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New Perspectives on the Creative Industries in the Hallyu 2.0 Era

Global-Local Dialectics in Intellectual Properties

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Since the mid-1990s, Hallyu has become a global sensation. Several Asian countries, including Japan, China, Taiwan, and Vietnam, have absorbed Korean popular culture, and several Korean cultural genres have become major cultural activities in these countries. Korea has also recently started to penetrate European and North American countries with popular music and online gaming. Hallyu has been unique because it indicates the unusual growth of local creative industries in the midst of neoliberal globalization (Kim 2011; Kim and Kim 2011; Lee 2009). Once peripheral and small, the Korean creative industries have developed their own local cultural products and services, and Korea's creative industries have been among the most successful contributors to its own national economy compared to other nations.

In recent years, Hallyu has experienced a significant transformation with the growth of digital technologies, in particular, social media, such as YouTube, social network sites (SNSs), and smartphones (Goldsmith, Lee, and Yates 2011). These digital technologies, as new driving engines of Hallyu, have initiated and supported the popularity of Korean popular culture in many countries. Unlike Hallyu 1.0, which emphasized the export of local cultural goods to East Asia, the growth of digital/social media in Hallyu 2.0 has uniquely influenced the Korean creative industries, because new media outlets, such as YouTube, SNSs, and various digital media have become significant parts of the new Korean Wave (Kim 2008; VITALSIGN 2010).

Hallyu 1.0, which was the initial stage of the Korean Wave, relied on several male actors and the fanbase of Asian women in their thirties and forties. After the latter part of 2006, Hallyu 2.0 has exhibited some significant characteristics differentiating itself from Hallyu 1.0. The new Korean Wave has emphasized the convergence of creative content, in particular K-pop, online gaming, and new technologies. Hallyu 2.0 has also included female stars and expanded to include all age groups beyond Asia. This means that Hallyu 2.0 is a combination of social media, their techniques and practices, and the uses and affordances they provide, and this new stage has been made possible because Korea has advanced its digital technologies. As JungBong Choi in this book aptly puts it:

The swift establishment of so-called social media in particular affords distinct ecosystems for cultural interactions, endowing the myriad of cultural craftsmen with heightened capacity to redesign the productive and distributive patterns for what was initially offered to them. . . . the social media [work] as an empowering tool that enhances the communicative accessibility to stars and the collectivity among fans scattered across different places. (42)

In fact, online gaming and K-pop have become the two most significant cultural genres in the Korean creative industries and have initiated the growth of Hallyu 2.0, since K-pop fans and online game users heavily access these social media to enjoy local popular culture.

The growth of digital/social media has also changed the nature of Hallyu because the new Korean Wave needs to emphasize the importance of several services, such as intellectual property (IP) rights and the exportation of virtual goods. *Hallyu* denotes not Korean popular culture per se, but the high tide of Korean culture in non-Korea territory (Choi, this volume). This means that it is also worth stressing that as cultural export, K-pop and online gaming in the social media era have high production values (Lie 2012). This is because IP is much more significant than the cultural goods themselves in terms of capital accumulation and national economy (Klein 2000).

In a Hallyu research tradition, little attention has been made in capturing international flows of copyrights and measuring the trade balance of countries in IP rights (UNCTAD 2008, 101). Hallyu 2.0 should not only be about flows of cultural goods but also about IP rights based on the growth of digital/social media, because Hallyu 2.0 heavily relies on platforms, such as SNSs and YouTube, that are major resources of IP rights in the

creative industries. Of course, this does not mean that we need to champion an industry-led perspective on the propagation of local popular culture. The current popularity of Korean cultural products has relied on social media as the distributors of relatively less-popularized local cultural genres. Local creative industries in addition to many fans of Korean popular culture are benefiting from the dissemination of local cultural genres on social media, because these corporations are able to distribute their cultural products due to the social media frenzy of their products, while continuously organizing cultural events throughout the world.

Therefore, I am not intending to provide any legal or policy measures to protect IP rights, nor any practical arguments on behalf of the creative industries. Instead, I aim to discuss the normative reasons why Hallyu research needs to contemplate the role of IP rights alongside cultural flow as a major consideration in the context of creative industries. I first discuss whether the nascent growth of social media has resulted in the popularity of Korean culture, including K-pop and online gaming, in other parts of the world. By mapping these relationships out, I investigate whether or not Korea has developed its IP strength in the global market. I articulate whether social media-driven consumption and cultural production flows are contributing to our current debates on the power dynamics of creative industries in Asia and across the globe. I believe that this discussion will shed light on Hallyu 2.0 theory, which focuses on social media alongside Korean popular culture.

From Cultural Industries to Creative Industries in the Hallyu 2.0 Era

The notion of cultural industries originally started in the nineteenth century when the commercialization of cultural production began (Hesmondhagh and Pratt 2005, 2). Later, cultural industries were very much bound up with the rise of mass culture—a phenomenon that troubled many twentieth-century intellectuals. Reacting against what they saw as the misleadingly democratic connotations of the term *mass culture*, Max Horkheimer and Theodor Adorno (1969) developed the idea of the culture industries as part of their critique of the false legacies of the Enlightenment. The term was intended to draw critical attention to the commodification of art. For Horkheimer and Adorno, art could act as a form of critique of the rest of life, and could provide a utopian vision of how a better life might be possible. However, in Horkheimer and Adorno's view,

culture had almost entirely lost this capacity to act as utopian critique because it had become commodified, a thing to be bought and sold (Hesmondhalgh 2007, 16).

The term *cultural industries* helps us see how artistic practice has moved closer to the center of economic action in many countries across much of the world. Cultural industry companies can no longer be seen as secondary to the real economy (Hesmondhalgh 2007). As the United Nations Educational, Scientific, and Cultural Organization defined it, "A cultural industry is held to exist when cultural goods and services are produced, reproduced, stored or distributed on industrial and commercial lines, that is to say on a large scale and in accordance with a strategy based on economic considerations rather than any concerns for cultural development" (UNESCO 2005, 21). Several media scholars have advanced a more contemporary concept of cultural industries in conjunction with information communication technologies (ICTs). Herbert Schiller (1989) especially provided the fundamental basis for the contemporary definition of the cultural industries. Since policies toward the cultural industries can no longer be separated from ICTs in their various forms, and policy is formulated within a wider information society perspective, *cultural industries* now must include publishing, the press, film, radio, television, recording, advertising, sports, and most recently, the many components that now make up the information industry.

Since the mid-1990s, the concept of the cultural industries has shifted with the growth of digital technologies and IP rights toward "creative industries." In 1994 Australia sought to chart a cultural policy combining the arts with new communications technologies, transposing the notion of cultural industries into creative industries. The notion of creative industries subsequently gained much wider acceptance following its adoption by the UK government, which set up its Creative Industries Task Force in 1997 (Flew 2012; Huang 2011; British Council 2010). The UK government defined creative industries as "those activities originating in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property" (British Council 2010, 8). These activities included not just the traditional art forms, but service businesses such as advertising, manufacturing processes that feed into cultural production, and the retail of creative goods (British Council 2010, 6–7; Cunningham 2009). Nicholas Garnham emphasizes the concept of information or knowledge economy. He points out that "in current debates over digitalization and the impact of the Web, the

industries can be understood and assessed in the context of a wider debate about the impact of ICTs and digitalization" (Garnham 2005, 20).

UNESCO (2005, 10) has recently emphasized the importance of copyright-based industries driven by technological development, because the transformation of cultural industries occurred in parallel with developments in copyright protection. This has become increasingly important in the last twenty years in relation to nonartistic areas of intellectual creation, for example, software development, hardware design, and information management. Not surprisingly, the World Intellectual Property Organization (WIPO) points out that creative industries are involved directly and indirectly in the commercial exploitation of IP-based goods and services, that is, mainly cultural, information, and entertainment goods (WIPO 2003). Unlike the term *cultural industries*, which has its origins in the ideological critique of art and culture under industrial capitalism and has associations with the neo-Marxist theories, creative industries have developed in tandem with the growth of digital technologies and convergence (Cunningham 2005).

In the twenty-first century, the Korean government has emphasized the importance of cultural content for the national economy. With some tweaks, the Lee Myung-bak government (2008–2013) had shifted its focus to (commodified) creativity in conjunction with content since 2008. Korean policymakers have used the term *creative contents industry* instead of *creative industry* since 2009.¹ Using the United Kingdom's creative industry as a model, the Lee government included the content industry as a new driving engine for the national economy (Kim 2008). Since IP rights are some of the most significant parts within the notion of the creative contents industry, the government focuses on IP rights as a primary characteristic of the new Korean Wave, which makes the role of IP rights crucial in Hallyu 2.0.

The Korean Wave Shifts toward Hallyu 2.0

The discourse of the new Korean Wave emphasizes the crucial convergence of social media and local popular culture, including K-pop and online gaming (Goldsmith, Lee, and Yates 2011; Lee 2009). Korea has made innovations in SNSs (e.g., Cyworld) and smartphones (e.g., Samsung's Galaxy III and IV), as well as online gaming (e.g., Lineage [I] and II and Aion). Western-based social media and smartphones have also taken piv-

otal roles in spreading K-pop and other cultural genres, because fans in many countries enjoy these products through social media (meaning a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, which allows the creation and exchange of user-generated content) (Kaplan and Haenlein 2010, 61).

To begin with, the Korean cultural firms had developed many of their cultural products and expanded the exportation of these products to East and Southeast Asia in the Hallyu 1.0 era. They first penetrated the Chinese cultural market with television dramas, including *What Is Love* (Sarang i mwöggillae, 1992), which was popular in several Asian countries. The Korean cultural products boom in Asia has been further bolstered by the advance of Korean films. Starting in the late 1990s, Korea began to export films to East Asia, such as *Silmido* (2003) and *Tae Guk Gi: The Brotherhood of War* (T'aegükki hwinallimnyö, 2004). Among these, *Shiri* (1999), which was Korea's first Hollywood style blockbuster movie, was successful throughout the rest of Asia. It reached the top of the box office in Hong Kong in 1999 and attracted 1.2 million viewers in Japan (Chun 2004). When *My Sassy Girl* (Yöpkijögin künyö, 2001) was released throughout East Asia, it became a mega blockbuster hit in many countries, including China, Japan, and Taiwan. In the midst of the growing popularity of Korean films, several domestic films received international film awards, including *Oldboy's* (Oldü boi, 2003) Grand Prix at the Cannes Film Festival in 2004.

As table 2 shows, the Korean broadcasting industries have increased their exports from only \$13.1 million in 2000 to \$151 million in 2007, and to \$228 million in 2010 (Ministry of Culture and Tourism 2002; 2006; 2011). Television dramas have become some of the most significant cultural products initiating and driving Hallyu. Unlike the broadcasting sector, the Korean film industry has experienced a sharp decline since 2006, partially due to the reduction of the screen quota as part of its free trade agreement (FTA) with the United States. The export of Korean films increased from \$7.0 million in 2000 to \$76 million in 2005; however, it fell to \$13.5 million in 2010 (Ministry of Culture and Tourism 2006; 2011). This means that Hallyu, which was driven by the broadcasting and movie industries, has been troubled and shifting.

Since late 2007 or early 2008, Korean creative industries have witnessed a few new engines of growth with digital technologies and social media. With the rapid advancement of broadband services, online gaming has become a burgeoning new cultural sector with global revenues rivaling those of film and music (Jin 2011). Korea exported \$102 million worth

of games in 2000; in 2010, the country exported as much as \$1.6 billion worth of games. During the period 2000–2010, exports increased 15.7 times (table 2). The Korean online game industry has rapidly gained status as an empire in the gaming sector and is one of the most significant exported cultural products of Korea.

Most of all, K-pop has become one of the most distinct cultural genres in the Hallyu 2.0 era. While K-pop was the part of the early growth in Hallyu, Korea did not achieve impressive popularity in the global music markets until recent years. However, K-pop has become a driver of Hallyu 2.0 as Korea exported \$80.9 million worth of music in 2010, a 159 percent increase from 2009. What's more, in 2011 the music industry exported \$177 million, a 112 percent increase from the previous year (Ministry of Culture, Sports, and Tourism 2012). Psy's "Gangnam Style" was a YouTube sensation and became popular around the world in 2012, as Brian Hu correctly observes in the final chapter of this book. Online gaming and K-pop have been the two most significant cultural sectors in the Korean creative industries.

While there are several elements impacting the growth of Hallyu 2.0, one of the most significant aspects has been the rapid growth of social media. This is because K-pop fans are heavily involved with social media in their enjoyment of K-pop and games. From user-generated content websites to peer-to-peer networks, these channels play a central role in global cultural circulation. With youth consumer groups as central figures, SNSs have become the fastest-growing platforms to circulate global

TABLE 2. Exports of Cultural Products in the Twenty-First Century (millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Broadcasting	13.1	18.9	28.8	42.1	70.3	122	134	151	171	170	228
Movie	7.0	11.2	14.9	31	58.3	76	24.5	24.4	21	14.1	13.5
Animation	65.0	85.0	83.8	75.7	61.8	78.4	66.8	72.7	80.5	89.6	96.8
Music	8.3	9.1	4.5	13.3	34.2	22.3	16.6	13.8	16.4	31.2	83.2
Game	102	130	141	182	388	585	672	781	1,094	1,241	1,606
Character			86	116	117	164	189	203	228	237	276
Manga				4.1	1.9	3.3	3.9	3.9	4.1	4.2	8.1
Publication	49.1	62.6	139	150	182	191	184	213	260	251	357
Total	244.5	316.8	498	614	914	1,242	1,291	1,463	1,875	2,037	2,668

Source: Ministry of Culture, Sports, and Tourism (2012, 2011), Ministry of Culture and Tourism (2011, 2006, 2002), Cultural Industry Whitepaper.

Note: Until 2002, the publication category included manga, which was separated in 2003. Until 2001, there were no reliable data on the character market, and the first official data about the character industry, published in 2001, did not include global trade (Do 2002).

cultural products (Jung 2011). The cultural markets have rapidly shifted—from virtual goods-driven to access-oriented watching markets—because global consumers watch and play cultural genres through social media instead of buying cultural goods. In the era of volatile changes in global creative industries driven by technological innovation and globalization dynamics, understanding the role of social media and its impact on cultural accumulation is crucial.

In fact, one of the major drivers for the growth and development of the Korean creative industries and Hallyu 2.0 is certainly technological advancement (UNCTAD 2008). The innovation and convergence of multimedia and telecommunication technologies has led to the integration of the means by which creative content is produced, distributed, and consumed. Digital technology has brought about enormous growth in the range of media, such as increased television services through cable and the Internet, which further increases the demand for media content (Rosnan and Ismail 2010, 34). Korea has harnessed the potential of developing creative content with new technologies in video games, animation, and K-pop. The scale of current K-pop expansion was simply unimaginable during the periods prior to the current period of social-media explosion. The Korean Wave has long conquered Asia, but before the proliferation of global social networks, attempts by K-pop stars to break into Western markets, including the United States, had largely failed. But now YouTube, Facebook, and Twitter make it easier for K-pop musicians to reach a wider audience in the West, and those fans are turning to the same social networking tools to proclaim their devotion (Choe and Russell 2012, cited in Jung, this volume).

Regardless of the fact that Korea has enjoyed its recent popularity of cultural products in many parts of the world, the new Korean Wave has not emphasized the significance of IP rights yet. As Garnham argues (2005), the motive behind using the term *creative industries* had primarily to do with the promotion of industries based on the exploitation of IP. That does not mean that the Korean government and cultural industries corporations have to garner profits through tight IP regulations. What we need to understand is what the current status of IP rights is in the context of global flows in the creative industries and why IP is to be analyzed in the Hallyu 2.0 era. Needless to say, many scholars and media emphasize the importance of global fandom of local popular culture; however, it is also vital to understand the ways in which cultural industries corporations gain monetary profits. Again, it is not necessary to champion an industry-led monetization process. Instead, the primary discussion in the next sec-

tion is to provide the normative reasons why we consider IP rights as part of Hallyu, given that *Hallyu* is a comprehensive term encompassing several fields, including fashion, food, language, and digital media, in addition to cultural products.

Intellectual Property Rights in the Hallyu 2.0 Era

The recent growth of the Korean creative industries relies on accessibility, which means that fans in many countries access the Internet, in particular, social media, to enjoy local popular culture. Due to the strong growth of Korea's cultural products in many countries, Korea has been entitled to gain much profit through both the sales of these cultural products and IP rights in cultural flows. Since some Western countries, including Japan, have reliable legal measures, the Korean creative industries can make profits through the fair legal systems actualized in these countries. For example, the recent growth of K-pop in Japan and Europe has made them newly profitable markets for the Korean music industry because they have a relatively fair IP rights tradition. The reality is not the same because rampant IP infringements in many Asian countries, including China and Taiwan, because there are less dependable legal systems for Hallyu 2.0 (Korea Creative Contents Agency 2011). We cannot deny that the convergence of social media and K-pop has greatly developed the current boom of Korean popular music in many countries. However, it does not guarantee that Korean creative industries can benefit from increasing popularity, due to illegal piracy. Although the popularity of K-pop is growing through YouTube and SNSs, the revenue from IP rights is not increasing; therefore, Korean cultural industries corporations have relied on their revenues from the sales of cultural goods, unlike several Western countries that also utilize IP rights.

More specifically, great numbers of people in several Asian countries have illegally downloaded Korean popular music, so the major revenue source in these countries is through events (Korea Creative Contents Agency 2011). In fact, a 2005 study showed that about 80 percent of cultural firms in Korea experienced the infringement of IP in many countries, particularly in China, Hong Kong, and elsewhere in Southeast Asia (Ministry of Culture and Tourism 2006). In Indonesia, there were 189 retail shops selling Korean cultural products in 2008; however, only 6 shops (3.2 percent) sold qualifying cultural products. In Malaysia, among 107 retail shops, about 40 percent sold only bootlegs (Ministry of Culture and

Tourism 2011, 211). In another survey conducted in 2008, the infringement of IP in Chinese telecommunications corporations delivering Korean popular culture escalated to 83 percent. In 2010, among thirty-two major portals in China, the infringement rate of IP of 7,801 Korean dramas was 32.5 percent, and it was 78 percent for cinema. During the same period, Thailand had fifty-one Internet sites delivering Korean content and they provided about 62,000 popular Korean songs; however, almost all of them were bootlegs (Ministry of Culture and Tourism 2011).

In the social media era, the music industry has experienced the dual role of digital technologies. On one hand, K-pop has achieved a recent global stardom, if not fully, at least tangibly. Music companies license a range of services, offering not only ownership of tracks and albums, but also ubiquitous access to comprehensive music libraries. The range of consumer choice for digitally accessing music grew significantly in 2010 (IFPI 2012). Music subscription numbers in many countries are advancing steadily; new social network and recommendation functions have been added to existing offerings; a new generation of smartphones and applications has made more services available across different devices and has helped boost the popularity of music downloads in key markets; new commercial partnerships are emerging between record companies, ISPs, and mobile operators; and new services have emerged that enable consumers to access music from digital lockers or through devices in the living room, such as TVs (IFPI 2012). In other words, social media and music fans are driving the digital music revolution. Consumers worldwide are embracing social media, using new programs like YouTube and Facebook and changing the way they access entertainment.

On the other hand, the music industry has been hard hit because of IP infringements, both domestically and globally. Digital piracy is the single most important factor holding back further development of the legitimate music business. Illegal file-sharing on peer-to-peer (P2P) networks remains rife, and alternative forms of illegal distribution such as cyberlockers, illegal streaming services, and forums are also a growing problem. The overall impact of digital piracy has been to contribute substantially to the dramatic erosion in industry revenues in recent years. Despite a surge from 2004 to 2010 by more than 1,000 percent in the digital music market—to an estimated value of US\$4.6 billion—global recorded music revenues declined by 31 percent over the same period. These two figures powerfully illustrate how, in the face of piracy, even the most progressive strategy of licensing hundreds of digital music services has been unable to prevent a steady decline in the overall legitimate music market, and that

decline will continue unless further action is taken (IFPI 2012). For this economic reason, several countries and international agencies, including WIPO, have tried to protect IP through international laws. Despite these international conventions regarding IP, the nature of protection policies differs from country to country; therefore, the protection measures are still limited (Ki, Chang, and Kang 2006).

In the context of the Korean creative industries, it is important to understand that the Hallyu 2.0 era is, again, different because of the changing patterns of access to cultural genres. IP rights become significant in the digital/social media era, and Hallyu has supposedly benefited from these new developments. However, IP profits have recorded huge net losses, and these losses have grown significantly. In 2000, Korea earned \$688 million through IP rights, while paying \$3.2 billion, so the net loss was \$2.55 billion. In 2010, the net loss in the IP sector grew to \$5.9 billion, which was one of the biggest in international trade (table 3). Although it is not clear how much of these losses come from cultural and information technologies areas, they certainly explain the huge gap between IP receipts and payments.

Having acknowledged that Hallyu 2.0 includes not only cultural products but also digital and/or social media technologies, it is crucial to understand the IP rights issues in conjunction with the IT sector more broadly construed. In the new Korean Wave era, IP rights in the creative industries are major resources for capital accumulation. While contributing to cultural identity and the enhancement of social values, creative industries are also generating wealth, creating jobs, and promoting trade (UNCTAD 2008). IP rights should be the most significant area to be measured in Hallyu 2.0 because of their importance in both protecting creative works and enhancing the national economy. As the Korea Creative Contents Agency (KCCA) points out (2011, 3), one of the most significant policy measures to advance Hallyu 2.0 further is cooperation between the government and cultural corporations to protect intellectual property. In that sense, the government must initiate intergovernmental collaboration

TABLE 3. Trends in Intellectual Property Trade (millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
IP net losses	2,553	2,129	2,167	2,269	2,585	2,652	2,605	3,399	3,274	3,989	5,887
IP receipts	688	924	835	1,311	1,861	1,908	2,046	1,735	2,382	3,199	3,145
IP payments	3,221	3,053	3,002	3,570	4,446	4,561	4,650	5,134	5,656	7,188	9,031

Source: International Trade, National Statistics Portal, Korean Statistical Information Service (KOSIS). http://kosis.kr/statistical/list_011list.jsp?wc=MT_ZTITTE&parentId=N.

among Asian countries to protect IP rights, while developing new business models to overcome IP issues.

Power Dynamics between the United States and Korea in the Hallyu 2.0 Era

Another major issue in IP rights is the increasing dominance of the United States. According to the U.S. Department of Commerce (2010), the United States has enjoyed its maximum benefits in the IP sector. The total amount of royalties and license fees² in the major creative industries that the United States received from foreign countries constituted \$93.9 billion in 2008, while the amount that the United States paid to foreign countries was \$25.7 billion. Net profits in 2008 were therefore as much as \$68 billion, which is the major reason why the United States has tried to establish a rigorous global standard in IP rights. The United States believes that its net profits would increase significantly if it could regulate illegal usage of American-origin intellectual properties. Both the creative industries and the digital industries are vital for the U.S. economy, because they are among the few U.S. industries that generate substantial trade surpluses in the midst of growing U.S. trade deficits. Technological innovation drives industrial growth and helps raise living standards. Thus, the importance of IP rights in the creative industries in the twenty-first century cannot be doubted.

More specifically, royalties and license fees, including those for books, music recordings, and film and television distribution between the United States and Korea proves the one-sided dominance. As table 4 shows, the United States expanded its revenues in royalties and license fees from \$79 million in 2000 to \$280 million in 2007, although revenues slightly decreased to \$203 million in 2009. However, during the same period, Korea only expanded its revenue through royalties and license fees from \$1 million in 2000 to about \$5.5 million in 2010. The net loss of Korea to the United States in this category has easily surpassed \$200 million in recent years, which is a clear indicator of the lopsided balance between the two countries. IP rights largely reside with Western TNCs (transnational corporations), allowing them to establish monopolies (Rønning et al. 2006).

Digital technologies and culture have become among the most significant venues for many countries, including Korea, in the twenty-first century. However, the United States has swiftly expanded its dominance in digitally driven technologies and cultural products. The United States has intensified its dominance in the IP sector through its advanced position in

developing software in both media and telecommunications. Although Korea has developed its own software and platforms in conjunction with several popular genres, not to mention several massively multiplayer online role playing games (MMORPGs), the lopsided interaction between the United States and developing countries, including Korea, remains unchanged and even exacerbated. Korea is slowly exporting its cultural products to the U.S. market, although this commerce is still marginal; however, when the issue is IP rights, the flow of revenue from the United States to Korea is almost nothing. In particular, the formation of U.S. hegemony in IP rights has been extended through the efforts of international IP regimes, such as WIPO (Lu and Weber 2009). Again, copyright is the most significant resource of profit for cultural industries, which is eventually monopolized by Western cultural industries with the support of state regulation (Iwabuchi 2010, 204). As Hesmondhalgh (2008) argues, the copyright monopoly by Western cultural industries works as the neoliberal operation of imperialism.

Arguably, global flows of culture and technology have been asymmetrical. The recent growth of an IP regime based on new platforms shows an asymmetrical relationship of interdependence between the West, primarily the United States, and many developing countries. It is characterized in part by unequal technological exchanges and therefore cultural and capital flows. In the early twenty-first century, the United States has extended

TABLE 4. Royalties and License Fees between United States and Korea, 2000–2010 (unit: millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Books, music records and tapes	6	7	9	6	6	6	2	6	6	6	14
Receipts broadcasting and recording of live events	4	5	D	5	1	1	1	9	9	9	D
Film and television tape distribution	69	77	87	92	80	65	148	265	197	188	181
Books, music records and tapes	1	*	*	*	1	2	1	2	1	1	4
Payments Broadcasting and recording of live events	0	*	*	*	1	2	0	1	*	1	1
Film and television tape distribution	0	0	1	1	0	4	*	*	7	4	*

Source: U.S. Department of Commerce (2011, 2008, 2006, 2003); Survey of Current Business, Washington, DC: U.S. Department of Commerce.

Note: D means no disclosure and * means less than \$500,000.

its dominance in global markets, not only with cultural products, but also with intellectual properties based on its advanced technologies. The dramatic changes ushered in by cutting-edge digital/social technologies have significantly increased the magnitude and relevance of the phenomenon of the diffusion of IP rights infringement. Therefore, as global computer networks and global trade in software products and cultural genres develop, there is an increasing tension between developed countries as IP owners and developing countries as IP users. This is due to these commodities' unique role not only as computational infrastructure, but also as framework that allows software to run (Jin 2013). Admitting the significance of innovative designs as a form of open source for platforms, IP becomes important for designers and corporations because of platforms' commercial imperatives for massive capital gains. The Hallyu 2.0 period has shown unique development in the digital/social media era; however, in order to assure balanced power relations with the West, it is crucial that Korea acknowledge the significance of IP rights, and promote the creation of cultural products. Korea needs to advance social media and digital technologies so that the country grows not only as the exporter of cultural products but also as the beneficiary of domestic-based platforms and IP rights. The promise of Hallyu cannot be fulfilled without the growth of these key areas in the global market.

Conclusion

This chapter has analyzed the construction of Hallyu 2.0 within the notion of creative industries and examined IP rights issues as one of the most significant aspects in the new Korean Wave phenomenon. Unlike Hallyu 1.0, the new Korean Wave has focused on the relationship between digital technologies, their techniques and practices, their uses and the affordances they provide, and Korea's compressed modernity and swift industrialization. Hallyu 2.0 underscores a range of groundbreaking developments and innovations within Korea's digital mediascapes and its creative industries (Goldsmith, Lee, and Yates 2011, 70). With rapid convergence between previously separate technologies and culture, digital content industries are increasingly valuable to national economies. While digital technologies have influenced the production and distribution of domestic popular culture, social media have played a major role in spreading several popular genres—particularly K-pop—worldwide, including Europe and North America. For the last few years, digital technologies and social

media have boosted the dissemination of Korea's popular media content. Hallyu 2.0 needs to comprehend and interpret the meaning of this new and powerful cultural industry.

The new Korean Wave has been successful; however, the Korean creative industry faces challenges ahead. One main issue is the illegal distribution of cultural products and software. Pirated copies of DVDs and CDs, as well as illegally circulated content, are rampant in the regional markets and online. It is certain that an efficient and fair international IP system is in the interests of creators, creative industries, governments, and consumers in all countries (UNCTAD 2008). Increasing awareness of the contribution and potential of the creative sector for development is a major task for the government. Protecting IP is a public policy goal of countries seeking sustained growth in the creative economy. Conversely, the inefficiency of IP legislation and enforcement systems imperils the economic growth to which the creative industries contribute. Enforcement is as important as education and awareness. The Korea that wishes to see its creative industries prosper must take a strong stance for the promotion of the full spectrum of copyrights and their licenses, for the best way to expand the creative economy is to implement a balanced copyright framework that realizes their developmental potential (UNCTAD 2008, 156). The notion of creative industries certainly pushes the Korean Wave to be more a market-driven cultural phenomenon, as Miller (2009) argues; however, as long as we admit the importance of IP rights in conjunction with cultural flows, it is a natural step to fairly actualize IP rights in the digital economy era.

Of course, it is vital to approach the IP issues with caution, because excessively strict IP rules may hold the new Korean Wave back. As Frank Kogan (2012) aptly puts it, the Japanese music industry has experienced a tangible decline over the last decade, and one of the major reasons for this setback is stringent IP rules. Indeed, Japanese music labels keep trying to prevent us from seeing full videos on YouTube. In contrast, Korean labels give fans full access to their videos. In general, Korea has opened itself up to the international eye and ear via YouTube, which has partially resulted in the current boom of local popular culture in global markets (Kogan 2012).

Finally, Korea has competed with Western countries, and the country is supposed to build a new global order. However, there are some doubts about whether Korean corporations have reorganized the global flow and constructed a balance between the West and the East. A critical interrogation of the global hegemony of IP rights shows that these are primarily dominated by the United States, and that they have intensified an increas-

ingly unequal relationship between the United States and the majority of non-Western countries.

In promoting cultural and creative industries, the government needs to play a strategic role. While its major mission is to form a model with creative industries and commercial businesses and to use policy to enable commercial collaboration, the Korean government should try to increase the level of policy implementation, strengthen budgeting and integration, and conduct interministerial coordination (Huang 2011).

NOTES

1. For example, the Korean government has changed the title of its annual white paper from Cultural Industries Whitepaper to Content Industry Whitepaper in 2009.
2. Royalty and license fees are payments and receipts between residents and non-residents for the authorized use of intangible and nonfinancial assets as well as proprietary rights (such as patents, copyrights, trademarks) and for the use, through licensing agreements, of produced originals of prototypes (such as films and manuscripts) (World Bank 2011).

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PART 2.

Rethinking K-Pop