

ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

## **COMMUNICATIONS OUTLOOK 2001**

**Country: Korea**

**Date completed: 03.06.2000**

## TELECOMMUNICATIONS

### Market Structure and Regulatory Status (Questions 1 -10)

1. Please provide details of the regulation of communication infrastructure, including the public switched telecommunication network (PSTN), provision in your country.

Infrastructure provision for following service	Regulatory Status (e.g. monopoly, duopoly, certain number, fully open to any applicant)	Number of licensed operators (2000)
Fixed PSTN (Local, National and International)	Fully open to any applicant	Local : 2 National : 3 International : 3
Network infrastructure capacity (Includes only companies not licensed to provide voice services)	Leased line : Fully open to any applicant Paging, Wireless Data, High Speed Wireless Internet : Certain number	Lease line : 10 Paging : 13 Wireless Data : 3 High Speed Wireless Internet : 1
Analogue Cellular Mobile (e.g. NMT etc.)	-	-
Digital Cellular Mobile (e.g. GSM, PCS etc.)	Certain number	5
Wireless local loop (fixed wireless)	Certain number	2
IMT-2000 Operators (i.e. UMTS and 3 <sup>rd</sup> Generation)	N/A	N/A

2. Please provide details for the major public telecommunication operator (PTO) of public switched telecommunication services in your country. (PTOs are state and privately owned entities providing public switched telecommunication services over their own infrastructure)

Name of PTO	PTO Ownership Status (2000) (e.g. state owned/privately owned) If a balance of ownership exists please indicate the share (%) held by the government
Korea Telecom	58.9%

**3. Please provide details of market share for the largest PTO in the following categories.**

(All the data are based on revenue.)

	The largest PTO's share	
	End 1998	End 1999
Local Access: % of access lines	100%	99.7%
Local Access: % of local calls	100%	99.4%
National Long Distance (% of total minutes) <sup>1</sup>	91.1%	90.0%
International (% of total outgoing MiTT)	67.1%	62.0%
Internet Subscribers <sup>2</sup>	84,962(number of subscribers)	534,903

1. If % of minutes is not available, please indicate the % of revenue

2. If share of subscribers is not available, please indicate number of Internet subscribers for the PTO.

**4. Please provide details of the number of subscribers by cellular and PCN mobile communication operators.**

Name of Operator	Number of Subscribers (End 1999)
1. SK Telecom	10,110,371
2. Shinsegi	3,238,157
3. KT Freetel	4,267,440
4. LG Telecom	3,085,567
5. Hansol M.Com	2,741,189

**5. Please provide a description of the most significant recent policy changes affecting the provision of telecommunications services, as well as any draft laws, or regulatory proposals to be implemented in 2000 to 2001.**

Please provide details:

**1. Revision of the foreign ownership limit on special service providers (1999).**

- 18 months ahead of its commitment under the WTO agreement, MIC raised the foreign-ownership ceiling for facility-based carriers from 33% to 49% in July 1999.
- In September 1998, the foreign ownership was increased to 49% for the special service providers. And the government plans to lift the limitation by 2001.

**2.Revision of Radio Waves Act (Dec1999)**

The Radio Waves Act and its decree were revised in Dec1999 to supplement transparency in the way spectrum is allocated. Under the new rules, spectrum will be allocated through 1) Public notice of spectrum for telecommunication business purpose, 2) Public notice of spectrum allocation as to a bandwidth for each business, the period of spectrum use, etc.

**3. Introduction of Universal Service (Jan 1, 2000)**

Coinciding with increasing competition and the privatisation of KT, a new universal service system was launched in January 1st, 2000.

- Universal services provided and Providers

- Local fixed telephony service : KT and Hanaro Telecom
- Local public phone service and remote area phone service: KT
- Emergency telephony service : KT and Other 8 service providers
- Special charges for the handicapped and under-privileged : 21 facility-based service providers and value added service providers
- Bearers of the losses : 12 facility-based service providers
- Criterion of the burden : Net revenue

#### **4. Wide Area Code System (July2,2000)**

The wide area code system was introduced integrating the current 114 area codes into 16. However, this does not affect the current tariff rate.

#### **5. Revision of Interconnection Rules**

A cost-oriented methodology to calculate the interconnection fee was extended to mobile sector. According to the revision, mobile service carriers are subject to mutual calculation

#### **6. Please provide a brief description of the responsibilities of the national regulatory authorities for public telecommunication services. Please highlight any changes over the last 12 months.**

Please provide details:

- The regulatory responsibilities are being shared by MIC and KCC (Korea Communications Commission). KCC, established in 1992, is in charge of the promotion of fair competition and arbitration of disputes between service providers. KCC has the exclusive authority on the arbitration and investigation of unfair practices.
- No changes over the last 12 months.

#### **7. Are there any foreign ownership, size of shareholding or other ownership restrictions on individuals and corporations investing in the incumbent PTO(s) in your country? Yes/ No**

If 'yes', please provide details:

The limit of 49% on the facilities-based carriers for foreign entities exists; in the case of KT, 33% of the foreign limit and 15% of the major holding limit are applied.

#### **8. Are there any communication infrastructures or services (e.g. mobile, cable television, terrestrial broadcasting, satellite broadcasting) that PTOs in your country are not permitted to provide directly? In addition, please specify any restrictions on PTOs investing in companies that provide such infrastructure or services. Please include information on requirements by the incumbent PTO to divest cable networks.**

Please provide details:

As long as it is within the available spectrum range, PTOs are allowed to provide any communication infrastructure and service through the proper procedures.

9. What selection procedures are used to grant licences for new Wireless Local Loop (WLL) and IMT-2000 services? (e.g. spectrum auctions, calls for tenders, government appointments, licence on request)?

Please provide details:

- In 1999, the WLL license was allocated to Dacom through the so-called “ beauty contest”.
- Major issues concerning IMT-2000 license authorisation such as the number of operators and the selection process will be finalised on July12, 2000.

10. Under the communication regulation existing in your country how would national and international voice telephony services provided over the Internet, by entities other than a PTO, be defined and treated? Please mention any restrictions or obligations that may apply.

Please provide details:

They are classified as special service providers.

Regulations such as the Telecommunications Business Act are applied to them. Compared with those of facility-based carriers, their obligations are much lighter; registration is needed for business commencement.

### **Pricing (Questions 11 -12)**

11. What, if any, conditions are applied to the tariffs set by PTOs? (Please include any price control information such as price caps or approvals and specify for which services they apply).

Please provide details:

In Principle, the tariff would be notified to the regulatory body, Ministry of Information and Communication. However, the tariffs on the local phone services and the mobile service, provided by KT and SK Telecom respectively, are subject to the approval of MIC.

12. **If communication discount schemes are available in your country please provide information on one or more popular schemes applicable to low users and dial-up Internet access users from the incumbent PTO.** In the space below please indicate the main features:

Low User scheme:

As part of the universal service, for the financially disadvantaged, the local and long-distance call will be discounted up to 3,375 Won, and up to 30% of the basic charge of paging service. And number service is free.

Internet Access Discount Scheme:

Not available yet.

(Additional pamphlets from the PTO in English or French, or with the main points translated into one of these languages, would be most appreciated. Please provide data in local currency).

Note: Low user schemes is a term sometimes applied by PTOs to schemes designed for segments of the community that are financially disadvantaged. A dial-up Internet user refers to a consumer accessing the Internet via a PC with a modem over the local public switched telecommunication network.

### **Numbering/Domain Names (Questions 13 - 14)**

13. **Please describe the numbering policy in your country. Please mention the responsible authority and whether portability (including geographic portability) has been introduced and for which services (e.g. 800 numbers, cellular numbers, local PSTN numbers).**

Please provide details:

- The numbering policy lies within the responsibility of MIC.
- Number portability has not been introduced yet.

14. **Which organisation is responsible for the administration of your Internet country code top level domain names.** (An example of a country code top level domain name is .be for Belgium). Please provide any details of any recent policy initiatives relating to country code domains.

Please provide details:

Since June 1999 the administration of top-level domain names has been entrusted to KRNIC (Korea Network Information Centre), a non-profit private organisation.

### **Interconnection (Questions 15)**

15. **Interconnection between fixed networks.**

	<b>Yes /No</b>	<b>Details</b>
Are PSTN interconnect or access charges a matter for commercial agreement between operators? And if so, is there a provision for arbitration and by whom?	Yes	Korea Communication Commission (KCC) handles the arbitration on interconnection or access charges.
Is there a requirement on the incumbent to publish the rate for PSTN interconnect or access charges?	No	
For the purpose of establishing interconnect or access charges is accounting separation used?	Yes	
Once the interconnection or access charge of the incumbent has been established, is it available as a standard rate for other service providers (including other PTOs and resellers)?	No	
Does regulation specify that competitive service providers can collocate facilities on the same site as incumbent PTOs? (Please indicate whether resellers and Internet Service Providers can collocate equipment under the same terms and conditions as PTOs without being designated as a PTO?)	Yes	Resellers and Internet Service Providers can collocate their equipment under the same terms and conditions as PTOs without being designated as a PTO.
What kind of interconnection accounting methodology (e.g. LRIC, FDC, etc.) is used for calculating the incumbent's interconnection charges?	FDC	
Is carrier pre-selection implemented? If so, please describe the coverage of carrier pre-selection (e.g. local, long-distance and international).	Yes	Long-distance

## 16. Fixed to Mobile Network Interconnection

	Details
Are termination rates to mobile networks published?	No
How are the termination rates for fixed-to-mobile calls determined in your country (e.g. commercial negotiated between operators, determined by mobile operator or other)?	Negotiation between operators
Are these rates subject to any regulation (e.g. must they be cost orientated if operators have significant market power)?	The principle is to be cost-oriented. Basically, however, it is up to the commercial negotiation.

## Unbundling (Questions 17 -18)

**17. Please describe initiatives for local loop unbundling and indicate when unbundling policies were put in place or the expected date of implementation.**

Please provide details:

Local loop unbundling has yet to be introduced.

**18. Please provide the prices for access to unbundled local loops and specify the service on offer (e.g. raw copper, DSL subscriber line).**

Please provide details:

Local loop unbundling has yet to be introduced.



## **Consumer Issues (Questions 19 -20)**

	<b>Details</b>
In the context of universal service policies, which elements of telecommunication service are considered as part of universal service in your country?	Wired : local calls, remote area, local public phone Emergency : Sailing, emergency Tariff discount : the handicapped and the financially disadvantaged.
Please provide details of any explicit funding mechanism for addressing universal service and its coverage (this can include initiatives related to infrastructure in respect to addressing digital divide issues).	Settlement between carriers
Is the cost of providing universal service calculated? If so please provide the latest annual costing.	275 billion Won for year 2000
What percentage of telephone subscribers do not have access to an Internet service provider's point of presence with a local call?	N/A
What is the average monthly online time for a subscriber to the largest PTO's Internet access service (e.g. number of hours).	N/A
What is the average household consumption expenditure of telecommunication services in your country? Please provide the data in local currency and specify the year of the survey. Please indicate which of the following telecommunications services are included or excluded -- fixed PSTN services, cellular mobile services and Internet access -- or provide a definition of the indicator used in your country.	N/A

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Please report any estimates of the potential coverage of access lines with DSL by the end of the following years (as a % of total subscriber lines) by the incumbent(s):				