Hallyu at a Crossroads: 
The Clash of Korea’s Soft Power Success and China’s Hard Power Threat in Light of Terminal High Altitude Area Defense (THAAD) System Deployment

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The past two decades have witnessed the remarkable success of Hallyu, or the Korean Wave, with Korea welcoming a large influx of foreign visitors and benefiting from massive consumption of products ranging from Korean television and film, K-pop and lifestyle products. A more recent announcement by CJ E&M points to an even more aggressive plan for regional ubiquity, as encapsulated by Hallyu 4.0. Simultaneously, we have already felt some of the effect of policy changes in China – a core Hallyu market – as a response to Korea’s plan to deploy a Terminal High Altitude Area Defense (THAAD) system. In this sense, we see the stirrings of a clash between Korean soft power and Chinese hard power, and are uncertain who will emerge on top. This paper examines the broad success of Hallyu from key theoretical perspectives, while addressing linkages between Korean corporations and cultural power/influence that have led to an announcement such as Hallyu 4.0. This paper also highlights the recent tensions between Korea and China, specifically with respect to THAAD deployment, and outlines potential implications for businesses and policymakers through preliminary scenarios.

Keywords: Nuclear Taboo, Nuclear Arms, Deterrence, Norms, Proliferation, Just War

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I. INTRODUCTION

The past two decades have witnessed the tremendous growth of Hallyu (i.e., the Korean Wave), a cultural phenomenon that has introduced an eclectic mix of Korean and “global” elements encompassing drama and film, music, and lifestyle products. In recent years, the number of foreign tourists to Korea (“Korea,” “South Korea,” and “Republic of Korea” will be used interchangeably) has jumped from just under 6 million in 2004 to over 17 million in 2016, with a noticeable surge in tourists from China (refer to Appendix 1). Arguably, Hallyu’s success to date may have prompted firms such as CJ E&M to announce more aggressive strategies to promote the consumption of Korean goods and services (as seen in Hallyu 4.0). As Hallyu arguably represents both an extension of Korea’s export-led economic growth and a springboard for a more vibrant local tourist industry, policymakers and practitioners have (at the very least) clear economic incentive to ensure Hallyu’s continued success. We can see this in aggressive marketing campaigns that attempt to appeal to a foreign consumer base, particularly for music-related content, cosmetics and fashion.

However, recent shifts in international politics threaten to halt a strategy that has proven successful to date. Specifically, Korea’s decision in 2016 to deploy the Terminal High Altitude Area Defense (THAAD) system – arguably to enhance Korea’s defense capabilities vis-à-vis an increasingly aggressive nuclear North Korea – has agitated China, one of Korea’s largest markets for Hallyu consumption. This resulted in a slew of retaliatory actions that suggest that China is willing to use hard power (with respect to Korean industry in general and Hallyu in particular) to show dissatisfaction with Korea’s recent security moves. While it is premature to know what these developments mean for Hallyu’s future growth prospects and trajectory, this paper will undertake a preliminary analysis given the direct impact of strained Sino-(South) Korean relations alongside the announcement of ambitious goals such as Hallyu 4.0.

This paper will consider the success of Hallyu through the lens of neoliberal, nationalist and cultural hybridity perspectives. This section will also keep in mind linkages between Korean corporations and cultural power/influence that have led to an announcement such as Hallyu 4.0. This paper will also highlight the recent tensions between Korea and China, specifically with respect to THAAD deployment, by looking at a timeline of key events and major consequences to date, and provide potential implications for businesses and policymakers through preliminary scenarios.

II. HALLYU: EVOLUTION AND KEY THEORETICAL PERSPECTIVES

Broadly speaking, Hallyu refers to the positive reception to, and mass