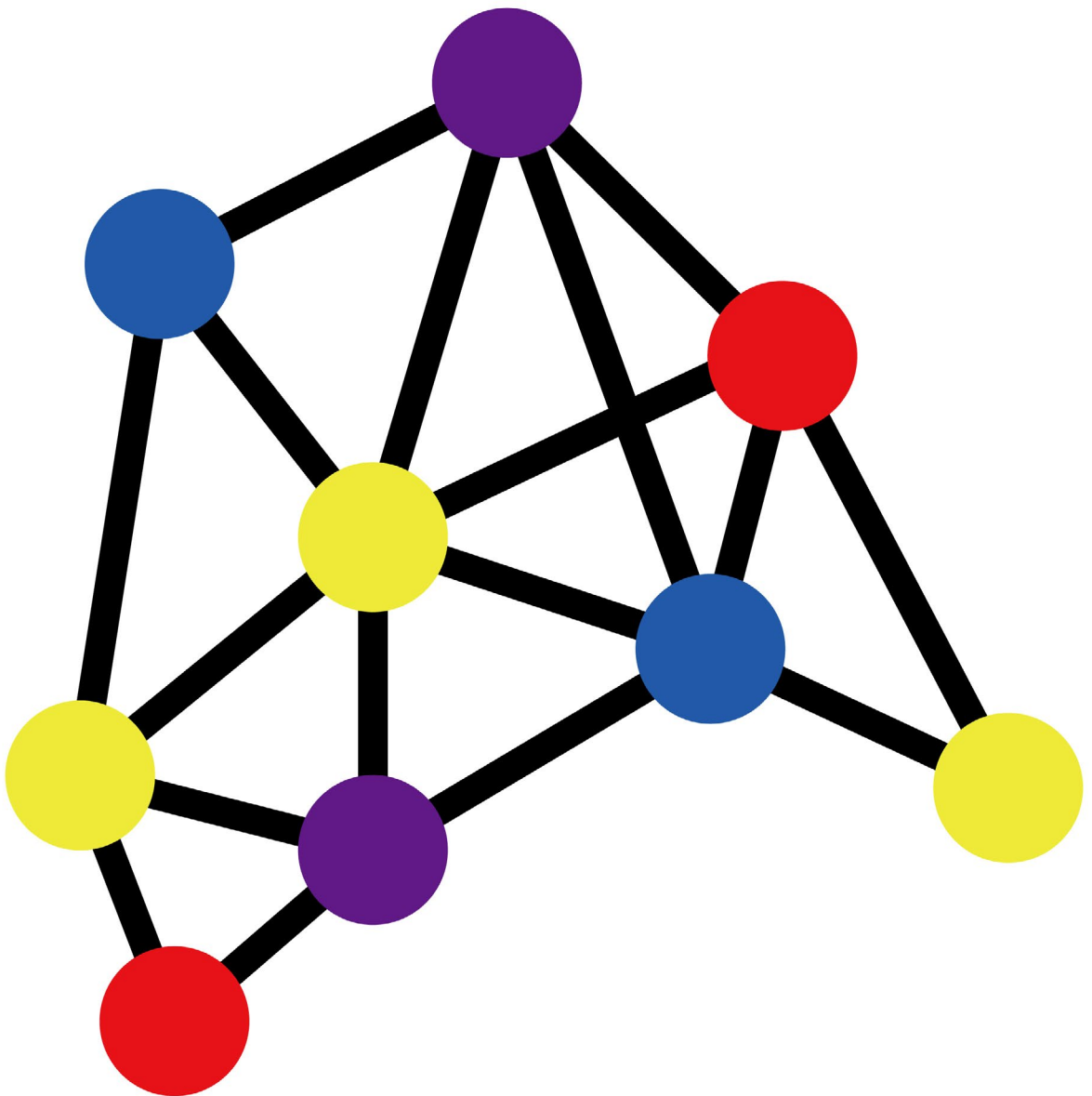


GLOBAL HALLYU  
ISSUE MAGAZINE

VOLUME. 51  
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# HALLYU NOW

HALLYU STORY  
WITH STATISTICS  
**INDONESIA**



**KOFICE**  
한국국제문화교류진흥원

# HALLYU NOW

GLOBAL HALLYU ISSUE MAGAZINE

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# A Deep Dive Into Hallyu in Indonesia



Indonesia is a young country where 40% of the total population is the MZ generation. Among them, teenagers and people in their twenties are the most active consumers of Korean content. In this respect, the Korean wave in Indonesia can be evaluated positively. However, when analyzing survey results, such as the “perception of Korean cultural competitiveness” and “behavioral stages of purchasing content”, it is necessary to review the direction of cultural policy related to the Korean Wave and the cultural exchange policy between the two countries. Since the Korean Wave popularity is not a criterion for representing Korea’s capabilities as a cultural powerhouse, it is necessary to consider the competitiveness of each Korean content to seek future development directions. This article examined the influence of the Korean Wave and Hallyu stars on the daily lives of Indonesians and sought ways to improve the quantitative and qualitative levels of mutual cultural respect and communication through the Korean Wave in the post-pandemic era.

Jung-Eun Song, Ph.D. — Postdoctoral Researcher, Future Industry Strategy Institute

## 1 Introduction

Among Southeast Asian countries, Indonesia actively accepted the Korean Wave in the early and mid-2000s, relatively later than the other countries. Due to its geo-political location and historical and cultural characteristics, Indonesia is open to foreign cultures and respects multicultural identities. K-Pop and Korean dramas have been recognized as global cultural content that enhances Korea's competitiveness by satisfying the contemporary needs of the Indonesian Hallyu audience who want to experience universal themes, modernity, and global culture. In addition, the popularity of K-pop and Korean dramas has created a premium effect for many Korean companies and products that have entered Indonesia. Indonesia, which recognized the high potential and value-addition of Hallyu, formed a genre called "Indonesia-Pop (I-pop)," similar to K-pop, to promote its cultural industry (Jungeun Song and Wonho Jang, 2013). After benchmarking Korea's content industry, in 2015, Indonesia established a government department in charge of the content industry. Indonesia has a high demand for and spread of cultural exchanges with Korea and the prospects and potential for future cultural exchanges with Korea (Korea Foundation for International Cultural Exchange, 2021). In addition to exporting content, Korea seeks ways to activate cultural industry exchanges and improve economic impact.

## 2 Increase in the consumption of Korean cultural content due to the pandemic: Hallyu trend in everyday life

According to the *2022 Survey on Overseas Hallyu Status* by the Korean Foundation for International Cultural Exchange, 83.6% of Indonesian Hallyu consumers had an overall positive perception of Korea, with 43.8% of them associating images with Korea with "K-pop".

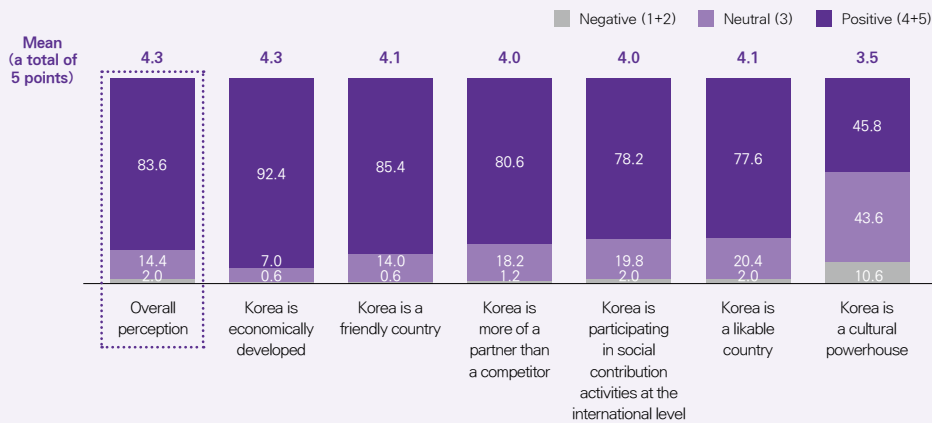
Although the proportion of K-pop's association with Korea by overseas audiences was slightly lower in 2021 (14%) than in 2020 (16.8%), Indonesia ranked third in Korean music consumption (35.1%) and likeability of Korea (84.0%). However, compared to 2020 (6.4%), the proportion of "drama" in

Korea-associated images increased in 2021 (7.5%). Looking at the amount of Korean Wave content usage, Korean dramas had the highest consumption in 2021 (39.2%) and had the highest increase in consumption compared to before COVID-19 (62.2%). Korean dramas and movies became popular due to “structured stories” (45.7% of the dramas/43.9% of the movies) and “interesting games and materials” (31.4%) were the elements of entertainment shows. In addition, exports of Korean TV program formats to Indonesia and Korean film remakes are actively being explored.

## Perception of Korea

BASE: Total n=500, unit %

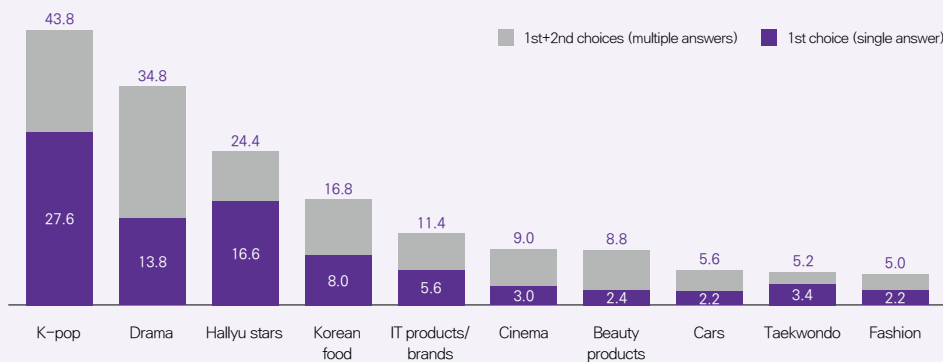
Q. What do you think about Korea? (5-point Likert scale: 1, 2=disagree, 3=neutral, and 4, 5=agree)



## Image Associated with Korea

BASE: Total n=500, unit %

Q. When you think about Korea, what is the first thing that comes to your mind? And what thoughts follow?



According to the *2022 Survey on Overseas Hallyu Status*, “Online and Mobile Platform” and “TV watching” ranked as the top two contact channels for

Korean dramas, entertainment shows, movies, music, and animation in Indonesia. YouTube was the most used online and mobile platform to access Korean content and entertainment shows were primarily accessed through Netflix. Before COVID-19, Indonesia organized and aired Korean dramas and entertainment content majorly on local land-based television channels. In addition, Korean video content was spread through piracy. However, due to the COVID-19 pandemic, cultural enjoyment activities through online and mobile devices surged worldwide. Various Korean digital content, except for games, gained global popularity. In 2020, China's iQYI and We TV entered Indonesia and other OTT platforms, such as Mola TV and Viu, which allowed free content access with advertisements, competed, and spread Korean drama and entertainment content. As of 2020, Netflix had the highest number of paid subscribers in Indonesia; however, Chinese OTT provided a variety of Korean content and was well-received due to Korean dramas dubbed in Indonesian (Korea Creative Content Agency, 2021). Korean TV programs were frequently ranked among Netflix Indonesia's top 10 "Daily TV Show Ranking," including Korean TV programs, which were not on Netflix Korea, were aired on Netflix Indonesia (Korea Creative Content Agency, 2022). Due to the high demand for Korean TV content in Indonesia, local OTT business operators are using the exclusive programming of Korean TV content as a key distinguishing factor. Due to the popularity of Korean dramas, such as Squid Game, this trend is expected to continue.

K-pop, since 2020, has been consumed along with Indonesian pop music and North American pop. The K-pop Korean consumption ranking is reflected in Indonesia in real-time and related news and trends are quickly translated and delivered (Korea Creative Content Agency, 2022). In addition, Korean IT companies are actively entering Indonesia and Line Messenger, Line Webtoon, Mami Talk, Mami Cos, Spoon, Zepeto, Q10, HyperConnect, and Wattpad are recorded for their high sales rankings (Korea Creative Content Agency, 2022).

In 2021, the total proportion of Indonesia's consumption of Korean cultural content was 27.4%, followed by 31.7% for "beauty," 31% for "drama," and 29.2% for "fashion". Indonesia ranked fifth (30.7%) among the countries surveyed. In terms of the effects of Korean cultural content on the perception of Korea, Indonesian Hallyu consumers' perception of Korea positively changed (69.8%) after enjoying Korean cultural content. The Indonesian Hallyu consumers answered that the "consumption of Korean cultural content affected the purchase and use of Korean products and services" (79.4%). Korean cultural content, which Indonesians used locally were food (24%),

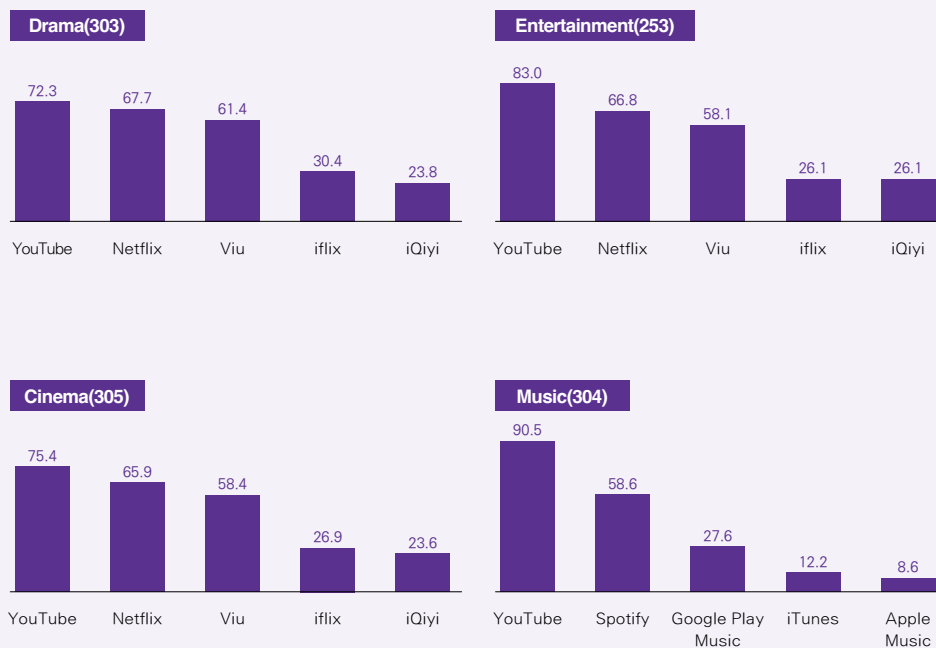
beauty (21.8%), and drama (20.2%), in that order. More than 20% of the people answered that they could afford the time and money for Korean content, which was higher than for the other content.

A survey of the most popular countries in Indonesia by cultural content indicated that Korea was most popular in drama, entertainment, beauty, fashion, game, and food consumption categories. Beauty, fashion, and food were primarily accessed through social media and Korean videos. Locals' likeability for "fashion" ranked second (average expenditure was USD 18.6) and "beauty" (83.9%) had the highest ease of use. "Food" (70.2%), including Korean ingredients, had the highest willingness to pay. Due to the influence of Korean dramas and entertainment, Korean food and ingredients, including Korean street food, were popular in Indonesia even before COVID-19. The number of local restaurants selling Korean street food has gradually increased. During the pandemic, in addition to Korean supermarkets and imported specialty stores, local retailers and distribution networks started to provide a variety of Korean food items, fruits, and snacks, significantly expanding the range of Korean food experiences across the country (Korea Creative Content Agency, 2021).

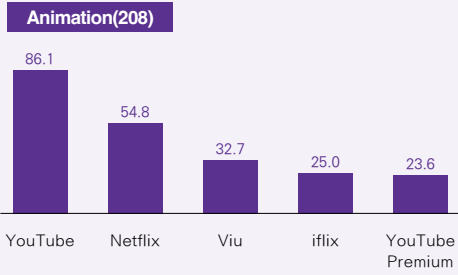
### Online and Mobile Platforms to provide Korean cultural content

BASE: People who experienced online or mobile platforms n=(), unit: multiple choice

**Q. Please select the online or mobile platform you primarily use to watch and listen to Korean content.**



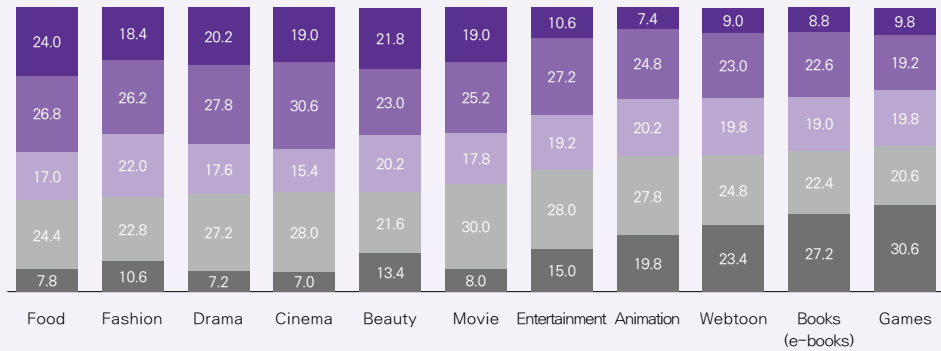




### Attitude towards Korean content

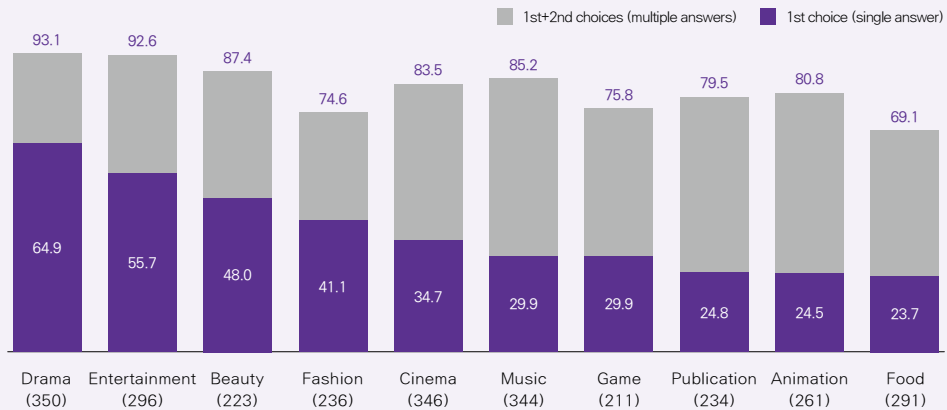
BASE: Total n=500, unit %

- I have heard of it, but am not familiar with it.
- I am aware of it and am familiar with it.
- It is consumable cultural content.
- It is cultural content that I would like to consume but not spend my time and money on.
- It is cultural content that I would like to consume as much as I would like to spend my time and money on.



### Popular countries by cultural content (proportion of Korea)

BASE: People with experience of Korean cultural content n=( ), unit %



However, compared to Indonesian Hallyu users' familiarity with Korean movies, dramas, and music, the purchase of content and derivative products is relatively low. According to the "Analysis of purchase behavior stages of Korean

cultural contents in Indonesia” of the *2022 Survey on Overseas Hallyu Status*, the transition from recognition to familiarity and from familiarity to purchase consideration for Korean cultural content was 65~93%; however, the transition from purchase consideration to purchase was relatively low at 28~49%. Hence, it is necessary to come up with a plan to solve the purchase hindering factors, such as high price compared to the quality and purchase inconvenience. In addition, efforts must be made to draw the audience from online to offline and measures must be considered to improve the reliability of Korean cultural content. In the future, if global OTT services utilize Hallyu content to increase their influence in Indonesia, it would be necessary to prepare cooperative promotion plans with OTT businesses, considering the promotional effects of social networking services (SNS) and Korean video content.

### **3 Increased influence of Hallyu stars: Rise in the credibility of Hallyu stars and the solidarity of the K-pop fandom**

Indonesia has the largest economy in ASEAN and has the world’s fourth-largest domestic market, with a population of 270 million population. A total of 87% of the total population in Indonesia is Muslim and 40% of the total population is Generation Z (age 8~23 years) and millennials (age 24~39 years), enabling them to enjoy the demographic bonus effect by 2030. The younger generation in Indonesia has the purchasing power that leads the market trends in specific industries, such as food, IT, and fashion, and shows consumption characteristics that prefer value over price and new experiences over familiarity (Hyun-jin Seo, 2022. 6. 23).

In Indonesia, the “Korean style” has been popular due to the influence of Korean dramas and K-pop stars since the early spread of the Korean Wave. The sales of products from small and medium-sized companies, as well as large Korean companies, are increasing due to the quality and sophisticated image of the Korean Wave. Korean financial, distribution, wholesale and retail, and movie theater chains continue to enter Indonesia. Several Indonesian companies, including Korean companies, are holding events using the Korean Wave for promotional purposes.

During the pandemic, Indonesian e-commerce companies organized large-

scale online concerts, with Korean singers as the main guests and with Indonesian singers, for marketing. Indonesia has a high proportion of young people who are greatly influenced by Internet companies and OTT businesses. Hallyu stars are becoming the face of Indonesian advertisements for various domestic products (beverages, soaps, ramen, coffee, detergents, etc.), which were previously held by global superstars. Korean stars provide a “positive” feeling, trust, and bright images that local Internet companies require (Korea Creative Content Agency, 2021).

As K-pop popularity continues, K-pop idols are actively being used as advertising models for products used by millennials. For example, Tokopedia, a local e-commerce service, is producing collaborative advertisements with BTS, Shopee with Blackpink, Girlfriend, Stray Kids, and NCT 127 for various online and offline advertisements. The appearance of Korean stars in ads for local products indicates the widespread consumption of Korean content, including K-pop, throughout Indonesia and the high amount of trust in Korean Wave stars.

The influence of K-pop stars is not limited to economic profits. It is expanding beyond the local community through the solidarity activities of the Gen Z K-pop fandom. Natural disasters, such as earthquakes and floods, occurred in Indonesia in 2021. Local K-pop fan clubs and Korean drama enthusiasts joined donation activities to provide disaster relief. This was an unusual case in which the fans of various Hallyu stars simultaneously participated in donations, unlike previous activities led by a specific fandom. According to Kita Bisa, a local crowdfunding donation platform, as of the previous day, 44,573 members of 14 Indonesian Hallyu fan clubs donated 342,966,265 rupiahs (approximately 106 million won) (Chanyu Koh, 2021. 1. 23). In addition, “Kpop4planet,” a non-profit organization formed by Indonesian K-pop fandoms, in solidarity with K-pop fans in Korea and worldwide, advocates eco-friendly K-pop culture to tackle climate change. For example, they requested famous K-pop agencies to participate in environmental protection, chanting, “There is no K-pop on a dead planet. I want to be a fan without worrying about carbon emissions and I want to listen to music without feeling guilty,” in front of the Tokopedia headquarters, an Indonesian e-commerce company that hired BTS as an advertising model (Seung-hee Koh, 2022. 10. 7). This presented a new direction for K-pop fandom activities as it went beyond improving the image of the Hallyu artists and solving global challenges by utilizing K-Pop, which is highly influential worldwide.

## 4 Perception of Korea as a cultural powerhouse

: The need to expand cultural exchange based on mutual cultural understanding

Indonesia is the only ASEAN country to have had a special strategic partnership with Korea for a long time. Indonesia and Korea established consular relations in 1966, before the official establishment of diplomatic ties, and have actively promoted political, economic, and cultural exchanges between the two countries since the 1990s. Private sector exchanges have continued through CSR projects by Korean companies in the local market. In addition, cultural official development assistance (ODA) projects by Korea International Cooperation Agency (KOICA), the Ministry of Culture, Sports and Tourism, and the Cultural Heritage Administration and Korean students studying in Indonesia have established friendly relations between the two countries. The Korean Wave served as an opportunity to strengthen cultural relationships by raising awareness and familiarity with Korea in a short period.

The Indonesian Embassy and the Korean Cultural Center designated September/October as the “Korean-Indonesian Culture Month” for annual cultural exchanges and have been holding programs in various fields, such as K-content, K-food, K-animation, fusion concerts, fashion shows, and Korea-Indonesia film festivals. Considering that there are large cultural differences within Indonesia according to regional characteristics, the Korean Cultural Center in Indonesia holds meetings with the Hallyu recipients in each region to spread Korean culture to people of various classes. The Korean Cultural Center holds a K-drama fashion re-creation contest, operates traditional culture promotion projects (fan dance, hanbok making, Gyukbang craft, Jikji introduction event, metal print book, kimchi, etc.), and produced a documentary about the 100-year history of Korean music with screenings in five cities. In addition, a fashion show was held for Hanbok and Batik, the traditional costumes of both countries, to show respect for Indonesia’s cultural pride (Bora Lim, 2022. 9. 8).

In 2021, the “Korean Village in Indonesia,” created by an Indonesian Hallyu fan, became an example of cooperation between local Hallyu fans and the Korean Cultural Center in Indonesia to promote Korean culture. A man created the Korean Village, without the help of Koreans, to fulfill his wife’s wish to become the main character of a Korean drama. More than 40,000 local Hallyu fans visited the Korean Village from 2021 to February 2022. The Korean Cultural Center in Indonesia corrected errors in the Korean Village and jointly

held a cultural event(Hye-mi Sung, 2022. 2. 26).

However, in the results of the *2022 Survey on Overseas Hallyu Status*, the “perception of Korea by countries” raises an interesting question. The table below shows that Indonesia’s overall perception of Korea was the third highest among the 18 countries surveyed (83.6 points). The survey respondents rated Korea as an advanced country, second only to Vietnam (92.4 points). However, when evaluating Korea as a cultural powerhouse, it ranked 14th (45.8 points) out of 18 countries. This indicated a large difference among all the 18 countries. Even intensive users of the Korean Wave had a low evaluation of Korea as a cultural powerhouse in the “perception of Korea, by the intensity of users, in the spread of the Korean Wave use.” Therefore, it is necessary to reconsider Indonesia’s perception and attitude toward the Korean Wave and seek ways to narrow this gap.

### Perception of Korea by countries (Korea is...)

BASE: Total n=() , unit: %

#### Q. What do you think of Korea? Please indicate how much you agree with each item.

(5-point Likert scale: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree)

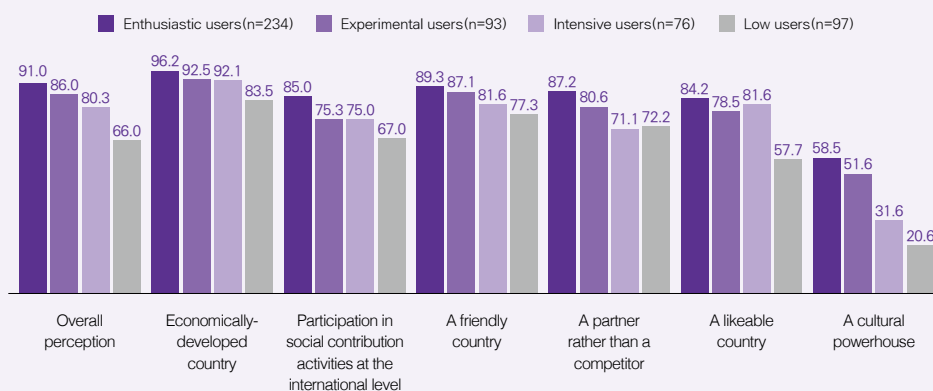
Total	Number of cases	Overall	Advance country	Likability	Participation in social contribution activities	Friendly country	Partner country	A cultural powerhouse	
	(8,500)	72.2	73.5	69.3	63.6	62.1	60.9	56.3	
Asia Oceania	China	(600)	60.5	54.5	52.7	51.8	49.3	53.2	38.3
	Japan	(500)	34.4	45.4	32.6	28.4	19.6	23.4	38.2
	Taiwan	(400)	62.8	85.5	53.0	69.8	41.5	41.8	57.3
	Thailand	(500)	85.4	82.4	81.8	74.0	76.2	72.8	74.4
	Malaysia	(400)	81.3	86.3	80.0	77.0	71.8	66.5	63.0
	Indonesia	(500)	83.6	92.4	77.6	78.2	85.4	80.6	45.8
	India	(600)	84.3	80.0	83.0	74.8	77.2	74.0	73.0
	Vietnam	(500)	86.2	92.6	77.8	74.2	77.0	84.2	60.6
	Australia	(400)	73.8	63.5	74.8	65.0	65.5	69.5	63.5
Americas	U.S.A	(600)	61.2	57.5	63.5	57.3	57.0	56.8	54.8
	Brazil	(500)	69.6	80.8	61.8	60.8	60.4	54.6	55.0
	Argentina	(400)	70.8	78.8	71.0	58.3	56.5	46.0	56.0
Europe	France	(400)	65.8	72.5	69.8	57.5	60.8	55.8	58.3
	The U.K.	(400)	73.0	68.0	70.0	60.8	62.8	61.5	55.5
	Russia	(500)	76.6	75.2	68.8	54.6	53.4	59.6	44.8
	Turkey	(500)	78.8	75.8	79.8	68.8	68.8	64.8	52.6
Middle East	UAE	(400)	79.0	73.8	79.8	69.5	71.3	69.0	64.5
Africa	South Africa	(400)	76.5	65.3	76.0	69.5	63.8	58.3	64.0

## Perception of Korea, by intensity of users, in the spread of the Korean Wave use

BASE: total n=(), unit: positive(4+5) %

### Q. What do you think of Korea? Please indicate how much you agree with each item.

(5-point Likert scale: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree)



For commemorating the 50th anniversary of the diplomatic ties between Korea and Indonesia in 2023, the Overseas Culture and Information Service, Ministry of Culture, Sports, and Tourism, opened an Indonesian site on ‘KOREAN.NET’ as the government’s representative multilingual portal. Major Korean news and Indonesia-related news in Korea are introduced in Indonesian. Hence, it is necessary to promote cultural exchange projects to narrow the gap between the two countries and reduce the psychological distance.

## 5 Conclusion

Although the one-way communication pointed out in the early stage of the Korean Wave has improved, it is still necessary to consider ways of experiencing each other’s culture and reduce the cultural gap. Exchanges between experts and scholars of the two countries are steadily increasing; however, opportunities for mutual cultural education and understanding of the public are still limited.

Although the consumption of the Korean Wave continues to increase in the daily life of Indonesians, Korea needs to be adequately recognized as a cultural powerhouse and the direction of cultural exchange needs to be discussed.

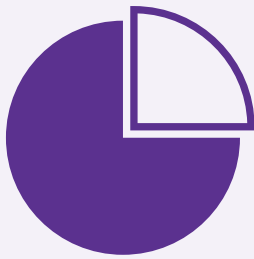
In addition, the limitations of spreading and disseminating Korean culture centered on online and mobile platforms and ways to spread Korean culture in the post-pandemic era must be analyzed. The focus has been on cultural promotion to allow people to encounter various Korean cultures. In the future, translation services, Korean language education programs that resolve language differences, and opportunities to systematically experience and learn the cultures of both countries must be provided. The Indonesian government is pursuing a plan for the information, communication, and IT industries. Therefore, Korean IT and digital companies must cooperate in diversifying communication methods and expanding interactive communication. <sup>4</sup>

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# STATISTIC



# INSIDE

STATISTIC INSIDE



# 1 Hallyu - Manufacturing Sector

## □ Beauty

Exports to China, US, and Japan(first, second, and third export destinations by revenue) decreased in the third quarter : Market diversification is needed

Exports to major importing countries in the third quarter of 2022 have been reported as USD 1,869.832 million (approx. KRW 2 trillion 63.83 million), which is a 12.12% decrease on the same period the year before and a decline on a figure that stood at 11.09% after a short rebound in the second quarter of the year. According to analysis, such a decline has been driven by the fact that cosmetics exports to the Chinese market, the largest export market (48.49%) for Korean cosmetics, decreased by 25.85% compared to the year before. In particular, exports to China amounted to USD 906.732 million, a 16.01% decrease on the second quarter of the year. This trend seems to be attributable to the fact that the recovery of the Chinese economy has been slowing down due to COVID-19 lockdowns and the exports of major Korean products, including cosmetics, plastic products, and synthetic resin products from Korean SMEs(Small and Medium sized Enterprises), have been on the decline for six months, in part because of the “Guo Chao” (國潮) movement, which is a social movement encouraging patriotism in consumption. According to industry experts, Korean cosmetic companies have been losing popularity among the Chinese MZ generation, who are leading the Chinese cosmetics market. Consequently, market diversification is needed for Korean companies. While the decreasing trends have been observed not only in China but also in Japan (-6.36%) and Hong Kong (-35.8%), a rising trend has been reported in exports to all other Asian countries compared to the same quarter last year. Specifically, exports to Myanmar (+168.9%) and Vietnam (+113.02%) showed high growth rates. Exports to the US, the second largest (10.86%) export destination, reached USD 203.07 million (approx. KRW 28.66 million), a 6.17% decrease on the same period of the previous year. Accordingly, exports to the first (China, -16.01%), second (US, -12.07%), and third (Japan, -11.89%) largest export destinations all fell compared to the previous quarter, having a negative impact on the total exports of Korea. However, given the rising global trend in demand for Korean cosmetics as 'K-culture' has gained in popularity in the US, Europe,

and Southeast Asian countries, more efforts are needed so that the Korean cosmetics industry can enter promising new markets, such as Russia (+22.35%) and Australia (+53.02%).\*

## Cosmetic Exports (Q3 2021~Q3 2022)

(Unit: \$ k)

Region	Country	2021		2022			Contribution	▲ YoY
		Q3	Q4	Q1	Q2	Q3		
Asia	Japan	192,891	199,874	207,413	205,013	180,631	9.66%	-6.36%
	China	1,222,886	1,288,759	818,385	1,079,620	906,732	48.49%	-25.85%
	Hong Kong	132,254	128,581	93,975	118,193	84,902	4.54%	-35.80%
	Singapore	28,615	28,974	27,721	29,942	29,192	1.56%	2.02%
	Taiwan	35,435	47,383	49,404	53,510	49,096	2.63%	38.55%
	Vietnam	50,703	77,833	73,146	92,146	108,005	5.78%	113.02%
	Malaysia	22,609	24,252	26,199	28,629	30,374	1.62%	34.34%
	Indonesia	13,267	14,550	14,572	14,815	14,386	0.77%	8.43%
	Thailand	32,748	34,372	36,150	40,210	36,250	1.94%	10.69%
	Philippines	10,927	10,151	12,661	15,856	19,521	1.04%	78.65%
	Myanmar	2,994	7,676	8,908	10,991	8,051	0.43%	168.90%
	Cambodia	4,978	7,036	6,492	7,649	7,249	0.39%	45.62%
	Kazakhstan	10,692	8,757	9,052	11,222	13,884	0.74%	29.85%
Mongolia	7,116	4,870	6,412	7,694	8,503	0.45%	19.49%	
Americas	USA	216,434	214,139	220,322	230,949	203,070	10.86%	-6.17%
	Canada	10,541	11,787	15,220	15,706	13,875	0.74%	31.63%
	Mexico	3,693	3,025	3,404	3,409	4,023	0.22%	8.94%
	Brazil	1,957	4,103	1,822	2,534	2,322	0.12%	18.65%
Europe	France	11,947	16,753	16,144	15,735	13,179	0.70%	10.31%
	UK	15,808	14,376	13,826	17,165	17,307	0.93%	9.48%
	Germany	6,131	6,680	6,573	7,671	6,827	0.37%	11.35%
	Italy	2,862	2,547	2,780	2,724	2,175	0.12%	-24.00%
	Spain	3,521	4,287	5,156	4,488	4,272	0.23%	21.33%
	Hungary	386	439	410	651	493	0.03%	27.72%
	Russia	62,149	75,201	65,328	62,589	76,037	4.07%	22.35%
	Netherlands	9,678	8,293	8,951	8,325	8,801	0.47%	-9.06%
	Romania	1,407	1,968	1,748	1,943	1,829	0.10%	29.99%
Oceania	Australia	11,442	11,228	12,323	11,861	17,509	0.94%	53.02%
	New Zealand	1,725	1,555	1,411	1,743	1,337	0.07%	-22.49%
<b>Total</b>		2,127,796	2,259,449	1,765,908	2,102,983	1,869,832	100.00%	-12.12%

\* Source: Korea International Trade Association (KITA) website, 'K - Statistics - By Commodity (By Country) - MTI code 227 (soaps, toothpaste, and cosmetics)', as of November 2, 2022

### \*Reference

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《Business Watch》(2022, Nov 9), "K-Beauty with mixed reactions: 'AmorePacific & LG H&H' cry while 'Aekyung' smiles".

《Sisa Journal》(2022, Nov 2), "Exports in Oct. decreased after 2 years: 'SMEs already saw the decline starting from June'".

《Korea Economic Daily》(2022, Aug 8), "Upheaval in the 'K-Beauty' industry, from China → Japan, US, Southeast Asia: 'CLIO is picked as the top leader'".

## □ Fashion

### Exports to Malaysia, Mexico, Singapore, and Russia are on the rise, opening new routes for the clothing industry

Statistics show that exports to major trading partner countries in the third quarter of 2022 decreased by 3.2% YoY, amounting to USD 502.991 million (approx. KRW 70.79 million), which is a 4.64% decrease on the second quarter of the year. After a short decline in the second quarter of the year, exports to China rebounded to USD 130.535 million (+67.33% compared to the second quarter of the year), the largest volume of clothing exports for the third quarter. Meanwhile, exports to Vietnam, which accounted for the largest volume of exports in the second quarter, dropped by 41.36% compared to the previous quarter, taking third place, at USD 80.878 million, behind the US (USD 92.085 million). Exports to Malaysia increased by 291.09% on the same quarter of the previous year, showing the highest growth rate. Although Malaysia has been relatively more reluctant to adopt Hallyu culture than other countries, Hallyu is rapidly spreading across the country in recent years through K-content. This trend suggests that the MZ generation in Malaysia is showing greater interest in and demand for Korean fashion style, leading the growth in the export of Korean fashion products to Malaysia. Aside from Malaysia, exports to Mexico, Singapore, and Russia grew by 261.1%, 190.44%, and 137.14%, respectively, boasting high growth rates. Compared to the previous quarter, clothing exports are on the decline. However, this does not mean a grim outlook for the clothing sector because it showed an “earning surprise” thanks to the reopening (restarting of economic activities) in the second quarter. In particular, it remains to be seen whether the clothing sector can recover given that the fashion and distribution industries are recovering after the declaration of the endemic, and given that the overseas exports of major fashion companies in Korea have been increasing as Korean fashion companies transition to digital channels.\*

#### \*Reference

- 《Newsis》(2022, Aug 18), “Fashion industry reporting ‘earning surprises’ in the second quarter: Let’s look into their secrets”.
- 《ETNews》(2022, Nov 2), “Fashion industry achieving success with digital management: DT organizations led to great performance”.
- 《Korea Trade News》(2022, Aug 19), “Fashion industry, reporting ‘earnings surprise’ in the second quarter again thanks to growing exports”.
- 《KOTRA Global Market News》(2022, Oct 28), “Strong wave of Hallyu in Malaysia: Popularity of Korean snacks can be really felt”.

## Fashion Exports (Q3 2021~Q3 2022)

(Unit: \$ k)

Region	Country	2021		2022			Contribution	▲YoY
		Q3	Q4	Q1	Q2	Q3		
Asia	Japan	77,868	92,397	78,775	76,535	62,704	12.47%	-19.47%
	China	150,971	174,367	139,809	78,012	130,535	25.95%	-13.54%
	Hong Kong	25,278	26,595	28,017	29,535	23,104	4.59%	-8.60%
	Singapore	1,161	1,591	1,992	2,175	3,372	0.67%	190.44%
	Taiwan	14,291	21,667	15,510	16,845	16,664	3.31%	16.60%
	Vietnam	80,583	132,971	68,885	137,924	80,878	16.08%	0.37%
	Malaysia	505	1,553	1,208	1,202	1,975	0.39%	291.09%
	Indonesia	15,996	22,593	16,309	17,670	15,421	3.07%	-3.59%
	Thailand	2,816	4,055	2,871	3,458	3,207	0.64%	13.88%
	Philippines	2,660	5,207	3,425	4,505	3,701	0.74%	39.14%
	Myanmar	5,709	7,343	6,672	11,460	6,669	1.33%	16.82%
	Cambodia	2,530	4,007	2,122	2,022	1,721	0.38%	-31.98%
	Kazakhstan	447	536	356	484	308	0.06%	-31.10%
Mongolia	2,239	2,742	2,634	2,474	2,913	0.58%	30.10%	
Americas	USA	93,721	85,114	78,776	94,850	92,085	18.31%	-1.75%
	Canada	8,472	8,486	13,287	7,736	14,735	2.93%	73.93%
	Mexico	802	3,152	1,087	1,843	2,896	0.58%	261.10%
	Brazil	538	747	143	198	388	0.08%	-27.88%
Europe	France	8,410	9,921	8,482	7,575	9,264	1.84%	10.15%
	UK	5,701	7,455	6,929	7,513	6,710	1.33%	17.70%
	Germany	5,112	5,174	5,406	7,609	5,612	1.12%	9.78%
	Italy	6,319	3,994	5,825	7,081	7,362	1.46%	16.51%
	Spain	123	232	316	242	188	0.04%	52.85%
	Hungary	197	240	288	258	202	0.04%	2.54%
	Russia	1,314	1,927	1,494	1,178	3,116	0.62%	137.14%
	Netherlands	2,539	2,028	2,503	2,912	2,837	0.56%	11.74%
	Romania	33	28	3	34	181	0.04%	3.03%
Oceania	Australia	2,717	3,453	2,449	3,445	3,695	0.73%	36.00%
	New Zealand	582	909	636	687	548	0.11%	-5.84%
<b>Total</b>		519,634	630,484	496,209	527,462	502,991	100.00%	-3.20%

\* Source : Korea International Trade Association (KITA) website, 'K-Statistics - By Commodity (by country) - MTI code 441 (garments/clothes)', as of November 2, 2022

## 2 Hallyu – Tourism Sector

A record number of foreign visitors (770,000) to Korea due to the abolition of mandatory COVID-19 tests and resumption of visa waiver program for tourists

It has been reported that approximately 777,000 foreign tourists from major countries visited Korea in the third quarter of 2022, a 242.05% increase

on the same period of the previous year. This figure set another record high, far exceeding the record set in the second quarter of the year, which was the highest figure since the beginning of the COVID-19 pandemic. In the third quarter of this year, 224,419 foreigners visited Korea in July, 263,631 in August, and 289,621 in September, showing that the number of foreigners visiting Korea has been rising every month since April. China was the only country to show a decrease in the number of people visiting Korea in the second quarter, due to the country's "Zero-Covid" policy. However, the number of Chinese people visiting Korea rose by 56.26% in the third quarter compared to the same quarter of the previous year. Moreover, the number of visitors from China also increased by 126.99% compared to the second quarter because of the "shortening of the quarantine period for those arriving in Korea from overseas countries." Accordingly, the records show that the number of foreign tourists visiting Korea increased in the third quarter for every area compared to the same quarter of the previous year, as well as to the previous quarter. Moreover, according to analysis results, it seems that the "abolition of mandatory COVID-19 tests for those arriving in Korea" and the "introduction of a visa waiver program for tourists" from certain countries have to some extent led to the increasing trend in the number of foreign visitors. Visitors from the US made up the largest share of foreign tourists throughout the COVID-19 pandemic, and they still make up the largest portion (21.18%) of tourists from major countries, at 164,676. The number of tourists from Singapore and Australia rose by 5503.89% and 2090.08%, respectively, compared to the same quarter of the previous year. A breakdown of the statistics by country shows that the number of tourists from Vietnam (second, 8.53%) and Japan (third, 1437.75%), which accounted for a large share of foreign tourists to Korea, also showed high growth rates of 1108.91% and 1437.75%, respectively. This growing trend in the number of foreign tourists looks likely to continue for the time being because the visa waiver program will be resumed for eight countries, including Japan and Taiwan, from Nov. 11.\*

**\*Reference**

Korea Tourism Organization, Korea Tourism Statistics, July, August, September 2022

《Newsis》(2022, Oct 31), "Statistics of Covid-19 patients" is only open on the website: Visa waiver program for tourists would be fully expanded".

《New 1》(2022, Oct 31), "With the abolition of mandatory COVID-19 tests for those arriving in Korea, the number of foreign tourists in September rose by 276% compared to the previous year".

《Financial News》(2022, Oct 31), "The number of foreign tourists in September increased by 276% compared to the previous year, amounting to 3,370,000".

## Inbound Tourist Arrivals (Q3 2021~Q3 2022)

(Unit: persons)


Region	Country	2021		2022			Contribution	▲ YoY
		Q3	Q4	Q1	Q2	Q3		
Asia	Japan	4,281	3,867	5,493	11,787	65,831	8.47%	1437.75%
	China	49,716	38,198	40,967	34,224	77,686	9.99%	56.26%
	Hong Kong	418	291	498	1,109	6,505	0.84%	1456.22%
	Singapore	540	6,451	5,284	21,043	30,261	3.89%	5503.89%
	Taiwan	1,199	1,006	1,576	2,299	10,712	1.38%	793.41%
	Vietnam	5,486	7,394	12,416	23,354	66,321	8.53%	1108.91%
	Malaysia	1,266	1,430	2,168	7,127	14,979	1.93%	1083.18%
	Indonesia	11,715	12,221	13,209	18,239	28,377	3.65%	142.23%
	Thailand	2,150	2,601	4,052	29,258	41,179	5.30%	1815.30%
	Philippines	30,943	33,011	29,798	41,396	53,641	6.90%	73.35%
	Myanmar	12,702	16,119	14,287	15,616	19,232	2.47%	51.41%
	Cambodia	873	1,392	2,568	4,339	7,156	0.92%	719.70%
	Kazakhstan	2,483	1,181	1,113	8,528	11,032	1.42%	344.30%
	Mongolia	2,348	2,076	3,106	6,043	23,556	3.03%	903.24%
Americas	USA	61,563	58,535	48,383	128,816	164,676	21.18%	167.49%
	Canada	8,163	12,671	9,054	19,843	28,065	3.61%	243.81%
	Mexico	947	763	998	1,647	2,634	0.34%	178.14%
	Brazil	478	488	645	1,689	2,537	0.33%	430.75%
Europe	France	4,559	4,572	6,109	11,697	22,050	2.84%	383.66%
	UK	3,225	3,257	3,077	8,743	15,337	1.97%	375.57%
	Germany	6,086	6,564	5,904	13,195	23,805	3.06%	291.14%
	Italy	1,162	1,559	1,464	3,491	5,942	0.76%	411.36%
	Spain	953	962	961	2,536	5,200	0.67%	445.65%
	Hungary	258	365	391	722	981	0.22%	280.23%
	Russia	8,402	9,740	8,668	10,642	18,140	2.33%	115.90%
	Netherlands	3,393	3,243	3,067	5,708	8,510	1.09%	150.81%
	Romania	841	1,060	1,146	1,210	1,625	0.21%	93.22%
Oceania	Australia	796	1,607	1,999	10,236	17,433	2.24%	2090.08%
	New Zealand	409	607	623	2,284	4,268	0.55%	943.52%
<b>Total</b>		227,355	233,231	229,024	446,821	777,671	100.00%	242.05%

\* Source: Korea Tourism Organization (KTO) website (Notice - Data - Korea Tourism Statistics), as of November 2, 2022

### 3 Hallyu – Education Sector

The number of international students and trainees is on the dramatic increase prior to the starting of the new semester

It has been reported that the total number of foreigners who arrived in Korea for the purposes of study and training in the third quarter of 2022 was 65,326, a 110.42% increase on the third quarter of 2021. Specifically, 9,013,

37,758, and 18,555 foreigners arrived in Korea in July, August, and September, respectively. Colleges and universities in Korea have made aggressive attempts to open in-person classes since May, which seems to have led to a sharp increase in the number of foreign students and trainees in the runup to the beginning of the new semester after the rise in the second quarter of the year. The number of Chinese students, who made up the largest share (40.11%) of foreign students and trainees in this quarter, grew by 51.34% compared to the same quarter of the previous year, at 26,199. Vietnam (second, 22.56%) and Mongolia (third, 7.05%) reported foreign students and trainees numbering 14,739 (+629.29%) and 4,603 (+222.56%), respectively. With regard to America, the largest number of international students and trainees came from the US (+12.6%, 1,948), followed by Mexico (+0.55%, 359). As for Europe, 2,010 students and trainees came from France, a 138.15% increase on the same quarter of the previous year, and 1,568 students and trainees were from Germany, showing a 1154.4% increase on the previous quarter. Among the Oceanic countries, 123 students and trainees came from Australia, which is a 515% increase on the same quarter of the previous year, indicating that the number of international students and trainees coming to Korea is showing an increasing trend overall. According to the Korea Educational Development Institute, there are 166,892 international students in Korea this year, a number that has increased from 160,165 in 2019, right before the beginning of the COVID-19 pandemic. This rising trend in the number of international students is likely to will accelerate with the resumption of in-person classes.\* 

**Reference**

Korea Tourism Organization, Korea Tourism Statistics, July, August, September 2022

*(Seoul Economic Daily)* (2022, Oct 20). "No studios for rent": 'Rental studio crisis' as more international students are coming\*.

## Entry of International Students-Trainees (Q3 2021~Q3 2022)

(Unit: persons)

Region	Country	2021		2022			Contribution	▲YoY
		Q3	Q4	Q1	Q2	Q3		
Asia	Japan	1,895	614	2,652	1,609	4,404	6.74%	132.40%
	China	17,311	3,522	13,511	3,297	26,199	40.11%	51.34%
	Hong Kong	215	79	287	256	396	0.61%	84.19%
	Singapore	49	19	199	28	255	0.39%	420.41%
	Taiwan	366	107	609	240	885	1.35%	141.80%
	Vietnam	2,021	2,458	6,165	4,863	14,739	22.56%	629.29%
	Malaysia	317	52	631	85	745	1.14%	135.02%
	Indonesia	296	139	944	233	1,494	2.29%	404.73%
	Thailand	244	155	386	227	643	0.98%	163.52%
	Philippines	85	6	67	135	403	0.62%	374.12%
	Myanmar	295	244	384	266	790	1.21%	167.80%
	Cambodia	82	9	139	36	198	0.30%	141.46%
	Kazakhstan	415	12	193	145	775	1.19%	86.75%
Mongolia	1,427	896	1,419	929	4,603	7.05%	222.56%	
Americas	USA	1,730	92	1,571	230	1,948	2.98%	12.60%
	Canada	77	27	160	27	237	0.36%	207.79%
	Mexico	202	17	249	22	359	0.55%	77.72%
	Brazil	83	22	137	43	149	0.23%	79.52%
Europe	France	844	237	1,802	237	2,010	3.08%	138.15%
	UK	187	5	90	33	356	0.54%	90.37%
	Germany	1,245	57	1,014	125	1,568	2.40%	25.94%
	Italy	226	43	265	62	321	0.49%	42.04%
	Spain	461	38	343	55	465	0.71%	0.87%
	Russia	648	262	597	162	696	1.07%	7.41%
	Netherlands	269	14	348	30	507	0.78%	88.48%
	Romania	33	6	27	0	48	0.07%	45.45%
Oceania	Australia	20	19	34	17	123	0.19%	515.00%
	New Zealand	3	1	6	1	10	0.02%	233.33%
<b>Total</b>		31,046	9,152	34,229	13,393	65,326	100.00%	110.42%

\* Source: Korea Tourism Organization (KTO) website (Notice - Data - Korea Tourism Statistics), as of November 22, 2022