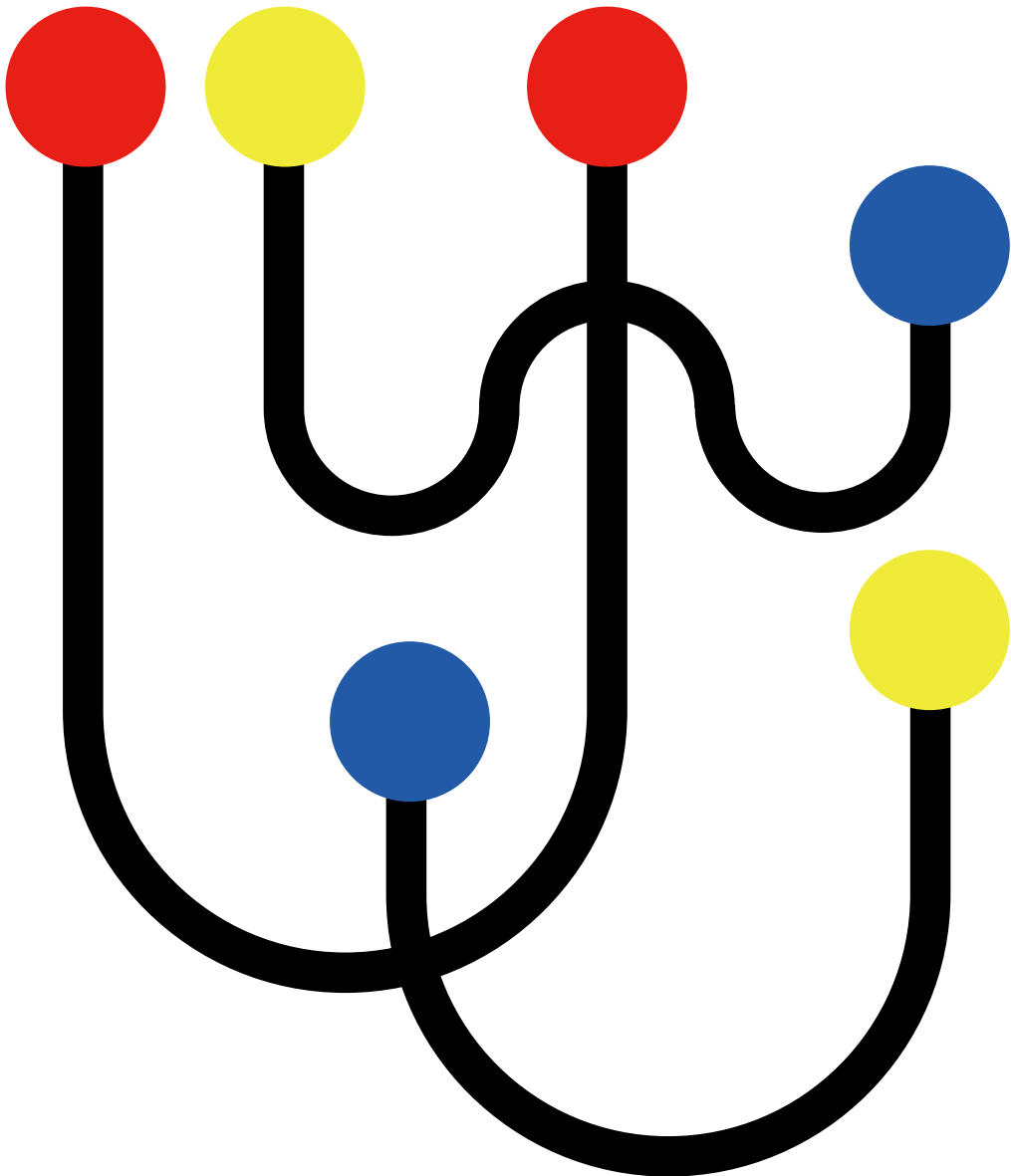


GLOBAL HALLYU
ISSUE MAGAZINE

VOLUME. 42
2021 — 5+6

HALLYU NOW

HALLYU STORY
WITH STATISTICS
THE US



KOFICE
한국국제문화교류진흥원

HALLYU NOW

GLOBAL HALLYU ISSUE MAGAZINE

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A Deep Dive into Hallyu in the US



The US is home to one of the largest cultural industries. While it has been ridden with gender and racial discrimination issues in recent years, it also is a country that puts the highest value on democracy and respect for diversity. As Hallyu (Korean Wave)¹ contents take contactless form amid COVID-19, it has been actively leveraging digital technology and online/mobile platforms to reach consumers. This has enabled Hallyu contents to venture into the US, a culture that was in need of racial diversity, at accelerated speed.

Last year, the most talked-about figures in the US, were by far, film director Bong Joon Ho and boy band BTS. Bong and BTS made history in the US movie and pop music industry. *Parasite*, of course, was the most popular Korean movie in the US while dramas such as *Crash Landing on You* and *Kingdom* were also widely watched by American viewers. Pororo and Larva were the most sought-after animation characters and *Player Unknown's Battlegrounds* topped the list of online games. Korean food, beauty, fashion, animation, webtoons were all highly coveted. The historical breakthrough of Korean contents during the pandemic is laying the foundation for further momentum in the post-COVID era.

1. Hallyu in the Limelight in the New Normal Era

The zero contact economy showed solid growth by adding jobs and investment in 2020, which is a sharp contrast to the rest of the economy that suffered subdued growth because of COVID-19. Against this backdrop, Korean drama, an important pillar of Hallyu, as well as movies, variety shows, music, animation and games all recorded robust growth. As the virus kept people indoors, viewership of Netflix Original Korean dramas such as *Kingdom* (2019) and *Sweet Home* (2020) surged not only in the US, but all over the world. In case of *Sweet Home*, the popularity of the drama naturally led to heightened interest in its original source, the webtoon. Bong Joon Ho's *Parasite* (2019), a black comedy that depicts structural issues of a capitalist class society in an entertaining manner, swept awards, evidencing the universality of such theme in modern society. The film won the Best Foreign Language Film at the 78th Golden Globe Awards, the 26th Screen Actors Guild Award for Outstanding Performance by a Cast in a Motion Picture and the Best Picture, Best Director, Best Original Screenplay and Best International Feature Film at the 92nd Academy Awards.

In K-pop, BTS was named “The Greatest Pop Star of 2020” by Billboard with “The Top-Selling Physical Album in 2020” while also performing a solo stage at the 63rd Grammy Awards. Blackpink recorded

1. Hallyu, or Korean Wave, is a term used to describe the global popularity of Korean pop culture including music, movies, dramas, online games, among others.



1. Netflix's political period horror drama *Kingdom* has gained a huge following in the US (Source: Netflix).
2. *Sweet Home* is the new horror sensation on Netflix since its premier in December, 2020 (Source: Netflix).

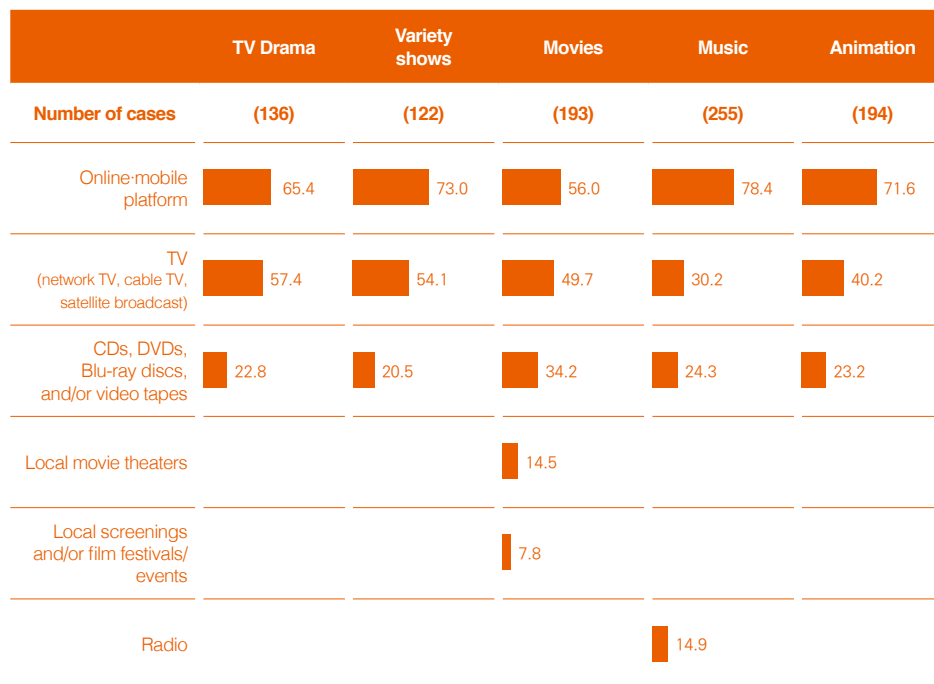
remarkably high record sales with the second largest global YouTube subscription count as an artist. SuperM, the K-pop avengers group produced jointly by Capitol Music Group of the US and SM Entertainment of Korea, performed the world’s first paid online concert, *Beyond Live*, presenting a virtual concert model amid the pandemic.

According to the results of *The 2021 Survey on Overseas Hallyu Status*², online/mobile platforms were the most popular channels used by Americans when consuming Korean contents, followed by TV broadcast and CD/DVD/Blu-ray/videotapes. The most sought-after genres of Korean contents were music (78.4%), variety programs (73.0%), animation (71.6%), drama (65.4%) and movies (56.0%). In addition, Americans were frequently exposed to Korean fashion, beauty, cuisine, publications and games via digital platforms including social media and online/mobile sites and apps.

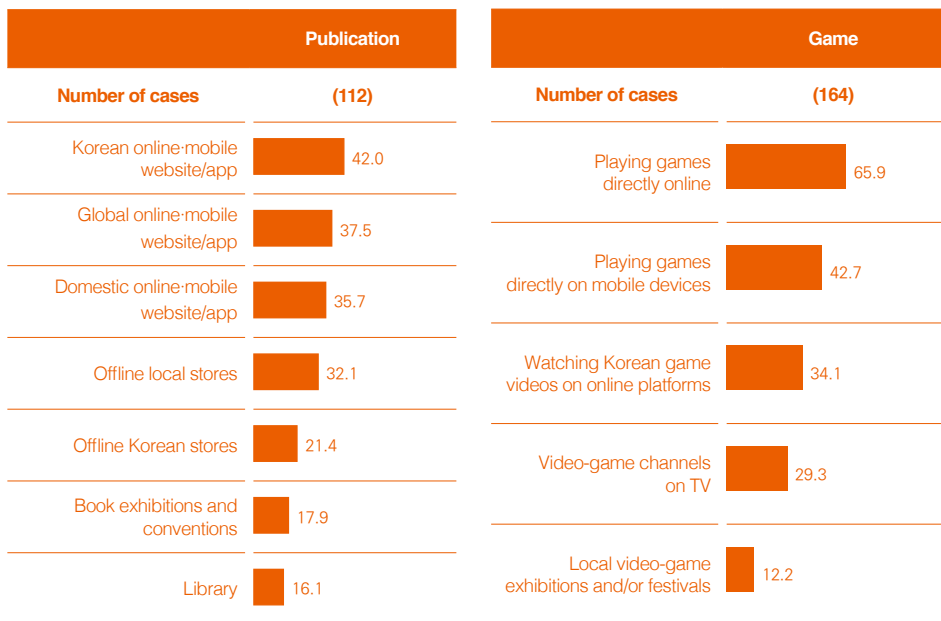
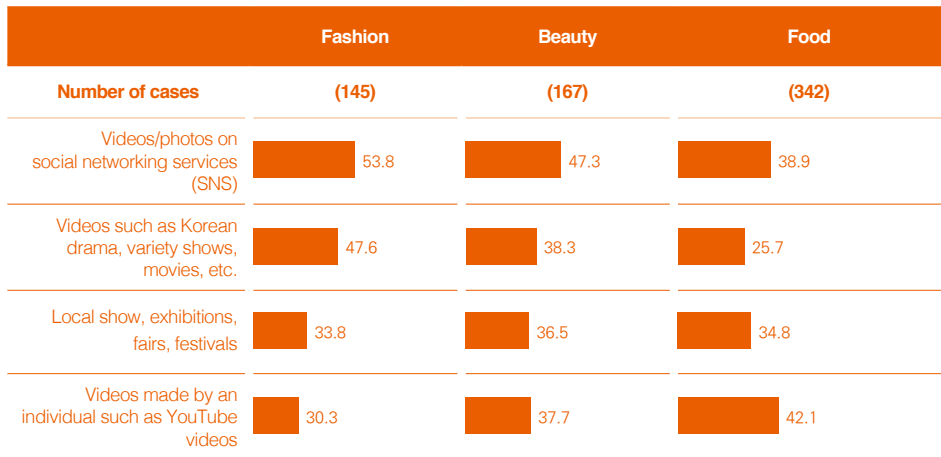
Distribution channel by type of Korean cultural contents

BASE: American consumers of Korean cultural contents, Unit: %, multiple response

Q. Please select all channels of access to Korean cultural contents.



2. 2021 Survey on Overseas Hallyu Status was conducted from September 24th 2020 to November 4th 2020 online. A total of 8,500 respondents between the ages of 15 and 59 who had prior experience of using Korean cultural contents took part in the survey. The survey was conducted in a total of 18 countries and the minimum and maximum sample size per country was 400 and 500 respectively.



2. Collective Synergy of Korean Cultural Contents: One Leading to Another

In the US, the most coveted overseas contents were Korean drama (53.7%), variety shows (54.9%), movies (50.3%), music (56.1%) and beauty (50.9%), while Japanese contents were most popular for animation, publications, games and fashion. Reflecting the interest of Americans, *Crash Landing on You* (2019) (5.1%) featuring North Korea and the zombie drama *Kingdom* (3.7%) were the most widely-viewed contents. In movies, other

than *Parasite* (16.6%) which swept the film awards in 2020, *Train to Busan* (2016) (4.1%) and *Peninsula* (2020) (2.6%) were popular choices of American moviegoers.

Major online/mobile platforms

BASE: American consumers using online/mobile platform to access Korean cultural contents, Unit: %, multiple response

Q. Select all channels when you use online/mobile platform to access Korean cultural contents.

| | TV Drama (89) | Variety shows (89) | Movies (108) | Animation (139) |
|-----------------|------------------|-----------------------|-----------------|--------------------|
| Netflix | 71.9 | 65.2 | 75.0 | 53.2 |
| YouTube | 65.2 | 65.2 | 56.5 | 71.2 |
| Amazon Prime | 39.3 | 38.2 | 44.4 | 34.5 |
| Hulu | 38.2 | 32.6 | 38.0 | 35.3 |
| YouTube Premium | 24.7 | 22.5 | 20.4 | 27.3 |
| Youku | 20.2 | 16.9 | 8.3 | 12.9 |
| SlingTV | 13.5 | 13.5 | 7.4 | 7.9 |
| iflix | 10.1 | 6.7 | 6.5 | 5.8 |
| iQiyi | 6.7 | 6.7 | 5.6 | 7.2 |
| Other | 6.7 | 4.5 | 5.6 | 4.3 |

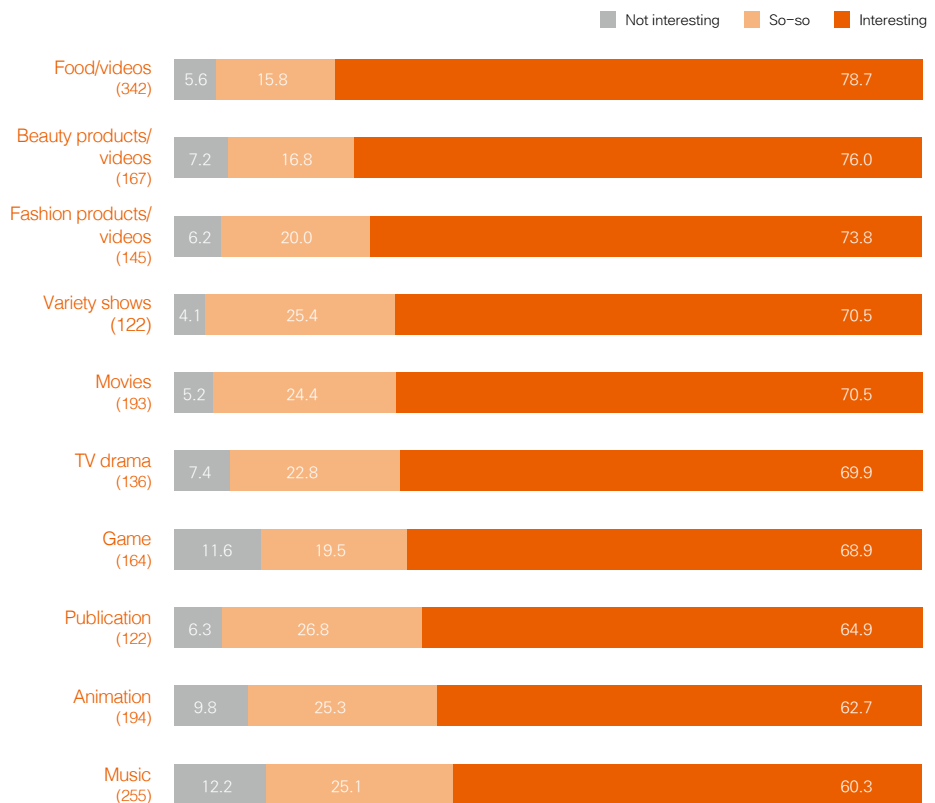
| Music (200) | |
|-------------------|------|
| YouTube | 77.0 |
| Google Play Music | 18.0 |
| Spotify | 49.5 |
| Deezer | 8.0 |
| Amazon Music | 26.0 |
| QQ Music | 4.0 |
| Apple Music | 21.0 |
| Other | 1.5 |
| iTunes | 20.5 |

One of the key characteristics of Hallyu is that the contents create promotional synergy collectively rather than individually. The US is not an exception. According to *The 2021 Survey on Overseas Hallyu Status*, the main attributes that were driving Korean movies were that “the storylines are well-written and have a solid structure” (29.0%) and that “the movies or films offer glimpses into the latest fashion and beauty trends in Korea”

(27.5%). For example, Jjapaguri, otherwise known as Ram-don, featured in *Parasite* became a hit Korean dish. Numerous media outlets including NBC News and the LA Times introduced the background of its popularity and many YouTubers shared the recipe. “Jjapaguri” became a widely served menu at more and more Korean restaurants overseas. The positive perception of Korean food was exceptionally high, at 78.7%. Mukbang³ videos became popular as Korean Mukbang YouTubers attracted a large number of subscribers and even paved the way for American Mukbang YouTubers. For example, in 2020, Vogue’s YouTube channel released a video titled “Mukbang” featuring British actress Florence Pugh introducing a diverse array of British dishes.

Overall likability of Korean cultural contents

Base: American consumers of Korean cultural contents, Unit: %



3. Mukbang is a type of Korean online entertainment show where a host eats while interacting with viewers.

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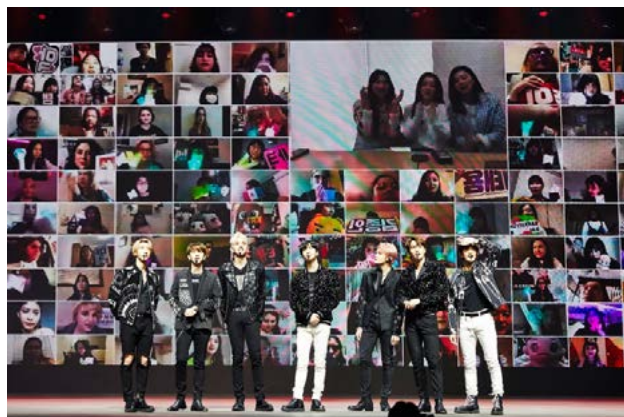
3. CNBC reported on pop artists holding online concerts amid the pandemic (Source: CNBC).

The global music industry faced immense challenges in 2020 as COVID-19 prevented concerts and tours at both home and abroad. Fortunately, K-pop was able to quickly adopt a non-contact business model. Fansign events, which heavily influence the first week's album sales, were held online, granting easy access to overseas fans. In addition, artists adapted to the paid online concert format pioneered by SuperM. Before SuperM, internationally renowned classical music organizations such as the New York Metropolitan Opera, Berlin Philharmonic, and Austria Vienna Philharmonic and Korean concert halls such as the Sejong Center for the Performing Arts, Seoul Arts Center, and the Seoul Donhwamun Traditional Theater offered free online streaming services. Pop music artists such as

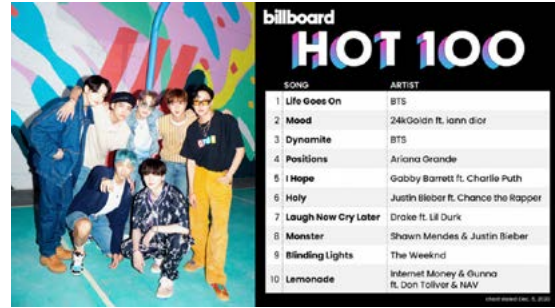
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4. 5. SuperM's *Beyond Live* concert established a successful model for online performances (Source: SM Entertainment).



6. BTS's *Bang Bang Con: The Live* poster (Source: Hybe)
7. "Life Goes On," the 3rd single of BTS topped the Billboard Hot 100 Charts (Source: Hybe/ <https://www.allkpop.com/article/2020/11/btss-life-goes-on-is-the-first-predominantly-korean-song-in-history-to-top-billboards-hot-100-chart>).

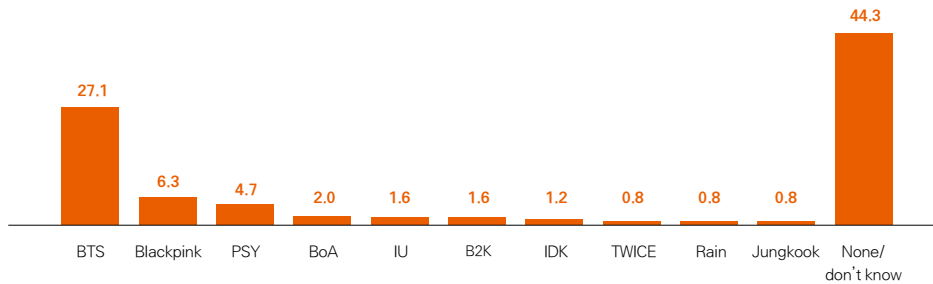
Chris Martin of Coldplay, John Legend, Charlie Puth, and Niall Horan of One Direction held free concerts on social media platforms. The assumption was that consumers would not pay to watch online performances and therefore, they offered free concerts online to encourage fan inflow. However, SM Entertainment overcame these concerns by showcasing the *Beyond Live* paid concert which generated KRW 2.5bn in revenue and established a success model for paid online performances. BTS followed with the paid virtual concert *Bang Bang Con: The Live*; The June and October concerts generated approximately KRW 26bn and KRW 50bn, respectively.

2020 was an exceptional year for BTS in the US pop music arena. In February, BTS released their 4th full-length album, *Map of the Soul: 7*, which sold a whopping 4 million copies. BTS became the first Korean artist to top Billboard's Hot 100 Music Chart and also the first Korean artist to enter the Top 5 in the Radio Airplay Songs Chart with "Dynamite," their digital single with English lyrics released in August. In October, "Savage Love" remix by Jawsh 865, Jason Derulo and BTS hit No. 1 in Billboard's Hot 100 Chart for the second time. The Korean single "Life Goes On" released in November recorded 149mn views on streaming and sold more than 150k copies to ascend to the top of the last Hot 100 Chart in 2020. BTS made history by becoming the first artist since The Beatles in 1964 to have three No. 1 singles in the Hot 100 Charts in the shortest time period.

The most popular K-pop artists in the US

BASE: American consumers of Korean music(K-pop), n=(225), unit: %

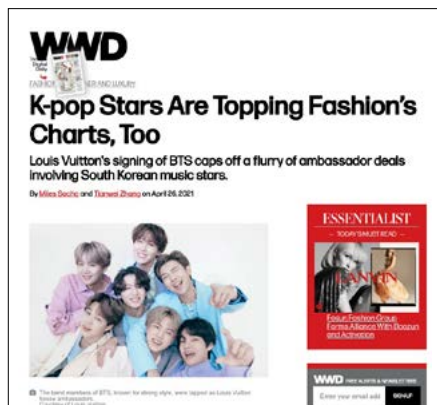
Q. Who is your favorite Korean singer/group now?
Please write the name of your favorite singer/group.



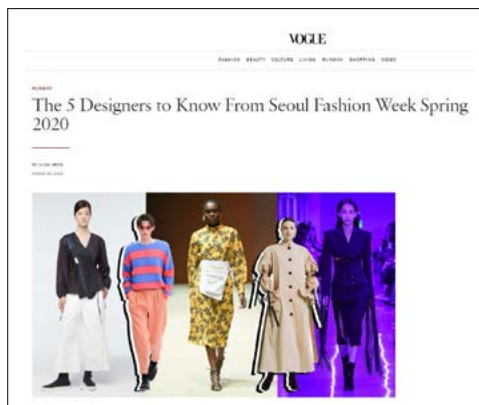
Blackpink's "How You Like That" and "Ice Cream" with Selena Gomez landed 33rd and 13th respectively in the Hot 100, becoming the highest charting K-pop girl group. *The Album* released in October became the first million seller for a K-pop girl group and hit No. 2 in the Billboard Hot 200 Album Chart.

As Korean pop stars took center stage, so did their fashion. In the past, K-pop artists usually represented brands as ambassadors for a limited region, for example, Korea or Asia. From 2020 onwards, many of them started signing global contracts; Chanyeol of Exo was appointed as global

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- Seoul Fashion Week garnered attention from US media (Source: Vogue (2019.10.24.). The 5 Designers to Know From Seoul Fashion Week Spring 2020).
- WWD article on appointment of K-pop artists as global fashion brand ambassadors (Source: WWD (2021.4.26.). K-pop Stars Are Topping Fashion's Charts, Too)

brand ambassador of Prada while Kai of the same band was chosen as global ambassador of Gucci. In Blackpink, Jennie was appointed the house ambassador of Chanel while Rosé was chosen as global ambassador of Saint Laurent. Meanwhile, Seoul Fashion Week has put the spotlight on Korean fashion brands such as Re;code, Minju Kim, Youser, Dewedewe and Chance Chance amongst US media.

In animation, Pororo (16.5%), Larva (14.9%) and Pucca (14.4%) were the most popular Korean characters. In games, *Dungeon Fighter* and *Player Unknown's Battlegrounds* (PUBG) showed high awareness with 32.3% and 29.9% respectively. In publication, cartoon consumption was the highest at 55.4% and was mainly enjoyed by those in their 40's. Webtoons were right behind (26.8%) and were mostly supported by teenagers.

3. Hallyu Jumping Into American Politics

In 2020, the Black Lives Matter (BLM) movement spread across the US after Breonna Taylor, a 26-year-old African American woman, was shot dead by a white police officer at home in Kentucky in March and George Floyd, an African American man, died after being pinned under the knees of a white police officer in Minnesota in May. Many K-pop stars including Amber, BTS, Eric Nam, Yubin of Wonder Girls, Crush, Jo Kwon, Johnny of NCT 127,

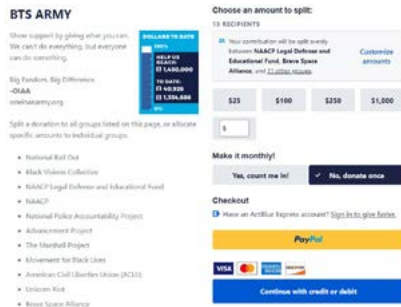


10. Black Lives Matter (BLM) protests across the US (Source: Financial Times (2021.4.11.). "People are on pins and needles": the Chauvin trial and race in America/ Chandan Khanna/ AFP/ Getty Images)

11



12



11. BTS fans camped out ahead of Citi Field, waiting for days for their show in New York in 2018 (Source: <http://www.billboard.com/video/bbnews100518-bts-concert-fans-8478520>).
12. ARMY, BTS's fandom, raising funds based on donation of BTS to the BLM movement (Source: <https://secure.actblue.com/donate/btsarmy>)

Jay Park, Sik-K and Haon openly supported the movement. Got7 member Mark, Day6 member Jae and H1ghr Music donated to BLM-associated organizations expressing thanks to K-pop fans in the US. In particular, BTS tweeted “We stand against racial discrimination. We condemn violence. You, I and we all have the right to be respected. We will stand together.” Later, foreign press reported that BTS together with Hybe Corporation donated \$1 million, empowering the anti-racial discrimination movement in the US.

Unlike Korea, where the entertainment business would have celebrities refrain from expressing political views to maintain popularity, in the US, fans prefer and support artists that show social leadership. BTS fans are famous for opposing the reelection of Trump by purchasing a large number of tickets to the Trump rally in Tulsa, Oklahoma, and not turning up. The dominant popularity of BTS relative to other bands (likability 27.1%) seems to be backed by not only their exceptional music and performance but also by their engagement in social activities and voicing of opinions.

Meanwhile, Bong Joon Ho, after sweeping the award ceremonies including the Academy Awards with *Parasite*, said in an interview with US media, *Vulture*, that “The Oscars are not an international film festival. They’re very local.” Bong explained that the comments were contextually natural in the interview, however, his incisive description of an American film-centric award ceremony were the talk of the town for a while.

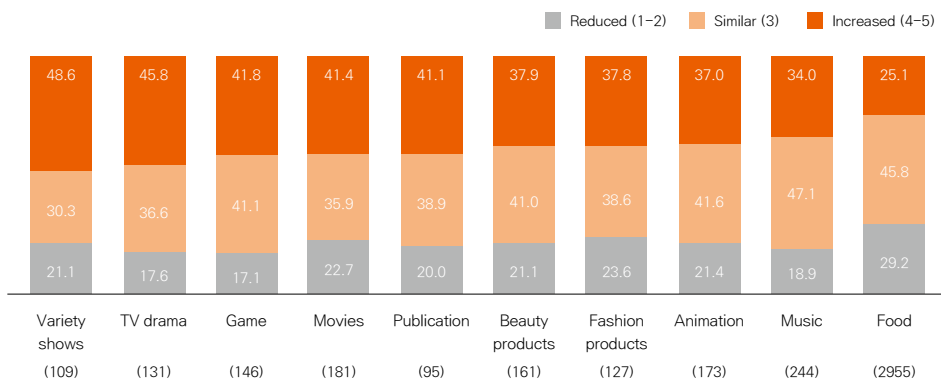
4. Presentation of Korean Identity in the US

Americans answered that they are consuming similar or higher volume of Korean cultural contents since the pandemic than before. 56.0% reported that their current level of interest in Korean contents is similar to one year ago and 57.4% answered that interest levels should remain similar after one year. All in all, interest in Korean contents is expected to stay at current levels. 54.8% answered that the interest in Korean contents of those of same nationality as their own had similar interest levels in Korean contents the previous year and 53.4% reported that they expect it to remain at similar levels after one year. 44.6% replied that their overall perception of Korea “has become positive” after experiencing Korean cultural contents, while 47.6% said that it “has not changed”, and 7.8% answered that it “has become negative.” Negative perception of Hallyu was mainly “due to Korean celebrity/influencer’s inappropriate/unethical talk and behavior” (22.4%), contents being “too aggressive and suggestive” (21.6%), “too commercial” (20.7%), and “due to the division of the two Koreas and reports of the international threats North Korea poses” (20.7%).

Assessment of change in consumption volume of Korean contents before/since COVID-19

Base: American consumers of Korean cultural contents, unit: %

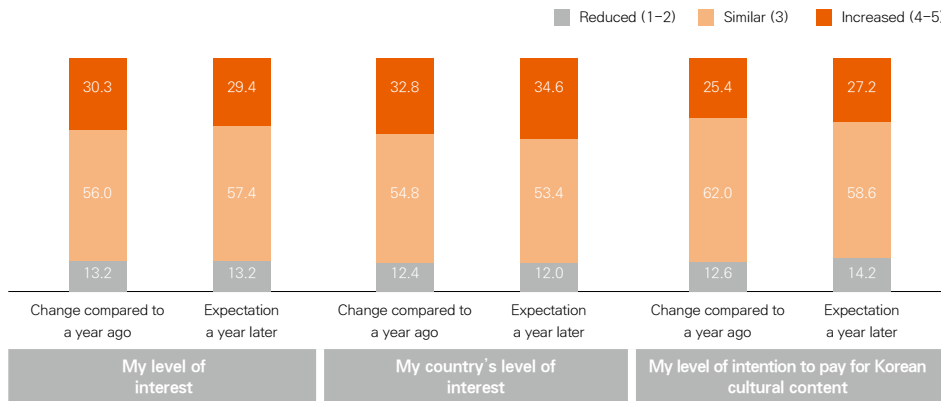
Q. How has your consumption volume changed for each of your Korean cultural contents/products since the COVID-19 outbreak this year compared to before the COVID-19 outbreak (2019)?



Change in interest level in and willingness to spend on Korean cultural contents

Base: American respondents, unit: %

Q. Please choose what you think about your interest in Korean cultural contents.



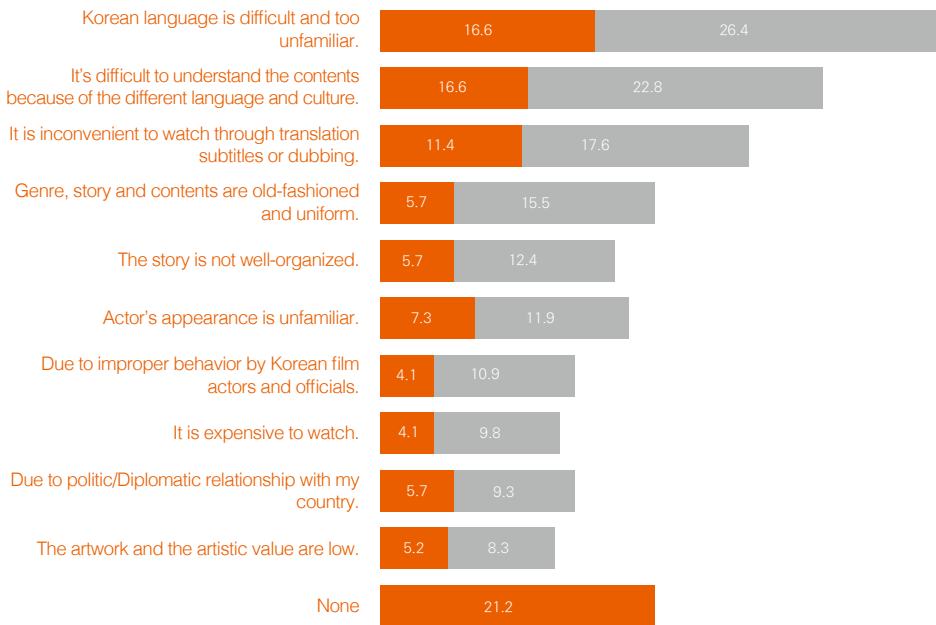
Then what would be the factors that undermine likability of Korean culture by segment? In case of fashion, “size does not vary” (34.5%) and for beauty, “it is expensive compared to quality” (22.8%) were factors that hindered positive perception. While these reasons can impact corporate profit, they are largely unrelated to the identity of Korea. In contrast, for Korean food, “it is difficult to use Korean meal tools (spoon, chopsticks)” (25.7%), for movies, “Korean language is difficult and unfamiliar” (26.4%) and “it is difficult to understand the contents because of the different language and culture” (22.8%), and for music, “Korean lyrics are difficult and unfamiliar” (27.1%) were found to hinder likability. These factors are directly related to the identity of Korea. Meanwhile, respondents answered that for animation, mainly language associated reasons (“it is inconvenient to watch through translation subtitles or dubbing” (21.1%), “Korean language is difficult and unfamiliar” (19.1%)), and for publications, cultural heterogeneity (“it is difficult to understand the contents because of the different language and culture” (20.5%), “The Korean undertone is too strong” (20.5%)) hindered their likability of Korean contents.

Factors that undermine likability of Korean contents - movies, music

Base: American consumers of Korean movies, n=(193), unit: %

Korean movies

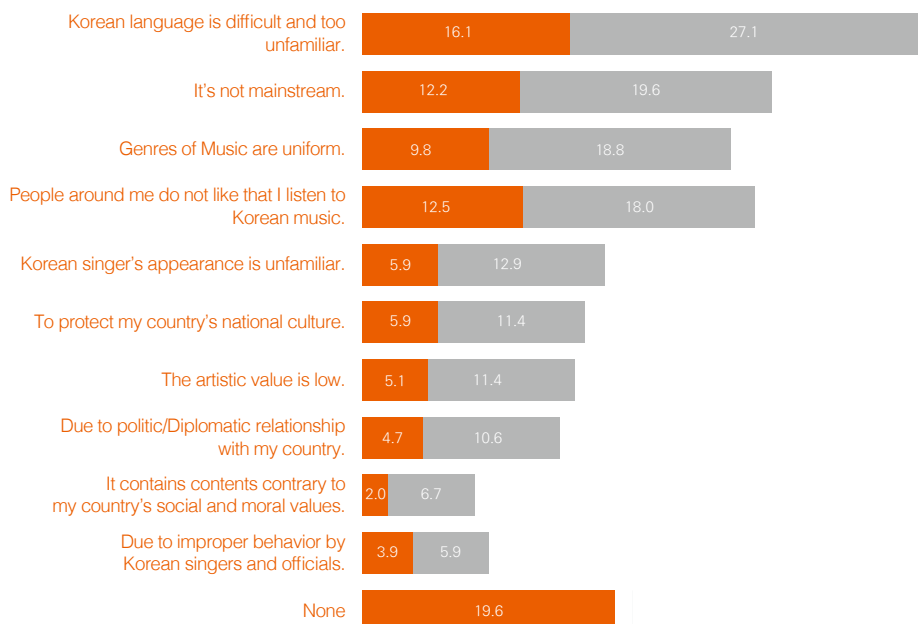
Q. Which factors hinder good feelings toward Korean movies? Choose your top two reasons.



American consumers of Korean music (K-pop), n=(255), unit: %

Korean music

Q. Which factors hinder good feelings toward Korean music (K-pop)? Choose your top two reasons.



It is important to understand the American consumers who are making such comments about Korean cultural contents before analyzing them. American consumers, who were at the center of cultural flow up to the 20th century did not have the need to know how to use non-Western dining utensils nor did they need to make effort to learn unfamiliar languages. While Koreans are used to reading subtitles of a Hollywood movie, Americans are only now starting to understand the inconvenience of subtitles. Should Korean artists act and sing in English to reduce such inconvenience? Should Korean contents tell only globally universal stories for consumers who find “the Korean undertone too strong?” Ultimately, these hurdles need to be overcome by leveraging additional technology and services while maintaining the Korean identity. If someone finds using a spoon difficult, then promoting a video on how to use a spoon, or if understanding the language/culture is challenging, hiring a translator whose translated subtitles can go beyond the mere language and bridge the cultural gap, can be some approaches that are food for thought.

Recently, the US has been ridden with racial discrimination and violence against Asian Americans. But one of the key strengths of the

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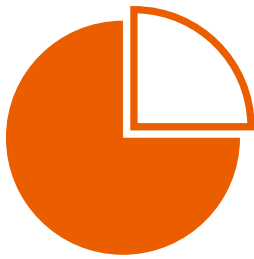


13. KCON New York 2019 drew more than 55,000 fans to their 2 day festival (Source: MTV).

14. BTS performed on ABC's *Good Morning America* summer concert series in New York in 2019 (Source: Yonhap News).

American society is resilience through community. Korean cultural contents that have made inroads into the US can at times become the most peaceful weapon of non-white Americans. Joon-ho Bong's *Parasite* and BTS were able to sweep the American cultural arena because their messages touched the hearts of Americans. Their unprecedented success should be an opportunity for creators to reflect upon and check what social messages Korean contents are attempting to disseminate into the world. 🇺🇸

STATISTIC



INSIDE

STATISTIC INSIDE

1. Hallyu-Manufacturing Sector

□ Cosmetics

Cosmetic industry continues solid growth

Cosmetic exports were record-breaking in Q1 2021 as global economic recovery propelled export growth. Exports to major countries amounted to a historical high of \$2.154014 USD bn (approx. KRW 2.1tn) which is a 26.53% YoY jump and a 3.66% QoQ growth. In contrast to the sluggish domestic market, exports continued to increase for 10 consecutive months since June after a slight dip in Q2 last year. It is noteworthy that the growth seen during this period was robust. Taking a look by region, exports to Asia including China and Japan, to Europe overall and the U.S. all showed solid growth, mainly driven by basic skin care products as the prolonged COVID-19 pandemic changed everyday routines. Exports to China, which takes up approximately 54% of total exports, jumped by 39.65% YoY to \$1.164691 USD bn (approx. KRW 1.12975tn.) Strong demand for Korean beauty products, development of e-commerce and expansion of online distribution channels contributed to the strong growth despite the high import customs clearance index requiring extensive time and cost for imports into China. Meanwhile, solid growth observed in Japan and the US, two markets recently in the limelight, was one of the main reasons for the exponential growth in Q1. Exports to Japan and the US surged by 50.10% and 55.83% respectively, driving exports for the quarter. Robust growth was also seen throughout Europe including the UK, Germany, Spain and Hungary. Despite the unfavorable pandemic situation, Korean beauty products seemed to be growing through online platforms based on price and quality competitiveness amid assessment of and heightened interest in K-beauty. In addition, government measures to lower purchasing barriers of duty free channels given the limited inflow of tourists due to travel restrictions are also considered to have contributed to export growth.*

*Reference

CMN News (April 6, 2021). Record Breaking Monthly Cosmetic Exports in March Reach \$860mn.
Dailian (April 6, 2021). "China Recovering" ...Q1 Earnings Outlook for Beauty Industry 'Sunny'.

Cosmetic Exports (Q1 2020~Q1 2021)

(Unit: \$ k)

| Region | Country | 2020 | | | | 2021 | Contribution | ▲YoY |
|--------------|-------------|-----------|-----------|-----------|-----------|-----------|--------------|---------|
| | | Q1 | Q2 | Q3 | Q4 | Q1 | | |
| Asia | Japan | 136,169 | 190,306 | 162,784 | 174,561 | 204,396 | 9.49% | 50.10% |
| | China | 834,036 | 835,203 | 1,040,395 | 1,111,854 | 1,164,691 | 54.07% | 39.65% |
| | Hong Kong | 223,594 | 139,889 | 157,034 | 194,963 | 160,566 | 7.45% | -28.19% |
| | Singapore | 33,349 | 32,011 | 33,699 | 30,928 | 27,200 | 1.26% | -18.44% |
| | Taiwan | 46,736 | 38,686 | 39,751 | 45,026 | 45,852 | 2.13% | -1.89% |
| | Vietnam | 71,043 | 46,111 | 65,002 | 83,667 | 90,181 | 4.19% | 26.94% |
| | Malaysia | 21,338z | 19,917 | 22,237 | 25,753 | 30,318 | 1.41% | 42.08% |
| | Indonesia | 17,339 | 11,520 | 14,711 | 19,710 | 22,682 | 1.05% | 30.81% |
| | Thailand | 41,597 | 28,925 | 31,768 | 28,950 | 33,309 | 1.55% | -19.92% |
| | Philippines | 10,890 | 7,932 | 10,167 | 10,051 | 10,874 | 0.50% | -0.15% |
| | Myanmar | 4,657 | 2,856 | 5,645 | 6,297 | 4,567 | 0.21% | -1.93% |
| | Cambodia | 3,999 | 4,157 | 4,856 | 5,374 | 6,351 | 0.29% | 58.81% |
| | Kazakhstan | 5,705 | 6,510 | 8,030 | 10,924 | 12,376 | 0.57% | 116.93% |
| | Mongolia | 3,776 | 4,964 | 5,298 | 2,839 | 3,960 | 0.18% | 4.87% |
| Americas | US | 122,156 | 161,909 | 186,852 | 181,527 | 190,356 | 8.84% | 55.83% |
| | Canada | 9,557 | 7,488 | 13,126 | 10,588 | 7,933 | 0.37% | -16.99% |
| | Mexico | 2,006 | 1,890 | 2,140 | 2,731 | 2,816 | 0.13% | 40.38% |
| | Brazil | 1,244 | 1,213 | 872 | 1,899 | 1,374 | 0.06% | 10.45% |
| Europe | France | 12,775 | 13,976 | 8,962 | 13,055 | 13,082 | 0.61% | 2.40% |
| | UK | 8,467 | 10,951 | 17,834 | 18,548 | 14,357 | 0.67% | 69.56% |
| | Germany | 3,006 | 5,065 | 4,267 | 4,171 | 5,485 | 0.25% | 82.47% |
| | Italy | 1,892 | 1,286 | 1,234 | 1,664 | 1,520 | 0.07% | -19.66% |
| | Spain | 2,612 | 2,151 | 3,178 | 4,206 | 3,971 | 0.18% | 52.03% |
| | Hungary | 150 | 355 | 341 | 311 | 509 | 0.02% | 239.33% |
| | Russia | 67,223 | 43,776 | 65,295 | 68,062 | 73,825 | 3.43% | 9.82% |
| | Netherlands | 4,822 | 5,643 | 5,285 | 6,265 | 7,509 | 0.35% | 55.72% |
| | Romania | 960 | 1,396 | 1,488 | 1,598 | 1,808 | 0.08% | 88.33% |
| Oceania | Australia | 10,577 | 11,316 | 13,756 | 10,974 | 10,865 | 0.50% | 2.72% |
| | New Zealand | 723 | 804 | 1,123 | 1,537 | 1,281 | 0.06% | 77.18% |
| Total | | 1,702,398 | 1,638,206 | 1,927,130 | 2,078,033 | 2,154,014 | 100.00% | 26.53% |

* Source : Referred to Korea International Trade Association webpage, 'K-Statistics-By Commodity (By Country) - MTI code 227 (Soaps, toothpaste and cosmetics),' as of April 20, 2021

□ Fashion

Exports driven by strong demand for textiles·apparels

Exports decreased by 19.48% against Q4 2020 and increased by 12.56% YoY to reach \$435.654 USD mn (approx. KRW 484.36012tn) in Q1 2021. Exports to China, the largest export market (26.71%), increased by 49.19% YoY and stood at \$116.342 USD mn (approx. KRW 129.41185bn). Exports

to Japan, the second largest market, amounted to \$89.21 USD mn (approx. KRW 99.23720bn). Exports to Europe and Oceania showed continued growth since Q4 2020 with exports to the UK, France and Australia rising YoY by 26.22%, 24.98% and 63.38% respectively. The main drivers were continuous demand for textiles for masks and hygiene products due to the prolonged COVID-19 pandemic and recovery of demand for garments and clothing thanks to improvement in consumer sentiment. In addition, the jump in online consumption of Korean garments was a key contributor to export growth. Meanwhile, exports to the Americas, especially to the US and Mexico, rebounded amid the global economic recovery. These markets have been showing steady decline as large retail chains in the US experienced shut-downs and bankruptcies due to COVID-19. Nevertheless, the recent growth momentum should be continuously monitored as there are views that it is too early to project a full global economic recovery given the uncertainty stemming from repeated resurgence of the virus and a delay in the distribution of COVID-19 vaccines.*

Apparel Exports (Q1 2020~Q1 2021)

(Unit: \$ k)

| Region | Country | 2020 | | | | 2021 | Contribution | ▲ YoY |
|----------|-------------|--------|---------|--------|---------|---------|--------------|---------|
| | | Q1 | Q2 | Q3 | Q4 | Q1 | | |
| Asia | Japan | 86,963 | 75,069 | 83,465 | 103,496 | 89,210 | 20.48% | 2.58% |
| | China | 77,985 | 69,157 | 96,782 | 134,300 | 116,342 | 26.71% | 49.19% |
| | Hong Kong | 18,415 | 17,865 | 17,270 | 33,687 | 24,604 | 5.65% | 33.61% |
| | Singapore | 2,213 | 3,181 | 3,231 | 4,052 | 1,527 | 0.35% | -31.00% |
| | Taiwan | 15,111 | 14,298 | 14,389 | 22,188 | 17,542 | 4.03% | 16.09% |
| | Vietnam | 68,635 | 102,379 | 77,796 | 108,314 | 62,612 | 14.37% | -8.78% |
| | Malaysia | 1,470 | 750 | 1,109 | 997 | 519 | 0.12% | -64.69% |
| | Indonesia | 16,813 | 14,140 | 14,012 | 18,909 | 13,882 | 3.19% | -17.43% |
| | Thailand | 2,797 | 1,262 | 2,154 | 2,292 | 2,697 | 0.62% | -3.58% |
| | Philippines | 4,550 | 2,684 | 7,516 | 7,226 | 4,386 | 1.01% | -3.60% |
| | Myanmar | 5,747 | 9,641 | 2,743 | 5,399 | 3,901 | 0.90% | -32.12% |
| | Cambodia | 1,548 | 1,148 | 2,532 | 2,634 | 1,842 | 0.42% | 18.99% |
| | Kazakhstan | 184 | 272 | 288 | 494 | 930 | 0.21% | 405.43% |
| Mongolia | 1,470 | 951 | 1,199 | 950 | 1,348 | 0.31% | -8.30% | |
| Americas | US | 47,326 | 49,616 | 72,619 | 55,208 | 54,569 | 12.53% | 15.30% |
| | Canada | 4,144 | 3,692 | 6,230 | 5,278 | 6,394 | 1.47% | 54.30% |
| | Mexico | 856 | 972 | 1,355 | 659 | 951 | 0.22% | 11.10% |
| | Brazil | 248 | 407 | 359 | 278 | 357 | 0.08% | 43.95% |

*Reference

Korea Federation of Textile Industries, 'Export/import data for textiles in January, February and March 2021'

| | | | | | | | | |
|---------------|----------------|-----------|---------|---------|---------|---------|---------|----------|
| Europe | France | 6,854 | 7,710 | 9,356 | 10,096 | 8,566 | 1.97% | 24.98% |
| | UK | 6,803 | 5,877 | 6,216 | 8,094 | 8,587 | 1.97% | 26.22% |
| | Germany | 4,181 | 4,093 | 4,881 | 6,183 | 4,108 | 0.94% | -1.75% |
| | Italy | 4,158 | 1,807 | 4,085 | 3,224 | 3,247 | 0.75% | -21.91% |
| | Spain | 255 | 716 | 54 | 392 | 506 | 0.12% | 98.43% |
| | Hungary | 141 | 247 | 114 | 222 | 470 | 0.11% | 233.33% |
| | Russia | 1,122 | 1,406 | 1,333 | 1,576 | 958 | 0.22% | -14.62% |
| | Netherlands | 1,303 | 1,244 | 1,946 | 1,554 | 2,191 | 0.50% | 68.15% |
| | Romania | 3,670 | 28,190 | 17,416 | 29 | 0 | 0.00% | -100.00% |
| | Oceania | Australia | 1,764 | 2,489 | 2,626 | 2,903 | 2,882 | 0.66% |
| New Zealand | | 328 | 324 | 389 | 421 | 526 | 0.12% | 60.37% |
| Total | | 387,054 | 421,587 | 453,465 | 541,055 | 435,654 | 100.00% | 12.56% |

* Source : Referred to Korea International Trade Association webpage, 'K-Statistics - By Commodity (by country) - MTI code 227 (garments/clothes),' as of April 20, 2021

2. Hallyu-Tourism Sector

Tourism industry continues negative growth

International tourist arrivals in Q1 2021 dropped by 91.24% YoY to 167,703 visitors which is a 4.82% increase QoQ. The number of visitors in January, February and March 2021 was 48,957, 55,397 and 63,349 respectively. Inflow from China fell by 560k YoY to 38,308 but still was the largest contributor (22.84%) in Q1. Visitors from the US declined by 70.44% YoY to 35,546, taking up approximately 21% of total tourist arrivals. Japanese tourists decreased by 99.06% YoY to 3,967 mainly because of entry restrictions imposed on tourists between Japan and Korea. The pandemic in Japan is especially severe in that the resurgence since November last year evident in Tokyo has led to thousands of confirmed cases throughout the country, fueling discussions on cancellation or postponement of the 2021 Tokyo Olympic Games scheduled for July this year. The introduction of “travel bubbles,” agreement to mutually exempt vaccinated travellers from the 2 week quarantine, is garnering much attention as the supply and inoculation of vaccines begin in earnest, enabling countries around the world to control the virus. Although the government has been discussing

the introduction of vaccine passports and travel bubbles, its impact on the tourism industry still remains unclear given that the vaccine rollout strategy and plan vary from country to country and only 0.5% of the Korean population has received the second dose of the vaccine as of March 21, 2021.*

Foreign Inbound Tourist Arrivals (Q1 2020~Q1 2021)

(Unit : persons)

| Region | Country | 2020 | | | | 2021 | Contribution | ▲ YoY |
|--------------|-------------|-----------|--------|---------|---------|---------|--------------|---------|
| | | Q1 | Q2 | Q3 | Q4 | Q1 | | |
| Asia | Japan | 423,515 | 1,271 | 2,824 | 3,132 | 3,967 | 2.37% | -99.06% |
| | China | 602,362 | 14,110 | 41,320 | 28,638 | 38,308 | 22.84% | -93.64% |
| | Hong Kong | 88,190 | 121 | 360 | 207 | 279 | 0.17% | -99.68% |
| | Singapore | 16,866 | 147 | 265 | 731 | 261 | 0.16% | -98.45% |
| | Taiwan | 163,981 | 584 | 1,289 | 862 | 1,023 | 0.61% | -99.38% |
| | Vietnam | 64,593 | 9,010 | 4,445 | 3,891 | 4,858 | 2.90% | -92.48% |
| | Malaysia | 46,980 | 363 | 598 | 609 | 964 | 0.57% | -97.95% |
| | Indonesia | 39,003 | 5,705 | 10,315 | 11,743 | 10,329 | 6.16% | -73.52% |
| | Thailand | 72,614 | 807 | 1,913 | 1,234 | 1,507 | 0.90% | -97.92% |
| | Philippines | 55,573 | 5,650 | 26,013 | 28,459 | 25,361 | 15.12% | -54.36% |
| | Myanmar | 12,492 | 2,439 | 12,843 | 15,627 | 14,289 | 8.52% | 14.39% |
| | Cambodia | 8,008 | 1,117 | 620 | 980 | 1,385 | 0.83% | -82.70% |
| | Kazakhstan | 8,096 | 372 | 988 | 784 | 1,832 | 1.09% | -77.37% |
| Mongolia | 19,396 | 818 | 881 | 381 | 624 | 0.37% | -96.78% | |
| Americas | US | 120,264 | 24,869 | 37,716 | 37,568 | 35,546 | 21.20% | -70.44% |
| | Canada | 25,260 | 2,044 | 3,338 | 4,092 | 4,120 | 2.46% | -83.69% |
| | Mexico | 4,044 | 220 | 573 | 889 | 881 | 0.53% | -78.21% |
| | Brazil | 3,280 | 152 | 263 | 259 | 413 | 0.25% | -87.41% |
| Europe | France | 12,319 | 769 | 3,419 | 2,864 | 3,933 | 2.35% | -68.07% |
| | UK | 15,856 | 1,105 | 1,721 | 1,737 | 1,236 | 0.74% | -92.20% |
| | Germany | 13,411 | 3,585 | 3,746 | 3,386 | 3,674 | 2.19% | -72.60% |
| | Italy | 4,846 | 459 | 511 | 639 | 671 | 0.40% | -86.15% |
| | Spain | 2,883 | 149 | 333 | 284 | 479 | 0.29% | -83.39% |
| | Hungary | 670 | 24 | 232 | 228 | 207 | 0.12% | -69.10% |
| | Russia | 56,348 | 5,002 | 5,790 | 6,008 | 6,760 | 4.03% | -88.00% |
| | Netherlands | 5,220 | 1,764 | 2,392 | 3,145 | 3,170 | 1.89% | -39.27% |
| | Romania | 1,500 | 337 | 703 | 660 | 733 | 0.44% | -51.13% |
| | Oceania | Australia | 21,656 | 372 | 506 | 638 | 564 | 0.34% |
| New Zealand | | 5,740 | 210 | 327 | 321 | 329 | 0.20% | -94.27% |
| Total | | 1,914,966 | 83,575 | 166,244 | 159,996 | 167,703 | 100.00% | -91.24% |

* Source : Referred to Korea Tourism Organization webpage "Notice - Data - Korea Tourism Statistics" (as of April 30, 2021)

3. Hallyu-Education Sector

Steady decline in international students·trainees due to the prolonged COVID-19 pandemic

A total of 20,792 foreigners came to Korea in Q1 2021, a 69.96% drop compared to 69,247 in 2020 Q1, for the purpose of education and training. The decline was due to a combination of multiple factors including the global resurgence of COVID-19 cases, tighter travel restrictions for international students and quarantine rules, and major universities running mainly online courses in the spring term. In particular, the figure is a 82.19% drop from Q1 2019 (16,147) which evidences the continuous dramatic decline of student·trainee inflow due to the prolonged COVID-19 pandemic. Arrivals from China, which take up 49.74% of total international students·trainees, fell by 73.19% YoY to 10,341. Arrivals from Vietnam, which take up 15.10%, plunged by 79.03% YoY to 3,139. Foreigners entering Korea for educational purposes are expected to continue to show a declining trend given that despite the global distribution of vaccines against COVID-19, various reasons including variants and resurgence of the virus at both home and abroad, delay in development of COVID-19 treatments, and global imbalance of vaccine supply, are postponing the containment of COVID-19.*

Entry of International Students·Trainees (Q1 2020~Q1 2021)

(Unit : persons)

| Region | Country | 2020 | | | | 2021 | Contribution | ▲YoY |
|--------|-------------|--------|-------|--------|-------|--------|--------------|---------|
| | | Q1 | Q2 | Q3 | Q4 | Q1 | | |
| Asia | Japan | 3,439 | 125 | 666 | 374 | 1,352 | 6.50% | -60.69% |
| | China | 38,574 | 3,052 | 13,100 | 3,340 | 10,341 | 49.74% | -73.19% |
| | Hong Kong | 506 | 32 | 194 | 100 | 141 | 0.68% | -72.13% |
| | Singapore | 199 | 8 | 27 | 15 | 34 | 0.16% | -82.91% |
| | Taiwan | 803 | 84 | 445 | 121 | 271 | 1.30% | -66.25% |
| | Vietnam | 14,969 | 6,636 | 2,613 | 1,689 | 3,139 | 15.10% | -79.03% |
| | Malaysia | 671 | 75 | 145 | 33 | 217 | 1.04% | -67.66% |
| | Indonesia | 978 | 101 | 367 | 50 | 593 | 2.85% | -39.37% |
| | Thailand | 435 | 32 | 137 | 67 | 135 | 0.65% | -68.97% |
| | Philippines | 455 | 14 | 25 | 61 | 65 | 0.31% | -85.71% |
| | Myanmar | 393 | 47 | 137 | 18 | 158 | 0.76% | -59.80% |
| | Cambodia | 212 | 5 | 71 | 19 | 79 | 0.38% | -62.74% |
| | Kazakhstan | 396 | 17 | 59 | 22 | 309 | 1.49% | -21.97% |
| | Mongolia | 1,624 | 462 | 672 | 190 | 397 | 1.91% | -75.55% |

| | | | | | | | | |
|-----------------|----------------|-----------|-------|-------|------|--------|---------|---------|
| Americas | US | 1,213 | 24 | 307 | 63 | 575 | 2.77% | -52.60% |
| | Canada | 171 | 3 | 50 | 18 | 50 | 0.24% | -70.76% |
| | Mexico | 226 | 2 | 40 | 8 | 99 | 0.48% | -56.19% |
| | Brazil | 124 | 6 | 37 | 7 | 70 | 0.34% | -43.55% |
| Europe | France | 1,483 | 19 | 751 | 125 | 1,241 | 5.97% | -16.32% |
| | UK | 239 | 7 | 99 | 16 | 20 | 0.10% | -91.63% |
| | Germany | 817 | 9 | 436 | 4 | 633 | 3.04% | -22.52% |
| | Italy | 150 | 3 | 75 | 28 | 149 | 0.72% | -0.67% |
| | Spain | 202 | 3 | 108 | 33 | 253 | 1.22% | 25.25% |
| | Hungary | 0 | 0 | 0 | 0 | 0 | 0.00% | 0.00% |
| | Russia | 542 | 12 | 248 | 177 | 375 | 1.80% | -30.81% |
| | Netherlands | 256 | 6 | 32 | 7 | 61 | 0.29% | -76.17% |
| | Romania | 34 | 0 | 11 | 4 | 18 | 0.09% | -47.06% |
| | Oceania | Australia | 120 | 1 | 5 | 12 | 14 | 0.07% |
| New Zealand | | 16 | 2 | 3 | 2 | 3 | 0.01% | -81.25% |
| Total | | 69247 | 10787 | 20860 | 6639 | 20,792 | 100.00% | -69.97% |

* Source : Referred to Korea Tourism Organization webpage 'Notice - Data - Korea Tourism Statistics' (as of April 30, 2021)