트레이드 렌즈
TRADE LENS

Focus on investment.

LENS INSIGHT / No.18

Korea–China FTA · IP rights · Local distribution · Tourism services

Korea–China FTA Services Opening

Who captures the new earnings in Korean content and tourism?

Connecting better market access to contracts, costs and cash

Rights

Which territorial, term and reuse rights remain?

Customers

Who controls acquisition, distribution and service?

Collection

Do earnings after costs turn into cash?

As business access widens,
contracts and execution matter more to profitability.

Assess the scope of policy commitments alongside corporate economics and the conditions for recurring earnings.

Analysis date 2026.11.22

TRADELENS.KR

Industry structure, rights, distribution and profitability

01 / RESEARCH VIEW

Rights, customer access and cash determine value

TradeLens view | Connect improved market access to recurring company earnings.

Core judgment

Better access can broaden the use of existing content and tourism supply networks. Firms combining saleable rights, local execution, customer access and settlement control are more likely to retain the benefits. Presence in China alone does not establish that advantage.

Both governments announced the substantial conclusion of services and investment negotiations on 18 November. Text finalization, legal review and formal signing remain. This provides a basis for more business options and predictability; it is not new revenue already earned by a company. [2]

Value-chain role	Asset supporting earnings	Evidence of economic results
Content rights owner	China rights, resale and merchandising rights	Effective contracts, earnings after added costs, collections
Local producer / distributor	Licensing execution, distribution and customer access	Releases, contractual revenue shares, repeat purchases
Travel operator / seller	Direct customers, differentiated products and supply	Contribution per customer and repeat business, beyond bookings
Korean tourism supplier	Distinctive rooms, experiences and local services	Rates, utilization and earnings after commissions

TradeLens expects existing rights, content catalogs and local operations to translate into early results more readily than large new investments. Regional or time restrictions on those rights, or substantial new production obligations, would weaken that advantage.

Evidence that changes the judgment

After implementation and individual approvals, repeat contracts, earnings after costs and cash collection would strengthen the positive view. More transactions accompanied by rights transfers, promotional spending and localization costs would weaken the case for value capture.

02 / POLICY & IMPLEMENTATION

Predictability is the first source of value

Market-access commitments still need to become business rights and cash flow.

MOFCOM says technical work on the text, translation and legal review will precede formal signing; the agreement will be published after signature. Business rights dependent on the final text and entry into force must be distinguished from the announcement of substantial conclusion.[2]

Stage	Institutional meaning	Business assessment
Substantial conclusion	Core terms agreed; technical drafting remains.[2]	Basis for preparation; no immediate operating right or revenue.
Final text and signature	Defines rights, obligations and scope.[2]	Service classifications, reservations and exceptions determine scope.
Domestic steps; entry into force	Agreed procedures bring the pact into effect.	Time investment and contracts to coverage and effective dates.
Permits, contracts and sales	Entity/title requirements and contract terms must be met.[5][6]	Assess launch, customer acquisition and collection after approval.

TradeLens analysis Stability has two sources of value: entry into new activities and lower risk of changing rules for existing business. The latter can support long-term local partnerships and rights acquisition. Greater predictability still leaves demand, selling prices and the counterparty's ability to settle payments to be assessed.

TradeLens analysis A negative-list approach must be read with its reservations and exceptions. China's current investment list retains cultural-sector approvals and qualification requirements while allowing more favorable treaty treatment.[8] Business scope and investment scale can be assessed by linking the new treaty's reservations, implementation measures and actual approvals.

Distinction: government announcements above are disclosed facts; business assessments and economic implications are TradeLens analysis. China's domestic investment list and the Korea–China FTA reservation schedules are different documents.

03 / CONTENT ACCESS & CO-PRODUCTION

Co-production does not replace rights or approval

Third-country treatment, title review, co-production and local operations have distinct conditions.

The agreed audiovisual co-production annex would extend the framework to dramas, animation, variety shows and documentaries.[1] Companies must distinguish what improves for finished-program licensing, co-production and local operations.

Access route	Baseline and commitment	Conditions for earning revenue
Film/game treatment and review	No less favorable than third countries; non-discriminatory pre-screening.[1]	Title approvals, import/distribution contracts and local qualifications remain separate.
Co-production	TV co-production already encouraged.[3] Benefits for national films depend on approval and conditions.[4]	New annex's scope, contributions and benefits; producers' rights allocation.
Imported games	Qualified publisher, copyright-contract registration, operator ICP license and title approval.[5]	Local partner selection, launch terms, and execution of sales/payment contracts.

TradeLens analysis Treating this expansion as the first permission to co-produce would overstate the change. Compare the new annex's eligible works and conditions against the original encouragement clause and film benefits.[3][4] That difference changes the relative merits of finished-program licensing and co-production.

TradeLens analysis Non-discrimination can improve approval opportunities and predictability. Foreign-investment restrictions and administrative review remain separate requirements.[8] Look for approvals, launches and repeat contracts along the same route rather than industry-wide sales forecasts. Retained rights and cash collection determine who ultimately earns the return.

TradeLens analysis If local partners remain necessary for licensing and launch, their bargaining power remains. Korean rights holders need alternative distribution routes or a choice of counterparties to turn regulatory improvement into stronger negotiating power. Hence, track how contract terms change alongside access.

Most-favored-nation (MFN) treatment compares treatment with third countries. It is distinct from equal treatment with Chinese firms, abolishing import quotas, automatic game approvals or recognition of every co-production as domestic content.

04 / IP & CONTRACTS

Who owns the rights to sell a successful title?

TradeLens analysis | Rights coverage and the order of cost recovery determine the economic share.

KOCCA distinguishes IP retained through own production, co-production and licensing from turnkey transfers, transfers of business rights and outright IP sales. Linking a title's popularity to a producer's long-term earnings starts with identifying the rights it retains. [9]

Transaction	Potential earnings for the owner	Contract terms that matter
Finished-title license	Additional regional sales of existing content	China rights, exclusivity period, minimum guarantees and recovery
Local co-production	Production fees and later use of shared IP	Cost funding, ownership shares, delay and revision costs
Format / remake license	Fees for reuse of an original work or format	Localization rights, later seasons and royalty accounting
Games / merchandise	Recurring service, distribution and product income	Operating deductions, retention and rights protection

Bundled and separate rights create different bargaining positions

A producer that has already transferred long-term worldwide exclusivity may receive no additional proceeds when Chinese demand rises. Retaining China rights and sequel or merchandising rights can enable further use of the same IP. These are differences between contract structures, not findings about any specific company's agreements.

A local partner can improve execution through approvals, distribution and marketing, but its share and deductible expenses matter. Royalties on gross sales differ from a share of profit after costs. The party bearing costs if approval fails also determines where losses fall.

> **Key judgment**
>
> Assess China-facing revenue through rights coverage, resale potential, deductions and payment terms. Separate one-time production fees from continuing IP income to understand the quality of the business.

05 / CONTENT ECONOMICS

Profit paths diverge within one content company

CJ ENM's segment results highlight sales structures and incremental investment costs.

Content profitability depends on sales volumes, distribution terms, production costs and investment timing. In Q3 2026, CJ ENM's film/drama and music segments showed different revenue and operating-profit trends.[10]

Business	Revenue KRW bn	Revenue YoY	Operating profit KRW bn	Profit change
Film/drama	285.3	-23.5%	15.5	+126.8%
Music	204.4	+3.6%	-7.3	Turned to loss

Q3 2026 segments within consolidated results; changes are year on year. KRW bn values are converted from IR figures rounded to KRW 100 million. These are not China-only results.[10]

Company explanation | Sales gains and investment costs

Global streaming deliveries and presales, together with expanded regional partnerships, supported film/drama profitability. In music, artist activity and tours lifted revenue, but the prior-year comparison base and investment in original IP and new artists weighed on operating results, according to the company.[10]

TradeLens analysis | Incremental profit retained in China

When existing content with retained China exploitation rights is sold into the market, localization and distribution costs and settlement terms matter. New content made specifically for China also carries production-cost recovery and audience-response risk. Identical revenue can therefore produce different economics.

Assessment begins with rights available for sale in China and the contract structure. After signing, profits after incremental costs and cash collection must be checked. Segment results predating the negotiation announcement cannot be converted into profit effects from China's opening.

06 / TOURISM MARKET ACCESS

The change in 23 regions is local customer access

The commitment covers Korean agencies established in China arranging overseas trips for its residents.

TradeLens analysis Read location, corporate establishment, customers and products together. The commercial significance lies in how much Korean agencies can participate in local customer acquisition and sales contracts, rather than in the number of Chinese tourists alone.

Dimension	Scope of commitment	Unit of economic assessment
Provider and location	Korean agencies established in 11 pilot areas and in FTZs within 12 regions.[1]	Location, licensing and permitted business determine actual access.
Customer and direction	Chinese and foreign residents of China taking trips abroad.[1]	Separate from Korea-to-China trips and domestic tourism in China.
Sales and operations	Group recruitment and individual-trip sales for Korea and third-country travel.[1]	Local acquisition, supply contracts, trip delivery and settlement.

Existing framework China's Travel Agency Regulations generally restrict foreign-invested agencies from arranging mainland residents' overseas trips, with exceptions under State Council decisions or FTAs and licensing requirements.[6] China's 2025 services-opening pilots already included outbound travel for foreign-invested agencies.[7] Separate any newly expanded scope from the stabilization of existing pilot access.

TradeLens analysis Local customer acquisition and sales can give Korean agencies more influence over product design and sales terms. They also bring channel costs, customer service, supplier payments and refunds. Expanded operating rights generate profit only if differentiated itineraries, accommodation and experiences improve contribution per contract and payment settlement, beyond simply increasing traveler volumes.

TradeLens analysis Early implementation evidence is operating licenses and products on sale, not the count of open regions. If established local distributors retain customer access, sellers' bargaining power may change little. Assess direct acquisition, repeat purchases and the associated local costs together to determine whether regulatory change produces a distinct income stream.

Regional scope: examples include Beijing, Shanghai, Chongqing and Hainan pilot areas, and FTZs within Guangdong, Henan, Hubei and Sichuan.[1] The 23 regions mean neither all of China nor 23 cities.

07 / DISTRIBUTION ECONOMICS

Direct sales also bring customer costs

TradeLens analysis | A local business license does not itself create demand or operating capability.

Direct customer recruitment gives a travel operator more influence over products and prices. It also brings advertising, search visibility, consultation, payment, cancellation and refund responsibilities. Treating the intermediary's entire former share as incremental profit overlooks those costs.

Business stage	Source of earnings	Costs assumed alongside it
Local customer acquisition	Sales commissions and differentiation	Advertising, promotions, service and repeat-customer management
Product operation	Combining and sourcing flights, rooms and activities	Advance purchases, cancellations and unsold capacity
Destination services	Accommodation, transport, experiences and shopping	Staff, facilities and booking commissions
Settlement / aftercare	Transaction trust and repeat customers	Refunds, customer protection and delayed collections

Reported results show the scale of distribution costs

Trip.com Group reported second-quarter 2026 consolidated net revenue of RMB15.663 billion and sales and marketing expense of RMB3.841 billion. Its reported, rounded expense-to-revenue ratio was 25%. Operating a customer-facing platform carries substantial selling costs. [14]

Scope: the group's worldwide business for that quarter, not China-to-Korea travel. Sales and marketing expense is not a per-new-customer acquisition cost (CAC). Net revenue differs from gross travel bookings. [14]

Conditions for retaining value

Korean operators may retain more value by connecting local customers to destination supply and generating repeat purchases. When discounts and advertising buy transaction volume, a higher direct-sales share need not improve profitability.

08 / TRAVEL COMPANY ECONOMICS

China-bound demand and company profit are distinct

Hanatour: Korea-to-China trips and opening China's local travel industry are distinct routes.

In Q3 2026, Hanatour's China-bound package customers rose 12% year on year, and China's share of package customers increased from 19% to 24%. These are trips departing Korea for China. Its consolidated results moved as follows.[11]

Consolidated metric	Q3 2025	Q3 2026	YoY change
Revenue / operating revenue	123.3	111.7	-9%
Net adjusted revenue	102.2	95.5	-7%
Operating profit	8.3	5.1	-38%
Operating margin	6.7%	4.6%	-2.1pp

KRW bn except margins. Consolidated preliminary results; company-rounded figures. Net adjusted revenue excludes the gross sales component relating to input costs for charter flights, hotels and tickets. It is a company measure, not net income or cash flow.[11]

Reading revenue | Gross sales and commissions coexist

Operating revenue combines travel-agency and air-ticket commissions with gross sales of some goods. The company attributed the overall change to several factors, including holidays, oil prices and fewer package customers. Growth in customers for one destination alone therefore says little about the direction of total revenue and profit.[11]

TradeLens analysis For a business entering China's local travel industry, economics after licensing depend on product mix, revenue per booking, and sales and operating costs. Even if customers and gross booking values rise, low fees or the burden of promotional spending can limit profit. China-bound customer counts in this example cannot be turned into future revenue for a local Chinese subsidiary.

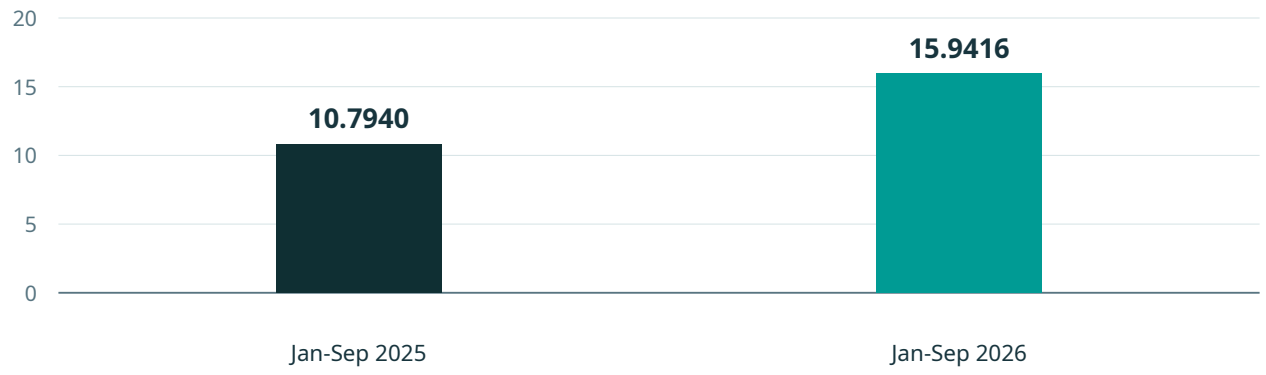
09 / TOURISM VALUE CREATION

Who retains the value of visitor spending?

Arrivals, card spending and balance-of-payments general travel receipts measure different things.

In January-September 2026, Korea received 17.11 million visitors, up 21.5% year on year. Foreign visitors' tourism card spending rose 47.7%. Chinese arrivals totaled 5.47 million, but the spending shown below covers all nationalities.[13]

Foreign visitors' tourism card spending | KRW trn



MCST, September 2026 inbound tourism trends. Card spending does not cover all tourism expenditure; dividing it by arrivals does not create an official per-visitor spending statistic.[13]

Why length of stay and spending belong together

The Bank of Korea models tourism exports as visitors × average length of stay × average daily spending. Its 2025 baseline is 18.94 million visitors, 6.5 days and USD 177.8. The last figure is balance-of-payments general travel receipts divided by the product of the first two measures; it is neither Chinese visitors' spending nor a direct survey average.[12]

General travel receipts exclude study and training and cover visits for tourism, business and medical purposes. International passenger fares are classified separately as transport services.[12]

TradeLens analysis Local operators capture value when visitors buy accommodation, food and experiences and receipts cover operating and distribution costs. Assessment should test whether distinctive experiences and easier travel extend stays and spending, and whether domestic service procurement increases. Domestic value added is also distinct from corporate operating profit.

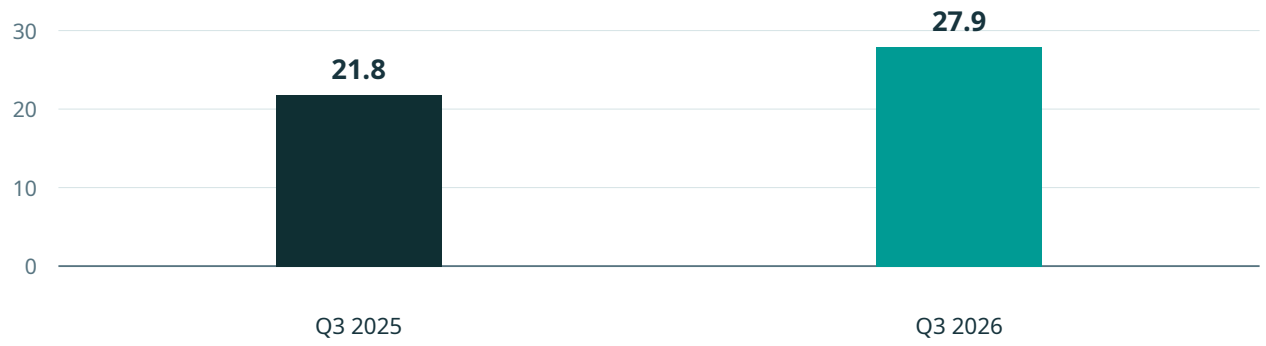
10 / HOSPITALITY ECONOMICS

Profitability varies within the same tourism market

Hotel Shilla: hotels/leisure and duty-free retail reflect different cost structures and business mixes.

Hotel Shilla's hotels and leisure segment reported Q3 2026 revenue of KRW 198.7 billion, up 12.8% year on year. Operating profit rose from KRW 21.8 billion to KRW 27.9 billion, and operating margin increased from about 12.4% to 14.0%.[15]

Hotels and leisure segment operating profit | KRW bn



Preliminary segment figures within consolidated results. TradeLens calculates margins from the company's rounded revenue and profit. These are not results for Chinese customers or China operations alone.[15]

Different paths of improvement across businesses

Over the same period, duty-free retail revenue fell from KRW 849.6 billion to KRW 760.3 billion, while an operating loss of KRW 10.4 billion became a KRW 27.3 billion profit. Seoul hotel occupancy was 74% in both periods, yet total revenue grew 9.4%. Occupancy alone cannot explain all hotel revenue.[15]

TradeLens analysis | Operating models shape the share retained

Hotel analysis must consider room rates, food-and-beverage and other revenue mix, along with staffing and facility costs. For duty-free retail, product mix, rent and distribution costs matter. In overseas management contracts, the local hotel's gross revenue and the operator's income are distinct. Even with access to customers, the contract's revenue split and capital commitments determine the value retained.

Company IR classifies Shilla Monogram as a management-contract business and lists China operations as of September 30, 2026. Their existence cannot be attributed to the November negotiation outcome.[15]

11 / ILLUSTRATIVE ECONOMICS

Revenue shares and direct costs reshape earnings

Illustrative assumptions | These figures are not actual contracts, results or company forecasts.

Hold distributable net receipts from content sales at 100 units. Assume the rights owner receives 55%, 65% or 75%, with directly attributable costs of 50, 60 or 70 units. Those costs include production and rights-acquisition costs allocated in this model, plus localization and service costs.

> **Formula**
>
> Project contribution = distributable net receipts of 100 × the rights owner's share - directly attributable costs. The calculation is before corporate overhead, financing and tax; it is not an operating-profit forecast.

Direct costs	55% share	65% share	75% share
50 units	5	15	25
60 units	-5	5	15
70 units	-15	-5	5

With the same 100 units of receipts, a 65% share and costs of 60 leave 5 units. A 10-unit cost increase changes that to -5. The break-even share at costs of 60 is 60%. Improved access does not remove the role of contractual shares and direct costs in determining earnings.

Project contribution is different from current cash inflow

A profitable project can require working capital when receipts lag revenue recognition or production and localization are funded upfront. An advance brings cash forward but can leave unperformed production or service obligations. Receivables, prepayments and contract liabilities should be assessed together.

TradeLens illustrative arithmetic. The 100 units are neither consumer spending nor market size; the shares and costs do not estimate actual China contracts. A different definition of distributable receipts or deductions changes the result.

12 / SCENARIOS

Execution determines how opening creates value

TradeLens scenarios | No probabilities or company earnings forecasts are assigned.

Scenario	Observable conditions	Business and industry implications
Gradual execution Base path	Implementation and permits progress in stages; existing rights and travel products lead contracts	Better use of existing assets and operations; initial results vary with executed business
Recurring earnings Positive path	Resales, later seasons and repeat purchases increase, with better earnings after costs and collections	Recurring IP and customer value grows; supply expands where profitability supports it
Competition / costs Constraint path	Access improves but local revenue shares, advertising, production costs or discounts increase	Weaker conversion of volume into earnings; more supply can increase cash needs
Delayed implementation Downside path	Implementation or permits lag, or effective coverage is narrower than expected	Slower recovery of upfront investment; existing operations provide cash support

Base judgment: evaluate the use of existing assets first

Large additions to production facilities, local organizations or room supply based on unconfirmed Chinese revenue increase fixed costs and recovery risk. Using existing rights and supply arrangements, then scaling operations with contracts and reservations, can test demand while controlling incremental costs.

When competing with local platforms or expanding joint operations, customer-data access, rights after termination and minimum-volume obligations become important. Short-term sales growth alone does not establish durable pricing power or competitive advantage.

> **The variable common to all scenarios**
>
> Does the chain from policy to permits and contracts, release and sales, net earnings and cash collection hold together? The stage that constrains progress determines who benefits and when.

13 / MONITORING & JUDGMENT

Judge progress through contracts, earnings and cash

TradeLens monitoring framework | Connect evidence after the announcement to economic results.

Evidence to monitor	Signals strengthening the view	Signals weakening the view
Final text / implementation	Clear activities, regions, reservations and effective dates	Narrower application or delays
Content approvals / distribution	Repeated releases, scheduling and further rights use	Delayed launches after approval or long exclusivity transfers
Content earnings / settlement	More earnings and cash after localization and production costs	Revenue grows alongside receivables and direct costs
China-origin travel operation	Licensed operations, repeat customers and product contribution	Subsidy or discount dependence, prebuying and refund burdens
Korean destination suppliers	Stays, room rates, spending and net earnings improve together	Visitors rise but commissions and discounts absorb gains

Separate existing tourism recovery, exchange rates, air capacity and content scheduling cycles from new policy effects. Company results for quarters preceding the announcement establish how the business works; they cannot be reclassified as earnings caused by this agreement.

Final judgment

The agreement points toward broader business options for Korean content and tourism firms in China. The economic value depends on how control of rights, distribution and customer relationships offsets additional costs, beyond an increase in industry sales.

> **Who captures the new earnings?**
>
> Content firms retaining resale rights, operators converting permits and customer access into transactions, and suppliers with differentiated destination products may be better placed. A durable share must be demonstrated through repeat contracts, earnings after costs and cash collection.

14 / SOURCE REGISTER

Opening commitments and existing rules

In-text numbers, source titles and “Open source” link directly to the original.

01. MOTIR | Korea–China FTA services and investment negotiations Open source

2026-11-18 · Government release · PDF pp.1–5 · Commitments, scope and next steps

02. MOFCOM | Substantial conclusion of phase-two negotiations Open source

2026-11-18 · Government Q&A · Negotiation stage, final text and publication

03. Korea–China FTA | Annex 8-C: broadcast co-production Open source

2015-06-01 · Original treaty · PDF p.1 · Existing broadcast co-production provisions

04. Korea–China FTA | Annex 8-B: film co-production Open source

2015-06-01 · Original treaty · PDF pp.1–3 · National-film benefits, approval and contributions

05. NPPA | Approval of licensed foreign online games Open source

As of 22 Nov 2026 · Licensing guidance · Publisher/operator qualifications and approval

06. China Ministry of Justice | Travel Agency Regulations Open source

2020-11-29 · Regulation · Articles 22, 23 and 25 · Licensing, exceptions and destinations

07. MOFCOM | Briefing on expanded services-opening pilots Open source

2025-04-21 · Government briefing · Pilot access for foreign-funded outbound agencies

08. NDRC / MOFCOM | Foreign investment negative list, 2024 Open source

2024-09-06 · Domestic investment rules · PDF pp.2–4 · Permits, culture and treaty exceptions

The government announcement of negotiations concluded in substance, the original FTA and current domestic licensing and investment rules have different legal and implementation status. China’s 2024 domestic negative list does not replace the new agreement’s schedule of reservations.

15 / SOURCE REGISTER

Rights, company results and tourism economics

In-text numbers, source titles and “Open source” link directly to the original.

09. KOCCA | 2025 content IP transaction survey Open source

2026-01-19 · Public study · PDF pp.216–218 · Ownership, transfer and licensing

10. CJ ENM | Third-quarter 2026 earnings Open source

2026-11-05 · Consolidated/segment results · PDF pp.5, 7–8, 12 · Revenue and profit

11. HanaTour | Third-quarter 2026 earnings Open source

2026-11 · Consolidated results · PDF pp.3, 6 · Korea-to-China demand and earnings

12. Bank of Korea | Tourism exports, growth and policy Open source

2026-08-05 · BOK Issue Note 2026-18 · PDF pp.13, 28–29 · Receipts, spending and value added

13. MCST | Inbound tourism trends, January–September 2026 Open source

2026-10-26 · Official news · All-foreign visitor arrivals and tourism card spending

14. Trip.com Group | Second-quarter 2026 financial results Open source

2026-09-15 · Unaudited consolidated results · Revenue and sales/marketing expense

15. Hotel Shilla | Third-quarter 2026 earnings Open source

2026-10-28 · Consolidated segment results · PDF pp.10–12 · Duty-free and hotel/leisure

Quarterly company results are a business baseline preceding the November negotiations announcement. Company, segment, direction of travel and statistical scope are distinguished; illustrative calculations are not actual contracts or results.

16 / METHODOLOGY & USE

Methodology, disclaimer and permitted use

Reported facts, government commitments, company statements, TradeLens analysis and illustrative assumptions are distinguished.

Item	Basis
Date / scope	22 Nov 2026. Korea–China FTA services/investment talks and the content and tourism value chains.
Policy basis	Separate the November agreement in substance from the original FTA and current approval system. Final implementation and reservations follow the published text.
Data scope	Use each stated consolidation, segment and period. Distinguish outbound travel from China, Korea-to-China travel and visits to Korea.
Calculations	Page 12 assumes 100 units, revenue shares and costs; it is not company earnings guidance. Some ratios use the source's rounded figures.
Use	General industry, business-model and profitability analysis. No trading views, target prices, personal advice or contract-specific legal opinions.

Disclaimer

This report provides general information on markets, industries and corporate economics. It does not provide buy/sell recommendations, trading timing, fair-value or target prices, or personalized investment advice. Information and analysis are as of the stated date; accuracy, completeness and timeliness are not guaranteed. Forecasts, assumptions and illustrative calculations are uncertain and do not guarantee principal or investment returns.

Users are responsible for their investment decisions. Except where liability is imposed by applicable law, TradeLens accepts no liability for investment losses arising from use of this report.

Copyright and use restrictions

Text, charts, design, editing and arrangement in which TradeLens holds rights are protected by applicable law. Beyond personal reading and storage, prior written consent is required to modify, edit, translate, adapt, reproduce, transmit, republish, redistribute or sell any part, whether paid or free and whether as files or screenshots. Removing logos, source or rights notices, or distributing under a third party's name is prohibited.

Uses permitted by applicable law and the separate licensing terms of third-party materials remain subject to those rules. Share the original link on the official TradeLens publication page.