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BROADCASTING: Regulatory Issues

Country: Korea

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The attached questionnaire was undertaken in preparation for the biennial OECD Communications Outlook. The responses provided by Member countries on broadcasting regulation were used to provide information supporting the analytical sections published in association with data. A similar questionnaire with responses on telecommunication regulation is also available. In some cases, data for individual firms, used to compile OECD totals, have not been published at the request of the respondent. For further information, including data, see **OECD Communications Outlook 1999** and <http://www.oecd.org/dsti/sti/it/index.htm>

BROADCASTING - Section II

Broadcasting market status (Questions 1- 3)

1. Please provide details of the broadcasting and cable television infrastructure provision in your country.

Infrastructure provision for following service	Number of licensed operators (1998)	Number of privately owned companies ¹	Number of public service organisations ²
Terrestrial TV (National coverage ³)	3	0	3
Terrestrial TV (Local coverage ⁴ only)	28	9	19
Terrestrial radio (National coverage)	10	7	3
Terrestrial radio (Local coverage only)	38	38	0
Cable television service ⁵	77	77*	0
Analogue direct broadcast satellite (DBS) service	0	0	0
Digital DBS service	2	0	2

* Among 77 licensed cable system operators, 22 have not started service yet.

¹ Defined as private sector companies holding one or more licences for service provision.

² Including state-owned corporations or institutions holding one or more licences for service provision.

³ A service with national coverage is defined as a service by a group of television or radio stations distributing a majority of the same programming, that are licensed on a national or regional basis but collectively provide nation-wide coverage. Affiliating companies of the nation-wide broadcast network are included in this category. If new operators have been licensed to provide national coverage in the last three years but are at the stage of rolling out networks please include these operators in the total.

⁴ A service with local coverage is defined as a service by a group of television or radio stations that are licensed on a national or regional basis but distribute the programming in the local area only. If new operators have been licensed to provide local coverage in the last three years but are at the stage of rolling out networks please include these operators in the total.

⁵ Please indicate if more than one organisation is permitted to own and operate cable television infrastructure in the same area.

2. Please provide details for the major public / private terrestrial TV broadcasting companies in your country. They include state and privately owned organisations providing broadcasting services with national coverage.

Name of public / private terrestrial TV broadcasting companies	Ownership Status (1998) (e.g. state-run / state owned / privately owned)	Do they own transmissions infrastructures? If not, please indicate the name of company which provide transmission infrastructures.
KBS (national coverage)	public	yes
MBC (national coverage)	public	yes
EBS (national coverage)	public	no (KBS, Korea Telecom)
SBS (regional coverage)	private	yes
KBC (regional coverage)	private	yes
TBC (regional coverage)	private	yes
TJB (regional coverage)	private	yes
PSB (regional coverage)	private	yes
ITV (regional coverage)	private	yes
UBC (regional coverage)	private	yes
JTV (regional coverage)	private	yes
CJB (regional coverage)	private	yes

3. What was the price of cable television service for a subscriber in the largest city of your country on 1st January 1998? Basic service corresponds to the least expensive option to a customer and premium service the most expensive option. (Local currency, current prices)

Cable Television services	Basic service			Premium service	
	Connection	Monthly subscription fees	Number of cable channels included in the basic option (excluding free services)	Monthly subscription fees	Number of cable channels included in the premium option (excluding free services)
Seocho CATV Network (Seoul)	-installation: 40,000 ~ 45,000 Won -converter deposit: 30,000 Won	15,000 Won *	28	7,800 Won	1
National average, if available	-installation: 40,000 ~ 45,000 Won -converter deposit: 30,000 Won	15,000 Won *	28	7,800 Won	1

* 2,000 Won of monthly converter rental fee is charged in addition.

Broadcasting Regulatory Framework (Questions 4 - 9)

4. Which organisation(s) administer the following services (carriage and content) in your country and what are their main responsibilities? Please mention agencies dealing with spectrum allocation and management, and providing licences.

Please provide details:

a. Terrestrial broadcasting service

- **Ministry of Culture and Tourism** is in charge of broadcasting management and content policy, and recommends broadcasting licences.

- **Ministry of Information and Communication** is in charge of allocation of spectrum, policies for broadcasting hardware and transmission technology, and grants broadcasting licences (to whom MCT recommends).

- **The Korea Broadcasting Commission**, an independent regulatory body for terrestrial broadcasting, deals with programming policy and monitors broadcasting programs.

* Before the 1998 government restructuring, the Ministry of Information undertook the role of MCT, but that Ministry was abolished. The role of each department will be reshuffled by the new Broadcasting Act (Details are explained in No. 5).

b. Cable Television service

Korean cable television industry is composed of three groups, cable system operators (SO), network operators (NO), and program providers (PP).

- **Ministry of Culture and Tourism** grants licences of cable system operators and program providers.

- **Ministry of Information and Communication** sets technological standards for the facilities of cable system operators and appoints the network operators among applicants.

- **The Korea Cable Television Commission**, an independent regulatory body for cable broadcasting, deals with programming policy and monitors cable programs.

* Before the 1998 government restructuring, the Ministry of Information (now abolished) carried out this function now carried out by MCT.

c. Direct broadcast satellite (DBS) service

The current Broadcasting Act does not have provisions for DBS and the work to amend the Act is underway. But, according to the Radio Wave Act, the licence of the satellite broadcaster is granted by the **Ministry of Information and Communication** based on the recommendation of the **Ministry of Culture and Communication**.

5. Please provide a description of significant recent policy changes affecting the provision of broadcasting services, as well as any draft laws, or regulatory proposals to be implemented in 1998.

Please provide details:

A new law combining the current Broadcasting Act and the Cable Broadcasting Act and covering DBS is scheduled to be enacted before the end of 1998. The draft legislation has been published and is awaiting to be presented by the ruling party to the National Assembly. The following are the main points of the draft:

- The Korea Broadcasting Commission (a new body combining the former Korea Broadcasting Commission and the Korea Cable Television Commission) frames the overall broadcasting policy and regulation, recommends the issuing of broadcast licenses and registration, and decides on programming policy in terrestrial, cable and satellite broadcasting.
- Major industrial companies (the "Chebul" in Korean) and newspaper companies are barred from terrestrial or satellite broadcasting business, but are allowed to own up to 15% of cable television system operators and channel businesses (except for general programming and news channels). The 15% ceiling is to be raised gradually.
- Foreigners also remain barred from terrestrial or satellite broadcasting business, but are allowed to own up to 15% of the cable television system operators and channel business (except for general programming and news channels). In case of cable transmission network business (network operator, in other words), the ceiling for foreigners is 33%. The 15% ceiling is to be raised gradually.
- Horizontal and vertical integration among cable system operators, network operators and channel businesses is allowed.

6. How is broadcasting defined in your country's regulatory framework? In addition, please specify public service obligations stipulated in broadcasting regulations.

Definition of broadcasting:

In the current Broadcasting Act, (terrestrial) broadcasting is defined as "a transmission of wireless communication operated by a broadcasting station for the purpose of propagating to the general public, news, commentary and public opinion on politics, economy, society, culture and current affairs, etc., and education, music, entertainment, etc." On the other hand, in the current Cable Television Act, cable television broadcasting is defined as "a multi-channel broadcasting to transmit images (including characters and static pictures), voices, sounds, etc. to receiving persons using cable television telecommunication facilities."

In the draft of new Broadcasting Act, however, the definition is revised as "the transmission of the broadcast programs which are planned, produced and scheduled, to the public (which includes subscribers) by means of telecommunications facilities via cable, satellite as well as terrestrial radio wave.

Public service obligations:

As regards to public service obligations, the KBC stipulates that broadcasting service must serve the public interest, ensure all members benefit therefrom, and maintain fairness in accordance with the principle of the promotion of public welfare.

- 7. Are there must-carry rules? For example, are cable television or satellite operators required by regulation to provide capacity for certain services? If yes, please elaborate on the reasons.**

Please provide details:

The Cable Television Act stipulates that cable television system operators should simultaneously retransmit the programs of television broadcasting stations which the Presidential Order designates, unless those stations are out of the business area of the cable operator.

The Korean government sets the functions of cable television service as the retransmission of local broadcast signals to subscribers as well as multi-channel service. Therefore, ensuring that not one area has difficulty receiving terrestrial broadcast signals is regarded as on the primary functions of the cable television service.

- 8. Are there any local content requirements for broadcasters and cable television operators in your country in terms of the level of domestically produced content which must be broadcast, the amount of turn-over which must be allocated to domestic production or other criteria? Yes/No**

	If Yes, please provide local content specification and where applies.
Terrestrial Television service	The ratio of imported programs should not exceed 20% of the entire broadcast hours. (News, current affairs and educational documentary, and sports programs are not included)
Cable Television service	The ratio of imported programs in each cable channel should not exceed 30% of the entire broadcast hours. (In case of Science & Technology, Educational, and Sports Channels, the ceiling of foreign programming is 50%).
DBS service	No provision, because no service until now

9. Are there any limitations on share ratio, number of stations, or other ownership restrictions on entities investing in service providers of terrestrial broadcasting, cable television and satellite broadcasting in your country? Please refer to each service individually, if they have separate restrictions.

If yes, please provide details:

a) Terrestrial television business,

- (1) An individual can own no more than 30% of a broadcasting company. Exceptions include when the state or local government invest in a broadcasting company or when a broadcaster is licensed and founded by a juridical person under a special Act, or for missionary purposes.
- (2) The major industrial groups (the “Chebul” in Korean) are barred from acquiring stocks of a broadcasting company.
- (3) The newspaper companies cannot own broadcasting company, and vice versa (the current Broadcast Act).

b) Cable television service

- (1) Cable operators, program providers and network operators are barred from owning each other.
- (2) MSO is not allowed.
- (3) Cable operators are barred from owning terrestrial broadcasters, daily newspapers or news agencies.
- (4) The major industrial groups and their subsidiaries are prohibited from acquiring stocks of SOs or news program providers.
- (5) Any individual or corporation cannot own more than 30% of a news channel (the current Cable Act).

c) The draft legislation of the ruling party

- (1) A single shareholder cannot own more than 30% of a general or news channel.
- (2) The industrial groups or newspaper companies are not allowed to own broadcast companies such as terrestrial broadcasters, general programming or news channels.
- (3) Terrestrial broadcasters, cable operators and satellite broadcasters are prohibited from owning each other.

Cross-ownership and cross sector provision (Questions 10 - 14)

10. Are there any restrictions on terrestrial broadcasting companies from directly providing the cable television infrastructures and services in your country? On the other hand, are there any restrictions on cable television operators from directly providing the terrestrial broadcasting companies in your country?

If yes, please provide details:

- a. Restrictions on terrestrial broadcasting companies providing cable television infrastructures
 - Terrestrial broadcasting companies are prohibited from providing cable television infrastructures.
- b. Restrictions on terrestrial broadcasting companies providing cable television services
 - Terrestrial broadcasting companies are prohibited from providing cable television services.
- c. Restrictions on cable television operators providing terrestrial broadcasting
 - Cable television operators are prohibited from providing terrestrial broadcasting.

11. Please specify any restrictions on cable television operators and terrestrial broadcasting companies investing (including merging and acquiring shares) in companies that provide other infrastructures or services.

Please provide details:

- a. Restrictions on cable television operators investing in telecommunications operators
no restriction
- b. Restrictions on cable television operators investing in terrestrial broadcasting companies
prohibited
- c. Restrictions on terrestrial broadcasting companies investing in telecommunications operators
no restriction
- d. Restrictions on terrestrial broadcasting companies investing in cable television operators
prohibited

12. Are there any restrictions or limitations on foreign investment regarding services of terrestrial broadcasting , cable television and satellite broadcasting in your country? Please refer to each service individually, if they have separate restrictions.

Yes/No

If yes, please provide details:

In case of terrestrial broadcasting service, foreigners are barred from investing.

In case of cable television, foreigners are allowed to invest in business providing programmes up to 15%, but cannot invest in cable system operators.

The new Broadcasting Act plan to allow foreign investment of up to 15% in cable television system operators and program providers, and 33% in cable network operators, but still to prohibit it in terrestrial and satellite broadcasting operators.

13. Are there any regulations restricting cross media ownership (e.g. broadcast television, radio, newspapers) for infrastructure and services in the same geographical market.

Yes/No

If yes please provide details:

Cross ownership between broadcasting and newspapers is prohibited.

14. What kind of methods are adopted by regulatory authorities in order to measure market shares in broadcasting market? If the measure used is “audience rates”, please describe the methodology used.

Description of market share measurement

No such methods are adopted and used.

Please provide methodology for measuring audience rates.

Convergence (Questions 15 - 18)

15. Under the communication regulation existing in your country how would services provided over the Internet, which some have likened to broadcasting services (e.g. audio and video services transmitted over the Internet) be defined and treated?

Please provide details:

The service is not clearly defined yet, but understood as a pseudo broadcasting service delivered over the telecommunications networks, and treated as a multimedia service that does not belong to the domain of any conventional medium. Currently it is hardly regulated, but will be if the service becomes more widely available and affects a greater number of people.

16. Would a video on demand service be treated differently in terms of regulations, by the transmission methods (for example, PSTN, cable or satellite)?

Please provide details:

Currently VOD is treated differently according to transmission methods, but practically little differences in regulation because VOD is served on a trial basis. However, the government and regulatory bodies are considering the framework of regulation for convergence services such as VOD.

17. Under the communication regulation existing in your country how would conditional access services, such as in digital DBS services, be treated?

Please provide details:

The new Broadcasting Act will require that the conditional access service providers draw up the service provision contract and rates, report them to the KBC and obtain an approval for the rates of the service from the commission.

18. Please detail plans for digital broadcasting and cable television services.

	Number of Licences to be granted	Expected Number of New Channel Capacity	Expected Date of Service Commencement
Terrestrial TV service	13	13-52	2001
Terrestrial Radio service	not determined	not determined	not determined
Direct Broadcast Satellite service	4*	60-120	1999*
Cable Television service	not determined	not determined	not determined

Additional information and comments
 * KBS and EBS, public terrestrial broadcasters, began to air two channels of digital satellite broadcasting service from 1996 and 1997, respectively, but their licenses are not regular satellite broadcasters, but experimental broadcasters for practical use based upon the Radio Wave Act. They and another two satellite broadcasters, which will be multi-channel service providers, will be licensed after the enactment of the new Broadcasting Act. Two prospective multi-channel satellite broadcasters may be merged into one before the beginning of the service.