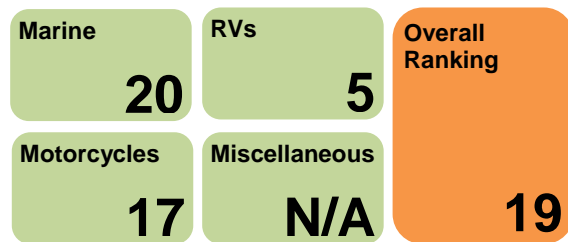




2016 Top Markets Report **Recreational Transportation** Country Case Study

Korea – RVs

Camping is highly popular in Korea. As the popularity of camping has grown, the number of campgrounds has soared. Today, there are approximately 1,800 campgrounds across the country. Also, as national interest in campgrounds has grown, so has interest in caravanning and RV camping. As a result, the outlook for the RV market is very positive, and it is expected to grow at a rapid rate. ITA's collaboration with industry to address regulatory challenges, promote U.S.-made RVs and connect Korean buyers with U.S. manufacturers should leverage increased opportunities for U.S. exporters.



Camping is highly popular in Korea, which is why this case study focuses on RV export opportunities. Each year, more and more Koreans take to the roads in their cars or RVs to go camping. In 2014, the industry was worth an estimated \$550 million, an eight-fold increase since 2008. Television shows about camping are increasingly popular as family travel turns more to nature. In 2011, an estimated 300,000 Koreans went camping, and by 2014, this number had grown to an estimated 4 million.

With household income growing and family-oriented lifestyle activities becoming increasingly mainstream, the leisure boom has swept Korea over the past several years. Camping is the one of the latest trends, as 70 percent of Korea's geography is composed of hills and mountains.

As the popularity of camping has grown, the number of campgrounds in Korea has soared. In 2008, the country had an estimated 200 campgrounds. Today, there are 1,766 campgrounds across Korea. Of these, approximately 900 have been developed for use by

RVs. About 300 campgrounds are owned and managed by the government (federal and regional); the remaining are privately owned.

Most camping sites in Korea are located in national parks, in forests, along rivers or in leisure camping sites. Approximately 35 percent of camping sites are located in mountainous areas, over 27 percent in valleys, 16 percent in forests and the remainder along rivers and near the ocean. Twenty-eight percent of the sites are general campgrounds, and 72 percent are auto-camping sites.

The RV industry is relatively new in Korea. Caravanning and RV camping are gaining popularity as an evolving form of traditional travel and tourism. The Korea Camping and Caravanning Federation (KCCF), an affiliate Korea representative of the Fédération Internationale de Camping, Caravanning et de Autocaravaning (FICC), newly formed Korea Recreation Vehicle Industry Association (KRVIA) (whose members include RV manufacturers and distributors/dealers), and Eco-friendly Camping Association (formed in 2015)

represent the growing interest among Koreans in the camping movement.

According to the Korea Agency of Camping and Outdoor Industry, the largest category of consumers buying camping cars are those over 50 years old. With this in mind, significant market growth is expected as baby boomers retire. The next largest category of purchasers of camping cars is 30 to 40 year olds, followed by consumers in their 20s.

Introduction of the five-day work week in Korea and keener attention being paid to healthier lifestyles have contributed to the rapid growth of Korea's camping and outdoor markets. Camping is evolving into a year-round leisure activity in Korea, and a variety of high-performance camping equipment is becoming popular. Because of the nature of camping and enjoyment of outdoor life with family members, the industry believes that men in their 40s with small children in particular will drive market growth.

Riding the camping fad are local governments scrambling to attract campers with newly established camping grounds. Local governments are also rushing to build automobile camping grounds. Gangwon Province is the frontrunner in this regard, as the region is famous for its beautiful valleys and mountains.

While local governments attract campers by building new campsites, upscale resorts cater to a different set of clientele with so-called "glamping." Glamping is among the newest trends in the camping industry, combining both glamour and camping. This fad seems to be most popular among wealthy over 60-year olds in Korea who appreciate soft beds, espresso machines and noreabang facilities in their camping cars.

The Korean industry classifies RVs as motor vehicles including caravans, camper vans, mini vans, sports utility vehicles (SUVs) and motorhomes. Korea has seven RV manufacturers, which produce about 1,000 to 1,500 caravans annually. There are no dedicated standards for RVs in Korea.

As camping has become increasingly popular as a leisure activity, Korean automakers are trying to take advantage of this trend. Local automakers and imported car brands have launched various RVs and SUVs to attract those who go camping by emphasizing their benefits for such purposes. The nation's largest automaker, Hyundai Motor, has the most extensive RV and SUV lineup, including the Santa Fe and Tuscon

models. It recently launched another model, the Maxcruz, which is a longer-body version of the popular SUV, the Santa Fe, and the Grand Starex Camping Car, a modified version of the Grand Starex minivan.

Korea currently imports a total of about 2,000 units of RVs per year. Approximately 1,000 are imported from Germany and England. Imports of RVs are expected to increase considerably as consumer interest in these products and RV camping grows. Imports of travel trailers enter Korea duty-free. Duties on motorhomes have been phased out and they now enter duty free under the U.S.-Korea Free Trade Agreement.

In 2015, U.S. RV exports to Korea were over \$7.8 million. Towable RVs accounted for over 65 percent of this total. ITA expects U.S. RV exports to Korea to increase to \$10.4 million in 2018 with a CAGR of 10 percent.

Challenges and Barriers to RV Exports

U.S. RV exporters face several challenges in Korea. Korea does not have dedicated regulations for RVs or the development and use of RV campgrounds. Because RVs are classified as motor vehicles, motorhomes are subject to the same emissions requirements as passenger cars. The requirements are too high for motorhomes, limiting imports into Korea of these products. Creating a separate requirement for motorhomes that is similar to trucks and compatible with U.S. RVs, would create increased opportunities for exporters in the market.

Also, Korea requires a special driver's license for certain towable RVs. Under Korean law, a special driver's license is required to tow trailers weighing over 750 kilograms. Elimination of this requirement would facilitate increased sales of towable RVs in Korea. (Most Korean men have a Type 1 driver's license, which qualifies them for driving motorized RVs.) Another concern is the U.N. ECE requirement (under Agreement 58) governing brake systems for trailers discussed in the country study on Japan as Korea has also adopted the requirement.

In addition, Korea has restrictive limitations on the use of liquefied petroleum (LP) gas, or propane. (LP gas is commonly used in RVs for cooking, hot water, heating and air conditioning systems, etc.) U.S. fire safety requirements for RVs have specific conditions for LP gas usage, which provide for its safe use.

Opportunities for U.S. Companies

With camping established in Korea as a preferred choice of family travel and getting back to nature, the outlook for the RV market is very positive, and it is expected to continue growing at a rapid rate. Korea's large number of campgrounds, rising consumer interest in RVs and RV camping and its status as an FTA partner with the United States make it a favorable market for U.S. RV exporters.

ITA is working with industry to address the regulatory challenges in Korea and to promote RVs and the RV lifestyle, which should benefit U.S. exporters in the near and long-terms. Currently, RVIA is working with ITA under the association's 2015-2018 MDCP award on programs and initiatives in Korea to grow U.S. exports. Continued support of RVIA's efforts will increase opportunities for U.S. exporters.

ITA will continue to collaborate with RVIA and Korean authorities to develop emissions and other requirements, such as those for the development and use of campgrounds, that are compatible with U.S.-made RVs and to address other regulatory issues in Korea, such as the driver's licensing and braking requirements for travel trailers which limit U.S. exports.

ITA also plans to continue working with RVIA to promote RVs and educate consumers and government officials in Korea about the benefits of RVs and the importance of creating a favorable regulatory environment for RVs. As camping and RVs have increased in popularity, trade promotion activities,

such as outdoor lifestyle events, trade shows and other events that enable the showcasing of RVs will enable public officials and consumers to learn even more about U.S. RVs.

Also, ITA plans to work with RVIA in support of its programs and initiatives (under the association's 2015-2018 MDCP award) to provide RVs as temporary living quarters for the 2018 Winter Olympics, and promote the use of RVs for emergency response in Korea, including post-disaster relief and recovery efforts. In addition, ITA hopes to bring Korean buyers to RVIA's National RV Trade Show, which will be held from November 29 to December 1, 2016 in Louisville, KY. The 2016 show is an IBP-Select event. (The 2015 and 2014 shows were also IBP-Select events.)

Also, U.S. government services, such as those provided by ITA's U.S. Foreign and Commercial Service (USFCS) like the Gold Key and Platinum services and International Company Profile service, could be of additional help to U.S. exporters. ITA encourages U.S. companies to utilize these resources as they could provide additional opportunities to increase exports.

While Korea does not have any dedicated RV trade shows, several motor and outdoor camping shows allocate special areas for RV displays due to the growing interest in RVs and camping among Korean consumers. These include: the Seoul International Sports & Leisure Show (February), International Camping Fair (February), Dong-A Sport & Leisure Industry Expo (May) and Goyong International Outdoor Camping & Festival (June).

Did You Know?

1. Camping is highly popular in Korea.
2. Korea has an estimated 1,800 campgrounds across the country.
3. Motorhomes are classified as motor vehicles in Korea and are subject to the same emissions requirements as passenger cars, which are too stringent for U.S. motorhomes to meet.
4. Though Korea does not have any dedicated RV trade shows, several motor and outdoor camping shows allocate special areas for RV displays: the Seoul International Sports & Leisure Show (February), International Camping Fair (February), Dong-A Sport & Leisure Industry Expo (May), and Goyong International Outdoor Camping & Festival (June).