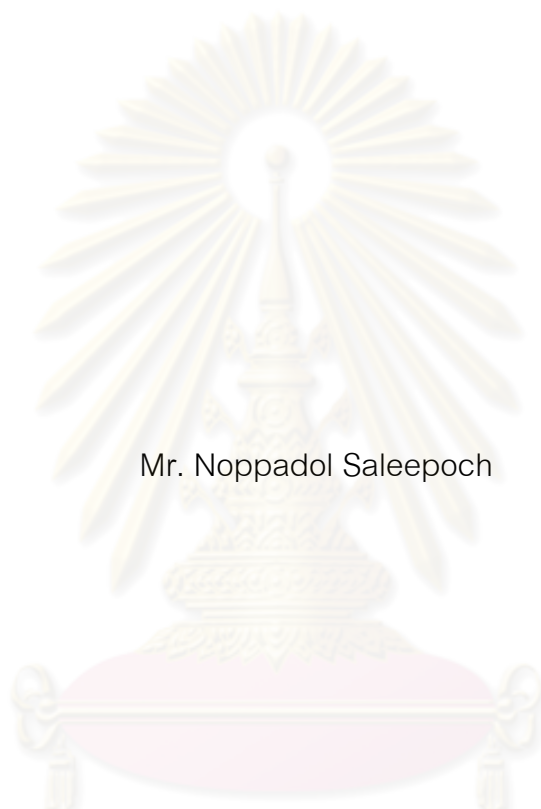


THE EFFECT OF KOREAN WAVE ON TRADE BETWEEN THAILAND
AND SOUTH KOREA



Mr. Noppadol Saleepoch

ศูนย์วิทยทรัพยากร
จุฬาลงกรณ์มหาวิทยาลัย

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ผลกระทบบของกระแสเกาหลีต่อการค้าระหว่างประเทศไทย
กับประเทศเกาหลีใต้



นาย นพดล สาลีโกชน์

ศูนย์วิทยพัทยาการ
จุฬาลงกรณ์มหาวิทยาลัย

วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต

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วิทยานิพนธ์ฉบับนี้มีวัตถุประสงค์เพื่อศึกษาผลกระทบของกระแสเกาหลีต่อการค้า
ระหว่างประเทศไทยกับประเทศเกาหลีใต้ โดยใช้วิธีการวิจัยเชิงคุณภาพ และแบ่งเนื้อหาการ
วิจัยออกเป็น 2 ช่วงคือ ก่อนเกิดกระแสเกาหลีระหว่างปี 1995-2002 และช่วงเกิดกระแส
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ผลการศึกษาแสดงให้เห็นว่าในช่วงเกิดกระแสเกาหลีการนำเข้าสินค้าในบางรายการเพิ่ม
สูงขึ้น เมื่อเปรียบเทียบกับช่วงก่อนเกิดกระแส โดยกระแสเกาหลีที่เกิดขึ้นผ่านทางสื่อโทรทัศน์
ก่อให้เกิดการคลั่งไคล้วัฒนธรรมเกาหลี ทำให้มูลค่าการนำเข้าสินค้าด้านวัฒนธรรมในรูปแบบสื่อ
บันเทิง เช่น ละคร ภาพยนตร์ เพลง เครื่องสำอาง และสินค้าบริโภคจากเกาหลี โดยเฉพาะ
บะหมี่กึ่งสำเร็จรูป สาหร่าย และเครื่องดื่มแอลกอฮอล์เพิ่มสูงขึ้น นอกจากนี้จำนวน
นักท่องเที่ยวไทยไปเที่ยวเกาหลีใต้ โดยเฉพาะการท่องเที่ยวตามรอยละคร รวมถึงจำนวน
ผู้เรียนภาษาเกาหลี และจำนวนหนังสือแปลจากเกาหลีเพิ่มสูงขึ้น

ศูนย์วิทยทรัพยากร จุฬาลงกรณ์มหาวิทยาลัย

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The objective of this thesis is to study the impact of Korean wave on trade between Thailand and South Korea. Qualitative research is a method of inquiry. Its content of study comprises of two parts, trade between Thailand and South Korea before and after the Korean wave started in Thailand. The study findings show that the Korean wave has influenced on trade in some items of goods between both countries. The import of cultural goods related to Korean wave especially drama, movie, song, cosmetics, instant noodles, seasoned and roasted seaweed, and Korean traditional liquor has significantly increased when compared with the period before the Korean wave started in Thailand. In addition, as a number of Thai people who are interested in Korean culture have been rising, Thai tourists visiting south Korea or Drama Tour, those who study Korean language, and translation of Korean books into Thai language also continuously increase in the number.

Field of Study : Korean Studies

Student's Signature

Academic Year : 2009

Advisor's Signature

รศ.ดร. บุद्धการ รุทชาติอรน
Buddhagarn Rutchatorn

จุฬาลงกรณ์มหาวิทยาลัย

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Chapter I

Introduction

1.1 Rationale

1.1.1 The Relationship between Thai and South Korea.

Thailand and the South Korea have been in a strong diplomatic relationship in all areas; politics, economics, social, etc. for over half a century. Since 1950, when the military forces of North Korea invaded the South, Thailand was the first country in Asia to send voluntary troops to assist in the United Nations request for voluntary services. Thereafter, the two countries constituted their mutual diplomatic relationship between each other since 1958. Since then, the ties between the two countries have been so forth strengthened¹ that there said a saying from an older generation that Thailand was the first nation in Asia to send troops to assist the Korean forces.

40 years later, new generation Thai become abruptly fascinated and amazed by the rapid success in South Korean economy, which outstands Thailand in industry and technology. In spite of dramatic damage during the Second World War, South Korea has gotten farther ahead of Thailand in terms of economic development. A number of Thai civil servants and academician have been to observe industrial and urban development in South Korea in order to adopt the adaptable lessons into Thai context.² Economic ties between Thailand and South Korea has expanded into a multi-lateral relationship, enhancing the economic, political and stability cooperation for peace within the Asia

¹ Surachai Sirikrai, quote in Kesini Withunchad, Panee Roobsom, Sutin Saisanguan, "The Attitudes of Korean business on trade and investment in Thailand," The Journal of East Asian Studies Thammasat University Vol.10, No.1 January- June 1999: p.24.

² Surachai Sirikrai, "The relationship between Thailand – Korean: From Political alliance to partner in the political economy", The Journal of East Asian Studies Thammasat University, Vol.8 No.1 January- June 1997: p.32.

Pacific region by becoming a member state of APEC: Asia Pacific Economic Cooperation in 1989, flourishing the trade between Thailand and South Korea.

1.1.2 The Relationship on Trade between Thai and South Korea.

International trade relationship between Thailand and South Korea was officially gestured by the signature in official agreement between the two countries on September 15, 1961. On November 7, 1977, Thai-Korean Chamber of Commerce : TKCC was established with the cooperation of traders and businessmen of the two countries, with the purpose to boost the trade and enhance mutual cooperation, to improve commerce, industry, agriculture, investment and tourism , to protect the benefits of the member states, to distribute, and collect information and statistics for members and investors, to coordinate commercial activities and increase cooperation in terms of commerce, industry, agriculture, investment and tourism between members and public sectors. In 1991, the number of members rose to 168 names³.

Thailand had always been the one with trade deficit in trading with South Korea due to the import of industrial and commercial goods from South Korea, whereas most export to South Korea are agricultural and raw material, of which, the price and quantity are unstable, including the barring measures of South Korea commerce are established both the taxed and non-tax items.

Due to continual trade deficit which cost a large amount of money, Thai government tried to open a trade negotiation, asking South Korea to relieve its import measures but it appeared that South Korea did not open up its market, especially for the agricultural commodities and set high tariff. Thailand had tried many times to negotiate with the private and public sectors, for which, encountered only a little success. It was a

³TKCC, 1991 quote in Kesini Withunchad, Panee Roobsom, Saisanguan, "The Attitudes of Korean business on trade and investment in Thailand," The Journal of East Asian Studies Thammasat University Vol.10 No.1 January- June 1999: p.24.

normal procedure of South Korea government to appraise Thailand's assistance in public but this did not associate with economic advantages, due to the policy of South Korea derived from the Japanese government in closing the rice and agricultural market of the country as a way to allocate income to the farmers and agriculturists in suburban area. South Korea had imposed commodity quotas and other barring measures to obstruct the intervention of domestic markets, for example, issuing a law controlling the quality of food product, preventing diseases spreading from plants and animals, legislation regarding poisonous substances, radiation and sources of commodities, etc. Moreover, South Korea also called for a high rate of import taxes; 50 percent of tax imposed for juice, 30-50 percent of tax for fruits and vegetable, for instance, both the ones imposed by tax measure and non-tax measure. The strict restriction of import and plants and animal hygienic measures, which disables the increase in export as desired.

Moreover, South Korea had set a tariff wall for gems and jewelry, which is the most important Thai export products to as high as 120 percent and 10.5 percent respectively, which caused Thailand to sell the goods to South Korea in less than expected amount. Apart from these tariff walls and tax measures as abovementioned, South Korea had set a bar obstructing the tax of importing goods from other countries. With such strict regulations, the government restricted that foreign companies need to register with the ministry of commerce and industry as a member of judicial committee of commerce and the department of foreign trade of South Korea. There is also the final regulation, that is, the business need to value over 500,000 U.S dollars for 2 consecutive years in order to acquire a permission to prolong its validity as a business owner in South Korea.

The trade deficit with South Korea continued and intensified its seriousness, especially since 1994 on. South Korea automobile, such as Hyundai, Daewoo and KIA tried to penetrate Thai automobile market to compete with Japan. With such competition, the trade deficit situation in Thailand became more serious. Generally, South Korea used many competitive tactics to compete with Japan in automobile market to penetrate Thai market such as price competition, insurance and maintenance period. Therefore, the

South Korea automobile would cost less with longer insurance period than Japanese automobile, which is facing the strengthening of Japanese Yen and higher labor cost than Korea. Therefore, the competition between the Japanese and South Korea market should benefit Thai consumers and force Japan to manufacture more auto-parts in Thailand to reduce the cost and prices, which also benefit Thai labor market and industry. Apart from automobile, South Korea tried to compete with Japan in electrical appliances and electronic commodities, especially in setting prices to be lower than Japanese commodities by 15-20 percent for the lower and middle level consumers.

The long term trade deficit with Korea cost a lot of revenue because of the difference between categories of import and export of the two countries. Therefore, both countries need to solve the economic and commercial problems via discussion. Such meeting for negotiation had begun since 1961 when Thailand and South Korea signed the first commercial treaty. Later on in 1964, South Korea had proposed to negotiate an initiation to boost trade equilibrium between the two countries via ministerial cooperative meetings. The first meeting was held in Seoul between July 9 -11, 1975 to review and develop economic and trade relationship, including finding opportunities to expand trading opportunities to balance the trade and enhance economic and academic cooperation for mutual benefits. The second session was held in Seoul from July 19-22, 1976 and the ministerial meetings were held following the two meetings until the 12th session from January 13th to February 1st, 2002 in Seoul, Korea with Adisai Photharamic, Ph.D, Thai minister of ministry of commerce as Thailand's representative and Mr. Hwang Doo-Yun, minister of ministry of commerce of South Korea as Korea's representative. This meeting aimed to find solutions for economic recovery and ways to remove obstacles and expand bilateral relationship to encourage the economic restoration of the two countries⁴

⁴Surangsri Tonsiengsom, The relationship between Thailand and the Republic of Korea 1949-1999

1.1.3 South Korea Government emphasize on The Cultural Industry.

Apart from Korea's international trade policy, Korea has learned a way to constitute the positive image to attract foreign investors into the country, for the commercial, export and economic expansion opportunities both domestically and internationally. Further on, the government of South Korea had implemented a new policy to emphasize on turning the focus from the heavy industry export to cultural industry export to foreign countries, basing its learning experience from the U.S, China or Japan, for which, have used such cultural export policy to attract interests from foreign countries and build positive images to the eyes of the world population as a way to gain interest from tourists from around the world.

South Korea had learnt ways to export cultural goods to attract foreign countries, especially after the end of the Korean War, when the image of the country was in a negative side, as a poor country suffering from post-war famine. But after Korea used the cultural export strategy, the image was alleviated from a post-war country to a better picture. The government came to play a key role to support private sectors to produce movies and series, combining the presentation of outstanding, symbolic Korean culture in the product and export to the foreign countries to impress the world market and make the country known to the wider range of the world population. Moreover, at the time, South Korea hosted the Seoul Summer Olympics in 1988 and co-hosted the world cup final with Japan, known the 2002 Korea Japan FIFA World Cup. The abovementioned events were enough to be a start off for Korea to win strong interest from the world population.

Then, South Korea began exporting its movies and series to other countries in Asia, starting from China, as the two countries share similar social and cultural conditions. The result was extremely successful, which was the beginning of the Korean wave, lightened by the Chinese teenagers who watch the Korea movie or series and were impressed by the media. The Chinese mass media was known to coin the term "Korean wave" which has gained popularity from then on. Currently, not only the

teenagers in China, but also other countries such as Japan, Hong Kong, Vietnam and Thailand and other parts of Asia have encountered the impact of its cultural media, and now have expanded to some parts of Europe.

1.1.4 The Story of Korean wave.

Some people think that Korean wave happens by accident, by the fact that its dramas or movies are sent to foreign countries and then are popular among foreign audiences and then the South Korean Government takes part in supporting it. In fact, it comes from the intention of South Korean Government in the early stage that wants to promote cultural goods via movies, dramas, music, online games to make audiences like it and impress at it. In 1998, the South Korean Government has the plan called Korea 2010: Culture, Creativity and Content by promoting the private sector to invest on education management, cultural industry; this leads to the establishment of education management institute, and the rapid production of entertainment media from 10 to 100 institutes. After that, in 2002, Korean Government had established the Korea Culture and Content Agency (KOCCA) in order to promote Korean cultural goods to foreign countries such as movies, animation, cartoon, television dramas, and music.

According to the support from the government, it makes the cultural industry of South Korea grow at amazing rate and spreads all over Asia and now it is being into the Western countries already. South Korea has created “cultural brand” such as young singer and actor like Rain, Se7en, famous star like Pei Yongjun, young female singers like Baby VOX, young male singers like Dong Bang Shin Ki etc. Many famous dramas include Dae Jang Geum, Coffee Prince, Joo Mong, Full House, Princess Hours or it is the popular movie like My Sassy Girl. Besides, it is successful in creating online animation games like Raknarok to the extent of penetration into game markets all over Asia⁵.

⁵Thanet Cheysananon, “Using a commercial culture of South Korea: The Lessons for Thailand”

Korean wave arises from the fondness of Korean dramas and movies being broadcast via Chinese T.V. station including “Become”, “Bridge Storm”, “Goodbye My Love”, “The Man Behind” which receives a good market shares in China Mainland. The reason that Korean dramas are popular is that the content is light, polite and gentle, romantic, down-to-earth and is the love between young people. These make it possible to access to the heart of audiences. Also, the actors and actresses take major role it making it popular because they are lovely and attractive. The Korean Wave became the most remarkable when “Winter Sonata” was on air in various radio stations of China, Japan, Vietnam and Thailand. Besides, the leading actor, Pei Yong Jun, because very famous.

For this reason, it makes the export value of Korean dramas in 2004 to be at 71.46 U.S. dollar, increasing from 2003 about 69.6 %. And in the same year, the price for selling copyright of Korean dramas per one unit (1 unit = each session for 50 minutes), increasing from 2,189 million U.S. dollar to 4,046 million U.S. dollar which is equal to 84 %. This was because of the increased in the global demand. The image of good quality Korean drama and the trend of popularity towards Korean stars make the value of Korean drama increase. The export value of Korean movies increased in 2004 with the increased sales from 31 million U.S. dollar to be at 75 million U.S. dollar which increased for 141 %⁶.

1.1.5 Korean wave occur in Thailand.

In Thailand, Korean Wave comes from the popularity in Korean dramas in various T.V. stations of Thailand. Also, the information from the research of Neilson

⁶Suputra Sukchoo, “Hallyu, Prosperity of the Korean wave”, Positioning Magazine February 2549:

media's Research⁷, Thai people take about 7 hours a day in watching T.V. so, T.V. is the major media for communication of most Thais. However, considering the fondness of each person, it can be found that most people like to watch light-content drama which is not too serious. Therefore, various T.V. stations have to respond to the needs of the audiences by presenting love dramas of young people and the city lives. On part of presentation, there is the attraction in that Korea is the country with panoramic view and with 4 seasons which are spring, summer, autumn, and winter.⁸

Table1: Number of Korean Dramas in Thai TV from (2000-2009)

(Unit : Series)

Channels / Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
3 Channel						1	4	8	13	3
5 Channel	3		3	1		1				
7 Channel				2	3	3	11	9	10	8
9 Channel										5
TPBS			3	8	2	2	5	3		
Total	3	-	6	11	5	7	20	20	23	16

Sources: www.jkdramas.com

According to the number of Korean series broadcasted in various T.V. station channels as from 2000 – 2009, under the table above, it can be seen that the number of various free T.V. station channels taking Korean dramas to broadcast in increased in order to respond to the needs of Thai dramas audiences. It can be seen that T.V. station

⁷ Somkrit Tungkittawanit (2004) quote in Pijitra Suppasawatgul, "Korean Cultural Export: Impact of Korean Drama on Tourist Industry," Document Seminar on "Good Governance, Economy, Education, Culture and Tourism of Thailand and Korea 10-11 February 2010: p.7.

⁸ Arisa Witthawaskul, "Public Relations Approach in Promoting the Republic of Korea's Images through Television Drama "A Jewel in The Palace"". (Degree of Master of Arts Program in Public Relations Department of Public Relations Faculty of communication Arts Chulalongkorn University, 2006),p.3.

Channel 5 is the first one that takes Korean dramas in as from 2000 but it was not popular. After that, ITV, which is the first one that provide Korean dramas for Thai audiences, took the first well-known Korean drama in which was “autumn in My Heart”. The content was new which is different from general dramas; so, it was successful. With this reason, various T.V. station channels then adjust their broadcast schedules by broadcasting Korean dramas including Channel 3, Channel 7 that brought many famous dramas including *Winter Love Song*, *Full House*, *Dae Jang Geum*, *Coffee Prince*, *Lovers in Paris*, *My Girl*, *Jumong*, *My Name is Kim Sam Soon*, *Princess Hours* and others. Today, Korean dramas become the main program of various T.V. stations to attract attention from audiences.

Considering the fondness of each person, it can be seen that most people like light-content dramas which are not to serious. Therefore, various T.V. stations have to respond to the needs of audiences by presenting love dramas of young people and the city lives. On part of presentation, there is the attraction in that Korea is the country with panoramic view and with 4 seasons which are spring, summer, autumn, and winter.⁹

Korean dramas have one thing to attract attention of audiences that is the scene and place that are different from ours. It can make audiences follow the drama. Korean drama consists of wide varieties of scenes and places. The scene does not focus on the capital but presenting the climate of people lives, houses, people from various provinces with natural panoramic view; this makes audiences feel like they are in such climate for real. So, it creates a lot of pleasure. Besides, one important thing is that Korean drama conveys Korean cultures of people in it as well¹⁰.

⁹ Ibid., p.3.

¹⁰ Sarobon WibulSek, quote in Arisa Witthawaskul, “Public Relations Approach in Promoting the Republic of Korea’s Images through Television Drama “A Jewel in The Palace””. (Degree of Master of Arts Program in Public Relations Department of Public Relations Faculty of communication Arts Chulalongkorn University, 2006),p.3.

Drama that can presents beauty of different season obviously is autumn in My Heart and Winter Love Song; both were broadcasted via ITV channel in 2001. After these two dramas, there had been touring trend to follow the drama; it makes audiences to feel like traveling to Korea as they want to see the real scene to see how beautiful it is. Not only Thais, but also Japanese, Taiwanese, Hong Kong citizens, Chinese, Vietnamese, also like to travel to Korea. After that, there is another drama supporting the Korean wave to make Thais want to follow the drama to its real scenes that is Full House. This drama was broadcasted by Channel 7. After completing the making of the drama, the houses in the scenes were kept in the same condition in order to use as a travelling place in Korea. Considering it carefully, it can be seen that most places used in the scene are in Korea. Car used in Hyundai, mobile used is Samsung; even the music used is in Korean language.

According to the analysis of impact of economy in terms of goods, Hallyu (Korean wave) by "Korea International Trade Association's Trade Research Institute" states that in 2004, all goods of Hallyu (Korean wave) affects domestic economy for 1 million U.S. dollar while these goods can bring in foreign currency into Korea for 1.87 million U.S. dollar. Besides, it can be said that Korean wave which is spreading all over the world helps open the trading chances in various countries which are influenced by Korean wave; for example, LG and Samsung increase their sale in China for about 40 % in 2003 when Winter Sonata or Winter Love Song were still in impression of millions of Chinese girls; or in another case, Dae Jang Geum had brought Food products and agricultural products from Korea to food markets in Japan; Japanese like Dae Jang Geum a lot and Korean food a lot. Main goods that are benefited from Korean wave in foreign markets are of many kinds such as food, Drama Tour, plastic surgery business,

cosmetics, fashion, car, and other goods that can penetrate more easily to markets because of better image of Korean and understanding in Korean cultures¹¹.

All of these do not happen by accident. It is the intention of Korean Government to use new culture called Pop Culture to generate income into its country and affect other aspects as well; especially, the trend of cultural goods which increase their value must be added some cultural value as well. Besides, it helps promote the image of goods and various services from Korea¹².

For Thailand, it is affected by Korean wave as well both directly and indirectly. This can be obviously seen from Korean food consumption during the broadcast of De Jang Geum. This can be seen from the import of Korean goods to be sold in various department stores such as instant noodles, Korean algae, Korean local liquor (Soju), traveling to Korea, following Korean drama, and travelling to undergo plastic surgery in Korea, cosmetics uses, these are influenced by Korean wave.

For this reason, according to the phenomenon of popularity of Korean in Thailand, the consumption and use of Korean culture are common, entertainment industry of Korea is considerably successful in Thailand, and the increased trading between Thailand and Korea where Thais have faced deficit or unfavorable balance of trade as from the past. So, the researcher would like to study the impact of Korean wave in Thailand on the trading between Thailand and Korea. The interesting issue is that how phenomenon of popularity in Thailand influences trading between Thailand and Korea? Which impacts? so that the appropriate solutions would be studied and found efficiently.

¹¹ Suputra Sukchoo, "Hallyu, Prosperity of the Korean wave", Positioning Magazine February 2549: p.6.

¹² Arisa Witthawaskul, "Public Relations Approach in Promoting the Republic of Korea's Images through Television Drama "A Jewel in The Palace"". (Degree of Master of Arts Program in Public Relations Department of Public Relations Faculty of communication Arts Chulalongkorn University, 2006),p.3.

1.2 Research Objectives

1. To examine the effect of Korean wave on trade between Thai and South Korea by focusing on cultural products.
2. To serve as a basic knowledge for further researches.

1.3 Scope of the Study

1. To study the origins and definition of Korean wave.
2. To study the effect of Korean wave on trade between Thai and South Korea in 1995-2002.
3. To study the effect of Korean wave on trade between Thai and South Korea in 2003-2008.

1.4 Research hypothesis

Korean wave has affected on trade between Thai and South Korea in term of cultural products such as Entertainment Industry (Dramas, Movies, Music), Tourism Industry (Drama Tour, Surgery Tour), Korean Food, Korean Language Education, Books, Cosmetic, and Consumer Products.

1.5 Expected Outcome

1. Clarifies the effect of Korean wave on trade between Thailand and South Korea.
2. Clarifies the factors affecting value of import and export of Thailand and republic of Korea.
3. Serves as guidance for related public and private sectors, including interested personnel who would take acquired data for further usage as guideline in Thailand's economic development and enhances Thailand's potential to compete with other countries in the world market.

1.6 Research methodology

“The Effect of Korean wave on Trade between Thai and South Korea” is a Qualitative Research, based mainly on collection of secondary Data. However, primary Data collection is conducted simultaneously and used an interview people such as, Korean product consumers, tourists and people who related in Korean wave.

Collection of data

1. Secondary Data. By collecting the related data within the time frame of 1994-2008 from the following sources; National Bank of Thailand, Department of trade negotiation, The ministry of commerce, the office of national economic and social development, department of export promotion, articles from journals, magazines, newspaper, academic papers, official documents, opinions, website, researches and other researches from various universities.

2. Primary Data is data acquired from interviews, conducted with experts on related matters such as Thai academicians, travel agents, Korean cosmetic owners, importers of Korean goods in Thailand. The interview conducted are both via the means of direct interview and/or electronic mails. Interview topics and questions are designed within the research framework mentioned in this paper.

Data analysis

This paper is based on Qualitative Research methodology, collecting data from all sources and verifying the completeness of the data from interviews. The author gathers the whole data collected to analyze under a set of objectives, established to find relativity of variables and bring the result to conclusion.

The author divides the stages of this research into two stages. The first one is so called Pre-Korean wave state (1994 – 2002). The other is from the start of Korean wave (2003-2008).

Analyze and summarize the effect of Korean wave on trade between Thai and South Korean before Korean occurred in 2003-2008 and after Korean wave populated in Thailand.

Summarize a conclusion and a suggestion for Thai government, Thai private sectors, Future Study.

1.7 Definition of Terms

Korean wave or **Korea fever** (Hallyu from Korean pronunciation) is the phenomenon called for the popularity of South Korean pop culture in other countries, especially Asian countries. It starts from the popularity of Korean cultural media, such as TV dramas, movies and pop music.

Trade is the voluntary exchange of goods, services, or both. Trade is also called commerce or transaction. A mechanism that allows trade is called a market.

Popular culture (commonly known as pop culture) is the totality of ideas, perspectives, attitudes, images and other phenomena that are deemed preferred per an informal consensus within the mainstream of a given culture

Cultural products such as music, film, and books.

Cultural industries (sometimes also known as "creative industries") combine the creation, production, and distribution of goods and services that are cultural in nature and usually protected by intellectual property rights.

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Chapter II

Related Theory and Literature Review

2.1 Soft power

2.1.1 The Definition of Soft Power

Every one understands that who have a lot moneys, military forces, weapons, and high technology that it will have the power over the others. And also can change the others want to follow or get the result that actor wants by threat, or allured by compensation.

Everyone is familiar with hard power. We know that military and economic might often get others to change their position. Hard power can rest on inducements or threats. But sometime you can get the outcomes you want without tangible threats or payoffs. The indirect way to get what you what has some time been called “soft power”¹³

In terms of “soft power”, Joseph S. Nye, who was a professor as well as the dean of the Kennedy school in Harvard University, defined power is the ability to get the results that the actor wants, and it changes the activity of other nation if it necessary to get the result¹⁴. A country may obtain the outcomes it wants in the world politics because other countries admiring its values, emulating its example, aspiring to its level of prosperity and openness want to follow it. This soft power getting others to want the outcomes that you want, co-opts people rather than coerces them¹⁵. Soft power are opposition to “hard power” such as military force and economic sanction.

¹³ Joseph S. Nye, Soft power the means to success in the world politics (New York: Public Affairs), p.5.

¹⁴ Joseph S. Nye, The Paradox of American Power (New York: Oxford, 2003), p.30.

¹⁵ Joseph S. Nye, Soft power the means to success in the world politics (New York: Public Affairs), p.5.

In the part superpower countries can get outcome or change others by threatening military force or economic sanctions. But it not always useful in the modern and global information in the word. But the useful power to get others change or follow is the soft power which can use to get the outcomes you want without tangible threat or payment.

Soft power rests on the ability to shape the preference of others. At the personal level, we are all familiar with the power of attraction and seduction. In a relationship or a marriage, power does not necessarily reside with the larger partner, but in the mysterious chemistry of attraction. And in the business world, smart executives know that leadership is not just a matter of issuing commands, but also involves leading by example and attracting others to do what you want. It is difficult to run a large organization by commands alone. You also need to get others to buy in to your values¹⁶.

In short, soft power is “attractive power” that attracts others persons or states without coercion or threat. And it is created by intangible assets such as attractive personality and culture, the political valued and institutions and moral authority.

Joseph S. Nye, identifies sources of soft power on three immaterial assets. They are; culture (in places where it is attractive to others), political values (when it lives up to them at home and abroad), and foreign policies (when they are seen as legitimate and having moral authority).

He explained culture is the set of values and practices that create meaning for a society. It has many manifestations. It is common to distinguish between high culture such as literature, art, and education, which appeals to elites, and popular culture, which focuses on mass entertainment.

Culture is the idea that makes a change in natural circumstances and creates new things. The broad meaning of culture sets up in opposition to nature, and it involves the value of all historical outcomes that have been achieved while human beings evolved from anthropoids. This includes all human creations like

¹⁶ Ibid.,p.5.

politics, economy, law, institutions, literature, arts, morals, religion, and customs, and so on¹⁷. However, culture is not a general material concept. It is described as a spiritual concept, and it is able to be a valuable system with the customs occurring in any society. The way to express culture can be divided into high culture and popular culture. Literature, art, and education are part of high culture, and movies, television, and popular music are part of popular culture, which is easily accessible to the public. Regardless of whether the culture is high or popular, the general value of culture makes it possible to share with other nations through all fixed policies, and increase profits. Furthermore, there is a high possibility to get desirable results in relationships with other nations. It is related to attractiveness, which is created by culture¹⁸.

For example, the strength and enormity of American soft power started from American popular culture. American popular culture is formed by four elements: movies, television, books, and theme parks. While these elements were internationalized, American culture was nicknamed “McWorld.” McWorld has established a standardized single world following the American way, and it has taken high possession all over the world, using Hollywood as a vehicle¹⁹. The economic impact of American popular culture through exports is huge. It has implanted the idea in the mind of the people in the world that America is a modern and up-to-date country.

¹⁷ Chang-nam, Kim, Understanding popular culture (Seoul: Han-wool Academy, 1998), p.10.

¹⁸ Oh-kyoung Baek, “Impact of the “Korean wave” upon National Image and Economy,”(Master Degree of International Studies Graduate School of International Service Sookmyung Women’s University, 2005), p.10.

¹⁹ Benjamin R. Barber, Jihad Vs McWorld, trans. Ui-kyoung Park · Jin-woo Lee, Seoul: Moon-wha Design, 2003. Cited in Oh-kyoung Baek. Impact of the “Korean wave” Upon National Image and Economy,(South Korea : Sookmyung Women’s University, 2005), p.10.

Figure 1: Hard- and Soft-Power resource.

	Hard	Soft
Spectrum of Behaviors	Command ← coercion inducement →	agenda setting attraction → Co-opt
Most Likely Resources	force sanctions payments bribes	institutions values culture policies

2.1.2 Sources of Soft Power²⁰

The soft power of a country rests primarily on three resources;

1. Culture (in places where it is attractive to others)
2. Political values (when it live up to them at home and abroad)
3. Foreign policy (when they are seen as legitimate and having moral authority)

Culture is the set of values and practices that create meaning for a society. It has many manifestations. It is common to distinguish between high culture such as literature, art, and education, which appeals to elites, and popular culture, which focuses on mass entertainment.

When a country's culture includes universal values and its policies promote values and interests that others share, it increases the probability of obtaining its desired outcomes because of the relationships of attraction and duty that it creates. Narrow values and parochial cultures are less likely to produce soft power. The United States benefits from a universalistic culture. The German editor Josef Joffe once argued that American's soft power was even larger than its economic and military assets. "U.S.

²⁰ Joseph S. Nye, Soft power the means to success in the world politics (New York: Public Affairs), p.11-15.

culture, low-brow or high, radiates outward with an intensity last seen in the days of the Roman Empire – but with a novel twist. Rome's and Soviet Russia's cultural sway stopped exactly at their military borders. American's soft power, though, rules over an empire on which the sun never sets.

Some analysts treat soft power simply as popular cultural power. They make the mistake of equating soft power behavior with the cultural resources that sometimes help produce it. They confuse the cultural resources with the behavior of attraction. For example, the historian Niall Ferguson describes soft power as “nontraditional forces such as cultural and commercial goods” and then dismisses it on the grounds “that it's, well, soft.” Of course, Coke and Big Macs do not necessarily attract people in the Islamic world to love the United States. The North Korean dictator Kim Jong II is alleged to like pizza and American videos, but that does not affect his nuclear programs. Excellent wines and cheese do not guarantee attraction to France, nor does the popularity of Pokemon games assure that Japan will get the policy outcomes it wishes.

This is not to deny that popular culture is often a resource that produces soft power, but as we saw earlier, the effectiveness of any power resource depends on the context. Tanks are not a great military power resource in swamps or jungles. Coal and steel are not major power resources if a country lacks an industrial base. Serbs eating at McDonald's supported Milosevic, and Rwandans committed atrocities while wearing T-shirts with American logos. American films that make the United States attractive in China or Latin America may have the opposite effect and actually reduce American soft power in Saudi Arabia or Pakistan. But in general, polls show that our popular culture has made the United States seem to others “exciting, exotic, rich, powerful, trend-setting— the cutting edge of modernity and innovation.” And such images have appeal “in an age when people want to partake of the good life American-style, even if as political citizens, they are aware of the downside for ecology, community, and equality.” For example, in explaining a new movement toward using lawsuits to assert rights in China, a young Chinese activist explained, “We've seen a lot of Hollywood movies—

they feature weddings, funerals and going to court. So now we think it's only natural to go to court a few times in your life." If American objectives include the strengthening of the legal system in China, such films may be more effective than speeches by the American ambassador about the importance of the rule of law.

The background attraction (and repulsion) of American popular culture in different regions and among different groups may make it easier or more difficult for American officials to promote their policies. In some cases, such as Iran, the same Hollywood images that repel the ruling mullahs may be attractive to the younger generation. In China, the attraction and rejection of American culture among different groups may cancel each other out.

Commerce is only one of the ways in which culture is transmitted. It also occurs through personal contact, visits, and exchanges. The ideas and values that American exports in the minds of more than half a million foreign student who study every year in American universities and then return to their home countries, or in the minds of the Asian entrepreneurs who return home after succeeding in Silicon Valley, tend to reach elites with power. Most of China's leaders have a son or daughter educated in the States who can portray a realistic view of the United States that is often at odds with the caricatures in official Chinese propaganda. Similarly, when the United States was trying to persuade President Musharraf of Pakistan to change his policies and be more supportive of American measures in Afghanistan, it probably helped that he could hear from a son working in the Boston area.

Government policies at home and abroad are another potential source of soft power. For Example, in the 1950s racial segregation at home undercut American soft power in Africa, and today the practice of capital punishment and weak gun control laws undercut American soft power in Europe. Similarly, foreign policies strongly affect soft power. Jimmy Carter's human rights policies are a case in point, as were government efforts to promote democracy in the Reagan and Clinton administrations. In Argentina, American human rights policies that were rejected by the military government of the 1970s produced considerable soft power for the United States two decades later, when

the Peronists who were earlier imprisoned subsequently came to power. Policies can have long-term as well as short-term effects that vary as the context changes. The popularity of the United States in Argentina in the early 1990s reflected Carter's policies of the 1970s, and it led the Argentine government to support American policies in the UN and in the Balkans. Nonetheless, American soft power eroded significantly after the context changed again later in the decade when the United States failed rescue the Argentine economy from its collapse.

Government policies can reinforce or squander a country's soft power. Domestic or foreign policies that appear to be hypocritical, arrogant, indifferent to the opinion of others, or based on a narrow approach to national interests can undermine soft power. For example, in the steep decline in the attractiveness of the United States as measured by polls taken after the Iraq War in 2003, people with unfavorable views for the most part said they were reacting to the Bush administration and its policies rather than the United States generally. So far, they distinguish American people and culture from American policies. The publics in most nations continued to admire the United States for its technology, music, movies, and television. But large majorities in most countries said they disliked the growing influence of America in their country.

The 2003 Iraq War is not the first policy action that has made the United States unpopular. Three decades ago, many people around the world objected to America's war in Vietnam, and the standing of the United States reflected the unpopularity of that policy. When the policy changed and the memories of the war receded, the United States recovered much of its lost soft power. Whether the same thing will happen in the aftermath of the Iraq War will depend on the success of policies in Iraq, developments in the Israel-Palestine conflict, and many other factors.

The values a government champions in its behavior at home (For example, democracy), in international institutions (working with others), and in foreign policy (promoting peace and human rights) strongly affect the preferences of others. Governments can attract or repel others by the influence of their example. But soft power does not belong to the government in the same degree that hard power does.

Some hard-power assets such as armed forces are strictly governmental; others are inherently national, such as oil and mineral reserves, and many can be transferred to collective control, such as the civilian air fleet that can be mobilized in an emergency. In contrast, many soft power resources are separate from the American government and are only partly responsive to its purposes. In the Vietnam era, for example, American popular culture often worked at cross purposes to official government policy. Today, Hollywood movies that show scantily clad women with libertine attitudes or fundamentalist Christian groups that castigate Islam as an evil religion are both (properly) outside the control of government in a liberal society, but they undercut government efforts to improve relations with Islamic nations.

In conclusion, soft power is attractive power which can get the outcomes what you want and want to follow by admiring its values, emulating its example without coercion or threats. This theory will be used as a guide in setting objectives, hypothesis and be used in the analysis data.

In relation to this thesis, work on Korean wave need to be dealt with. Korean wave can be considered as the typical case of cultural industry which reflects Nye's concept of 'soft power'. There are lots of surveys and reports about Korean wave in Korean, China and Southeast Asia, now big issue in Thai.

2.2 Literature Review

Arisa Witthawaskul²¹, "Public Relations Approach in Promoting the Republic of Korea's Images through Television Drama "A Jewel in the Palace". The objective of this thesis is to understand the public relations approaches used to promote the Republic of Korea's images to television drama "A Jewel in the Palace". In addition, it also aims to study the Republic of Korea's appearance that is neatly blended in Korean dramas and

²¹ Arisa Witthawaskul, "Public Relations Approach in Promoting the Republic of Korea's Images through Television Drama "A Jewel in the Palace", (Degree of Master of Arts Program in Public Relations, Department of Public Relations, Faculty of Communication Arts, Chulalongkorn University, 2006.

to study the major factors that generate the “Korean fever” trend from “A Jewel in the Palace”.

The research result show that Korean dramas are successfully implemented as one of the national’s public relations tools of the Republic of Korea. As they can support and create the image of the country by introducing “Cultural Products” such as Korean cultures, Morals, Ways of life and tourist destinations. Moreover, Korea Tourism Organization in Thailand also helps promoting the Republic of Korea in other ways.

For the Republic of Korea’s appearance that is blended in the Korean drama “A Jewel in the Palace”, the research shows that it successfully strikes to the audience’s feeling in a positive way of the Republic of Korea’s image and, additionally, attracts more interests in and good impression to the Republic of Korea, which includes other Korean’s dramas. Initially, the promotion campaigns that help boost up the drama’s image is strategically implemented through the outstanding performance of the actors and actresses as well as the entertaining of the plot itself, of which, result in the rising trend of the Korean drama’s Trails Tour.

Oh-kyoung Baek²², “Impact of the Korean Wave Upon National image and Economy”. This thesis focuses on the cultural property within the assets of soft power. Specifically, to analyze the importance of culture as the assets of soft power, this thesis emphasizes the impact of Korean popular culture upon Korean national image and economy. Recently, Korean popular culture has gained popularity in Asia.

However, the impact of the recent popularity of Korean popular culture is vague as soft power. Therefore, this thesis examines the change of Korean national image and economy after making contact with Korean popular culture, and demonstrate the impact of Korean popular culture as soft power.

²² Oh-kyoung Baek, “Impact of the Korean Wave Upon National image and Economy”, Master Degree of International Studiues, Graduate School of International Service, Sookmyung Women’s University, 2005

To prove the influence of Korean popular culture, the present condition of Korean popular culture and the exports of cultural products to other nations are considered. However, it has proved that there is a limit of the cultural effect, even though Korean popular culture has steadily grown. Most exports are centralized in Asia. This phenomenon can be explained by emotional sympathy and geographical and adjacency, and by personal elements like educational level, cultural background, the medium of contact, and contact versus no contact. Finally, this thesis shows popular culture as soft power and the limitation of the influential power of popular culture.

Sinee Suwannakart²³, "Relationship between Export, Exchange Rate, and Economic Growth of Thailand, China, Japan, Malaysia, and South Korea". The objective of this study is to test the relationship between export, exchange rate, and economic growth of Thailand, China, Japan, Malaysia, and South Korea in short term and the long term by using econometric model with cointegration and Error Correction Model (ECM) techniques following the Autoregressive Distributed Lag (ARDL) procedure to investigate the relationship between those variables using secondary data between 1998 and 2007, totally 40 observations. The result of the study find that the export and the real exchange rate variable have impact on economic growth of South Korea case only. In addition, the deviation of variables in the short-run converge to the long-run equilibrium. Moreover, considering the long-run relationship between export and economic growth of Thailand, China, Japan, and Malaysia, all carry positive relationship except Malaysia which carries negative relationship. Consequently, the study find the relationship between real exchange rate and economic growth of Thailand, China, Japan, and Malaysia all carry negative relationship except Malaysia case which carries positive relationship.

²³ Sinee Suwannakart, "Relationship between Export, Exchange Rate, and Economic Growth of Thailand, China, Japan, Malaysia, and South Korea", Independent Study Master of Economics Chiang Mai University, 2551.

Thidanuch Jongkriengkrai²⁴, “A Study of Korean wave Phenomenon in Thailand”. The objective of the study are to identify the critical factors that lead Korean wave to the success in the world, including Thailand, by applying the business theory “Diamond Model” of Michael E Porter, to explore the impact of Korean wave to various industries and to recommend Thai public and private sectors to formulate Thai wave.

In order to achieve the stated objectives, the primary data through survey with Thai people and secondary data through related news, articles and researches were collected. The result of study shows that the government support and vision in every aspect, such as human resources, financial, regulation and policy, is the major reason to drive Korea to the success in the cultural content industry. The Korean wave does not only help the national economic, but also improve the country's image. Thailand also has potential to generate revenue and become world's player in this industry, but is lack of full support from the government, as well as the collaboration between public and private organizations in the related industries.

Therefore, the researcher recommends Thai related public organizations to learn from the success of Korean wave, and recommends private sectors to improve and develop the quality of products in order to formulate Thai wave.

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²⁴ Thidunuch Jongkrieng, “A Study of Korean wave Phenomenon in Thailand”, Independent Study (MM) International Business, Chulalongkorn University, 2008.

Chapter III

International trading of Thailand, Trade between Thailand and South Korea and Korean wave in Thailand.

3.1 Overview of international trading of Thailand

The international trading of Thailand in terms of export and import is very important to domestic economy. The exporting is the main way of generating income while bring capital goods and raw material goods to produce in further stage is another way of increasing potential in production and exportation. Since the international trading is very significant, the negotiation for entering into international agreement then aims at expanding the export to markets under the agreement. To achieve such goal, it is necessary to learn that which items of goods that Thailand has a competitive edge and sufficient to ensure the penetration of new market and at the same time being able to compete with goods of the same kind imported from abroad.

In this Chapter, it is the analysis of international trading structure of Thailand both in terms of export and import as well as the trend of international trade between Thailand and Korea both in overall image and under each goods, and the analysis of competitiveness of Thai goods and of Korea.

3.1.1 Importing

(1) The structure of importing of Thailand

Imports are divided into 5 types including fuel, capital goods, raw material goods and semi-ready-made goods, consumption product, and vehicle and transportation equipment. It was found in 1995 – 2004 that Thailand imports raw material goods and semi-ready-made goods with the highest ratio of 45.1 percent of all import. This kind of goods mostly includes electrical appliances and electronics, chemical products, iron and steel and steel iron products. The second rank is capital goods with the ratio of import of 31.5 percent. Most capital goods include machinery and parts,

electrical machines and parts, and computer, equipment and parts. The import of fuel ranks third with the ratio of 10 percent. Most of fuels are crude oil, gasoline oil, and natural gas. The consumption goods is found at 7 – 8 percent of all import each year which is quite stable.

The fact that Thailand imports high ratio of raw material goods and semi-ready-made goods reflects that the production of Thailand still needs raw materials from abroad a lot. The import of fuel has been increased as from 1993; this makes the overall value of import increase as shown in details in Table 2.

Table 2: Structure of import of Thailand under the types of goods in 1995 – 2000

Year	Fuel	Capital	raw material goods and semi-ready-made goods	Consumption goods	Vehicles and transportation equipments	Others	Value
	Unit, percentage of value of all import						Million U.S. dollar
1995	6.7	34.6	43.1	6.7	7.5	1.4	70,718.0
1996	8.7	34.2	41.5	6.9	6.8	2.2	72,247.7
1997	9.2	35.4	42.1	7.4	4.1	1.9	63,180.7
1998	8	32.3	47.8	8.7	1.3	1.9	42,434.5
1999	9.5	29.7	47.7	8.8	2.7	1.6	49,914.6
2000	12.2	28.6	47.9	7.5	3.3	0.6	62,180.4
2001	12.1	31.5	44.7	7.8	3.3	0.7	61,729.2
2002	11.6	30.3	45.9	7.8	3.6	0.9	64,239.3
2003	11.9	30.3	44.8	7.7	4.2	1.1	75,014.7
2004	14	28.4	45.4	7.2	3.9	1	94,262.1
Average	10.4	31.5	45.1	7.7	4	1.3	65,592.1

Source: Information and Communication Technology Center, Ministry of Commerce with the cooperation from Thai Customs Department

(2) Key import market

There are four key import markets including Japan, U.S., European Union, and Asian. During 1995 – 2004, import value from Japan was highest at 25 percent by

average of all import value; mostly, it is raw material goods and semi-ready-made goods. Secondly, it is capital goods. The second key import sources are Asian, EU, and U.S. with the average ratio of import of 15.3, 12.1, and 11.5 percent of all import value, respectively.

In importing from Japan, besides import ratio in each year is at the highest level, the expansion rate of import value tends to high as well. During the past five years (1995 – 2004), the import value from Japan has average expansion rate of 14.0 percent; this is due to the fact that Japanese investor invests on production of Thailand a lot. This makes it necessary to import capital goods and raw material goods and semi-ready-made goods from Japan more. However, it is noted that Asian has expansion rate of import value of 16.6 percent although the ratio of import ranks second from Japan; this is because of the establishment of Asians free trade area effective as from 1993 as shown in details in Table 3.

Table 3 Ratio of import sources of Thailand during 1995-2004

Unit: Percentage of all import value

Year	Japan	U.S.	EU	Asian	Other countries
1995	30.6	12.0	16.0	13.3	28.2
1996	28.3	12.5	15.1	13.3	30.8
1997	25.7	13.8	14.1	12.9	33.7
1998	23.7	14.1	12.4	15.1	34.8
1999	24.3	12.8	11.7	15.8	35.3
2000	24.7	11.8	10.2	16.6	36.7
2001	22.3	11.6	12.3	16.2	37.6
2002	23.0	9.6	11.0	16.8	39.6
2003	24.1	9.5	10.0	16.6	39.8
2004	23.6	7.6	9.6	16.6	42.6
Average 1995-2004	25.0	11.5	12.2	15.3	36.0

Source: Information and Communication Technology Center, Ministry of Commerce with the cooperation from Thai Customs Department.

(3) Items of key imports of Thailand

During 2002 – 2004, Thailand had average import of 77,839 million U.S. dollar. Table 3 shows top twenty items of goods imported by Thailand. All of twenty items has total import ratio for 80.4 percent of all imports. The key import items include crude oil, machinery and parts, electrical appliances and parts, electrical circuit, and chemical products.

Table 4 Items of top twenty goods of Thailand

Particulars	2002	2003	2004	Average ratio 2002-2004
	Import value: million U.S. dollar			Percent
1. Crude oil	5,757.6	7,113.8	10,773.6	10.0
2. Machinery and parts	6,459.0	7,942.9	9,526.9	10.2
3. Electrical machines and parts	6,272.0	6,627.3	7,759.1	8.9
4. Iron, steel and product	3,440.2	4,247.1	6,552.4	6.0
5. Chemical products	4,681.2	5,573.5	7,351.6	7.5
6. Electrical circuits	5,448.6	5,864.6	7,261.8	8.0
7. Computer and equipment and parts	3,666.5	4,227.5	4,732.1	5.5
8. Other metal minerals, metal fragments and products	1,872.2	2,342.3	3,611.4	3.3
9. Jewelry, bar silver and gold	1,978.4	2,076.7	2,863.5	3.0
10. Parts and equipment	1,875.8	2,490.5	2,985.7	3.1
11. Tools, scientific appliances, medical appliances and test equipment	1,021.1	1,365.6	1,712.6	1.7
12. Plants and product from plant	1,523.5	1,864.3	2,024.0	2.3
13. Product from plastics	1,455.8	1,633.7	1,865.6	2.1
14. Gasoline oil	650.0	737.5	1,036.8	1.0
15. Metal products	774.6	909.2	1,249.4	1.2
16. Miscellaneous appliances	949.7	1,182.3	1,400.0	1.5
17. Household electrical appliances	889.0	1,018.2	1,308.9	1.4
18. Natural gas	736.8	714.7	1,074.1	1.1
19. Special transaction	520.5	827.8	907.1	1.0
20. Thread and fiber	1,020.5	1,094.8	1,223.0	1.4
20 items of import in total	50,993.0	59,854.3	77,219.6	80.4
Others	13,246.3	15,160.4	17,042.5	19.6
Total of import	64,239.3	75,014.7	94,262.1	100.0

Source: Information and Communication Technology Center, Ministry of Commerce with the cooperation from Thai Customs Department.

3.1.2 Export

(1) Structure of export of Thailand

Structure of export of Thailand has changed from export that focuses on agricultural goods to be industrial goods to the extent that makes industrial goods to rank first in terms of export ratio as from 1985. This is the result of government policy that promotes investment in industrial sector and promotes industrial goods export. Therefore, during 1995 – 2004, the industrial goods had average export ratio of 74.9 percent of all export. The goods that rank second are agricultural goods, agricultural industry goods, minerals and fuel with the average export ratio of 12.5, 7.7. and 2.6 percent of all export value, respectively. (Table 5)

Table 5 Structure of exports of Thailand, separating under the types of goods during 1995-2004

Ratio: Percent

Year	Agriculture	Agricultural industry	Industry	Mineral and fuel	Others
1995	16.2	8.1	73.8	1.0	0.9
1996	16.1	9.0	71.8	2.0	1.1
1997	14.0	8.5	72.3	2.7	2.5
1998	13.1	7.8	74.0	1.9	3.2
1999	12.0	7.8	75.2	2.2	2.9
2000	10.5	6.8	76.5	3.5	2.7
2001	10.8	7.4	75.3	3.1	3.3
2002	10.4	7.5	76.2	2.9	3.0
2003	11.0	7.4	76.5	2.9	2.2
2004	10.6	6.5	77.5	3.8	1.6
Average during 1995-2004	12.5	7.7	74.9	2.6	0.3

Source: Information and Communication Technology Center, Ministry of Commerce with the cooperation from Thai Customs Department.

When comparing expansion rate of export for the industrial goods and agricultural goods in the past, it can be seen that during 1996 – 2001, the expansion rate of both kinds of goods were not stable; they were increased and decreased, but by average, it decreased due to the economic crisis of the country.

However, it can be found when ignoring the economic crisis year that during three years between 2002 – 2008, the export of 4 kinds of goods had expanded continuously; in 2004, industrial goods expanded a lot from the previous year for 23.7 percent; the agricultural goods, the agricultural industry goods and minerals and fuels increased for 17.1 percent, 7.3 percent, and 59.9 percent, respectively, as detailed in Table 6.

Table 6 Export expansion rate of Thailand, separating under the types of goods during 1995-2004

Year	Total	Agriculture	Agricultural industry	Industry	Mineral and fuel	Others
1995	24.9	18.7	21.0	26.6	15.7	54.7
1996	-1.4	-2.1	8.5	-4.0	94.1	32.2
1997	4.3	-9.3	-1.3	4.9	42.6	130.4
1998	-6.6	-12.9	-14.0	-4.4	-33.4	19.0
1999	7.3	-1.4	7.2	9.1	19.2	-4.9
2000	19.1	4.6	3.5	21.1	91.2	13.8
2001	-6.4	-3.8	2.1	-7.8	-15.4	14.9
2002	4.6	0.9	5.8	5.7	-2.2	-6.6
2003	17.4	24.0	16.7	18.0	15.0	-14.2
2004	22.1	17.1	7.3	23.7	59.9	-11.4

Source: Information and Communication Technology Center, Ministry of Commerce with the cooperation from Thai Customs Department.

(2) Key export markets of Thailand

Like the import markets, the key export markets include Japan, U.S., EU, and Asians with the total average export ratio during 1995 – 2004 for 69.3 percent, separating as Asians with the average highest ratio of 20.3 of all export; secondly, it is U.S, EU and Japan with ratio of 19.4, 15.77 and 14.9 percent of all export, respectively.

Ratio of exports into such markets shows the characteristics of dependency of markets of developed countries (US, EU, and Japan) for about 50 percent.

When considering trend of expansion rate of export to various markets, especially during 2002 – 2004, it is found that Asians is the export market with higher expansion of other markets. This is the result of establishment of Asians free trade area in 1993 while the result from the recession of economy of developed countries influences the export to the developed countries as detailed in Table 7.

Table 7 Structure of key export markets of Thailand during 1995-2004

Radio: Percent of all export value

Year	Japan	U.S.	EU	Asian	Others
1995	16.8	17.8	15.1	21.7	28.6
1996	16.8	18.0	15.9	21.7	27.6
1997	15.2	19.4	15.9	21.8	27.7
1998	13.7	22.3	17.8	18.2	28.0
1999	14.1	21.6	16.8	18.6	28.8
2000	14.7	21.4	15.8	19.4	28.8
2001	15.3	20.3	16.2	19.3	29.0
2002	14.6	19.8	15.0	19.9	30.7
2003	14.2	17.0	14.7	20.6	33.5
2004	13.9	15.9	14.1	21.7	34.4
By average during 1995-2004	14.9	19.4	15.7	20.3	29.7

Source: Information and Communication Technology Center, Ministry of Commerce with the cooperation from Thai Customs Department.

(3) Items of key exports of Thailand

During 2002 – 2004, Thailand had average export of 81,579 million U.S. dollar. Table 7 shows top 20 goods of Thailand. In these 20 items, there is ratio of export of only 57.0 percent of all value of export. This reflects that the exports of Thailand are in good distribution. The main exports include computer, equipment and parts with

average export ratio of 10.2 percent of all export; secondly, it is car, equipment and parts and electrical circuit with the average export ratio of 5.0 and 5.2 percent, respectively. The rest export has average ratio of lower than 4.0 percent of all export. The main agricultural exports include rubber, rice, canned seafood, and processed seafood.

Table 8 Top twenty items of export of Thailand

Items	2002	2003	2004	Average ratio
	Export value: million U.S. dollar			2002-2004 Percent
1. Computer, equipment, and parts	7,430.3	8,189.6	9,185.7	10.2
2. Car, equipment and parts	2,919.7	3,969.6	5,496.0	5.0
3. Electrical circuit	3,308.0	4,624.6	4,902.8	5.2
4. Plastic grain	1,775.2	2,148.4	3,105.2	2.8
5. Rubber	1,740.2	2,787.7	3,428.9	3.2
6. Radio receiver and parts	2,094.6	2,501.8	3,225.1	3.2
7. Jewelry and accessories	2,169.3	2,514.8	2,645.6	3.0
8. Ready-made clothes	2,721.5	2,761.8	3,092.6	3.5
9. Iron, steel, and products	1,249.7	1,687.2	2,478.1	2.2
10. Chemical products	1,193.0	1,581.4	2,059.2	2.0
11. canned seafood and processed seafood	2,016.6	2,135.8	2,256.5	2.7
12. Gasoline oil	1,044.7	1,020.4	1,763.5	1.5
13. Electrical appliances and other parts	957.9	1,080.0	1,935.4	1.6
14. Rice	1,631.7	1,833.9	2,693.6	2.5
15. Rubber products	1,260.3	1,556.4	1,944.6	1.9
16. Air conditioner and parts	1,108.3	1,430.3	1,997.8	1.8
17. Machinery and parts of machinery	930.3	1,248.2	1,672.0	1.6
18. Plastic products	954.4	1,236.2	1,410.9	1.5
19. piston internal combustion engine and parts	346.0	541.8	1,245.4	0.8
20. crude oil	457.6	651.5	835.1	0.8
Total of 20 exports	37,309.3	45,501.4	57,374.0	57.0
Others	30,847.0	34,548.0	39,156.9	43.0
Total exports	68,156.3	80,049.4	96,530.9	100.0

Source: Information and Communication Technology Center, Ministry of Commerce with the cooperation from Thai Customs Department.

3.2 Trade between Thailand and Republic of Korea

3.2.1 Relationship between Thailand and South Korea

Thailand and Korea have closed relationship for very long time. In 1949, Thai Government is one of the first countries that announced the certifying of South Korea officially. After that, in 1958, both countries proclaimed the diplomatic relations and exchange ambassadors in 1959; Korea was very active in the proclamation of diplomatic relations with Thailand because after the Second World War, Korea has been independent and under the influence of U.S. who assists that provide military and economic assistance to Korea in order to recover Korea from being destroyed from the fact that it was battlefield in the Second World War in order that Korea would be stable in terms of politics, economy and society.

After Korea became newly independent, Korea leader wanted to seek for alliances and proclaimed diplomatic relations with various countries, and Thailand and South Korea are in free world with America as the leader; for such reason, Korea leader tried very hard to proclaim diplomatic relations with Thailand and this became successful in 1958²⁵. And then various good relations in various aspects until now have been created and there has been contact with each other. After long contacting and dealing, Thailand and Korea have agreements in various aspects towards each other, especially trading dealing in following orders:

1 October, 1958, Thailand and Korea proclaimed diplomatic relations at Seoul City

15 September, 1961, entering into the trading agreement with the meeting of trading cooperation committee between Thailand – South Korea at Seoul City—This results in the joint cabinet meeting to have trading cooperation many times

²⁵Surangsri Tonsiengsom, The relationship between Thailand and the Republic of Korea 1949-1999 (Asia research center, Chulalongkorn University: Bangkok Thailand), p.96.

May 1978, there was a trading cooperation committee meeting between Thailand and Korea in private sector in May in order to promote trading of both countries to be more prosperous. After that, there were more three meetings.

1981, the prime minister and team of South Korea visited Thailand; this was to build closed relationship

20 – 21 September, 1984, there was trading cabinet meeting between Thailand and South Korea for the Seventh Time at Oriental Hotel, Bangkok

October 1983, there was trading cabinet meeting between Thailand and South Korea for the Eighth time

On economic relations between Thailand and the Republic of Korea, it began clearly in 1970 and was more complex than at the present. The economic influences of Korea lied in Thai society very much and affect the way of living and taste of Thais.

Before 1970, Thailand and South Korea had status of being agricultural countries. There were not much trading between both countries; they were in equal status and there was no balance of deficit. Later, Thai government and Thai civil servants paid attention to the improvement of agriculture of Korea called the Saemaul Undong; so, Thai leaders and academicians visited Korea for field trip. After 1970's, the economic relationship between both countries were more clearly because Korea had developed economy and became NICs member whereas Thailand was still agricultural country and tried to make it become industrial country. Goods imported from Korea to Thailand were electrical appliances and machines while Thai goods exported to Korea were primary goods included rice and rubber; this resulted in the balance of deficit of Thailand to Korea²⁶.

²⁶ Ibid., p.176.

3.2.2 Trading between Thailand and the South Korea²⁷

When Korea became successful in economy development and became NICs member in the mid 1980, and became industrial country after being accepted in OECD in 1996, later, Korea faced economic crisis in 1997 like Thailand, to the extent that it had to borrow money from IMB; however, it could solve economic problem and returned the last installment loan to IMF in September, 2001 while the WTO stated that at present, South Korea was the country that ranked 13th of the world in terms of trading value in 2001. The economic structure of South Korea focuses on heavy industry and high technology produced by large business group (Chaebol) for export as the main one. On the contrary, the economic structure of Thailand is still agricultural and the agricultural goods are the ones that are exported to Korean market.

The international economic relationship between Thailand and South Korea has been changed and developed rapidly; that was, as from 1980, Korea has been the key trading partner of Thailand, and in 1994, Korea ranked eight of the key trading partners of Thailand with trading value in total of 64,117.1 million baht which was equal to 2.6 percent of all trading value of Thailand and foreign countries second to Japan, U.S. Singapore, Germany, Malaysia, China, and Hong Kong, respectively (See Table 9)

However, the trading value between Thailand and Korea is still much lower than trading between Thailand and Japan, U.S. Singapore, Germany. Therefore, Thai government thinks that trading between both countries can still be expanded a lot in the future and Thailand wants Korea to open market for Thai goods more as Thai had trade deficit with Korea a lot. (See Table 10)

²⁷ Ibid., p.188.

Table 9 Thailand's Major Trading Partners 1985 and 1994

1985 %				1994 %			
Trading value	444,534.0	100.0	TOTAL TRADE	Trading value	2,506,862.0	100.0	TOTAL TRADE
1.	92,414.9	20.8	Japan	1.	607,597.3	24.2	Japan
2.	66,450.5	14.9	USA	2.	401,162.9	16.0	USA
3.	34,095.9	7.7	Singapore	3.	241,494.8	9.6	Singapore
4.	24,271.0	5.5	Malaysia	4.	120,057.8	4.8	Germany
5.	20,805.8	4.7	Germany	5.	94,222.0	3.8	Malaysia
6.	16,253.9	3.7	Netherland	6.	94,055.3	3.8	Taiwan
7.	13,440.4	3.0	China	7.	77,352.2	3.1	Hong Kong
8.	11,502.9	2.6	Saudi Arabia	8.	64,117.1	2.6	South Korea
9.	11,038.1	2.5	United Kingdom	9.	62,793.8	2.5	United Kingdom
10.	10,923.2	2.5	Taiwan	10.	58,233.5	2.3	China
11.	143,138.3	32.1	Other Countries	11.	685,775.3	27.3	Other Countries

Source: Statistics of trading and indicator of economic condition of Thailand, 1995, Department of Business Economics, Ministry of Commerce

Table 10 Export value, import value and balance of trade between Thailand and South Korea between 1994-2009

Value, million baht

Year	Import	Export	Total Trading value	Balance of Trade
1995	61,643	19,937	81,580	-41,706
1996	67,991	25,661	93,652	-42,330
1997	68,718	30,808	99,526	-37,910
1998	61,921	25,743	87,664	-36,178
1999	66,816	34,498	101,314	-32,318
2000	87,171	50,834	138,005	-36,337
2001	94,243	54,560	148,803	-39,683
2002	108,459	59,828	168,287	-48,631
2003	120,643	65,674	186,317	-54,969
2004	144,350	74,384	218,734	-69,966
2005	156,357	90,580	246,937	-65,778
2006	196,739	101,598	298,337	-95,141
2007	184,223	102,827	287,050	-81,396
2008	228,215	121,102	349,318	-107,113
2009	186,798	96,110	282,909	-90,688

Source: Department of Business Economics, Ministry of Commerce

The reason why Thailand had a lot of trade deficit with Korea was that; firstly, due to the difference between goods sent for selling between both countries that was Thai export to Korea was primary goods including rubber, sugar, electrical circuit board, computer, equipment and parts, raw coffee, synthesized thread, frozen fresh shrimp and crab, canned fruit, and molasses. Most of these goods are agricultural goods and raw material with the volume of slow trade expansion and low price (See Table 11). On the contrary, Thailand imported industrial goods from Korea such as machinery, electrical machines, and car which were more expensive than primary goods. Secondly, the trade volume between both countries increases rapidly every year (See Table 12) because the industrial goods and machinery of Korea are cheaper than those of Japan and Europe. Thirdly, importing goods for Korea, for one part, is to respond to the demand of construction and production of companies and industrial plants of Korea in Thailand to respond to the export industry of Thailand as well.

Table 11 Top ten imports of South Korea from Thailand

HS	Goods	2000 Million U.S. dollar	2001 Million U.S. dollar	% +/-
8542	electrical circuit	293	230	-21.5
8471	Computer and equipment	158	131	-17.09
4001	Natural rubber	115	110	-4.35
8473	Parts of computer	96	89	-7.29
2707	Oil from coal	64	54	-15.63
1701	Sugar	53	47	-11.32
0207	Frozen fresh chicken	20	40	100.0
8501	Electrical motor	31	39	25.81
0306	Frozen fresh shrimp and crab	34	38	11.76
5509	Artificial short thread and fiber	29	38	31.03

Source: Department of Business Economics, Ministry of Commerce

Therefore, as long as Thailand has to buy a lot of raw material and machine for the production of goods for export, Thailand has to import raw materials from Japan, Europe, and Korea; this makes Thailand have trade deficit with Korea so far; for

example, in 1994, Thailand had trade deficit with Korea for 35,374 million baht and in 2003 Thailand had trade deficit with Korea for 54,969 million baht (See Table 9)

Table 12 Top ten export of South Korea form Thailand

HS	Goods	2000 Million U.S. dollar	พ.ศ. 2001 Million U.S. dollar	% +/-
8525	Television and radio transmitter	104	176	69.23
8540	Thermionics bulb	212	169	-20.28
8542	Electrical circuit board	262	134	-48.85
7210	Steel plate	54	44	-18.52
8529	Components of telecommunication devices	52	44	-15.38
5407	Cloth made by synthesized long fiber	38	37	-2.63
3105	Mixed chemical fertilizer	33	37	12.12
7108	Gold	7	34	385.71
8905	Digging ship, floating drillship	0	31	-
3907	Plastic grain	23	28	21.74

Source: Department of Business Economics, Ministry of Commerce

Due to the problem of considerable, continuous trade deficit, Thailand then had tried to open trading negotiation and requested Korea to alleviate the import measures. However, it appeared that Korea failed to open its market, especially agricultural goods and also set up import tax to industrial good and agricultural goods at high level. Thailand tried to negotiate many times both by government sector and private sector of both countries, but it was little successful. South Korea implements its policy which is like that of Japan, in closing rice market and agricultural goods of the country in order to build income to farmers in rural area. Korean Government fixed quota of goods by bringing other trade measures as well such as the law of controlling quality of food, the law controlling diseases form plants and animals, law related to toxin, law related to radioactivity, and law governing sources of goods. Moreover, Korea called for import tax at very high level for agricultural goods such as fruit juice for 50 percent, and vegetables and fruit for 30 – 50 percent, from the tariff measures and non-tariff measures such as

the limit of import, strict measure against sanitation of plants and animals; this resulted in that Thailand could not increase its export as it should be.

In addition, Korea set up tariff barrier for jewel and decoration which are main exports of Thailand with the rate of 120 percent and 10.5, respectively. This is the reason why Thailand could sell goods to Korea less than it should be. Besides, Korea has set up barriers to import tariff from abroad as well by strict regulations. Lastly, it regulates that the foreign company must register with the Korean government agencies and must import goods with the value of not less than 500,000 U.S. dollar for not less than 2 consecutive years in order to get permission to renew the Certificate for Import of Goods.

The problem of trade deficit of Thailand with Korea is still going and becomes more intense, especially, since 1994, the car companies of Korea such as Hyundai, Daewoo, and KIA tried to penetrate Thai car market to get Japan car market. With such reason, Thailand then had more trade deficit with Korea. Korean cars offers lower price and with the longer guarantee period than Japan. Therefore, the competition between Korea and Japan on cars should benefit Thailand and might force Japan to product auto parts more in Thailand in order to reduce cost of production. Besides, Korea has tried to compete with Japan on part of electrical goods and electronics as well; especially the price has been set up at cheaper price than Japan for 15 – 20 percent for people of low and middle class.

The fact that Thailand had trade with South Korea so far and a lot is because the difference between characteristics of import and export. Therefore, both countries tried to solve trading and economic problem by setting the meeting. The meeting initiated as from when Thailand and Korea had agreement as from 1961. Later, in 1964 Korean Government offered to have negotiation for promoting trading of both countries in cabinet level. The first joint cabinet cooperation meeting took place at Seoul City between 9 – 11 July, 1975 in order to review and develop economic and trading relationship and to seek for opportunity to expand trading in order to build balance and create economic and academic cooperation for the benefits of both countries. The

second meeting was held at Seoul as well between 19 – 22 July, 1976; and there has been meetings so far until the twelfth meeting between 13 January to 1 February, 2002 at Seoul, Korea with Dr. Adisai Potaramic, the Minister of Commerce as the head of Thai team and Mr. Hwang Doo – Yun, the minister of Trading as the head of Korean team. This meeting aimed at the economic recovery of both countries and helping solve trading barriers and expand bilateral relations of both countries.

In negotiating, both countries paid attention to 2 issues that were opening market and economic and trading cooperation.

Opening market Both countries focused on the following points; the points that Thailand paid attention were:

1. Thailand requested Korea to reduce tax and expand quota of cassava products
2. Korea accepted to consider increasing proportion of import of long rice grain and permission of importing Thai rice for consuming
3. Korea reduced tax of frozen shrimp for Thailand for 40 percent to 35 percent, but Thailand requested to reduce to 20 percent, Korea informed that Korea would consider its policy first.
4. Thailand requested Korea to consider and review the issue on special tax imposed form jewel which is the main export of Thailand.
5. Korea accepted to follow various processes necessary from jewel goods to import Thai mangoes.

The issues paid attention by Korea were:

1. Korea expressed concern about import tariff of car and parts and auto components from Korea and requested Thailand to reduce import tax of glass fiber yarn.
2. Korea informed that the process for refunding tax of Thailand was slow
3. Korea expressed concern on steel fee collection and the use of Industrial Standard for steel product.

The representatives of both sides accepted the offer of each other for further consideration

On trading and economic cooperation: the representatives of both sides consulted on the cooperation on various aspects such as free trade area between Korea and Thailand; both reviewed the agreement under the appropriate condition of both countries. Furthermore, both countries consulted on transportation cooperation via sea, traveling, and on information technology and cooperation under other multilateral agreements such as WTO, APEC and ASEAN + 3 as well.

Free Trade Area or FTA between Thailand and Korea was the result from Eleventh cabinet meeting between Thailand and Korea in Bangkok in 1999 with the Department of Business Economics on Thailand side and Korea Institute For International Economic Policy or KIEP on Korea side as research team to work together by consulting; so far, it has been done for 3 times already.

In summary of research, by overall image of economic structure of Thailand and Korea, it is favorable; that is, Thailand is the producer and exporter of agricultural tropical goods, semi-ready-made goods and light industry whereas Korea produces and export heavy industrial goods. The researchers of both sides agree that the establishment of free trade area between both countries will benefit the expansion of trading and investment of both sides.

Besides trade cooperation between Thailand and Korea in cabinet level, both countries have trade agreement under private level as well; that is, on 2 May, 1977, there was meeting of economic representative between Thailand and Korea at private level for the first time at the Thai Chamber of Commerce, Bangkok. This meeting arose from:

“...in the first trade cabinet meeting between Thailand and Korea (1977), the representatives of both sides have requested the Chamber of Commerce and Industry of Korea and Thai Chamber of Commerce to establish private economic cooperation committee between Thailand and Korea to promote and tighten the trade relationship and cooperation in investment ... as well as the exchange of academicians”

From the starting point of private-level relationship, it shows that the relationship between Thailand and Korea is more closed. In addition, the economic relationship between Thailand and Korea spreads to various levels of society broadly as well.

3.2.3 Trading problem between Thailand and South Korea

The key trading problems between Thailand and South Korea which are the causes for the trade deficit of Thailand with Korea are concluded as follows:

1. Although South Korea has policy to promote trading on export and import, but there is still limit of import. At present, although the import of goods is more free, but there are still 1,202 items that are limited on import. Many Thai export items are highly competitive but are limited for import including raw sugar, canned pineapple juice, gypsum, jewel, electrical circuit board, silk, fresh and dried fruit.

2. Korea has special law to impose various conditions concerned with import such as Grain Control Law, Quarantine Law; such law does affect the export of various countries.

3. Many items of Thai agricultural goods face difficulty; Korea explained that they were of no quality and with contamination; otherwise, it has to compete with other exporters of better quality such as U.S.A., Malaysia, Singapore, and Japan.

From such reason as well as problem of trade deficit of Thailand with Korea so far, it is the problem that Thailand pays attention and has tried to solve. One solution is to pay attention to the method of increasing export. To increase export potential, the following actions must be taken:

1. The private sector must make the government to learn that in each kind of goods, what goods that we are interested and ready to export since the government

agencies are not clear on this point. The export potential must be in terms of quality and quantity.

2. At present, the export of goods to various countries must pass many government procedures, therefore, the government should establish operation unit to perform one-stop service work concerned with export.

3. Although there is alleviation to the limitation to some extent, in practice there are still many limits to deal so that Thai goods could be exported to Korea more conveniently; for example, when Thailand tried to export cassava to Korea, Korea imposed import tax for 30 percent; Thailand has been trying to request for reduction of import tax. The Korean Commerce Minister explained that the setting up of tariff of import of cassava at high level was because it would be brought to produce alcohol then there would be high import tariff. Thailand responded by explaining that the import of cassava was for using as animal food, therefore, the import tariff should be reduced to the same level as corn which is 3 percent. Then Korea reduced it to 30 percent, then 20 percent, and 10 percent, and finally to 7 percent; however, Thailand has tried to make it 3 percent as equal as that of corn.

From three reasons, there can be negotiation and it needs to take actions for the increase of export to Korea clearly. It is noticeable that in the negotiation on every matter, there must be clear and correct information. Besides, high-level executives who play major roles in negotiation must use reasons in negotiation so that it would be reliable and finally succeed.

3.2.4 Trade between Thailand and South Korea by Sectors.

3.2.4.1 Product Sectors

The Structure import and export products of Thailand to South Korea. The export products to South Korea remain a 84-85 commodity. excepted that only a rubber may differ. While importing are mainly 84-85 commodity as well. (See Table 13 And 14)

Table 13: Products import form South Korea.

Unit: 1,000 USD, %

Rank	Commodity Code	Commodity	2003		2004(1~12)	
			Value	Inc. Rate	Value	Inc. Rate
		Total	2,523,846	8.1	3,248,957	28.7
1	8525207031	Operating on Frequencies from 800MHZ to 999MHZ	219,565	14.5	288,353	31.3
2	8540110000	Cathode-Ray Television Picture Tubes (Colour)	81,119	56.6	135,796	67.4
3	8471602023	LCD (Liquid Crystal Display) Monitor	140,679	-11.9	132,718	-5.7
4	8529909640	Other Parts for Color of Television Receivers	48,147	64.5	91,485	90
5	8540601000	Other Cathode-ray Tubes of Colour	82,425	-25	73,356	-11
6	7219130000	Flat-Rolled Products, in Coils, Hotrolled, Thickness 3-4.75MM	1,837	-56	58,426	3,081.40
7	3105590000	Other Mineral or Chemical Fertilizers Containing Nitrogen, Phosphates	50,986	108.4	57,457	12.7
8	8708999000	Other Parts and Accessories of the Motor Vehicles	44,051	662.3	44,691	1.5
9	7210120000	Flat-Rolled Products, Plated or Coated Within, Less 0.5MM Thickness	22,208	-21.1	44,382	99.9

Source: Immigration Bureau, Police Department.

Table 14: Products export to South Korea.

Unit: 1,000 USD, %

Rank	Commodity Code	Commodity	2003		2004(1~12)	
			Value	Inc. Rate	Value	Inc. Rate
		Total	1,897,731	11.5	2,350,817	23.9
1	4001220000	Technically Specified Natural rubber(TSNR)	115,482	75.2	160,272	38.8
2	8540110000	Other	149,484	36.9	153,115	2.4
3	8471702020	Hard Disk Drive	149,795	102.5	120,572	-19.5
4	8542299000	Other	63,960	-9.9	107,322	67.8

5	2709001010	Crude Petroleum Oils(of a specific Gravity 0.796-0.841 AT 15 C)	29,034	13.4	79,018	172.2
6	1005901000	Maize for Feeding	0	-	58,268	-
7	8517509000	Other	28,314	286.7	55,645	96.5
8	4011101000	Pneumatic Tyres of a kind used on Motor Cars (of radial carcass)	28,714	4.4	41,309	43.9
9	8501101000	DC Motors	37,723	-16.7	40,404	7.1

Source: Immigration Bureau, Police Department.

South Korea has always been a trade surplus with Thailand in the past 10 years. This may be due to trade barrier measures. In Tax and Non-Tax measures, This make the main products of Thailand (except a rubber) such as rice, Cassava, Vegetables including livestock unable to sell in the Korean market , like a Industrial products from Korea to Thai market. For example;

Tax measures

Not only, the regular tax rates is relatively high but also have to pay adjustment duty in order to protect that market in country. Including, there are various rate of tax with some products such as Gems that make opportunity to expand are less because the cost of higher taxes

Non-tax measures

There are used methods in many styles such as Import quota which imported as a Minimum Market Access that commitment to WTO.

3.2.4.2 Services Sector.

Currently, The Overview of Thai and South Korea has a deficit in trade increasing very years (see Table 2.18). There are the trade sector that has a main deficit such as Tourism, Services and Royalties & licencse fees (figures 2.3). While the transportation has a surplus in many levels and has the levels of transaction approximately 40 percent of all service transactions.

To consider the relationship between Thailand and Korea in term of services are limited. Because of the Data are not collected systematically but generally scattered. But If considered from the service sectors which expected to be significant, the

products services will be Tourism. As evidenced by the number of Korean people traveling to Thailand. There are a lot of numbers of tourist higher than Thai people travelled to South Korea.

Table15: Korea's Total Trade in services

(Unit: US \$ Million)

Year	2004	2003	2002	2001	2000	1999	1998
Total services	-8768.8	-7424.2	-8197.5	-3827.5	-2889.2	-651	1024.1
Credit	41429	32956.5	28387.7	29055	30533.6	26528.8	25564.6
Debit	50197.8	40380.7	36585.2	32882.5	33422.8	27179.8	34540.5
1.Transportation	4535.1	3566.8	19145.5	2472	2808	1486.3	1221.1
Credit	22439.7	17179.8	13215.5	13180.2	13687.3	11466.1	10204
Debit	17904.6	13613	11301	10708.2	10879.3	9979.8	8982.9
2.Travel	-6273.1	-4744.6	-4528.8	-1232.9	-297.6	1959.7	3438.2
Credit	5712.9	5358.2	5935.7	6384.1	6834.3	6840.6	6908.2
Debit	11986	10102.8	10464.5	7617	7131.9	4880.9	3470
3.Other Services	-7030.8	-6246.4	-5583.2	-5066.6	-5399.6	-4097	-3635.2
Credit	13276.4	10418.5	9236.5	9490.7	10012	8222.1	8452.4
Debit	20307.2	16664.9	14819.7	14557.3	15411.6	12319.1	12987.6
3.1Communication Services	-319.3	-351.7	-307.6	-344.3	-235.2	-276.8	-477.5
Credit	400.7	341.2	377.7	397.5	387.4	400.2	655.6
Debit	720.2	692.9	685.3	741.8	622.6	677	1133.1
3.2 Insurance Services	-327.3	-356.3	-533.7	-313.8	-77.8	162.6	-91.3
Credit	63.4	34	36.9	60.1	68.2	48.4	51.5
Debit	390.7	390.3	570.6	373.9	146	-114.2	142.8
3.3 Royalties and License Fees	-2659.8	-2258.8	-2166.9	-2129.4	-2533	-2205.9	-2109.2
Credit	1790.5	1311.2	835.3	923.5	688.1	455.1	260.1
Debit	4450.3	3570	3002.2	3052.9	3221.1	2661	2369.3
3.4 Business Services	-5080.9	-4362.1	-3601.8	-3124.7	-3338.8	-2240.4	-1136.5
Credit	8367.2	6687.3	6005.5	6388.4	7199.8	6034.7	6579.5
Debit	13448.1	11049.4	9607.3	9513.1	10538.6	8275.1	7716
3.5 Gov't Services	826.2	750.7	589	498.6	362.8	355.9	307.7
Credit	1382.5	1203.2	1042.6	952.4	787.4	762.8	736.6
Debit	556.3	452.5	453.6	453.8	424.6	406.9	428.9
3.6 Others	530.3	331.8	437.8	361	422.4	107	-128.4
Credit	1271.9	841.6	938.5	768.8	881.1	520.9	169.1

Debit	741.6	509.8	500.7	407.8	458.7	413.3	297.5
Total Income	724.9	326.3	432.3	-1198.1	-2421.3	-5159	-5638.3
Credit	8722.3	7175.8	6899.7	6649.6	6375.4	3244.6	2674.9
Debit	7997.4	6849.5	6467.4	7847.7	8796.7	8403.6	8313.2
1.Compensation of Employees	610.4	634.8	526.6	496.8	531.1	484.7	404.1
Credit	744.1	732.1	590.4	566	581.7	527	446.3
Debit	133.7	97.3	63.8	69.2	50.6	42.3	42.2
2. Investment Income	114.5	-308.5	-94.3	-1694.9	-2952.4	-5643.7	-6042.4
Credit	7978.2	6443.7	6309.3	6038.6	5793.7	2717.6	2228.6
Debit	7863.7	6752.2	6403.6	7778.5	8746.1	8361.3	8271
Current Transfers	-2504	-2904.6	-1618.3	-227.3	680.1	1915.8	3352.3
Credit	9179.4	7859.3	7313.9	6686.7	6500.1	6421.3	6736.6
Debit	11683.4	10763.9	8932.2	6914	5820	4595.5	3384.3

Source: Immigration Bureau, Police Department.

Figures 2: Korea's Total Trade in services

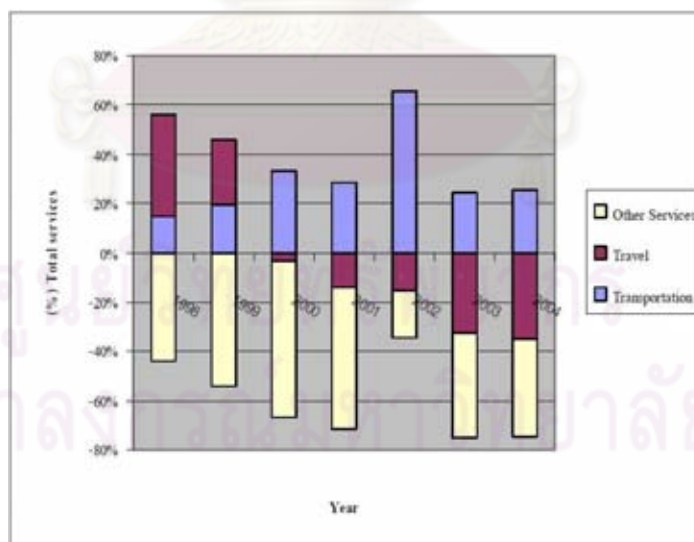


Table 16: Outgoing Thai National to Korea

Year	Total Number	Growth (%)	% of Total (%)
1995	7,682	9.4	2.6
1996	6,380	-16.9	2.1
1997	4,970	-22.1	1.6
1998	7,207	45.0	1.8
1999	6,274	-12.9	1.6
2000	7,434	18.5	1.7
2001	7,448	0.2	1.9
2002	8,069	8.3	1.8
2003	10,326	28.0	2.1
2004	12,148	17.6	2.4
2005	15,341	26.3	3.0
2006	15,157	-1.2	3.1
2007	18,367	21.2	3.3
2008	15,395	-16.2	2.4
2009	21,861	42.0	3.4

Source: Immigration Bureau, Police Department.

Table 17: Korean Tourist Arrivals to Thailand.

Year	Number	Growth (%)	% of Total (%)
1995	34,440	-	9.6
1996	33,150	-3.7	8.4
1997	12,731	-61.6	5.9
1998	23,743	86.5	7.9
1999	29,262	23.2	7.6
2000	39,469	34.9	8.5
2001	50,403	27.7	9.6
2002	60,858	20.7	10.9
2003	67,391	10.7	10.9
2004	72,828	8.1	10.0
2005	69,742	-4.2	8.8

Source: Immigration Bureau, Police Department.

In term of the transportation by Marine should be a deficit, because the number of Thai ships that services are less compared with the route of South Korea.

Business Services, Despite of the high level of transactions and although South Korea a deficit but not implies that it may not caused by Thai. Because of Thai services business in Korea are less available of service in mode 3 the office and mode 4 the transport of personnel are limited.

Investment Income also has limitations in terms of capital mobility so much in 2 countries.

Obstacles or barriers to trade service such as Market access, National treatment, and Domestic regulation, it still appears very much in the trade service of the 2 countries.

3.3 Korean wave

3.3.1 Origin of the Korean wave²⁸

The phrase “Korean Wave” was first coined by the Chinese mass media in the late 1990s. The Korean wave is a homonym of “Cold Wave,” meaning that a foreign culture has rapidly influenced Chinese society, just as Korean popular culture products such as Korean pop music, TV dramas and movies have become more popular than ever.

The background of the Korean wave is based on soap operas, movies, music and media. Products of well-known Korean entertainers lie in the center of the Korean wave. Cultural and social factors helped create it. More details of its background follow. The rapid technological development of new media such as the internet and satellite TV, and old media such as TV, radio, and newspapers made it possible for cultural products to be introduced to foreign countries quickly and easily. Also, some Asian countries witnessed a big gap between economic and cultural development.

²⁸Oh-Kyoung Baek, “Impact of the “Korean Wave” Upon National Image and Economy”, (Master of International Studies Graduate School of International Service Sookmyung Women’s University, 2005),p.31.

Though South Asian countries and China have seen rapid economic development since the late 1990s, they have failed to create room for cultural development and to satisfy their people's desires. The excellent cinematography, beautiful scenery, romantic stories, and stylish actors and actresses in Korean soap operas caught the Chinese's attention immediately. As a result, a niche market for Korean cultural products developed. Cultural discounts caused the craze for Korean culture. Cultural discounts mean that a product's value falls when the product is imported to another society or nation. The reason for the decreasing price is cultural distance or disapproval. It is true that Japan and America have dominated cultural markets.

However, Asians' hatred toward Japan and America from a historical standpoint, and the distance from different cultures decreased the values of products. Compared to those two countries, Korean cultural products are grounded in eastern thoughts, so people feel less alienated, despite the criticism that Korea took some commercial aspects from the U.S. and Japan. Emotional sympathy is another factor. Asian thoughts and similar emotions in Korean popular culture attracted a large audience. Each nation has its own values and emotional sympathy. For example, the Japanese like innocent love stories among family members, educational stories with positive lessons touch the Vietnamese, practical jokes make the Chinese laugh, and creative humor entertains the Taiwanese. This explains why the Korean wave has a big influence only in Asian countries. Indeed, different emotions and values fail to impress non-Asians.

How the Korean wave has developed relies on individual countries. The gap between economic and cultural development explains how the failure of meeting people's cultural demands created the Korean wave. These are examples of developing countries such as some Southeast Asian countries and China. Japan, which is more economically developed than South Korea, is an example of the effect of cultural discounts. The Korean wave in Japan is not an alternative culture. Instead, the Japanese just seem to like the stories and contents of the Korean wave. Until the early 1990s,

Korean popular culture was not competitive in international markets. People did not start to pay attention to it until *What Is Love?* Was broadcast in China and Hong Kong in 1997. Nobody ever predicted success of the soap opera. The program rating was 4.2 percent, which was the second highest since CCTV aired foreign programs in China. Since then, the Chinese have been interested in Korean TV soap operas.

Since 1998, *Star in My Heart*, *Sunflower*, and *Goodbye My Love* have been broadcast in China, and they all became big hits. Korean TV stars also became very popular. The growing popularity of the theme songs of the programs provided a great chance to introduce more Korean songs to the nation. The Ministry of Culture and Tourism made Korean pop sampler CDs. They invested two hundred and fifty million won in producing 6,000 Chinese, 3,000 Japanese and 3,000 English CDs, and distributed them to broadcasting companies, publishers, universities and clubs in Asia. In the fall 1990, sampler CDs entitled "Korean Wave" were distributed all over China. As Korean TV soap operas caused the craze for Korea, Korean songs established it.

Korea trendy soap operas like *Tomato*, *Mr. and Wedding Dress* were aired in Taiwan. These soap operas helped to eliminate the negative stereotypes of Korea. In particular, Clon's records were introduced, and the group captured the young Taiwanese people's attention. The younger generation began to have different views of Korean popular culture. Korean pop's energetic aspect successfully appealed to the young. After the movie *Christmas in August* was broadcast in Hong Kong in 1999, people started to pay attention to Korean popular culture. In Vietnam, *See and See Again*, *Advocate*, *Medical Family* and *Star in My Heart* became smash hits, and the Korean wave hit the country.

The H.O.T concert, which was held in Beijing in February of 2000, made Korean popular culture more popular than ever. After H.O.T's success, many Korean singers such as Jae-wook Ahn, N.R.G, S.E.S, Seung-jun Yoo, Baby Vox and Shinhwa performed in China, and their records did pretty well on the charts. More Korean TV dramas such as *Fall Story*, *Winter Sonata*, and so on were broadcast abroad, and Korean culture expanded to Singapore, Malaysia, Thailand and Mongolia. With the booming

Korean cultural industry, Asians started to have positive impressions of Korean products such as fashion, food and tourism. This new trend made Korean images positive and helped expand the market.

The successful Korea-Japan World Cup games and the energetic Red Devils in 2002 provided a new Korean image, also increasing the number of fans of Korean culture. The singer Boa debuted in the third spot on the Japanese Oricon singles chart in 2002. Then, she took the first spot and her concert tickets sold out six times. Yong-jun Bae became a Japanese sweetheart after the drama Winter Sonata was aired, and the Japanese started become huge fans of Korean culture. The movie My Sassy Girl and the soap opera Fall Story in China and Hong Kong provided people with good impressions of Korean culture.

3.3.2 Definition of Korean wave

Korean wave is the term referring to high popularity of Korean cultural products in the other countries, especially in Asia region. However, currently Korean wave is spread throughout the world, even in an Argentina, Mexico, United States, Egypt etc. Korean wave includes various cultural elements. It began its phenomenon from entertainment industry namely films, TV dramas and music. Later, it extends the popularity to other areas as cuisine, tourism, cosmetic, clothes, language and even surgery²⁹.

3.3.3 Causes of Korean Wave³⁰

1. Mention "before this wave occur"

²⁹Thidanuch Jongkrieng, "The study of Korean Wave Phenomenon in Thai," (Independent Study (MM), International Business Chulalongkorn University, 2008), p.9.

³⁰"Introducing to Korean wave," Available from <http://koreanwaveg5.multiply.com/journal/item/1>

From the Korean history, Korean was beaten many times in war especially taken possession from Mongolia for a hundred year, and Korea had been a colony of Japan for 35 years. This situation has huge effects that can destroy the Korean Royally and try to rearrange Korean culture in every ways. The interior wars destroy Korean society separate to North Korean and South Korean. Then western culture come in Korea rapidly, especially USA, tried to made western wave and influenced Korean people to be crazy about western culture. USA took advantage from Korean economics. The effect from this event and the conflict between North Korean and South Korea made South Korea not also try to develop their economy, politics and society, but also improve and develop the structural and institute of culture in the better way.

The cultural policy of Korean is always developed and supported by Korean government. Government has tried to develop the official management of culture and has continued improve the basement of culture. Government has separate ministry of culture to be independent organization that supported fund and be in progress of culture. Furthermore, government has a policy that give opportunity to local government organization to support and reserve local culture. The local government organizations are the important parts that develop and support Korean culture. They call this century is "New Century for Culture" that means improves the original culture and stably stays in the globalization.

Today, the entertainment industry and travelling is great developed by Korean Wave. This is the advantage from the cultural policy that support to develop and promote Korea culture, and also support Korean entertainment.

2. the process, tactics and achievement that make Korean Wave

A. Process and Tactics

Korean Government has a plan in every steps in the procedure of culture's development include promote culture by using media, goods and service in the

entertainment industry. Korean government has set up cultural policy to maintain their original Korean culture and protect Korean culture from eastern culture.

During the crisis of economy in Asia, Korea always continues to develop their culture by determine the standard of culture.

- Supporting of education for produce new generation who have the creative idea about Korean culture.
- To support creative achievements that will give the effect in economic development.
- To reserve and restore the original Korean culture.
- To promote the cultural industry.
- To develop Korea culture and head for Korea (North Korea and South Korea)

Korean Government has many tactics too develop the entertainment industry such as the government determines Korean people to work for 5 day per week, so people have more time to watch movie and go to the cinema. The important event is the successful of the film name "Shiri". The successful of cultural industry depends on the support of the chain cycle of cultural value that contain 5 things that is ;

1. The creative idea such as innovation and creation.
2. The component of culture such as tradition, original culture, experience and the daily life.
3. Cultural technology
4. The basement such as research and development, human resource, fundamental, data, law and government's policy
5. The content such as production, release and consumption.

Korean series came through Asia 10 years ago. Korean series are bought in the cheapest price, but have quality in production and Korean culture is alike most of Asia culture. The successful of Korean Series have many supported things such as the story is interesting because the story present love in the family, care honesty, moral and true love. The story presented by the main actor's performance. Most of actors are good acting and good is looking. They shot in beautiful location, use beautiful dresses, the story is not too prolonged and especially the songs that proper with the story. Korean Series pass on Korean culture to other counties and present good-image about Korea. These details make us no doubt that the successful of entertainment industry have effect with the travelling.

3. Benefit from other country to Korean Wave

The Korean series that make Korean Wave is "Dae Jung Geum" that is the story about Korean history. Another series is *winter love song* that has an interesting script. This series use the outstanding scenery when the snow drop and cover everything in winter. The scene present lonely emotions upset and reflect the feeling about this series. The actors perform like that are they real life. Actors are the leader of fashion, behavior and manner. The popular series always translate to be novels.

Every Korean movies and series add the beautiful scenery in Korea such as Korea palace, old village, and they always present Korean food like Kimji. Many interesting thing of Korea always link to Korean history. The story and scene in series make the travelling industry popular and attract the viewer by using high technology. All this things link to Korean trend and the thinking that is persuade to be Korean.

Korean stars are the one reason that makes Korean Wave. Many teenagers are crazy about Korean stars because their good-looking and their ability, so Korean Government support Korean stars to be representative for promote Korea.

The one of many things that attracts teenagers is on-line game. Online game also present Korean potentiality of technology. Korean gamers are easy to play and have a beautiful graphic, so it link to the competition of technology with Japan.

3.3.5 Korea Wave comes through Thailand

- The beginning point: "Dae Jung Geum" to "Korean Series Fever".

The beginning is come from Dae Jung Geum series. This series is about Korean history that in the past women didn't have the power to decision like men, but Dae Jung Geum was the first woman who faced to called for the better thing. This series present the Korean Culture to attract the audience's impression Korean society and make viewer reserve the Korean's original culture. The location in this series is beautiful, so attract many tourist to go their.

Korean Series is one of many ways to attract many people become crazy about Korean Wave. This is the way to advertise Korea, develop their economics and made the Korean Wave in Thai.

- From drama to novel and other multimedia.

The entertainment industry have many interesting songs, movies, series, etc that can spread to many countries quickly, so they develop many interesting series to be the novel. Many novels are popular because the readers can image and compare to the series. Many people are fond of and receive value judgement of thinking from the letters that they read. This is one of the interested ways to attract many people to interest in Korea.

- The break point: Dongbungshinki become know in Thailand.

The important way that has many effects with Korea Wave in Thailand is boy's band group who know as Dong Bang Shin Gi (DBSG aka TVXQ). This artist is very popular boy's band group in Asia, because DBSG is good-looking and style of music is

look interesting and new style of songs for Thailand listener. This Artist has great management in performance. They take turns one queue of singing to other one with the perfect position and time. They present in the way that different from the same style that always use with Thai singers, so it made many Thai teenagers are crazy about them.

After the big success of DBSG, the other series, game-online, Korean product or everything about Korean are become popular in Thailand.

3.3.6 Example of Korean Wave in Thailand

1. Addict in Korean T.V. Series

Because Korean T.V. series have an interesting plot, that can make the viewer seat still from start to the end of each episode. The plot is not again and again, so can open the new vision for Thai viewers know about life style, Korean language or culture. The actor and actress are good-looking and can act together very well. The location from the series is very beautiful, it make viewer want to travel. The soundtrack of the series is wonderful that make people want to buy it.

2. Admire to Korean Actor – Actress

Because of them good-looking and performance skills, it's easy to make Thai people to be fanclub of them.

3. Crazy in Boyband – Girlband

This is the huge example of Korean Wave in Thailand. Artists from Korea, almost of them have identity in music style that called Korea-Pop. That's new for Thailand listeners. Artists are good-looking and their style of dress is very fashionable. They music is easy listening with wonderful melody and have a good meaning in each song. Every music video have good performance in acting and very masterpiece of dancing

that Thai artist can't do like this, so it's new for Thai teenager and make Korea artists become very big success in Thailand.

4. Dress like Korean Style

This example has a cause from Korean artists. Korean artists always dress very fashionable and it look very awesome. So some designers are import or create clothes and decorations in Korean style in order to make money, and the feed back is very well, because Thai teenagers like this style very much.

5. Crazy in "Gay Trend" (Yaoi)

Male Korean artists are look very charming and have a very white skin (metro sexual) that some academician in Thailand says this is a male style that Thai woman like and search for a long time. In Korean if male touch male hand or kissing on the cheek, they don't mind because it's ordinary that friend do to friend, but male in Thailand never do this, or in other hand Thailand say if you do this you are gay. Korean artists usually do this and have a lot of picture that their kiss or hug together on the internet. When Thai teenagers' female fan club sees it, they like it because it cute and they love to see their artists do like this. At last, the fan-clubs write the gay fiction novels that have their artists as inspiration and post on the internet. The feed back of novels are very good, and some novel become publish by huge publisher, so the gay trend are spread on Thailand Society.

6. Write romantic novel in Korean style

This example is relation and continuous from gay fiction novel. It's mean if gay fiction is popular and can publish, so the ordinary (man love woman) romantic love that writes in Korean style can sell too. The result is the feed back is very well and the readers can see this kind of book in huge quantity on bookstore that publishes by Jamsai publisher. Korean novel style by Thailand writer is usually be

- Set the plot, character name and place in Korean
- Each paragraph have an emoticon (like =O=, ^O^, T_T or T-T, >O<) to increase funny of story and explain character feeling (such as character feel sad the writer will use T_T)

7. Game online

Back to 2001, the first game online RAGNAROK is open server in Thailand and become very famous in short time, because Thai people never play game online before. The coming of RAGNAROK is the new thing for gamer because they can chat to other player, can be join in party and adventure together on the server.

After big success of RAGNAROK, the other game online from Korean are follow such as MU, PANGYA, FLYFF, FAIRY TALE, MAPLE STORY. Even Western game online spread in Thailand, but it can't become success like Korean game online because Korean game online have nice graphic, wonderful background music and system are easy to play. We can say every online game that Thailand gamers play are only from Korean.

ศูนย์วิทยทรัพยากร
จุฬาลงกรณ์มหาวิทยาลัย

Chapter IV

Data analysis

The research on “The Effect of Korean wave on Trade between Thai and South Korea” was qualitative research. This research is divided into 2 parts.

1. The analysis of the effect of Korean wave on trade between Thailand and South Korea during 1995 – 2002.

2. The analysis of the effect of Korean wave on trade between Thailand and South Korea in 2003 – 2008.

The reason of the division into 2 parts is that, it is the period of time before and after Korean wave occurs in Thailand. But it is hard to define or specify the definite period of time of Korean wave in Thailand. However, the researcher specifies the period of time of Korean wave by focusing on articles, related news, and researches. It can be said that Korean wave in Thailand started from the drama called “*Autumn In My Heart*” in 2003 by former ITV and went at its highest peak during the broadcast of “*Dae-Jang-Geum*” in 2005 by Channel 3. Therefore, the researcher identified Korean wave in this research by starting as from 2003. According to the study in statistics and from interviewing those concerned and experts on the Republic of Korea, the results of research are presented under the objectives as follows:

4.1 The Effect of Korean wave on Trade between Thai and South of Korea in 1995-2002

According to the study into the effect of Korean wave on trade between Thailand and South Korea in 1995 – 2002, it was found that during this time, Korean wave do not have Korean wave in Thai. Since during such period, Korea conducted nationalistic policy on economy by trying very hard to export goods such as cars, industrial products, electrical appliances, and technology to the extent that make it recover from being destroyed from Korean war during 1950 – 1953 rapidly and became NICs in the mid 1980 and became industrial country when being accepted in OECD in 1996.

On relationship between Thailand and South Korea, it can be said that both countries have good long relationship on diplomatic relationship, political relationship, and economic relationship. The international economic relationship between Thailand and South Korea has been changed and developed rapidly; South Korea ranked eight of the key trading partners of Thailand with trading value in total of 64,117.1 million baht which was equal to 2.6 percent of all trading value of Thailand and foreign countries, second to Japan, U.S. Singapore, Germany, Malaysia, China, and Hong Kong, respectively. However, the trading value between Thailand and Korea is still much lower than trading between Thailand and Japan, U.S. Singapore, Germany. Therefore, Thai government thinks that trading between both countries can still be expanded a lot in the future and Thailand wants Korea to open market for Thai goods more as Thai had trade deficit with Korea a lot. The reason why Thailand had a lot of trade deficit with Korea was that; firstly, due to the difference between goods sent for selling between both countries that was Thai export to Korea was primary goods including rubber, sugar, electrical circuit board, computer, equipment and parts, raw coffee, synthesized thread, frozen fresh shrimp and crab, canned fruit, and molasses. Most of these goods are agricultural goods and raw material with the volume of slow trade expansion and low price. On the contrary, Thailand imported industrial goods from Korea such as machinery, electrical machines, and car which were more expensive than primary goods. Secondly, the trade volume between both countries increases rapidly every year because the industrial goods and machinery of Korea are cheaper than those of Japan and Europe. Thirdly, importing goods for Korea, for one part, is to respond to the demand of construction and production of companies and industrial plants of Korea in Thailand to respond to the export industry of Thailand as well.

The problem of trade deficit of Thailand with Korea is still going and becomes more intense, especially, since 1994, the Korean car companies of such as Daewoo, and KIA tried to penetrate Thai car market to get Japan car market. With such reason, Thailand then had more trade deficit with Korea. Korean cars offers lower price and with the longer guarantee period than Japan. Therefore, the competition between Korea and

Japan on cars should benefit Thailand and might force Japan to produce auto parts more in Thailand in order to reduce cost of production. Besides, Korea has tried to compete with Japan on part of electrical goods and electronics as well. Especially, the price has been set up at cheaper price than Japan for 15 – 20 percent for people of low and middle class.

In brief, according to the study on impact on trade between Thailand and Korea via Korean wave during 1995 – 2002, Korean wave do not play role important to trade of both countries because Korean wave not occur in Thailand. Korean wave started in the end of 19th century from the fact that the Korean government supported the cultural industry by many ways such as by dedicating budget to build the largest theater of the Asia called Seoul Studio Complex with full equipment for the production of movies or dramas, opening chance for movies creators to rent for cheap price so that there could be work sent to Asian and global markets. The government also had loan and money given for free for some movie creators who lack budget. So, during 2001 – 2002, it was the time when movie industry of Korea became boom in Asian region. Korea had pushed its policy in creating movies together with dramas or series via T.V. out to foreign markets³¹ starting from China as the first country then spreading all over Asia including Thailand. The trade during such time was characterized by the agricultural goods, industrial goods, and technology which were not cultural goods. So, it can be concluded that Korean wave did not affect or influence anything towards trade between Thailand and Korea during such period of time.

However, considering the spreading of Korean culture all over Asia, one must look back to the time when Korea had economic recession called “Tom Yam Kung” in 1997 that resulted in the necessity of the government and private sector to join in considering and looking for its own identify to adjust strategies of trade and to increase

³¹“The Beginning of Korean popular culture,” Available from <http://lgmobilelover.com/club/viewtopic.php?f=14&t=4244>

value of goods that would be able to compete with other countries. Nevertheless, with the weakness of nationalistic economic policy that tried to sell heavy goods like car and electrical appliances from monopoly large company of Korea called Cheaboh before the economic crisis, Korea then had to use cultural capital to use in building soft power of its own on global trading stage.

The coming up of cultural capital that became export all over the world of Korea was analyzed by using the word “Korean wave” (Hallyu) which reflects the spreading of Korean cultures. It can be seen from the analysis that series dramas were factors that influence the expansion of Korean culture clearly.

According to Korean wave, there are wide varieties of audiences and consumers of Korean cultures in Thailand ranging from students, the elderly, the retired. When considering the Korean wave’s characteristics, it affects consumers in each group respond differently; for example, among teenagers, K-Pop culture exported had build the trend to Thai teens to see Korean cultures as being better than that of Thai culture thus trying to reach to it by studying cultures and ways of lives in order to reduce the gap that seems far from Korean culture. Also, the older consumers appreciate Korean media; they think that Korean culture is better; although these people did not try to access to Korean culture in the way as done by teenagers, the considerable buying power makes these people access to Korean culture by the way they can do conveniently via consuming goods that reflect Korean cultures.

This is considered as the strategy that combines cultural stories and aggressive trade consistently. Korea ranks top ten as strong cultural exporter in the world³². This makes Korean wave which spreads to Thailand during 2003 influences in various aspects including the consumption of cultural goods during 2003; the researcher would present it in this paper.

³²Pijitra Supasawatkun, “Korean Series on cultural exports”, Bandkokbizeneews, 10 February 2010,

4.2 The Effect of Korean wave on Trade between Thai and South of Korea in 2003-2008

After studying the effect of Korean wave on trade between Thailand and South Korea in 1995 – 2002, the result shows that in this period, do not have Korean wave in Thailand. When considering the effect of Korean wave on trade between Thailand and South Korea during 2003 – 2008, Korean wave had a huge effect on related cultural goods and it will be presented as below.

However, according to the trend of presentation of Korean drama of former ITV, it favored the Korean wave spreading to other T.V. channels that wanted to increase their own rating by Korean series, especially Channel 3 and Channel 7. It is clear that Channel 7 often chooses modern Korean series to attract teenagers scheduled early in the morning of holiday whereas Channel 3 focuses on historic series focusing on the older audiences that those targeted by Channel 7.³³

Now, all channels have Korean drama as the main ones to attract audiences. To see the picture clearly of Korean wave in Thailand, it can be said that the period when Dae-Jang-Geum was taken to be broadcasted in 2005 via Channel 3.

Looking in the dimension of drama, Dae-Jang-Geum was like F4 “Rak Sai Sai, Hua Jai See Duang” that was popular in Thailand, in the trading dimension; “Dae-Jang-Geum” was not only “drama” but also “cultural product” of Korea. It was “products” intentionally happened and with plan procedure of government sector and private sector to make drama or movie become “art” power to make people imagine and be persuaded; then there was demand and supply like the drama of “Dae-Jang-Geum” with stories about cooking culture of Korea. When this drama came to any country, the trend happened in the same way in that drama fan in such country became more interested in Korean food and wanted to try it. It is like the famous drama like Winter Love Song that created “fever” in Japan and various countries about the panoramic view and romantic scenes of places used as scenes of movie and audiences then desired to see and touch. When there is demand, there is supply. Tourism industry of Korea became boom

³³ Ibid.,

as there was new dominance that is the place in the scene of drama piano acted by Jung San, the leading actor in drama that made people wants to visit the place. This is the influence of drama. Drama can create new business that is tour business in new form called “Drama Tour” to travel to various places that are concerned with the memory of love of “actor-actress” in the drama. This is considered the tourism strategy that sells “STOR” and “imagination” for real; this power of “cultural products”³⁴.

Subsequently, Korean government started policy of exporting culture as goods by disseminating culture all over Asia via T.V. drama, movies, online games, that built positive image of Korea on social, cultural and economic side. Korean government learnt to apply new form of strategy that is different from the old ones like military power or Hard power or economic power that are no longer effective in forcing the weaker countries to comply with various conditions. Korean government used soft power which was attractive power consisting of attractive personality, culture.

Korea learnt soft power form America, Japan; for example, America used soft power via Movie, television, books and theme parks and became popular, that became American popular culture³⁵.

According to the study of Korean Foundation for Asian Culture Exchange (KOFACE), it can be said that Korean popular culture affects the consumption of Korean goods. The examination was found at 2.7 levels from the scale of 5 level which affect the consumption of general goods. The measurement of consumption rate of goods in Vietnam and Taiwan turns out to be higher than average rate at 3.2 and 2.8. In China, the result of the study indicates that there is impact on Peking for 2. Level and Shanghai

³⁴ Sorrakon Adunyanon, “Korean marketing”, Available from http://www.jabchai.com/main/view_joke.php?id=1514

³⁵ Oh-kyoung Baek, “Impact of the “Korean wave” Upon National Image and Economy,” (Master of International Studies Graduate School of International Service Sookmyung Women’s University, 2005),p.10.

for 2.5 level, but affect Japan for only 1.8 levels³⁶. According to the study of this institute, it can be said that popular culture has effect on image of the country and affect economy such as the import and export of Korean goods as well.

For Thailand, Korean wave has effect on cultural goods as well in various aspects as follows:

4.2.1 Entertainment Industry

4.2.1.1 Dramas

The beginning of Korean wave was by the planned creation by Korean government's policy to create "Systematic Modern Culture". There was the establishment of Classic Culture Department under the Ministry of Culture and Tourism to promote Korean cultural goods. The first policy is by imbuing modern culture to Korean new generation with the hope to balance the western media. This attempt is responded well by people. For this reason, new generations become familiar and proud of their own races and cultures. For this reason, modern culture then spreads all over Korea first before spreading to Asian region through movies and T.V. series.

After Korean wave has had been responded well, Korean Government then pushed its key project out by establishing organization called KOCCA (Korea Cultural Content Agency) in 1998 to promote cultural goods such as movies, games, art, music, and animation out to foreign countries. Sample of cultural goods that became successful domestically and abroad included movies and T.V. series. Korean movie industry grew rapidly due to government support such as the regulation forcing each theatre to hold Korean movie for 146 days. The series broadcast on T.V. was proportionately scheduled clearly as well³⁷.

³⁶"The Active Plan for the Understanding of the Actual Condition of Korean Wave- An Investment into Consumers and Experts of the Korean Wave," Korean Foundation for Asian Cultural Exchange, 2005.

³⁷"The Beginning of Korean popular culture," Available from <http://lgmobilelover.com/club/viewtopic.php?f=14&t=4244>

Currently, Korea became considerably successful to the extent that the Korean wave is common all over Asia and Thailand. One reason is that Thailand and Korea are not quite different in terms of way of thinking, way of life, and the background of Korean movies, dramas, and books that focus on emotion, feeling, nature, being down-to-earth. This makes Thais accept Korean culture.

Thailand starts broadcasting Korean T.V. drama by Channel 5 broadcasting Korean series called "All about Eve" acted by Jang Dong gun and Sha Rim. After that, Channel 5 broadcasted some dramas but was not successful; so, it did not broadcast Korean drama any longer. IN 2001, Nontanund Entertainment Co.,Ltd broadcasted "My Sassy Girl" acted by Juen Ji Htun and Sha Tae Hun in Thailand. This movie became popular from Thais³⁸ and makes Thais became interested in Korea more. Then former ITV, in 2003, used Asian series called *autumn in My Heart* to be main strategy in competing with other channels to gain rating. The trend to present Korean drama of former ITV had favored Korean wave then went on to other T.V. channels like Channel 3 and Channel 7 that had broadcasted drama called Full House via Channel 7 and "Dae-Jang-Geum" via Channel 3.

For Thailand, it can be said that three T.V. dramas like *autumn in My Heart*, Full House, Dae-Jang-Geum are the ones that initiated the Korean wave. This can be divided into 2 parts that are the trend on Korean actors and trend on Korean culture, especially "Dae-Jang-Geum". This affects Thais in many aspects such as tourism following Drama Tour, consumption of Korean food and Korean culture.

Since the content of Korean drama is different from that of Thai drama with heavy content; Korean drama is quite romantic, down-to-earth, is the love of the young people. With these reasons, more people watch Korean drama. So, various channels of Thailand then buy Korean copyright to broadcast for Thais in order to attract rating. This makes industry of movies and Korean drama become highly successful.

³⁸ Montira Tada-amnuaychai, "Korean Media Industry and Its Cultural Marketing Strategy of K-pop", *Asia Culture Forum 2006*. Chulalongkorn University, p.4.

Now, the figure of Korean series on air in Thailand increases rapidly from 2000 – 2009 as seen in Table 18.

Table 18: Number of Korean Dramas in Thai TV from (2000-2009)

(Unit: Series)

Channels / Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
3 Channel						1	4	8	13	3
5 Channel	3		3	1		1				
7 Channel				2	3	3	11	9	10	8
9 Channel										5
TPBS			3	8	2	2	5	3		
Total	3	-	6	11	5	7	20	20	23	16

Source: www.jkdramas.com

Besides T.V. drama taken by T.V. station for Thai audiences to watch form free T.V., Thai audiences are willing to pay for buying Korean series to watch them again as well because of the impression in such drama in form of VCD or DVD. At present, the number of Korean series sold in stores is about 284 series; this generates a lot of income from cultural goods to Korea.

According to the popularity of Korean series among Thai audiences, Korean dramas became hit and rank first in 2008 as seen in Table 19.

It can be said that “drama” is not only “exports” that generates a lot of income to Korea, but also “ads media” for goods, tourist sites, and cultures and tradition of Korea as well. Culture and tradition become goods that generate income to Korea for about 10 % of all business value. In 2004, the income on part of Korean cultures and

tradition is as high as 300,000 million baht; this does not include the successes of drama and movies that penetrate Korean traditional and cultural goods³⁹.

Table 19: Top 10 Foreign TV dramas in Thailand – July 2008⁴⁰

Top 10 Foreign TV dramas in Thailand – July 2008				
Ranking	TV Drama	Channel	TVR (%)	Category
1	The Legend and the Hero	CH3	6.7	China
2	Yuhee, the Witch	CH7	6.5	Korea
3	King and I	CH3	4.8	Korea
4	The Sword and the Chess of Death	CH3	2.9	China
5	Mutant X 2	CH7	2.1	Farang
6	White Romance	CH7	1.8	China
7	Lovers in Prague	CH7	1.6	Korea
8	Be Strong Geum Soon	CH3	1.3	Korea
9	Genghis Khan	TPBS	1.3	China
10	Revolving Doors of Vengeance	CH3	1.2	China

Source: AGB Nielsen Media Research

4.2.1.2 Movies

Korean movie business happens at the same time as Korean drama. It can be said that Korean movies came to Thailand before series, but is less popular than series since Thai audiences have to watch them in theatre and there is no expenses by watching from free T.V.

Korean movie industry progresses a lot. Besides producing movies for domestic market, Korea also export movies to foreign markets as well as in Table 15 the Status of Korea Film Export and Import by year and East Asia's major regional 2002-

³⁹ Sorrakon Adunyanon, "Korean marketing," Available from http://www.jabchai.com/main/view_joke.php?id=1514

⁴⁰ Thidanuch Jongkrieng, "The study of Korean Wave Phenomenon in Thai," (Independent Study (MM) International Business Chulalongkorn University, 2008),p.64.

2006. It can be seen that Korean movie market in Japan ranks first in terms of popularity; in Thailand, it ranks second. According to the data, it can be seen that the amount of money spent from the fact that Thailand imports Korean movies increases every year, especially in 2006 that increases doubly from 2005 and tend to be higher in the future.

Table 20: The Status of Korea Film Export and Import by year and East Asia's major regional (2002-2006)

(Unit: \$1000)

Country	2002	2003	2004	2005	2006
Japan	6,582	13,893	40,401	60,323	10,385
Thailand	823	1,449	1,772	1,520	3,325
Taiwan	179	907	1,069	997	533
China	379	806	206	531	436
Hong Kong	1,483	835	702	1,146	708

Source: 2006, Council Film 'Korea Film Export and Import Performance and Korea movie industry settlement', Quote in "Diffusion and Problems of the Korean Wave in East Asia: Focusing on Culture and Nationalism", Lee, Dongyoon and an, Mina (Yonsei University), p.112.

In addition to the popularity of Korean drama in Thailand, Korean movies are also popular among Thais such as *My Sassy Girl*, *the Classic*; *my wife is a gangster*, *April Snow*, *My Little Bride*, *Taegukki*. By overall, Korean movie industry is considered successful compared to that of other countries.

4.2.1.3 Music

The popularity of Korean music in Thailand came together with series and movies starting from Autumn in My Heart music called "Kido, 7]도", movie music in My Sassy girl called "I believe", and music in Full House broadcasted by Channel 7. Drama music called "I Think I" sung by Korean actor named "Star" became very popular among teenagers to the extent that the content was changed to Thai language and sung by "Katreeya English", GMM Grammy singer. After that, there are many music used in

dramas such as in Prince Hours (Goong) called Perhaps love where its content was changed and sung by Thai singers, “Rose Sirintip” “Ice Saran-yoo”.

Besides music used in drama, Korean singers are very popular ranging from SeVen, Rain, Baby VOX, TVXQ; the one who was very popular at that time was Rain.

Before Korean wave coming into Thailand, there are few Korean songs that are popular among Thais. But after Korean wave, Thais listens to Korean music more as shown in Table 19 Korean songs in MTV Thailand International Top 100 chart.

Table 21: Korean songs in MTV Thailand International Top 100 chart⁴¹.

Nationality / Year	2006	2007	2008
Taiwanese / Hong Kong	8	6	4
Japanese	0	1	8
Korean	8	25	28
Western	82	67	57
Others	2	1	3

Source: MTV Thailand International Top 100 chart

According to the information, the best selling music in Thailand at that time in foreign country of Channel V Thailand found that it was Dong Bang Shin Ki-TVXQ with the sale volume of 114,027 copies⁴².

Moreover, music companies of Korea have used localization strategy to create selling point in target market; for example, SM Entertainment tried to expand music market to China with Korean singer named Kang-ta and Taiwanese singer, one of the

⁴¹Thidanuch Jongkrieng, “The study of Korean Wave Phenomenon in Thai”, (Independent Study (MM) Degree dissertation International Business Chulalongkorn University, 2008),p.65.

⁴²Channel V Thailand, 2007 Quote in Thidanuch Jongkrieng, “The study of Korean Wave Phenomenon in Thai,” (Independent Study (MM) International Business Chulalongkorn University, 2008), p.66.

members of F4 named Vanness to create duo album. After that, they are accepted well from Chinese teenagers. And there are Chinese artists named Hang Kyung and Zhang Li Yin coming to open album in Korea. Now, Han Kung becomes member of Super Junior Band and performs duties as the head of Super Junior M band. And there is JYP Entertainment Company that focuses market in Southeastern Asia; it used the same strategy as well by choosing Thai singer named Nichkhun to be member of Korean singers group named 2PM and get attention a lot from Thai teenagers.⁴³ This makes relationship between Thailand and South Korea becomes more closed.

Currently, Korean music penetrates market in Thailand and is popular to the extent that all radio stations broadcast it; so, Korean music market can catch a lot of market shares such as Super Junior, CHINee, Big Bang, 2PM, 2NE1, FT Island, Kara, Girl generation, SS501, Dong Bang Shin Ki-TVXQ, 2PM, Wonder Girls and others. Singers who can attract audiences at most now are Wonder Girls whose the most famous music called Nobody become well-known all over Asia and some part of Europe.

4.2.2 Tourism Industry

4.2.2.1 Dramas Tour

South Korea was highly successful in using dramas and movies to stimulate tourism market for foreigners to generate tourism income into the country. This is the result from the fact that Korean government promotes in the movie industry to build long movies or T.V. movies by using tourism site as the places in the scene and by inserting Korean traditions and cultures to attract more tourists to come to Korea; this can be seen from the success of series like Autumn in My Heart, Winter Love Song, Full House,

⁴³ Ibid., p.23.

and Dae-Jang-Geum ... Jewel in the Palace to stimulate South Korean tourism to recover in 2004 from economic crisis.

Tourism in the route from the impression from Drama Tour makes tourism package of South Korea together with tour under Korean dramas became popular more and more in Asia, especially Dae-Jang-Geum; tourists would be taken to visit Dae-Jang-Geum Theme Park and various cities appearing in the drama in order that the tourist could be exposed to real scene which reflects culture, way of life, food, dressing, medical science, games, and plays.

Besides tourism package following Dae-Jang-Geum, there are programs to tour in the places used in series in foreign counties as well such as:

- Program for touring in the places appearing in Winter Love Song, in the district of Chun Chon, Myeong-dong, and garden on Nami Island
- Program for touring the house appearing in Full House on Che-ju-do Island

The success of Korean series that builds popularity to tour Korea depends on many factors including:

- Quality of production, music, actors and actresses
- Content or story that can attract attention of audiences in South Korea and in other countries such as Japan, China, Taiwan, Hong Kong, and Thailand focusing on emotion, feeling, nature, and lessons of life.
- Scenes that rely on beauty of South Korean natural tourist site that is different in each season
- The insertion of Korean culture in various sides such as food, clothing, and tradition that can attract audiences of all ages and all genders; this makes the touring program be easier to sell. It can be obviously seen from Dae-Jang-Geum that played major role in attracting Thais to visit South Korea as from 2005 to 2006.

Table 22: Number of Thai tourists to travel to South Korea

Year	Number	Changes(Percentage)
1996	26,760	1.47
1997	21,344	-20.2
1998	27,505	28.9
1999	35,605	29.4
2000	61,465	72.6
2001	44,964	-26.8
2002	54,027	20.2
2003	55,075	1.9
2004	68,402	24.2
2005	84,804	23.98
2006	85,116	0.37
2007	105,742	24.23
2008*	150,000	50.45

Source: TAT

Note: * Estimate

Such Drama Tour plays major role in expanding tourism market of South Korea. Considering from statistics of Thais traveling to abroad, it can be found that Korea ranks eighth as the most attractive countries for Thais to visit; there were Thais visiting South Korea for 68,402 in 2004, increasing for 24.2 percent.

In 2005, during the first half year, there were Thais visiting South Korea for 47,795 persons, increasing for 29.3 percent from 2004. And in total of 2005, there were 84,804 Thais visiting South Korea, increasing for 23.98 percent.

Traveling to South Korea of Thais tended to expand in the high rate continuously during the first half year of 2006 since during March – May, the school was closed and there were many consecutive holidays in April and May including in June when His Majesty the King was celebrated for 60 years of accession to the throne. The tour program in South Korea following Dae-Jang-Geum and tour program to tour house in Full House, and tour program to travel to places appear in Winter Love Song were highly

popular. There were many reservations for package to travel South Korea in advance to Songkran Festival; this made the tourism guiding companies have to prepare airplanes to support the increased needs of customers⁴⁴. It is then expected that during the first half year of 2008, there would be not less than 50 percent increase of the number of Thais visiting South Korea, which would equal to 150,000 persons.

Besides Korean waves, the good relationship between Thailand and Korea as from the time of Korean war when Thailand had helped by sending soldiers to help in the battlefield, this build good relationship and understanding towards each other. With this reason, it is not required to apply for visa to coming in Korea; this is the convenience for traveling to this country⁴⁵.

From the interview with assistance manager of Asian Plus Travel found. Currently, Thais would travel to Korea a lot. The reason tourists want to travel Korea is that 80 % from watching drama and then want to feel the real places. Second reason is that they want to see snow or the change in color of leaves. There is the attraction in that Korea is the country with panoramic view and with 4 seasons which are spring, summer, autumn, and winter

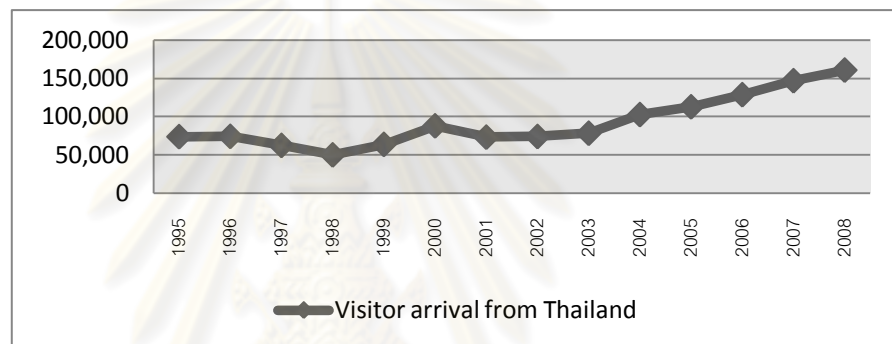
The first time when Korean wave occurred in Thailand, drama called “autumn in my Heart” on air via ITV made Thais know Korea. With the story that is different from Thai drama which is sad, so it is considerably popular. Besides, there was T.V. drama called “Winter Sonata” led by actor like Bae Yong Jun and Choi Ji Woo. The story is about real love of young couples. It was prepared by KBS of Korea broadcasted in NHK of Japan in 2004 which was highly popular among Japanese women aged 40 years and

⁴⁴ Kasikorn Research, “The Phenomenon of Korean Hit Series: Stimulating Drama Tour,” 10 March 2006, Available from <http://www.kasikornresearch.com/TH/Pages/Default.aspx>

⁴⁵ Arisa Witthawaskul, “Public relations approach in promoting the republic of Korea’s images to television drama “A Jewel in the Palace”, (Degree of Master of Arts Program in Public Relations Department of Public Relations Faculty of Communication Arts Chulalongkorn University 2006),p.42.

over; this made Bae Young Joon became famous in Japanese market, to the extent that there were tour programs following Winter Sonata, especially in Gandwon-do which was romantic scene⁴⁶. Another movie that built Korean wave was Dae-Jang-Geum broadcasted for the first time in Korea in September, 2003. It was the story of Korean history about the success of women in Choson era 500 years ago when males were predominant.

Figures 3: Number of Thai tourists in South Korea (1995-2008)



Source: <http://www.kto.visitkorea.or.kr> (Korean tourism organization)

According to Panmeth Na Ranong, Korean Tourism Organization manager in Thailand provided information about *Autumn in My Heart* in that this drama was very popular. This drama aimed at making audiences all over Asia cry and impressed so that there would be Drama Tour. According to the statistics from Korean Tourism Authority, there were about 42.4 million tourists traveling to Gandwon from 1999 while the drama was on air in Korea in 2000, the number of tourists increased for 15 % in such year⁴⁷. The response of success was because the use of scenes in Korean drama to attract tourism.

⁴⁶ Walailuck Noipayuk, Ph.D, "Korean Wave", *e-TAT Tourism Journal*, Tourism Authority of Thailand.

⁴⁷ Montira Tada-amnuaychai, "Korean Media Industry and Its Cultural Marketing Strategy of K-pop,"

It can be said that Korean government has worked well in applying attractive power that makes foreigners turn to be interested in and like Korean culture. At present, Korean wave becomes common. In 2007, there were 105,742 Thais visiting Korea; this was the increase for 24.23 percent. It is worried that Baht would flow into Korea a lot due to Korean wave.

Korean wave was driving force of tourism of Thais to Korea. Korea has organization that focuses on making public relations for tourism that works together in creating good image of Korea via T.V. drama or Korean Tourism Organization; this Organization is under the Ministry of Culture and Tourism. It was established in Thailand for more than 20 years and has played significant role in supporting and promoting tourism for Korea in Thailand.

On website of Korean Tourism Organization, it presents the tourism program to places used in more than 20 movies such as *Dae-Jang-Geum* using *Chang-deok-goong* Palace scene in Seoul which is the world heritage of UNESCO and Saejoo, there are Korean food to try like in *Dae Jang Gum*, to go to the tailor like in *Winter Sonata*. Most scenes are in *Namiseom* Island, not far from Seoul. And it is suggested to visit *Winter Sonata Café* selling souvenir of this movie particularly⁴⁸. With this reason, Korean tourism businesses grew rapidly since marketing plan focuses on various entertainment media through movie and music, video clip in some scene was also used in ads, movie star was appointed as diplomat for tourism such as *Kim Hee-Sun*, *Choi Ji-woo* who appeared in ads and T.V. for more than 4000 times including online media, to prepare for tour program to places used in movies, concert and supporting fan club with the budget of more than 100 million U.S. dollar. The number of tourists in 2004 was 5,818,138 persons, increasing for 22.4 percent. So, Korea was very successful in bringing in income from foreign countries each year.

⁴⁸ Walailuck Noipayuk, Ph.D., Korean Wave, e-TAT Tourism Journal, Tourism Authority of Thailand.

Table 23: Inbound tourist to Korea in 2008 by Nationality (Jan-Nov)

Nationality	Tour	Business	Official	Others	Total
Japan	2,050,784	19,682	1,375	49,661	2,121,502
China	385,600	157,826	1,647	536,897	1,081,970
United States	398,234	27,601	24,588	112,989	563,412
Taiwan	282,476	475	138	8,425	291,514
Philippines	48,921	2,199	882	203,077	255,079
Thailand	88,888	294	127	55,983	145,292
Hong Kong	129,151	512	38	8,767	138,468
Russian Federation	47,735	6,929	158	69,516	124,338
Canada	64,269	1,374	68	30,432	96,143

Source: Korea Tourism Organization (www.visitkorea.or.kr)

In summary, according to the study into trade impact between Thailand and Korea via Korean wave, it was found that Korean wave is factor that affects the tourism to Korea by more Thais. This boosts interest to travel to Korea. Before Korean wave, which was before 2003, Korean market was not paid attention much in Thailand. But after 2003, Korean wave made the demand to travel following Korean drama increase. On the contrary, the tourism trend of Thailand by Korean decreased during the recent years due to natural disaster such as Sars, or Tsunami, and political chaos, the image of Thailand in the eyes of people all over the world becomes negative. Also, policy of Korea can attract foreigners to be interested in Korea and travel to Korea more. This makes Thailand worry about the trade deficit on main goods and on tourism with Korea as well. On this part, it is the problem that Thais and Thai government must come up with solution to help Thailand attract foreign tourists to visit Thailand since Thailand has beautiful tourist sites, and unique tradition, it can attract income from abroad.

4.2.2.2 Surgery tourism

The reputation of South Korea as a world leader in the field has inspired the Seoul Metropolitan Government to launch a project to attract more foreign tourists looking for cosmetic surgery.

The cosmetic surgery boom in South Korea has been accelerated by the so-called Korean Wave, a boom across Asia in South Korean pop culture, which includes TV dramas performed by actors and actresses with flawlessly chiseled features. The Korean Wave has been instrumental in spreading the image of Korean beauty, which has in turn stimulated the boom in aesthetic medical tourism. Cosmetic surgeons in Seoul have an increasing number of patients from China and Southeast Asia who request operations to make them look like South Korean actresses. Some of the surgeons are said to work on 30 to 40 patients a month. There are 1300 plastic surgeons in Seoul.

The tourism promotion policy emphasizing cosmetic surgery, for which the country has an international competitive edge, includes a plan to build a complex of medical institutions, accommodation and facilities for aftercare. According to the city government they have appointed a company to implement the project. The city is planning to establish a centre, tentatively called the Seoul Center for Aesthetic Medical Tourism General Support.

The centre will have multilingual counseling staff and would introduce cosmetic surgeons or dermatologists to tourists, or bring tourists to them. It will also dispatch interpreters specialized in the fields to hospitals caring for the centre's clients. It will have its own website and a range of brochures in foreign languages to promote cosmetic surgery. "There are many foreign tourists who come to get plastic surgery here because of South Korea's reputation as having high-end plastic surgery technology.

We'd like to pinpoint this demand and stimulate it," a city official in charge of the project said⁴⁹.

The study found that, because Korean Wave has been instrumental in spreading the image of Korean beauty, which made many Thai peoples have traveled to South Korea to enhance the beauty and health for themselves. Although, the cost of surgery in Thai cheaper than in Korea. But Thai people choose to go to Korea in order to surgery, Because South Korea's reputation as having high-end plastic surgery technology is one of the world ranking.

Face is the most important part of the human body. Therefore, essential to consult the doctor who is experienced and reliable

Table24: Rates of surgery

List	Price / Bath
Eyelid	45,000 bath up
Eye Remodeling	70,000 bath up
Nose Enhance	120,000 bath up
Nose Remodeling	120,000 bath up
Molar Remodeling	175,000 bath up
Cheek bone	175,000 bath up
V-LINE	175,000 bath up

Source: <http://www.mycosmeticbeauty.com/>

⁴⁹“KOREA: Seoul to promote cosmetic surgery tourism,” Available from <http://www.medicaltourskorea.com/MTK-News/korea-seoul-to-promote-cosmetic-surgery-tourism.html>

* Estimate Cost ** Not include accommodation, Air fare, other services, under conditions of company.

The Seoul Metropolitan Government has opened up a new one-stop service centre to provide help to foreign nationals, investors and travelers. Named the Seoul Global Center, it was launched in mid-January. The centre was set up as part of efforts to develop Seoul into a global city favorable to foreign visitors and residents after the city government announced "Plans for the Globalization of Seoul" last July. The initial goal is to improve the business, residential, cultural and tourism environments for all foreign nationals. One service it offers is a medical referral service⁵⁰.

From the effect of the Korean Wave that caused the Dramas Tour and Surgery tourism in Thailand. The Results of thesis are consistent with Theory of soft power by Joseph S. Nye. He defined power is the ability to get the results that the actor wants, and it changes the activity of other nation if it necessary to get the result or benefit from other country as they want. The attractive Power concludes that; arts, culture, or people who have the reputation of that country. If considering the history of the Korean Wave it seem come from the Korean government uses the idea of soft power to creates dramas and movie that insert their culture, tourist place, and charming actors and actress. These elements effected the audiences turn to interesting South Korean and want to go Korea for travel and nowadays, because of charming actors and actress that make people want to good looking like actors and actress that become have surgery tourism in Thai. The attractions of dramas tour and surgery tourism of Thai people do not coerce or command the others to do that but it is the preference. This is consistent with the theory, soft power that gets the results that the actor wants without coercion or threat

⁵⁰KOREA: Seoul to promote cosmetic surgery tourism, Available from

4.2.3 Food

Korean food is one factor that is directly affected by Korean wave. During the time when *Dae Jounng Gum* was on air for Thai audiences, it made Thais feel like to try Korean food as appeared in the drama such as Korean roasted pork of *Pulgoko*, *Kimchi*, *Korean Pipimpup*, *Sum kae Ttang*. This made Korean food business grow rapidly during this time.

Sales volume of Korean food increased for 20 – 30 % from 2004 – 2005. And at present, there are about 80 Korean food stores in Bangkok; 50 percent of these food stores were established after Korean wave and most of them are in Korean Town, Sukhumvit Road⁵¹.

Korean wave affects Thais to have food; there is more food store business. At present, Thais like having Korean food. During the boom period of J Pop in Thailand, Thais like Japanese food to the extent that there are a lot of Japanese restaurants in department stores.

4.2.4 Korean language Education

Korean wave in Thai society is like that in foreign countries in Asia, it affects people in such country a lot. The society is assimilated by Korean culture. The education of Korea Language was initially initiated by Dr. Choi Changsong who is the teacher at the Faculty of Humanities and Social Sciences of Prince of Songkla University in 1986 with the cooperation from Hankuk University of Foreign Studies in Korea. Initially, reason for studying Korean Language of Thai students was not because they know Korea very well. However, the number of students who registered to study Korean language is still

⁵¹Thidanuch Jongkrieng, "The study of Korean Wave Phenomenon in Thai", (Independent Study(MM) International Business Chulalongkorn University, 2008),p.70.

low at that time⁵². Since there are a lot of Japanese companies in Thailand, so Thai students often choose to study Japanese.

After that, J-Pop became less and less influential. Then there was Korean wave. Besides T.V. drama, there were movies, music, and online games that promote Korean wave clearly in Thailand; so the audiences wanted to learn Korean language so that they could understand stories of drama or be able to sing the song used in the Korean drama.

According to Korean wave, the interest and desire to learn Korean Language increase rapidly. So, various institutes try to respond to the demand to study Korean language by opening Korean language more. Prince of Songkla University (Pattani Campus), was the first university opening Korean language as the alternative language for Thai students. At present, there are 20 universities in Thailand opening the course of Korean Language.

Table 25: Korean language learning situation in Thailand 2005

University	Current Status		
	Electives	Minor	Major
1. Prince of Songkla University (Pattani)	1986	1997	1999
2. Prince of Songkla University (Hatyai)	2005		
3. Prince of Songkla University (Phuket)	2000		
4. Burapha University (Chonburi)	1995	1999	2000
5. Silpakorn University (Nakhonpathom)	2000	2002	2003
6. Srinakharinwirot University (Bangkok)	1999	2001	
7. Chulalongkorn University (Bangkok)	1991	1996	
8. Thammasart University (Bangkok)	2002		
9. Naresuan University (Phitsanulok)	1997		
10. Mahasarakham University	1997	2004	2004
11. Khon Kaen University	1998		
12. Ramkhamhaeng University	1995		

⁵² Parit Wongthanasan, "Development Mechanism of Korean Education in Thailand". Document Seminar on Good Governance, Economy, Education, Culture and Tourism of Thailand and Korea 10-11, February 2010: p.1.

13. Thaksin University	2005		
14. Kasetsart University			Language Center
15. Rajabhat Changmai	2004	2004	2006
16. Rajabhat Changrai			2004
17. Rajabhat Phuket	2004		
18. Rajabhat Nakhornpatum	2004		
19. Rajabhat Phitsanulok	2007		
20. Ministry of Labor			

According to the table 19, the data on Korean language study in Thailand, it is a good evidence identifying that Korean wave really affect the study of Korean language; there are only some universities opening the course of Korean Language at that time including Prince of Songkla University(Pattani Campus), Burapa University, Chulalongkorn University, Ramkhamhaeng University. After Korean dramas became popular, it then affected the study of Korean Language. The reasons why students decide to study Korean language are: 1. they want to speak Korean language, sing songs, and understand drama or movies; 2. they want to use it in their work. For this reason, there are many universities opening course of Korean language as the major and minor subject including Prince of Songkla University (Pattani Campus), Burapha University(Chonburi), Silpakorn University, Srinakharinwirot University, Mahasarakham University; the universities that opens Korean Language as the alternative include Prince of Songkla University (Hatyai Campus), Rajabhat Changmai, Thaksin University, Rajabhat Phuket, Rajabhat Phuket and others.

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Table 26: Number of students in each university 2005-2006⁵³

University	Number	
	2005	2006
Prince of Songkla University, Pattani	268	176
Prince of Songkla University, Hatyai	-	44
Prince of Songkla University, Phuket	44	40
Chulalongkorn University	44	30
Burapha University	168	178
Ramkhamhaeng University	90	90
Maharakham University	179	1,580
Khon Kaen University	125	78
Naresuan University	149	803
Srinakharinwirot University	115	91
Silpakorn University	91	214
Thammasart University	70	193
Kasetsart University	-	-
Rajabhat Changmai	48	48
Thaksin University	80	135
Rajabhat Phuket	-	124
Rajabhat Nakhornpatum	38	38
Total	1,503	3,352

For the increased number of students being interested in studying Korean language as seen in Table 26, it identifies that the number of students studying Korean language increased from 2005. The trend of studying Korean language is expected to keep on increasing.

⁵³ Ibid., p.2.

Table 27: Secondary schools teaching Korean language⁵⁴

Years	Schools	Grades	Number of Students
2008	Benchamarachutit, Pattani	M.4	27
		M.5	40
2009	Benchamarachutit, Pattani	M.3	40
		M.4	47
		M.5	25
2009	Wat Makutkasat, Bangkok	M.1	40
		M.4	27

Besides the education institute in collegial level that pays attention to Korean language to be taught as minor or major or alternative subject, there are secondary schools opening the course of Korean Language as well as in Table 8. This shows that secondary education students are interested in learning Korean language as well. Due to Korean wave, the number of Thai students who want to study Korean language increased and tends to increase.

Not only Korean wave has affected Thai students to learn Korean language in Thailand but also has affected Thai students to learn at South Korea.

According to the interviewed with Thai students have been learning at South Korea founded that in the present, have many Thai student favor to learning at South Korea's University such as Seoul National University, Ewha woman's University, Hankuk University of Foreign Studies, YonSei University, Kyunghee University, Korea University, Sungkyunkwan University, and so on.

⁵⁴ Ibid., p.3.

Table 28: The Number of Thai students study in South Korea 2000-2009

Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Degree Program	14	17	12	22	29	46	40	71	116	125	586
Language Program	6	11	11	10	13	8	25	26	55	51	235
Total	20	28	23	32	42	54	65	97	171	176	821

Sources: Embassy of the Republic of Korea in Thailand

Initially, the study of Thai students in South Korea is mainly learned Korean language. Because the Korean government organization named KOIKA that promotes scholarship to Thai children in order to learn Korean language. Until Korean wave came to Thailand and affected to Thai children know and interest about Korean and increasing Thai Students want to learn at South Korea. In present, Thai students not only learn Korean language in South Korea but also learn in various major such as Korean Studies, Korean history, economic, science and so on. Most of them learn in master degrees and Ph.D. more than language program. The reasons that Thai students go to learning in South Korea is funded by the Thai and South Korea government. Someone watched Korean series then like environment which would like to stay at over there. And some people believe Korean language is favor thus learn for career for future.

Therefore, Korea wave is direct stimulated to Thai student interest to learn Korean language which affected to trade that when teacher assign the homework by Korean language and then Thai student have to search at Korean website that must to pay copyright charge of any website for save important information. And also Thai student necessary to practice the listening skill then they orders the multimedia at internet from Korea, they also have to pay that copyright.

4.2.5 Books

The success of entertainment industry of Korea comes not only in movie, T.V. drama, and music but also covering the literature and books.

Looking back to reading culture of Korean, it can be seen that Korea pays attention to reading a lot. The number of printing houses and books printed increases every year and many books are translated in various languages including Thai.

According to Sasakorn Wattanasuttiwong, the editor of Jamsai Printing House, states that as from when T.V. drama and series were on air via T.V. media of Thailand, the stories in the drama were brought onto printings via letters and books and Thais welcomed it well. Now a lot of Korean literatures are translated and are well welcomed. Firstly, The literature circle of Japan was popular in Thailand But after Korean dramas were on air, Thais pays attention to Korean literatures more. It does affect each other between both media⁵⁵.

About the difference between Korean literature and Japanese literature lies in that most translation books of Japan are mystery, horrible, but Korean literatures focus on love or life fiction.

Korean literature which is liked by Thais is characterized by internet novel, that is, it is like the story posted by general people on the internet. Most readers of Korean literatures are teenagers, secondary education students, and college students. Stories consist of love, and romantic way of life, it is like the Japanese comic which is easily read and fun.

Table 29: List of Korean literary books and translated books of Jamsai publishing Company

	Title	ปีที่พิมพ์	Price / Baht
1	Yuhee, the Witch	12/11/2550	149
2	บุพเพรัก อุบัติเหตุหัวใจ	29/10/2550	149
3	เงาใจในแววตา 1, 2	12/11/50	149,149
4	สลับทิวน์มาตุ๋นรัก	21/9/50	189
5	Lover in Prague 1, 2	12/6/2550	129,149
6	ติดปีกหัวใจไปหารัก	22/6/2550	179
7	ดีไซน์หัวใจให้ตรงรัก		179

⁵⁵ASTV, "Korean Fever", Manager 21 December 2547: Available from

8	Seo Dong Yo 1, 2	14/2/50	159
9	Only You 1, 2	10/11/49	149,149
10	Old Miss Diary 1, 2	31/10/49	159,159
11	Sweetheart		179
12	Sassy Girl Chunhyang 1, 2	22/9/49	169,169
13	My Girl 1, 2		149,159
14	ห่มรักอุ่นไอ... ใจสองดวง 1, 2, 3	28/7/49	179,159,139
15	I'm Sorry, I Love You 1, 2	20/6/49	149,159
16	สวนหัวใจและดอกไม้แห่งความรัก	6/6/49	199
17	ขอฝากหัวใจไว้ในสายลม	26/4/49	179
18	ข้ามฟ้าคว้าฝัน...วันแห่งรัก	11/4/49	179
19	Stairway To Heaven 1, 2	8/3/49	179 , 189
20	Sangdoo 1, 2	13/3/49	149 , 159
21	คือท่วงทำนองของความรัก1, 2	3/3/49	179 , 189
22	สัมผัสรักจากหัวใจ	6/12/48	179
23	My Name is Kim Sam Soon	13/12/48	169
24	สาวใช้ตัวร้ายกับเจ้านายสุดแสบ 1, 2		199 , 199
25	Full House 1, 2		169 , 169
26	Full House (Special Edition)1, 2		149 , 189
27	18 vs 29		189
28	หนุ่มตัวร้าย...ผู้ชายกรู๊ป B		159
29	หัวใจอลวน คนสองคนกับความรัก		199
30	Snow White		199
31	จุดเริ่มต้นของหัวใจให้ 1%		189

Source: <http://www.jamsai.com>

Table 30: List of Korean literary books and translated books of Nanmee publishing

	Title	ปีที่พิมพ์	Price / Baht
1	ข้ามขอบฟ้าตามหาสวรรค์	07 / 2549	98
2	หนุ่มไฮเปอร์พาสาวเป๋อมาเจอรัก	10 / 2551	115
3	รักจี๊ดจ๊าดกับเบรียวจีนายเซอร์เบต	10 / 2551	115
4	กระซิบบอกหัวใจนี้รัก	10 / 2551	115
5	แผนหมั่นอลวน 365 วันคืนหัวใจ	12 / 2551	115
6	คุณชายตัวร้ายหัวใจดวงเดิม	01/ 2552	168
7	Winter Love Song	-	295
8	Autumn in my heart	-	275

9	All about Eve	-	295
10	Dae Jang Geum (ฉบับแปลภาษาไทย)	-	110
11	Coffee Prince	02 / 2551	225
12	The Dim Sum of all things	12 / 2549	195
13	Lover's Concerto	-	175
14	Prince Hours (Goong) 1, 2, 3, 4, 5	03 / 2550	198,225,248,248,248
15	The Legend 1, 2, 3	05 / 2551	148,178,188
16	Yi San 1, 2, 3, 4, 5	01 / 2552	158,185,185,165,185

Source: <http://www.nanmeebooks.com>

According to the translated books of both publishing companies, it is the evidence identifying the Korean wave. Besides Korean drama, movie, and music, Thai loves reading Korean literary books and translated books also. Most of the readers are teenagers and it is related to love story. These literatures are also made into T.V. drama such as *Autumn in my heart*, *Winter Love Song*, *Prince Hours (Goong)*, *Full House*, *My Girl*, *Coffee Prince*, *Dae JangGeum*, *The Legend*, *Yi San* and others. Korean is smart in that they can create value of cultural goods by modifying goods to be in another form in order to distinguish it so that the consumers could choose it as desired; for example, some people watch *Dae JangGeum* in audio and visual form then they become interested in literature form in order to get different emotion; then they choose to buy books as well. This increases income to Korea a lot.

According to the interview with those who like to read Korean literature in bookstores with Korean translated literature about Korean wave, it is as follows:

1. The reason of reading Korean translated literature is to learn the habit of Korean and the way of live, geography, culture, relationship in the family and friends
2. Because of the writer, the writer named Kwi Yo Nee '귀여니'; all stories written are remarkable in their styles of writing and language used and very impressed.

It can be seen that Korean wave starts from drama, movie, and Korean music that affect the behavior of consumers very well as cultural products are concerned with

emotion and feeling of people. Therefore, consumers rarely use reason when they buy them. The interesting point is the creation of value which makes consumers decide to consume.

These are what turn out to be that shows the growth of Korean entertainment media in various forms and is the picture that reflects us to turn to look at entertainment media of Thailand in order that someday Thai movie, Thai music would come out internationally like those of Korean and become highly successful.

4.2.6 Cosmetic

According to the Korean wave in Thailand, besides it affects the cultural products such as tourism, learning Korean language, Korean food, Korean cosmetics are also popular after Korean wave happened in Thailand. Before Korean wave, Thais rarely knew about Korean products including cosmetics; at that time, most Thai teens buy cosmetics that came from Japan or European countries when J-Pop trend was at high level.

Currently, Thai teenagers often use Korean cosmetics and make-up. So, there are a lot of imports of Korean cosmetics into Thailand. Korean cosmetics opened the market in Thailand from 2005 together for 3 brands; all of them are famous in Korea including Laneige, The Face Shop, and Missha.

Table 31: Korean cosmetics products imported to Thailand imported from 2006-2008⁵⁶

Country	2006		2007		2008	
	Quantity	Value	Quantity	Value	Quantity	Value
World	6,750,828.0	5,333.1	9,088,407.0	6,056.5	10,755,495.0	7,577.0
S. Korea	186,025.0	93.7	162,622.0	86.9	248,778.0	162.1

Source: www.depthai.or.th

⁵⁶ Thidanuch Jongkrieng, "The study of Korean Wave Phenomenon in Thai," (Independent Study(MM) International Business Chulalongkorn University, 2008),p.70.

According to Miss Samornwan Rattakul, the manager of cosmetics business group of Minor Corporation (Public) Company Limited, the importer and distributor of Laneige, Redearth, and Bloom said that it has joint investment with Amor Pacific Company Limited from Korea to establish Amor Pacific (Thailand) Company Limited with the registered capital of 1 million U.S. dollar to be in charge of importing and distributing Laneige products in Thailand. Laneige is skin care product that ranks first in Korea. Besides being sold in Thailand, it is sold in Japan, Hong Kong, Indonesia with the goal within 2 years to be 200 million baht as sale volume in Thailand via distributional channel for 6 counters and the marketing budget in 2005 was 15 million baht⁵⁷.

Mr. Kim In Yob, the Committee Chairman of Max And Mighty (Thailand) Company Limited revealed to "Daily Manager" in that the Company invested more than 100 million baht to open market of Missha cosmetics from Korea as the Korea wave is very popular now among Thais and the Company can see the gap of Thai cosmetics to be able to grow considerably. The parent company in Korea had contacted "Rain", the singer and actor of Korea who became famous from Full House, to be presenter for the product via poster. The level of price of Missha by average is 85 – 1,000 baht, target group is female which is 90 percent and is going to be 70 % in a few years. It has been welcomed well. There is another brand which is retail store of cosmetics called The Face Shop that opened the first branch in the Mall Ramkhamhaeng during the mid 2005 and it has plan to aggres to Thai market fully to support Korean trend⁵⁸.

It can be said that Korean wave is the stimulant to help Korean cosmetics become well known. Currently, Korean cosmetics can be very easily bought and they are available in department stores and general markets. At present, there are cosmetics

⁵⁷"Korean Fever Ginseng country's products come to Thailand, " Manager online 21 November 2548, Available from <http://www.gotomanager.com/news/details.aspx?id=42607>.

⁵⁸Ibid.

opening shops in department stores for Thais to choose from and there are many brands of cosmetics that are popular such as

Skinfood, ETUDE, The Faceshop, Lotree, Missha, Rojukiss, Lotree, Hanskin, Tony Moly, Skin79, Laneige

According to the information from salespersons about the consumption of cosmetics for Thai women shopping for Korean cosmetics, it is as follows:

1. Thai women like to use SkinFood is because it is mostly produced by natural extracts such as salmon, cucumber, Avocado, Peach, Black Barry and others that are good to skin.

2. Thai women like to use Etude because most of the products are make-ups. The product is of good quality and with beautiful packages

It can be considered that Korean cosmetics market at present are paid attention from Thais a lot. It can be seen that due to Korean wave, there is the popularity in using Korean cosmetics, there are many brands of cosmetics expanded the market into Thai market due to the demand of Thai consumers. Besides the Korean wave, Korean cosmetics are of good quality and with beautiful design; these are the attraction that draws consumers to use Korean cosmetics. This generates a lot of income to Korea.

The development of Korean's cosmetic population and business in Thailand has obviously seen development from the interviewed with Korean cosmetic customers, provide information that Korean cosmetic began small group of air hostess or traveler who traveled in South Korea and brought Korean cosmetic for using and then they said to the other and then and combined with the Korean wave stimulated the popular of Korean cosmetics and spread rapidly and widely.

Initially, the people who want to buy cosmetics, they will sell through agents such as the people who want to buy cosmetics, and they will sell through agents such as air hostess and guides who has travelling to South Korea and bought many pieces of cosmetic for sale. This business can not do in the large sector because limit of Tariff Law.

Thereafter, the demand of Korean cosmetics in Thai are increasing and also expanded from the capital such as Bangkok throughout the country and become cosmetics business sales via website responding the demand of Thai consumers Thoroughly.

In the case study emphasize the information form interview with the observers such as Korean travel's guide and guide assistant founded that beside traveler go to South Korea for buy cloth ginseng, tea, and waterweed but in this time they increase to buy cosmetic

Table 32: The amount of purchasing cosmetics by Thai Tourists 2007- 2008

Unit: Bath

	2007	2008	2009*
By Tourism	4,320,000	6,480,000	9,072,000

* Estimated numbers

The information from guide, guide assistant or interpreter from 3 company shows that the data about amount of purchase cosmetics by Thai Tourists in 2007-2009. It indicates that the popular Korean cosmetic are increasing. On the average, in many group tour to South Korea, each group tour will have approximately 5-6 people bought Korea cosmetics and the potential purchase of tourist of each person are differently. For example, some people buy cosmetic around 2000-4000 Baht, Some one buy 10,000 and over. The reasons to buy many products are for store to used long time or buy for friend order.

Table 33: The amount of the purchasing of Korean cosmetics via website 2007-2009

Unit: Bath

	2007	2008	2009*
By Web site	7,200,000	14,400,000	18,000,000

Korean Wave is stimulated to increasing demand of Korean cosmetic that become Korean cosmetic business on website which this business makes a great income to entrepreneur for each year. This business makes a great income to entrepreneur for each year.

According to the interviews with the Entrepreneur found that the reason of this business is popular due to selling cosmetics via the web site that make consumers are convenient and easy to buy it. In particular, the website provides product picture of any cosmetic brands, show price and exchange rate between Thai Baht and Korean Won for the consumers can be compared. And then just only choose the products on website and pay by bank account that can receive product easier. Moreover, also the website provides delivery by mail or express service to home that convenient to customer in suburb can buy cosmetic product just connect to the internet which unnecessary go to the capital for buy Korean cosmetic in shopping mall. Moreover, the website also provide retail sale and wholesale for those who need to resell cosmetics to the others again.

The result of the study help to understand that South Korea was enhance sales marketing from cheap products to high value or expensive products that make great benefit in foreign currency flow in country. It indicates that the travel tour to Korea. Firstly, South Korea promotes and plans to sell souvenirs products for foreign tourists. For example, South Korea focused on a souvenir, cloth with logo symbol major attractions, Bundle, Doll hanging mobile, and Algae because of there are cheapness thus traveler like to buy them a lot of product to give to parent and friends. After that, South Korea enhance product by promote Korean ginseng as a gift. After that ginseng is popular form Thai tourists likely to bring Korean ginseng for parent and senior relatives that indicated health care and respect to them. Currently, South Korea enhance to next step by promoted high value product is Korean cosmetic and then identity to created package for attract foreign traveler. For example, Etude Shop have interior decoration to catch the eyes by pink color when compare with other product in Korea. It able to attract

foreign girl to interesting and buy product. And the Skin Food shop focuses on beauty package Also, Skin Food shops have a giveaway to customers such as Tester, towel, brush, and get a souvenir as well.

The promoting Strategies of Korean cosmetics can be considered is very successful. For initial, Korean government doesn't promote on television but only created product have image to attraction and emphasis on the quality of product. When tourists buy for using. It is appeared that product is good thus they said to others. With the success of the Korean cosmetics market in Thailand make Korean cosmetics market's competition is growing rapidly. in the present, has new brand is Rojukiss come to Thai because received advantage from Etude and SkinFood. And then Rojukiss just have promoted on television. Not only long time, Rojukiss also popular in Thai as a shot time.

4.2.7 Consumer products

After Korean wave that affects Thais to travel following Korean drama, learn Korean language, eat Korean food, use Korean cosmetics, another thing influenced by Korean wave is the consumption of various Korean goods such as algae, instant noodle, Korean sauce, Kimchi in bag, and Soju which is local to Korea available in various department stores and convenience stores like 7 Eleven.

According to the study of Korean wave on consumer products, it can be said that Korean wave affects the change of consuming behavior of Korean drama audiences to turn to consume Korean goods, desire to try various goods appearing in the Korean dramas. It can be seen that before this, various goods of Korea are sold to only Korean living in Thailand in Korean town around Sukhumvit. But after Korean wave, audiences of Korean dramas desire to try and taste Korean goods. Now then there are many companies importing Korean goods and sell it in department stores such as Carrefour, Lotus, 7 eleven; some branches have Soju available for Thais to consume as well.

The companies that import goods cannot provide information on quantity and amount of money in importing consumption goods to Thailand each year as it is confidential as trading secret of importing companies. However, according to the survey and observation in various department stores in the department that sells Korean goods, it appears that the volume of Korean goods such as instant noodle of many brands, algae, Korean sauce, various seasonings, as well as Soju are available in large amount.

Considering from Korean consumption products that more Thais turn to consume such as instant noodle, Soju, algae, and others, it can be seen that these products are convenience goods. When comparing to Thai goods, it can be seen clearly that Korean consumption goods are much more expensive than those from Thailand; for example, Thai instant noodle is 7 baht each packet, but Korean is about 35 – 40 baht. The reason why Thais choose to consume Korean instant noodle is because they absorb the consuming behavior unconsciously. When they see the label of instant noodle from the drama, the audiences would desire to consume those consumption products even the price is much higher; they would buy it because it is Korean goods.

For the case of liquor product or Soju, it is the same way as instant noodle. It can be said that most Korean people including males and females drink. It is like Japanese. The reason is that they live in the cold weather. Besides, Korea has a culture of drinking liquor as well. When there are a lot of people drinking together, the other person must pour the liquor to another person so that such person could drink it and such person must pour liquor to the other person in return. The drinking may be done in one shot as in the drama that draws attention and feeling of audiences a lot. Currently, Thais know Soju via Korean drama and Soju has been brought to be sold in Thailand. Those who want to consume can buy it easily in department stores in beverage department. Although it is quite expensive compared in terms of quantity, it can respond to the feeling and proximity of being Korean; so, this is worth making decision by consumers to consume Korean goods.

Chapter V

Conclusion and Recommendations

5.1 Conclusion

In globalization era, the competitive in trade for most benefit or foreign currency that necessary have business strategy to able to attract foreign customer buy and use product in our country. First of all buyer must impress in country and then buy product of another country.

South Korea is successfully to use strategy of cultural industry to produce movie, drama, and music for export the other countries. The impress and admire of dramas that makes South Korea are good image from the others and become the phenomenon of Korean Wave in Asia and in present it distribute to Europe and affected to any section for Thailand.

After studying the effect of Korean wave on trade between Thailand and South Korea in 1995 – 2002, the result of the research shows that do not have Korean wave in Thailand. When considering in 2003 – 2008, However, the Korean wave had a huge effect related cultural products. For Thailand, Korean wave has effect on cultural products in various aspects as follows: Entertainment Industry (Dramas, Movies, and Music), Tourism Industry (Dramas Tour, Surgery tourism), Food, Korean language Education, Books, Cosmetic, Consumer goods

5.2 Discussion

This study found that Korean Wave in Thailand, attracting from Thai people turned their attention to South Korea very well. Culture is a mechanism to help attract foreign effectively. And affect trade between Thailand and South Korea.

Trade like an International competition, a nation has to have the power to transform other nations. In the modern society, the importance power is soft power and hard power.

This study is consistent with the concept of soft power of Joseph S Nye, He said that the soft power means the power of attractiveness opposed to hard power, which

based on military and economic power. The attractiveness of Soft power is the culture, ideology and institution of a nation. If the nation appears attractive, the power of attractiveness makes other nations want to follow and model after the nation and this can have an effect on product that are related to the nation.

This study shows that Korean wave seem attractive to Thai peoples will have a positive image about South Korea, creating good emotions and close relationships. Although, Korean has accomplished rapid economic development, the negative image such as the Korean War and the resulting divided country were strong before the 1990s. However, there are opportunities to renovate the national image through soap operas and movies, as well as music while Korean pop music came to fame in China in late 1999. Korean popular culture gained popularity in China, Japan, Taiwan, Thailand and other areas of East Asia, and the Korean wave began the advance into specific genres such as soap operas, popular music, movies and so on in short run. However, it consequently arranged an opportunity to increase national image, good emotions and economic influence while diverse spheres, soap operas, popular music, fashion and food were interrelated.

This paper inspected that Korean wave occupy a crucial role in the Korean cultural products, such as dramas, movie, pop music, tourism, book, language and so on. Korean wave, in another word can be said that is a popular culture, which appears attractive, will reproduce much more consumption of cultural products, and this appearance will help the industry of popular culture grow in Thailand.

As examined in chapter 4, Korean wave affects trade between Thai and South Korea on the cultural product. Korean wave direct effects on expanding exports of cultural products in dramas, movies, pop music, and extending the amount of exports such as foods, cosmetic, consumer goods, language, book, tourists.

Korean wave has value as a cultural industry as well as changing nation image and acquiring direct trade effect while exporting cultural products. Through popular culture as an indirect method, a nation implants its attractive nation image into other nations, and stimulates favorable impression and achievement. These capabilities can

be soft power. However, soft power does not get the same or similar result in every nation, like a situation of Korean wave in Thailand, and the effect through popular culture is soft power.

5.3 Recommendations

5.2.1 Recommendation to Thai government

According to the study, it can be seen that Korea is very successful on trading with Thailand. Korea gains trade advantage with Thailand so far. Besides general trading, at present, Korea pays attention on cultural industry in spreading cultures through various media such as drama, movie, music, or online game and these become the cultural products. It leads to the happiness for entertainment media, makes people like and interested in Korean cultures such as food, appliances, dresses, tour; these occur to the audiences from the impression in dramas and then desire to access at the deep level to the feeling and emotion conveyed through dramas and then they want to have direct experience with these by themselves by buying goods appearing on dramas, traveling to various sites as shown in dramas, learning Korean language. This generates a lot of income to Korea from the export of cultural goods. Therefore, Thai Government should study into and learn from such tactics and apply them. Considering on cultural side, Thailand has unique cultures and beautiful tourist sites. Therefore, one thing Thai Government should do is to promote cultural industry by short-term and long-term plan to support the private sector in the media production and insert unique culture in it including hidden ads into the scenes. On education side, there should be the promotion of courses concerned with the creativity, cultures in order to create human resources to help create works to build new images to attract foreigners to travel Thailand, use Thai stuff, and have Thai food that would affect the export by being cultural export in order to bring in income from foreign countries like Korea.

5.2.2 Recommendation to Thai private sectors

On private sector, especially the producers of dramas, movies, there should be dramas or movies with quality content that would not destroy society, with the insert of Thai culture inside the drama, with the focus on beautiful places in the scene. In addition, the producers of dramas and movies themselves should use the same method as Korean producers by joint cooperation and exchange with various countries in the production of dramas and movies to increase performance value. This is not only to build good consciousness to Thais, but also to convey to foreigners to see that Thailand has a lot more interesting things. Besides paying attention to main elements in producing drama, the drama creator should provide hidden ads of Thailand into the dramas so that the foreigners would like it and would consume it further in order to bring in income from foreign countries in the future.

5.2.3 Recommendation for Future Study

On education, there should be focus on study and research to find new ways such as applying the course of trade and marketing with the course of entertainment and drama production and movie in order to spread the cultures and tourist sites while advertising at the same time and should study the best and efficient method in order for maximum benefits.

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APPENDIX

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Interview with the related persons.

1. Dramas Tour

Question:

1. Why does Thai tourist prefers to visit South Korea?
2. How about the trend of Thai tourists travel to South Korea?

“For holding tour in Korea of our company, most Thais would travel to Korea all year long, except during summer of Korea. During High Season, a lot of Thais visits Korea. There are about 20 rounds of tours by average, 1 round for 4 days and 3 nights, the price per person is 35,000 – 40,000 baht. The reason tourists want to travel Korea is that 80 % from watching drama and then want to feel the real places. Second reason is that they want to see snow or the change in color of leaves. There is the attraction in that Korea is the country with panoramic view and with 4 seasons which are spring, summer, autumn, and winter. On the way back home, Thais choose to shop Korean products; the main products were Korean ginseng, algae, cosmetics, and music CD⁵⁹”

“I like to watch Korean drama a lot. One thing I dream of is traveling to Korea. Not long ago, I had a chance to travel to Korea and felt very excited and impressed and I went to places appearing in the scenes of dramas such as Dae Jang Geum, coffee prince and key tourist sites appearing background”; if there is a chance, I would like to go to Korea again⁶⁰”

“It can be said that impact from Korean wave in Thailand influenced in many ways, the most obvious one is tourism. Each year, there are more and more tourists from

⁵⁹ Interview with Chonticha Jangtavadeetip, Assistant Manager Asian Plus Travel, 17 February 2553

⁶⁰ Interview with Thai tourists traveling to Korea 1, 6 March 2553

Asia visiting Korea; most of them want to visit places appearing in the scenes or want to see panoramic view or ancient palaces⁶¹”.

2. Food

Question:

1. Why does a Thai person prefer to eat the Korean food?
2. How about Korean restaurant business in Thailand?

“Our restaurant has opened for more than 6 years. There are people coming for Korean food almost every year, especially in the evening, it is very busy. Now our store has promotion if having buffet with the promotional price of 249 baht per person⁶²”

“During 2000 – 2007, Chiang Mai had about 4 Korean food stores, Korean food stores were not famous among Thais. Almost all of those who had Korean food were Korean. After 2005, there were more Korean food store⁶³”

“When I watch Korean series, I saw Korean food in the scene such as kimji, bulgogi, and other that make me want to eat Korean food and I go to Korean city in Sukhumvit road for eating Korean food with my friends⁶⁴”.

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⁶¹ Interview with Thai tourists traveling to Korea 2, 10 March 2553

⁶² Interview with Staff Korean Restaurant “Goong” Sutthisan, 19 March 2010

⁶³ Interview with Natthawut Luedee, Chiang Mai Rajabhat University , 27 February 2010

⁶⁴ Interview with the consumer of Korean Food Korean Restaurant , 19 March 2553

3. Korean language Education

Question:

1. Why do you decided to learn Korean Language?
2. How about Thai students in South Korean?
3. What is the effect of Korean wave in trade between Thai and South Korea in term of Korean language.

“Never before that I wanted to learn Korean Language. However, after watching “Autumn in my Heart”, I tried to watch it by listening to its own language which is Korean and the first word was Opa(brother); and the music used in this drama is called Kido; the music is really good. So, I became interested in Korean Language and decided to learn Korean language since I like singing and want to speak Korean Language⁶⁵”

“There are many Thai students in here. First time when I came to South Korea I feel that nobody talk with me but actually there are many Thai students not only in my university but also in other university. And Thai students are meeting activities frequently such as cook, party or birthday party⁶⁶”.

“I watched Korean series that is reason why I love Korea, I would to stay at Korea after graduate in bachelor degree and then I asked for permission from my parent and travel to studying at Ewha woman’s University and there are many Thai student in here⁶⁷”.

“When I graduated in bachelor degree, Korean language major, I was successful about apply to receive scholarship from Korean Government and then I go to

⁶⁵ Interview with Thai student in South Korea1, 10 April 2553.

⁶⁶ Interview with Thai student in South Korea2, 10 April 2553.

⁶⁷ Interview with Thai student in Ewha woman’s University, South Korea, 12 April 2553.

South Korea. I love Korean Environment but in study class rather serious because Korean student have high competitive and very serious in study⁶⁸”.

“I am learning Korean language in South Korea and after graduated in master degree. I will come back and teach Korean language in Thai. Because there are many Thai students who want to learn Korean language⁶⁹”.

“Korean Wave is direct affectation to learn Korean language of Thai student and affected to trade when teacher order to take report in Korean language and then Thai student have to search at Korean website that must to pay copyright charge of any website for save important information. And then Thai student want increase listening skill they necessary to order multimedia at internet from Korean that is very expensive⁷⁰”.

4. Books

Question:

1. Why do you like to read Korea literature and Korean love story?

“The reason of reading Korean translated literature is to learn the habit of Korean and the way of live, geography, culture, relationship in the family and friends⁷¹”.

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⁶⁸ Interview with Thai student in South Korea3, 10 April 2553.

⁶⁹ Interview with Thai student in South Korea 4, 10 April 2553

⁷⁰ Interview with Parit Wongthanasen, Ph.D., Faculty of Humanities and Social Sciences, Prince of Songkla University, Pattani Campus, 3 April 2553

⁷¹ Interview with Korean literature translated book buyers 1, 25 March 2010

“We like Korean fiction because of the writer, as it is Korean fiction. I like one Korean writer named Kwi Yo Nee ‘귀여니’; all stories written are remarkable in their styles of writing and language used. I am very impressed⁷²”.

“The reason why I like reading is because everything becomes Korean issue in Thai, value in our country is Korean. Everything which is Korean is highly popular among teenagers, including singers, stars, series, movies, fashion and others⁷³”.

5. Cosmetic

Question:

1. Why do you read Korea literature and Korean love story?

“The cosmetics that are best sold include Skin Food Salmon Brightening EyeCream, SkinFood Rice Shimmer Powder, Skinfood Black Raspberry, Skinfood Tester House, Skin food Gold Caviar. The reason why Thai women like to use SkinFood is because it is mostly produced by natural extracts such as salmon, cucumber, Avocado, Peach, Black Barry and others that are good to skin and the price per unit is about 200 – 1,500 baht and they can subscribe as member with the free for 3,800 baht to get reduction when buying goods⁷⁴”.

“About our brand, most of the products are make-ups. The goods that are popular from consumers are such as Etude House Code B Strong Eyes Shadow Line, Etude House Color me, Etude House Proof 10 Auto Pencil, Etude BB Magic Cream,

⁷² Interview with Korean literature translated book buyers 2, 25 March 2010

⁷³ Interview with Korean literature translated book buyers 3, 25 March 2010.

⁷⁴ Interview with Skin Food's brand Cosmetics sales, 12 March 2553.

Etude House Oh my eye liner; our product is of good quality and with beautiful packages⁷⁵”

Question:

1. Why does Thai Tourist want to buy Korean cosmetic?
2. Where is the place that Thai Tourist buys Korean cosmetic?
2. How many tourist and money that buys Korean cosmetic in each tour group?

“from my experience in guide career for a long time, I see the change that formerly after tour group take tourists to visit any place and guide will take tourists to buy a souvenir or a gift such as cloth because it cheapness and then change to buy ginseng and last travel they have favor to buy Korean cosmetic for using and buying for friend order⁷⁶”

“My group tour takes the tourist to Myeong-dong and Dong-dae-mun which is the area that has many shopping center of cosmetic for customers buys to using or had entrusted to buy for friend. Each tour group has 10-15 travelers buy a lot of product in Thai money around 2000-10000 bath for store to using long time. We have group tour 4 times per month in high season but have 2 times per month in low season⁷⁷ .

“My tourists always request to Myeong-dong shopping center for bough Korean cosmetic and someone have a list from Thai that will buy some kind of cosmetic,

⁷⁵ Interview with Etude’s brand Cosmetics sales, 15 March 2553.

⁷⁶ Interview with Independent Guide in South Korea, 20 April 2553

⁷⁷ Interview with Wirot Plawkeaw, Assistant Guid, Sun yong Tour, 17 April 2553

cosmetic; somebody had entrusted to buy for friend. Since we have Korea group tour Korean cosmetic is popular in this time⁷⁸”.

“In Korea have numerous cosmetic shop especially Myeong-dong and Dong-dae-mun, the shopping center that favor from travelers. These shopping centers have several brands cosmetic and have two or three same shops in this area. Especially, at the shop, sale persons able to speak Thai. Among 10 sale persons have 8 people able to speak Thai. For example, when we said that would like to take eye liner, they can pick up eye liner and have explained how to use it in Thai. And also very products will stick Thai and Korean price under product that Thai customer can compare rate between in Thai and South Korean⁷⁹”.

Question:

1. Why do you use Korean cosmetic?
2. How do you buy Korean cosmetic?

“I used Japan cosmetic before but after have Korean Wave in Thailand, it affected to cosmetic popular I changed to used Korean cosmetic with my friend advised. For initial Korean not have in Thailand I will entrust my friend who is guide bough to store⁸⁰”.

“I used Japan cosmetic before but after have Korean Wave in Thailand, it affected to cosmetic become to popular and I changed to used Korean cosmetic with

⁷⁸ Interview with Chonticha Jangtavadeetip, Assistant Manager Asian Plus Travel, 17 February 2553

⁷⁹ Interview with Natthawut Luedee, Chiang Mai Rajabhat University , 27 February 2010.

⁸⁰ Interview with Korean cosmetic user 1 , 27 April 2010.

advised of my friend, Initially, Korean cosmetic not have in Thailand I will entrust my friend who is guide bough to me⁸¹.

“Korean cosmetic is best quality. I using two product brands is Etude and SkinFood for makeup and skin treatment. I usually bought them in website and there are many website that provide Korean cosmetic⁸²”.

“I also was using Korean cosmetic. When go to Korea I bought product at SkinFood shop because this brand have cosmetic for men which I bought many type product such as serum, shaving cream.⁸³”

Question:

1. How about Korean cosmetic business on website.

“I sale Korean cosmetic on website. One a week, I have pre-order from customer total 100,000 Baht in the average which per month estimate to 500,000 baht⁸⁴”

“I have opened cosmetic business for 1 year and have a good sale in this time which my Website have cosmetic several brand all of Korean and Japanese and seem Thai people used cosmetic more than Japan⁸⁵.”

⁸¹ Interview with Korean cosmetic user 2 , 27 April 2010.

⁸² Interview with Korean cosmetic user 3 , 27 April 2010.

⁸³ Interview with Korean cosmetic user 4 , 27 April 2010.

⁸⁴ Interview with The entrepreneur of Korean cosmetic on website 1, 10 April 2553.

⁸⁵ Interview with The entrepreneur of Korean cosmetic on website 2, 14 April 2553.

“I sale cosmetic for retail and wholesale. My website has cosmetic picture price and exchange rate between Thai Bath and Korean Won which customer have order in website we will sand by mail at home⁸⁶”.

6. Consumer Products

Question:

1. Why do Thai people consume Korean consumer products?

“It can be seen that Thai consuming behavior changes. As seen from the fact that Thais once like Thai drama with boring and intense content to watch Korean drama with new content. When Thais change behavior of watching drama to be Korean drama, then they absorb everything inserted by the Korean producer such as culture, clothes, and consumption⁸⁷”.

“Currently, our company imported a lot of Korean consumer products more than the past. Because Thai people interesting about Korean and they want to consume Korean products that appear in the scene in the series. The product that we imported such as instant noodle, Korean sauce, Kimchi in bag, Soju etc. These products can buy in the department store⁸⁸”.

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⁸⁶ Interview with The entrepreneur of Korean cosmetic on website 3, 12 April 2553.

⁸⁷ Interview with Rosana Ratthakaran, Lecture of Management, Faculty of Liberal Arts and Social Scieince, Yala Islamic University, 20 March 2553.

⁸⁸ Interview with Korean Products importer, 14 April 2553.

BIOGRAPHY

Name : Mr. Noppadol Saleepoch
Date of birth : October 4, 1982
Birth Place : Songkla, Thailand
Education : Bachelor of Art (Korean), Prince Songkla
University, Pattani, Thailand (June 4, 2001-March
21, 2004)
Work Experiences : Be an Instructor of Division of Korean Language,
Faculty of Arts Thaksin University (September 6,
2006–now)



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