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Message From The Chairman

The recent progress in digital and network technologies has been rapidly erasing the boundaries between broadcasting and telecom, as well as between media. The Korea Communications Commission was created in March of last year, arespond, at his new proleco, known as “digital convergence,” dynamically reshaping the landscape of industries.

During the past one year, the Korea Communications Commission launched efforts toward regulatory convergence between broadcasting and telecom and implemented a variety of deregulatory measures to promote competition and to enhance the welfare of consumers. Thanks to the legislation passed during this period, we were able to complete a regulatory framework for IPTV, which is now ready for full commercialization. Efforts have been also made to strengthen the competitiveness of media industries, and steady progress is evident in the broadcasting digital transition process. High quality, affordable products such as internet telephony and bundled service plans have helped to make access to communications and media much less costly for Koreans.

In June of last year, an OECD ministerial meeting was held in Seoul, for a dialogue on the ‘Future of the Internet Economy,’ providing Korea with another opportunity to deeply impress the world with its advanced IT. The ‘Seoul Declaration,’ adopted during this meeting, outlines important guidelines for the global internet economy for the next ten years.

This year, the Korea Communications Commission has set as its goal ‘Solving the Economic Crisis and Building a Strong Broadcasting and Communications Nation,’ and is planning to concentrate its efforts on laying a solid foundation for making Korea the center of global broadcasting and communications. In order to achieve this objective, we will be introducing innovations to media industries and stimulating competition in the communications market. We will also support overseas expansion bids by Korean broadcasting and communications firms and take actions toward creating a safer and more wholesome internet and online environment.

This annual report provides a summary of the Korea Communications Commission’s accomplishments during the year 2008, and presents its goals for the year 2009. We appreciate

your continued interest and support for the Korea Communications Commission's activities.

March 23, 2009

See Joong Choi

Chairman of the Korea Communications Commission

I. About the Korea Communications Commission

I. About the Korea Communications Commission

- o Background to the Establishment of the Korea Communications Commission
 - The Korea Communications Commission is a collegial administrative body directly reporting to the President, established to proactively respond to the accelerating trend toward convergence between broadcasting and telecommunications as a result of rapid progress in digital technology, and to ensure that this process of digital convergence results in greater welfare for Koreans at large.
- o Timeline of the Establishment of the Korea Communications Commission
 - Jan. 2007 Draft bill of the Korea Communications Commission Act submitted to the National Assembly
 - Jan. 2007 Special Committee on Broadcasting Telecom Restructuring set up at the National Assembly
 - Jan. 2008 Korea Communications Commission Act bill presented to legislators
 - Feb. 2008 Korea Communications Commission Act proclaimed



▶ The inauguration ceremony of the Korea Communications Commission (March 26, 2008)

o Significance

- Enhanced policy efficiency resulting from the consolidation of broadcasting and communications related functions and responsibilities scattered among several government agencies, enabling proactive response to the trend of digital convergence
- The merger of the Broadcasting Commission and the Ministry of Information and Communication into a single authority, directly reporting to the President, allows for greater effectiveness and accountability, and enhances the government's ability to keep in line with the changing broadcasting and communications environment
- A government agency comprehensively responsible for policymaking and regulation, with the means and authority to effectively contribute to the advancement of broadcasting, communications and related convergence fields and enhancement of public welfare
- Responsibilities related to evaluating and monitoring media content delegated to an independent private sector organization, to better guarantee the objectivity and validity of the process

o Expected Benefits

- Growth of broadcasting and communications industries and creation of new jobs
- Regulatory reforms creating a favorable business and market environment for broadcasters and telecom operators and commercialization of converged digital services, and strengthening the competitiveness of the overall media industry
- High quality broadcasting and telecommunications services at more affordable prices, enhancing the welfare of consumers

o Purpose

- To proactively respond to the phenomenon of convergence between broadcasting and telecommunications, guarantee the freedom, public nature and public interest of broadcasting, and promote the balanced growth of broadcasting and telecommunications for greater international competitiveness

o Roles, Responsibilities and Activities

- The roles and responsibilities of the Korea Communications Commission include establishing policies related to broadcasting telecom convergence, the promotion and commercialization of converged services and the development and dissemination of related technologies; managing and allocating spectrum resources; developing basic broadcasting and telecommunications policies, promoting competition in related markets and implementing strategies to improve and upgrade broadcasting and telecommunications networks; eliminating or reducing socially undesirable side effects of broadcasting and telecommunications and designing user protection policies; and investigating unfair business practices by broadcasting and communications service providers and mediating related disputes.



► A Meeting at the Korea Communications Commission

<Table I -1> 2008 Korea Communications Commission Budget Plan

(unit: 100 million won)

		2008	2009	Change	% Change
Budget and Special Fund Expenses		5,137	5,836	699	13.6%
By founding source	<input type="checkbox"/> Budget	2,743	2,923	180	6.6%
	○ General accounting	2,743	2,912	169	6.2%
	○ Special accounting for 'Innovation City Construction' project	—	11	11	Net increase
	<input type="checkbox"/> Fund Expenses	2,394	2,913	519	21.7%
	○ Broadcasting Development Fund	2,394	2,913	519	21.7%
	※ The portion of the Information and Communications Development Fund, administered by the Korea Communications Commission	(2,512)	(2,809)	(297)	(11.8%)
By expense area	<input type="checkbox"/> Telecommunications	2,613	2,853	240	9.2%
	<input type="checkbox"/> Culture and tourism	2,524	2,983	459	18.2%
By type	<input type="checkbox"/> Wages and salaries	839	896	57	6.8%
	<input type="checkbox"/> Basic expenses	237	167	△70	△29.5%
	<input type="checkbox"/> Project costs	3,446	3,513	67	1.9%
	○ Acceleration of telecom-broadcasting convergence and digital migration	635	949	314	49.4%
	○ Improvement of quality of broadcasting-telecom services and promotion of their use	976	882	△94	△9.6%
	○ Upgrading network infrastructure and strengthening information security measures	600	589	△11	△1.8%
	○ Defending users' rights and creating a fair competition environment	248	243	△5	△2%
	○ Development of infrastructure for the radio and broadcasting industry and support toward overseas expansion attempts	774	595	△179	△23.1%
	○ Other administrative support	213	255	42	19.7%
	<input type="checkbox"/> Internal transactions (between accounting systems and between fund expenses)	—	300	300	Net increase
	<input type="checkbox"/> Financing expenses (expenses paid by surplus funds from the Broadcasting Development Fund)	615	960	345	56.1%

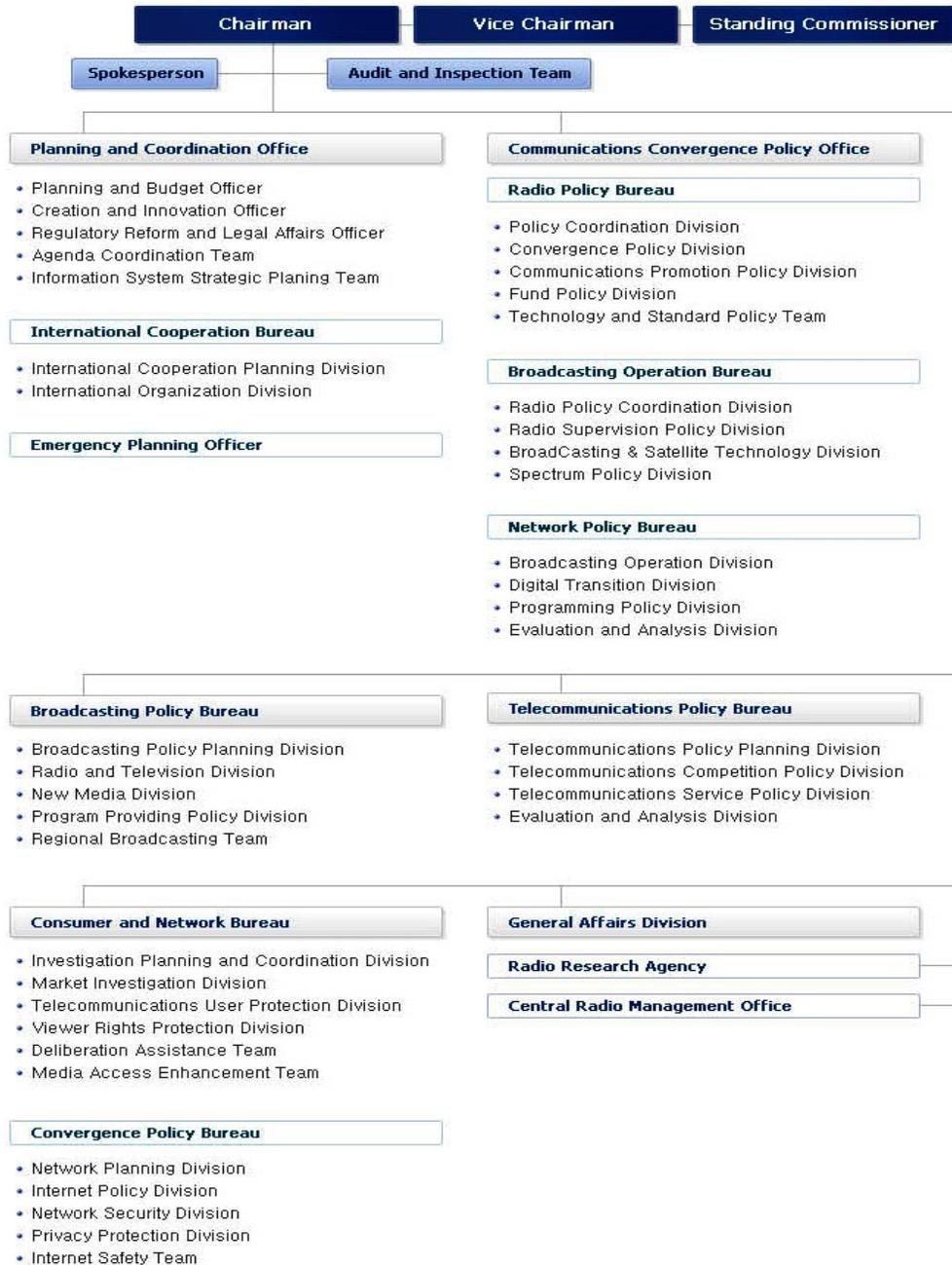
Note: Projects by the Korea Communications Commission, financed through funding sources administered by other government agencies

—Information and Communications Development Fund (Ministry of Knowledge Economy) :

2008: 251.2 billion won ⇒ 2009: 280.9 billion won

o Composition

- The Korea Communications Commission consists of five permanent members, including the chair.
- Two of its members, one of whom is the chair, are directly appointed by the President, and three others are nominated by the National Assembly and approved by the President.
- The organization of the Korea Communications Commission includes two bureaus, three offices, seven chief officers, 34 departments and eight teams.



[Fig. 1-I] Organization Chart (as of December 2008)

II. Broadcasting and Telecommunications Policy Environment

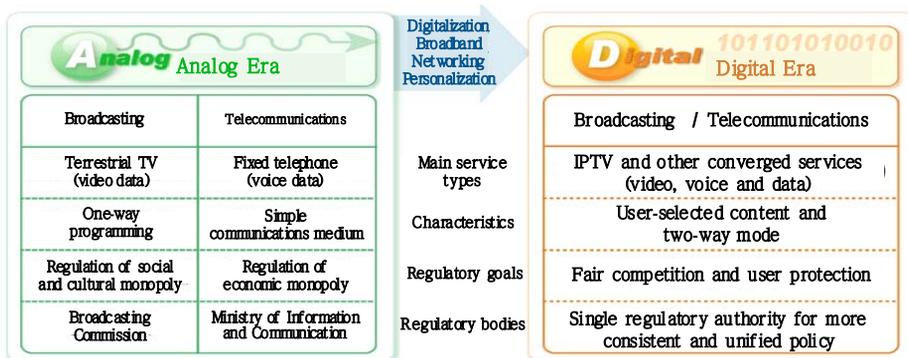
- 1. Broadcasting-telecom Convergence**
- 2. New Industrial and Economic Roles of Broadcasting**
- 3. Need for Market-friendly Competition Promotion Policy**
- 4. Increasing Threats against the Security and Reliability of the Broadcasting-Telecommunications Environment**

II. Broadcasting and Telecommunications Policy Environment

1. Broadcasting-telecom Convergence

- o The galloping progress of digital technology and network technology is accelerating the process of convergence between broadcasting and telecommunications.

[Fig. II-1] Broadcasting Communications Paradigm Shift



- o Emergence of a slew of new services as a result of convergence between previously independent technology fields and industries
 - The introduction of converged services, erasing the boundary between broadcasting and telecom, necessitates a new and more flexible regulatory approach.
 - The phenomenon of convergence between broadcasting and telecom is resulting also

in a growing integration of the two sectors' value chains (content> service> network), making the existing regulatory systems, based on the traditional industrial classification, increasingly irrelevant and ineffective.

2. New Industrial and Economic Roles of Broadcasting

- o The long standing perception of broadcasting as a public service has also caused policymakers to consider public interest as the foremost priority in broadcasting policy.
 - With the advent of the digital age, the accelerating process of broadcasting telecom convergence has opened the broadcasting market to competition, making it necessary for policymakers to weigh industrial and economic considerations along with public interest concerns.

- o With the advent of the digital age, the accelerating process of broadcasting telecom convergence has opened the broadcasting market to competition, making it necessary for policymakers to weigh industrial and economic considerations along with public interest concerns.
 - Facilitating the market entry of new media, easing the entry barriers for new market participants and stimulating competition are the top agenda items for broadcasting regulators. There is, in other words, a pressing need to strike a balance in broadcasting regulation, between public interest and market and competition considerations.

3. Need for Market-friendly Competition Promotion Policy

- o A market friendly policy for promoting competition is one that provides businesses with freedom and leeway, necessary for creative entrepreneurship, on the supply side, and on the demand side, contributes to the enhancement of consumer welfare.
 - Concretely, this means reducing ex ante regulation to increase the autonomy and competitive incentives of market participants, and removing factors hindering latecomers from effectively competing against incumbents, which ultimately will have the effects of lowering prices, making innovative new services available in the market and enhancing the welfare of consumers.
- o The traditional approach to telecom regulation has been progressively opening different segments of the market to competition, while providing some sort of protection to new entrants to ensure that competition is effective.
 - This regulatory practice, while it has helped ease market concentration, has also produced the side effect of slowing down price competition among operators.
 - Business practices which can hurt competition and undermine the interest of users will be, in the future, strictly regulated through ex post intervention. The need for a safety mechanism being still very strong, the easing of ex ante controls must be preceded by a commensurate strengthening of ex post intervention.
- O The absence of competitive elements in the broadcasting market, resulting from an enduring social demand for public interest characteristics, is increasingly pointed out as the major issue facing this industry.
 - This calls, among others, for the need to loosen ownership regulation in the broadcasting market to create basic conditions favorable to competition, all the while ensuring that broadcasting retains its public interest characteristics, through effective ex post regulatory mechanisms.

4. Increasing Threats against the Security and Reliability of the Broadcasting-Telecommunications Environment

- o The exponential growth of the user base of broadcasting and telecommunications, seen in recent years, and the extended range of usage of these media are making the safety and reliability of the network environment paramount concerns. A secure network environment is not only necessary to protect the rights and interests of users, but is also an important basic requirement for building a progressive and productive broadcasting and telecommunications culture.
 - In the case of the internet, its anonymity is increasingly pointed out as a major factor contributing to socially disruptive or reprehensible user behavior online.

- o As part of an effort to increase the safety and reliability of the broadcasting telecom environment, the Korea Communications Commission is planning to step up its response to principal security threats on the internet, such as hacking attempts and leaking of personal information, at the same time as make active efforts to improve network infrastructure and promote broader network use.
 - These efforts will be coupled with those to defend the interest of users by creating a fairer competition environment, and increase their welfare by broadening access to broadcasting.

- o The ever increasing incidence of leaks and exposures of sensitive customer data, and their misuse or unauthorized use, due both to the negligence on the part of online service providers collecting and managing such data, and the rampant practice of selling customer data for profit, points to a troubling lack of privacy awareness in our society, and calls for the need to step up regulatory intervention to protect personal information on the internet.

III. 2008 Goals and Accomplishments

Section 1. Accelerating the Process of Digital Convergence and Broadening its Reach

1. Building Institutional Infrastructure for the Era of Convergence
2. Stimulating the Diffusion of Converged Broadcasting-Telecom Services
3. Accelerating Analog to Digital Transition of Broadcasts
4. Support for Broadcasting and Telecommunications Service Exports

Section 2. Toward An Advanced Broadcasting System Meeting the Standards of the Global Age

1. A More Competitive Broadcasting Market
2. Greater Compliance of Broadcasting with its Social Responsibility
3. Increasing the Diversity of Broadcast Programming
4. Deregulation to Ensure the Autonomy of Broadcasting
5. Improving the Quality of Broadcast Programming and Guaranteeing the Right to Universal Access

Section 3. Enhancing the Welfare of Users and Stimulating Telecom Competition

1. Regulatory Reform to Enhance User Welfare
2. Regulatory Liberalization to Promote Competition in the Telecommunications Market
3. Promoting New Telecommunications Services
4. More Efficient Assignment and Allocation of Spectrum Resources
5. A More Market-friendly Regulatory System for Radio Spectrum Use

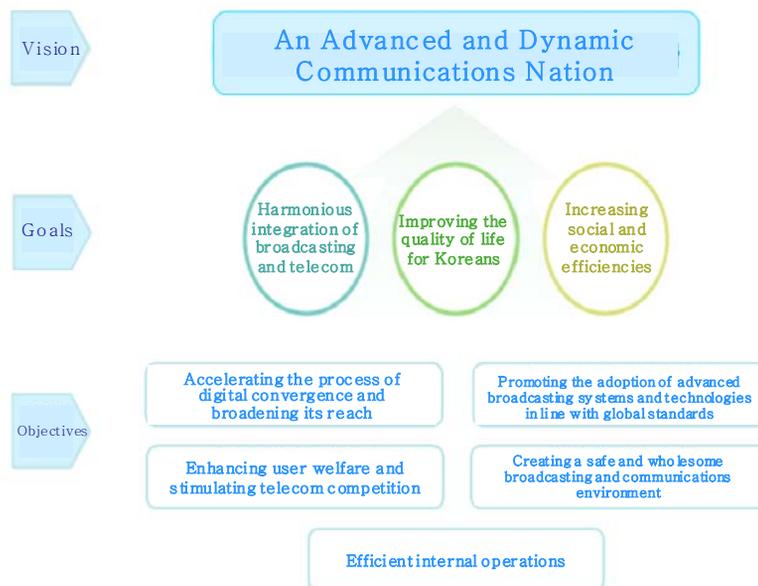
Section 4. A Safe and Wholesome User Environment for Broadcasting and Telecommunications

1. Increasing the Safety and Reliability of the Internet
2. Upgrading Network Standards and Promoting Network Use
3. Creating a Fair Competition Environment and Extending Strong Protection to Users
4. Increasing the Welfare of Viewers and Broadening Public Access to Broadcasting

III. 2008 Goals and Accomplishments

- o Three goals were set under the overriding vision of building an ‘advanced and dynamic communications nation’: to harmoniously integrate broadcasting and telecommunications into a single industry and market, increase economic and social efficiencies and to improve the quality of life for Koreans
- Actions planned to achieve these goals included accelerating the process of digital convergence and broadening its reach, promoting the adoption of advanced broadcasting systems and technologies meeting global standards and enhancing the welfare of users, stimulating competition within the telecommunications market, creating a safe and wholesome broadcasting and communications environment and ensuring the efficiency of internal operations at the Commission.

[Fig. III-1] Vision and Goals of the Korea Communications Commission



Section 1. Accelerating the Process of Digital Convergence and Broadening its Reach

1. Building Institutional Infrastructure for the Era of Convergence

A. Establishment of the Korea Communications Commission

- 1) The advent of an environment for convergence between broadcasting and telecom
 - o The global phenomenon of convergence in which broadcasting and telecom intersect with digital technology and communications networks as the common denominators, causing also media value chains (consisting, for example of network, service, device and content) to converge, is making necessary a similar consolidation in regulatory systems toward the creation of a single and unified regulatory body, comprehensively overseeing affairs of these two previously independent sectors that are today increasingly merging with each other.
 - The idea of a single regulatory authority and system for broadcasting and telecommunications is receiving further support from the fact that demand is reaching a saturation point in the both markets, and this is exacerbating competition.
- 2) Establishment of the Korea Communications Commission
 - o On March 26, 2008, the Korea Communications Commission was officially inaugurated as a five member committee with See joong Choi (chairperson), Do gyun Song (vice chair), Gyeong ja Lee, Byeong gi Lee and Tae geun Hyeong as its five commissioners.
 - During the past one year, the Commission met 56 times (48 times in 2008, 8 times in 2009) to deliberate on 326 total topics, effectively living up to its role as a collegial administrative body.
 - Each commissioner chairs one or more sub committees, which are advisory panels

composed of experts of various fields relevant to broadcasting and telecom regulation. The subcommittees review agenda topics, proposed to the Commission, prior to the meeting, to ensure the efficiency of the deliberation process.

B. Creation of a Consolidated Regulatory Framework for Broadcasting and Communications

- o The dualistic system in which broadcasting and telecommunications are regulated through separate sets of rules has become a major obstacle for efficiently responding to the industry changing phenomenon of convergence.
- o To address this issue, the Korea Communications Commission undertook legislative efforts, during the very year of inception, toward creating a new consolidated law, comprehensively governing broadcasting and telecommunications, entitled “Framework Act on Broadcasting and Telecommunications Development.”
- o The bill on the Framework Act on Broadcasting and Telecommunications Development, drafted by the Commission, entered the pre legislative process in August 2008, consisting successively of review and deliberation by relevant cabinet ministries, legislative announcement, public hearing and the deliberation by the Ministry of Government Legislation. The bill was submitted to the Legislature in December 2008.

C. Efficient Management System for Broadcasting and Telecommunications Funds

- o Funds that are currently in place for financing projects in broadcasting and telecommunications fail to effectively support unified administration of the two sectors or programs directed at both of them, as the use of funding is confined to either one of them.
 - The Broadcasting Development Fund and the Information and Communications Promotion Fund, separate sources of financing directed exclusively at broadcasting and information and communications, respectively, are not adapted to the new consolidated regulatory regime and are causing multiple inefficiencies.

- o To resolve this issue, the Korea Communications Commission began by tackling the Broadcasting Development Fund, and extensively revised its rules related to the allocation of resources, completing also a new fund operation plan in 2009.
 - In 2008, the list of purposes eligible for funding from the Broadcasting Development Fund, previously limited to the development of broadcasting content, expansion of broadcasting infrastructure and promotion of broadcasting exchange and cooperation, was extended to include stimulation of broadcasting telecom convergence, development of radio and broadcasting industry infrastructure, development of a basis for broadcasting promotion, improvement of broadcasting infrastructure and strengthening of international cooperation in broadcasting and telecom.
 - In 2009, the Commission plans to introduce more changes to the Broadcasting Development Fund, so that funding may be provided to projects related to accelerating the process of broadcasting telecom convergence, digitalization of analog broadcasting services, geared to enhancing efficiency in spectrum use and supporting overseas expansion by Korean broadcasting and telecom firms.

- o Creation of a legal basis for establishing a broadcasting and telecommunications development fund through the legislation of the Framework Act on Broadcasting and Telecommunications Development
 - Under the Framework Act on Broadcasting and Telecommunications Development (bill), the types of projects eligible to receive funding are defined as follows: research and development projects on broadcasting and telecom related topics; development and dissemination of broadcasting and telecom related technical standards; development of broadcasting and telecom human resources; projects aimed at stimulating broadcasting and telecom services and expanding related infrastructure; support toward public interest or public broadcasting and telecom services; support toward production and distribution of broadcasting and telecom content; support toward diffusion of viewer produced broadcasting content and media education; programs aimed at defending and promoting the rights and interests of viewers; programs for stimulating the growth of the advertising business on broadcasting and

telecom related platforms; and promotion of international exchange and cooperation and support toward North and South exchange and cooperation in broadcasting and telecom related fields.

- o In an effort to update the structure of government funding in the fields of broadcasting and telecommunications, the Korea communications Commission is in the process of designing a new funding system, capable at the same time of helping to maintain the public interest characteristics of these sectors and stimulating industrial growth. The Commission is also studying medium and long term funding strategies and developing financing improvement plans, based on the current funding structure.

D. Upgrading and Improving the R&D Support System for Broadcasting and Telecommunications

- o In February 2008, in the context of an organizational restructuring initiative in the government, responsibilities related to the promotion of R&D in broadcasting and telecom were split between the Korea Communications Commission and the Ministry of Knowledge Economy, with the former placed in charge of R&D for service development and the latter, R&D in IT manufacturing.

- An R&D management and coordination system, therefore, is needed to ensure coherence and consistency in broadcasting and telecom R&D policy, in a manner to seamlessly link the various stages of commercialization and industrialization of services resulting from government sponsored R&D programs.

- o The Korea Communications Commission and the Ministry of Knowledge Economy has recently reached an agreement that the former will be solely responsible for R&D projects on radio, satellite, broadcasting and other technologies and services that are exclusively within its range of responsibilities, whilst it will jointly oversee with the latter projects that involve devices.

- o The Commission, meanwhile, is gathering technology and market information necessary

for effectively planning, managing and evaluating its own independent R&D activities to develop and distribute new converged applications and services, and creating a system to manage these activities and designing R&D policies relevant to today's technology and market environment. An important part of this effort consists in assessing the current level of technology in broadcasting and telecom related fields and predicting future trends, including how the phenomenon of convergence would affect the market, to determine future technology demand.

- A 'Technology Advisory Panel,' composed of industry professionals, academics and researchers from relevant fields was set up, along with working groups, to gather expert input needed for the development of broadcasting and telecom technology policies meaningfully addressing the present and future technology requirements. Opinions and insights gathered through this process have been reflected in the 'Medium and Long term Development Plan for Broadcasting and Telecommunications (draft).'

- o Substantial revision and improvements are planned for this draft plan, in a manner to strengthen the link between the various R&D support programs of the Commission and to better respond to the demand from market participants as well as more closely reflect expert input.

2. Stimulating the Diffusion of Converged Broadcasting-Telecom Services

A. Promotion of IPTV (Internet Protocol Television)

- o The Internet Multimedia Broadcasting Business Act, a new law enacted in late December 2007, ahead of the introduction of IPTV, entered into force on April 17, 2008.
- o A legislative announcement was made on May 9, 2008 on the draft 'Enforcement Rules to the Internet Multimedia Broadcasting Business Act.' Between May 9 and May 29, an online opinion survey was conducted at the website of the Korea Communications

- Commission, inviting industry participants, including firms and associations, to offer feedback on the planned legislation, which was followed by a public hearing on May 23.
- After the approval by the Regulatory Reform Committee and deliberation by the Ministry of Government Legislation, the Enforcement Rules were proclaimed on August 12, 2008.
 - On August 26, 2008, an administrative notice was issued, detailing the procedures of licensing, reporting, registration and approval of an internet multimedia broadcasting business; rules related to accounting separation; and rules related to access to essential telecommunications facilities.
 - On October 31, 2008, a separate administrative notice was issued, describing technical standards applying to telecommunications facilities used by internet multimedia broadcasting businesses.
 - A pilot IPTV service was launched in October 2008 and lasted until December of the same year, using mandatory channels. The quality of service proving satisfactory, KT went ahead with the commercial roll out in November 2008, and SK Broadband and LG Dacom in January 2009.
 - On December 12, 2008, a ceremony was held to mark the occasion of commercial launch of IPTV services, with the promotional slogan, “Power on IPTV, Power up Korea,” also unveiled at this time.



▶ Ceremony marking the occasion of the commercial launch of IPTV (Dec. 12, 2008)

- o To help build a value chain for the newly introduced IPTV service, the Korea Communications Commission is currently studying ways to foster new content business models which can make most of the strengths of this innovative medium.
 - On July 31, 2008, in collaboration with the National Information Society Agency, the Commission selected the KT Consortium, LG Dacom Consortium and the SK Broadband Consortium as providers participating in the IPTV pilot program.
 - Meanwhile, to enable the adaptation and re use of media content held by the government and other public organizations, for IPTV, a public/private matching fund, worth 30 billion won, was set up.

- o A plan for developing IPTV based educational services was established in collaboration with the Ministry of Education, Science and Technology, to reduce the regional and structural disparity in educational opportunities that exists in Korean Society.
 - As a preliminary step to putting IPTV to educational use, the speed of internet connection in elementary and secondary schools nationwide will be dramatically upgraded to over 50Mbps. Meanwhile, the educational programs developed under this

plan will be targeting more particularly rural communities, the low income population and those segments of population that are disadvantaged in terms of digital opportunities, to provide universal education to all members of Korean society.

- In close cooperation with the Ministry of Education, Science and Technology, and education offices of regions across the country, a pilot after school program using IPTV will be launched, and IPTV study rooms will be set up in children's centers and other children's welfare facilities, to broaden learning opportunities for children from low income families.
- o Technology development and standardization plans to promote the growth of IPTV based converged services, including development of open IPTV technologies for both wireless and fixed environments and a platform for content sharing

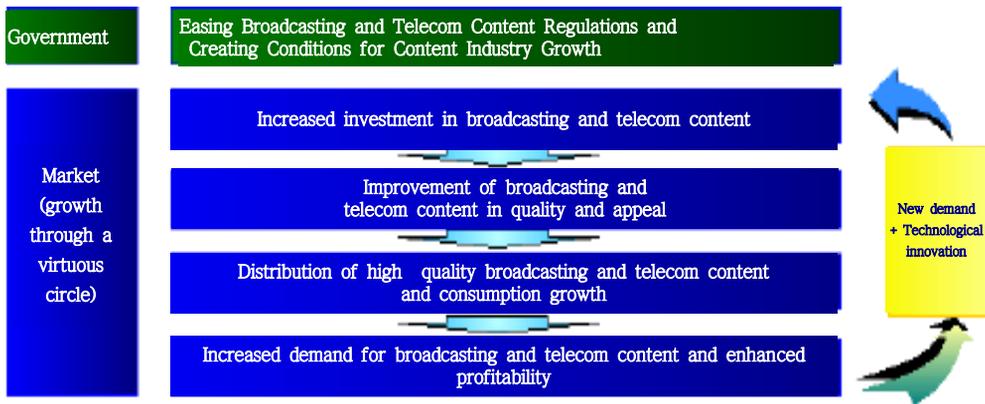
B. Stimulating Content Production for Broadcasting and Telecom Media

- o The technological progress of recent years - digitalization of broadcasting, universal broadband, availability of a large array of multimedia services and major strides in compression, storage and transmission technologies - is likely to result in a dramatic surge of demand for content of all types, which, in turn, will provide a huge boost to content industries.
- o The growing popularity of on demand and two way content has had a positive consequence for consumers' right to choose. Another important consequence of this phenomenon, on the demand side, is that broadcasting and telecom will now become a means of participating in social networks, through user produced content, for example.
- o During 2008, to energize the content sector, the Korea Communications Commission provided funding to various related projects: 13.9 billion won toward broadcasting content production for terrestrial, cable, satellite TV operators and independent content producers; 500 million won in loan to finance TV program production; 1.6 billion won toward the costs of training and education of broadcasting workers and purchasing

production equipment in universities; 2 billion won to overseas based Korean language broadcasters under a project to help Koreans living abroad maintain cultural ties to their home country; and 2.5 billion won toward content related international exchange events.

- o In December 2008, to foster the broadcasting content industry into a new engine of growth for the Korean economy, a plan to strengthen the competitiveness of this industry and introduce innovations to its value chain, from production and distribution of programs to their consumption, was created.

[Fig. III-2] Master Plan for Supporting Growth of the Content Industry



Source: Korea Communications Commission

- o The Korea Communications Commission is currently working on developing a web based broadcasting content distribution system to help content producers to more efficiently and systematically manage and distribute their products.
 - In 2008, under a 500 million won project, the Commission put into place a basic content distribution system, comprising web servers and storage devices and offering capabilities to search, view and stream content. Over the upcoming five years, the Commission will be building a more complete and full featured system, capable of

- providing a comprehensive range of support for content distribution under a super sized project costing over 1.5 billion won.
- A plan is also afoot to develop a broadcasting content cluster with a one stop support system, meeting the complete spectrum of content production related needs, from planning and production to distribution and human resource development. At the completion of this two year project, lasting between 2010 and 2012, content producers can receive a wide range of support services related to production and distribution of HD programs as well as their exports.
 - Meanwhile, to expand support toward the production of public interest broadcasting programs, which cannot be sustained through the market mechanism alone, in 2008, the Commission provided a funding of 13.9 billion won to related projects. In 2009, the Commission has earmarked 17.5 billion won in total funding toward public interest programming, which is 3.9 billion won more than a year earlier.
 - To meaningfully assist the broadcast content industry in their manpower needs, the Commission is continuously updating its human resource development plan, so that it is at all times in line with the latest market trends and is based on accurate demand forecasts. The Commission is looking to put into place a government level human resource development system and increase related investment to expand industry infrastructure for the content sector and bolster its growth.

3. Accelerating Analog to Digital Transition of Broadcasts

A. The Current Status of Broadcasting Digitalization

- o Digitalization of broadcasting is currently underway in many industrialized countries, most often under a national level project. Governments are generally heavily involved in this process, crucial for the continued competitiveness of broadcasting.
- In Korea, digital broadcasting of terrestrial TV began in October 2001, in the Seoul metropolitan area. Since July 2006, terrestrial TV content is broadcast nationwide, in digital format.

B. Digital Transition Support

- o A carefully planned approach is essential for the efficiency and success of the process of digital transition, and related projects must be carefully coordinated.
- o As part of this bid to carefully coordinate national efforts to ensure the best outcome for digital transition, the Korea Communications Commission established a set of enforcement rules to the Special Act on the Digitalization of Terrestrial Television Broadcasts and Promoting of Digital Broadcasting (hereinafter the “Special Act on Digitalization”), which were proclaimed in July 2008.
- o In December 2008, to announce the end of analog broadcasting and communicate the vision of digital broadcasting and its benefits, the Commission co produced a TV spot with a private sector organization named DTV Korea, which was aired by four network TVs.
- o Meanwhile, in October 2008, the ‘Steering Committee for the Promotion of Digital Broadcasting’ was established to oversee and coordinate digitalization related projects. The 20 member committee, led by the Chair of the Korea Communications Commission, is composed of deputy ministers of interested cabinet ministries, including the Ministry of Strategy and Finance, representatives of broadcasting firms, electronics makers, consumer organizations and academics.
 - On February 10, 2009, a working committee met to discuss practical strategies for broadcasting digitalization and promotion of digital broadcasting. Strategies for efficient digital transition, public information campaigns, viewer support, supporting low income viewers and allocation of financial resources were discussed at this meeting, which also underlined the importance of closely abiding by the transition plan and respecting the timeline.

- o To accelerate the process of transition, loans are extended from the Broadcasting Development Fund, to local broadcasters, system operators and program providers without sufficient financial resources for digital migration.
 - o As a further measure to facilitate the transition process through financial assistance, reductions in customs duty are offered to broadcasters on imported digital TV broadcasting equipment, pursuant to Article 118 of the Restriction of Special Taxation Act ('Customs Duty Reduction'). The customs duty reduction program, initially set to expire in December 2008, was extended to the end of 2010.
 - o To ensure that the digital transition process makes satisfactory progress and that its target completion date of 2012 is met, the Commission will be examining concrete options related to supporting low income segments of population, public information campaigns and funding, to establish detailed action plans for implementing the projects outlined in the medium and long term plan and the master plan.
 - High on the Commission's agenda is the expansion of digital transition financing loans, which, coupled with measures like the import duty reduction program on broadcasting equipment, can effectively speed up the process.
4. Support for Broadcasting and Telecommunications Service Exports
- A. 2008 OECD Ministerial Meeting on Information Technology
- 1) The Significance of the 2008 OECD Ministerial Meeting on Information Technology
- o The 2008 OECD Ministerial Meeting on Information Technology, hosted in Seoul for two days between June 17 and June 18, on the theme of 'Future of Internet Economy,' was particularly significant as it resumed the long interrupted high level dialogue on this important technology sector, ten years after the last gathering on Electronic Commerce. This high profile event had a special meaning also for Korea, the host

- country, as it reconfirmed its undiminished stature as an internet powerhouse.
- Under the aegis of the slogan ‘A Technology Policy for Creating a Digital World and Promoting Trust and Convergence,’ a comprehensive discussion was held on topics such as the potentials of the internet and the many challenges faced by it.
 - The discussion underlined the role of the internet as the key economic and social infrastructure of the 21st century, spurring economic growth and social progress and bringing innovations in vast ranging areas including public health, education and the environment, and guidelines for further energizing the internet economy were also selected during this two day event.



▶ OECD Ministerial Meeting on the ‘Future of Internet Economy’ (June 17, 2008)

2) Highlights of the Discussion and the Seoul Declaration

- o Recommendations were made for public policymakers seeking to maximize the potential benefits of the internet economy to stimulate economic growth and increase social welfare, advising them to develop and implement policies that can promote the use of the internet and help improve the public’s capability to use the internet, and to establish a method of evaluating the economic and social impact of the internet.
- Solutions to new technological, policy and economic problems arising from the progress of digital convergence were explored.

- A consensus was reached on the need to minimize and control negative social consequences of certain aspects of the internet, such as its anonymity, protect the rights and interests of users from unlawful or malicious online activities and continuously develop new and improved content and policies to strengthen information security.



▶ OECD Ministerial Meeting (June 18, 2008)

- o The Seoul Declaration presents a coherent vision of the future internet economy and outlines policy directions that are appropriate to this vision.
 - Policy priorities set out in this declaration, to contribute to the growth of the internet economy, are accelerating convergence between digital networks, devices, applications and services, fostering creativity in the development, use and application of the internet and increasing trust and security.
- o This two day ministerial meeting served also as a platform for cooperation between government officials as well as private sector participants, which proved beneficial, both directly and indirectly, for the global competitiveness of the Korean IT industry and their overseas market prospects.

- o The World IT Show, the largest industrial exhibition event ever held in Korea, hosted for the occasion of the OECD ministerial meeting, provided the international guests with an excellent opportunity to discover the latest Korean IT innovations. An amazing boost to the national brand as the internet powerhouse, the show also did wonders for the overseas market prospects of Korean IT firms.

B. Building Capabilities for Overseas Expansion

1) Support for Exports of Strategic Broadcasting and Telecom Services

- o The rapidly expanding global markets for new converged digital media such as WiBro and IPTV present great export opportunities for Korean broadcasting and telecom firms. To help them successfully tap these opportunities, the government must provide support toward strengthening their international competitiveness. Active inter governmental cooperation is also crucial for the export prospects of Korean companies.
- o In 2008, the Korea Communications Commission held demonstration events in countries that are potential export markets for Korean WiBro and IPTV service providers, as well as roadshows during which policy issues related to these applications were also discussed. Meanwhile, feasibility studies and pilot programs were conducted jointly with local companies that were potentially interested in Korean technology and services.
 - Feasibility studies, carried out jointly with companies who became interested in WiBro, DMB and Korean IPTV through the roadshows, helped to increase odds for their actual adoption of these services, as they provided them with concrete information such as the cost of implementing these technologies and their profitability as well as spillovers that may be expected from them. The pilot programs enabled testing of devices for WiBro, IPTV and DMB services, together with the applications, helping the prospective buyers with purchase decisions on equipment.



▶ WiBro Demonstration (Oct. 17, 2008)

- o The Commission plans to further step up its support toward cutting edge Korean media technologies and services, such as WiBro and IPTV, concentrating its effort, in particular, on creating conditions to enable bundled sales, coupling services with devices and solutions.
- 2) Support toward Development of New Export Markets for Broadcasting Content
- o There is still a need for increasing inter governmental cooperation to diversity export markets for broadcasting content and increase the variety of content offerings, particularly in dramatic genres, and for active publicity and promotion efforts to help the Korean content sector foray into overseas markets.
 - o In 2008, the Korea Communications Commission held a series of content showcase events in the Middle East and Eastern Europe to help Korean content products make inroads into these regional markets.

- The Commission engaged in activities to further spread the Korean Wave in the Asian region, while also increasing its inter government cooperation activities through high level talks with foreign broadcasting and telecom regulators.
- o In order to diversify export destinations for Korean broadcasting content, the Commission is planning six showcases in the first and second halves of this year, in the US, Middle East and Central and South America.
- Active networking efforts will be made to strengthen cooperation with foreign governments, by arranging high level bilateral talks with officials of countries that are potential export markets for Korean TV shows and drama series.

3) A Proactive Approach to Broadcasting and Telecom Trade Negotiations

- o As the process of market opening accelerates around the globe under WTO or FTA contracts, it is becoming increasingly important for countries engaging in these multilateral and bilateral talks to keep on top of the latest trade issues so that they make more effective and informed negotiations with their partners.
- o To build a trade negotiation system for the broadcasting and telecommunications sectors, the Commission had research conducted on the status of compliance with WTO or FTA contracts and any unfair trade practices among major trade partners of Korea. The results were published in a report entitled “Report on Telecommunications Service Trade Environments.”
 - Research was also carried out on the status of market opening in Korea’s FTA partner countries and their respective regulatory systems, whose results were compiled into a book titled “The Status of Market Opening and Industry Regulations in FTA Partner Countries.”
 - Meanwhile, a broadcasting and telecom trade forum, set up during last year, met ten times to analyze and share information on international trends in various trade issues,

- and identify their significance and implications for Korea.
- o In 2008, the Commission held FTA talks with Canada, the EU, Mexico and the GCC (Gulf Cooperation Council), and met with these regions' respective negotiators on 11 total occasions.
- 4) Research on Broadcasting and Telecom Policies and Regulations in Countries Outside Korea
- o The Commission is continuously conducting research on select countries around the world, to keep abreast of the latest technology, policy and market trends necessary to foster the global competitiveness of the Korean broadcasting and telecommunications sector and to better respond to the rapidly evolving convergence environment.
 - o The Commission collects and analyzes information on broadcasting and telecom policies and regulations of select countries, along with information on the industry and technological trends.
 - Also monitored are policy trends among regulatory authorities of key countries outside Korea, such as the US FCC and UK Ofcom, to identify potential implications for Korea. Conducting case studies in global market development in the broadcasting and telecom sectors, by analyzing actual cases of both Korean and foreign firms with business presence overseas is also an important part of this effort.
 - o To be in keeping with the changing trends in broadcasting telecom convergence, the Commission is planning to continuously update its policy and regulatory information and knowledge base, introducing steady qualitative improvements.
 - Its information base on new services spawned through the process of broadcasting telecom convergence, related technologies, markets and policies, as well as that on potential export destinations and policies, markets and industry trends of these countries or regions, will be steadily expanded in coming years.

5) Overseas Publicity of Korean Broadcasting and Telecom Technologies and Services

- o In a bid to promote exports of new converged media services, turn the Korean lead in this field into actual competitive advantage at the global marketplace, and to raise support for their adoption as international standards, the Commission is carrying out a variety of overseas publicity efforts, producing promotional videos and publishing information brochures, and even operating information centers, both permanent and temporary.

- o In November 2008, the Commission published an information booklet, geared toward overseas readership, in English, Chinese, French, Spanish and Arabic, providing a clear and concise description of broadcasting and telecommunications policy in Korea, the current status of Korean broadcasting and telecom industries and their principal strengths.
 - The list of information publications issued thus far by the Commission includes a trilingual guide (English, Chinese and Japanese) to discovery resources for media technologies and services, available at public facilities and information centers, aimed at helping international visitors locate places where they can try out the latest innovations, and a promotional video, also on digital media services and solutions, in English, Chinese, French, Spanish and Arabic.
 - The Commission also provides financial support toward the production of publicity spots on Korean broadcasting and telecommunications by external organizations, presenting related policies, the government's vision for this field and the current status of this industry.
 - Around the time of the Beijing Olympic Games, a showroom was set up inside the Beijing Cultural Center, which had a great publicity effect for Korean digital media technologies and services, helping also enhance the national image of Korea as an advanced broadcasting and telecom nation.

- o Meanwhile, to provide online access to information on broadcasting and telecommunications policy in Korea, related services and technologies and virtual experience of digital media applications, the Commission is currently developing an English language website which will serve as the main online publicity portal for this industry sector.

C. Increasing International Visibility through Active Participation in International Events and Organizations

1) More Korean Researchers Assume Chairship in International Organizations

- o At the plenary of WTSA (World Telecommunication Standardization Assembly), held in October 2008, in South Africa, two Koreans were selected as chairs of ITU standardization research study groups, and seven others as vice chairs.

- With these new appointments raising the total number of Korean nationality held chairs within ITU organizations to 14, Korea became the country with the third most numerous chairs of ITU T groups, after Japan and China.

- o Meanwhile, in the APT Wireless Forum, hosted in December 2008, Dr. Gyu jin Wi of the Radio Research Agency was elected chair of its Management Committee, which deliberates on financial and budget related issues within the Agency. This brings the number of Korean chairs within this organization to five.

- Meanwhile, four Korean researchers were elected vice chairs of the OECD Committee for Information, Computer and Communications Policy (ICCP) for the second year in a row.

2) Strengthening Global IT Cooperation and Cooperation Infrastructure

- o International cooperation is an increasingly important instrument for facilitating exports of Korean digital media services and helping Korean IT firms to make inroads into

overseas markets. Joint research on cutting edge IT services and technologies and standardization, and governmental and nongovernmental cooperation with Oceania (Australia, New Zealand) and EU, for example, could favorably affect export prospects of the Korean broadcasting and telecom industry.

- o The 1st Korea EU ICT Forum to Build A Framework for ICT Exchange and Cooperation (June 16 - June 17, 2008)
 - Charting future directions for the development of the Korean IT industry by benchmarking the R&D policies and strategies of European countries, through research cooperation and private sector cooperation.
 - The forum has created a platform for scientific and technological exchanges in ICT fields between Korea and EU and strengthened the relationship of research cooperation between them. A policy sharing opportunity, this dialogue, whose topics included joint research programs on a cooperation system for standardization, has also opened possibilities for cooperation in new technology fields such as convergence and security technology.

- o The Korea/ Australia/ New Zealand (KANZ) Broadband Summit 2008 was held in Seoul (June 19 - June 20, 2008), with 'New Service for the Digital Economy' as its theme.
 - The purpose of the summit was to explore strategies for governmental and nongovernmental cooperation in broadband. The opening remarks by chief delegates of the three countries were followed by bilateral talks between government representatives and a business forum discussing broadcasting and telecom policies, technologies and industry trends.
 - Representatives of the three governments agreed to actively engage in the exchange of policy undertakings and promote cooperation between IT firms, in such a way that this will eventually lead to a technological exchange between the three countries, particularly concerning applied service applications and digital content.

- o Various other international cooperation activities, aimed at allowing Korea to further solidify its reputation as an IT powerhouse and take up a leadership role in regional cooperation systems and cement strong ties of cooperation with other countries, were also carried out in 2008.
 - In April 2008, the Commission attended MIP TV 2008, developing marketing channels and building a new relationship of cooperation with France’s High Council for Radio and Television (CSA).
 - In May 2008, a group of officials from the Commission paid a visit to the Korea China Mobile Communications Development Center in Beijing, China, and a seminar was held in Turkey, during the same month, by the Korea Turkey ICT Cooperation Team, on topics related to bilateral cooperation in information and communications technology, which was followed by one on one business meetings with attendees.
 - Cooperation activities carried out in 2008 also include talks to expand telecom cooperation with Southeast Asia (July 2008, Vietnam and Malaysia); participation in the ASEAN+KOREA TELMIN meeting and TELSOM (August 2008, Bali, Indonesia); negotiations with the UAE on broadcasting cooperation and the deputy ministerial meeting with Brunei (November 2008, UAE and Brunei); cooperation talks with the delegation from Thailand’s National Telecommunications Commission, on a visit to Korea (November 2008); and preliminary discussions with Hungary in view of a MOU on broadcasting and telecom cooperation (November 2008, Budapest, Hungary).

3) Broadcasting and Telecom Ministerial Meetings

- o Starting from 2005, Korea has regularly invited information and communications ministers and deputy ministers of various countries for international conferences, in an effort to share information on IT policy undertakings in Korea and disseminate related technologies, assist Korean companies’ overseas expansion efforts and take the initiative in the international discussions of key industry and technology issues.
 - During 2008, a ministerial meeting was hosted in Korea (‘World Information and

Communications Summit') to present the new Korean vision on broadcasting and telecommunications, updated in keeping with the converged environment rapidly taking shape.

- o At the World Information and Communications Summit, held on October 31, 2008, broadcasting and telecommunications ministers and deputy ministers from nine countries (five ministers and four deputy ministers) attending the event, shared the policy visions of their respective government.
- Around and during the summit period, foreign government officials attending the event (officials of four of the countries) also met with the commissioner of the Korea Communications Commission for separate bilateral talks (one meeting with the chair and three times with the permanent members of the Commission). Meanwhile, the ministerial delegations of eight of the countries met with representatives of 14 Korean companies and organizations for 19 total times.



▶ The 4th Broadcasting and Telecommunications Ministerial Meeting (Oct. 30, 2008)

Section 2. Toward An Advanced Broadcasting System Meeting the Standards of the Global Age

1. A More Competitive Broadcasting Market

A. Overhauling Broadcasting Market Regulations on Ownership and Cross sectoral Service Provision

o Korea's current Broadcasting Act imposes differentiated market entry restrictions, depending on the type and characteristics of media, which, in concrete terms, include the purpose of establishment of a broadcasting firm, type of content broadcast and technical characteristics of broadcasting transmission.

- Under the current law, ownership restrictions also vary according to the medium and media system, and their categories include restrictions related to ownership by large companies/ business groups, foreign ownership, daily papers /news agencies and maximum shareholding limit per person.
- Under the Broadcasting Act, large companies/ business groups, foreign individuals or entities and daily papers are not allowed to own any part of the equity in a terrestrial television company or program provider company. Meanwhile, the Newspaper Act imposes limits on the equity that may be held in a newspaper company by a large company or business group, as well as restrictions on cross ownership between papers or broadcasters.
- The Broadcasting Act prohibits terrestrial television companies (including terrestrial DMB operators) from concurrently engaging in the SO business. Terrestrial television companies are subject to certain restrictions regarding other media businesses as well, in the form of a shareholding cap or a market share cap.

<Table III-1> Ownership Restrictions by Media Under Broadcasting Act

Investors Target companies	Large companies/ business groups (10 trillion and more in total assets)	Foreign entities and individuals	Daily papers and news agencies	Maximum shareholding per person
Terrestrial broadcasting networks	Not allowed	Not allowed	Not allowed	30%
System operators (SO)	—	49%	33%	—
Satellite television networks	49%	33%	33%	—
IPTV service providers	—	49%	49%	—
General program providers (PP)	—	49%	—	—
News channels (PP)	Not allowed	Not allowed	Not allowed	30%
IPTV content providers (general PP)	—	49%	—	—
IPTV content providers (news channels/ PP)	Not allowed	Not allowed	Not allowed	—
Relay cable operators	—	Not allowed	—	—
Network operators	—	49%	—	—

Note: Pursuant to the proviso of Article 8, Paragraph 2 of the Broadcasting Act, KBS and MBC are exempt from the rule restricting the maximum shareholding of any one investor to 30% of total equity.

<Table III-2> Cross-ownership and Cross-sectoral Service Provision Rules under the Broadcasting Act

Service providers / Service sectors	Terrestrial networks	SO	Satellite networks	PP	Network operators
Terrestrial broadcast	<ul style="list-style-type: none"> ○ One-way ownership: 7% ○ Cross-ownership: 5% ○ Number of operators: 10% (excluding DMB) 	Not allowed	—	—	—
Terrestrial DMB	<ul style="list-style-type: none"> ○ Number of operators by region: 3-5(1/3), 6 and more (1/5) 	Not allowed	—	—	—
SO	Not allowed	1/3 (total subscribed households) 1/3 (total serviced area)	33%(shares)	1/3 (total area)	1/10 (total area)
Satellite broadcast	33% (shares)	—	33% (shares) 1 (number of operators)	—	—
PP	<ul style="list-style-type: none"> ○ 3% (total number of operators), less than 6 per category (television, radio and data) 	<ul style="list-style-type: none"> ○ 1/5 (total number of operator) per category (television, radio and data) 	<ul style="list-style-type: none"> ○ 1/5 (total number of operator) per category (television, radio and data) 	<ul style="list-style-type: none"> ○ 33% (total sales, excluding home-shopping sales) 	—

Note: Up to 33% of sector-wide broadcasting sales for special-category broadcasters (including their related parties)

- o During the 2nd half of 2008, amendments were made to the Enforcement Rules to the Broadcasting Act on the initiative of the Korea Communications Commission, to ensure the continued relevance of these regulations in the face of the changing competition environment of the broadcasting market, largely reshaped by recent new developments such as the introduction of the internet multimedia business, and to help enhance the competitiveness of the broadcasting industry.
 - The minimum size of assets qualifying a firm as a large company/ business group, in other words, an entity not allowed to acquire a stake in terrestrial television networks, news channels or program provider companies, has been upward adjusted to 10 trillion won from 3 trillion won.
 - Another important change introduced to the Enforcement Rules concerns the restrictions on cross ownership or affiliation between SOs. The previous rule requiring that the combined sales of any single system operator, including sales of its subsidiaries, do not exceed 33% of the sector's total sales was replaced by one that requires that the combined market share of any single system operator, including the shares held by its subsidiaries to not exceed one third of the sector's total subscriber base. Meanwhile, the maximum combined number of areas served by a system operator and those served by its subsidiaries has been changed from one fifth of the 77 total service areas nationwide to one third.
 - The restriction applying to program providers, engaging concurrently in the system operator business, was similarly eased, with the maximum number of service areas increased to one third of the total service areas nationwide, from one-fifth.

<Table III-3> Changes Proposed to Broadcast Act Enforcement Rules, Concerning the Definition of Large Company/ Business Group

	Current	After Amendment
Eased criteria	○ 3 trillion won and more in total assets	○ 10 trillion won and more in total assets

<Table III-4> Changes Proposed to Broadcast Act Enforcement Rules, Concerning Cross-sectoral Provision of SO Services

	Current	After Amendment
Cap on SO market share	<ul style="list-style-type: none"> ○ Up to 33/100 of sector-wide total SO sales ○ Up to 1/5 of total SO service areas 	<ul style="list-style-type: none"> ○ Up to 1/3 of total SO subscribed households ○ Up to 1/3 of total SO service areas
PP providing SO services	<ul style="list-style-type: none"> ○ Up to 1/5 of total SO service areas 	<ul style="list-style-type: none"> ○ Up to 1/3 of total SO service areas

B. Promotion of DMB

- As of October 2008, the subscriber base of DMB amounted to 16,170,000, of which 14,480,000 are accounted for by terrestrial DMB users (based on device sales data), and 1,690,000 by satellite DMB users.
 - Six providers received a DMB license from the Korea Communications Commission, to operate in the Seoul metropolitan area, and 13 providers, to operate in areas outside the capital area, as of 2008.
 - The license as a terrestrial television operator does not permit DMB providers to charge for the content, forcing them to rely exclusively on advertising revenues, and many terrestrial service providers are chronically recording deficits as a result.
 - The situation is hardly better for satellite DMB service providers. Even though their

license as a satellite broadcaster allows them to charge subscription fees and monthly charges, the revenue from these sources is proving too insufficient to cover the cost of service provision. Losses from the cost price gap are snowballing year after year, and a solution is urgently needed to fix this imbalance which is hurting the long term prospects of satellite DMB.

<Table III-5> DMB Quick Facts

(information current as of December 8, 2008)

	Terrestrial DMB	Satellite DMB
Date of Commercial Launch	December 2005	December 2005
Type of license	Terrestrial television broadcaster	Satellite television broadcaster
Free/ paid status	Free	Paid
Revenue sources	Advertising sales	Monthly charge (13,000 won) & one-time subscription fee (20,000 won)
Number of providers	Seoul metropolitan area: 6, Other areas 13	1 (TU Media)
Frequency spectrum	VHF band (CH 8, 12) 1.54MHz	S-band (2.63-2.655GHz) 25MHz
Technical specifications	EUREKA-147/H.264/BSAC	SYSTEM E(CDMA)/MPEG-2 AAC+/H.264

1) Development of A DMB Promotion Strategy

- o The DMB Policy Research Team , established in July 2008, for a six month long research project, ending in December of the same year, developed policy measures for broadening the adoption of DMB.
 - Measures developed through this research program included strategies for loosening restrictions on ownership, easing regulations to reflect the media and communications trends toward personalization and mobility and supporting the introduction of new business models tapping new sources of revenue.
- o Expected Benefits
 - Enhancement in broadcasters' profitability and financial sustainability providing them with the means to improve their content and services.
 - Increased sales of devices and device parts, positively affecting the productivity of the device manufacturing sector.
 - A broader array of programs and content enhancing the welfare of viewers and contributing to the national economy.

2) Easing of program quota rules

- o The Broadcast Program Quota Notice was amended in December 2008 to put off to 2009 the date of entry into force for terrestrial DMB of the new Korean produced animation quota and external production quota.
- o The deferral of the application of program quota rules is aimed at providing a relief to struggling terrestrial DMB operators by allowing them to save on content costs.

3) Changes to the Enforcement Rules to the Broadcasting Act

- o In 2008, to provide a greater degree of autonomy in channel allocation and operation to DMB operators, the Enforcement Rules to the Broadcasting Act were appropriately amended.

<Table III-6> Changes to Broadcasting Act Enforcement Rules, Related to the Number of Satellite DMB Channels

	Before	After
Satellite DMB TV channels	<ul style="list-style-type: none"> o Four or more o Less than the half of total channels available 	<ul style="list-style-type: none"> o Four or more o Less than two-thirds of total channels available
Satellite DMB channels directly serviced by the operator	<ul style="list-style-type: none"> o Up to one-tenth of total channels operated by calculating TV and radio channels separately (only one if the total number of channels is less than 10, and up to two-tenths if less than 20) 	<ul style="list-style-type: none"> o Up to one-tenth of total channels operated by calculating TV and radio channels separately (only one if the total number of channels is less than 10, and four if less than 10 or more, but less than 40)

C. Fair Competition Environment for the Broadcasting Market

- o Certain structural factors of the paid broadcasting market leave loopholes for unfair business practices, requiring regulatory invention by the Korea Communications Commission.

- o In August 2008, the Commission hosted a conference with representatives of the SO and PP sectors to identify principal competition issues in the paid segment of the broadcasting market and devise appropriate solutions
 - During the 2nd half of 2008, licensing rule changes were implemented, requiring SOs to pay PPs a fee equivalent to 25% or more of the service fee revenue they derive from the content supplied, and making this requirement a condition for license renewal.

 - o To assess unfair practices in the paid broadcasting market, identify their causes and establish the extent and nature of their negative consequences, the Commission plans to continuously schedule conferences with leading suppliers of SO and PP services.
 - Continuous monitoring to enforce the compliance with the rule requiring SOs seeking the renewal of their license to pay content fees toward PPs, equivalent to 25% or more of the revenue generated from servicing the content.
 - A research team, composed of industry and academic experts, is to develop strategies for a legislative and regulatory overhaul to promote fair business practices in the paid broadcasting market.
 - New rules geared to prohibiting unfair competition practices and practices undermining the interest of consumers in the planning.
2. Greater Compliance of Broadcasting with its Social Responsibility

A. Selection of Public interest Channels

- o To increase the contribution of paid broadcasting services to public interest, 16 channels were selected as public interest channels in 2005 and 12 in 2007 .
 - No channel was selected in 2006, due to a pending amendment bill on public interest channel regulations.
 - In May 2008, ahead of the selection of public interest channels for the year 2009, an administrative notice was issued announcing categories of broadcast programs

qualifying as public interest content.

- In 2009, applications were received for 26 total channels, of which 11 were selected as public interest channels.
- o An evaluation program is in the planning stages to assess whether selected public interest channels are effectively contributing to social welfare, by examining, among others, the extent to which the actual programming corresponds to the programming plan submitted at the time of the application.

B. Expanding TV Home Shopping Companies' SME Support

- o In June 2007, the Broadcasting Commission (now merged to form the Korea Communications Commission) adopted seven recommendations for strengthening the role of TV home shopping companies in supporting their SME vendors. Home shopping companies submitted to the Commission each a three year plan for the period between 2007 and 2009, outlining actions toward complying with these recommendations.
- o A compliance evaluation, conducted by the Korea Communications Commission in 2007, found that the share of SME products featured and sold on TV home shopping programs increased slightly, compared to 2006, and that home shopping companies effectively made efforts to assist SMEs with marketing channels and funding.
 - The evaluation revealed that the definition of SMEs caused confusion, and a clarification was added that SMEs, for the purpose of these recommendations, will have the same meaning as the one given to this term in the Decree to the Framework Act on Small and Medium Enterprises.
- o The Commission plans to share best practices in supporting SMEs by TV home shopping companies to provide them with benchmarking models, and make continuous efforts to enhance compliance performance by offering advice to companies on areas

needing improvement.

- Compliance performance will be evaluated, from now on, based on the new plans (2008, 2009) submitted by TV home shopping companies, following the recent changes introduced to the categories of products supplied by SMEs.

3. Increasing the Diversity of Broadcast Programming

A. FM Broadcast in English

- o Economic activities today are increasingly taking place in a global context, worldwide, and in Korea, its society is moving toward a multiethnic and multicultural society. To proactively respond to these profound social and economic changes, meet the various information demands of international residents and visitors and to improve the Korean public's understanding of the global community, the Commission has decided to introduce English language programs, broadcast on the FM band.
- o FM programming in English will be first introduced to areas with unused FM frequencies such as Seoul, Busan and Gwangju, and will be gradually extended to nationwide locations, as more frequencies become available.
 - The FM broadcast service being a public interest service, preference will be given to municipalities and other local administrations in the licensing tender process.
 - The licensees are wholly responsible for the costs of establishing and operating broadcasting stations. The licensees, on the other hand, will be permitted to broadcast paid advertising materials, and the type of programming will be general programming.
- o Licenses for English FM broadcasting were awarded for the Seoul, Gwangju and Busan areas on July 23, 2008, October 24, 2008 and December 3, 2008, respectively.
 - The City of Seoul, the recipient of the English FM broadcasting license for the Seoul area, ran a test broadcast on August 15, 2008, and started official broadcasting on December 1, 2008.

- Official broadcasting by the Busan English Broadcasting Foundation, licensed for English FM broadcasting in the Busan area, began on February 27, 2009.
 - Meanwhile, the Gwangju English Broadcasting Foundation is scheduled to start official broadcasting in the Gwangju area, on April 1, 2009.
- o In 2009, English FM broadcasting services will be made available in other major cities with available frequencies.

B. Reenergizing the Local Broadcasting Industry

- o Local broadcasting stations have been badly hit by the accelerating penetration of paid television services and emergence of new competing media, with their market shares shrinking and revenue growth dampened.
- o To help the local broadcasting industry ride out the current crisis facing it and create conditions necessary to ensure its growth, the Commission has set up a Local Broadcasting Development Committee, which is to steer efforts aimed at revitalizing local broadcasting, and is also conducting research on policy measures and developing a medium and long term growth plan for the industry.
- o The Local Broadcasting Development Committee, established in August 2008, pursuant to Article 42-2 of the Broadcasting Act ('Establishment of the Local Broadcasting Development Committee), deliberates on policy issues related to promoting the growth of the local broadcasting industry, boosting the competitiveness of local broadcast content and improving the distribution structure of the local broadcasting market and evaluates policy proposals.
- The Local Broadcasting Development Committee met seven total times during 2008 (four regular meetings and three extraordinary meetings) to discuss urgent issues facing the local broadcasting industry of Korea.

- o Three policy research tasks were completed during 2008, and the results will be reflected in future policy initiatives.
 - To guide the Commission's support activities to promote the growth of local broadcasting, a series of local broadcasting development plans, addressing development needs in specific areas of broadcasting has been created, drawing on information and insights emerged from the past discussions on related topics, results of industry research and analysis and expert inputs.

4. Deregulation to Ensure the Autonomy of Broadcasting

A. Ending Monopolistic Broadcast Advertising Sales and Introducing Competition

- o On November 27, 2008, the Constitutional Court ruled Korea Broadcast Advertising Corporation's monopoly over sales of terrestrial TV advertising as unconstitutional and ordered the amendment of regulations related to broadcast advertising sales by December 31, 2009.
 - The Korea Communications Commission is preparing a series of rule revisions and new rules to introduce competition to the broadcast advertising market by the deadline set by the Constitutional Court.

- o In view of developing an overhaul strategy, capable of effectively creating a shift in the broadcast advertising market to a competitive regime, the Commission is currently collecting input from the industry and experts.

B. Overhaul of the Broadcasting Oversight System

- o There is an urgent need for overhauling the existing broadcasting oversight system to keep up with the rapidly evolving broadcasting environment, and for eliminating inefficiencies in the oversight process to ensure the autonomy of broadcasting.

- o Procedures for disciplinary actions have been extensively revised to streamline the process and introduce greater efficiency and flexibility.
 - A set of guidelines has been established for handling disciplinary procedures requested by the Broadcasting Standard Council. Under these new guidelines, the process is significantly simpler, as many unnecessary steps such as repeat hearings or testimonies are now eliminated.
 - In accordance with Article 25, Paragraph 2 of the Act on the Establishment and Operation of the Korea Communications Commission, all deliberative procedures relating to the oversight of broadcast content have been centralized, giving greater control to the Broadcasting Standard Council over the process.
 - Appeals filed in protest of a disciplinary disposition taken by the Commission are now handled per instructions provided by the Standard Council and in accordance with the relevant provisions in the new guidelines.
 - Meanwhile, a legislative amendment proposal is in preparation to introduce changes to the Broadcasting Act, improving the deliberative process, including appeals procedures.

- o As the pre screening of broadcast advertisement having been ruled unconstitutional by the Constitutional Court (June 26, 2008), the Commission encourages self regulatory initiatives of the private sector and is recommending internal pre screening to broadcasters and advertisers
 - Meanwhile, to maintain standards of decency, good taste and dignity in broadcast advertisements and protect television and radio viewers and listeners from unlawful, deceptive or harmful advertising materials, the Communications Standard Council stepped up its monitoring and increased ex post screening.

5. Improving the Quality of Broadcast Programming and Guaranteeing the Right to Universal Access

A. Monitoring of Programming Quota Compliance

- o In an effort to promote and uphold television and radio viewers and listeners' right to diversified content, encourage distribution of a broader array of content types and stimulate the production of broadcast content in Korea, the Korea Communications Commission continuously monitors the status of compliance with programming quotas.
 - In 2008, fines were imposed on, and corrective actions were ordered to, four broadcasters who were found noncompliant with the maximum quota for imported animations from a single national origin.
 - Broadcasters receiving an order for corrective actions are required to air a public announcement of this fact within ten days from the receipt of the notification, and report the results of implementation of the corrective actions to the Korea Communications Commission within seven days from such announcement.

B. A More Efficient System for Evaluating Broadcast Content

- o In 2000, the government's right to evaluate broadcast content was legislated into the Consolidated Broadcasting Act, in an effort to ensure the fulfillment by broadcasting of its social responsibility and improve the quality of television and radio content.
 - Content evaluation is conducted on the programming of broadcasters applying for license renewal or re approval, over the immediately preceding one year period, concerning both the content and composition of the programming.
 - The full score is 900 for terrestrial TV broadcasters and 500 for other broadcasting media. The content quality score, calculated by adding up scores received on individual items of evaluation, is reflected in the screening process for license renewal or reapproval.

- o To meaningfully respond to the changing broadcasting environment and ensure greater effectiveness for policy actions on broadcast content, the Commission is planning to amend content evaluation rules during 2009. Aimed at strengthening the link between broadcasting policy and content evaluation, the changes promise to improve the relevance and completeness of evaluation items and guarantee the validity and reliability of scoring scales.

C. Universal Broadcasting Access Program

- o The Universal Broadcasting Access Program was legislated into the Broadcasting Act, in January 2007, with the goal of preventing excessive competition among television networks, over transmission rights on high profile international sporting events such as the Olympic games and the World Cup, and better upholding viewers' right to universal access to broadcast content.
 - In accordance with the 'Rules on the Establishment and Operation of the Universal Broadcasting Access Committee,' enacted in May 2008, a committee was set up comprising seven members, some of whom are commissioners of the Korea Communications Commission, while others, external experts from relevant fields.
- o Following the deliberation by the Universal Broadcasting Access Committee, the Korea Communications Commission issued a notice, in August 2008, announcing that both the summer and winter Olympics and the World Cup would be broadcast through a transmission means that provides access to at least 90% of all Korean households.
- o The Commission plans to continuously explore new and better ways of guaranteeing Koreans universal access to broadcasting by introducing improvements and adjustments necessary to this program.

Section 3. Enhancing the Welfare of Users and Stimulating Telecom Competition

1. Regulatory Reform to Enhance User Welfare

A. Telecommunication Service Tariff Discounts for Low Income Households

- o To alleviate the burden of telecommunications expenditures on the budget of low income individuals and households and ensure that all have access to basic telephone service, the Communications launched a discount tariff program, targeting minors aged under 18 years and senior citizens aged 65 years or above, living on government assistance ('basic livelihood security assistance'), severely handicapped persons and persons considered unsuitable for employment.
 - The exclusion of low income earners aged between 18 and 64, with a higher demand for mobile telecommunications than those of other age groups, was pointed out as the main flaw of the program.
- o In October 1, 2008, the scope of beneficiaries of the program was widened to cover more low income earners. Discounts on mobile communications tariffs offered under this program are now extended to all persons and households receiving 'basic livelihood security assistance' and persons and households partially dependent on government assistance (belonging to the 'near poor' category).
 - The extent of mobile discount has been also increased to a complete waiver of the basic monthly charge, and a 50% reduction on total communication charge from the previous 35% discount on the basic monthly charge and communications charge.
 - Those partially dependent on government livelihood assistance now receive the same discount as that extended previously to recipients of basic livelihood assistance; in other words, 35% reduction on basic monthly charge and communications charge.

<Table III -7> Increased Mobile Discounts for Low-income Users

- o Eligibility: Previously limited to recipients of basic livelihood security assistance aged under 18 and 65 years and older, now all recipients of basic livelihood security assistance and low income persons classified as “near-poor.”
- o Details of Discount: From 35% reduction on both the basic and call charges, extended to recipients of basic livelihood security recipients to the full waiver of the basic charge and 50% reduction on the call charge (fixed telephone) for basic livelihood assistance recipients and 35% reduction on both the basic and call charges for ‘near-poor’ persons.
- ※ A maximum cap on the total monthly reduction per person of 21,500 won for basic livelihood assistance recipients and 10,500 won for ‘near-poor’ users.
- ※ Estimated number of total beneficiaries = total eligible population × rate of mobile penetration (90%)

	Basic livelihood security assistance recipients			‘Near-poor’ persons		Total
	Waiver of the basic charge	Waiver of the basic charge	50% discount on the call charge	Waiver of the subscription fee	35% discount on the basic and call charges	
Total number of persons eligible	1.55 million			2.7 million		4.25 million
Estimated total number of beneficiaries	1.39 million			2.43 million		3.82 million
Discount details						—
Estimated total amount of discount (annual total)	17 billion won	216 billion won	52 billion won	31 billion won	193 billion won	Up to 500 billion won

- o In a session that met in August 2008, the Korea Communications Commission adopted its 25th resolution to amend the Enforcement Rules to the Telecommunications Business

Act and related administrative notices; a move aimed at broadening the scope of mobile tariff discounts. The amended regulations entered into force on October 1.

- The amendment has widened the range of services eligible for discount to include IMT 2000 services, in addition to mobile services.
- Those who are partially dependent on public assistance are also eligible for a discount on basic monthly charge and communications charge (the total bill not exceeding 30,000 won). The mobile communications discount is extended to up to four persons per household, excluding children aged under 6 years.

o Meanwhile, to reach out to more beneficiaries of the discount program, the Commission plans to run an information campaign in collaboration with township, county and borough administrations and mobile operators, to increase the awareness of low income user discounts available under the program.

- The Commission also plans to step up its support toward the program to provide low income mobile users with used handsets, free of charge, and to involve social service organizations in the process.

B. Telecom Tariff Approval Requirement

o The approval requirement on telecommunications tariffs was initially introduced to control profits of dominant suppliers of this market in which natural monopoly easily occurs due to the very nature of services and infrastructure requirements. After the telecom market was opened to competition, the approval requirement was used to curb the dominance of the large incumbents, protect users and ensure fair competition between carriers.

- The approval requirement has now been mostly replaced by a reporting requirement and is imposed only exceptionally, in some special cases.
- Common carriers whose revenues exceed a certain maximum revenue specified in the Korea Communications Commission Notice - decided on the basis of the overall size of the market and market share distribution within the market - are currently the only service providers required to obtain approval on their tariffs.

- o In 2008, the Commission studied various policy options to reduce the costs of telecommunications, particularly of mobile communications service, including amending related legal provisions.

- o It was decided that, as market competition can naturally bring down prices of telecom services, the tariff approval requirement should be eased, and its imposition should be limited to cases where a pricing practice proves disruptive for the fairness of competition and hurt the welfare of users.
 - In May 2008, the minimum rate of discount offered by service bundles by operators with significant market power, over the prices of single services, to avoid the tariff approval requirement, was raised from the previous 10% to 20%, to encourage introduction of more price competitive bundled products.
 - Other liberalizing measures introduced during 2008 include waiving the approval requirement for new tariffs that are lower than the existing one, in favor of a simple report.

- o Even after these measures for easing tariff regulations are implemented, the Commission plans to continue to examine how ex ante rules such as the tariff approval requirement should be used in the future.
 - One of the options examined is to conduct a full scale evaluation of different segments of the telecommunications market and define precise boundaries between them, and to base the tariff approval requirement on the competition status of each of the individual market segments.

2. Regulatory Liberalization to Promote Competition in the Telecommunications Market

A. Wholesale Access Program

1) The Current Status of the Wholesale Access Market

- o The wholesale access program is an effective competition promoting solution for the telecommunications, as the high entry barriers of this market, such as the limited availability of spectrum resources and the resulting spectrum monopolies by incumbents, make new entrants' penetration difficult.
 - Until very recently, telecom competition policy in Korea was centered on competition between facilities based operators, and carriers most often provided their services to users directly, leading to a stunted growth of the telecom resale market.
- o Under the current market structure, it is exceedingly difficult for a telecom reseller to successfully compete against incumbents owning facilities to generate viable revenue streams.
 - The situation is such that it is hardly realistic to expect new entrants with an absolute disadvantage in terms of bargaining power to successfully negotiate on their own with dominant facilities based suppliers on an arrangement of access service they need to operate the resale business.

2) Wholesale Access Regulation

- o In December 2008, to address structural problems of the market making wholesale access to spectrum difficult, the Commission completed its wholesale access policy proposal and an amendment proposal to the Telecommunications Business Act, which was submitted to the Korean legislature in February 2009.
 - The proposals required about one year's preparation by various research policy

- development teams, and reflect the opinions of people of all walks of Korean society, surveyed also during the course of this preparation.
- A wholesale access program, allowing operators who do not own network facilities or spectrum to provide telecommunications services, using access services purchased from facilities based incumbents, at a wholesale rate, has been introduced.
 - No ex ante restriction is set on wholesale prices, a priori left to be negotiated by individual operators. Intercarrier wholesale access prices may, nevertheless, be regulated through ex post intervention.
- o The wholesale access program, now making telecom resale a viable business model, is expected to increase new suppliers entering the market, and the increase in number of suppliers is bound to stimulate competition.
- This is also expected to result in diversification of service offerings and pricing plans, and the welfare of consumers is likely to gain from the growth of the telecommunications market, as it widens the choice for them.
 - The direct employment creation effect, although it should vary somewhat depending on the size of operation and service resale strategies of individual operators, is expected to be considerable.
- o Once the wholesale markets for each telecom service segment are clearly defined through market analysis, the Commission will be establishing the list of services to be provided through wholesale arrangements and designate mandatory provider of wholesale services.
- When the criteria for wholesale access service provision are fully established, they will be published through an administrative notice, and an ex post regulatory mechanism to prevent unfair practices related to wholesale pricing negotiations will also be put into place.

B. Internet Telephony Number Portability

- o The introduction of number portability in internet telephony (VOIP) was first announced in March 15, by the now disappeared Ministry of Information and Communication, as part of a plan titled “Telecommunications Regulation Roadmap.”
 - In December 2007, a test service was run by 11 internet telephone service providers for about three months. In June 2008, 10 internet telephone service providers submitted an official proposal for number portability.

- o The introduction of number portability for internet telephony was approved by the Korea Telecommunications Commission on October 1, 2008, and related rules entered into effect on October 31.
 - The ‘Guidelines on the Implementation of Number Portability in Local Telephone, Internet Telephone and Receiving Party Pays (080) Services’ were compiled at this time.
 - To resolve issues related to handling emergency calls over VOIP networks, an ‘Internet Telephony Location Information System’ was put into place. This system imposes a notification duty on VOIP operators, requiring them to provide emergency assistance organizations with location information on their subscribers and allow users to update their location information, when relocating.
 - VOIP operators are also required to clearly inform users about the impossibility of making a call during a blackout, and include this information in the service agreement so that consumers may make more informed decision.
 - Rules related to respecting calling zones were also stipulated, as VOIP calls, due to their technical characteristics, are not bound by geographically defined confines.

- o The introduction of number portability, as it allows new subscribers to an internet telephony service to keep their existing phone number, is likely to accelerate the penetration of this service and stimulate also competition in the overall voice market.

C. Overhauling the Telecom Licensing System to Facilitate Market Entry by New Suppliers

o The licensing rules, as they apply to incumbents of the telecommunications market, are aimed at regulating competition in various service segments, and require them to obtain separate licenses for each of the services they provide.

- The existing licensing system is increasingly irrelevant and unsuited to the current telecommunications market, largely transformed in recent years, by the phenomenon of convergence, and some of the criteria used during the screening process are not directly related to an operator's capacity to provide a service.

o The amendment bill to the Telecommunications Business Act, submitted by the Korea Communications Commission to lawmakers in January 2008, was voided in May 2008, when the mandate of the 17th National Assembly expired.

- The amendment project for revising the Telecommunications Business Act resumed in September 2008 (partial revision of certain provisions).

o On December 8, 2008, a public hearing was held on the Telecommunications Business Act, and a new amendment bill reflecting inputs gathered from the hearing was completed, announced shortly after through a legislative notification.

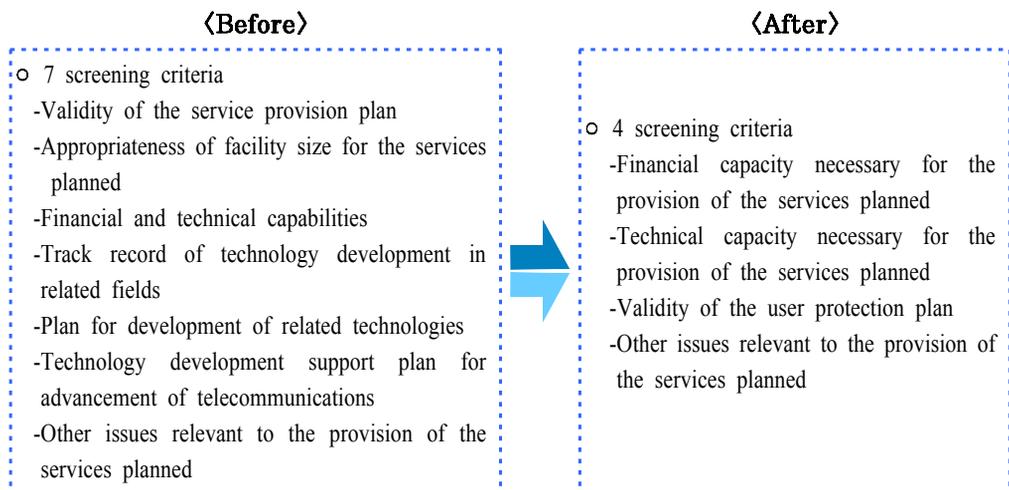
- On December 12, 2008, the amendment bill to the Telecommunications Act was approved by the Korea Communications Commission. The bill subsequently submitted to the legislature, in March 2009, is pending lawmakers' approval.

o In December 2007, the Enforcement Rules to the Telecommunications Business Act were amended to simplify the classification of telecommunications services, including local telephone, long distance and international telephone services, internet telephony and broadband internet access services, by dividing them into three categories: transmission, spectrum allocation and line lease services.

- In December 2008, a legislative amendment project began to group together these

- three categories of services as basic telecommunications services, and to allow operators provide all three of them under a single license.
- Whilst the licensing requirement remains in place to regulate the entry into the telecommunications market, the criteria of screening will be significantly eased. Whether an operator possesses technical and financial capabilities necessary to provide a service, and how substantial its submitted plans for user protection, will constitute the main criteria.

[Fig. III-3] Changes to Common Carrier Licensing Screening Criteria



- o With the loosening of the licensing rules, new entrants can more easily enter the market, and providing new types of services will also become easier.
 - Measures to encourage and incite fair competition in the market are expected to bring down the prices of telecommunications services and increase the welfare of consumers.
 - The simplification of the licensing process, now requiring a single license to provide a large variety of services is bound to reduce the social and administrative costs of service provision as well.

D. A New Intercarrier Compensation Scheme for Fair Competition

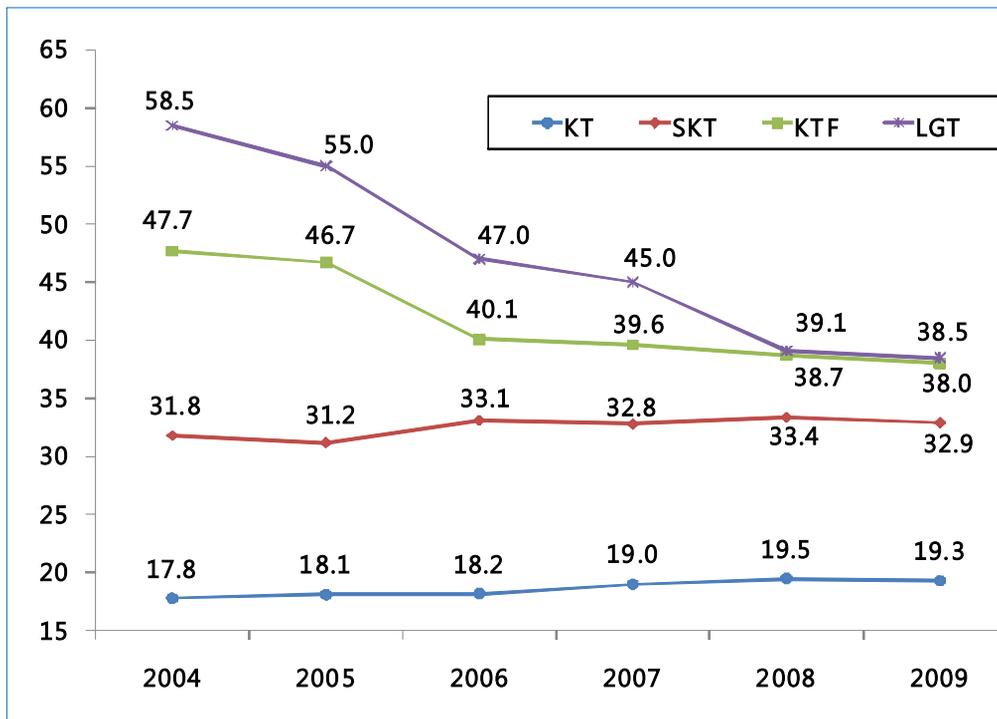
- o To facilitate interconnection between carriers and set a fair and reasonable price for interconnection access, the Commission issued a notice, defining the scope, methods, procedures and conditions of interconnection and providing a new set of criteria for calculating intercarrier compensation.
 - Following the dialogue between academic experts and representatives of telecom companies, organized by a regulatory reform group established in 2007, twelve common carriers reached a consensus on November 21, on how the intercarrier compensation scheme must be revised for greater fairness and efficiency. An administrative notice (December 17, 2008) was issued subsequently to announce changes to the intercarrier compensation rules, which reflect the opinions of the industry gathered through the above discussion group sessions.

- o Interconnection charges were also calculated with regard to both fixed and wireless networks, for the period 2008-2009. The pricing schemes are designed to promote investment in BcN and other next generation fixed and wireless networks, help accelerate the penetration of new services and increase consumer welfare.
 - New rules requiring fixed carriers to waive some of the interconnection charges to VOIP operators and increase support toward new entrants are expected to favorably affect the profitability of internet telephony service providers and competition conditions for new entrants.

<Table III-8> Changes to Inter-carrier Connection Pricing

(unit: won/minute)

		Fixed telephone network (KT, etc.)	Mobile network			Internet telephony
			SKT	KTF	LGT	
Before	2007년	18.9849	32.7757	39.6049	45.1317	5.5
After	2008년	19.4850	33.4068	38.7062	39.0860	7.6650
	2009년	19.3112	32.9318	37.9619	38.5302	7.6674



3. Promoting New Telecommunications Services

A. Portable Internet (WiBro)

o WiBro is the Korean service name for a mobile WiMax standard, a mobile, wireless broadband data transmission technology.

1) Technical Specifications of WiBro

o WiBro uses a technology baptized “OFDMA (Orthogonal Frequency Division Multiple Access),”¹⁾ and provides a transmission speed of up to 3Mbps per subscriber, in both indoors and outdoors settings and while moving (over 120Km/h), and is technically capable of supporting a data rate of 38Mbps per base station.

<Table III-9> Comparison of Mobile WiMAX and WiBro

	Mobile WiMAX (802.16e)	WiBro
Frequency band (GHz)	2.3, 2.5 (US), 3.5	2.3
Channel bandwidth (MHz)	3.5, 5, 7, 8.75, 10 (US)	8.75
Multiple access type	OFDMA	OFDMA

2) WiBro Promotion Policy

o In spite of numerous advantages presented by WiBro, the adoption of this service has been thus far rather slow, with its subscriber base amounting to only 190,000 users. The Korea Communications Commission is currently studying options and taking various measures for accelerating the take up of WiBro.

1) A technology providing a high spectral efficiency to allow multiple users to connect to wireless communications networks by sharing the subcarriers.

- o In December 2008, telephone numbers, preceded by '010,' were assigned to WiBro providers to provide them to offer voice services, in addition to portable internet services.
 - In 2008, the geographical coverage of WiBro was steadily expanded to serve more areas. WiBro networks constructed during this year were Wave 2 networks, providing faster connection speeds.
- o The full commercial deployment of WiBro based voice services is likely to begin sometime around December 2009, as it will take about one year of preparation, including the construction of networks, development of services, development of devices and regulatory adjustments.

B. 3G Services

- o As the cumulative total number of mobile subscribers in Korea is fast approaching 45,600,000, there has been an exponential growth in the number of 3G service users. Currently, 16,500,000 of the total mobile subscribers are 3G service subscribers.
 - Differentiated service offerings and quality improvement hold the key to the market success of 3G services and are likely to decisively influence its further adoption by consumers.
- o The Commission has been encouraging investment and quality improvement efforts by operators, by monitoring their status of investment in 3G services and conducting service quality evaluations.
 - This effort of the Commission has produced visible results; investment in 3G facilities has steadily increased, while the quality of 3G services has also noticeably improved.
- o Several measures to help accelerate the penetration of 3G services have been implemented, including unlocking the USIM and lifting the requirement of mandatory built-in WiFi support on all new mobile handsets.
 - An order was issued in July 2008 to have the USIM on all WCDMA devices

unlocked, so that users can continue to use the same handset even when they switch to a new carrier. This change is expected to lead to a decline in prices of mobile handsets over a long run, making a considerable contribution to the welfare of mobile users.

- Meanwhile, the rule requiring mandatory WiFi support on all mobile handsets was repealed in April 2009, making the penetration of imported foreign phones easier and thereby broadening the choice for consumers.

4. More Efficient Assignment and Allocation of Spectrum Resources

A. Promoting the Use of Spectrum Resources

1) Spectrum Reassignment Plan

- o The Spectrum Reassignment Plan, unveiled on December 24, 2008, is aimed at more equitably distributing limited spectrum resources and promoting a more efficient use of them, to contribute to creating a fair competition environment and effectively respond to the spectrum demand, bound to further increase over time.
 - Under this plan, 20MHz of cellular frequencies (50MHz) on the 800MHz band are to be surrendered in June 2011, at the expiration of the current licensing period. Meanwhile, frequencies will be reallocated also on the 900MHz band, used for public broadcast and FM broadcast, to free up about 20MHz for use by mobile communications service providers.
 - FM transmission frequencies on the 900MHz band have been moved to the 1.7GHz band, and frequencies for RFID, USN and wireless microphones have been reassigned on the 900MHz.
 - To further free up frequencies to meet future spectral needs for mobile communications, frequencies on the 2.5GHz band and 3.4 3.6GHz bands will be progressively surrendered for reassignment for the use of next generation communications (IMT Advanced).

- The 60MHz bandwidth on the 1.8GHz band, whose assignment for 2G PCS will expire in June 2011, will be reassigned for 3G or better services by existing assignees.

2) A Channel Allocation Plan for Digital Transition of Terrestrial TV

- o The Digital Television Channel Allocation Plan, established on December 22, 2008, is aimed at reallocating transmission frequencies used by digital television stations.
 - The highlights of this plan include assignment of 38 channels between channel 14 and channel 51 for DTV, keeping five channels between channel 2 and channel 6 unassigned as reserve DTV channels. Precedence is given to terrestrial DMB on seven channels between channel 7 and channel 13, which may be otherwise kept as reserve DTV channels, if and when their re use proves possible.

B. Increased Supply of Spectrum

- 1) Additional supply of low power frequencies, widely used for everyday activities, for greater public convenience
 - o In 2008, a frequency range on the 10GHz band was newly assigned for use by detection sensor systems, and technical standards on related radio equipment were developed (December 29, 2008).
 - The allocation of 10GHz band frequencies will be effected in such a way as to take the industry's needs into consideration as much as possible, by linking with the Small and Medium Business Administration's 'Frontline Support for Small and Medium Companies' program.
- 2) Changes Introduced to Frequency Allocation Reflecting the Results of the World Radiocommunication Conference 2007 (WRC 07)

- o In 2007, the Korean table of frequency allocations and the radiocommunication equipment rules were modified to reflect the results of the WRC 07 of the International Telecommunication Union, and the radio equipment rules were accordingly amended as well (December 31, 2008)

<Table III-10> Changes in the Korean Table of Frequency Allocations

Frequency band	Current allocation	New allocation
7,100-7,200kHz	Broadcasting	Amateur, fixed, mobile
698-740MHz	Broadcasting	Broadcasting, fixed, mobile
960-1,164MHz	Aeronautical radionavigation	Aeronautical radionavigation, aeronautical mobile (R)
5,091-5,150MHz	Aeronautical radionavigation	Aeronautical radionavigation, aeronautical mobile
9,300-9,500MHz	Radionavigation, radiolocation (2 nd in priority)	Radionavigation, earth exploration satellite, space research, radiolocation (1 st in priority)

Note: The abbreviation 'R' stands for regular.

C. Regulatory Infrastructure for a Greater Variety of Broadcasting Services

- o To facilitate international visitors and residents' access to information on Korean culture and living, the Commission voted in May d 18 to approve a master plan for introducing English language FM broadcast in regions including the Seoul metropolitan area, Busan and Gwangju areas,.
- o In August 2008, in an effort to promote satellite DMB services, a number of provisions in the Technical and Operational Rules for Radiocommunication Equipment were amended to allow the introduction of the visual radio service, an application enabling transmission of slide images along with traditional audio signals.

- o Also in August 2008, in order to extend to nationwide viewers the high definition terrestrial television program retransmission service, hitherto available only to subscribers residing in the Seoul metropolitan area, the Commission issued its approval on the construction of two additional satellite broadcasting stations (stations #16 and #17) by Korea Digital Satellite Broadcasting Corporation.
- o Finally, the expansion of upstream and downstream frequency bands and introduction of MPEG 4, effected in July 2008 to promote digital cable TV services, greatly contributed to the increase of high definition channels.
 - In December 2008, the Commission decided to postpone the application of the requirement of decoupling the cablecard from the set top box for two years and introduced changes to the equipment inspection program, alleviating regulatory burdens on cable TV companies.

D. R&D in Radio Use Technology

1) Satellite Communications Technology Research

- o As a participant in the National Medium and Long term Plan for Space Development, alongside the Ministry of Education, Science and Technology and other government agencies, the Commission is currently carrying out a project to develop a communications system for the Communication, Ocean and Meteorological Satellite. The project steering committee has already compiled the list of project areas that require cooperation between government agencies.
 - In 2008, the Commission carried out projects for developing a transponder system, antenna system, pilot earth station system and a control system for satellite communications towers.
 - As part of an effort to contribute to the advancement in navigation satellite technology, a project to develop core technologies related to satellite signal surveillance stations, earth stations and search and rescue (SAR) distress beacons is also underway.

2) Support toward EMC Technology Development by Small and Medium size IT Firms

o For greater efficiency of the technology support it provides to small and medium size IT firms, the Commission conducted preliminary research to survey and analyze trends in the EMC materials and parts industry.

- EMC technology support, technology training and specialized information provided to small and medium size IT firms helped them shorten their cycle of product development and improve their competitiveness.

5. A More Market-friendly Regulatory System for Radio Spectrum Use

A. An Improved Spectrum Allocation System

1) Amendment to the Radio Waves Act in View of Implementing a Spectrum Auction System

o To reflect the competition situation at the time of spectrum allocation into the prices of frequency bands with a high economic value and strong potential for technology spillovers, and which are thus in high demand, an amendment bill to the Radio Waves Act was drafted and submitted to the Korean legislature (January 20, 2009), allowing for spectrum allocation by auction, in addition to the current ‘beauty contest’ system in which licenses are sold at a set price.

- The highlights of the amendment include setting a minimum bid price to prevent frequencies from becoming auctioned off at prices below their actual value and requiring bidders to make a security deposit up to 10% of the minimum bid price as proof of their genuine interest in the auctioned frequency.

2) Amendment to Increase Clarity in the Status of Ownership of Spectrum Use Rights

o An amendment was made to the Radio Waves Act (June 13, 2008) to repeal the current ex post approval rule, applying to the transfer or lease of spectrum use rights from their

original assignee to a third party. The new rule requires parties to such a transfer or lease of rights to obtain a pre approval from the Commission before such a transaction occurs. This change is aimed at protecting existing subscribers and preventing monopoly or oligarchy over spectrum resources.

B. Easing Regulations on the Operation of Radio Stations

- o A series of changes were introduced to the procedures for a telecom operator to open a radio station, including obtaining a spectrum allocation. Previously, except those operators who received allocations without screening, all other operators were subject to an approval requirement. From now on, operators can open radio stations, regardless of the method of spectrum allocation, by simply filing a report.
 - Further, to simplify the regulations applying to radio stations with the latest equipment with improved reliability and long life spans, the inspection cycle was prolonged to five years for 17 of the 22 radio stations currently subject to a triennial inspection rule (Amendment to the Enforcement Rules to the Radio Waves Act, December 14, 2008).
 - Amendment proposals to the Radio Waves Act were submitted to the National Assembly on January 20, 2009, to allow the use of a sample based approach in the post construction inspection of those radio stations operating within the frequency range assigned, and which are, furthermore, mobile base stations whose transmissions run little risk for interference.

C. Improvements for the Telecommunications Device Compliance Evaluation System

1) Legal Overhaul to Enhance the Efficiency of the Compliance Evaluation Process

- o A new legislative bill proposing to merge provisions in the Framework Act on Telecommunications, related to the type approval, into the corresponding sections of the Radio Waves Act, and replacing the vertical categories, previously in use in the

equipment compliance evaluation system, with new categories of type approval, based on criteria such as potential harmfulness, rate of defective units and potential threat to human health (submitted to the National Assembly on January 20, 2009).

2) Provisional Certification Program

- o The amendment bill to the Radio Waves Act further proposes to allow the issuance of provisional certifications to new products for which no appropriate evaluation criteria exist, if it can be established that the product in question does not cause harm to the telecommunications networks and radio use environment, and that it is generally safe.
 - Devices, awarded a provisional certification, can be manufactured or imported for a specified period of time, and concerning their distribution and installation, conditions limiting the number of units sold and locations of installation must be respected.
 - Devices, awarded a provisional certification, are subjected to a compliance evaluation (compliance certification/compliance registration), once evaluation criteria or procedures become available.

3) Legal Reform to Update Provisions Related to Compliance Evaluation

- o The device compliance evaluation system was extensively revised to move closer to a market friendly, developed world model, more suited for the current environment, in which the market is deluged with an onslaught of new telecommunications devices, with certification related provisions in the Framework Act on Telecommunications merged into the corresponding sections of the Radio Waves Act.
 - Operating manuals and information on fees and technical standards, scattered across various low level administrative decrees or notices, were consolidated and made more easily accessible to staff, directly involved in the evaluation and certification processes.

4) Strengthening Ex Post Administration

- o To minimize the undesirable consequences of easing of ex ante regulation, through such moves as simplifying and streamlining the process of device compliance evaluation and introducing a provisional certification scheme, and to better protect users from any risk arising from such regulatory liberalization, procedures for ex post intervention have been strengthened commensurately, so that an adequate level of oversight on new products is maintained.

- o In June 2008, the Commission entered into a MRA (Mutual Recognition Agreement) with Chile on telecommunications device test scores, to simplify procedural requirements for exports toward this destination.

- o To reflect the consolidation of regulatory responsibilities over telecommunications and broadcasting through the launch of the Korea Communications Commission, the existing certification mark for information and communications devices () has been replaced with a new mark () , applying to both broadcasting and telecommunications devices (July 2008).

Section 4. A Safe and Wholesome User Environment for Broadcasting and Telecommunications

1. Increasing the Safety and Reliability of the Internet

A. Improved Security Against Internet Attacks

- o 15,940 total hacking incidents were reported to the Korea Communications Commission during 2008. This is a 26.7% decrease from 21,732 cases registered in 2007. However, the number of total worm and virus attacks, standing at 8,469 in 2008, was up 41.2% from a year earlier (2007).

<Table III-11> Hacking and Virus Incident Statistics (reported basis)

	2005	2006	2007	2008
Worm and virus incidents	16,093	7,789	5,996	8,469
Hacking incidents	33,633	26,808	21,732	15,940

- o Threats to the internet were monitored by the Commission, through the Internet Intrusion Incident Response Support Center established by the Korea Information Security Agency (December 2003), around the clock, 365 days a year.
 - At the forefront of a concerted effort with 31 organizations, which include the National Intelligence Service, police, telecom operators and information security solution developers, the Commission monitors the internet for any anomaly and blocks suspicious and harmful traffic, through a hotline jointly operated with these organizations.
- o The ‘Cyber Security Incident Response Manual,’ an information security handbook for the private sector, outlining the procedures for responding to a security incident and

prescribing appropriate dispositions to take in various emergency situations, was compiled based on the ‘Guidelines on National Emergency Management (Presidential Order No. 229)’ and the ‘Standard Manual for Cyber Security Crisis Management (October, 2008).’

<Table III-12> Cyber Threat Alert Levels

	Threat Conditions	Response
Caution (Blue)	<ul style="list-style-type: none"> ○ Emergence of new and dangerous worms, viruses, hacking techniques or attack codes with a high potential of damage ○ A rapid propagation of intrusion incidents, originating from overseas, increasing the likelihood of the damage spreading into Korean cyber space ○ Signs suggesting the possibility of a sharp increase in abnormal internet traffic 	Close monitoring
Extreme Caution (Yellow)	<ul style="list-style-type: none"> ○ Localized damages caused by worms, viruses or hacking attempts ○ Localized disruptions in internet communications or of key internet-based services, or conditions that may lead to such disruptions ○ Conditions requiring ISP/IDC, general users and companies to be ready for emergency response or strengthen their security posture 	Strengthened security measures
Danger (Orange)	<ul style="list-style-type: none"> ○ Damage occurring to multiple ISP networks or key information and communications infrastructure ○ Grave damage sustained by private-sector systems such as major corporations’ systems, web portals and research institutes’ networks, caused by hacking attacks or new types of threats ○ Massive damages to companies and general users as a result of worm or virus attacks or intrusion incidents ○ Crisis conditions requiring cooperation and a joint response between the public and private sectors 	Emergency response
Extreme Danger (Red)	<ul style="list-style-type: none"> ○ Internet disruption at a nationwide scale ○ Damage sustained by key information and communications infrastructure, disrupting public services ○ Massive intrusion incidents causing serious damages across private-sector systems ○ Conditions necessitating a national-level joint response 	All-out crisis response

1) Master Plan for Online Information Protection

- o On July 22, 2008, the Commission unveiled its ‘Master Plan for Online Information Protection’ to steer its efforts to enhance information security capabilities at a national level.
 - Under this plan, 50 security tasks in four different fields, including intrusion response, protection of online privacy, illegal or harmful information on the internet and information security infrastructure, have been selected.
 - In November and December 2008, the Commission hosted an information security forum to share information on the progress of the Master Plan for Online Information Protection and discuss directions for future efforts in this area.

2) Stepping Up Efforts to Prevent Intrusion Incidents and Strengthening Response Capabilities

- o The security status of the internet is monitored on an around the clock basis, 365 days a year, by analyzing traffic data and intrusion detection data, and associated DNS information, including root domains and .kr domains, from 154 internet service providers (ISP) and internet data centers (IDC) nationwide. A close watch is kept on some 500 websites.
- o In December 2008, a system capable of detecting and blocking DDos traffic was put into place in three of the ISP interworking sections of internet networks to strengthen the defense against DDoS attacks.
 - To protect internet users from contamination with malicious bots, command and control servers used for these applications were blocked (1,678 servers in 2008, 10,836 in cumulative total), and the DNS sinkhole system was implemented in 17 critical institutions, including universities and public organizations.
 - The Commission also provides a free online service to scan and eliminate malicious bots through the website of the Korea Internet Security Center (<http://www.boho.or.kr>).

- o To identify bogus spyware removal programs circulating on the internet, often scams to trick and rob their unwitting users, 122 software applications were reviewed to check 36 items relevant to the protection of users, including whether the installation process is conditioned on the user consent, and whether the terms and conditions of service are provided.
- Meanwhile, to prevent intrusion incidents against the systems of internet service providers, the Commission conducted a security diagnosis program on 232 ISPs, IDCs and large online stores.

3) Protecting Critical Information and Communications Infrastructure

- o Ahead of the designation of new organizations in charge of protecting critical national information infrastructure, scheduled for October 2008, the Commission assisted the process by providing technical support toward preliminary steps, including defining the scope of facilities and conditions and procedures of designation and developing internal evaluation methods.
- Meanwhile, in December 2008, the Commission conducted an interim compliance audit on 13 information infrastructure managing organizations that are under its supervision. The audit examined whether the actions planned by these organizations, reported on the plan submit organ July 2007, had been actually implemented and whether there had been any major changes in the plan, also inviting them to indicate any area for which they need further support from the Commission.

4) Security Solutions for New Services

- o In September 2008, the Commission compiled a set of security guidelines for information services that are new to the market, such as VoIP and wireless LAN, and developed new intrusion response technologies for them. The Commission had three technologies developed from its R&D projects, including 'Secure VoIP communications/session control technology,' transferred to the industry for commercialization, making a concrete and positive contribution to the market prospects of this young sector.

5) Intrusion Response Cooperation Systems

- o In 2008, to broaden its domestic and international cooperative networks to strengthen response capabilities to internet intrusion incidents, the Commission added 55 new market participants, including small and medium size IDC, internet security monitoring firms and SO, to its information sharing network, which raised the total number of members to 154 organizations and 415 establishments.
- o In September 2008, the Commission offered cyber security training to government officials and industry representatives of 14 developing countries of the Asia Pacific region, under a program baptized “Asia Pacific Information Security Training.” In October, the Commission jointly developed, with its Australian counterpart, the ‘VoIP Security Guideline,’ which was presented at the APEC TEL.

6) Increased Support for Small Businesses and Organizations without Adequate Security Systems

- o To raise the standard of information security at SMEs and other small size organizations more exposed to security incidents, the Commission provide diagnostic services and tech support to identify vulnerabilities (1,520 sessions), implement open source firewall technologies (657 sessions) and scan computers online (1,492 sessions).
 - During 2008, 105 small and medium size IT service firms received support from the Commission, in areas including vulnerability analysis, risk management and security policy setting.
- o The practical support provided toward more vulnerable organizations with an internet presence was coupled with an active rule making and information effort. In October 2008, the Commission developed its ‘Guidelines for Safe Operation and Management of Information Systems,’ aimed at providing small and medium size firms with essential

knowledge related to system and network security setting, how to response to DDoS attacks and combating spam and virus attacks.

B. Stronger Protection for Personal Web Data

1) A Legal Overhaul to Increase Web Service Providers' Accountability Over Personal Data

- o In June 2008, the Information and Communications Act was amended to stiffen penalties for organizations who fail to comply with the procedures for protecting customer data they collect and store, introducing, for instance, a new fine on related offenses. The amendment also requires websites to offer an alternative method of registration, not involving the use of resident registration numbers.
 - A new fine system was put into place to sanction willful privacy offenses or negligence in personal data protection by telecommunications companies, of seven categories, including use of customer information for purposes other than declared purposes and its transfer to a third party without the explicit content of the customer.
 - For more aggravating violations of information privacy laws, penalties have been drastically stiffened to include criminal penalties, in addition to the fine (up to 10 million won).
 - The amended law provides the legal means for criminal prosecution of not just those directly responsible for leaking personal information of customers, but those who receive or use the leaked information, knowing that the information has been illegally obtained.
 - Web service providers, meeting a certain specific set of criteria, are now required to offer their new users an alternative to providing their resident registration number, in order to register.

2) Monitoring the Status of Customer Data Management and Strengthening Technological Response

- o To prevent the leaks and unauthorized exposure of personal information of internet users, the Commission conducted onsite audits at the premises of companies and organizations with a large customer information database and those with a past history of information leaks.
- o A website monitoring program, conducted between March and December 2008, checked on some 200,000 most popularly used websites, for the status of personal data protection. Information privacy procedures at 17,869 of them proved non compliant, and 10,010 of the total noncompliant websites (56%) were issued a corrective order.
- o In September 2008, to prevent the leaks of resident registration numbers from Korean language websites and ensure their complete deletion when a user is no longer registered with a service, the Commission opened a hotline with Google, on three successive occasions. The Commission and Google reached an agreement on six topics, including the time frame of deletion of resident registration numbers that are no longer needed and method of requesting the deletion.
- o To find out whether and to what extent resident registration numbers of Korean users are leaked on foreign operated websites and purge the leaked numbers, the Commission searched popular Chinese language websites (China, Taiwan) and English language websites, using the Google search engine. The list of websites so monitored was extended in August 2008, to include French and Russian language websites as well.
 - The Commission also entered into an agreement with the China Information Industry Association (CIIA) and three largest Chinese internet portals on cooperation for deleting leaked personal data of Korean users. In October 2008, the Commission negotiated with Japan's Information Technology Promotion Agency (IPA) on jointly setting up a hotline on personal data protection on the internet.

- o To prevent personal information from being intercepted during transmission over the network, the Commission increased the supply of secure servers sending and receiving encrypted information.
 - Between March and October 2008, the Commission surveyed the nation's 25,000 websites, including some of the most visited websites and websites of Korea Exchange listed publicly trading firms, and issued suggestions for improvement and corrective orders to noncompliant websites. In June 2008, a plan for encouraging the use of secure servers at the time of website development was drafted.

 - o To promote the use of i PIN (internet Personal Identification Number), an alternative means of personal identification to the resident registration number, the Commission simplified the process of i PIN issuance, by shortening the originally six step process to a four step process. A public information campaign was also launched to prevent identify theft on the internet, under the slogan "Personal Information Safety with i PIN."
- 3) Increasing Information Privacy Awareness and Encouraging Spontaneous Compliance
- o In June 2008, to increase the industry's awareness of information privacy and induce their spontaneous compliance with related rules and standards, a recommendation was issued to internet and telecommunications industry associations, encouraging them to establish a code of ethics and internal rules related to protection of personal information.
 - In September 2008, in collaboration with the Korea Agency for Digital Opportunity and Promotion (KADO), the Commission provided information privacy training to 112,788 elementary and secondary students, parents, teachers and staff of 195 schools in Seoul, Gyeonggi do and Incheon.
 - Meanwhile, in May 2008, jointly with internet portal Daum Communications, the Commission compiled ten basic rules, baptized 'Ten Commandments to Prevent the Misuse of Personal Information,' and used them for its public awareness and information efforts.
 - In October 2008, in collaboration with five internet related industry associations, including the Korea Association of Information and Telecommunications (KAIT),

Korea Telecom Operators Association (KTOA) and the Korea Online Shopping Association (KOLSA), the Commission conducted a public campaign to encourage web users to regularly change their passwords. Some 6 million people joined and supported this drive.

4) Improving the Personal Location Information Protection System

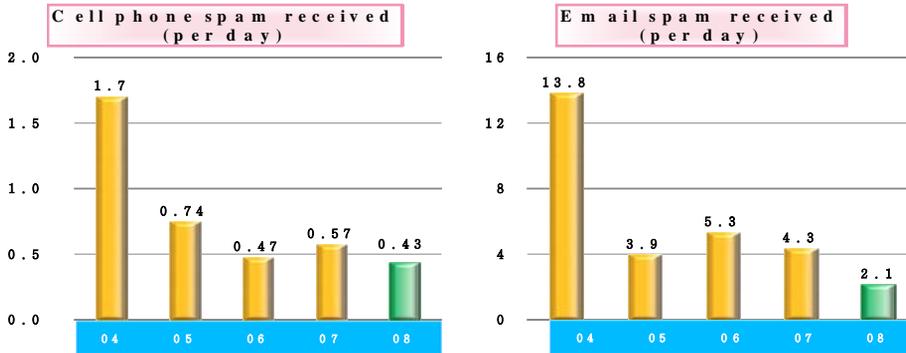
- o A series of amendments were proposed to the Act on Protection and Utilization of Location Information, to improve the effectiveness and efficiency of the personal location information protection system. The highlights of this amendment bill include authorizing the police to subpoena location information service providers, and changing the notification method in the case where location information is provided to a third party, from the current ‘instant notification’ to ‘user selected notification methods.’
- In June 2008, the Commission set up a website exclusively dedicated to the protection of location information, through which online training is provided twice a year (May and November), to location information service providers.

C. Shaping a Wholesome Internet Culture

1) Legal and Regulatory Reform to Improve the Internet Use Environment

- o A legislative amendment was initiated to expand the scope of web based services requiring identity verification and to guarantee the effectiveness of provisional measures currently in place. The changes proposed in this amendment initiative include introducing a new fine system and a new mechanism for monitoring web portals and other web based service sites. The amendment, submitted to the National Assembly in November 2008, is currently pending lawmakers’ approval.
- For greater effectiveness of anti spam efforts, and to facilitate sharing of information on spammers between web service providers, the same amendment bill also proposes to reduce the range of exceptional cases, concerning telemarketing and fax marketing, where opt in advertising is authorized.

[Fig. III-4] Daily Average Number of Spam Messages Received per User



2) Promoting Self Policing to Enforce Ethical Behavior Online

o To maintain ethical standards online by encouraging self policing efforts by website operators, the Commission conducted an inspection on web portals and P2P sites between June and July 2008, to assess the status of internal reporting systems processing user complaints about indecent or otherwise harmful and offensive content, and systems for blocking lewd or obscene content.

- In November 2008, the Commission audited ISPs on their status of installation and operation of URL blocking solutions, necessary to effectively stop content from gambling or pornographic websites with servers located overseas, from entering Korean cyber space.
- In 2008, textbooks on internet ethics were published, aimed at elementary and middle school students. Using these textbooks, internet ethics education was provided to 9,600 elementary and middle school students from 240 schools nationwide.
- The Commission is also offering internet ethics courses to school teachers, as part of a professional development program, and operates a website dedicated to internet ethics information (<http://www.nethics.or.kr>).

3) Combating Cell Phone and Email Spam

- o To combat illegal spam in a more sustained manner and through a consistent approach, the Commission compiled a manual entitled “Guidelines on Spam Prevention,” in September 2008.
 - Meanwhile, measures were also taken to restrict the content billing service provided by mobile operators, concerning illegal, offensive or indecent content distributed through wireless internet, and mobile operators and billing service providers were encouraged to establish internal guidelines to curb the distribution of content of this type. As a further effort in this direction, the Commission took actions toward strengthening cooperation between the Korea Information Security Agency (KISA) and mobile operators for keep wireless internet free of illegal and offensive content.

- o In September 2008, a system was put into place to support enforcement and investigative activities against illegal spammers by the Central Radio Management Office. The support provided through the system includes conferring greater authority on the Central Radio Management Office to provide it with the legal means to effectively investigate spam cases and enforce related rules.
 - A mechanism was also created to enable the sharing of information on the so called ‘one ring spam’ by mobile operators and authorize them to block spam messages and suspend telephone service for the number from which spam messages are originating.
 - For SMEs with insufficient infrastructure to effectively block email spam messages, the Commission is supplying them with a real time block list (RBL) and is also making efforts to broaden the implementation of Sender Policy Framework (SPF).

2. Upgrading Network Standards and Promoting Network Use

A. Upgrading Network Infrastructure for Deployment of Converged Digital Services

1) Promotion of BcN

- o In November 2008, to ensure interoperability between the various BcN services, including the IP video phone service, the Commission issued related service specifications and undertook measures to achieve a greater degree of standardization.
 - In December 2008, the Commission published quality standards on video resolutions and data rates of IP video phone and IPTV services. The Commission has also developed a software application for the IP video phone service, enabling automatic calculation of video resolutions and data rates.
 - Quality standards were also developed for other new services such as IPTV, WiBro and HSDPA, and related quality testing systems were upgraded. A quality assurance program for these products was also created at this time.
 - In December 2008, a feasibility study was requested on a project to set up BcN facilities in remote rural communities. The budget for this project will be reflected in the Commission's Mid term Financial Plan, due in 2010.

2) Building Advanced Networks of the Latest Standard

- o In January 2009, the Commission drew up a medium and long term plan for the development of broadcasting and telecommunications networks, to guide its network infrastructure expansion efforts for the deployment of IPTV and other converged and hybrid services for the upcoming five years (2008~2012). The plan presents the vision for this five year period and concrete strategies to realize this vision.
 - The Medium and Long term Plan for the Development of Broadcasting and Telecommunications Networks presents strategies devised based on the results of

evaluating past projects, for development of new service models, standardization and legal and regulatory improvements.

- One of the highlights of this plan is to provide gigabit internet access using a network that supports a transmission speed up to ten times that of BcN (50~100Mbps), for deployment of large capacity digital content services.

- o In 2008, the development of a gigabit access network technology was completed. The enabling technology for a gigabit PON (Passive Optical Network) was tested satisfactorily, and proved successful in the pilot.
 - A test run of an internet access solution enabled by technologies such as DOCSIS 3.0 and GE PON provided a gigabit speed access service to 200 households.

- o In 2008, a panel composed of representatives of telecommunications companies and civic and consumer organizations was set up for the management of the quality of BcN services. In December 2008, a series of improvements were introduced to the quality testing system for BcN, including the dispersion of testing units by placing them at a distance from each other, effected by the top four IDCs.
 - In an effort to build infrastructure for quality management in BcN services and create a regulatory framework, QOS indicators for IPTV and mobile data service, such as packet delay and loss and speed, and related standards were developed, along with the techniques for quality testing.

3) A Broadband R&D Network and All IP Service Infrastructure

- o The Korea Communications Commission has linked 91 universities, research institutions and company research labs to create a broadband R&D network for comprehensive research in broad ranging areas of this field. As part of its effort to support R&D in broadband technology, the Commission has also set up research and test facilities in six major cities across Korea.
 - To facilitate and encourage international collaborative research, the Commission has

linked the broadband R&D network with international research networks such as APII and TEIN.

- o In October 2008, to prepare infrastructure for the deployment of All IP services, the Commission took steps to stimulate the use of sensor networks over wireless and fixed networks.
 - In November 2008, a strategy for stimulating the use of sensor networks over wireless and fixed networks was developed, and related rules, appropriately updated.
 - In December 2008, an IP USN integrated test environment was completed.

B. Support for Improving the Internet Use Environment

1) A More Rational Allocation of Internet Address Resources and Safer Internet Use Environment

- o In December 2008, the Commission voted to approve a proposal to partially amend the Internet Address Resource Act to prevent inappropriate use of these resources, which is essential for the integrity and good functioning of the internet.
 - To broaden the supply of next generation internet address resources (IPv6), the Commission drew up a master plan for developing, promoting the use of, and managing internet address resources.

2) Accelerating the Penetration of Wireless Internet and IPv6

- o To assess the status of IPv6 adoption among Korean telecom operators, the Commission conducted a survey of bofkbone networks of 20 ISPs between September and October 2008, to determine the number of devices supporting IPv6 and that of devices configured to support IPv6.
 - In December 2008, to ensure the quality standard and reliability of the internet, the Commission conducted an analysis of name server errors on 15,069 domains registered nationwide and took necessary corrective actions.
- o The 'Plan for Mobile Internet Promotion,' a plan to stimulate growth in wireless internet access via cell phone, was jointly announced with the Ministry of Culture, Sports and

Tourism and the Ministry of Public Administration and Security.

- Among the highlights of this plan are measures to improve the access system to wireless internet to make it easier to use; create an environment where mobile operators and CPs can compete fairly; and to enhance the environment for the production and distribution of wireless and fixed content. Broadening the use of flat rate pricing for data service and other measures to create a more user friendly environment were also among the highlights of the plan.

3. Creating a Fair Competition Environment and Extending Strong Protection to Users

A. Strong User Protection Measures

1) Defending the Interests and Rights of Users

- o To protect users from the various and complex internet borne threats and predatory practices of service providers and promote their rights, in 2008, the Commission issued two alerts on potential damage to users and five guidelines to telecom operators.
 - Educational content on user protection was developed and distributed to 98 organizations, including large internet portals, public institutions and consumer organizations.
 - On December 5, 2008, the top five telecom operators amended their terms and conditions of service to eliminate provisions that are unfair to customers.

2) Quality Evaluation of Broadband Internet Access Services

- o A quality evaluation program that ran five months between December 2007 and April 2008 measured QOS indicators of broadband internet access service, including speed, packet delay and loss. The results were published on June 12, 2008, providing a strong incentive to operators to improve the quality of their services, in order to meet the level of service promised in their service level agreement.
 - The evaluation was conducted on 13 service products offered by seven providers, at

two levels: technical level and the level of customer satisfaction.

- o The Commission issued a directive, entitled ‘Improvement Strategy for the Minimum Guaranteed Speed of Connection,’ raising the minimum connection speed by 5 ~ 50% over the speed promised by broadband access service providers (7 providers) in their service level agreement.
- From now on, when a broadband service provider fails to meet the target QOS requirements, a user can demand compensation. The results from 2007 were reflected in the QOS evaluation plan for 2008.

3) Conferences and Forums

- o For greater effectiveness of policy undertakings for user protection, the Commission hosted a series of conferences with consumer organizations and the Forum for Telecom User Protection, in an active effort to tap the opinions of interested parties and experts.
- Two conferences with consumer organizations were hosted, on August 28, 2008 and on December 10, 2008.
- The ‘Forum for Telecom User Protection’ was held for two days between December 9 and December 10, 2008, for a discussion on the theme of ‘User Protection Policy in the Era of Convergence and Challenges.’ Attended by academics, researchers, institutions and association in the telecommunications field and telecom companies, the event provided an excellent opportunity to gather input from a broad spectrum of stakeholders.
- In 2008, the Commission built a cooperation system for a joint effort to improve terms of telecommunications service agreements, with the Fair Trade Commission, the nation’s five large telecom operators, and the civic organization, Coalition for Economic Justice.

B. Stepping up Market Oversight to Ensure Fair Competition

- o In 2008, the Commission analyzed complaints filed with the Broadcasting and Telecommunications CS (Customer Satisfaction) Center, and developed a variety of indicators to derive trends from the market data collected through its internal monitoring system. Market surveillance activities were also carried out during this period, using related statistics.
 - Case studies were conducted, and research was commissioned on various regulatory issues of the broadcasting and telecommunications market, and the results were reflected in the market surveillance plan for the subsequent period. Regular conferences were held to collect the inputs from market participants and experts in related fields during this year.
 - To resolve the issue of double regulation in the broadcasting and telecommunications market, the Commission is collaborating with the Fair Trade Commission and the Ministry of Government Legislation through a collegial body created from representatives of respective organizations.

- o To promote fair competition in the market, the Commission has dramatically increased its surveillance activities, by extending its oversight also to the broadcasting sector, among others. Market surveillance activities, coupled with concrete corrective actions, effectively and favorably affected the status of competition within the broadcasting and telecommunications market.

<Table III-13 > Surveillance Activities to Ensure Fair Competition in the Broadcasting and Telecommunications Markets in 2008

Type of action	Number of instances	Description
Market monitoring	7	<ul style="list-style-type: none"> ○Market inspection to check practices related to the mandatory mobile subscription contract scheme (May) ○Monitoring of unfair business practices in the broadband internet access market (June, October) ○Monitoring and inspection of the wireless internet market (July) ○Monitoring of unfair business practices by ISPs in the private line market (September) ○Monitoring of unfair business practices in the broadcasting market, related to program supply among others (October) ○Market inspection to ensure the sound implementation of the VoIP number portability program (December) ○Inspection of the bundle sales market and surveillance to prevent unfair practices (December)
Corrective measures	4	<ul style="list-style-type: none"> ○SMS notification of users on the registration history of their handset to prevent the practice of pre-registering mobile phones ○Process improvement in the assignment of preferred mobile phone numbers ○Fact-gathering to assess the status of illegal spamming and implementation of corrective measures ○Mobile subscription process improved, including the introduction of online personal identity verification

o Coupled with market surveillance and advisory and corrective procedures, the Commission also brought improvements to the procedures for assigning mobile phone numbers. For greater fairness of the process, preferred numbers are from now on assigned through a draw.

<Table III-14> Disciplinary Actions Taken Against Unfair Business Practices (Fines Imposed)

(unit: number of disciplinary actions, 100 million won)

Sector		'04	'05	'06	'07	'08	Total
Fixed telephone	Disciplinary actions	4	17	8	4	6	39
	Fines	3	3	3	4	20	33
Mobile communications	Disciplinary actions	26	28	30	15	10	109
	Fines	482	624	1,226	225	29	2,586
Broadband internet	Disciplinary actions	8	68	20	5	10	111
	Fines	1	47	26	28	6	108
Others	Disciplinary actions	68	27	23	19	2	139
	Fines	8	1	2	4	—	15
Total	Disciplinary actions	106	140	81	43	28	398
	Fines	494	675	1,257	261	55	2,742

C. Speedy and Effective Intervention on Consumer Grievances

1) Dispute Mediation in the Broadcasting and Telecommunications Market

- o In 2008, the Broadcasting Dispute Mediation Committee of the Korea Communications Commission convened twice to mediate disputes between broadcasters, relay operators and network operators, bringing a satisfactory resolution to both cases and contributing to fair competition within the broadcasting market and enhancement of viewer welfare.
 - Two conferences with the leadership of the Korea Association of Program Providers and representatives of program provider companies were held also during this period, discussing topics related to the prevention of disputes (August 14, 2008 and September 8, 2008).
- o A legislative amendment to the Broadcasting Act initiated to include disputes between

broadcasters, IPTV service providers and telecommunications companies among types of disputes subject to adjudication by the Broadcasting Dispute Mediation Committee (revision relating to Article 35, Paragraph 3 of the Broadcasting Act).

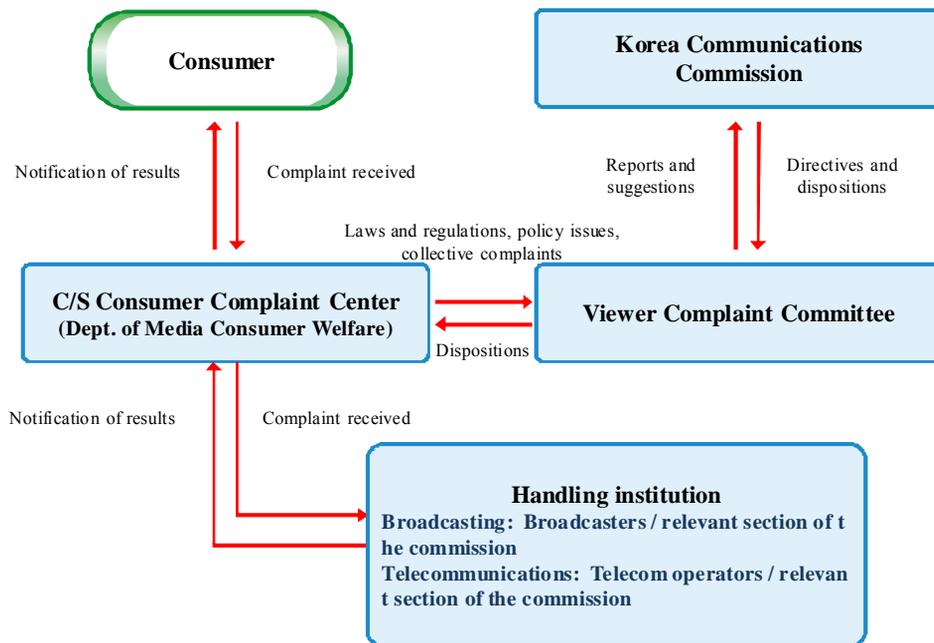
- Research to develop a revision strategy for laws related to mediation of disputes between suppliers of the broadcasting and telecommunications market to improve the dispute mediation system and the related deliberation and adjudication process.
- Meanwhile, in anticipation of a future increase in disputes, amid changes rapidly overtaking the broadcasting market as a result of further progress in convergence, the Commission streamlined the dispute mediation process, previously a dual process, for each area of the broadcasting and telecommunications sectors. In December 2008, a strategy was developed to update and improve procedures and functions related to dispute resolution.

2) Improvement of the Telecom Consumer Complaint Handling System

- o A plan for implementing an integrated system for handling consumer complaints in telecom services was drawn up on August 5, 2008.
 - Among the highlights of this plan are the consolidation and simplification of the consumer complaint handling process, setting up a computerized system for processing complaints and increasing statistical analysis of consumer complaints. A three way conference system was set up for customer calls received at the CS center, so that the consumer initiating a complaint procedure may discuss the issue with the complaint handling officer and a representative of the telecommunications service provider at the same time.
 - A more active use of the consumer alert system, a system under which consumer complaints received by the Commission are statistically analyzed to reveal patterns and trends and identify problems consumers are the most frequently experiencing, and consumers are provided with tips to avoid and prevent these common problems, and information on how to initiate a grievance procedure to resolve them.
 - For easy public access, various statistics on consumer complaints about

telecommunications services and service providers are published on the Commission’s website. Case study booklets are regularly published as well, along with a monthly consumer complaint statistics newsletter.

[Fig. III-5] Broadcasting-Telecom Consumer Complaint Processing System



- o Content providers engaged in unfair business practices warned or reprimanded:
 - To assist consumers using a fixed or wireless phone payment system, who are wrongly billed for content services they have not used or are disputing the charges, and to prevent the recurrence of billing related complaints, the Commission unveiled on July 16, 2008 the ‘Guidelines for Internal Self Regulation on Phone Payment Processing.’
 - In August 2008, a deliberative panel, named “Broadcasting and Telecom Consumer

Welfare Committee,” was created to steer the effort to increase speed and efficiency in the handling of consumer complaints, which are sharply on the rise due to the rapidly changing broadcasting and telecom environment, and prevent future incidences of the most common complaints.

- In November 2008, a system for proactively responding to consumer complaints with telecommunications service providers was put into place.

D. Reviewing Certain Statutory Proscriptions and Further Procedural Clarity Brought to the Investigation System

1) A Comprehensive Review of Proscribed Business Practices

o The Commission conducted a comprehensive analysis of the Telecommunications Business Act for practices and activities that are proscribed under it, and manuals on how to handle related cases of violations to ascertain the continued relevance of the list of banned practices and activities and introduce any necessary changes. In May 2008, administrative orders and directives were issued, including the ‘Guidelines on Handling Cases Involving Proscribed Activities and Their Disclosure.’

- To gather expert opinions on the issue, seminars with specialists in relevant fields were hosted three times in 2008. A public hearing on how to overhaul the Telecommunications Business Act, concerning its list of proscribed acts, was held on December 8, 2008.

o The Commission also met with telecom operators through conferences held on October 1 and December 4 in 2008. The goals of these conferences were to raise the industry’s support for the ex post intervention measures planned by the Commission, and share the results of its market monitoring to encourage spontaneous corrective efforts on the part of companies.

- In October 2008, a research seminar was hosted in conjunction with the Korea Communications Conference 2008 to seek policy coordination with foreign regulators and strengthen international cooperation.

o A series of legislative proposals to reduce an ex ante approach to broadcasting and

telecom regulation, such as ‘Avoiding Ex Ante Regulation of Intercarrier Wholesale Access Pricing,’ ‘Easing Tariff Approval Requirements,’ and a proposal to update and revise the list of activities proscribed were submitted to the legislature.

- o A new database was created to store various accounting data of broadcasting and telecommunications companies. The analysis of accounting data, as it yields measurable indicators and offers concrete insights into the performance of the industry, is likely to greatly assist the Commission’s policymaking efforts and help create a stronger link between policy undertakings and any ex post measures.

<Table III-15> Disciplinary Actions Taken Against Broadcasting and Telecom Companies Engaged in Proscribed Activities (unit: won)

	Proscribed activities and practices			Information privacy	Total
	Fixed market	Mobile market	Subtotal		
Number of disciplinary actions	18	10	28	15	43
Description	<ul style="list-style-type: none"> o Total fine of 2.6 billion won o Regulatory improvements 	<ul style="list-style-type: none"> o Total fine of 2.9 billion won o Regulatory improvements 	<ul style="list-style-type: none"> o Total fine of 5.5 billion won o Regulatory improvements 	<ul style="list-style-type: none"> o Business license suspension and fine imposition o Regulatory improvements 	—

2) Professional Training for Investigation Staff and Further Refinement of the Investigation System

- o In 2008, the Commission hosted 18 guest lectures and seminars on topics related to practical considerations in investigative work and the Telecommunications Business Act and other laws and regulations on broadcasting and telecommunications.
 - Professional development training provided through these lectures and seminars armed the Commission’s investigative workers with in depth knowledge of the broadcasting and telecommunications fields and new skills to deal with consumer complaints in a manner that is simpler or more convenient for the industry.

- o Research to introduce further coherence to the investigation techniques helped beef up the Commission's investigative capabilities and thereby also enhance its external image as the chief regulator of broadcasting and telecommunications in Korea. Meanwhile, legal violations which constitute a social issue or with a high frequency of occurrence were compiled into a list and included in a manual entitled "Investigation Manual on Proscribed Practices and Activities (divided into three parts according to the standard or type).

4. Increasing the Welfare of Viewers and Broadening Public Access to Broadcasting

A. Encouraging Viewers' Participation to Give Them Greater Say in Broadcasting Programming

1) Support for Broadcasting Programs with Viewer Participation

- o To encourage viewers to weigh in on broadcast content and increase their participation in the content production process, the Commission took measures to broaden the share of user produced content in broadcasting programming.
 - During 2008, the Commission provided a total funding of 2.57 billion won to 45 broadcasting firms, including KBS and local terrestrial television broadcasters, system operators and satellite broadcasting companies. The funding was used to air 2,500 programs with viewer participation, aimed at increasing the involvement of socially disadvantaged segments of community, and these programs also helped widen access to broadcasting for the overall viewership.
 - Concerning satellite broadcasters, funding was directly transmitted to local broadcasters supplying programs to the latter. A sum of 560 million won went to this category of broadcasters toward the costs of production during 2008.

<Table III-16> Funding Provided toward Viewer-participated Programs

(unit: 1 million won)

	2001	2002	2003	2004	2005	2006	2007
Number of programs	6	188	1,426	1,880	2,068	2,526	2,775
Funding provided	51	1,217	2,343	2,249	2,656	2,181	2,604

2) Support for Associative Activities by Viewers

o During 2008, as part of an effort to better defend the interests and rights of television and radio viewers and listeners, the Commission offered a total funding of 500 million won to 33 civic and consumer organizations to sponsor activities geared to gathering viewers' input on television and radio programming, and communicating the results to broadcasters and other related institutions so that they may be reflected in their future programming and policies.

- The strategy to promote the rights of viewers was also adjusted during this period, in a manner to ensure the selection of projects that are both indispensable for the development of a viewer welfare policy and adapted to the era of convergence, and in order to avoid the selection of doubled or redundant projects.
- As a result, project categories eligible to receive the Commission's financial support, which previously included media education, broadcasting monitoring, campaigns and special projects, are now changed to include media education, broadcasting monitoring and policy development.
- Changes also deal with measures to broaden the opportunity to take part in this program by newly formed civic and consumer organizations and stiffen screening criteria, to ensure that selected organizations are capable of actually carrying out their responsibilities under the program.

3) Survey of Viewer Complaints

- o On September 26, 2008, a new deliberative body was formed to handle viewer complaints, baptized “Committee for Viewer Complaint Handling.”
 - The Committee for Viewer Complaint Handling is responsible for gathering the opinions of viewers on broadcasting and resolve any complaints received from viewers, concerning broadcast content, advertising materials, programming (complaints on issues other than those covered by broadcasting standard deliberation), reception fees, paid television fees, technical issues and poor reception quality. Depending on the results of deliberation, the committee may issue a corrective order, decide on a disciplinary action or order the service agreement to be modified. Decisions taken by the committee are subject to approval by the Commission before they can be implemented.

- o The results of the 2008 survey revealed that viewer complaints declined by 39% from one year earlier.
 - Of the total 4,272 complaints received, 1,796 (42%) were complaints having to do with satellite broadcasting programs or service providers; the highest of all broadcasting segments. System operators received the second highest number of complaints of 1,656 (39%), followed by terrestrial television (400 complaints (9%)), and program providers (20 complaints).

B. Widening Access to Broadcasting for Underprivileged Segments of Population and Improving Media Education

- o Over the nine year period between 2000 and 2008, the Commission spent 14.8 billion won in total to supply devices to upgrade television sets to make them adapted for visually and hearing impaired people and elderly persons with hearing loss and sponsor the production of visually or hearing impaired friendly programs, closed captioned or accompanied by audio commentaries or using a sign language interpreter.

<Table III-17> Support for Broadcasting Access of Underprivileged Segments of Community (as of 2008)

Type	Description
Supply of Reception Devices	<ul style="list-style-type: none"> o 101,000 television add-ons supplied over the eight-year period between 2000 and 2008, worth 9.03 billion won (30,000 closed caption receivers, 18,000 audio commentary receivers and 53,000 receiver units for hearing-impaired elderly persons) * Penetration rates (cumulative rates as of 2008) among low-income earners (basic livelihood security assistance recipients and those classified as the near poor): closed caption receivers 63.2%, audio commentary receivers: 37.4%, receivers for hearing-impaired elderly persons: 25.1%
Content Production	<ul style="list-style-type: none"> o In 2008, funding provided, since 2006, toward the production of television programs specially created for the visually or hearing-impaired (5.83 billion won) helped increased their share in the overall programming by 28.6% over 2007. * Share of visually and hearing-impaired programming (on the basis of four terrestrial TV network, as of 2008): cc: 92.8%, sign language programming: 3.8%, programs with audio commentaries: 5.3%
Media Education	<ul style="list-style-type: none"> o Under a media education promotion project begun in 2006, a total funding of 1.81 billion won was provided toward the development of textbooks and teaching materials (resource books, teaching materials for elementary schools, middle-school textbooks). * Development of media education teaching materials (8 books and 3 videos) and funding toward the creation of school reading rooms and after-school study rooms aimed at children of low-income families

- o In 2008, 5,000 subtitle receivers,²⁾ 1,584 audio commentary receivers and 10,532 receivers for elderly persons with hearing loss were distributed to physically impaired persons and other disadvantaged segments of community (severely handicapped persons and recipients of basic livelihood security assistance).
- Financial assistance was extended toward the production of visually and hearing impaired friendly programs (closed captioning, sign language interpretation and audio commentaries), and measures were taken to encourage increased handicapped programming, with regard to 26 broadcasters and 27 channels. Support was also provided to create a broadcasting study program in the Media Center for the Visually and Hearing Impaired in Seoul.
- Support for the production of visually and hearing impaired friendly programs was provided through two media centers in Busan and Gwangju, and educational television programs by EBS that are closed captioned and accompanied by audio commentaries for hearing or visually impaired school children were made available in July 2008.
- In September 008, the Korea Communications Commission selected a series of tasks for its goal of widening the use of green IT in the broadcasting and telecommunications fields.
- In October 2008, the ‘Green IT Taskforce Team’ was set up to draw up a ‘Roadmap for Green Broadcasting and Telecommunications’ which will guide the Commission’s efforts to promote green IT.
- In October and November 2008, the Green IT Taskforce Team conducted a survey of Korean broadcasting and telecommunications companies to assess the status of energy consumption in these two sectors.
- The results of this electric power consumption survey over the most recent three years were used as a reference for developing strategies for cutting energy consumption in the broadcasting and telecom field.
- In November 2008, a public/private sector partnership advisory group, named “Green Broadcasting and Telecom Advisory Panel,” was created with industry members, academics and research experts with practical experience of and responsibility over IT aided processes in their respective organizations.

2) The cumulative total number (penetration rate) of closed caption receivers distributed rose from 25,087 in 2007 (12.2%) to 30,087 (12.9%) in 2008.

- The advisory panel met to define the concept of green broadcasting and telecommunications to give it further clarity and draw up a draft ‘Green Broadcasting and Telecommunications Master Plan,’ which incorporates and reflects the suggestions and input of experts in varying fields.
- In December 2008, as part of an ongoing effort to gain public support for its green IT initiatives, the Commission hosted the ‘ICT/Environment Converged Standardization Forum’ in Busan, taking an important first step in supporting the development of eco friendly technologies in the broadcasting and telecommunications field, contributing to the reduction of greenhouse gases.

IV. Upcoming Goals and Objectives

1. Fostering the Development of Media Services As a New Engine of Economic Growth
2. Network Upgrade and Evolution and Stimulating Investment in Network Facilities
3. Protection and Promotion of Broadcasting and Telecommunications Users
4. Increasing Support for Overseas Expansion Attempts by Korean Broadcasting and Telecom Companies

IV. Upcoming Goals and Objectives

- o The Korea Communications Commission intends to foster the long term development of the media industry into a globally competitive industry and an engine of future economic growth, all the while actively responding to problems arising from the current economic crisis.
 - The plan is to strengthen the competitiveness of the media industry across all parts of its value and supply chains, including content and distribution infrastructure, by capitalizing on Korea's advanced IT technology standing out particularly for cell phones and digital TV technologies and infrastructure in a manner to spur the progress of transition toward a converged broadcasting telecom market and help vault Korea to the front of the global convergence race.

- o To attain these goals, the Commission selected a series of tasks for the year 2009. The first of them is to foster the growth of media services to turn this industry into a new engine propelling Korea's national economy in the upcoming decades. The second is to upgrade network facilities and stimulate and encourage private sector investment in these facilities. The third is to enhance the welfare of broadcasting and telecom consumers, and the fourth, to actively support overseas market development efforts for competitive Korean broadcasting and telecommunications services.

1. Fostering the Development of Media Services As a New Engine of Economic Growth

A. Promotion of Converged Broadcasting-Telecom Services

- o To accelerate the penetration of converged digital services, to reduce barriers to the IPTV market and encourage participation in this market by more telecom companies, the Commission plans to continue with its deregulatory approach.
 - To ensure fair competition in the IPTV market, the Commission will be continuously monitoring and evaluating the status of competition in this market.

- Measures are in the planning stages that will permit and facilitate the release of affordable bundles of a broad variety of services (IPTV bundled with various other media and communications services) of a btrouduce a l coarte pricing plans allowing viewers to select channels they desire.
- A new plan for promoting the development of the content business is also in store, including measures to increase differentiation among IPTV services and spur the growth of television series and films.
- On a technical and technological front, the Commission will be investing in quality management techniques for the IPTV service and other technologies needed for its qualitative improvement, and next generation technologies for the long term development of this service. This will be coupled with continuous efforts toward technical standardization.

B. Making Strides in Digital Transition of Broadcasting

- o To support the analog to digital transition of broadcasting at a policy level, the Commission will take actions to actively encourage the adoption of digital equipment and production of HD programs. It will postpone the entry into force of the requirement of decoupling the set top box and the cablecard to a future date and establish a technical standard for set top boxes, implementing also other measures capable of accelerating the digital transition of CATV.
- o To develop a viewership for digital broadcast and create the conditions for it, the Commission will be conducting research on TV viewing behavior among low income households to devise a subsidy program to assist in the purchase of a digital TV set. Meanwhile, in an effort to update the television reception environment to make it ready for digital transition, the Commission will be surveying the status of TV reception equipment and devices and drawing up a plan for an all digital TV pilot project.
- o To facilitate the process of digital transition and ensure its smooth progress, the

Commission will develop a publicity strategy capable of raising public support for the process and broaden the public awareness of it. Based on various digital transition scenarios describing, for instance, how and when analog broadcasting would be ended for full migration to digital television, annual construction plans for DTV stations and plans for switching DTV channels will be drawn up, and the time frame and method for discontinuing analog broadcast will be decided.

C. Giving a Jolt to the Development of Broadcasting and Telecom Content

- o The policy for promoting content production will be designed in such way as to create a new engine of economic growth out of this industry.
 - The Commission will keep a watch on program licensing fees paid by broadcasters to check whether they are in compliance with the rule (25% or more of the total service revenue generated from a program), in order to ensure that program providers are compensated for the content they supply at a price matching their actual value. This measure will be coupled with one to strengthen the legal protection of copyrights on external productions, aired by networks.
 - Efforts will be also made to ensure that transactions and business dealings between content developers and distributors are fairer and more equitable. The Commission will evaluate the competition status of the market on a regular basis and take necessary actions to ensure that going prices of broadcast content are consistent with their market value.
- o To expand infrastructure for the production and distribution of media content, the Commission will be increasing financial assistance toward content production by small and medium size PPs and content developers and will also offer funding toward the production of broadcasting programs on topics related to economic recovery or revitalization.
 - A plan to build a content cluster with a one stop support system to assist small and medium size content firms with production, processing and distribution is also afoot.

- o To make media better able to meet the various desires of broadcast viewers and breathe new vitality into the broadcast content market, the Commission plans to facilitate market entry by new general program providers.
 - The entry of new general program providers will be timed to coincide with the amendment of the Broadcasting Act.

D. Regulatory Overhaul to Accelerate the Process of Media Convergence

- o The Commission intends to continue its regulatory reform initiative, aimed at increasing the Korean media industry's contribution to the national economy and allowing it to evolve and develop in line with the trend toward media convergence, and bring improvements, in particular, to rules related to ownership and cross sectoral service provision.
- o The Commission will follow up on the Framework Act on Broadcasting and Telecommunications Development, passed to law earlier this year, with another new law, tentatively titled "Broadcasting and Telecommunications Business Act." The two laws will be progressively harmonized so that they may constitute a consolidated legal system, governing the broadcasting and telecommunications sector by the year 2010.

2. Network Upgrade and Evolution and Stimulating Investment in Network Facilities

A. Upgrade and Evolution of Broadcasting and Telecommunications Networks

- o Creating an environment in which accessing and using broadband multimedia is easier will be the prime priority guiding the Commission's network upgrade efforts over the coming period.
 - For greater efficiency of the process of migration to next generation networks, a committee to steer and coordinate related efforts will be created, composed of industry representatives, academics and researchers.
 - A detailed plan will be drafted for the deployment of gigabit internet, and a pilot service will be offered to 700 households with 3DTV and other new service applications.
 - Network integration technologies to link WiBro and HSDPA, and other types of networks will be tested, and a QOS evaluation system for IPTV will be implemented. Meanwhile, to finance BcN construction in rural areas, the Commission plans to extend low interest loans to related projects from the Public Fund Management Fund.
- o In anticipation of IPv4 depletion, projected to occur in 2013, the Commission will prepare for a progressive migration to IPv6, to avoid sudden disruptions in internet service.
 - To coordinate the process of IPv6 migration, a committee, composed of government officials, major ISPs and representatives of the National Internet Development Agency, will be formed to coordinate the process of IPv6 migration. The IPv6 Migration Steering Committee will establish a migration plan for the public sector and separate migration plans for each of the ISP backbone networks.

B. Productive Use of Radio Spectrum Resources

- o For more efficient use of limited radio spectrum resources, the Commission plans to amend frequency allocation and usage related regulations to make them more market friendly and

retrieve assigned spectrum and reassign them to free up frequencies for new types of services.

- Through early allocation of mobile radio frequencies, the Commission will encourage investment in new wireless network facilities. A detailed plan outlining the method of frequency allocation, amount of the lease fee, intended uses, technical characteristics, terms and condition of the lease, screening criteria and procedures will be established for this purpose.
- Low power frequencies will be supplied on a permit free basis to facilitate the development of new services in medical and safety fields and wireless devices by small and medium size venture firms and to permit more creative usages of radio frequencies.
- To contribute to the revitalization of the economy and creation of new jobs, and to shape a high efficiency and environment friendly radio frequency use environment, research will be conducted (2009 1012) to survey spectrum resources available nationwide, assess levels of radio noise and amounts of radio frequency electromagnetic field exposure, and to determine the status of usage in different parts of the country. The results will be used to build a 3D wave map providing a comprehensive overview of the radio wave environment in Korea.

C. Promoting Investment in the Telecommunications Market

- o Telecom operators will be strongly encouraged to invest in FTTH (Fiber to the Home), one of the leading next generation network technologies, and in projects to install repeaters, which has great potential for job creation. Telecom services will be evaluated for quality, and the results will be publicly disclosed to incite investment in quality improvement by companies and stimulate quality competition between them.
- o Incentives will be provided to telecom operators to increase investment in content fields which can create new jobs for young adults. Publishing guidelines on revenue splitting between mobile operators and content providers and other regulatory improvements are also planned.
- o To spur investment in new services, the Commission will take follow up measures on next generation services such as amending the administrative notice on phone number assignment for WiBro voice service. The Commission will also examine ways to bring

new suppliers to the WiBro market, for instance, through joint roaming arrangements with incumbents or sharing base stations with them.

- Support will be extended toward R&D projects for development of WiBro based 4G mobile technologies, concerning both source and commercial technologies.
 - For the long term growth of WiBro services, efforts will be made to extend the current geographical coverage, limited to the capital area, to nationwide locations and eliminate dead spots, and to improve the stability of the service.
- o The Commission will be working on developing an improved method for selecting new entrants to the telecommunications market. Support for telecommunications technology development will be increased, and active efforts will be made to promote WiBro for its adoption in countries outside Korea, by providing stepping stones to overseas market development attempts by WiBro service providers and equipment manufacturers through roadshows and business forums hosted abroad.
- o To accelerate the improvement of the quality of 3G services to achieve a greater level of stability, the Commission will undertake policy efforts to induce telecom operators' investment in equipment in parts of the country with comparatively poor service infrastructure.
- In order to speed up the diffusion of 3G services, service quality tests will be progressively performed more and more in fringe areas, and their results will be disclosed to consumers.

3. Protection and Promotion of Broadcasting and Telecommunications Users

A. Alleviating Burden on Household Budgets from Broadcasting and Telecom Expenditures

- o To induce price drops in telecommunications services through the market mechanism, without regulatory intervention, the Commission will initiate an amendment of the Telecommunications Business Act to allow market entry by new operators without their own networks or facilities to introduce competitors to existing incumbents. To create

- conditions for viable competition between incumbents and new entrants, a wholesale access program will be launched as well, so that operators without facilities may resell access to the network.
- The tariff approval requirement will be waived to cases where the newly set price is lower than the previously approved price, in favor of reporting. To allow a greater variety of affordably price service bundles to enter the market, related approval procedures have been significantly simplified. The minimum discount rate of bundled service products, over the combined price of separately distributed single items, in order to be eligible for the express approval process, will be raised from the current 20% to 30%.
 - o In an effort to alleviate the burden from broadcasting and telecommunications expenditures on the budgets of economically disadvantaged segments of population, the Commission will increase its information effort on the mobile communications discount program for low income users through TV advertising spots and other media. A uniform discount program, extending discounts to all those who are eligible, using the complete list of recipients of basic livelihood security assistance from the Ministry of Health, Welfare and Family Affairs, is under examination as well.
 - In tandem with it, the Commission is also planning to build a system to simplify procedures for applying for mobile communications discounts by collaborating with related government agencies such as the Ministry of Health, Welfare and Family Affairs and the Ministry of Public Administration and Security.
 - Meanwhile, to expand the scope of discounts for low income subscribers on paid television services and set rules for these discounts, the Commission will be setting up a joint committee with industry to deliberate on details of the discount program and related rules.

B. Improving Access to Broadcasting and Telecommunications Services

- o As part of a continuing effort to improve disabled people's access to broadcasting, the Commission will extend its funding toward the production of disabled friendly programs to also cable TV and new media platforms, and provide support toward increasing the share of closed captioned programming to 10%, particularly of news channels programming.

- The program for supplying receivers for visually and hearing impaired persons and elderly persons with hearing loss will continue into the future with the hope of guaranteeing basic access to broadcasting to more people with disabilities.
- o The Commission is planning to provide funding support to KBS and other terrestrial television networks, and new media (SO and satellite broadcasting) to assist them with the costs of broadcasting of viewer produced programs, with the goal of helping multicultural families and North Korean defectors settled in South Korea better understand the Korean society, and offer media education to all segments of community.
- o In accordance with the Basic Plan for Deployment of English FM Broadcast Service (May 2008), the Commission will be progressively expanding the list of cities with access to English FM broadcast, to include all major metropolitan areas (Daegu, Daejeon and Ulsan). As frequencies become available in these cities, the screening and licensing processes will take place.

C. Improving the Safety and Reliability of the Internet

- o To effectively respond to internet intrusion incidents that are ever gaining in complexity and diversity, the Commission will undertake measures to strengthen the public response system by providing technical support, among others.
 - To prevent hacking attempts against converged digital media such as IPTV and VOIP and develop emergency recovery techniques for these media, the Commission will set up a test environment to hold mock hacking exercises and compile guidelines on how to respond to intrusion incidents.
 - The Commission will continue with its effort to broaden the adoption of i PIN and other alternative online identification means to the resident registration number, to prevent leakages of sensitive personal data and identity theft. Meanwhile, as a more systematic approach to the problem of information theft, the Commission is looking to create a response system, capable of speedily detecting leaks or unintentional disclosure of sensitive data and taking appropriate dispositions to stop the damage.

- To make the internet a more wholesome place for all, the Commission will be undertaking a variety of internet ethics campaigns on a nationwide scale, and stepping up its public awareness effort by airing or publishing publicity materials through popular media like TV, newspapers and major internet portals.
- Meanwhile, to promote internet ethics among youth, a project for publishing internet ethics textbooks for use in classrooms is in the planning.
- Finally, as an effort to reduce malicious or defamatory online comments and other types of reprehensible activities enabled by internet anonymity, the Commission is increasing the daily number of internet users subject to identity verification to 100,000 and more.

D. Promotion of Fair Competition in the Broadcasting and Telecommunications Market and Protection of Users

- o The Commission will be developing a strategy to help Korea's broadcasting and telecommunications market gradually move away from the current restrictive model of competition, in which competition takes place within a specific service category, toward full and open competition, unlimited by sectoral boundaries.
 - The oversight of the market will be increased to keep close tabs on most frequently reported complaints such as unfair mobile billing (excessively high or wrongly billed wireless internet access charges), unreasonable constraints imposed by broadband service providers on subscribers to make cancellation or subscription difficult and charging an excessive early termination penalty.
 - The Commission will monitor transactions between large companies and SMEs to ensure business dealings between them are fair and equitable and reduce undue challenges faced by SMEs.
 - The Commission will also regularly monitor bundled products and new media markets of the like of the IPTV market for unfair business practices to ensure a healthy head start for these young markets.
- o More Proactive User Protection Measures Going Beyond Ex Post Intervention
 - Identity theft prevention services will be extended to media such as internet telephony and WiBro, and IPTV will be included among services covered by the quality evaluation program to promote quality competition also in services that are new to the market.
 - Concerning the handling of consumer complaints, improvements to the method of

notification such as making information on the progress of a case available online and sending an SMS alert, are being planned.

4. Increasing Support for Overseas Expansion Attempts by Korean Broadcasting and Telecom Companies

- o To accelerate the exports of broadcasting and telecommunications, the Commission will implement various measures to help Korean companies with their overseas market development efforts, by closely cooperating with other government organizations and working together with the private sector.
 - A committee for supporting overseas expansion attempts in the broadcasting and telecommunications fields will be established to serve as a public private sector cooperation channel. The committee composed of industry representatives and associations will share export success stories and assist companies in resolving administrative and practical difficulties in response.
- o For WiBro, eight roadshows and business forums are planned to take place in Central and South America and other key regions of the world, to assist with the process of adoption of this new technology. The Commission is also planning to beef up its international standardization efforts to support WiBro's bid to become a 4G mobile communications standard.
- o Concerning DMB, a next generation terrestrial DMB technology which is to offer channels twice the current number is currently under development. Test broadcasting sessions are planned to test the readiness of the new technology for commercialization. For a broader acceptance of terrestrial DMB in markets worldwide, the Commission will provide support toward setting up a test broadcasting network in countries that are potential adopters of this technology.
- o Export promotion efforts will be also made for the Korean IPTV technology and model. Roadshows and policy forums will be held in Peru and other prospective export destinations.

- o To diversify export markets for Korean broadcasting content, currently mostly exported to China and Japan, six showcases are scheduled for 2009, to take place in the Middle East, Central and South America and Central Asia. The Commission will undertake various other measures toward this goal, including support toward international co production projects.

[Appendix]

1. Department Job Description of Korea Communications Commission
2. Overview of KCC-related Laws
3. Relevant Agencies of KCC
4. Statistics on Broadcasting and Communications
5. 2008 Fiscal Year Accounting Settlement
6. Overview of KCC Meetings
7. THE SEOUL DECLARATION FOR THE FUTURE OF THE INTERNET ECONOMY

1. Department Job Description of Korea Communications Commission

Category		Job Description
Planning and Coordination Office	Planning and Budget Officer	<ul style="list-style-type: none"> ○ Coordinate various policies and plans, and manage organizations and workforce ○ Plan, put together and coordinate budgets, and handle revenues, expenditures and settlement
	Creativity and Innovation Officer	<ul style="list-style-type: none"> ○ Oversee creativity and innovation work, and liaise with the National Assembly and other agencies ○ Manage performance, evaluate government work, and improve administrative systems
	Regulatory Reform and Legal Affairs Office	<ul style="list-style-type: none"> ○ Reform regulations and legal systems ○ Plan and review legislative bills, and handle administrative disputes and lawsuits
	International Cooperation and Planning Officer	<ul style="list-style-type: none"> ○ Formulate inter-governmental and international cooperation policies ○ Negotiate broadcasting and communications issues such as WTO and FTA
	International Organization Officer	<ul style="list-style-type: none"> ○ Formulate policies concerning international organizations ○ Operate international organizations in the broadcasting and communications field, and develop relevant policies
	Agenda Coordination Team	<ul style="list-style-type: none"> ○ Call committee meetings, and put together and manage agenda ○ Receive and review agenda from committees
	Information Strategy Team	<ul style="list-style-type: none"> ○ Execute office affairs and office automation work ○ Build and operate knowledge information systems
	Emergency Planning Officer	<ul style="list-style-type: none"> ○ Manage emergency, security and disaster-related work
Broadcasting and Communications Convergence Policy Office	Policy Coordination Division	<ul style="list-style-type: none"> ○ Oversee policies on broadcasting and communication convergence ○ Formulate mid- and long-term policies on broadcasting and communication services, and evaluate the services
	Convergence Policy Division	<ul style="list-style-type: none"> ○ Formulate comprehensive plans for promotion of convergence services ○ Devise visions and strategies for the nation's

		development based on broadcasting and communication and the convergence thereof
	Broadcasting and Communications Promotion Policy Division	<ul style="list-style-type: none"> ○ Formulate policies on promotion and distribution of broadcast programs ○ Support broadcasters in the production of programs
	Fund Policy Division	<ul style="list-style-type: none"> ○ Plan the mid- and long-term and annual operation of funds ○ Manage and evaluate the performance of funds-supported projects
	Technology Policy Team	<ul style="list-style-type: none"> ○ Formulate policies on the promotion of broadcasting and communication technologies ○ Develop broadband information and communication technologies
	Radio Planning Division	<ul style="list-style-type: none"> ○ Formulate policies on allocation and auction of frequencies ○ Formulate policies on radio wave service rates and commissions
	Radio Audit Policy Division	<ul style="list-style-type: none"> ○ Formulate policies on establishing the order of user radio waves ○ Formulate policies on approval and inspection of radio stations, and on the authorization of equipment for broadcasting, communication, and information
	Broadcasting Satellite Technology Division	<ul style="list-style-type: none"> ○ Designate the frequencies of broadcasters ○ Control of broadcasters' radio interference and wave interference, and approve and inspect radio stations for broadcasting
Broadcasting and Communications Convergence Policy	Spectrum Policy Division	<ul style="list-style-type: none"> ○ Formulate policies on the efficient use of frequencies ○ Formulate plans for development of technologies for using radio wave sources, and allocate satellite frequencies and register them internationally
	Broadcasting Operation Division	<ul style="list-style-type: none"> ○ Formulate comprehensive policies on broadcast ad campaigns ○ Formulate policies to guarantee the people's universal access right
	Digital Conversion Division	<ul style="list-style-type: none"> ○ Formulate policies on analogue to digital conversion ○ Improve digital signal receiving environments and publicize such campaigns

	Programming Policy Division	<ul style="list-style-type: none"> ○ Formulate policies on operation and formulation of broadcast programs ○ Formulate policies on external production
	Evaluation and Analysis Division	<ul style="list-style-type: none"> ○ Formulate policies on evaluation of broadcasts ○ Present awards and support the production of superior broadcast programs
Broadcasting Policy Bureau	Broadcasting Policy Planning Division	<ul style="list-style-type: none"> ○ Oversee policies on broadcast services ○ Formulate mid- and long-term policies on broadcasting and on public broadcasts
	Terrestrial Broadcasting Division	<ul style="list-style-type: none"> ○ Formulate policies on terrestrial broadcasting ○ Formulate policies on approval and re-approval of terrestrial broadcasters
	New Media Policy Division	<ul style="list-style-type: none"> ○ Formulate basic plans for new media and cable broadcasting ○ Formulate policies on approval and re-approval of comprehensive cable broadcasters
	Broadcasting Channel Policy Division	<ul style="list-style-type: none"> ○ Formulate policies on activating the project of broadcasting channels ○ Formulate policies on equal access to broadcast contents
	Regional Broadcasting Team	<ul style="list-style-type: none"> ○ Formulate policies on regional broadcast development, and compose and operate regional broadcast development committees ○ Evaluate the performance of regional broadcast development
Telecommunications Policy Bureau	Telecommunications Policy Planning Division	<ul style="list-style-type: none"> ○ Oversee policies on telecommunication services ○ Formulate mid- and long-term policies on telecommunication businesses
	Telecommunications Competition Policy Division	<ul style="list-style-type: none"> ○ Formulate mid- and long-term policies on activation of communication markets ○ Evaluate the competition of communication markets, and improve relevant policies and systems
	Telecommunications User System Division	<ul style="list-style-type: none"> ○ Improve policies and systems for subsidies on mobile handsets ○ Survey and examine mobile service users, and improve user systems
	Telecommunications Resources Policy Division	<ul style="list-style-type: none"> ○ Comprehensively manage communication resources ○ Install and preserve telecommunication equipment

Consumer Network Bureau	Investigation, Planning and Coordination Division	<ul style="list-style-type: none"> ○ Formulate policies on surveys of broadcasting and communication markets ○ Build and operate survey systems for broadcasting and communication markets
	Market Research Division	<ul style="list-style-type: none"> ○ Report violations of relevant laws and regulations, and handle corresponding action results ○ Investigate into violations of relevant laws and regulations, and take corrective steps
	Consumer Protection Division	<ul style="list-style-type: none"> ○ Formulate policies on protection of users of communication services ○ Investigate, plan and coordinate the protection of communication users
Consumer Network Bureau	Consumer Rights Promotion Division	<ul style="list-style-type: none"> ○ Manage and supervise the composition and operation of audience committees ○ Arrange and manage programs produced and participated by viewers
	Review Support Team	<ul style="list-style-type: none"> ○ Assist in reviewing agenda concerning the arbitration of disputes and the approval of agreements on mutual access and so on ○ Establish and amend the criteria for penalties and sanctions
	Broadcasting Environment Improvement Team	<ul style="list-style-type: none"> ○ Formulate policies on improving broadcast media environments ○ Formulate policies on healthy broadcast culture
	Network Planning Division	<ul style="list-style-type: none"> ○ Formulate policies to innovate, stabilize and improve networks ○ Ensure network compatibility and standardization
	Internet Policy Division	<ul style="list-style-type: none"> ○ Expand Internet infrastructure and activate the use of Internet ○ Improve Internet service environment and protect users
	Network Safety Division	<ul style="list-style-type: none"> ○ Provide services provided over networks, develop relevant technologies and establish technology standards ○ Build and operate systems to respond to network attacks
	Privacy Protection Division	<ul style="list-style-type: none"> ○ Formulate and amend policies and laws and regulations on privacy protection over networks ○ Take steps concerning privacy protection in Internet services

	Network Ethics Team	<ul style="list-style-type: none">○ Prevent the distribution of unhealthy information over networks, and formulate and amend relevant laws and regulations○ Cooperate with relevant agencies in shutting off illegal information
Spokesperson's Office		<ul style="list-style-type: none">○ Support publicity and press briefing of major policies○ Analyze, evaluate and respond to media reports
Audit Team		<ul style="list-style-type: none">○ Audit the KCC and its agencies○ Audit agencies under the control of KCC, and investigate into complaints and take action accordingly
General Services Division		<ul style="list-style-type: none">○ Undertake personnel affairs, rewards, discipline, education and training, and employment○ Undertake protocols, building management, and protection

2. Overview of KCC-related Laws

Category	Relevant laws	Outline	History
Convergence	KCC Establishment and Operation Act	<ul style="list-style-type: none"> ○ Rationale for, and composition and organization of KCC ○ Duties and operation method of KCC, and establishment of Korea Communications Standards Commission 	Enacted on February 29, 2008
	Internet Multimedia Broadcast Act	<ul style="list-style-type: none"> ○ Classification of operators (IPTV service providers and contents providers) ○ Entry regulation, business domain, and ownership regulation 	Enacted on January 17, 2008 /Amended on February 29, 2008
Broadcasting	Broadcast Act	<ul style="list-style-type: none"> ○ Freedom and independence of planning broadcast programs, and the public responsibility of broadcasting ○ Approval and re-approval of broadcasting business 	Enacted on January 12, 2000 /Amended on December 31, 2008
	Educational Broadcasting System Act	<ul style="list-style-type: none"> ○ Capital of and investment in Educational Broadcasting System ○ Appointment of executives, and composition of the Board of Directors 	Enacted on January 12, 2000 /Amended on December 31, 2008
	The Act on the Foundation for Broadcast Culture	<ul style="list-style-type: none"> ○ Composition of executives of FBC ○ Rationale for broadcast promotion fund 	Enacted on December 26, 1998 /Amended on February 29, 2008
	Special Act of Conversion of Terrestrial TV Broadcast into Digital Broadcast, and Activation of Digital Broadcast	<ul style="list-style-type: none"> ○ The end date of analogue TV broadcast ○ Measures to guarantee low-income people the right to view TV 	Enacted on March 28, 2008
Communication	Telecommunications Framework Act	<ul style="list-style-type: none"> ○ Technical criteria for telecommunications equipment ○ Management of telecommunication accidents 	Enacted on August 10, 1991 /Amended on March 21, 2008
	Telecommunications Framework Act	<ul style="list-style-type: none"> ○ Classification of services and operators, and systems of market entry, competition promotion, and fair competition ○ System of protecting telecommunications users 	Enacted on August 10, 1991 /Amended on February 29, 2008

Communication	Information and Communication work Business Act	<ul style="list-style-type: none"> ○ Registration and design criteria for the construction work business ○ An institution of ordering system business separately, and limitation of subcontracting 	Enacted on January 22, 1971 /Amended on March 25, 2009
	Framework Act on Informatization Promotion	<ul style="list-style-type: none"> ○ Promotion of building integrated broadband communication networks ○ Building and management of integrated broadband research networks 	Enacted on August 4, 1995 /Amended on June 13, 2008
	Act on Information and Communication Network Promotion and Information Protection, etc.	<ul style="list-style-type: none"> ○ Restriction of gathering and using personal information ○ System of requiring bulletin board users to confirm their identity, and ban on transmission of illegal spam mails 	Enacted on May 12, 1986 /Amended on June 13, 2008
	Act on Protection and Use of Location Information, etc.	<ul style="list-style-type: none"> ○ Classification, and system of market entry ○ The use by emergency rescue agencies of personal location information 	Enacted on January 27, 2005 /Amended on February 29, 2008
	Internet Address Resources Act	<ul style="list-style-type: none"> ○ Use and management of Internet address resources ○ Establishment and operation of Internet Dispute Arbitration Committee 	Enacted on January 29, 2004 /Amended on February 29, 2008
	Communication Privacy Act	<ul style="list-style-type: none"> ○ Procedures for monitoring of communications, and provision of communication confirmation data ○ Telecommunication providers' cooperation in communication privacy 	Enacted on December 27, 2003 /Amended on February 29, 2008
	Radio Wave Act	<ul style="list-style-type: none"> ○ Procedures for assigning, allocating, recollecting and re-assigning frequencies ○ Procedures for using radio stations, such as the approval for and inspection of radio stations 	Enacted on December 30, 1961 /Amended on June 13, 2008

3. Relevant Agencies of KCC

Agency	Representative	Name	Relevant Act	Purposes and Functions
Korea Broadcasting System (KBS)	President	Lee Byung-sun	Broadcast Act, Article 43, Section 1	KBS, as the national broadcaster, aims to establish a fair, healthy broadcast culture and to conduct broadcasting at home and abroad
Foundation for Broadcast Culture	Chief Director	Lee Ok-kyung	The Act on Foundation for Broadcast Culture	FBC aims to ensure the public responsibilities of broadcasters, to promote broadcast culture, and to improve public welfare
Educational Broadcasting Systems (EBS)	President	Koo Gwan-seo	EBS Act	EBS aims to help school education, and to contribute to the people's life-long education and educational development.
Korea Internet and Security Agency	President	Hwang Jung-yon	Act on Information and Communication Network Promotion and Information Protection, etc. Article 52	KISA aims to research and develop systems and technologies to protect information
National Internet Development Agency	President	Park Sung-gyu	Internet Address Resources Act, Article 9	NIDA aims to build a system to manage Internet address resources, and to develop the Internet address resources and promote the use of them.
Korea Radio Promotion Agency	President	Jung Jin-woo	Radio Wave Act, Article 66	KORPA aims to manage and promote radio waves efficiently, to promote relevant workforce, and to handle relevant government work
Korea IT International Cooperation Agency	President	Vacant	Framework Act on Informatization Promotion, Article 24-2	KOICA aims to conduct international cooperation with regard to the promotion of informatization, and to support information and communication firms in entering overseas markets.

4. Statistics on Broadcasting and Communications

A. Broadcasting and Communication Industry(BCI)'s Ratio of GDP

Category		2003	2004	2005	2006	2007	2008 3Q
BCI's ratio of GDP (%)		12.3	13.8	15.0	16.2	16.9	17.8
Total economic growth rate(%)		3.1	4.7	4.2	5.1	5.0	3.8
BCI's growth rate (%)		14.2	17.5	13.5	13.5	9.5	7.3
BCI's contribution to economic growth(%p)		1.6	2.2	1.9	2.0	1.5	1.4
Total increase rate in facility investment(%)		△1.2	3.8	5.7	7.8	7.4	4.6
Investment increase in BCI facilities (%)		△4.8	0.8	11.1	8.5	9.3	4.7
Ratio of BCI (%)		38.2	37.2	39.0	39.0	39.7	40.0
Total workforce (10,000 people)		1,242	1,281	1,311	1,355	1,389	-
BCI workforce (ratio)		139 (12.2%)	137 (10.7%)	143 (10.9%)	146 (10.8%)	150 (10.8%)	-
Total exports (\$ 100mn)		1,938	2,538	2,844	3,255	3,715	3,289
BCI exports (ratio)		705 (36.4%)	937 (36.9%)	1,023 (36.0%)	1,133 (34.8%)	1,251 (33.7%)	1,313 (39.9%)
Major items	Semiconductors	196	270	320	373	393	328
	Mobile handsets	169	241	258	253	287	335
	Display panels	17	44	101	168	218	257
	Digital TVs	36	59	61	67	61	58
	PCs	69	70	42	34	24	4

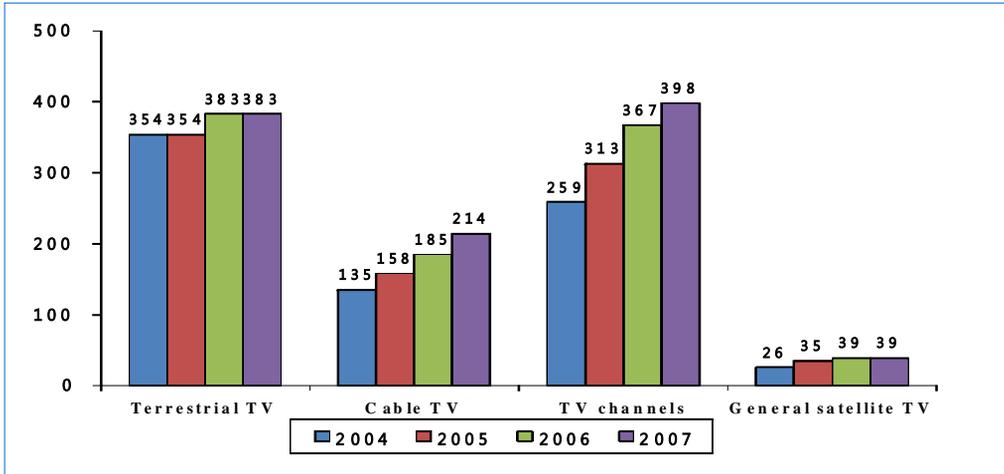
Note: BCI refers to the whole services, equipment and contents industries relating to information and communication, and broadcasting

Source: Bank of Korea, Ministry of Strategy and Finance, and Korea International Trade Association

B. Broadcast Market Size

Broadcasting Market Growth Trends

(Unit: 10bn won)



Note: The broadcasting market size (sales) include sales in broadcasting services, including license fees, advertisement fees, and other revenues (sponsorships, sale of programs, etc.), and other business revenues (Internet connection business, lease of real estate, sale of learning materials, etc.).

Source: KCC

Details (2007)

Category	No. of operators	Workforce	Pay subscribers (10,000 people)	Broadcasting market size (won)	Sales in broadcasting services (won)
Terrestrial TV	44	13,761	-	3. 8815 trillion	3. 5062 trillion
Cable TV	103	5,050	1,453	2.1358 trillion	1.4702 trillion
Use of TV channels	188	9,102	-	3.9843 trillion	2.7612 trillion
Satellite DMB	1	226	127	119.7bn	116.5bn
Terrestrial DMB	6	136	-	8.6bn	7.5bn
Satellite TV	1	287	215	387.4bn	357.4bn
Community antenna TV	115	351	20	16.9bn	16.9bn
Total	458	28,913	1,815	10.5344 trillion	8.2359 trillion

Note: 1. Sales in broadcasting services are the amount after deducting the Internet connection business, real estate lease, sale of learning materials, and other revenues from the total broadcasting market.

2. Terrestrial DMB workforce and sales excluded those of terrestrial DMB services.

Source: KCC

Pay Subscribers to Broadcasting Services

(Unit: people)

Category	2004	2005	2006	2007	June 2008
Total	15,179,121	16,032,739	16,189,749	16,886,067	17,211,586
Cable TV	13,012,991	13,876,533	14,067,681	14,533,965	14,749,097
Pay subscribers	12,624,289	13,612,356	13,765,713	14,250,169	14,478,970
Free subscribers	388,702	264,177	301,968	283,796	270,127
Community antenna TV	513,875	300,966	172,877	200,220	202,418
General satellite TV	1,652,255	1,855,240	1,949,191	2,151,882	2,260,071

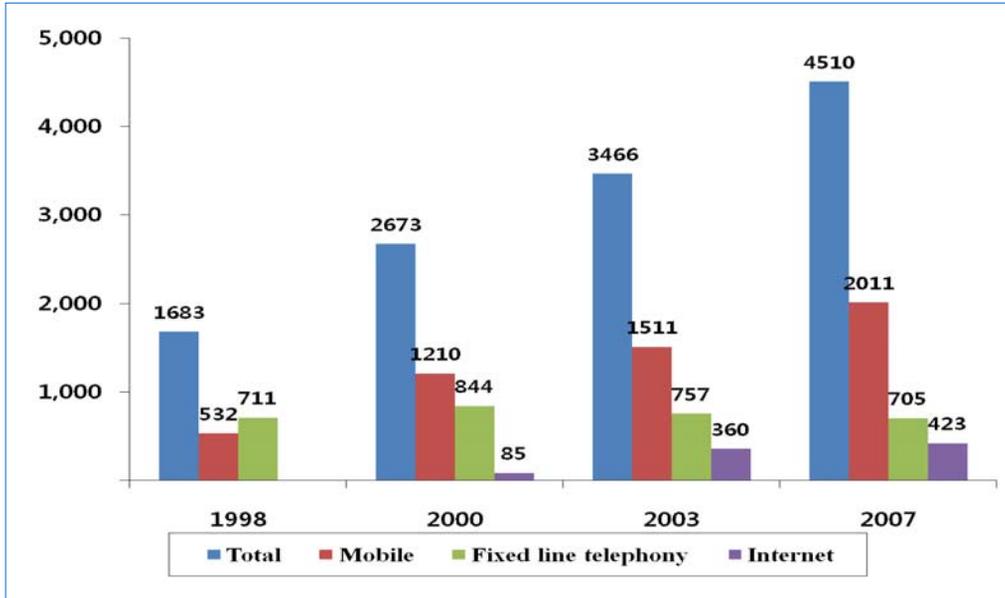
Note: The number of subscribers to cable TV is based on the number of those who installed broadcast receiving terminals to receive cable TV. Thus, the figure includes not only the number of those who installed both single and multiple receiving terminals.

Source: KCC (December 2008)'s 2008 Broadcasting Industry Status Report

C. Communication Market Size

□ Communication Market Growth Trends

(Unit: 10bn won)



Source: KCC

□ Details (2007)

	Category	Sales (million won)	Ratio (Sales)	No. of operators	No. of subscribers (10,000 people)
Key services	Fixed line telephony	705	15.6%	-	-
	Inter-city	534	11.8%	3	2,213
	Inter-city	80	1.8%	5	-
	International	91	2.0%	5	-
	Mobile	2,011	44.6%	3	4,560
	Internet	423	9.4%	Nationwide: 8 Region: 114	1,547
	Exclusive lines	262	5.8%	17	-
	Others	38	0.8%	-	-
	Sub-total	3,439	76.2%	-	-
	Special services	213	4.7%	236	-
	Value-added services	858	19.0%	2,557	-
	Total	4,510	100.0%	-	-

- Note: 1. The number of operators and the number of subscribers are based on 2008.
 2. Intracity telephony sales include intracity, access by subscribers, public phones, phone number information, intelligent networks, ISDN, and VoIP.
 3. Special and value-added services are based on only those companies where statistical surveys were available.

Source: KCC

□ Subscribers by Communication Service

(Unit: 1,000 people)

Category	2004	2005	2006	2007	2008
Intracity	22,871	22,920	23,119	23,130	22,132
KT	21,457	21,353	21,289	20,918	19,866
Hanaro	1,413	1,521	1,745	2,031	1,935
DACOM	-	46	85	181	330
Mobile	36,586	38,342	40,197	43,498	45,607
SKT	18,783	19,530	20,271	21,968	23,032
KTF	11,729	12,302	12,914	13,721	14,365
LGT	6,074	6,510	7,012	7,809	8,210
Radio paging	45	42	43	39	41
TRS	311	323	321	333	353
Wireless data communication	111	111	97	100	91
GM-PCS	4	4	5	4	4
Wireless Internet subscribers	35,016	37,202	38,894	41,598	42,740

- Note: 1. KT includes general telephony (business telephony not included), group telephony, DID and ISDN.
 2. Hanaro Telecom includes general telephony (business telephony not included), local communication, and ISDN.
 3. DACOM: general lines (general 1 line, general 2 lines), relay lines: DID/DOD (no. of channels) and exclusive DOD (no. of channels)
 4. The exclusive DID relay lines are excluded from subscribers (in all of KT, Hanaro, and DACOM)

Source: KCC

□ Broadband Internet

○ No. of subscribers

(Unit: 1,000 people)

Category	2004	2005	2006	2007	2008
Total subscribers	11,921	12,191	14,043	14,710	15,475
KT	6,078	6,242	6,353	6,516	6,712
SK Broadband	2,749	2,773	3,613	3,658	3,544
Thrunet	1,288	837	-	-	-
Onse Telecom	391	353	220	-	-
Dreamline	134	100	28	2	1
LG DACOM	206	213	112	68	29
LG Powercom	-	262	1,204	1,721	2,182
Value-added communication	857	1,155	-	-	-
System operators	-	-	2,262	2,507	2,786
Relay operators	-	-	15	16	13
Network operators	-	-	55	58	50
Special communication	218	257	180	164	158

Note: SK Broadband's subscribers are those of Hanaro in the case of up until 2007.

Source: KCC

○ Subscribers by service type (December 31, 2008)

(Unit: people)

Category	xDSL	HFC	LAN	FTTH	Satellite	Total
Total (Ratio)	3,718,135 (24.0%)	5,085,348 (32.9%)	4,933,229 (31.9%)	1,737,367 (11.2%)	852 (0.0%)	15,474,931 (100%)
KT	3,373,949		2,085,493	1,251,244	852	6,711,538
SK Broadband	266,962	1,623,864	1,166,936	485,907	-	3,543,669
Dreamline	2	231	184	-	-	417
LG DACOM	677	6,892	21,020	-	-	28,589
LG Powercom	-	896,492	1,285,870	-	-	2,182,362
Cable TV	52,980	2,514,252	219,044	-	-	2,786,276
Community antenna TV	1,445	5,498	6,113	76	-	13,132
Transmission networks	4,448	34,361	11,526	140	-	50,475
Special communication	17,672	3,758	137,043	-	-	158,473

Source: KCC

□ Users of the Number Portability System

○ Intracity telephony

(Unit: people, %)

Year	KT			SK Broadband(SKB)			LG DACOM(LGD)			Total
	SKB→	LGD→	Sub-total	KT→	LGD→	Sub-total	KT→	SKB→	Sub-total	
2004	9,756	-	9,756	173,310	-	173,310	151	50	201	183,267
2005	78,007	803	78,810	180,219	34	180,253	8,130	983	9,113	268,176
2006	182,947	3,576	186,523	337,951	359	338,310	14,261	230	14,491	539,324
2007	208,087	3,310	211,397	421,133	342	421,475	51,647	8,415	60,062	692,934
2008	111,712	6,312	118,024	198,918	902	199,820	118,660	28,610	147,270	465,114
Share	27.3	0.6	27.9	61.3	0.1	61.4	8.9	1.8	10.7	100.0

Source: KCC

○ Mobile telephony

(Unit: people, %)

Year	S K T				K T F				L G T			Total
	KTF→	LGT→	SKT→	Sub-total	SKT→	LGT→	KTF→	Sub-total	SKT→	KTF→	Sub-total	
2004	567,413	-	-	567,413	1,271,072	-	-	1,271,072	857,077	242,499	1,099,576	2,938,061
2005	1,487,335	684,036	-	2,171,431	1,486,638	532,752	-	2,079,450	676,200	645,609	1,321,809	5,572,690
2006	2,047,481	730,755	9,623	2,847,859	2,076,644	780,201	2,545	2,839,300	826,715	814,118	1,640,833	7,328,082
2007	2,310,945	1,085,890	511,142	3,907,977	2,291,249	907,587	876,402	4,075,238	1,076,813	1,129,751	2,206,564	10,189,779
2008	2,450,004	611,713	1,916,057	4,977,774	2,430,715	1,004,816	1,382,725	4,818,256	611,085	1,081,796	1,692,881	11,488,911
Share	23.6	8.5	6.5	38.6	25.5	8.7	6.0	40.2	10.8	10.4	21.2	100.0

Source: KCC

5. 2008 Fiscal Year Accounting Settlement

 Summary of Settlement

(Unit: million won)

Category		Budget (A)	Current budget (B)	Settlement (C)	Execution (%) (C/B)
Revenue	Total	676,415	700,124	590,872	84.4
	General accounts	436,989	436,989	349,021	79.9
	Broadcasting development fund	239,426	263,135	241,851	91.9
Expenditure	Total	476,458	497,328	468,575	88.1
	General accounts	237,032	257,902	226,724	87.9
	Broadcasting development fund	239,426	239,426	241,851	88.3

- Note: 1. The low revenue collection ratio is attributable to the budget not transferred when the organization was reshuffled (February 29, 2008), and to a decrease in the payment of penalties due to business shutoffs and a lack of finance.
2. The budget is an amount transferred when the organization was reshuffled on February 29, 2008, and the current budget is an increased amount with the transfer of 20,870 million won from the Ministry of Knowledge Economy in line with the reorganization of the information and communication category (July 3, 2008).

 Broadcasting Development Fund

(1) Financial Overview (summary of balance sheet)

(Unit: million won)

Category	2008 (A)	2007 (B)	Change (A-B)	
			Amount	Ratio (%)
Assets	395,269	359,748	35,521	9.9
Liabilities	97	27	70	259.3
Capital	395,172	359,721	35,451	9.9

(2) Income Overview (summary of income statement)

(Unit: million won)

Category	2008 (A)	2007 (B)	Change (A-B)	
			Amount	Ratio (%)
Revenue	165,737	179,460	Δ13,723	Δ7.6
Cost	138,195	150,680	Δ12,485	Δ8.3
Net profit	27,542	28,780	Δ1,238	Δ4.3

□ Summary by Program (December 31, 2008)

(Unit: won)

Category	Expenditure budget /Current expenditure plan	Expenditure
Total	497,327,639,080	468,574,849,860
Chapter 060 (category) Culture and Tourism	252,333,977,540	254,758,941,040
Part 061 (division) Culture and Arts	252,333,977,540	254,758,941,040
Article 1000 Activation of Broadcasting Contents	79,209,000,000	77,356,913,670
Article 1100 Activation of Broadcasting Contents (funds, loans)	2,000,000,000	478,000,000
Article 1200 Viewer Welfare Promotion	31,471,953,000	24,710,142,980
Article 1300 Strengthening of Broadcasting Infrastructure	22,105,273,000	20,420,135,490
Article 1400 Building of Broadcasting Infrastructure (funds, loans)	14,000,000,000	14,000,000,000
Article 1500 Activation of Cooperation in Broadcasting Exchanges	9,104,973,000	5,449,772,050
Article 1600 Support for Agencies and Organizations	807,000,000	797,619,630
Article 7000 Support for Broadcasting Policy and Administration	32,086,978,540	17,213,073,720
Article 9700 Management of Surplus Funds	61,548,800,000	94,333,283,500
Chapter 130 (category) Communication	244,993,661,540	213,815,908,820
Part 131 (division) Information and Communication	244,993,661,540	213,815,908,820
Article 1100 Building of Innovative Infrastructure	14,136,000,000	14,136,000,000
Article 1200 Building of U-Korea Infrastructure	3,345,000,000	3,284,557,850
Article 1400 Prevention of Reverse Function of Informatization	28,631,460,000	28,603,160,000
Article 2100 Innovation of Communication Services	20,804,993,800	19,989,371,430
Article 2200 Strengthening of the Competitiveness of Radio Broadcasting Industry	5,694,738,200	5,529,406,310
Article 2300 Innovation of Radio Wave Management	30,140,568,590	29,267,676,530
Article 2400 Bolstering of Radio Wave Research Infrastructure	11,485,742,960	10,066,361,330
Article 3200 Creation of IT Industry Infrastructure	138,313,000	120,628,500
Article 4100 Support for IT Industry's Overseas Entry	4,216,670,000	4,052,000,000
Article 4200 Strengthening of Global IT Cooperation	11,031,400,000	10,967,210,200
Article 7100 Support for Information and Communication Administration	103,197,774,990	87,799,536,670
Article 8000 Inter-Account Transactions	12,171,000,000	0

6. Overview of KCC Meetings

Meeting	Date	Agenda type	Agenda overview
1 st	3/26 (Wed)	Resolution	Enactment of KCC meeting rules
			Election of Vice KCC Chairman
2 nd	4/2 (Wed)	Resolution	Enactment of KCC meeting rules
3 rd	4/16 (Wed)	Resolution	Enactment of KCC meeting rules
		Report	Enactment of Enforcement Ordinance of Internet Media Broadcasting Business Act
4 th	4/21 (Mon)	Resolution	Tax rates for raising Broadcasting Development Fund - YTN Radio
		Report	Plan on Enforcement Ordinance of Radio Wave Act Enactment of Enforcement Ordinance of Internet Multimedia Broadcasting Business Act
5 th	4/29 (Tue)	Resolution	Approval for a shift to the cable TV business Re-approval for the community antenna TV business Recommendation of a candidate for vacant KBS directorship
		Report	Vacant directorship with Foundation for Broadcast Culture
6 th	5/2 (Fri)	Resolution	Method of and procedure for opening SKT's wireless Internet networks
			Master plan for the introduction of English radio station (FM)
			Revision of 2008 plan for broadcasting development fund
7 th	5/7 (Wed)	Resolution	Enactment of KCC rules and notification of them
		Report	Enforcement Ordinance of the Digital Conversion Special Act
8 th	5/9 (Fri)	Resolution	Lawmakers' request for submission of data
9 th	5/16 (Fri)	Resolution	Master plan for the re-approval for terrestrial mobile multimedia broadcasters
			Approval for service fees for Korea Digital Satellite Broadcasting Co.
			Cancellation of registration of program providers - 2 cases including Cham TV Co.
			Enactment of a notification for implementing communication fee charging services

			Basic plan for the approval for key communication business operators
			Announcement of allocation of the frequencies for satellite mobile communication
			Enactment of a notification for the technical criteria for wireless systems
10 th	5/22 (Thu)	Resolution	Enactment of a notification for unlocking the WCDMA handset USIM Lock
			Approval for a change in the largest investor in SBS
			2008 basic plan for broadcasting evaluation
11 th	5/28 (Wed)	Resolution	Review of Ministry of Government Legislation's request for the partial amendment of Enforcement Ordinance of Radio Wave Act
			Enactment of work handling rules for acts banned under the broadcasting and communication business
			Enactment of guidelines on the public announcement of incidents for which corrective orders are issued
			Enactment of the criteria for reporting violations of the regulation on banned acts
			Enactment of KCC regulations
12 th	5/30 (Wed)	Resolution	Recommendation for a candidate for a vacant directorship of KBS
			Criteria for approval for new English radio broadcasters
			2008 basic plan for re-approval for terrestrial broadcasters
			2008 basic plan for re-approval for cable TV operators
			2008 basic plan for re-approval for terrestrial mobile multimedia broadcasters
			Amendment of detailed criteria for approval for re-transmission of foreign broadcasting
		Report	Enactment of rules on the composition and operation of Committee for Universal Access Right
			Collection of 2008 broadcasting development fund
13 th	6/4 (Wed)	Resolution	Basic plan for approval for location information business
			Re-approval for community antenna TV business
			Imposition fines on broadcasting channel users - four operators including On Media
			2008 basic plan for broadcasting evaluation

14 th	6/20 (Mon)	Resolution	Enactment of Enforcement Ordinance of Digital Conversion Special Act
			Corrective action on Hanaro Telecom's violation of relevant regulations, including the abuse of personal information
			Corrective action on Hanaro Telecom's misconducts such as an unauthorized subscription to its portal site
15 th	6/24 (Tue)	Resolution	Corrective action on Hanaro Telecom's violation of relevant laws and regulations such as the abuse of personal information
			Corrective action on Hanaro Telecom's misconducts such as an unauthorized subscription to its portal site
			Composition of Broadcasting Development Fund Committee
			Decision on and notification of tax rates for the collection of 2008 broadcasting development fund
		Report	2008 plan for loan business for supporting digital conversion
			Measures for expanding universal communication services
			2008 plan for supporting the class of people excluded from the benefits of broadcasting, and media education
16 th	6/27 (Fri)	Resolution	Enactment of Enforcement Ordinance of Internet Multimedia Broadcasting Act
			Review of Korea Cable TV's request to defer the commencement of its Jeobuk region broadcasting
			2009 budget (including funds)
			Q4 2007 administrative disposition of violators of the mandatory program mixture ratio - four operators including On Media
			2008 basic plan for broadcasting evaluation
			Procedure for sanctioning violations relative to broadcasting review
			Amendment of technologies (notifications) relative to facilities of cable TV stations
			Approval for a shift to the cable TV business

16 th	6/27 (Fri)	Resolution	Approval for the service fee charged by Tu Media Corp.
			Re-approval for the community antenna TV business
			Approval for a shift to the community antenna TV business
17 th	7/3 (Thu)	Resolution	Approval for key operators for broadband Internet and satellite mobile services
			Introduction of Internet telephone number portability system
			Approval for new English radio broadcasters (FM)
			Approval for Kyeryong Construction Industrial Co.'s acquisition of stakes in Daejeon MBC
			Approval for the service fees charged by cable TV broadcasters
			Registration of program providers
			Registration of a shift to program provider
			2008 basic plan for research projects
			2008 plan for promotion of broadcasting contents
		Recommendation of members of the Universal Access Committee	
		Report	Enforcement Ordinance of the Act on Protection and Use of Location Information
18 th	7/8 (Tue)	Resolution	Corrective order on KBS
			Obligatory joint roaming of 800MHz frequency
			2008 basic plan for research projects
			2008 plan for promotion of broadcasting contents
19 th	7.15 (Tue)	Resolution	Q4 2007 administrative disposition of violators of the mandatory program mixture ratio - four operators including On Media
			Ruling on damages for which LG DACOM is liable with regard to its Internet telephony and nationwide representative telephone number services
			Ruling on LG DACOM' claim of nationwide representative telephone numbers, and the corresponding damages for which the company is held liable
			Ruling on damages for which SKT and KT are liable due to an underpayment for the use of networks relative to incoming call banning (080) services

			Ruling on damages for which LGT and KT are liable due to an underpayment for the use of networks relative to incoming call banning (080) services
			Corrective action on SKT's act of hurting user benefits relative to T-ring services
			Corrective action on Korea Info Data Corp's act of hurting user benefits relative to the priority service of giving information about numbers
			Procedure for sanctioning measures relative to review of communication
20 th	7/18 (Fri)	Resolution	Approval for cable TV service fees
			Registration of program providers
			Motion to appoint members for Committee on Arbitration of Broadcasting Disputes
20 th	7/18 (Fri)	Resolution	Approval for SKT's plan to change its wireless Internet access path
			Amendment of the draft enforcement ordinance of the Internet Multimedia Broadcasting Business Act in association with the review of reforming regulations
			Approval, accounting, facilities and enactment of notifications with regard to the Internet Multimedia Broadcasting Business Act
			Amendment of the Notification with regard to the appraisal and registration of the models of broadcasting and communication equipment, and to registration of compliance for radio waves
			Approval for Seoul City's English FM broadcasting station
			Recommendation for a candidate for vacant dictatorship of KBS
			Establishment of a special committee for reforming regulations on broadcasting and communication systems, and relevant laws
			Amendment of the enforcement ordinance and notification for the Telecommunication Business Act with the aim of bolstering universal communication services
Building of a system to comprehensively handle civil complaints regarding broadcasting and communication services			

			Plan for the project of supporting viewers' participation in broadcasting
21 st	7/23 (Wed)	Resolution	Amendment of the draft enforcement ordinance of the Internet Multimedia Broadcasting Business Act in association with the review of reforming regulations
			Approval, accounting, facilities and enactment of notifications with regard to the Internet Multimedia Broadcasting Business Act
			Amendment of the Notification with regard to the appraisal and registration of the models of broadcasting and communication equipment, and to registration of compliance for radio waves
			Approval for Seoul City's English FM broadcasting station
			Notification of events of public concern
			Re-examination procedure relative to review of broadcasting
			Approval for cable TV service fees
			Re-approval for community antenna TV business
		Motion to appoint members for Committee on Arbitration of Broadcasting Disputes	
		Report	Partial amendment of enforcement ordinance of Broadcasting Act
Establishment a special committee for reforming regulations on broadcasting and communication systems, and relevant laws			
Amendment of the enforcement ordinance of the Telecommunication Business Act and the relevant notification with regard to the expansion of universal communication services			
Plan for the project of supporting viewers' participation in broadcasting			
22 nd	7/25 (Fri)	Resolution	Enactment of guidelines on handling work relative to review of broadcasting
			Corrective action on SKT's act of hurting user benefits relative to T-Ring services
			Designation of operators requiring approval for user service agreements

			Registration of program providers - five companies including Buddhism Broadcasting System
			Registration of program providers - two companies including Orion Cinema Network
			Second change of 2008 plan for the management of broadcasting development fund
23 rd	7/29 (Tue)	Resolution	Approval for SKT's plan for changing its wireless Internet access path
			Approval for acquisition of stocks of key communication business operators, and for the change of the largest broadcaster investor
			Amendment of the notification of the reshuffling of KCC's organization
			Approval for a shift to the cable TV broadcasting business - five companies including GS Gangnam Broadcasting Inc.
			Administrative disposition of the cable TV business - CJ Hello Vision Gaya Broadcasting
24 th	8/7 (Thu)	Resolution	Basic plan for approval for the business of providing Internet multimedia broadcasting
			Amendment of rules (notification) on wireless systems for the introduction of satellite DMB visual radio services
			Motion to appoint members for Broadcasting Evaluation Committee
			Corrective action on SKT's act of hurting user benefits relative to T-Ring services
			Registration of program providers - two companies including Buddhism Broadcasting System
	Report	Plan for the project of supporting viewers' participation in broadcasting	
25 th	8/14 (Thu)	Resolution	Extension of the pilot project for the community radio broadcasting
			Registration of program providers - three companies including Kuki Media
			Registration of a shift to program provider - two companies including Orion Cinema Network
			Partial amendment of the enforcement ordinance of the Telecommunication Act relative to the expansion of universal communication services

			Amendment of the criteria for the method of calculating the compensation for universal services losses relative to the expansion of universal communication services
			Approval for location information business operators
		Report	Amendment of the enforcement ordinance of the Act on Promotion of Use of Information and Communication Networks and Information Protection, etc., aimed at effectively implementing an identification system
26 th	8/20 (Wed)	Resolution	Enactment of the notification of labels informing the end of terrestrial analogue TV broadcasting
			Motion to appoint members for the Viewer Complaints Handling Committee
			Registration of program providers - two companies including Kuki Media
		Establishment of a special committee for reforming regulations on broadcasting and communication systems, and relevant laws	
		Report	Amendment of the Act on Promotion of Use of Information and Communication Networks and Information Protection, etc.
27 th	8/25 (Mon)	Resolution	Approval for the establishment of Korea Digital Satellite Broadcasting Co.'s satellite broadcasting station
			Approval for measures to prevent the recurrence of broadcast transmission accidents with KBS
			Corrective action on KT's violation of laws such as the abuse of personal information
			Corrective action on KT's acts of hurting user benefits, such as an authorized admission of users to its portal site
27 th	8/25 (Mon)	Resolution	Corrective action on LG Powercom's violation of laws such as the abuse of personal information
			Corrective action on LG Powercom's acts of hurting user benefits, such as an unauthorized admission of users to its portal site
28 th	9/5 (Fri)	Resolution	Registration of a shift to program provider
			Submission of data requested by lawmakers
		Report	Enactment of the Basic Act on Broadcasting and Communication Development

			Amendment of the enforcement ordinance of the Radio Wave Act
29 th	9/8 (Mon)	Resolution	Approval for Internet media provider
30 th	9/12 (Fri)	Resolution	2009 basic plan for selection of public channels
			2008 basic plan for re-approval for program providers
			Registration of program providers - 6 companies including Wellbeing Diet TV
			Approval for mergers of key communication business operators, and for a change of broadcasters - Korea Cable TV's Honam Broadcasting
			Approval conditions for key communication business operators - 9 broadband Internet service providers
31 st	9/25 (Thu)	Resolution	Approval for acquisition of stocks of key communication business operators, and for the change of the largest broadcaster investor- Berry IB's acquisition of Onse Telecom's stocks
			Composition and operation of re-approval for cable TV operators and terrestrial mobile multimedia broadcasters
			2009 basic plan for re-approval for cable TV broadcasters
			Approval for the change of the largest investor in cable TV business
			Corrective action on KT's act of hurting user benefits relative to illegal spams
			Corrective action on SK Broadband's act of hurting user benefits relative to illegal spams
			Corrective action on hurting LG DACOM's act of hurting user benefits relative to illegal spams
		Report	Procedure for tabling emergency agenda
			Amendment of the Internet Address Resources Act
			Plan for creating a beautiful Internet world
32 nd	10/1 (Wed)	Resolution	Recommendation of a candidate for a vacant directorship of KBS

			Amendment of the criteria for implementing the number portability system for intra phone, Internet phone and 080 incoming call charging services
			Corrective action on Best JY's act of hurting user benefits relative to one ring spams
			Ruling on the agreement between LG DACOM and Sejong Telecom with regard to the provision of telecommunication facilities
			Kyeongnam Ilbo's violation of the ban on owning stocks in terrestrial broadcasters
32 nd	10/1 (Wed)	Resolution	Ssangyong Corp.'s violation of the ban on owning stocks in terrestrial broadcasters
			Gangwon TV Broadcasting Co.'s violation of the Broadcasting Act , Article 8 - 3
			Administrative disposition of cable TV broadcasters - Korea Cable TV's Chungcheong Broadcasting, and Gangwon Broadcasting Network
			Approval for a shift to cable TV broadcaster - 7 companies including Tbroad's Jeongju Broadcasting
			Approval for the service fee of Korea Digital Satellite Broadcasting
			Registration of program providers
		Report	Establishment of regulations on the mergers of public agencies under the control of KCC
			Plan for creating a beautiful Internet world
33 rd	10/10 (Fri)	Resolution	Approval for and registration of Internet multimedia broadcasting contents providers - 8 companies including NS Home Shopping
			Amendment of the enforcement ordinance of the Broadcasting Act
			Approval for re-transmission of foreign broadcasts -22 foreign broadcasters including CNN International
			Re-approval for community antenna TV broadcasters - 2 companies including Hwadong Cable TV Broadcasting

			A shift to community antenna TV broadcaster - 5 companies including Dongbu Cable TV
			Application for a shift to cable TV broadcaster
34 th	10/24 (Fri)	Resolution	Partial amendment of the enforcement ordinance of the Radio Wave Act with the aim of improving the radio station approval system
			Approval for and registration of Internet multimedia broadcasting contents providers - 6 companies including NS Home Shopping
			Selection of new English FM operator in the Gwangju area, and approval for the radio station
			Plan to form and operate a review committee for selection of public channels
			Plan to form and operate the review committee for re-approval for program providers
			Approval for the re-transmission of foreign broadcasters -BBC World Service
35 th	10/29 (Wed)	Resolution	Results of evaluation of 2008 broadcasting
			Corrective action on the abuse of personal information and other violations by 8 MSOs and Internet portal providers - 13 cases of 8 companies including Tboard's Hanvit Broadcasting
			Partial amendment of the enforcement ordinance of the Information and Communication Public Corporation Act - easing of regulations including deletion of the article on double punishment and simplification of required evidential documents
			Partial amendment of the enforcement ordinance of the Act on the Protection and Use of Location Information - preparation of the criteria and procedure for approving for changes
		Report	Amendment of the enforcement ordinance of the Act on Promotion of Use of Information and Communication Networks and Information Protection, etc. - establishment of the criteria for providing the method of joining a membership without using a resident's number
			Plan for the count and re-deployment of frequencies

39 th	11/24 (Mon)	Resolution	Enactment of the Basic Act on Broadcasting and Communication Development
		Report	Legislative bill for amending the Radio Wave Act – revision of relevant regulations following the decision that a prior review of broadcast advertisement campaigns is unconstitutional
40 th	11/26 (Wed)	Resolution	Approval for the community antenna TV business
			Registration of the program provision business – 3 companies including iTV
			Partial amendment of the enforcement ordinance of the Broadcasting Act
		Report	Handling of the application for re-transmission of BabyFirst
			A revised plan for executing recommendations for supporting small and medium-sized TV home shopping firms
Amendment of the notification for broadcast program planning			
41 st	12/3 (Wed)	Resolution	Partial amendment of the enforcement ordinance of the Act on Promotion of the Use of Information and Communication Networks and Information Protection
			Corrective action on violators of the Information and Communication Networks Act relative to measures for protecting personal information
			Selection of a new English FM operator and approval for the radio station in the Busan area
			Imposition of fines and disposition of corrective action on violators of the mandatory program composition ratio for the whole 2007 and for Q1, 2008 – 10 cases involving 10 companies including KCN TV
			Corrective action on SK Telecom’s denial of mutual access with regard to KT SMS
			Corrective action on KT’s act of hurting user benefits with regard to breaks on telecommunication service fees
			Corrective action on the acts by KT and SK Broadband of hurting user benefits with regard to the intra-city fixed price system and additional services

		Report	Service fees for using telecommunication facilities (internal pipes) between LG DACOM and Sejong Telecom
42 nd	12/9 (Tue)	Resolution	Amendment of the planned enactment of the Basic Act on Broadcasting and Communication Development
43 rd	12/10 (Wed)	Resolution	Partial amendment of the Telecommunication Act - introduction of resale system, improvement of the system requiring approval for service agreements, and improvement of the approval system
			Amendment of the criteria for mutual access to telecommunication facilities with regard to compliance with standard platform specifications for mobile handsets
			Amendment for the criteria for mutual access to telecommunication facilities with regard to the calculation of access fees in 2008 - 2009
			Amendment of the criteria (notification) for the method of compensating universal service losses
			Partial amendment of the Radio Wave Act - rationale for the system of auctioning frequencies
			Appointment of members for the Radio Wave Policy Committee
		Designation of uses of frequencies for 10Ghz monitoring sensors	
		Report	Progress on Korea -EU FTA negotiations
44 th	12/11 (Thu)	Resolution	Re-approval for terrestrial radio stations
			Re-approval for program providers
			Registration of a shift to program provider - 2 companies including SBS Drama Plus
44 th	12/11 (Thu)	Resolution	Approval for the change of the channels and facilities of the cable TV business - 17 companies including Daegu Cable TV
			Corrective action on cable TV broadcasters which violated the procedure for approval for changes - Gangwon Broadcasting
45 th	12/17	Resolution	Approval for a change in major shareholders of KT

	(Wed)		Notification for the amendment of the enforcement ordinance for the Radio Wave Act	
			Amendment of the technical criteria for cable TV broadcasters' facilities (notification)	
			Confirmation of whether the procedure and criteria for inspecting the completion of cable TV facilities, as well as the transmission and cable facilities are suitable, and the amendment of the notification for the registration of the transmission network business	
			A partial amendment of the Broadcasting Act	
			Approval for Cheongju Broadcasting's request for installment payment of broadcasting development fund	
			Corrective action on SKT'd denial of mutual access with regard to KT SMS	
			Amendment of rules on handling viewer complaints	
	Report	Basic plan for 2009 KCC Awards		
	46 th	12/22 (Mon)	Resolution	Plan for allocation of digital TV channels
				Plan for recollection and reallocation of major frequencies
Amendment of the notification for the frequency distribution schedule and the rules on radio facilities in line with the results of 2007 WRC-07				
Mergers of broadcasters and key communication business operators - C&M, HCN Chungbuk Cable Systems, and CJ Hello Vision Joongang				
Registration of program provider business - 4 companies including Korea HD Broadcasting				
Disposition of fines in association with the verification of business report on the communication business				
Appointment of members for Regulation and Legal System Reformation Committee				
Approval for the service fees for the business of providing Internet multimedia broadcasting -LG DACOM and SK Broadband				
Registration of contents providers for Internet multimedia broadcasting - On Media				
Report		Internet multimedia broadcasters of the re-transmission of terrestrial broadcasting		

47 th	12/24 (Wed)	Resolution	Measures for allocating numbers for the provision of WiBro voice services
			Plan for recollection and reallocation of major frequencies
			Notification for broadcast program planning, etc.
			Submission of opinions regarding the bills proposed by lawmakers
48 th	12/30 (Tue)	Resolution	Corrective action on 3 mobile operators' violation of laws and regulations, including the abuse of personal information
		Report	Enactment of guidelines on broadcasters' accounting treatment and reports
			Basic plan for the development, promotion and management of Internet address resources
			Mid- and long-term plan for the development of broadcasting networks for innovating the broadcasting and communication infrastructure and activating convergence services

7. THE SEOUL DECLARATION FOR THE FUTURE OF THE INTERNET ECONOMY

WE, the Ministers and representatives of Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Senegal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States of America and the European Community, assembled in Seoul, Korea, on 17 and 18 June 2008 to discuss the future of the Internet Economy.

WE STATE our common desire to promote the Internet Economy and stimulate sustainable economic growth and prosperity by means of policy and regulatory environments that support innovation, investment, and competition in the information and communications technology (ICT) sector. We will work with the private sector, civil society and the Internet community to secure the ICT networks that underpin the Internet Economy as well as to take measures to protect the users of the Internet Economy, including the necessary cross-border co-operation.

WE ARE DETERMINED to work together to promote ubiquitous access to ICT networks and services enabling widespread participation in the Internet Economy. The further expansion of the Internet Economy will bolster the free flow of information, freedom of expression, and protection of individual liberties, as critical components of a democratic society and cultural diversity. We will also work to use the tools of the Internet Economy to address global challenges, such as climate change. In moving forward, we recognise the significant foundation that the 1998 OECD Ministerial Conference on electronic commerce provided to the nascent Internet Economy and take note of the outcomes of the 2003 and 2005 World Summit on the Information Society (WSIS).

WE SHARE a vision that the Internet Economy, which covers the full range of our economic, social and cultural activities supported by the Internet

and related information and communications technologies (ICT), will strengthen our capacity to improve the quality of life for all our citizens by:

- Providing new opportunities for employment, productivity, education, health and public services as well as addressing environmental and demographic concerns.
- Acting as a key driver for the creation of enterprises and communities and stimulating closer global co-operation.
- Enabling new forms of civic engagement and participation that promote diversity of opinions and enhance transparency, accountability, privacy and trust.
- Empowering consumers and users in online transactions and exchanges.
- Reinforcing a culture of security which applies to information systems and networks, and their users.
- Developing an increasingly important platform for research, international science co-operation, creativity and innovation in many different sectors.
- Creating opportunities for new economic and social activities, applications and services through ubiquitous and seamless access to communication and information networks.
- Promoting a global information society based on fast, secure and ubiquitous networks which connect billions of people, machines and objects.

WE AGREE that our challenges are, through an appropriate balance of laws, policies, self-regulation, and consumer empowerment, to:

- Expand Internet access and use worldwide.
- Promote Internet-based innovation, competition, and user choice.
- Secure critical information infrastructures, and respond to new threats.
- Ensure the protection of personal information in the online environment.
- Ensure respect for intellectual property rights.
- Ensure a trusted Internet-based environment which offers protection to individuals, especially minors and other vulnerable groups.
- Promote the secure and responsible use of the Internet that respects international social and ethical norms and that increases transparency and accountability.
- Create a market-friendly environment for convergence that encourages infrastructure investment, higher levels of connectivity and innovative services and applications.

WE DECLARE that, to contribute to the development of the Internet Economy, we will:

- a) Facilitate the convergence of digital networks, devices, applications and services, through policies that:
- Establish a regulatory environment that assures a level playing field for competition.
 - Uphold the open, decentralised and dynamic nature of the Internet and the development of technical standards that enable its ongoing expansion and contribute to innovation, interoperability, participation and ease of access.
 - Stimulate investment and competition in the development of high capacity information and communication infrastructures and the delivery of Internet-enabled services within and across borders.
 - Ensure that broadband networks and services are developed to attain the greatest practical national coverage and use.
 - Encourage a more efficient use of the radio frequency spectrum to facilitate access to the Internet and the introduction of new and innovative services, while taking into account public interest objectives.
 - Encourage the adoption of the new version of the Internet protocol (IPv6), in particular through its timely adoption by governments as well as large private sector users of IPv4 addresses, in view of the ongoing IPv4 depletion.
 - Ensure that convergence benefits consumers and businesses, providing them choices with respect to connectivity, access and use of Internet applications, terminal devices and content, as well as clear and accurate information about the quality and costs of services.
- b) Foster creativity in the development, use and application of the Internet, through policies that:
- Maintain an open environment that supports the free flow of information, research, innovation, entrepreneurship and business transformation.
 - Make public sector information and content, including scientific data, and works of cultural heritage more widely accessible in digital format.
 - Encourage basic and applied research on the Internet and related ICTs.
 - Encourage universities, governments, public research, users and business to work together in collaborative innovation networks and to make use of shared experimental Internet facilities.

- Combine efforts to combat digital piracy with innovative approaches which provide creators and rights holders with incentives to create and disseminate works in a manner that is beneficial to creators, users and our economies as a whole.
 - Encourage new collaborative Internet-based models and social networks for the creation, distribution and use of digital content that fully recognise the rights of creators and the interests of users.
 - Strengthen the development of human resources to take full advantage of the Internet and related ICTs, and further develop ICT skills and digital and media literacy.
- c) Strengthen confidence and security, through policies that:
- Protect critical information infrastructures at national and international levels from security risks.
 - Strengthen the resilience and security of the Internet and related networked ICT systems and devices to meet the increasing demands and needs of our economies and societies.
 - Reduce malicious activity online through reinforced national and international co-operation among all stakeholder communities in their steps for effective prevention, protection, information sharing, response, business continuity and recovery.
 - Ensure the protection of digital identities and personal data as well as and the privacy of individuals online.
 - Ensure that consumers benefit from effective consumer protection regimes and from meaningful access to fair, easy-to-use, and effective dispute resolution mechanisms, including appropriate redress for economic harm resulting from online transactions.
 - Encourage collaboration between governments, the private sector, civil society and the Internet technical community in building an understanding of the impact of the Internet on minors in order to enhance their protection and support when using the Internet.
 - Promote research to address emerging security threats.
- d) Ensure that the Internet Economy is truly global, through policies that:
- Support expanded access to the Internet and related ICTs, especially for people in developing countries.

- Recognise the potential of the Internet and related technologies to provide enhanced services to people with disabilities and special needs.
- Recognise the importance of a competitive environment for the successful growth of the Internet Economy and the opportunities this can bring for development, particularly for people and regions with the most limited economic means.
- Promote use of Internet and related ICT networks by all communities as well as the creation of local content and multi-language translations to improve economic and social inclusion of people with different capabilities, education, and skills, and to preserve cultural and linguistic diversity.
- Facilitate the introduction of internationalised domain names (IDNs) while ensuring the integrity and stability of the Internet.
- Increase cross-border co-operation of governments and enforcement authorities in the areas of improving cyber-security, combating spam, as well as protecting privacy, consumers and minors.
- Harness the potential of the Internet to tackle global challenges such as improving energy efficiency and addressing climate change.

WE WELCOME the OECD report Shaping Policies for the Future of the Internet Economy, **RECOGNISE** its importance and **COMMEND** its consideration by OECD Member countries and non-member economies in developing their policies to support the Internet Economy.

WE COMMIT to working collectively with all stakeholders towards implementing and reviewing, as appropriate, the understanding that we have achieved in this Declaration in order to maintain its relevance to future challenges and opportunities confronting our economies and societies.

WE INVITE the OECD to further the objectives set out in this Declaration, through multi-stakeholder co-operation, by:

- Analysing the future development of the Internet Economy, namely: I) the important role and contribution of the Internet and related ICTs as a driver of innovation, productivity and economic growth; ii) the economic, social and cultural impacts of emerging Internet technologies, applications and

services, including virtual worlds, sensor-based networks and social networking platforms.

- Based on this analysis, developing and promoting policy and regulatory principles, guidelines, other instruments and best practices for the future development of the Internet Economy.
- Researching the impacts of Internet and related ICTs in addressing climate change and improving energy efficiency.
- Examining the role of various actors, including inter-mediaries, in meeting policy goals for the Internet Economy in areas such as combating threats to the security and stability of the Internet, enabling cross-border exchange, and broadening access to information;
- Improving statistical systems to measure the changing access and use of the Internet and related ICT networks by citizens, businesses and institutions in order to provide reliable measures of evolving uses and the impact of the Internet on economic performance and social well-being.
- Assessing the application of current OECD instruments addressing consumer protection and empowerment, privacy and security in light of changing technologies, markets and user behaviour and the growing importance of digital identities.
- Recommending the development of OECD instruments that provide guidance in the formulation of policies for the development and use of converged communication networks.
- Continuing multidisciplinary work looking at the challenges and good practices of e-government and public sector trans-formation.
- Supporting measures and mechanisms to implement more effective cross-border co-operation
- Conveying this Declaration and the OECD report Shaping policies for the Future of the Internet Economy to all relevant international bodies and organisations, including G8, the ITU, WIPO, and UNESCO.
- Reinforcing co-operative relationships and mutually beneficial collaboration with the Asia-Pacific Economic Co-operation, the Council of Europe as well as the Internet technical community, the private sector and civil society within fora such as the Internet Governance Forum.
- Reviewing within three years of its adoption, and thereafter as appropriate, the progress made at national and inter-national levels in light of this Declaration.

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Publisher : Korea Communications Commission(KCC)
20 Sejongno, Jongno-gu, Seoul 100-777, Korea
Telephone : +82-2-750-1114
E-mail: webmaster@kcc.go.kr
Homepage: www.kcc.go.kr
