure will increase. And experience-oriented participatory leisure like touristic agriculture will be preferred. Based on this trend, the future of touristic agriculture is optimistic. However, the growth of local entrepreneurs will be a critical factor for the growth of touristic agriculture. Event creation and the linkage of land use, settlement planning, etc. will be also required.

IV. Concluding Remarks

It may be said that rural industrial park development project contributes to local economy positively in the Republic of Korea. The industrial parks have employed rural labor (66.1% of total workers) and they have offered income (average salary: \$ 903/month/person). They have also induced population to live in rural areas. In addition, they stimulated related industry such as service sector.

However, there are some problems encountered. There is still the shortage of skilled laborers in rural areas and job training

opportunities are mostly offered in urban areas. Industry incubation project is placed in urban areas. Moreover, the portion of factories using local resources such as agricultural products, stones are very limited.

Thus, it may be recommended that there should be organized job training programs. Industry incubation services should be offered to rural industrial parks. Local entrepreneurs must be grown and given to participate to the rural industrial parks. In this case, they may make use of local resources. And, there need intensive extension services with manpower, management and market information.

Touristic agriculture is a newly rising industry. The prospect of tour farm is positive. Even if the development stage of tour farms is in the infant level, it will grow rapidly according to the national economic growth and urbanization. Its success may depend on future political assistances and farmers' management competence. And there is left such task to be solved as the overcome of seasonal tide of demand.

In communal type tour farms, there are some problems to be solved. These include how to organize the business members and how to solve land ownership conflict.

Above all, slow but steadfast financial and technological assistances are required because the bases of the business are still vulnerable. It may take time for the touristic agriculture to be prosperous. Diverse event programs and network-style area linkage development should be created. And the development planning for factories and residence must be harmonized into rural tour development.

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