Hallyu Power

A focus on soft power in Lee Myung Bak's Cultural Policy

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Introduction

The South Korean[1] cultural pride, Hallyu or the Korean Wave, has been around for over a decade now. What started out as the spread of drama series in mainly China and Japan has since evolved into a much larger wave. In the 2000s the wave was mainly concentrated in Asia, the biggest market being Japan. However, as of late, other parts of the world also seem to have taken to the cultural spread of Korea.

Over the past 10 years much research has been done with regards to *Hallyu*. Research has mainly focused on how Korea's cultural goods were so easily accepted, especially in Asia. But also much focus has been given to defining how the Korean wave should be continued and how it would be possible to extend it further.

The commonly accepted explanation for the spread of Korean culture in the Asian continent is the hybridity theory[2], which explains Korean cultural products to be exhibiting a good mix of 'Asian Values' together with a mix of modernity that is well liked in the Asian regions. Another way that the ease of the cultural spread is explicated is through 'regionalization' and many other terms.[3] Whatever term is used, what most agree on is that the cultural as well as geographical proximity of the Asian continent aided in the expansion of Hallyu. Not only that but also the non-threat that Korean culture emitted. Because of its lack of a troubled past like major forces China and Japan have and its status as a middle power, in the early days cultural products coming from Korea seemed less a threat to their own culture and were therefore more readily accepted.[4] [5]

Also low priced cultural products in time of crisis benefited the initial spread of the Korean wave throughout Asia.

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[1] Hereafter Korea will indicate South Korea unless otherwise specified.

[2] i.a. Shim Doobo (2006), "Hybridity and the rise of Korean popular culture in Asia", Media, Culture & Society, 28:1, 25-44
Kim Eun Mi & Ryoo Ji Won (2007), "South Korean Culture Goes Global K-pop and the Korean Wave", Korean Social Science Journal, XXXIV: 1, 117-152

[3] And other terms such as subglobalization, glocalization, globalization and global capitalism or cultural globalization.
Yang Jong Hoe (2007), "Globalization, Nationalism and Regionalization The case of Korean popular culture", Development and Society, 36: 2, p 181, 184, 193
Shim Doobo (2006), "Hybridity and the rise of Korean popular culture in Asia", Media, Culture & Society, 28:1, p 39
Cho Hae-Joang (2005), "Reading the Korean Wave as a Sign of Global Shift", Korea Journal, 45: 4, p 174
Kim Eun Mi & Ryoo Ji Won (2007), "South Korean Culture Goes Global K-pop and the Korean Wave", Korean Social Science Journal, XXXIV: 1, p 122

[4] Kim Eun Mi & Ryoo Ji Won (2007), "South Korean Culture Goes Global K-pop and the Korean Wave", Korean Social Science Journal, XXXIV: 1, p 138

[5] However as of late, anti-Hallyu sentiment has spread throughout Asia as well, to which I will come back to later in this thesis.

More research has been done on the influences of Hallyu and the soft power that goes in accord with it.[6] However much of this research has focused on the presidencies in the beginning stages of Hallyu, Kim Dae Jung and Roh Moo Hyun. Much less attention has been given to the cultural power strategy of Lee Myung Bak, especially in English language research.

Attention has however been given to Lee's soft power strategy in the realms of international aid and military deployment.[7] What came forth in these explorations of soft power strategy during the Lee administration is the strategic use of such instruments. For example how the foreign aid donated by the Korean Government, from 2008 through 2012, was focused on its own region; Asia.[8] In this area focus lay especially on countries with high recourses and large markets. Although it is against regulations to use foreign assistance strategically to benefit oneself, it seems that this is what Korea is doing.[9]

Military deployment however is not as easily manipulated, but is still used to show a positive image of Korea to the world.[10]

Other instruments equipped in the pursuit of a better image are the turn to a green image and the attraction of major events and international meetings, such as the Nuclear Security Summit in March of 2012.

These tools have been described by many scholars in studies on the political strategies of the Lee administration. However, cultural policies are only mentioned in the sidelines of these studies. Sometimes they will refer to the cultural policy with regards to using it in combination with hosting big events, such as the NSS in 2012.[11] Still none of them look deeper into this use of culture.

Korean research has some more focus on cultural policies, though these are mostly in relation to economics rather than state power.[12] This is easily explained by the fact that the policies and White Papers are indeed more focused on the economics of culture than the power. Nonetheless it is useful to look into this instrument, because it is an important strategy directly mentioned in the policies.

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[6] i.a. David Shim & Patrick Flamm (2013), "Rising South Korea: A Minor Player of a Regional Power?", Pacific Focus, 28: 3, 384-410
Geun Lee (2009), "A theory of soft power and Korea's soft power strategy", Korean Journal of Defense Analysis, 21: 1, 205-218
[7] i.a. David Shim & Philipp Olbrich (2012), "South Korea's Quest for Global Influence", Global Asia, 7: 3, 100-107
[8] David Shim & Philipp Olbrich (2012), "South Korea's Quest for Global Influence", Global Asia, 7: 3, p 103
[9] Idem. p 103
[10] Idem. p 104-105
David Shim & Patrick Flamm (2013), "Rising South Korea: A Minor Player of a Regional Power?", Pacific Focus, 28: 3, p 385
[11] David Shim & Patrick Flamm (2013), "Rising South Korea: A Minor Player of a Regional Power?", Pacific Focus, 28: 3, p 390-91
[12] i.a. 김승수 (2012), "한류문화산업의 비판적 이해 [A critical understanding of the Hallyu Cultural Industry]", 지역사회연구 [Research Community], 20: 4, 101-117
박양우 (2012), "한국 문화콘텐츠산업정책의 추세 분석- 정부재정을 중심으로 [An Analysis of the Transition of the Cultural Content Industry Policy in Korea - Focused on the Government Finance], 예술경영연구 [Arts Management Studies], 22, 299-332
최영화 (2013), "이명박 정부의 기업국가 프로젝트로서 한류정책 - 전략관계적 접근법을 통한 구조와 전략 분석[The Korean Wave Policy as a Corporate-State Project of Lee Government : The Analysis of Structures and Strategies Based on the Strategic-relational Approach]", 경제와사회[Economics and Society], 97, 252-285

Therefore, in this thesis, I would like to look into the question how soft power goals and uses are reflected and pursued by the Lee Myung Bak government through cultural industry policy. How does the government envision the use of cultural policy for economic goals as well as spreading a positive image of Korea, or nation-branding? And why does it seem such an important part of their policy?

The reason for focusing on the Lee Myung Bak administration for this thesis is twofold. On the one hand it is simply because there is not enough known about his policies, since more research has been done on his predecessors and their views.

On the other hand it is because even though his direct predecessor, Roh Moo Hyun, also had an idea of incorporating soft power into the cultural policies, Lee seems more bent on keeping the *wave* alive to spread a positive image of Korea throughout the world and using this image to his advantage as well. This includes his paradigm change from cultural industry to *content industry* in 2009, where a much bigger focus was given to the economic and political power of culture than in previous administrations.

The main framework for this thesis will be soft power. A term brought to international attention by Joseph Nye. Soft power in short is the opposite of hard power and the ability to get what you want through attraction rather than coercion. It is a term that I will delve into more deeply in the first part of this thesis.

The second part will begin with a quick overview of the presidency of Lee Myung Bak. A nimble introduction to the administration at hand.

After this I will continue the second part with the bulk of this thesis, which is the analysis of the White Papers that were published during the administration period of Lee Myung Bak; 2008-2012. The role of these White Papers is, according to the government itself:

> "The annually published Cultural Industry White Papers are a record of the will and results for the development of the culture content industry of the people, the corporations, and the government, of everyone. It has the role of accurately examining and analyzing the results and unsatisfactory points of the previous year and then envisioning the future course."[13] [14]

Along with these White Papers for the content industry I will also include a short analysis of the general and content part of the Policy Source Book[15] that is published by the Ministry of Culture, Tourism and Sports, which is an overview of the main policies and results of the 5 years of administration.

Through these chapters I hope to be able to analyze the ways that soft power is pursued and hope to give an overview of the significance soft power has in the cultural policies during the Lee administration.

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[13] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], Preface p 2

[14] Translations are by me unless otherwise indicated.

[15] 정책자료집

Soft power

The background framework for this thesis comes from the notion of soft power. Soft power is a notion that was brought to public attention by Joseph Nye in his book "Bound to Lead: The Changing Nature of American Power" in 1990. And he elaborated further on the notion in his 2004 book; "Soft Power: The Means to Success in World Politics". Since then others have picked it up when talking about state power and forces of coercion and attraction.[16] Although, in his work, Nye mainly focuses on American soft power, in this chapter I would like to explore how soft power is applicable to Korea as well.

According to Nye soft power is the opposite of hard power, which consists of measurable coercion capabilities and recourses like economic ability, military power, ample population and large territory.[17] But Nye argues that even with these obvious power sources one cannot always get what one wants. And here is where soft power comes in, it is a complimenting power.

Nye describes soft power to be the ability to get the outcomes you want through co-opting or attracting others to your cause.[18] It is an ability to shape the preferences of others, or put simply: the ability to attract. Soft power has many ways through which attractiveness can be played out. For example through political values, personality, policies, and most important to this thesis; through culture.[19] The attraction through these is most important in the quest to co-opt others.

Attractiveness can lie in shared cultural values, or a goal that both sides are pursuing. The most obvious fashion this is done in recently is the pursuit of a green world, and Korea has hopped on the bandwagon for this as well. Climate is a hot item in the political world and one way to win everyone over is to show that you are as interested in preventing the earth from melting as them. Share the goal and show that you put in the effort. This brings us to one of Nye's side notes, which is that a policy or value you proclaim must actually be followed through and acted upon for it to be believable.[20] Otherwise your soft power ability will falter on account of hypocrisy.

Gaining soft power through culture might even be a harder task than keeping your political values in check. Nye notes that culture is not completely controllable by the government and thus may lead to unintended spread of images or values.[21] This is probably one of the reasons that the Korean government tries so hard to control the cultural industry, to try and lead it in the right direction. This shows in the way it wants to include traditional Korean culture into the Korean Wave, because this portrays the values they want the international community to perceive. For example when a people exchange is organized and foreign opinion leaders and journalist are given an experience Korea tour and traditional culture is included.[22] Or when

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[16] i.a. Jan Melissen ed. (2005), 'The New Public Diplomacy; Soft Power in International Relations', Palgrave Macmillan
Lee Geun (2009), "A theory of soft power and Korea's soft power strategy", Korean Journal of Defense Analysis, 21: 2, 205-218
[17] Nye Joseph (2004), 'Soft Power: The Means to Success in World Politics', Public Affairs, p 3
[18] Idem. p 5
[19] Idem. p 6
[20] Idem. p 55
[21] Idem. p 52
[22] To which I will come back to later.
Ministry of Culture, Sports and Tourism (2013), 2012 문화산업 백서 – 연차보고서 [2012 Culture Industry White Paper – Annual Rapport], p 153 & 159

there are talks in the policies about working traditional culture into the government's Hallyu 3.0 or 'K-culture' plans.[23]

Another hurdle that Nye mentions in regards to cultural soft power is the market demand.[24] This has little to do with politics and much more to do with taste and compatibility with values of the receiving country. The Korean government is well aware of this and urges in its policies to creation, as well as actively supports the creation of, diversified culture content in order to have a better reach abroad.[25] State mingling like this is nothing new to Korea; it has been doing it for decades during the economic development years. With the pressure to open its markets after they joined the OECD in 1996 and the demands of the IMF after the 1997 economic crisis, as well as the signing of the FTA with the United States of America in 2007, Korea has (forcefully) opened up its markets, but the government still plays a large role in the economic process.

Another thing, pointed out by Melissen in a book on new public diplomacy and soft power, is that the pursuit of soft power is a long term commitment. He mentions that it should have long term goals.[26] Now even though public diplomacy is not just cultural policy, cultural foreign policy is a part of public diplomacy, albeit a small part. In this way it is applicable to Korea in the sense that the idea of utilizing soft power has been around before the Lee government, namely in the times of Roh Moo Hyun. It is been around for a few years and seems to be taking on an increasingly bigger role.

One of the reasons for the turn to soft power is quite obvious. Korea's size and location have a lot to do with it. Korea sees itself as belonging to the geographical group of East Asia;[27] this group includes the big and influential states of China and Japan. Even though Korea has known rapid growth, has a GDP per capita only slightly lower than Japan's,[28] although Korea has a big technology market, even taking the lead in the mobile phone business, and has several widely known multinationals, it still stands in the shadows of China and Japan. Japan is well known for its early modernization, but also its rapidly developing technology markets ensuring economic status in the 20th century and China simply because of its sheer size and rapid growth. One way for Korea to make itself more heard is to try its hand at wielding soft power.

As mentioned earlier Korea uses its role as a foreign aid donor, military deployment in peace operations and the hosting of international events to not only make itself more known in its own region but throughout the world. One of the reasons that this is so important to Korea is because it has an export driven economy. Later on in this thesis I will show that the Korean

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[23] Ministry of Culture, Sports and Tourism (2013), 2012 문화산업 백서 – 연차보고서 [2012 Culture Industry White Paper – Annual Rapport], p 274

[24] Nye Joseph (2004), 'Soft Power: The Means to Success in World Politics', Public Affairs, p 53

[25] Ministry of Culture, Sports and Tourism (2013), 2012 문화산업 백서 – 연차보고서 [2012 Culture Industry White Paper – Annual Rapport], p 519
Ministry of Culture, Sports and Tourism (2013), 2012 문화산업 백서 – 연차보고서 [2012 Culture Industry White Paper – Annual Rapport], p 369
To expanded on later in this thesis.

[26] Jan Melissen ed. (2005), 'The New Public Diplomacy; Soft Power in International Relations', Palgrave Macmillan, p 15

[27] David Shim & Patrick Flamm (2013), "Rising South Korea: A Minor Player of a Regional Power?", Pacific Focus, 28: 3, p 389

[28] Idem. p 392

government uses soft power, and cultural exchange to increase its visibility in the market, and engage in economic relations with other nations.[29]

Korea is aware that it is classified as a middle power in their region, but is eager for more influence, more power. Using soft power to do this is what Nye calls "punching above their weight".[30]

One way of doing this is what Melissen in his book calls 'niche diplomacy':

"Nice diplomacy, although often associated with very small countries, has in fact been more fully developed by countries that have sufficient size and capacity to play notable roles on the international stage but that are not strong enough to impose their positions or solutions. They can sometimes exercise persuasive influence, but rarely deciding force."[31]

In the way niche diplomacy is explained here Korea certainly fits the bill for attempting niche diplomacy. Melissen uses Norway as an example of successful niche diplomacy.[32] He points out that Norway has, throughout the years, focused on international peace work to improve its image around the world. Norway's problem was not so much a bad image, as it was simply being invisible. Norway has turned that around through its focus on peace and through this it has gained major results such as the news of the appointment of Norwegian ex-prime minister Jens Stoltenberg, in late March of 2014, to the position of secretary general of NATO.[33]

Other examples of niche diplomacy are the fight against global warming and donating financial aid. It is the political version of obtaining goodwill of businesses, which very much resonates with the CEO-like manner in which Lee is perceived to have led Korea during his reign. Melissen however also warns of the dangers of niche diplomacy,[34] as it is putting all your eggs in one basket. That is perhaps why Korea focuses on several niche diplomacy directions. As mentioned before Korea is active in military peacekeeping operations, the climate debate, foreign aid and its cultural exchange niche.

In an attempt to show that soft power is not only applicable to the United States, Nye also included some chapters on other nations in his 2004 book. The examples he takes up in Asia are, of course, China and Japan.

According to Nye, China's economic growth can contribute to its hard as well as its soft power.[35] Also China's abundant and world-wide known culture is a source for soft power. However Chinese soft power is limited by the perils of the authoritarian government.[36] In this aspect Korea differs greatly from China since it made the transition to democracy in the late '90s. This way Korea's democratic process together with its culture can be used as attraction more efficiently.

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[29] I will elaborate on this in the White Paper and significance chapter.

[30] Nye Joseph (2004), 'Soft Power: The Means to Success in World Politics', Public Affairs, p 89

[31] Jan Melissen ed. (2005), 'The New Public Diplomacy; Soft Power in International Relations', Palgrave Macmillan, p 67

[32] Idem. p 79-82

[33] ___. 2014. NATO names Stoltenberg next chief. BCC. 23 April 2014. <http://www.bbc.com/news/world-europe-26791044>

[34] Jan Melissen ed. (2005), 'The New Public Diplomacy; Soft Power in International Relations', Palgrave Macmillan, p 84

[35] Nye Joseph (2004), 'Soft Power: The Means to Success in World Politics', Public Affairs, p 88

[36] Idem. p 89

Jan Melissen ed. (2005), 'The New Public Diplomacy; Soft Power in International Relations', Palgrave Macmillan, p 94

As for Japan, its soft power lies mostly in its early modernization and economic success as well as the spread of culture, but also their IT industry.[37] Japan's culture combined with its IT industry led to a wide spread of Japanese games and animation throughout the world, increasing Japan's soft power considerably. However Japanese soft power is severely limited by its past, especially in the Asian region. Because of its past colonization and aggression in the region, many neighboring countries are weary of importing Japanese culture.[38] Case in point is the ban on Japanese cultural imports in Korea that wasn't eased until 1998 and again 2004.[39]

Similar to Japan, Korea has followed a road of large IT exports and this has helped in spreading the Korean culture around the world as well. For example how Samsung's big market share in television is used by circulating free Korean culture content on Samsung's Smart TVs.[40] Or the way some Korean channels are available for free on through Apple TV. Korea actively engages IT to make Korea visible.

However contrary to Japan Korea has a less bad historical image. It is known for being the victim, not the aggressor. This is one of the reasons that in the first stage of *hallyu*, Korean cultural content was readily accepted. Although recently anti-*hallyu* sentiment has been spreading because of the invasiveness of Korean exports to several domestic markets and several countries have taken measures against overflowing Korean exports.[41]

However Korea has some positive points in comparison to the larger powers in the region when it comes to the accumulation of soft power.

While Nye in his book focuses on the United States of America, things can be taken away from it in a way that the anti-Americanism he mentions is applicable to the Korean situation as well, albeit in a different way. While anti-American sentiment mainly grew from perceived arrogance and trigger-happiness of the Americans[42], anti-Korean or more specific anti-*hallyu* sentiment grew more out of market invasion. However even though the causes of the sentiment differ, in order to maintain soft power (as well as exports), these sentiments need to be addressed. This is where cultural diplomacy can be of assistance. Melissen quotes cultural diplomacy to be:

> "Cultural diplomacy, 'the exchange of ideas, information, art and other aspects of culture among nations and their peoples to foster mutual understanding'."[43]

And he sees it as an important part of public diplomacy and a good example of soft power.[44] In trying to eradicate the above mentioned anti-*hallyu* feelings, mainly in the Asian continent, Korea has introduced several cultural diplomacy methods in their policies. One of those is the

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[37] Nye Joseph (2004), 'Soft Power: The Means to Success in World Politics', Public Affairs, p 85-86
[38] Idem. p 87
[39] ___.2003. South Korea to ease ban on Japan cultural goods. The Japan Times. 23 April 2014 <http://www.japantimes.co.jp/news/2003/09/17/national/south-korea-to-ease-ban-on-japan-cultural-goods/#.U1eZ4Vd9npY>
[40] Ranging anywhere from clips from a popular music concert to a video of a performance of traditional Korean music.
[41] Ministry of Culture, Sports and Tourism (2011), 2010 문화산업백서 – 연차보고서 [2010 Culture Industry White Paper – Annual Rapport], p 185
I will further elaborate in this White Papers chapter.
[42] Nye Joseph (2004), 'Soft Power: The Means to Success in World Politics', Public Affairs, p 67
Jan Melissen ed. (2005), 'The New Public Diplomacy; Soft Power in International Relations', Palgrave Macmillan, p 52
[43] Jan Melissen ed. (2005), 'The New Public Diplomacy; Soft Power in International Relations', Palgrave Macmillan, p 147
[44] Idem.

video exchange policy where they promote the making of documentaries and series through coproduction. Through this they claim their goal is mutual understanding of each others cultures.[45] This is a prime example of the use of cultural diplomacy, on which I will elaborate further later on. The government is very adamant on trying to fix these adverse feelings throughout Asia in order to be able to continue cultural spread as well as keeping up exports for economic reasons, for it is not very favorable for profits of Korean businesses if a market as big as China's puts bans and restrictions on Korea's export products.
The Korean government also uses public diplomacy in order to expand into new markets.[46]

Another matter that the Lee administration was concerned with was image and more specifically; nation branding. On every other page of the White Papers throughout the 5 years, you can read that there is the need to improve Korea's image, the role of content to the nation's image and the strengthening of the image.[47] Nation branding is pre-eminent in the cultural policies of Lee Myung Bak.
Melissen mentions in his book that nation branding is often very attractive to countries with a weak international image or reputation[48], to which in Korea's case I would like to add that it is attractive to be able to rise out of the shadows of their large and powerful neighbors. Another point that is brought up is that nation branding is often also about the countries identity itself. It entails shaping and molding its self-image and identity.[49] This, in Korea's situation, would make a lot of sense as it has been through quite a bit of ups and downs in the last century. Starting with the colonization by the Japanese, the liberation and subsequent Korean War, after which the country was left divided. South Korea then went through rapid economic growth and modernization in the sixties and seventies, and at the end of the 20th century it went through the democratization process. The consensus is that what Koreans struggle with in forming a (cultural) identity is the break between traditional and contemporary.[50] They have had to deal with the loss of their autonomy after the Japanese invasion, when Korean culture was repressed. After liberation Japanese presence was replaced by a US presence and Korea went through a period of Americanization later half of the 20th century.[51] Later on, in the search of Korean's own identity, traditional culture was brought to the foreground as well and now there is a struggle to make all these influences compatible. Nation branding for Korea is also related to pride. The rise of *hallyu* is something Koreans take pride in, especially because of their repressive past. The fact that so many people take interest in Korean culture and not other's is something people are very mindful of and might even want to show off. This is probably the reason why culture content plays such a big role in the nation branding strategy.

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[45] Ministry of Culture, Sports and Tourism (2011), 2010 문화산업백서 – 연차보고서 [2010 Culture Industry White Paper – Annual Rapport], p 183

[46] In case of Colombia (further explained in White Paper chapter, 2012 and Significance chapter)

[47] Ministry of Culture, Sports and Tourism (2011), 2010 문화산업백서 – 연차보고서 [2010 Culture Industry White Paper – Annual Rapport], p 3, 6, 66, 169, 176, 331

[48] Jan Melissen ed. (2005), 'The New Public Diplomacy; Soft Power in International Relations', Palgrave Macmillan, p 20

[49] Idem. p 20

[50] Haksoon Yim (2002), "Cultural identity and cultural policy in South Korea", International Journal of Cultural Policy, 8:1, p 38

[51] Seong Won Park (2009), "The Present and Future of Americanization in South Korea", Journal of Futures Studies, 14: 1, p 53

In his study on nation branding Wally Olins claims that there are three areas where nations can present their nation brand. He names brand export, tourism and foreign direct investment.[52]

Brand export is quite straightforward. It is the linking of a brand to a nation; Samsung to Korea. The Lee government takes this a step further in an attempt to make Korean culture a brand name; K-culture. This means to expand current 'New *hallyu*'[53] to include more genres of content; for instance including games in an attempt to spread the Korea brand worldwide.[54]

Tourism is also an item high on the Korean agenda. The government tries to find Korea's edge in the market by combining tourism and culture content. Especially when focusing on attracting Japanese tourists to Korea there is a clear strategy in combining *hallyu* content and stars to tourism.[55] It also focuses on promotion of tourism, for example through '2010-2012 Visit Korea Year'[56] and even combing tourism with another area of soft power it is active in; green Korea.[57]

In the Policy Source Book soft power is even literally mentioned when talking about using culture, sports and tourism to strengthen the nation brand:

"Aware that soft power is the future of national power, strengthen international promotion and improve the national brand through culture, sports and tourism."[58]

FDI is something all nations search after. And in the case of Korea I would like to add Free Trade Agreements in combination with this. In order to expand its economical powers as well as its international recognition and influence, Korea actively pursues FTA with nations around the world.

Olins also mentions that the process of nation branding is a slow one and that it needs full backing by the public as well.[59] This is probably why, in the White Papers, the improvement of nation branding through culture content is continuously linked to economic gain, the expansion of markets, and is promoted under an overall 'for us all'-feeling. This is for instance shown in the 'Cultural Vision 2012' of which the title is 'Rich culture nation Korea' and one of the four main goals is 'Koreans living well: A wealthy nation through the Culture Industry'.[60]

As the last part of this chapter I would like to focus on the increased importance of soft power in international relations. The difficulty in use of hard power is shown clearly through the recent crisis in Ukraine: when Russia invaded part of Ukraine, completely against all peace treaties, the EU and United States responded with economic sanctions but Russian leader Putin did not back down.[61] As for taking military action, it is the UN against Russia, but

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[52] Jan Melissen ed. (2005), 'The New Public Diplomacy; Soft Power in International Relations', Palgrave Macmillan, p 172

[53] The second wave Hallyu led more by music than drama (1st wave). K-culture being the 3rd wave.

[54] Ministry of Culture, Sports and Tourism (2013), 2012 문화산업백서 – 연차보고서 [2012 Culture Industry White Paper – Annual Rapport], Preface, p 274

[55] Ministry of Culture, Sports and Tourism (2012), 정책자료집 [Policy Source Book] 2008.2-2013.2, Chapter 1 General, p 55, 205

[56] Idem. Chapter 1 General, p 84

[57] Idem. Chapter 1 General, p 39

[58] Idem. Chapter 1 General, p 206

[59] Jan Melissen ed. (2005), 'The New Public Diplomacy; Soft Power in International Relations', Palgrave Macmillan, p 178

[60] Ministry of Culture, Sports and Tourism (2012), 정책자료집 [Policy Source Book] 2008.2-2013.2, Chapter 1 General, p 18

[61] ___.2014. Ukraine crisis: Obama warns Russia that more sanctions are 'teed up'. The Guardian. 24 April 2014.

everyone except Putin is currently too scared of World War III breaking out so nobody dares to take action against Putin. Putin can continue to take military actions in Ukraine because of its own source of hard power; mainly fossil fuel supplies. The use of hard power is against other hard power is becoming more difficult because of weapons that can cause major destruction like nuclear weapons. In such circumstances it is likely that the importance of other types of power, like soft power, will increase.

Additionally in the age of technology images are easily spread and therefore opinions easily made. The quick spread of news not only occurs through the regular channels anymore, social media play a new role in them. Portraying a positive image is therefore not only done through diplomacy anymore. Governments, like the Korean government, are putting in effort and use different instruments to try and influence public opinion. In Korea's case cultural content plays a significant role. However in this world of technology in which images are widely available lies a limitation of soft power and nation branding as well; it is not completely under control of the government.[62]

Still the Korean government attempts to take as much control over the cultural industry as it can. How this is sought out and tried will be the main subject matter in the next chapter on the cultural White Papers between 2008 and 2012.

<http://www.theguardian.com/world/2014/apr/24/geneva-deal-ukraine-russia-sergei-lavrov>
[62] Also mentioned by Nye (in relation to the USA).
Nye Joseph (2004), 'Soft Power: The Means to Success in World Politics', Public Affairs, p 15, 17

The culture White Papers of the Lee Myung Bak Government

President Lee Myung Bak

Before we delve into the White Papers of the Lee presidency, let's glance over the president himself briefly. Lee Myung Bak took office on February 25th, 2008 as member of the Grand National Party (한나라당), a conservative right-wing party. He was succeeded by current female president Park Geun Hye on February 25th of 2012 of the same party that changed its name to New Frontier Party (새누리당).
Before beginning his political career, Lee had made a name for himself in the Hyundai group, becoming the youngest CEO of Hyundai ever.[63] This past stuck with him as one of the most used terms to refer to the president is 'CEO President'. This is intimately related to the way he ruled Korea from 2008 on, especially his focus on economics and growth.

Many studies have tried to explain the ideology behind his economic policies, which seem to be very hard to define. One study goes as far as saying that it is a mix of authoritarianism, developmentalism, growth ideology, as well as neo-liberalism. A mix that includes a state interventionist character and features of a corporate state.[64] Another study considers it to be a kind of stripped neo-liberalism where markets are less free than they should be, cuts are made on welfare and there is no social safety net.[65] Another way that Kim Dong Chun puts it is calling it 'Lee's neo-liberalism'; it does not exactly follow the rules of neo-liberalism because the way Lee rules also encompasses state intervention as well as insufficient freedom for the media.[66] Choi Young Hwa agrees with this and even goes a step further by noting that not only the media but academics as well are not free from state control, and there is very little room for critical studies because of government funding of research.[67]
An ideology both researchers agree on is corporate state-ideology.[68] Of course this goes hand in hand with Lee's past in one of Korea's biggest conglomerates. According to Choi the biggest difference between a state and a company is the care for public interest. According to him the Lee government lacks this because of its disregard for welfare and workers and it being more pro-business than pro-market.[69] The cultural policy is no different, with continuing references to competition and profits.[70]

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[63] ___. 2008. Profile: Lee Myung-bak. BBC News. 25 April 2014.
<http://news.bbc.co.uk/2/hi/asia-pacific/7150162.stm>
[64] 최영화 (2013), "이명박 정부의 기업국가 프로젝트로서 한류정책 - 전략관계적 접근법을 통한 구조와 전략 분석[The Korean Wave Policy as a Corporate-State Project of Lee Government : The Analysis of Structures and Strategies Based on the Strategic-relational Approach]", 경제와사회[Economics and Society], 97, p 253, 257, 279,
[65] 김동춘 (2010), "한국형 신자유주의와 기업국가로의 변화 - 이명박 정부 하의 한국의 정치경제 [Korean style Neo-liberalism and the change to state enterprise – Political economy under the LMB administration]", 황해문화 [Yellow Culture], 66, p 258
[66] Idem. p 261
[67] 최영화 (2013), "이명박 정부의 기업국가 프로젝트로서 한류정책 - 전략관계적 접근법을 통한 구조와 전략 분석[The Korean Wave Policy as a Corporate-State Project of Lee Government : The Analysis of Structures and Strategies Based on the Strategic-relational Approach]", 경제와사회[Economics and Society], 97, p 272
[68] Idem. p 278
김동춘 (2010), "한국형 신자유주의와 기업국가로의 변화 - 이명박 정부 하의 한국의 정치경제 [Korean style Neo-liberalism and the change to state enterprise – Political economy under the LMB administration]", 황해문화 [Yellow Culture], 66, p 263
[69] 최영화 (2013), "이명박 정부의 기업국가 프로젝트로서 한류정책 - 전략관계적 접근법을 통한 구조와 전략 분석[The Korean Wave Policy as a Corporate-State Project of Lee Government : The Analysis of

Both also make comparisons to predecessors of Lee Myung Bak's, Choi mentions there is little change in goals as far back as the Kim Dae Jung government. Much focus was given to creativity and diversity of culture, and nurturing the industry in the consecutive governments of Kim Dae Jung, Roh Moo Hyun and Lee Myung Bak.[71] The difference lies in the way they went about achieving their goals, which from Roh onwards was to belong to the top 5 in the world culture industry.[72]

Another comparison that is often made is the one with Park Chung Hee. According to Kim and Choi, the Lee government has some authoritarian streaks, and the model of corporate state is similar to semi-dictator of the sixties and seventies. As mentioned before, throughout the cultural policies the promotion of 'us' plays a big role. With regards to this Kim mentions that Lee is using the revival of the nation's economy in a similar way as Park used security of the nation in order to legitimize their policies.[73] In order to survive the global crisis of 2008 Lee uses the growth principle[74] and added to that the argument of shared benefits of the nation if the culture industry succeeds, in order to win over public opinion. Reference to this can be found throughout the White Papers, which we will start to explore now.

In analyzing the White Papers I have focused on its general main goals and policies, on foreign policies and on the mainstays of the Korean Wave namely: Film, Music and Broadcasting.

Structures and Strategies Based on the Strategic-relational Approach]", 경제와사회[Economics and Society], 97, p 257

[70] Idem. p 258 and White Papers

[71] Idem. p 256-257, 278

[72] This was not achieved by the Lee government either and postponed again to 2020 in the 2012 White Paper.

[73] 김동춘 (2010), "한국형 신자유주의와 기업국가로의 변화 - 이명박 정부 하의 한국의 정치경제 [Korean style Neo-liberalism and the change to state enterprise – Political economy under the LMB administration]", 황해문화 [Yellow Culture], 66, p 264

[74] 최영화 (2013), "이명박 정부의 기업국가 프로젝트로서 한류정책 - 전략관계적 접근법을 통한 구조와 전략 분석[The Korean Wave Policy as a Corporate-State Project of Lee Government : The Analysis of Structures and Strategies Based on the Strategic-relational Approach]", 경제와사회[Economics and Society], 97, p 268-270

2008

The 2008 White Paper is mainly an overview of the instruments installed by earlier governments and which of those the Lee government will use to keep building the industry. It also includes the results of most of these instruments, and matters such as import and export of the past few years. 2008 is kind of an in-between-year for the government. However there are some newly added instruments and some interesting matters, such as the establishment of the Korea Creative Content Agency (KOCCA)[75] or the repeated literal mention of soft power.

According to the government the role of policies should be one of counseling and (financial) support to ensure the autonomy of companies in the culture industry.[76] The goal of the culture content industry policy was accordingly; 'the fostering of culture content'. The vision of the ministry was a creative culture nation with strong soft power and to leap into the world's top 5 content industry powerhouses.[77] The ministry's strategy was one of selection and concentration and some its main focuses to achieve this all were the eradication of piracy and the protection of copyright, strengthening of creative skills as a core of the industry, improving the market environment so company's creativity could flourish, the strengthening of competitiveness and the support of expansion abroad.[78] Another matter was the convergence of content, like adding education, tourism and medical content to the mix, as well as expanding the current industry with fashion, design, food and others.[79] This way the government seems to aim at the goal of drastic expansion of sales and export by 2012. There were problems that needed to be addressed to attain this goal as well. In the policies improvement of market to become a friendlier environment, strengthened global competitiveness, improving investment system and supporting the creation of jobs were mentioned.[80]

The increasing Korean soft power and the view of Korea as a 'creative culture nation' is something the government would have liked to achieve through creativity and innovation, the role of the government in this was to improve technology, develop and directly support content and infrastructure in order to discover creative talents and develop new domains for business.[81]

Where budget is concerned, the government claimed it would not be frugal with its financial support[82], but when looking at the actual budget the ministry was given to work with it seems Lee has other focuses that lay outside of the cultural industry.[83]

From studying the White Papers we can tell that much focus is given to the world culture industry. If there is large growth in a sector or region in the world, Korea will focus on that part. For example the rapid growth of China and India or the focus on the game industry

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[75] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], Preface
[76] Idem. Preface
[77] Idem. p 3
[78] Idem. p 3-4
[79] Idem. p 5
[80] Idem. p 5-8
[81] Idem. p 11
[82] Idem. Preface p 2
[83] The total governments budget has risen 12%, the ministry's budget rose 6% and while the culture industry sector's budget also rose 17% the culture media sector dropped a whopping 20%, leaving the total rise of 4,5%. This is much lower than the rise of the total budget, or even the ministry's budget.

because of its sheer size.[84] As well as its focus on digital, online and mobile sector and the added value market, for example through focus on IPTV and Video on Demand.[85] As for music and film markets the focus lay on digitalization and rise of online markets as well as the need to fix piracy issues.[86]

For regions the same trends seem true. The government did not just focus on the developed countries with big markets, but also on the regions with large growth so Korea has a chance to occupy the markets there.[87] Growth in Asia is very important to Korea, since it is there largest export market, however the growth decline of Japan could raise issues because that is where most of the culture exports are focused.[88] Another focus for Korea are the BRIC countries, again because of their high growth.[89]

It is mentioned in the policies that the bigger the economy, the bigger stake countries have in the culture content industry, and large growth in economy also leads to large growth in the industry.[90]

The ministry's 2012 goal went hand in hand with hopes for a larger stake, growth in economy, visibility and being perceived as a world player. However in the prognosis of the top 10 in the industry Korea holds a 9th place, has the lowest annual average growth rate outside the top 5, and their share in the industry seems to be declining[91], so it is doubtful this goal is even realistic.

In its focus on expansion abroad the Lee government's main focus lay on financial support. There was support for coproduction, local incorporation, local service, distribution, production, market penetration and expansion, information offering, networking chances, promotion and consulting.[92] Focus lay more on exporting complete products than on expanding business abroad, although the government would have liked to take it to this next level.[93] The way it tried to accomplish all this support is mainly through its foreign offices in key markets[94], and because of importance attached to promotion and marketing also through participation in and holding of events, fairs and festivals. Support was mainly aimed at the SME that make up most of Korea's cultural industry. Another way to do this is the 'new market support project' where focus lay on participation in fairs in possible new markets. For example supporting non-drama series content in Africa, the Middle East and South America in the hope that interest is raised and the nation's image improves. But there was also support for market participation in current markets.[95] The goal of all these was to improve awareness and spread of content and improve chances and coproduction abroad.[96] One of the few new instruments in 2008 was the Global Content Center, where companies could get legislature and marketing consulting and one stop service for expansion abroad.[97]

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[84] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 41, 46
[85] Idem. p 43-45
[86] Idem. p 45-46
[87] Idem. p 48
[88] Idem. p 49
[89] Idem. p 50
[90] Idem. p 49
[91] Idem. p 50
[92] Idem. p 117
[93] Idem. p 118, 123
[94] Japan, China, England (for Europe) and the United States.
[95] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 122, 337-338
[96] Idem. p 121
[97] Idem. p 121-122. The one-stop service includes matters such as dubbing, subtitles, local promotion, etc.

These events and fairs were also part of the international exchange and cooperation that the government focused on. This is related to the lack of information, networking opportunities and awareness, but also to the desire to spread and continue the Korean Wave. For instance in South America these events were used because of the uncertainty of a potential market, distance and language barriers. And for continuation in existing markets, like the Japanese, events like the drama soundtrack festival were held in order to introduce new artists.[98] The main reason for such mutual exchange expressed in the policies is the anti-Korean Wave sentiment mentioned earlier. In the 'old' markets in Asia broadcasting exchange and support on imports was used to even out the imbalance of import and export. And seemingly having learned from earlier mistakes, the government started with these exchanges in newer markets, like South Asia or the Middle East and South America. In these exchanges focus did not lie on drama series, but on other genres as documentaries as to encourage mutual exchange and communication. In South Asia the government took exchange a step further and focused on information and people exchange to strengthen international cooperation as well.[99]

Another reason for the policy focus[100] of Lee government were FTA, especially the FTA concluded with the USA in 2007. The government saw the dangers as well as the opportunities these treaties present. A few of the reasons for pursuing these FTA were the tariffs and export benefits, favourable treatment and the strengthened international position it generates.[101] The USA and EU aren't the only economic powers Korea pursued, it tries to close as many agreements as possible[102] in order to make Korea visible in global economics and ensure the image of an economically healthy nation; gaining soft power.
The government was however aware that FTA lead to opening up markets further, and the influence it can have on industries with low competitiveness[103], therefore the a big focal point is increasing competitiveness. At the same time Korea used FTA to turn this danger into an opportunity as well, by learning advanced techniques from developed countries it has closed agreements with and bringing its own industry to the next level.[104]

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[98] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업 백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 126
[99] Idem. p 128
[100] Especially the focus on copyright protection and market competition.
[101] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업 백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 129
[102] Idem. p 130 (India, Canada, Mexico, Japan, GCC, Australia, Peru, a.o.)
[103] Idem. p 130
[104] Idem. p 134

2009

The 2008 White Paper was, although strong in voiced goals and visions, a very descriptive paper. The 2009 White Paper is much more to the point when it comes to what it is the government is actually doing.

It focuses very much on new markets and digitalization. And the reason is that the government felt these contents do not only have economic worth, but worth in improving brand image, which in turn can be a great contribution to the national economy; doubling economic value. There was also a need to fix investments, create jobs and create a more friendly market and for this KOCCA[105] was launched in May.[106]
The policy's core was increasing global competition and support for foreign expansion. The goal for 2009 was; Korea, vibrant through culture. The vision was to be a content power led by green growth[107], here the other attempt at being globally attractive mixes into the culture policy. The goal was to use the cultural industry as a growth engine, for a new leap in economy. This would also explain the change of the title of the industry from culture industry to content industry, which shows the intent of using culture as a product.
To achieve all this investment is important, so focus lay on foreign expansion and marketing. The problems lay in the lack of professional workers, investment protection system, fair distribution of profits and copyright issues. Strategies lay in financial support, improvement of the fair trade environment, focus on development of next generation and global killer-content[108], raising strategies per genre for increased competition as well as creation of new markets and the creation of a global cooperation system. Many of the strategies focused on the SME in the content industry, because the majority of the companies in the industry belong to this group, while the industry is monopolized by a few big corporations. In order to fix the imbalance and profitability small companies were the focus of financial support, because of their lack of power to attract investments.[109] Completion guarantees as well as export insurance support were expanded to lower the investment risk as well[110] in order to keep the stagnating movie industry going. Also the Global Content Centre provided service like export funding, marketing and legal agreement advice to help SME expand abroad.[111]
The budget assigned to the content industry in 2009 was 14% of the ministry's entire budget, and a rise of 44.5% from 2008. Together with the media budget, which decreased, it is a total of 17.2% compared to 13.6% in 2008.[112] The government seems to have been more committed to the industry in 2009.

The world market showed some instability mainly due to the financial crisis originating in the US[113] and showed a continued digitalization of the content markets.
The commercials, broadcasting, publishing and gaming sectors held 84.7% share of the entire market[114]; this is where the government focused its efforts. A more noticeable market effort

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[105] Korea Creative Content Agency (한국콘텐츠진흥원)

[106] Ministry of Culture, Sports and Tourism (2010), 2009 문화산업백서 – 연차보고서 [2009 Culture Industry White Paper – Annual Rapport], Preface p 1-2

[107] Idem. p 3

[108] These are, for example, CG, 3D or OSMU (One Source Multi Use) content.

[109] Ministry of Culture, Sports and Tourism (2010), 2009 문화산업백서 – 연차보고서 [2009 Culture Industry White Paper – Annual Rapport], p 5

[110] Idem. p 8

[111] Idem. p 10

[112] Idem. p 12-13

[113] This especially shows in the movie and broadcasting industry where there is a 1.1% growth and even 2.2% decline in market.

lies in the music industry in which the government was investing even though the predictions were the decline of the market with 2.7% until 2014, added to this is the fact that it is not even a big market to begin with.[115] One of the reasons for this effort may be the continuation of *hallyu*, especially in Asia. This may not be for direct economical benefits but for the visibility in the region, and globally and therefore may have much more to do with image and soft power than other, economically more viable markets.

Regional focus mostly lay on high growth markets like China[116] and Middle and South America, where the ministry focused its efforts on broadcasting which showed growth prediction of 7.7%.[117] Continued focus lay on the US, even though its content market is second to Europe.[118] This decision could be explained through two main arguments. For one, Europe is very diverse in language and culture, to adapt Korean content to this may just be too much of a hassle for too little payback for the Koreans. The US does not only have more cultural homogeneity, but also much stronger cultural soft power[119]. The idea that once you break through in the US the whole world will know about it may play part in the government's choice. Trying its hand at the US market, may be their short-cut to global fame, or recognition.

Different from the 2008 White Paper, foreign expansion now has its own chapter showing increased importance attached to the global market.

The overseas markets of Korean content lay mainly in the sales of complete products and licensing. The main ways to keep the industry going are sales, foreign investment, coproduction and local business establishment. The support measures provided to achieve this stretch from production, to market entry, distribution, market expansion support, and the needed information, network, promotion, consulting, business matching and such to do this. Efforts were exerted for the expansion of export and realization of a 'new *hallyu*'.[120]

To provide in support needed for businesses in the industry several instruments were used.[121] For instance the Content Export Information System (CEIS), which will be expanded in 2010, or the foreign offices.

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[114] Ministry of Culture, Sports and Tourism (2010), 2009 문화산업 백서 – 연차보고서 [2009 Culture Industry White Paper – Annual Rapport], p 39
[115] Idem. p 38
[116] Idem. p 40. Predicted music market growth of 12% until 2014.
[117] Idem. p 41
[118] Idem. p 39
[119] The worldwide influence of Hollywood for example.
[120] Ministry of Culture, Sports and Tourism (2010), 2009 문화산업 백서 – 연차보고서 [2009 Culture Industry White Paper – Annual Rapport], p 149-150
'New Hallyu' is the second wave of Hallyu now led by K-pop after a slow of drama exports in the mid 2000s.
[121] Ministry of Culture, Sports and Tourism (2010), 2009 문화산업 백서 – 연차보고서 [2009 Culture Industry White Paper – Annual Rapport], p 150-151

The foreign offices each have their local strategy and tasks:

The United States of America	- <u>Reason</u>: biggest content market - <u>Support</u>: networking / market information / marketing - <u>Strategy</u>: strategizing for coproduction and new market entry in South America (Mexico/Brazil/Argentina) - <u>Main projects</u>: Dari Awards / Korean Americans in Hollywood / Kor-US Culture Industry Forum / 100 Year Korean Manhwa Exhibition
China	- <u>Reason</u>: rapidly growing market - <u>Support</u>: information / networking / promotion - <u>Strategy</u>: 1. increasing brand image of Korean content 2. promotion and strategy per region - <u>Main projects</u>: Kor-China Enterprise conference / Kor-China Culture Industry Forum / music showcase & fashion show / game culture festival / In-depth market research / coproduction
Japan	- <u>Reason</u>: second biggest content market and biggest export market for Korea - <u>Support</u>: marketing consulting / business matching / market information / consumer demand / networking & collaboration / promotion - <u>Strategy</u>: Analysis of current *hallyu* status, understanding market and consumer demand to maintain market (focus on highly recognized genres) - <u>Main projects</u>: Fairs & competitions / Japanese experts seminar / drama OST festival
Europe	- <u>Reason</u>: raise awareness in large potential market - <u>Support</u>: market information & policy direction / forefront company analysis / networking / marketing activity / promotion - <u>Strategy</u>: increase interest and awareness of animation and the manhwa brand - <u>Main projects</u>: 100 year manhwa special exhibition in Britain / London Korea film festival; animation day / London Korea night

[122]

Through these foreign offices Korea attempted to have strategies adjusted to the specific region. There was for example no trace of *hallyu* promotions in Europe, because of unawareness of possible market at the time. This is exactly why the task of market analysis that these offices have been giving could be very important.
Other domestic instruments that were used are the holding international events such as the BCWW and DICON, and participation in international events with the Korean Pavilion.[123] As well as foreign media promotions through KOCCA, and the localization of products, to which aside from drama series and music, mobile contents were now added.[124] All of these instruments were to work together to improve the industry's changes in the global market.
The government also expressed the hope to change from project orientation to business orientation to fit long term direction of the global market and achieve its goal of being a top 5

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[122] Ministry of Culture, Sports and Tourism (2010), 2009 문화산업백서 – 연차보고서 [2009 Culture Industry White Paper – Annual Rapport], p 159-166
Made from descriptions of the foreign offices in the White Paper.
[123] 국제방송영상견본시 BCWW: Broadcast Worldwide and 문화콘텐츠국제컨퍼런스 DICON: International Content Conference.
[124] Ministry of Culture, Sports and Tourism (2010), 2009 문화산업백서 – 연차보고서 [2009 Culture Industry White Paper – Annual Rapport], p 156-157

content superpower.[125] However all the support systems were project focused, and would be for the coming years.

The problem of anti-*hallyu* sentiment is still very prominent to the government, it admits to the unbalance in export and see the government's business mindset came back to haunt it. Korea is adamant about solving this through international exchange. There were four exchange approaches: human, video, academic and cultural events. Human exchange is a way of networking and information gathering done through inviting opinion leaders to Korea for a Korea experience although it is also a way of promoting at the same time. Video exchange is done for introducing content as well as balancing the import-export field through reciprocation. The need to diminish negative sentiments is so high that profitability was ignored.[126] The other goal was priming possible new markets. Academic exchange is mostly accomplished through events like seminars, forums and workshops and has the goal to create networks, and mutually share information.[127] Cultural events are connected to tourism and demand, as they are set up for visitors to enjoy. Another device used in an attempt to fix the export imbalance is collaboration. Because of the imbalance the industry of the receiving country is inhibited, two-way cooperation and financial support are employed to fix this. Additionally this created diversity for viewers and was used for expanding existing and new markets.[128] The coproduction projects were said to help with cultural differences that bring on negativity as well.[129] Although this may not have been as big of a problem as the continued market imbalance.

The matter of copyright continued to play a part in the culture policies. The emphasis mainly came from the will to acquire more FTA and demands from ready made FTA. Because of these efforts Korea, as of 2009, was no longer on the watch list of the USTR Special 301 Report about copyright.[130] However perhaps a bigger concern was the loss of profitability from copyright infringement. With the quick spread of internet, the quick spread of piracy followed, especially in Asia.[131] Korea has implemented many projects to regulate distribution; from education and promotion programs in South East Asia, to the Korea Copyright Commission[132] and the copyright protection center, all set up to monitor and delete any pirated content.[133] The question is however how effective deletion will be.

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[125] Ministry of Culture, Sports and Tourism (2010), 2009 문화산업백서 – 연차보고서 [2009 Culture Industry White Paper – Annual Rapport], p 159
[126] Idem. p 168-169
[127] Idem. p 170
[128] Idem. p 172
[129] Idem. p 173
[130] Idem. p 204
[131] Idem. p 199-202
[132] Formed in 2009 from the integration of PC program protection committee and the copyright committee.
[133] Ministry of Culture, Sports and Tourism (2010), 2009 문화산업백서 – 연차보고서 [2009 Culture Industry White Paper – Annual Rapport], p 200, 207

2010

For 2010 the focus lay on the rapid growth of next generation content, following global market trends. Another focus was K-pop as it had been spreading more and more throughout Japan and Europe and had positive effects economically and on national brand. However to use the industry to lead the economy chronic problems needed addressing and global competition needed to be improved.[134]

In 2010 the government wanted to link the industry to the nation's strategy; through the G20 summit promote Korean content and restart *hallyu* for national image and brand improvement and its direct and indirect effects on the economy. The vision entailed 'A content powerhouse leading creative economy', for this the goal was to secure the industry's global competitiveness. In order to achieve this, the strategies were to put content on the national agenda, to create global content and train creative talent.[135] To put the industry on the national agenda the 'content industry development board' was created including participation of 11 ministries. By focussing efforts on next generation content, new markets and the globalization of *hallyu*, the government aimed to improve national dignity. This is mainly led by the notion that while being the 13th largest economy in the world, the nation brand only held a 33rd place and the will to improve this.[136]

In the focus on popular culture and next generation content, problems to take care of were piracy and unfair trade environment that inhibited investments and profits. Other weaknesses were the lack of global content, ministerial cooperation, core workforce and lingering anti-*hallyu* sentiment. Another way of improving markets was the expansion into the European market following the signed Korea-EU FTA agreement late 2009.[137]

The budget did not completely relate to the expressed focus as even though the ministry's budget went up, the content budget actually decreased to 13.6% of the entire budget. The *hallyu* promotion budget as well decreased from 2 billion to 1.8 billion Won[138] which is not compatible with the government's expressed strategy.

2010 was a good export year for Korea showing 18% growth and a staggering 158.9% growth in the music exports through *hallyu*'s spread.[139] 2010 ended well for Korea with a trade surplus.[140]

The world market seemed to have recovered from the crisis with 7.7% growth, especially in the online and mobile areas. North America and the EU together held about 70% of the market and Asia a little over a fifth.[141] The focus of the Korean government in 2010 is again in line with global trends and growth. New trends in broadcasting were the rise of smartphones and Smart TV as well as online services, which were closely observed and followed. The EU showed quickest growth in IPTV, useful for market entry, and mobile TV

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[134] Ministry of Culture, Sports and Tourism (2011), 2010 문화산업 백서 – 연차보고서 [2010 Culture Industry White Paper – Annual Rapport], Preface

[135] Idem. p 3, 6

[136] Idem. p 5-6

[137] Idem. p 5, 7-8

[138] 2009: 2.029 백만원 and 2010: 18 억원

[139] Japan, China and South East Asian region exports grew with 7.7%, 59.8% and 29% respectively. North America decline as a continuing result of the crisis, however the EU region grew with 18%. Japan is still the largest export market, followed by China.

[140] Ministry of Culture, Sports and Tourism (2011), 2010 문화산업 백서 – 연차보고서 [2010 Culture Industry White Paper – Annual Rapport], p 30-35

[141] Idem. p 37-39

markets were led by China, Japan and Korea.[142] This is important for Korea as these are Korea's largest markets. What stands out is the prediction of the EU becoming the largest broadcasting market in 2015, but the lack of strategic response in the policies. Again confirming the importance attached to the US market and seemingly difficulties in trying to wrap their heads around the more complicated EU market even with expansion interest expressed after the conclusion of the Korea-EU FTA.

One of this year's focuses was next generation content; these are for example CG, virtual reality & world and digital and mobile content. The reason for this was to tap into new markets, foreign expansion, matching global trends and diversifying content in order to reach the global cultural nation top 5.[143]

The continued focal point for the government was global competitiveness. To increase competitiveness the government continued to support creation of OSMU content.

What is new however was the aim for a creative economy, to achieve this and create jobs at the same time KOCCA created a 'one person creative company' one-stop support for beginner businesses with creative ideas. Beyond financial support it includes education, consulting and branding support to create a new economic ecosystem.[144]

Because the industry consists of mainly SME, investment plays a big role in increasing competitiveness on a global level. Supporting SME was done for instance through the global fund, that supports global projects, and the fund of funds.[145] To reduce investment risk the completion guarantee system was started in 2008 and laws were adapted in 2009, however the interim evaluation models were not quite ready. In 2010 models for broadcasting, film, games, animation and character sectors were developed and in 2011 models for the mobile and performance sector should be completed. However piracy and copyright infringement ran free and the market demands were uncertain so investment risks remained high.[146]

In 2010 the support for foreign expansion was continued through holding and participating in fairs, coproducing, events and more. The biggest problems companies were facing are lack of network, market information, professional workforce and capital. In response to the information problem the CEIS was expanded to an English site introducing Korean content to foreign buyers.[147] The GCC and foreign offices together provided most support like the Korean Pavilion at fairs, reproduction support and some newer activities. For instance the 'global story development' support, which was set up because of the increased dependence on foreign originals, chose winners who were judged on their global appeal.[148] Another was the global content production support and marketing that supported development of content aimed at the global market to, once again, increase awareness and improve image as well as have a positive influence on exports.[149] Events like Korea Night, to promote Korea and its content globally, were aimed at rising and strategic markets. The Asian market was strong and maintained with events as the *hallyu* stars fair in Taiwan, but new markets like the Mid and South American were also focused on; for example through the road show connected with an

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[142] Ministry of Culture, Sports and Tourism (2011), 2010 문화산업백서 – 연차보고서 [2010 Culture Industry White Paper – Annual Rapport], p 43, 53
[143] Idem. p 80-81
[144] Idem. p 119, 121-122, 127
[145] Although in 2010 the government did not invest in the fund of funds and its range dropped quite a bit. Ministry of Culture, Sports and Tourism (2011), 2010 문화산업백서 – 연차보고서 [2010 Culture Industry White Paper – Annual Rapport], p 137, 142
[146] Idem. p 140-142, 144-145
[147] Idem. p 159
[148] Idem. p 167
[149] Idem. p 168-169

export conference to promote and market content in new markets.[150] Other key markets were the American and Chinese markets because of their major influence and large growth. And in order to reach their top 5 and export results goal, US and EU markets needed to be consolidated.[151]

Strategies for the foreign office support did not change much. The LA office made a video site through a joint venture with NBC and Fox to release Korean dramas, of which viewers are 70% non-Asian. But strategy-wise nothing changed.[152]
In China strategy was still to battle anti-*hallyu*, so analysis of regulatory policies and barriers was deemed necessary. Also setting up forums like the Chi-Ko membership forum to increase cooperation between the two countries and extra promotion to strengthen content brand image was part of the strategy.[153] In Japan focus lay on expanding domains, especially digital and K-pop. For this new network and market info was needed. The *hallyu* boom expanded to a K-pop boom and so strategies were adjusted to follow market trends in K-pop and new media. One of the changes was to hold a 'K-pop night in Japan' in stead of the OST events of years past. Through this music event, coupled with a business exchange conference, the government sought *hallyu* expansion, to raise interest, get media exposure and to 'show the superiority of K-pop'.[154] A phrase often mentioned in the policies that is a mindset that might get them into trouble of spreading of anti-*hallyu* sentiment elsewhere. In the EU focus still lay on networking and marketing through events and fairs. The government supported local *hallyu* exports to introduce content and the attending of film festivals. In order to increase awareness and brand the government focused on hosting more events.[155]

In 2010 the government finally recognized the power of YouTube and social media in the spread of *hallyu*. Thanks to these, cultural exchange spread all over the world, however within Asia some perceive *hallyu* as a sort of cultural invasion and the export imbalance continued to need mending.[156] People exchange continued as it has and adds South Africa to the exchange list trying to use the momentum of the World Cup increase visibility. Video and academic exchanges were similar to previous years[157] and cultural events were now mostly focused on music in Asia after the K-pop boom. Such events were held to increase sympathy and understanding for cultural characteristics in the hope that such cross-country exchange would have a good influence on economic, social and also political sectors. Exchange and cooperation were pursued mostly because of the idea of lightness of culture and the use of it to open hearts.[158] Through this, positive image may be spread or even political or economic goals can be pursued.

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[150] Ministry of Culture, Sports and Tourism (2011), 2010 문화산업 백서 – 연차보고서 [2010 Culture Industry White Paper – Annual Rapport], p 164, 166, 169
[151] Idem. p 169, 172
[152] Idem. p 173-175
[153] Idem. p 175-176
[154] Idem. p 177-180
[155] Idem. p 180-182
[156] Idem. p 183
[157] Idem. p 184-187
[158] Idem. p 183, 188

2011

In 2011 the world's financial crisis seems to have little effect on Korea as its culture exports spread worldwide. To take it to the next level the government focused on helping to spread *hallyu* online digital content by linking the content industry's next generation content, mobile content, apps and social networking to the IT industry. Chronic problems of the industry were to be fixed through cooperation of the entire nation in order to lay a basis for global competitiveness.[159]

As other nations around Korea also zoom in on the culture industry, for example Japan using it for soft power, and cars and IT for economic growth, pressure on Korea increases. So the content industry again needed to be put on the national agenda. The government still focused on next generation and 3D content, but new was the focus on social media that helped Korean culture spread beyond Asia. Korea still ranks 9th in the content powerhouse top 10 and it hoped to improve its ranking by fixing problems like competitiveness and lack of cooperation in the domestic market.[160] Government support was divided into three categories; Policy, function and genre support. Policy support focused on the content now deemed most important to industry growth; next generation content. Especially smart content because the spread of smartphones and the release of the Smart TV. Other support was to encourage more cooperation between service, content and device manufacturers, because of lack in distribution, so to create better infrastructure. And the continued problems of unfair trade were to be solved by voluntary cooperation between big and small companies, using big companies funds and marketing to help the smaller companies increase their chances in the global market. For this a shared growth committee was set up and a 'content dispute resolution committee' was introduced.[161] Functional support consisted of the continuation of the loan payment guarantee system and evaluation models in order to address the funding issues of SME. For the expansion of *hallyu*, committees of involved companies were set up to encourage expansion, pro-*hallyu* people were used for exchanges and the production and distribution of global content was supported.[162] In order to incite growth focus lay on new foreign markets, the use of Korea as a location in films and 3D technology and a professional workforce. For music the focus lay on increasing creativity and further expansion. Using SNS marketing and internet for further spread, while at the same time solving problems concerning agency and artists' conflict and the remaining anti-*hallyu*.[163]

Budget-wise this year's content industry did not only decrease in percentage, but also in actual funds. Even though the budget of the ministry stayed the same, the total budget of the government rose 4%, but the content industry actually decreased 3%. Media budget went up and together content and media hold 18.5% of the ministry's budget. *Hallyu* promotion budget was reduced again this year.[164] Such reductions in budget still do not measure up to the proclaimed focus of the government.

One of the changes in the 2011 White Paper is the switch of the chapter order of the chapters on domestic markets and global markets. Where the chapter on domestic market used to come

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[159] Ministry of Culture, Sports and Tourism (2012), 2011 문화산업백서 – 연차보고서 [2011 Culture Industry White Paper – Annual Rapport], Preface
[160] Idem. p 25-26
[161] Idem. p 28-29, 108-109
[162] Idem. p 29-31
[163] Idem. p 32, 34
[164] Idem. p 35-37

first the chapter on global markets now comes first, showing the importance given to the foreign trends.

World market had a low growth (4.3%) because of the EU crisis. Music markets shrunk but both the broadcasting and film markets grew. Important to the Korean market was the broadcast growth in Asia of 8.8% and in Mid and South America of 10.6% as well as a film market growth of 7.6%. The EU and North America had almost equal shares in the global market but focus continued to be on America. South America held a small share but showed rapid growth. In Asia China and India showed growth rates of over 10 percent.[165] Korea continued to focus on high growth markets.

The film industry's main growth lay in box office, commercials and digital markets. Digital sales were the drive of the industry and 3D continued to be the buzzword in 2011 too. 8.0% and 7.6% growth in Asia and South America keep the markets interesting for Korea.[166] Music continued its decline, but digital markets grew more than 11% and by 2014 the market should switch to growth. The broadcasting industry continued its growth through mobile and VOD markets.[167]

Korean export rose 33.3% this year, while import decreased. Film and music showed a staggering growth of 114% and 121.1% respectively. Korea again achieved a trade surplus as exports were double the imports. Exports to Japan and China grew 29% and 21%, while imports only grew 3.8% and 2.9%[168] increasing the imports and exports gap that has caused anti-*hallyu* sentiment in the past. Such numbers leaves one sceptic of the implemented policies to eradicate said sentiment.

Focus continued to be next generation content and its entry into new and global markets. There were some novelties like focus on additional markets like virtual reality using idols to sell these contents abroad[169] and increasing competitiveness supporting fusion between media and platforms in making next generation content.[170] Moreover a shift from IPTV focus to smart content focus happened this year. Conferences and award shows were held for the promotion of smart and mobile content. And a commercialization support center was set up to help with technical difficulties and other support to develop smart content.[171]

Competiveness continued to play a big role in the policies as it even holds 50 pages in this year's White Paper. Just like 2010, the government was committed to increasing creativity through idea commercialization and one person creativity companies. For this, support was increased with extra promotion through fairs, events and metro and newspaper exposure. As well as extra business matching and networking support. The categories were also expanded to include publishing and the music industry. In the coming years a link must be made between creative companies and manufacturers to help these SME along.[172]

Continuing from 2010, also, was a spotlight on commercializing traditional culture. In 2011 this included promotion through films, drama and documentaries.[173]

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[165] Ministry of Culture, Sports and Tourism (2012), 2011 문화산업백서 – 연차보고서 [2011 Culture Industry White Paper – Annual Rapport], p 41-43
[166] Idem. p 45-46
[167] Idem. p 48-49, 54-55
[168] Idem. p 70-73
[169] Idem. p 112, 116
Namely the group KARA to increase sales chances in Japan and China
[170] Ministry of Culture, Sports and Tourism (2012), 2011 문화산업백서 – 연차보고서 [2011 Culture Industry White Paper – Annual Rapport], p 114
[171] Idem. p 111, 117-118
[172] Idem. p 156, 158-159, 163
[173] Idem. p 165, 168

Financial support is maintained, as in 2010, with the global content fund and completion guarantee system, but was expanded to domestic content now as well as export content. KOCCA managed the funds of the completion guarantee system and evaluated the content. This year the government resumed its investment into the fund of funds.[174] A mutual aid was set up to replace the Munsan fund[175] in order to help the SME in their difficulty to raise capital.[176]

Creating a fair trade environment has been on the agenda for years, but in 2011 there were some changes. More links were needed between distributors and producers as currently distribution was based on distribution oriented production and this inhibits diversity.[177] Attempts to fix this were done by starting a fair trade legal advisory group that was to help SME in preventing unfair business practice. As well as setting up an education program and the making of a standard contract manual.[178] A content dispute resolution committee, that can provide legal, academic, industrial and user protection was set up to help solve disputes between companies or consumers. But the government also worked to set up alternative dispute resolution instruments by researching those existing in other countries. Such ADR instruments that are needed as international cooperation and activity increases and so will the disputes. The committee works in order to restore fair practices.[179]

Foreign market entry continued as before with export meetings and content promotions. Market participation support was extended to fit the new focus on next generation and mobile content.[180] Korea continued pinpointing emerging markets like Russia as a gaming market and the starts of *hallyu* in India. That was pursued extra by holding road show promotions and holding K-pop concerts to feed the drama and music craze, such events were now marketed through new media like YouTube and Facebook.[181]

Such rising demands in new markets also lead to the challenge of protecting Korean copyright abroad. This and the rise of torrents caused piracy to rise further despite continued efforts to eradicate it. While copyright protection efforts were initiated mostly because of the FTA with the US and the EU, now Korea follows suit in global efforts like ACTA. Besides the FTA, reasons are simple; even through there is high demand for Korean content its exports are only 0.7% of Korea's total export and the soaring piracy is inhibiting exports as well as profits. Foreign copyright protection centers continued their efforts and plans were to add a new center in the Philippines in 2012 to deal with the *hallyu* spread and copyright issues in South East Asia, as infringement in Asia remained high despite monitoring and deletion efforts.[182]

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[174] Ministry of Culture, Sports and Tourism (2012), 2011 문화산업백서 – 연차보고서 [2011 Culture Industry White Paper – Annual Rapport], p 173-175

[175] abolished in 2006

[176] Ministry of Culture, Sports and Tourism (2012), 2011 문화산업백서 – 연차보고서 [2011 Culture Industry White Paper – Annual Rapport], p 179-180

[177] Idem. p 183

[178] Idem. p 187-188

[179] Idem. p 195-197

[180] Idem. p 212-213

[181] Idem. p 214-216

[182] Idem. p 217, 235, 243-244, 247, 254-255

2012

In 2012 K-pop and *hallyu* made sure export growth continued and in order to keep this development going the government wanted strategies to expand export and increase global competitiveness. A culture commerce team was set up to fix chronic problems with copyright and investment. In 2011 Korea rose to the 8th place in the content country top 10, not quite making it to its top 5 goal yet, and there was a need to heed the quick rise of China.[183]

The government actually complements itself, and the industry, on their long-term efforts to raise awareness of contents and international competitiveness resulting in an export growth of 7.5% thanks to the rise of the smartphone and continued spread of *hallyu*.[184] The vision for 2012 was 'culture creating a bigger Korea'. This year's main goals and challenges lay in the creation of new markets through different strategies per region. For example the emerging markets (EU & South America) were to be activated through exchange cooperation and promotion, and potential markets (Middle East & Africa) were to be tapped into through people exchange and official development assistance. Here the government strategically combines two types of soft power instruments to increase their market; culture and aid. This year, contrary to 2011, we see the return of the wish for improving the nation brand through content as well. Other focuses lay on increasing global network, create symbiotic development between large and small companies, and continued focus on next generation smart content.[185]

The 2012 budget showed improvement. The ministry got 0.94% of the government's entire budget this year and the cut for contents went up this year to 13.4%, while media went down a little but together they pulled 19% of the budget. The budget for contents rose over 85% since the beginning of the Lee Myung Bak administration.[186] Very noticeable is the immense increase in *hallyu* promotion budget, which was declining before. This budget is suddenly increased to 70 billion Won, where it was a mere 17 billion last year[187], showing the governments increased interest and recognition of the phenomenon.

This year Korea's own market returned to first place before the world market in the policies' chapter order. Export rose with 34.9% and music exports rose over 135% because of *hallyu*'s popularity. Film and broadcasting also increased 16.5% and 20.4% respectively. And Korea's biggest content market, games, holding 55.9% of all export also grew almost 50%[188]. Imports grew slightly but Japanese imports rose greatly, almost 134%, slightly reducing the imbalance. However Chinese imports, where most problems lay, only grew 31%.[189]

The world market prospects looked good and even showed growth in the music industry and in Korea's main market, Asia, even 10% growth. Film showed low growth because of the crisis and a weak 3D market, but in streaming markets grew. Music finally showed a positive

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[183] Ministry of Culture, Sports and Tourism (2013), 2012 문화산업 백서 – 연차보고서 [2012 Culture Industry White Paper – Annual Rapport], Preface

[184] Idem. p 29

[185] Idem. p 29-35

[186] Idem. p 41

[187] Idem. p 42

[188] Japan is still their biggest market and grew over 50%, China is second with almost 50% growth, and America, Europe and South East Asia also show steady growth.

[189] Ministry of Culture, Sports and Tourism (2013), 2012 문화산업 백서 – 연차보고서 [2012 Culture Industry White Paper – Annual Rapport], p 54-57

growth number of 7.5% mainly through digital and performance markets. However the North American market, not the Asian market, showed the largest growth in this industry.[190]

Like 2011 the government continued to try and make the industry more advanced and competitive before markets fully open up. This means attention was given to fair trade. Uneven relations between publishers and creators and difficulty in predicting popularity of a product caused low prices to be paid to creators, and even when much profit is made, it would not be distributed fairly. So in order to protect actual competition and trading partners the government changed legislation about matters as monopolies and unfair business practice. It was also busy holding seminars and meetings in order to set up cooperation channels. Current unfair trade could be holding back possibilities for the future of the content industry; smart and *hallyu* content. The government called on everyone, including large corporations to put in effort and support SME and establish competition principles and culture to create a fair environment.[191]

Hallyu was by now recognized by the government as much that it has been given its own chapter in the White Paper of 2012. Lee wanted to focus on quality growth and different strategies per market. For mature markets strategy was centered on two-way exchange to relieve anti-*hallyu* sentiment because monitoring of this phenomenon had been lacking. Cultural exchange was said to be done for mutual understanding, but also, as previously mentioned because, in stead of political or economic areas, culture is light and opens hearts more easily. So such exchange is definitely a soft power instrument to the government. Peoples exchange basically remained the same, though university journalists were added to the invitees in order to create a Korea friendly network. Video exchange continued as before especially focusing on China and Taiwan where legal and institutional regulations restricted spread of content. Such mutual exchange was continued as it was believed to have good effects politically, economically and socially and believed to play a role in understanding and empathising with cultural characteristics. Some new projects were a 2K12 Korea Night performance in Canada Music Week and the support for communities and fan clubs abroad. This included sponsoring events and necessities for existing fans as well as to create opportunities for the creation of new fans. In developing countries, along with medical care and such, contents were 'donated' in order to create a positive image about Korea and its companies, while at the same time creating a base for content consumption.[192]

New market support continued in Colombia and Dubai this year. In Colombia an export meeting and other exchange events like a K-pop performance and documentary screenings were held, all to gauge the possibility of foreign expansion in Colombia. Response was good and events as these have helped establishing cultural partnerships in an area where little content exchange had taken place. It is even noted that and closing an FTA with Colombia could be the bridge to enter the South American market.[193] Clear evidence of Korea using cultural events to create economic openings, for a FTA would not only mean content export but also open ways for export from other industries.

In Dubai most interest was shown in animation, as such content has less *cultural discount*, making Korea realize that different markets need to be catered to with different genres. With the worldwide popularity of K-pop and drama series, the government came to the conclusion

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[190] Ministry of Culture, Sports and Tourism (2013), 2012 문화산업 백서 – 연차보고서 [2012 Culture Industry White Paper – Annual Rapport], p 61, 63-64, 67-68
[191] Idem. p 122-125, 129-131
[192] Idem. p 152-154, 156-159
[193] Idem. p 161-163, 165-166

that besides export meetings, showcases and exchange events and company presentations were needed to utilize *hallyu* more.[194]

The foreign offices continued their work mainly the same as previous years. In the EU focus remained on information and policy direction research, analysing advanced businesses, marketing and promo but even though the spread of K-pop in Europe is often mentioned in the White Papers, the EU foreign office continued its focus on animation and does not expand further, possibly missing out on opportunities.[195]

In 2012 the goal of being a top 5 content country has not been reached, Korea is stuck at a 9th or 10th position, and the government pushed to go beyond the domestic market and attain a business system that targets the global market.[196] They however do not get into details on how exactly this is to be attained.

Legislation changes needed to be made in order to continue the world conquering force of *hallyu*. Most changes focused around copyright, strengthening competition and support measures. This has most to do with the EU and US FTA that entered into effect in 2011 and 2012. This meant markets were to open fully and Korean companies had to compete with foreign corporations.[197] On the other hand continuation of *hallyu*, and evolvement into *hallyu* 3.0 or K-culture was on the agenda. To do this competitiveness needed to be improved, foreign expansion needed to be strategized, support systems were needed and two-way exchange enabled. Aims were a single market in China, Japan and Korea through coproduction and co-funding, co-production with the US and EU and enabling development assistance in South America and India.[198] The goal of getting into the top 5 content country goal had now been postponed to 2020, as well as improving the nation brand that in 2011 had improved to a 20th position, the goal now for 2015 was adapted to a 10th position.[199] To achieve all these goals the government's strategy was to continue improving competiveness through focus on *hallyu*, digital markets, creativity and stories. But also strengthening the industrial basis through focus on fair trade, distribution, diversity and copyright. Strategizing foreign entry through one stop support and fostering of a global market. And maximizing the Korean Wave by adding new industries like fashion and tourism, and spreading a favourable image of Korea through content.[200]

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[194] Ministry of Culture, Sports and Tourism (2013), 2012 문화산업 백서 – 연차보고서 [2012 Culture Industry White Paper – Annual Rapport], p 166-167

[195] Idem. p 170-174

[196] Idem. p 175

[197] Idem. p 270, 277

[198] Idem. p 274

[199] The question is however how much this improvement had to do with Hallyu spread and how much it had to do with other factors such as the rise of Samsung in the TV and mobile market.

[200] Ministry of Culture, Sports and Tourism (2013), 2012 문화산업 백서 – 연차보고서 [2012 Culture Industry White Paper – Annual Rapport], p 275-277

Film, Broadcasting and Music (2008-2012)

Because film, broadcasting and music are the mainstays of Hallyu I focused extra on these industries in the separate chapter they were given in the White Papers. In this chapter I will give an overview of these three industries and their evolvement during the Lee administration. Through this we can for instance see how the movie industry came out of a slump through continued support of the government. But also the rapid rise and increased importance attached to the music industry.

In the *film industry* we see a stagnant market and the government trying to restore it, beginning at the domestic market advocating the rise of quality, creativity and diversity. The Japanese market held about 40% of the entire industry's exports so the government tried to tap into new markets for market diversity, laying hopes on international movie awards and brand image to create these markets. As much content was unsuitable for foreign sales the governments pushed for foreign market aim from the beginning of the production stages. Even though joint ventures with Japanese companies and coproduction with Universal were good prospects exports continued to fail. The ministry continued to pump money into the industry. Exports in 2010 showed a rise of 72% in Europe because of higher awareness through award winning films, as well as a rise of 262% in the Middle East under the influence of the K-pop and drama boom, however market size there remained small.[201]
In 2011 however the industry seems to recover as visitors, sales and export all rose and Korean films dominated the domestic market. Prospects were good as Asia, a region where over half the export market is concentrated, showed 34.3% growth because of Chinese and Japanese market growth. To further the market foreign offices were given the task to enable international coproduction because international networks and promotions were lacking. Strategies per region differ as business matching, joint ventures and the break from remakes is desired in the US market, in the EU coproduction through the KO-Production project is pursued and focus lay on promotion of popular directors. In Japan coproduction was actively sought after in hopes of, through this, increasing chances in the US and EU markets. In China and South East Asia it was deemed important to manage completion of projects and network through coproduction as well as business matching and networking with the Chinese government because of the import quotas, inspection systems and other policy restrictions.[202]

A big factor in the industry's stagnation was high investment risk due to low profitability. As *hallyu* rose in the early 2000s, production prizes rose with it, but the low returns in the later half of the decade caused high investment risk. So the government started to urge on lower production costs and investing directly through funds such as the fund of funds and the film development fund. That was until 2010, when middle budget films were encouraged as low budget would be too harmful to small companies. The preferred method then was even profit distribution to prevent profitability erosion and to reduce investment risk. In 2012 results showed as the industry again improved and even the profitability returned to a positive number thanks to a good amount of block busters.

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[201] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 171, 191
Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 247-248, 257
Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 262-263
[202] Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 306-307, 309, 313-314

Year	2008	2009	2010	2011	2012
Profitability	-43.5%	-13.1%	-11%	-4.6%	13%

The huge popularity of Korean films domestically, caused importers to pay attention to Korean films and exports again rose. But this time even the price per film went up, a first since 2008. The popularity of K-pop also added to the demand in foreign markets.[203] Furthermore the government focused on new media and additional markets. Because of digitalization, education was needed for the work force and the film academy and a re-education program were set up. To nurture new media like IPTV and Video on Demand markets many committees were set up and, added to these fast growing markets, the mobile and smart markets rose in 2011. Yet these markets faced serious piracy problems so measures were taken such as a council set up in 2008 to monitor and delete illegally uploaded materials.[204]

As the 3D film hit big in 2009 focus shifted to this market as well. The government was very much involved in supporting and researching this new additional market niche in hopes of entering the global market. It felt the need to support it because the market was still very unsure, production costs were sky-high and SME were incapable of changing facilities to accommodate 3D production. The government therefore wished to create these facilities to encourage a fair trade environment as this change increased large company monopolies even further. Much support is allocated to develop 3D production, however admittedly late in the game. The will to be a step ahead of technology is expressed, but Korea continues to follow rather than lead the trends. The unsure market showed itself in 2011 and 2012 when additional markets dropped and by 2012 only a fourth of the 2010 3D market was left, mainly because of a re-emergence of the US in this market.[205]

As mentioned earlier SME had a hard time keeping up with the digitalization and 3D changes, thus increasing monopoly in cinema and distribution markets. As monopoly increased investment chances for SME shrunk impeding the desired diversity for quality products and market expansion. Therefore the government wished to create more medium sized companies and actively supported smaller companies through KOCCA. In 2008 the fair trade commission already took corrective measures for position abuse of multiplex chains and large

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[203] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 173, 181, 186, 190

Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 248, 258, 274

Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 293-294, 318-319

Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 317, 319, 329, 332

[204] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 186-187, 189

Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 249

Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 291, 293-295

[205] Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 249, 255-256, 258-259

Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 247, 253-254, 267, 269-270, 273, 275

Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 291, 293-295

Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 333-335

distributors. The government set up a special committee that runs a report center, monitors the industry and makes standard contracts. However it is doubtful how effective the measures are when only major companies have seats in important committees that discuss the future of the industry. To fully fix the problem smaller company's capital problems must be fixed.[206]

In 2011 the policies took a new direction in encouraging cooperation between large and small companies. A mutual growth council was set up where 8 large corporations and 14 film groups took place and discussed their industry's issues. However measures seem lacking as four cinema chains in 2012 held 83.7% of all cinemas compared to 2011's 77.4 percent. The screening percentage even rose to 94.5, which is almost absolute.[207] SME continued to be vulnerable as promotion and marketing for releasing films was too expensive. Added to this was the industry's focus on large corporations. More support was added in 2012 like the release funded support that was set up in order to foster mid-size companies. Or the film council supporting previews at film festivals in order to expand global markets. But also supports for increase in coproduction, Korea as a film location, strategies per region and Asia as a common market were set up. Including 'KO-production' that offered one stop support for coproduction and the new China film business center established to increase coproduction with China.[208]

The government also would have liked to link broadcasting and film as producers and publishers see it as one industry, but politically support is separated. The government saw itself in a mediating role because results were good, but the industry was immature. The inequality between large and small companies was big and the results of the industry were not up to par with other industries.[209] So it seems government meddling will continue in this industry for many years to come.

In five years the *music industry* grew after a drop in exports in 2007 and the change to digital and online markets. In 2008 the main market was still Japan and even though west Europe and the US held only a slight market share they showed major growth. Markets in Taiwan and China, too, recovered. In 2009 exports grew over 90%, including 30% in China, 93% in Japan and over 145% in South East Asia. Imports have also increased after the inauguration of Lee Myung Bak and imports to Japan doubled in 2008 and showed 10% growth in 2009, a growth rate far above other regions creating fewer imbalances in import and export. Less such results are accomplished in Chinese markets. In 2010 exports went up a staggering 116%, now being 5 times as large as 2008. The industry grew as online markets grew and performance markets grew through the growth of festivals and pop concerts. In 2011 creation of performance halls, rise in pop concerts and the use of idols in musicals, as well as the rise of the smartphone caused growth in the industry. Exports rose over 135% and as the first expansion into Europe was made through the Paris SM Town concert, exports to the EU rose like never before; over

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[206] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업 백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 178, 187, 192-193
Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업 백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 235, 256-258
[207] This used to be five chains but Sinus fused with Megabox.
[208] Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업 백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 299, 316
Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업 백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 325-326, 336-339
[209] Idem. p 342-343

a 1000%. Japan and China steadily grew with 134.8 and 88.5% respectively and Asia still held 97.1% of the entire export market.[210]

There were some returning issues in the music industry. Like other industries anti-*hallyu* sentiment impeded production and distribution and the strategy to amend the problem was increasing mutual cooperation in Asia and to expand into new markets like the USA and Europe.[211] Other concern lay with copyright infringement and it causing stagnation in the digital markets as well as missing profits. As smartphones entered the picture piracy thrived in that market as well.[212] The hard battle against piracy shows that no matter how attractive soft power is to the government, economics come first.
Uniformity was also a major issue as shown by the disbandment of Dong Bang Shin Ki, an idol group that held high stakes in the Japanese market. As the market remained dependent on few idol groups the government, throughout the years, supported projects as the new singer and indie musician project to discover new artists and diversify markets. These measures included support for album, music video and concert support. In 2012 results seemed to show as indie bands and hip-hop artists' breakthrough and companies like Cube and FNC seemed to break the long rule of the Big 3, meaning smaller companies might finally stand a chance.[213] Trends in the industry were those of digitalization and change to online and mobile markets. Growing markets like the performance market and singles market grabbed the attention of the government. As did OSMU content, that combines different genres to create synergy and promote for instance music used in a popular drama to create additional profit. And while many years were spent raising artists in foreign markets like Japan and South East Asia, now the industry saw the rise of social and new media like YouTube making world wide marketing

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[210] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업 백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 217
Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업 백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 290-291
Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업 백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 310-311, 315
Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업 백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 349, 351
Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업 백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 360-361
[211] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업 백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 299
[212] Idem. 224, 228
Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업 백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 287
Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업 백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 305, 316
[213] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업 백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 224-225
Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업 백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 292-297
Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업 백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 302, 312
Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업 백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 347, 353-356
Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업 백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 369-372

easier. The government felt social media should be linked to the industry to create streaming and downloading service and used for marketing.[214]

As domestic companies finally seemed to realize the importance of K-pop to the continuation of *hallyu* much attention was given to market participation. For overseas expansion festivals and showcases support was the government's main measure to spread awareness of *hallyu*, creating networking and information exchange opportunities to strengthen international competitiveness and for direct marketing. For example 'Feel Korea! K-pop Night' in Shanghai in 2009 or 'K-pop Night in Japan' launched to create new fans and improve K-pop's image. But also the 'popular music foreign project' supported many events abroad including even world tours of major companies like SM and JYP. Such tours, like the 2011 SM world tour, were successfully held in Europe, the Americas and Australia, creating a K-pop syndrome that showed K-pop spread world wide. In 2012 the Seoul International Music Fair was first held. It was an event complete with conference, showcase and closing performance that even included the Big 3; SM, YG and LOEN. The fair was held, focused on Asia, to introduce K-pop diversity, and to create the before mentioned information exchange and network opportunities.[215]

Throughout the years overall sales and exports of the *broadcasting industry* rose. There were however some matters that affected the amount of growth. In 2008 for example export growth stagnated as exports in Japan grew, but exports fell in China and Taiwan. Main reasons for this lull were price competitions and Taiwan's own drama production.[216] In 2010 however sales grew majorly because of Paid TV and IPTV and exports too increased.[217] In 2011 and 2012 world wide popularity of K-pop helped the broadcasting market too as exports rose over 20% each year and even over a 100% in Japan in 2012.[218]

There are some themes that continue throughout the five year term of Lee Myung Bak. One of those is exchange in order to create new markets, but also the fight against anti-*hallyu* sentiment.

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[214] Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 295, 297
Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 349-351, 358
[215] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업 백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 226-227
Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 294-295
Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 305, 313-314
Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 352
Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 368
[216] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업 백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 328
[217] Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 428, 430
[218] Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 485
Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 499-501
This growth is significant as Japan holds about 60% market share in the broadcasting industry's exports.

In 2008 this latter sentiment was reason for stagnated growth and the government tried to revert it by diplomatic action and the continued use of *hallyu* stars in the hope of a new breakthrough.[219] As anti-*hallyu* sentiment continued, so did the government's effort to utilize coproduction to ease it by having reciprocal exchange in an attempt to ensure continuation of *hallyu* and economic benefit.[220] In order to keep friendly markets, especially in the main market Asia, coproduction was pursued in countries where export exceeded import, this was admittedly done so *hallyu* can have a 'softer landing', to increase mutual understanding, improve (nation) image in anti-*hallyu* areas as well as new areas and to exchange production know-how, expand networks, increase local expansion chances, understanding foreign business methods and generally leave a good impression of Korean products.[221] Besides the reduction of negative vibes, exchange was employed with different strategies. In North Africa to stabilize *hallyu* for wider distribution, in French and English speaking Africa to tap into potential market, in South America to root down *hallyu* through drama and in Central East Europe to ignite *hallyu*.[222] By 2012 the government distinguished two types of foreign markets. The expansion markets of English, Japanese and Chinese speaking countries and the emerging markets, of Spanish and Arab language countries, that were to be tapped into in order to diversify the distribution channels.[223]

The government's future focus lay on the above mentioned strategies to maintain *hallyu*, as well as creating new markets. But also on digitalization, new media and fair competition between large and small companies.

In the broadcasting industry the digital HD turn was difficult as most of the companies are SME and lack funds. Therefore the government supported them by building infrastructure and facilities such as building a HD studio[224] as well as upgrading a SD studio in 2009. It also supported through loans, direct support (funds) and mixed support with help from the private sector.[225] Support of new media and digital content was supported throughout the years through production support and one stop support given to for example winners of the 'global story competition', held annually. In order to increase global competition support focused on global killer content, new media, export-use programs and formats. Production support in 2009 was extended to killer content, TV films and creative programs and focus shifted from completed products to formats.[226] This support continued, especially in 2011, as master classes were organized to create specialized workers. Furthermore a convention was created

[219] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업 백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 328-329

[220] Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업 백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 422-423

[221] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업 백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 338-339

Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업 백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 437

[222] Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업 백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 422-423

[223] Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업 백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 515

[224] Digital Magic Space, completed in 2006.

[225] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업 백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 320, 331-332

[226] Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업 백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 418-420

Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업 백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 431, 433-435

with six broadcasters to develop the format industry model by holding workshops and consulting with world renowned professionals in order to make competitive formats.[227] In 2012 digitalization of the industry was complete and focus shifted to upcoming smart media and multi-platform content in order to draw on *hallyu* 3.0 and even 4.0.[228] In 2011 new projects were added to the superior market support like the government organized broadcasting awards; the 'broadcasting Grand Prix', to encourage content creators.[229] And all years the government supported fairs and seminar participation as well as holding the Broadcast World Wide event and conference, creating a place for information exchange, networking opportunities and global distribution.[230]

All this effort to increase competition was not just done for *hallyu* support. Because of the FTA closed with the US and EU the opening of the Korean markets to big foreign companies meant more competition so the government's intention was to create an ecosystem through the production support system to increase the autonomy of independent producers so they could attract investment, make profit and attract reinvestment and thereby increase their competitiveness in order to make their industry viable.[231]

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[227] Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 491, 495
[228] Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 518-519
[229] Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 492
[230] Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 517
[231] Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 494

Policy Source Book

The policy source book is basically a summary of five years of policies. However sometimes it includes more background as to why a measure was taken and it includes a policy overview including tourism and sports.

In its five years the government saw a new paradigm in smart-ifying, modernizing and globalizing the industry. Although because of the fast changes it had trouble convincing the people that digital and smart industries were the new trend to follow, it attempted to do so with the promise of jobs, shared benefits and increased life quality. The government's vision was to overcome conflicts that arose because of the rapid development and hereby making Korea into an advanced nation. The government continued policy directions taken by the previous government as the manufacturing industry reached its growth limit and knowledge and content industries became the new thing and the because of the view that that the Korean content industry could excel in the world market.[232]

However the government admitted that the exports increase through *hallyu* was not strategic and integrated but decentralized and fragmented. So it tried to change this through policies and creation of a unified system; thus creating KOCCA as a sort of control tower to overview and link all content industries. Even so strategy was said to be lacking in order for *hallyu* to continue growth and improving nation brand, tourism and response to Anti-*hallyu*, and the quick changing smart and digital markets and SNS marketing environment was needed.[233] Linking of industries was something more clearly found in the policy source book as it includes tourism and sports as well. The linking of industries included trades like fashion, and OSMU content like merchandise, but also linking traditional culture to *hallyu* as was previously mentioned in the White Papers. In the policy book it is noted that linking industries would increase soft power that could lead economic growth. As *hallyu* has had a positive influence on the service, manufacturing and also tourism industries, the policy source book showed that the government also continuously linked tourism to *hallyu*, in an attempt to use the tourism industry as a growth engine as well. For 'Visit Korea Year 2010-2012' for example marketing and promotion included *hallyu* festivals and *hallyu* star prizes and other cultural events. Added to this a *hallyu* Star Street was made to attract fans to visit Korea and as a strategy to attract Japanese tourists drama and CF tours were set up and large *hallyu* star events were held.[234] Lee's will to make K-culture into the next wave, by combining all these industries in order to continue the spread of *hallyu* and maximize its impact, showed clearly through the establishment of the *hallyu* cultural promotion group in 2012.

In the film industry the use of Korea as location for shooting was supported in order to attract tourism as well. Sports were also linked to *hallyu* by holding performances during big events like the Daegu World Athletic Championship or the upcoming 2018 Winter Olympics, while at the same time supporting better competition in order to win prizes and raise Korea's world status in sports as well.[235]

Like in the White Papers cultural exchange is also often mentioned. On the one hand to increase new markets, because of fear of crisis in current markets and on the other hand for image preservation and improvement. The latter is especially done in China, for example through coproduced documentaries and a talk show made to resolve (cultural)

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[232] Ministry of Culture, Sports and Tourism (2012), 정책자료집 [Policy Source Book] 2008.2-2013.2, Chapter 1 General, p 16, 82, 130, 192-193 & Chapter 3 Contents, p 237
[233] Idem. Chapter 1 General, p 82 & Chapter 3 Contents, p 60-62, 247
[234] Idem. Chapter 1 General, p preface, 20, 63, 205, 242-243, 326, 362, 378 & Chapter 3 Contents, p 203, 221
[235] Idem. Chapter 1 General, p 34, 79, 308

misunderstandings. But also for people's intercultural experience in order to create deeper understanding of the other country.[236]

Improvement of nation image or nation brand is mentioned every other page in the White Papers, but the policy source book expands more on nation brand, including national identity. Korea has been standing out because of its rapid growth, even joining the G20, and now culture is garnering attention. The government's view was that if one comes into contact with music, films or other cultural content one's interest will be spiked and through this image and sales will improve, and visits to Korea will be more frequent. The government recognized soft power as the future of nation power, so it actively promoted culture, tourism and sport in order to fix the nation brand. Its view was that in the era of global soft power competition, investing in the culture industry could take Korea to the next level. That soft power underlying cultural competitiveness decides the nation's future and by improving the nation brand value cultural society's national prestige could be enhanced. Justification to the people for investing so much was that brand improvement brings economic gain and thus improves life quality, even calling culture Korea's economic hope.[237] By linking content through nation brand, for example through earlier mentioned content on LG or Samsung's Smart TV, or through ODA by donating cultural content Korea tried to improve its image. Exchange and opening was also used as a strategy to emanate a 'global Korea' image of an open nation that flows with the world. As well as to fix adverse feelings, make friendly international relations and a cooperation of government, corporation and the people to continue to re-strategize *hallyu* expansion in order to improve nation brand.[238] Another method used to improve the national brand as a cultural nation was promotion of it at major events, such as the G20, the Nuclear Summit, but also the Yeosu expo or sporting events through high results or cultural performances.[239]

As mentioned before the search of a Korean identity played a role in nation branding. There was talk of assimilating traditional culture into modern culture and financial support for making traditional culture part of popular culture and through this make it a part of *hallyu* as well. The idea was to establish the Korean cultural identity through Han style, or inspiring pride and national dignity through a national symbol. To find something to uniquely represent Korea; the government mentioned Hangul, Taekwondo, history and arts. This then would contribute to the nation's image and by informing people of this brand through drama, performances or other *hallyu* content, create economic value.[240] Focus lay however on this representation coming from traditional culture, and one could question how close it is to actual Korean identity or a Korean identity that the government wants others to perceive.

Throughout the White Papers attention was given to free trade agreements, since because of these, markets needed to be opened and Korean markets became more vulnerable to international competition. While Korea used the opportunities to actively increase trade with the US and EU, at the same time being aware of its market vulnerability the government attempted closer relations with Japan and China. Now even though it is not stated in the policies, they attempted at integrating the North East Asian economy and One Asia market, by closing FTA with Japan and China. This seems to be an attempt to be able to form a front against the two western powers. At the same time it is an attempt of Korea to attach

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[236] Ministry of Culture, Sports and Tourism (2012), 정책자료집 [Policy Source Book] 2008.2-2013.2, Chapter 3 Contents, p 211, 227, 231, 540

[237] Idem. Chapter 1 General, p 15, 192, 193-194, 206 & Chapter 3 Contents, p 56, 243

[238] Idem. Chapter 1 General, p 20, 42, 193, 344 & Chapter 3 Contents, p 51, 217-218, 248

[239] Idem. Chapter 1 General, p 52, 269, 328, 382-384

[240] Idem. Chapter 1 General, p 50, 58, 211, 227, 246-247, 345, 362

themselves to the 'big players' of the East. In order to do this they continued to increase cooperation, exchange and partnership between the three countries.[241]

Different from the White Papers where focus was mainly on the SME, the policy source book includes some policies about big corporations. Where in the White Papers cooperation between small and large companies was only mentioned in 2011, it is ready mentioned in a 2008 policy overview. Major device companies like LG and Samsung were to work together with service companies like SKT and SME companies in order to jointly develop content. In 2011 an investment fund created by six large companies helped almost a hundred SME with the creation of next generation content, even supporting distribution and marketing. Another element was a temporary cooperation between small and large companies in order to create a new digital content market.[242] All these give a better view on how big companies could help SME that are over 90% of the companies in the content industry.

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[241] Ministry of Culture, Sports and Tourism (2012), 정책자료집 [Policy Source Book] 2008.2-2013.2, Chapter 1 General, p 170, 236, 385 & Chapter 3 Contents, p 39, 60, 252
[242] Idem. Chapter 1 General, p 170 & Chapter 3 Contents, p 107, 154, 250

Cultural soft power significance

Through the previous chapters an image can be formed on how the government sees soft power. There are several dimensions to the use and aim for said power.
As the largest portion of the White Papers are actually about plain economic gain this is the most obvious goal to start with. The most evident change during the Lee Myung Bak period is the change from culture industry to content industry, thus giving the whole industry an economic feel from the name on. This is most easily explained through the definition the government gives of content and content industry:

> "Content is the data or information of symbol or codes, letters, shapes, colour, sound, audio, images and video (including a complex version of these)."

And:

> "Content industry is the industry concerning the production, distribution, use, etcetera of content or a service providing this (including a complex version of these) that has economically added value"[243]

From the definition we can read that added economic value is deemed quite important. The continuous focus on piracy is also a nice indication, since the primary reason for battling this problem is companies missing out on profits. If it were just about gaining soft power, the spread of content would be the only goal and the government would simply continue to support the industry. This is certainly not the case. Kim Seung Soo goes as far as stating that no matter how high the motive and goal are, if money cannot be made *hallyu* culture will die out.[244] This economic gain is also a part of the government's justification towards the people for continued investments in the industry. Promises of jobs and higher life quality, a shared profit for all Koreans are how the government tried to win people over. Through the profess that the content industry would ensure the next great growth of the economy.
That the government viewed content and *hallyu* as a product can also be derived from the repeated attention for results, competitiveness and diversification. This can be linked to a concept used in marketing; product life cycle. In this life cycle there are several stages: the introduction, growth, maturity and decline stages. When looking at *hallyu* as a product the introduction period was in the 80s and 90s when the base for the several industries such as film and broadcasting were laid. At this time Korea was under pressure from the US to open its film markets. In the late eighties the government approved local distribution of films by Hollywood. This in turn led to a major crisis in the domestic market in the early nineties after which in the mid-nineties it was suggested to the president that the cultural industry might be a possible new cash cow. The government started to support production through large conglomerates, running the change of major monopolies; these monopolies have turned into one of the problems the government has been dealing with. But the market was recovering, until the IMF crisis of 1997 hit.
This however did lay the base for the industry which would take of in the late nineties / early 2000s, as the market entered the growth stage. At first domestic popularity of Korean cinema led to foreign recognition of Korean cinema trough film festivals. Film exports began and cinema and broadcasting *hallyu* took off. [245] In the growth stage of product development it is

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[243]Ministry of Culture, Sports and Tourism (2012), 정책자료집 [Policy Source Book] 2008.2-2013.2, Chapter 3 Content, p 65
[244]김승수 (2012), "한류문화산업의 비판적 이해 [A critical understanding of the Hallyu Cultural Industry]", 지역사회연구 [Research Community], 20: 4, p 109-110
[245] Shim Doobo (2006), "Hybridity and the rise of Korean popular culture in Asia", Media, Culture & Society, 28:1, p 31-34

common for the market to suffer from competition, which in Korea's case was for example Taiwan's own drama market and price competition. This competition impeded growth for the Korean market and in order to continue the product's cycle, the government had to change strategy in order to enter the mature stage of the cycle. There are several ways to deal with competition and some of them were shown during the Lee administration. The shift between growth and mature product started by lowering prices and driving for competiveness and diversity in products in order to expand markets and the lifetime of the product. In order to do this one needs to start spending money, which is exactly what the government was doing. This vision and practice also fits the CEO-like manner with which Lee has reigned during his presidency. From a economic and marketing perspective *hallyu* has now reached the mature stage as, with the help of the government the cinema and broadcasting were brought back from a dip and *hallyu* was diversified by including the music industry prompting a new name; *Hallyu 2.0.*

The economic gain the government has chased from the nineties can now, as popularity rises, boost hard power which can then, in turn, improve international image as well.

Such improvement in image is the use and aim of soft power in Lee's policies. The use of image built up through *hallyu* is done by linking it with other industries. By holding tours of famous drama locations drama, *hallyu* is connected to tourism in the hopes that both industries can benefit from it. Another way it is used is product placement in films, drama series and even music videos. This practice is exemplified by the governmental support for OSMU content. OSMU stands for 'one source multi use' and is content that is used for a mutualistic relationship between industries. A good example is the drama 'Sungkyunkwan Scandal', which just through casting already linked the drama and music industry by casting idol Park Yoo Chun as the male lead. Additionally the soundtrack was sung by his band mate Kim Jun Su ensuring fans would purchase the OST as well. Furthermore the government supported production to link the mobile gaming industry and publication industry to the drama series as well.[246] This way several industries benefit from one initial product. Research indicates that many corporations feel that the use of *hallyu*'s popularity to promote their fashion, make-up, cars, etcetera, is beneficiary to their sales.[247] Contrary, other industries are also used to promote *hallyu*. During major sports events performances are held to popularize *hallyu*. *Hallyu* is also connected to another instrument to soft power: the hosting of major events. Events such as the G20 and Nuclear Summit were employed to present Korea to the world as a culturally grand nation. Such desire to represent Korea a certain way has a lot to do with forming an identity. This is why nation branding is so frequently mentioned. As mentioned in a previous chapter the formation of Korean identity is not just plain sailing, this is shown through the government's press for incorporation of traditional culture into *hallyu*. On the one hand this may have something to do with the attraction of 'Asian values' to the surrounding countries. But for expansion into markets like Europe and the US this makes much less sense as it would be harder for people to relate to the products. So it might have more to do with the government's desire to be perceived by others a certain way, and its own longing for past culture.

To have Korean traditional culture and values perceived by the region would make sense as surrounding cultures share similar values and attach a certain importance to their traditional cultures as well. So it would not be strange for them to relate to similar values in the cultural products they consume. However going beyond, into the world, it would seem less logical. As is evidenced by the exchange with Dubai where it was found out they would stick with

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[246] Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 117
[247] Idem. p 109

animation exports which have lower *cultural discount* than drama series.[248] Cultural discount is a term coined by Hoskins and Mirus in the late eighties and the essence is that as viewers find it harder to identify with the values, believes or style, etcetera, they will be less attracted to it, and thus prices may drop.[249] So for culturally distant markets it might be wise to take Korea's cultural uniqueness down a notch, or at least not aim for including more traditional culture. Per contra at the same time critiques are heard as content is more and more made for export and does not match the tastes of the domestic audience anymore.[250] Therefore it is important to the industry to find a balance between the drive for exports and appealing to domestic audiences.

Pride seems to play a role too as people choose to buy and use Korean products over Japanese or Chinese, allowing Korea to rise above the shadows of the big players in the region; Japan and China. In his article Lee Jung Yup claims it might even give Koreans 'a sense of "winning" over other countries'.[251] Such pride can go as far as calling Korean products superior:
> "[...] 'Republic of Korea Content Fair' is held as an event where you can, in one place, experience and enjoy [...] superior domestic contents."[252]

Or even when talking about exchange:
> "[...] through people networking introduce Korea's superior content [...]"[253]
> "[...] by providing Korea's superior video, increase awareness about Korea [...]"[254]
> "Held a road show to introduce Korea's superior content [...]"[255]

However in expressing such pride Korea must be careful not to make the same mistakes in new markets as it has in Asian markets and cause aversion to Korean products by using such strong language. The government stated that one of the ways it wants to solve the anti-*hallyu* problems is through exchange. First to decrease the import and export imbalance that has occurred through one-sided business and has important markets afraid of cultural imperialism and fear for the discontinuance of their own industries. Coproduction was employed to reduce that gap and share knowledge with other markets. Yet with the surging popularity of Korean

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[248] Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 166

[249] Francis L. F. Lee (2006), "Cultural Discount and Cross-Culture Predictability: Examining the Box Office Performance of American Movies in Hong Kong", Journal of Media Economics, 19: 4, p 261

[250] 김승수 (2012), "한류문화산업의 비판적 이해 [A critical understanding of the Hallyu Cultural Industry]", 지역사회연구 [Research Community], 20: 4, p 111

[251] Otmazgin & Ben-Ari, Eds. (2012), 'Popular Culture and the State in East and Southeast Asia', Routledge. Chapter 7: Lee Jung-yup, 'Managing the transnational, governing the national: Cultural policy and the politics of the "culture archetype project" in South Korea', p 133

[252] Ministry of Culture, Sports and Tourism (2009), 2008 문화산업백서 – 연차보고서 [2008 Culture Industry White Paper – Annual Rapport], p 121.
Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 152

[253] Idem. p 167
Ministry of Culture, Sports and Tourism (2011), 2010 콘텐츠산업백서 – 연차보고서 [2010 Contents Industry White Paper – Annual Rapport], p 183
Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 153

[254] Ministry of Culture, Sports and Tourism (2010), 2009 콘텐츠산업백서 – 연차보고서 [2009 Contents Industry White Paper – Annual Rapport], p 169
Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 154

[255] Ministry of Culture, Sports and Tourism (2012), 2011 콘텐츠산업백서 – 연차보고서 [2011 Contents Industry White Paper – Annual Rapport], p 215

cultural products exports rose tremendously and these measures and import support were not able to close the gap between exports and imports.

Other exchange forms were utilized to try and improve public opinion. However the government admitted in 2012 that even through it has been following the same direction for 5 years, it has failed to amply monitor the aversion.[256] So even though tables of the exchange done and projects that were running are presented in the policies, the government has no confirmation if this method actually has worked. Regardless of pages upon pages of attention is given to the exchange measures, the question remains if they had any of the desired effect.[257]

Hallyu's popularity is facilitated by domestic media to install a sense of pride as well. Choi, in his article, points out that domestic media are quick to report on incidents abroad like flashmobs or concerts, while foreign media do not report on these. Or when foreign media do report on events Korean media tend to only report on the positive comments in these articles.[258] This way *hallyu* is kept alive domestically through media.

Another aspect that shows the goal of using *hallyu's* popularity for image improvement is the continued focus on the US market and neglecting of the European market. Now for one this can easily be explained away by the fact that European market, although similar in size, is much more diverse and therefore harder to adapt to than the US market. At the same time another factor is the immense influence of American popular culture and reverence of the world of it. What this means to Korea, and many other countries for that matter, is that if you are able to break through in this market, you can more easily expand into many other markets around the world. So this focus also has somewhat to do with the hopes of widely spreading Korea's image hitching a ride on other's popularity[259].

Another interesting way to use *hallyu's* popularity as a soft power is shown through the interaction with Colombia. In 2012 a content export meeting was held, including different events such as a K-pop performance. Through this meeting the government said to have gained more insight into the market and was able to ensure the expansion possibilities. In the next paragraph talks about how a FTA between Korea and Colombia would be a good step towards market entry in South America show the government's true intentions. Several times in the policies cultural exchange is mentioned to be the soft, or light, counterpart of political or economic exchange. An event or performance in this way is used as a light appetizer before really getting down to business. This is not very different from the way businesses first bond over dinner before actually getting down to discussing contracts during the next meeting. This is a clear example of Korea using its *hallyu* soft power in order to expand their economy. *Hallyu* is used here to be beneficial to all Korean industries, because such an FTA with Colombia will not only benefit the content industry and its exports, but will also open doors for other big industries in Korea such as the IT industry or car industry. This means an overall positive influence on the nation's economy. As an FTA was signed with Colombia in 2013 it is likely that a similar strategy will be used in the government's pursuit of FTA with other nations.

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[256] Ministry of Culture, Sports and Tourism (2013), 2012 콘텐츠산업백서 – 연차보고서 [2012 Contents Industry White Paper – Annual Rapport], p 152

[257] Which would be an interesting subject for different research.

[258] 최영화 (2013), "이명박 정부의 기업국가 프로젝트로서 한류정책 - 전략관계적 접근법을 통한 구조와 전략 분석[The Korean Wave Policy as a Corporate-State Project of Lee Government : The Analysis of Structures and Strategies Based on the Strategic-relational Approach]", 경제와사회[Economics and Society], 97, p 261-263

[259] This is of course not at all unique to Korea.

Interesting to see also is the seeming desire to form a team with Japan and China. Although it is not specified how this is to be done or what the thought behind it is, one can guess that it is to form a stronger front. In the age of coalitions it is hard for a nation to stand on its own. By combining powers and forming an North East Asian coalition Korea, China and Japan could become a serious counterpart to the US and European Union. The question is however if and how this coalition is to be realized and if Japan and China see this the same way. Therefore it will be interesting to see if Park Geun Hye follows through with this plan, because such an Asian front could become serious competition to the West.

Outside of the policies however there is something that can undermine Korean soft power through cultural exchange. In the chapter on soft power I discussed the weaknesses of some countries surrounding Korea. South Korea likewise has its own weakness when it comes to accumulating power and improving image and this weakness is North Korea.
Although one may not notice much when travelling or living in the South, technically the two countries are still at war. And every once in a while tensions rise on the Korean peninsula leading to world wide coverage of the events. These tensions are exactly the problem for South Korean image.
As Nye has pointed out credibility is important when it comes to making outsiders believe you are true to your beliefs. For Korea it would be hard to act similar to Norway and take up the peace niche to build their image on, frankly because it is not a country in peace. This is probably one of the reasons it spread out its niches. The tensions are also a problem because they cannot be controlled by the government, simply because you cannot control another country's actions.
The Lee government has not made it easy for itself when it comes to their North Korea policy. Switching from the previous sunshine policy, which provided the North with aid without attaching or following through on much conditions, to a much harder stance of providing conditional aid and demanding reciprocity. Amongst others Lee's 'Vision 3000' plan caused tension to rise on the peninsula.[260] Later finding the tough stance was backfiring, as it was for example threatening the Kaesong project, Lee softened his stance a little, but tensions remained high.[261] High tensions eventually led to several incidents during the reign of the Lee administration. As the incidents were broadcasted on news channels globally they had an impact on South Korea's image, possibly blemishing efforts made to improve image through cultural exchange. As North Korea will remain South Korea's weakness in the struggle for power for the coming years[262], coming governments would be wise to be mindful of this vulnerability when engaging future policies.

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[260] Other causes were for instance Lee not honouring previous agreements made with president Roh, Lee's attempt to strengthen ties with the USA, but also the inauguration of a new administrations itself.
Haggard and Noland (2009), "North Korea in 2008: Twilight of the God?", Asian Survey, 49: 1, p 99-100
Hong Nack Kim (2008), "The Lee Myung-Bak Government's North Korea Policy And the Prospects for Inter-Korean Relations", International Journal of Korean Studies, 12: 1, p 1-2, 5-8, 11
[261] Hong Nack Kim (2008), "The Lee Myung-Bak Government's North Korea Policy And the Prospects for Inter-Korean Relations", International Journal of Korean Studies, 12: 1, p 15, 18
[262] As it is quite unlikely reunification is coming soon.

Conclusion

In this thesis the aim was to work on questions related to soft power in the cultural policies of the Lee government. As previous research on *hallyu* had been focusing mainly on the reason of its spread, presidencies in the early stages of *hallyu*, the economic aspects of *hallyu* and research dealing with state power was more focused on Korea's engagement in military peace operations and development aid not much could be found on the relation of the Lee government with cultural soft power. Even though this was eminent in his cultural policies throughout the years.

Therefore this thesis focuses on the questions of how the Lee administration's goals and uses of soft power are reflected and pursued in the cultural industry policy. How does the government see the use of cultural policy for economic and image goals and why this is deemed important.

I researched these questions in a framework of soft power as coined by Joseph Nye and used this framework while analysing the cultural White Papers that were published during the five years of Lee's presidency.

The following findings were derived from that analysis:
The concept of soft power is very applicable to Korea and its situation. If one were to catch the importance of soft power to Korea in one word it would be: visibility.

As a middle power being surrounded by the two large powers of China and Japan it is unlikely for Korea, despite being economically strong, to rise above these powers. Soft power is seen as a means to be more influential in its region as well as globally. So during the Lee Myung Bak administration soft power was definitely on the agenda, either through cultural diplomacy of exchange or simply by using Korea's popularity to its advantage for economic benefits. The government also used several niches like development aid and cultural exchange and even linked them or different industries, like the cultural and tourist industry, together in hopes of mutual benefits for the country's soft power.

In the five years of policies some themes can be found. The 2008 White Paper although more of a summary of past projects and achievements stood out because of its hard and straight forward language when it comes to soft power as it was literally mentioned several times. In 2009 the policies took more shape and recurring goals and aims started to form. This includes for instance the focus on eradication of copyright infringement, the desire to strengthen (global) competition, the reduction of domestic market monopolies, the creation of a better investment environment, the creation of diverse content, the use of holding and participating in events for promotion and the focus on digitalization of markets and new markets as well as the erasing of anti-*hallyu* sentiment in existing markets. In 2010 the attention to the music industry increased as K-pop seemed to take the lead in the *hallyu* spread. Other trends that were followed were the growth of next generation content and the popularity of 3D films which led the government to heavily invest in this industry. In 2011 the will to include traditional culture in the cultural spread of Korea continues. The government also realised the impact and use of social media for promoting content. With the huge growth of K-pop *hallyu* in 2012, the budget given to the phenomenon finally meets up with the assured commitment of the government to this industry. In this final year the government did some self reflecting and comes to the conclusion that it has inadequately measured the effectiveness of the anti-*hallyu* eradication policies, but more importantly has not by far reached its goal of entering the top 5 of content countries. As FTA were to come into effect soon the government continues its focus on copyright infringement and improvements in competition.

Film, broadcasting and music are the mainstays of the *hallyu* phenomenon and the government showed interest in keeping these industries running to keep *hallyu* going. This is

shown for instance by the continued support for the film market that was economically in a slump, but was pulled out through much investment and support by the government. But also by the growing interest shown in the music industry as its popularity rose around the globe.

This continued support for the film market shows one of the strengths in policy during the Lee administration: tenacity. Even though the industry was already laying on its back the government stuck to it and eventually helped in recovering the market. Another strength is the linking of industries through for example OSMU content or even linking the cultural industry with the tourism industry to induce mutual benefits.

Despite the government having a hard time fixing the problems in several of the cultural industries, the government did pinpoint the problems well.

Still one of the mistakes the government made, for instance with the reduction of anti-*hallyu* sentiment was that it did not evaluate if the method used was actually efficient or successful. This was even admitted by the government itself. It would be wise for coming administrations to assess their methods to make sure not to pour money down the drain. Added to this the government must be careful not to make the same mistakes again in new markets by one-sided exchange, but also be careful with strong language as 'introducing superior content', as it runs the risk of nations closing their markets again out of fear of cultural imperialism.

A weakness of the government was that even though they were bombastically stating to fix problems and invest in new industries to create a bigger market, 3D markets in which the government has invested much have majorly dropped since the first year of focus on it, the government does not seem to have much control over it. The same goes for *hallyu*, in the policies the government admitted expansion through *hallyu* was fragmented and not strategized at all. Although it tried to use, for example, Psy's big success with 'Gangnam Style' in 2012 as evidence that Korean culture has gone global, this breakthrough had much more to do with the power of viral videos[263] and social media than it had to do with planning. It also had little to do with Korean traditional culture the government tries to bring to the forefront in representing Korea, from which it could be useful to learn which part of Korean culture hits big with international audiences; the modern part. However seemingly unaware of this as it continues its quest for finding Korean (traditional) cultural representation. This is one of the reasons that *hallyu* soft power may work on a regional level, but less so on a global level. There is nothing wrong with this as regional power is also of great importance. But seeing Korea's expressed desire to be more global it may limit itself by focusing on traditional. As shown earlier in the introduction the initial spread of drama series in Asia is explained by the hybrid feeling of Korean cultural products. It brings together 'Asian values' with modern day lives. K-pop on the other hand has less of these values and more of a modern feel, a first time listener might even call it 'Americanized'. The second wave of Hallyu was led by the huge rise in popularity of K-pop, not only in Asia, but around the world. One can add to this that markets Korea has been focusing on, for instance Dubai, already opted for the less-uniquely Korean or less culturally loaded content because it is harder to harmonies unique content with its own culture. This leads to *cultural discount* that leads to lower prices for cultural products. As Korea is using the industry for economic benefit as well, it might be something to consider for future policies.

Additionally the government's goal of entering the top 5 of content powerhouses was not reached. This does not come as a surprise. Firstly because despite statements of focus on the cultural industry and heavy investments, budgets seem to tell a different story as often content budgets dropped. Secondly because throughout the five years, contrary to expressed desire to be a trendsetter, Korea is seen following rather than leading trends in the content industry,

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[263] It gained real viral popularity as it was posted on sites like 9Gag and Reddit.

evidenced for instance by the 3D industry. By only following new trends you are already two steps behind and will not become part of the market leader pack. Korea is however good at innovation in the IT industry, so it would be an idea to link these industries more.

A problem with lack of control is something that Nye noted when describing soft power. Korea's biggest weakness when it comes to control is North Korea, as its actions are totally out of the control of the government. Therefore the policy and relations with North Korea will always have an impact on South Korea's image, especially with modern day media. This leads one to wonder how effective a song or music video is in creating nation image when news of incidents like the Yeongpyeong island shelling were broadcasted on all international news stations and led to a huge drop in currency not only in South Korea, but the entire region.[264] Accordingly it is important for South Korea to realize that the divide with North Korea will continue to be its weak point in attaining soft power.

By analyzing the White Papers one can form an image on how the government sees soft power, and there are several dimensions to the use and aim for power.

The most evident goal in the White Papers is direct economic benefit. That Lee sees *hallyu* as a product is most easily explained by the use of the term content industry, rather than culture industry. Direct economic gain leads to global status as Korea's economy grows, or in other words; it leads to hard power. At the same time it is used to justify all the investments and support measures to the people.

A second goal is image improvement. This is mainly done by linking different industries, for example *hallyu* to tourism to promote tourism. But other industries, like sport events, are also used to promote *hallyu*. Image improvement for Korea has a lot to do with the forming of identity, which is why nation branding is often mentioned in the policies. This might also be one of the reasons the government is so bend on including traditional culture into *hallyu* products.

Lastly *hallyu* is also used for expansion of Korean economy. As exemplified by the cultural exchange with Colombia in 2012 that was used to break the ice before continuing talks on signing an FTA, which finally happened in 2013. Korea's intention is to use this FTA to enter not only Colombian markets, but expand their entire South American markets. This FTA will of course not only benefit the content industry, but also other important industries like the IT or automobile industries.

Through this analysis of the significance, strengths, weaknesses and mistakes of the Lee government when it comes to using cultural policy and cultural spread to strengthen their soft power and economic ability, future administrations may be able to take these into consideration when developing future policies and be more efficient and effective in their efforts to strengthen Korea's economy and to spread a positive Korean image world wide.

In my original plan I intended to include research on policies into my study in order to study how the government used this research, however as most of these are actually funded by the government and other researchers have pointed out the lack of criticism in them[265], I

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[264] Saefong and Navaratnam.2010. Asia Slips on Korea Uncertainty. The Wall Street Journal. 30 May 2014 <http://online.wsj.com/news/articles/SB10001424052748703904804575631521114042444>

[265] For example

최영화 (2013), "이명박 정부의 기업국가 프로젝트로서 한류정책 - 전략관계적 접근법을 통한 구조와 전략 분석[The Korean Wave Policy as a Corporate-State Project of Lee Government : The Analysis of Structures and Strategies Based on the Strategic-relational Approach]", 경제와사회[Economics and Society], 97, 252-285

wondered how much this would add to my current subject. So because of time constraints I have not been able to include research on them in this thesis. Still it would be good if more research were to be done on it and how they impact government policies.

Another point on which this thesis is lacking is the inability to analyze the effectiveness of the cultural policy as this cannot only be measured in economics but also involves the spread of a positive image of Korea. The question how much the rise of Korean national image going up from a 30th place to a 20th position in 2011 had to do with the spread of *hallyu* and how much it had to do with the rise of Korean multinationals like Samsung and LG remains.

It was not feasible to include such research in this thesis, but it could be an interesting topic for future research.

Yurena Kalshoven

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