



KOREA COMMUNICATIONS COMMISSION ANNUAL REPORT 2014

This annual report is a summary of the main activities and achievements of the Korea Communications Commission during the year 2014, pursuant to Article 16 of the 「Act on the Establishment and Operation of Korea Communications Commission」.

Message from the Chairman



The year 2014 marked the rebirth of the Korea Communications Commission and its third term, with the vision of ‘Realizing a broadcasting and communications sector that brings happiness and trust to the people’.

The Commission has been working relentlessly to strengthen the public role of broadcasting and further facilitate broadcasting and communications services in order to proactively respond to a rapidly evolving broadcasting and communications environment, including the deepened integration of the sectors and the spread of smart media, while fostering conditions for a fair broadcasting and communications market.

To realize the stable growth of the broadcasting market, the Commission has rationalized the KBS license fee and improved the advertising system. It has also implemented evaluation on the status of competition in the broadcasting market and a survey on viewership to promote diversity in media. Furthermore, the Commission has rectified problems related to disaster broadcasting that surfaced following the Sewol ferry accident, and improved the system to allow efficient management of disaster broadcasting.

In addition, it has concentrated on preventing illegal mobile phone subsidies competition in communications market by strictly enforcing the 「Mobile Device Distribution Improvement Act」 while making efforts to foster an environment for fair competition in broadcasting and communications sector, and to promote the protection of users by putting sanctions on unfair trade practices in the market.

Furthermore, the Commission has made great efforts to nurture a healthy internet culture by protecting personal information in cyberspace and by spreading sound internet ethics, while making proactive efforts to prevent spam e-mails.

This year's annual report included the footsteps and major achievements of the Commission, which has strived to fulfill its vision of 'Realizing a broadcasting and communications sector that brings happiness and trust to the people'.

The Korea Communications Commission will do its best to strengthen its public role and fairness in broadcasting, while providing happiness to the people through high quality broadcasting and communications services.

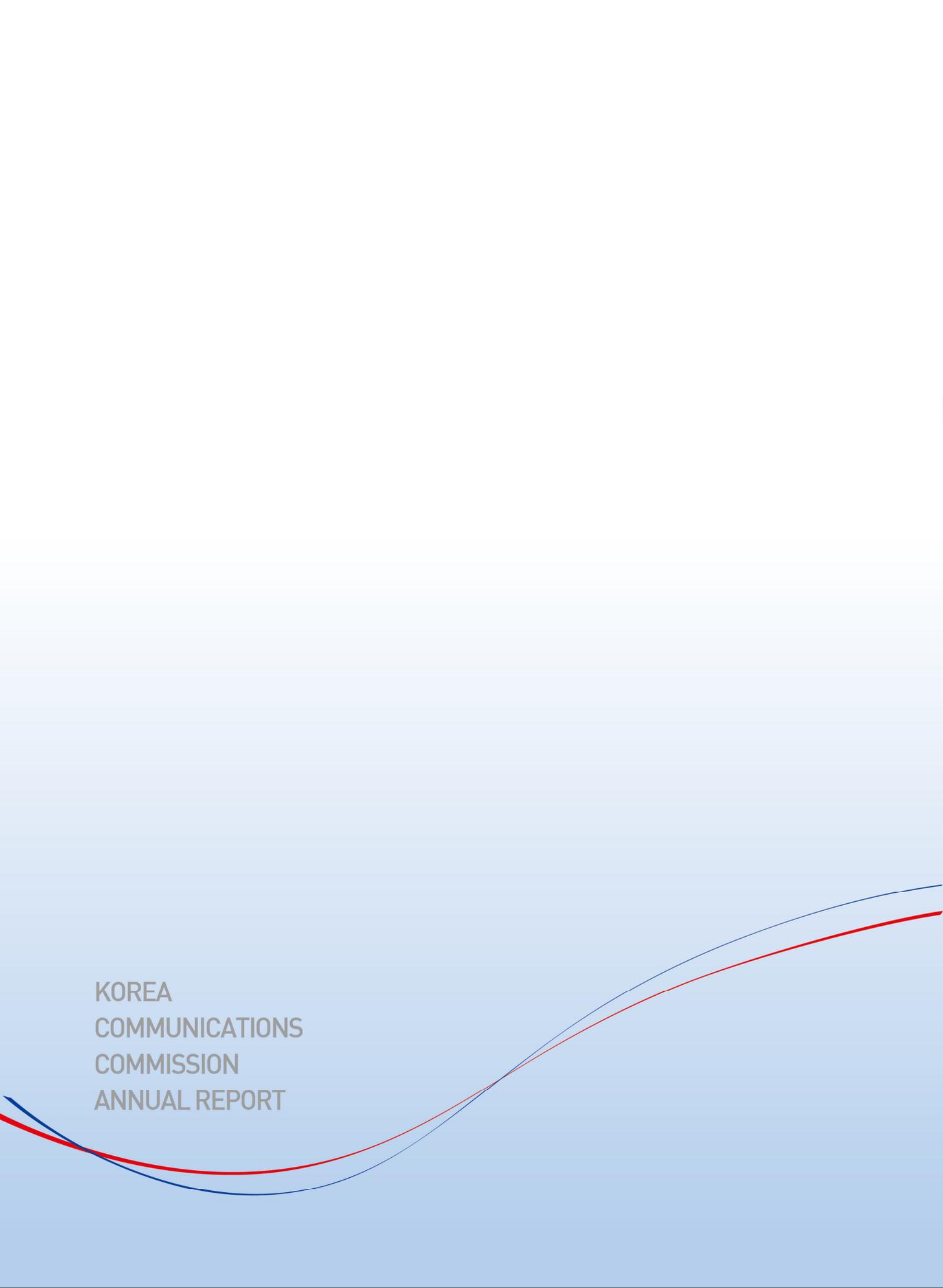
I hope you will continue to give us your full support and encouragement.

June 2015

Choi Sung-joon

Chairman

Korea Communications Commission



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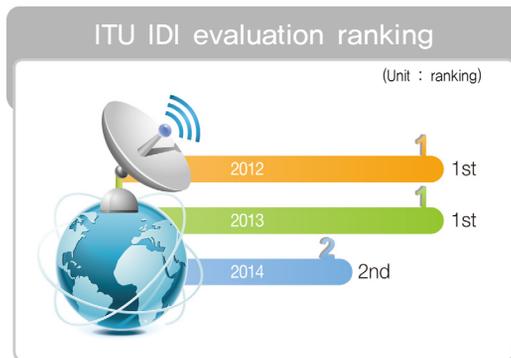
Broadcasting and Communications Policy Accomplishments in Graphs

■ The broadcasting and communications industry is making continuous contributions to the growth of the national economy.

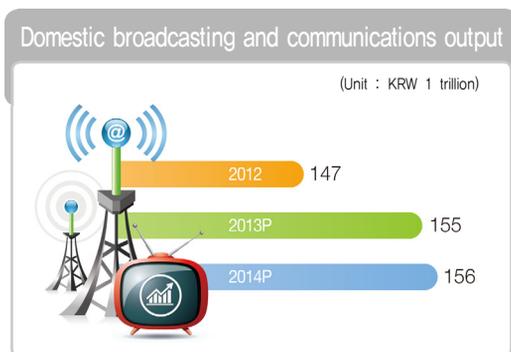
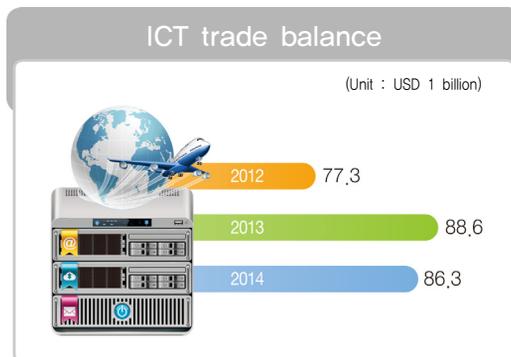
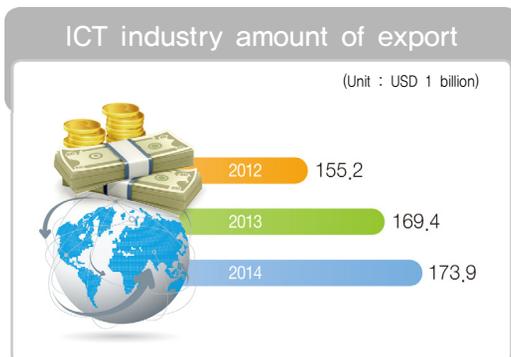
- Korea has ranked at the top on the International Telecommunication Union (ITU)'s ICT development index in recent years.
- Export in the ICT industry amounted to USD 173.9 billion in 2014.



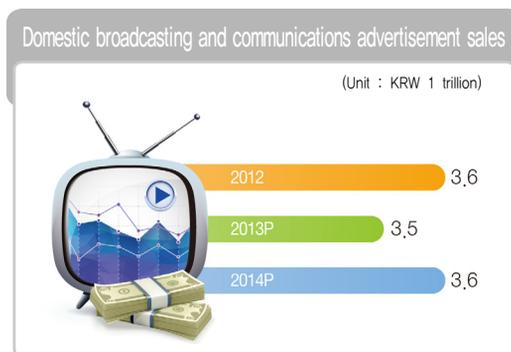
Note) GDP : Gross Domestic Product, P : Preliminary (tentative value)



Note) IDI : ICT Development Index



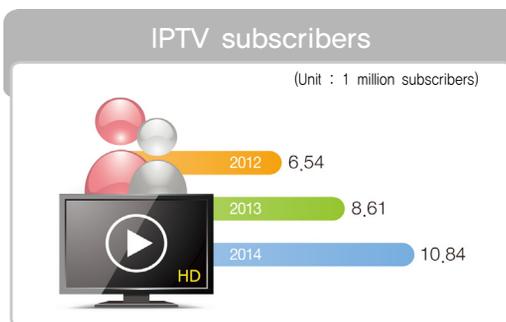
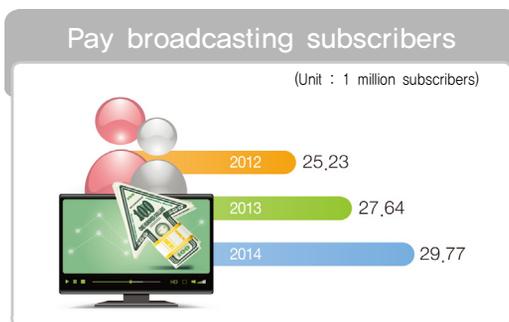
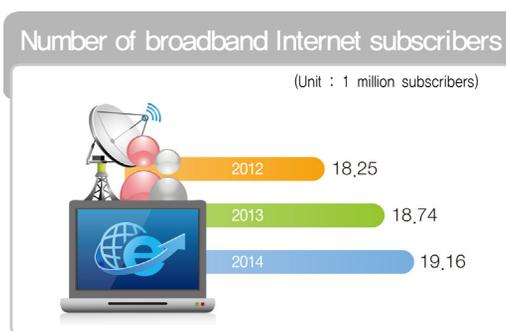
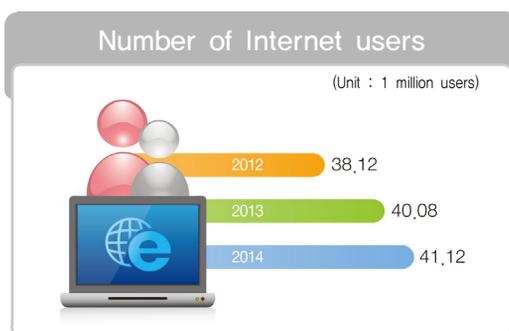
Note) P : Preliminary (tentative value)



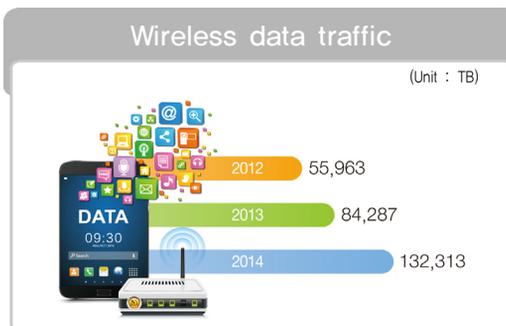
Note) P : Preliminary (tentative value)

■ The development of next-generation technology of broadcasting and communications convergence and the increasing adoption of related services have been the foundation for vitalizing the market.

- The broadcasting and communications sector has become even more widely spread among the people, resulting in 41.12 million Internet users, broadband Internet subscriptions at 19.16 million and IPTV subscriptions at 10.84 million.
- Wireless data traffic has seen a 57% increase from 2013 while surpassing the 36 million mark in LTE subscriptions, ushering in the era of high-speed wireless data.



Note) IPTV, SO, Satellite broadcasting (exclude relay wired broadcasting)



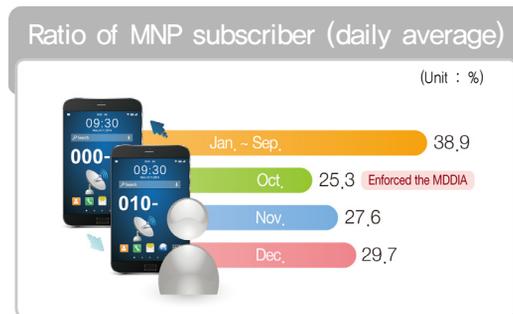
Note) Traffic by wireless communication technologies (2G, 3G, 4G, WiBro, Wi-Fi), as of December of each year

■ The Korea Communications Commission(hereinafter ‘the Commission’) contributes to the reduction of communications fees by establishing a sound distribution order in the communications market.

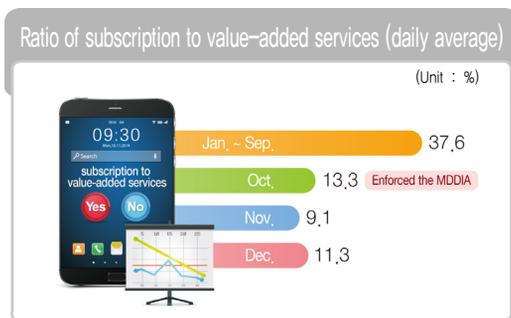
- To prevent mobile business operators from engaging in illegal mobile phone subsidy competition, the Commission has strictly enforced the 「Mobile Device Distribution Improvement Act」.
- The number of subscribers to the Mobile Virtual Network Operator (MVNO) increased by 83.9% since 2013 to 4.58 million helping to stabilize the livelihood of low-income households.



Note) MDDIA : 「Mobile Device Distribution Improvement Act」



Note) MNP : Mobile Number Portability



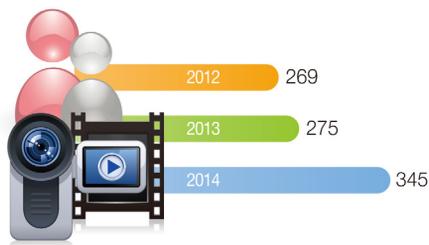
Note) MVNO : Mobile Virtual Network Operator

■ The broadcasting access among marginalized groups has been increased, thereby contributing to the welfare of Korean viewers as a whole.

- The Commission has been actively utilizing Community Media Centers for nurturing an active media environment in which viewers can participate in.
- By providing the broadcasting receivers for visually or hearing impaired people and supporting broadcast programs for disabled audiences, the Commission also improved broadcast access rights of those who previously experienced information divide.

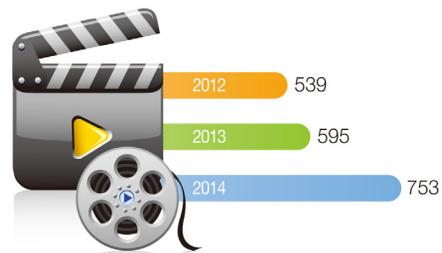
Number of users of Community Media Centers

(Unit : 1,000 users)



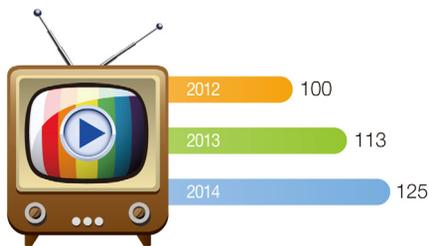
Number of community-participated programs sponsored by the Community Media Centers

(Unit : programs)



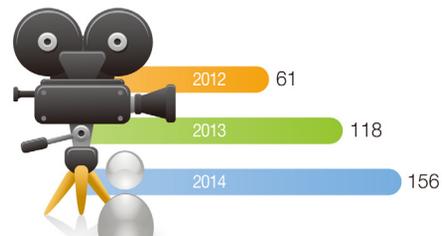
Provision of broadcasting receivers for visually or hearing impaired people

(Unit : 1,000 receivers)



Number of operators provided support for the production of programs for disabled

(Unit : operators)



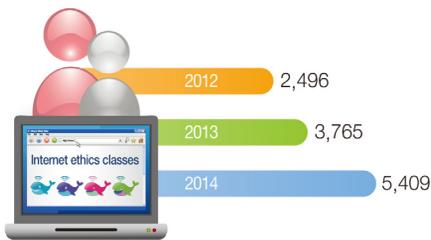
Note) Cumulative number of receivers

■ The Commission has worked to develop a sound Internet culture.

- The Commission expanded activities of Internet ethics classes and the Group of Korea Internet Dream Star to cultivate proper Internet culture.
- The Commission has also initiated diverse education programs of Internet ethics by providing creative Internet literacy experience and expanding schools operating cyber-violence prevention classes.

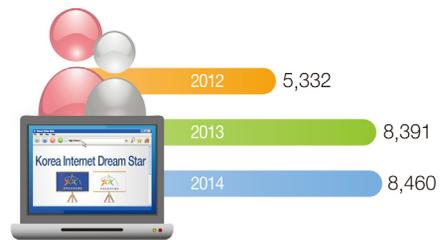
Number of teacher trainees on Internet ethics programs

(Unit : teacher)



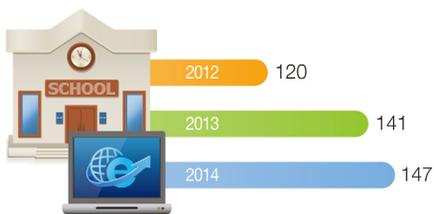
Number of members of the Group of Korea Internet Dream Star

(Unit : members)



Schools that run creative Internet literacy experience

(Unit : schools)



Schools that run cyber violence prevention classes

(Unit : schools)



■ The Commission has strengthened the protection of personal information and improved the environment for using broadcasting and communications services.

- The Commission enhanced transparency on personal information usage by issuing 19.34 million *i*-PINs and 57.2 million mobile phone certifications that are intended to protect personal information.
- The daily average volume of e-mail spams per user recorded 0.92 cases and also 0.18 cases for mobile spam messages per user per day shows yearly decrease, meaning that the Commission helped to establish a sound use environment of broadcasting and communications services.

Cumulative number of *i*-PINs issued

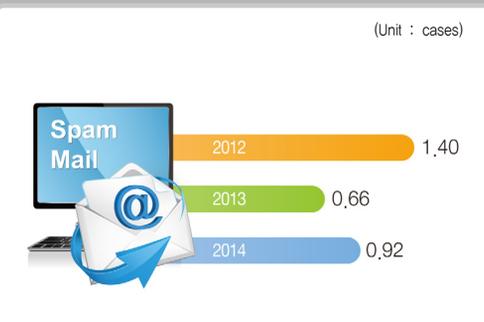


note) *i*-PIN : An alternative to the resident registration number on the Internet that uses personal ID and password for user authentication

Cumulative number of mobile phone certifications



Volume of e-mail spams
(daily average per user)



Volume of mobile spam messages
(daily average per user)





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I . Broadcasting and Communications Policy Environment

1. Trends of Global Macro Economy and Broadcasting and Communications Markets
2. Environment of Korea Broadcasting and Communications Policy

I . Broadcasting and Communications Policy Environment

1. Trends of Global Macro Economy and Broadcasting and Communications Markets

a. Trends of Global Macro Economy

The global economy in 2014 has shown some recovery in developed countries, but emerging economies have experienced slow growth and are expected to remain at the level of 2013, or record only minor growth. The International Monetary Fund (IMF) (2014) lowered its forecast of global economic growth by 0.4%p from its April projection to 3.3% that is equal to that of 2013. It also pointed to geopolitical risks, the increased pressure of volatility in financial markets, and stagnant growth in the Euro zone as short-term risks, and declining potential growth as mid-term risk. The OECD (2014) originally forecasted gradual recovery to continue from 2013 thanks to global monetary easing, improved global financial market conditions, and the easing of fiscal austerity. However, due to a slowdown in emerging countries, it lowered its forecast by 0.1%p from its May estimate to 3.3% for 2014.

Advanced economies are known to have shown gradual recovery overall, with different paces of recovery in each country. Despite temporary recession in the first quarter due to a cold wave deriving from an abnormal weather pattern, they are expected to record a growth rate of 2.2% in the second quarter, with the help of recovery in the private sector. The economy in the Euro zone is expected to return to positive growth as its debt crisis has seen some resolution, but a full-fledged recovery is not taking place immediately, with imbalances in recovery by region. Germany and Spain have shown recovery in the first quarter, serving as an engine for positive growth in the Euro zone, but France and Italy have failed to recover

from sluggish economies since 2012. Japan is expected to record a lower growth rate from 2013 due to hikes in the consumption tax, despite continued quantitative easing and improved corporate sentiments.

The growth rates of most emerging countries, excluding India, are likely to slow in 2014. Asian countries that heavily depend on exports have seen limited growth due to delayed recovery in advanced economies, and the decline in commodity prices, in particular, have served as an obstacle for resource exporting nations, including Brazil and Russia. China has seen some improvements in exports in the second half of the year, but is expected to record a growth rate lower than the 7.5% that the Chinese government projected at the beginning of the year. This is lower than that of 2013 (7.7%).

The global economy of 2015 is expected to show recovery in both developed and emerging countries thanks to accommodative monetary policy and improvement in the financial and labor markets. Nevertheless, the growth rate will still be below the pre-crisis level, and its pace will vary by country. According to the IMF (2014), the global economic growth rate in 2015 is expected to record 3.8%; 0.5%p up from 3.3% in 2014, with advanced economies rising by 0.5%p to 2.3%, and emerging nations showing a 0.6%p increase from 4.4% to 5.0%.

The United States is expected to lead the economic recovery in the developed world following 2014. It is projected that the U.S. economy will continue its growth with the help of a recovery in the housing and manufacturing sectors. However, this may face decline if its exports shrink due to a strong dollar that results from its exit strategy, or the impact of a global economic slowdown is greater than expected. The Euro zone, on the other hand, will continue its positive growth thanks to a recovery in exports that resulted from an increase in global trade volume and quantitative easing by the European Central Bank (ECB) but the possibility of deflation caused by continued low inflation is expected to serve as a downside risk for economic recovery. Japan is expected to experience continued growth with the decision to postpone a rise in the consumption tax and the expansion of quantitative easing, but it could be limited due to concerns of deflation that result from poor domestic consumption and lowered crude oil prices.

Emerging economies are expected to see improvement in their growth rates due to recovery in advanced economies. According to the IMF (2014), India, Brazil, and Russia will experience economic recovery in 2015 that will result in growth rates of 5.0%, a 0.6%p increase from 4.4% of 2014. On the other hand, China, which is still maintaining a high growth rate around 7%, may face decline in its growth rate, along with strengthened structural reform to pursue qualitative growth.

〈Table I-1〉 Trends and forecasts of world economic growth

(Unit : %)

Classification	IMF			OECD			
	2013	2014	2015	2013	2014	2015	
World	3.3	3.3	3.8	3.1	3.3	3.7	
Advanced countries	Average	1.4	1.8	2.3	-	-	-
	USA	2.2	2.2	3.1	2.2	2.2	3.1
	Euro zone	Δ0.4	0.8	1.3	Δ0.4	0.8	1.1
	Japan	1.5	0.9	0.8	1.5	0.9	1.1
Emerging countries	Average	4.7	4.4	5.0	-	-	-
	Brazil	2.5	0.3	1.4	2.5	0.3	1.5
	India	5.0	5.6	6.4	5.0	5.4	6.6
	China	7.7	7.4	7.1	7.7	7.3	7.1
	Russia	1.3	0.2	0.5	1.3	0.3	0.0

Note) Δ : reduction

Source) IMF (2014), OECD (2014)

Meanwhile, the Korean economy recovered from the slowdown after the sinking of the Sewol ferry, as the effects of government policies such as the expansion of budget execution boosted the economy. However, it is yet to reach the phase of full-fledged recovery (Ministry of Strategy and Finance, 2014). Production in the service sector has experienced gradual improvement while mining and the manufacturing industrial sector continue weak production. Overall domestic demand was in a slump, as consumption in the private sector was lower than the economic growth rate, with the investment industry still unable to see tangible recovery (Korea Development Institute, 2014).

The Korean economy of 2015 is anticipated to post stronger growth than in 2014 with the help of recovery in the global economy, led by the United States, along with a fall in oil prices (Bank of Korea, 2015). It is also predicted that when expansionary macro economic policy is actually implemented internally, with improvements in the external environment, domestic consumption will record steady recovery and export will also rise slightly (Korea Development Institute, 2014).

〈Table I-2〉 Trend of domestic economic growth

(Unit : %)

Classification	2010	2011	2012	2013	2014
Economic growth rate	6.5	3.7	2.0	3.0	3.3

Source) Referred to data provided by the Bank of Korea and ITSTAT (www.itstat.go.kr)

〈Table I-3〉 Forecast of domestic economic growth in 2015

(Unit : %)

Classification	Ministry of Strategy and Finance		Korea Development Institute		Bank of Korea	
	2014	2015	2014	2015	2014	2015
Economic growth rate	3.4	3.8	3.4	3.5	3.3	3.4

Source) Ministry of Strategy and Finance (2014), Bank of Korea (2015), Korea Development Institute (2014)

b. Trends of Global Broadcasting and Communications Markets

The global ICT industry is expected to record continued growth from 2012 levels due to the moderate growth of the global economy. Gartner, a market research firm (2014) estimated that global IT expenditure in 2014 amounted to USD 3.7 trillion, a 1.9% increase from 2013. Appliances & devices (3.8%) along with software and IT services (3.4%) has been leading steady growth in the global IT market while data center systems (0.8%) and communications services (Δ 0.1%) sector remained stagnant.

The size of the global IT market is anticipated to post 2.4% growth from 2014 to USD 3.8 trillion in 2015 as economic recovery spreads more widely (Gartner, 2014). The appliances & devices market is expected to maintain its growth as demand for premium smartphones increases while software and IT service markets continue to grow with increased corporate investment in the IT sector.

〈Table I-4〉 Size of global IT market

(Unit : USD 1 billion, %)

Classification	2012	2013	2014	2015	Growth rate		
					2012~2013	2013~2014	2014~2015
Appliances & devices	659	670	696	732	1.7	3.8	5.1
Data center systems	140	140	141	143	△0.1	0.8	1.8
Software and IT services	1,217	1,232	1,274	1,316	1.2	3.4	3.3
Communications services	1,647	1,627	1,626	1,638	△1.2	△0.1	0.7
Total	3,662	3,669	3,737	3,828	0.2	1.9	2.4

Note) Based on consumption, △ : reduction

Source) Gartner Market Databook, Gartner, 2014

The growth of the global communications market is expected to be led by the wire and wireless data service sector, with the increased use of smart devices and multimedia services. According to Gartner (2014), the communications market in 2014 recorded a △6.6% growth rate in voice service from 2013 levels. However, data services grew by 7.9%, offsetting the decline in voice services. The wireless data sector, in particular, recorded a two-digit growth rate overwhelming not only the growth of voice services, but also wired data services.

〈Table I -5〉 Forecast of the global communications market

(Unit : USD 1 billion, %)

Classification		2012	2013	2014	2015	Growth rate		
						2012~2013	2013~2014	2014~2015
Voice services	Wire	319.6	293.3	271.6	251.8	△8.2	△7.4	△7.3
	Wireless	638.2	602.2	564.7	530.9	△5.7	△6.2	△6.0
	Sub-total	957.9	895.5	836.3	782.7	△6.5	△6.6	△6.4
Data services	Wire	314.6	316.4	319.5	321.9	0.6	1.0	0.8
	Wireless	374.2	415.4	470.5	533.0	11.0	13.3	13.3
	Sub-total	688.8	731.8	790.0	854.9	6.2	7.9	8.2
Total		1,647	1,627	1,626	1,638	△1.2	△0.1	0.7

Note) △ : reduction

Source) Gartner Market Databook, Gartner, 2014

The increase in wireless data sales is due to hikes in wireless broadband subscribers and wireless traffic. According to Ericsson (2014), the number of wireless broadband subscribers increased by 32% from 2013 to 2014, and a 60% increase in monthly wireless data traffic is anticipated. This upward trend will continue in the future, recording a 20% rise in wireless broadband subscribers and a 40% increase in wireless data traffic every year from 2014 to 2020. Furthermore, along with the rapid growth in demand for wireless data communications, high-speed wireless networks, such as LTE is also spreading quickly. The number of LTE subscribers in 2014 was estimated to be 400 million globally which is a 100% increase from 2013, and is expected to rise by 45% annually to 2020. By the end of 2020, 90% of mobile service subscribers in the world will be using wireless broadband services and 30% of mobile users will be using LTE services.

〈Table I -6〉 Forecast of global data traffic

(Unit : 1 million users, MB, %)

Classification		2013	2014	2020	2013~2014 Growth rate	2014~2020 CAGR
Mobile communicati ons service	Smartphone users	1,900	2,700	6,100	42	15
	Mobile PC, tablet, router users	250	300	650	20	15
	Wireless broadband subscribers	2,200	2,900	8,400	32	20
	Mobile service subscribers (GSM/EDGE only)	4,200	4,000	1,100	△5	△20
	Mobile service subscribers (WCDMA/HSPA)	1,600	2,000	4,400	25	15
	Mobile service subscribers(LTE)	200	400	3,500	100	45
Data traffic	Monthly smartphone data	700	900	3,500	29	25
	Monthly mobile PC data	3,300	4,300	15,000	30	25
	Monthly tablet data	1,400	1,900	7,600	36	25
	Total monthly wireless data traffic	2	3.2	25	60	40
	Total monthly wired data traffic	40	50	140	25	20

Note) Growth rate in 2013~2014 is an estimate, △ : reduction

Source) Ericsson Mobility Report, Ericsson, 2014

The global broadcasting market is also expected to continue steady growth with the help of further recovery in the global economy. The sector is anticipated to record stronger growth than in 2013 thanks to an increase in TV advertisement sales deriving from sports events including the Winter Olympics and FIFA World Cup. According to the PWC (2014), the global broadcasting market in 2014 was projected to grow by 4.4%, to USD 464.9 billion from 2013 levels. By area, the size of the market is in the order of TV subscription and licensing fees (USD 245.4 billion), TV advertisement (USD 173.7 billion), and radio (USD 45.8 billion). In terms of growth rates, TV advertisement (5.6%) led the way, followed by TV subscription and licensing fees (3.8%), and radio (2.9%).

The global radio broadcasting market in 2015 remained at the level of 2014, but with no certain event effects, along with a slowdown in the TV advertisement market and subscription/licensing sector, the growth rate of the overall broadcasting service market is expected to drop slightly. The size of the global broadcasting market in 2015 is forecasted to grow by 3.9% to USD 483 billion from 2014 levels.

〈Table I -7〉 Forecast of global broadcasting services

(Unit : USD 1 billion, %)

Classification		2012	2013	2014	2015
TV subscription and licensing fees	Size	227.5	236.4	245.4	254.1
	Growth rate	4.2	3.9	3.8	3.5
Radio	Size	43.4	44.5	45.8	47.1
	Growth rate	2.3	2.7	2.9	2.8
TV advertisement	Size	160.7	164.4	173.7	181.9
	Growth rate	4.9	2.4	5.6	4.7
Total	Size	431.5	445.4	464.9	483.0
	Growth rate	4.3	3.2	4.4	3.9

Source) Global Entertainment and Media Outlook 2014~2018, PWC, 2014

The global pay broadcasting market in 2015 is expected to maintain a slightly lowered growth rate from 2014 levels. According to the PWC (2014), the global pay broadcasting market based on subscription fees have grown by 4.2% to USD 206.9 billion from 2013 levels and are anticipated to reach USD 215.1 billion, a 4.0% growth in 2015. On the other hand, among global pay broadcasting, IPTV has shown notable growth, which leads to anticipation that it will lead the growth of the pay broadcasting industry. According to ABI Research, the global IPTV market will exceed USD 40 billion and take 11% of the entire market, which is twice as big as 2014 levels (2014 settlement and 2015 forecast series, Strabase, 2014).

〈Figure I -1〉 Forecast of global pay broadcasting market size

(Unit : USD 1 billion, %)



Note) E: Estimation

Source) Global Entertainment and Media Outlook 2014~2018, PWC, 2014

Meanwhile, the global OTT (Over the Top) service market is forecasted to continue its high growth rate of 20%. According to the PWC (2014), the global OTT service market is likely to grow by 25.9% in 2014. Looking at growth rate by areas, SVOD (Subscription Video on Demand) services which charge monthly fees are projected to grow by 27.1%, surpassing that of pay-per-view TVOD (Transactional Video on Demand) (23.6%) services. Furthermore, the overall global OTT sector in 2015 is likely to experience slightly higher growth than in 2014, up by 26.7% reaching USD 10.5 billion.

〈Table I -8〉 Forecast of the size of the global OTT market

(Unit : USD 100 million, %)

Classification		2012	2013	2014	2015
SVOD (monthly subscription)	Size	34.4	43.4	55.2	70.8
	Growth rate	26.1	26.2	27.1	28.2
TVOD (pay-per-view)	Size	18.0	22.3	27.6	34.1
	Growth rate	25.1	24.0	23.6	23.8
Total	Size	52.4	65.7	82.7	104.9
	Growth rate	25.8	25.4	25.9	26.7

Note) SVOD : Charges membership fee and monthly subscription for content provided via the Internet.

TVOD : Charges for each individual video provided via the Internet.

Source) Global Entertainment and Media Outlook 2014~2018, PWC, 2014

2. Environment of Korea Broadcasting and Communications Policy

a. Trends of Domestic Broadcasting and Communications Market

The domestic broadcasting and communications industry in 2014 was tentatively estimated to have grown by 1.0% from 2013 recording KRW 156.2 trillion, based on production output. The broadcasting and communications service industry has seen 0.9% growth reaching KRW 70.12 trillion while the broadcasting and communications device industry grew by 1.1% recording KRW 86.08 trillion from 2013.

Going into details, the broadcasting and communications service market in 2014 experienced slightly higher growth with the surge of the MVNO market, while the IPTV market is projected to face slower growth than in 2013 due to a stagnant broadcasting advertisement market, despite continued high growth. Among the broadcasting and communications service sectors, the communications service industry was estimated to have grown by 0.9% from 2013 to reach KRW 44.37 trillion, while the broadcasting service industry shrunk by 3.1% to KRW 13.2 trillion. The broadcasting and communications convergence service industry are known to have grown to KRW 12.55 trillion market, a 5.8% growth rate, posting the highest growth rate among broadcasting and communications services. On the other hand, the production output of broadcasting and communications devices was projected to record a 1.1% growth of KRW 86.08 trillion, due to increased demand for smartphones.

〈Table 1-9〉 Trends of production volume of the domestic broadcasting and communications industry

(Unit : KRW 1 trillion, %)

Classification	2012	2013P	2014P	Growth rate	
				2012~2013	2013~2014
Broadcasting and communications industry	147.46	154.63	156.20	4.9	1.0
Broadcasting and communications services	67.22	69.46	70.12	3.3	0.9
Communications services	43.10	43.97	44.37	2.0	0.9
Broadcasting services	13.24	13.62	13.20	2.9	△3.1
Broadcasting and communications convergence services	10.87	11.87	12.55	9.2	5.8
Broadcasting and communications device	80.24	85.17	86.08	6.1	1.1
Communications devices	65.55	69.64	70.67	6.2	1.5
Broadcasting devices	14.69	15.53	15.41	5.7	△0.8

Note) P : Preliminary, △ : reduction

Source) Korea Association for ICT Promotion (KAIT)

The export of domestic broadcasting and communications devices was estimated to record a 3.9% growth from 2013 levels to USD 41.984 billion. The communications device market has seen strong growth thanks to domestic products outperforming competitors in premium lines, with excellent product competitiveness. However, with decreased global demand for smartphones and the rise of Chinese manufacturers, it is likely to experience a slowdown recording a 7.8% growth rate. The broadcasting devices market has enjoyed an increased demand for digital TV thanks to FIFA World Cup and maintained competitiveness in premium lines such as UHD TV, but the estimated increase in demand for World Cup season was excessively reflected in advance in the second half of 2013, thereby export in 2014 is likely to decrease by 7.2% from 2013.

〈Table I-10〉 Trend of domestic broadcasting and communications device exports

(Unit : USD 100 million, %)

Classification	2012	2013P	2014P	Growth rate	
				2012~2013	2013~2014
Broadcasting and communications devices	346.40	404.26	419.84	16.7	3.9
Communications devices	251.88	297.70	320.95	18.2	7.8
Broadcasting devices	94.52	106.56	98.89	12.7	△7.2

Note) P : Preliminary, △ : reduction

Source) Korea Association for ICT Promotion (KAIT)

Sales in broadcasting services by domestic broadcasting business operators is estimated to have declined by 3.1% from 2013 to KRW 13.196 trillion in 2014. Terrestrial broadcasting services is expected to show negative growth from 2013 levels due to a continued decrease in advertisement sales which resulted from delayed economic recovery, poor domestic consumption, and increased competition with online media, deriving from changes in the content consumption pattern of consumers. Pay broadcasting services are expected to face

decline in overall sales, despite an increase in advertisement and home shopping broadcasting transmission fees, as the number of subscribers is nearing its saturation point and IPTV bundle products show increased sales. Among program production and distribution, program providing business for sales in home shopping services after the sinking of the Sewol ferry while its growth went into a slowdown from weakened performance in the advertisement sector, but will still record the highest growth rate among broadcasting services.

〈Table I-11〉 Trend of domestic broadcasting services

(Unit : KRW 1 billion, %)

Classification	2012	2013P	2014P	Growth rate	
				2012~2013	2013~2014
Broadcasting services	13,238	13,622	13,196	2.9	△3.1
Terrestrial (TV, Radio, DMB)	3,969	4,024	3,925	1.4	△2.4
Pay broadcasting	2,839	2,841	2,512	0.1	△11.6
Program production and distribution	6,377	6,713	6,728	5.3	0.2
Other broadcasting services	53	45	31	△16.1	△29.9

Note) P : Preliminary, △ : reduction

Source) Korea Association for ICT Promotion (KAIT)

While broadcasting advertisement sales in 2014 increased by KRW 4.23 trillion up by 0.02% from 2013, showing minor changes, terrestrial TV, DMB, and the radio sector experienced decline while cable, satellite, and IPTV posted positive growth. Terrestrial TV in particular, has suffered a decrease in advertisement sales one year after another, with its ratio among total broadcasting advertisement falling from 53.2% in 2012, 50.5% in 2013, and 48.8% in 2014. Market share in the overall advertisement market has also been declining, from 21.2% in 2012, 19.8% in 2013, and 18.8% in 2014.

On the other hand, online advertisement in 2014 is estimated to have grown by 11.4% from 2013, thanks to rapid growth in the mobile advertisement market, which resulted from an increase in use of mobile devices, including smartphones and tablet PCs. The online advertisement market, which experienced growth led by mobile advertisement, has seen an

upward trend in its market share from 23.4% in 2012 and 25.6% in 2013, to 28.0% in 2014. As a result, the gap in terms of the ratio between the broadcasting advertisement market, which holds the biggest market share of the entire advertisement market, and the online advertisement market has steeply decreased from 16.4%p in 2012 to 10.5%p in 2014 (Korea Broadcast Advertising Corp, 2014).

〈Table I -12〉 Trends of the domestic advertisement market

(Unit : KRW 100 billion, %)

Classification		2012		2013		2014		Growth rate		
		Sales	Ratio	Sales	Ratio	Sales	Ratio	2012~ 2013	2013~ 2014	
Broad-casting	Terrestrial TV	22.3	21.2	21.4	19.8	20.6	18.8	Δ4.2	Δ3.5	
	Cable	PP	15.1	14.3	16.1	14.9	16.9	15.4	7.0	4.8
		SO	1.1	1.0	1.3	1.2	1.3	1.2	13.9	7.6
	Satellite	0.1	0.1	0.2	0.2	0.2	0.2	20.0	8.0	
	IPTV	0.2	0.2	0.4	0.4	0.5	0.5	68.4	28.8	
	DMB	0.2	0.2	0.1	0.1	0.1	0.1	Δ24.9	Δ15.4	
	Radio	2.9	2.8	2.8	2.6	2.6	2.4	Δ2.7	Δ7.8	
	Sub-total	41.9	39.8	42.3	39.2	42.3	38.5	0.8	0.02	
Printed	Newspaper	17.2	16.3	16.2	15.0	15.6	14.2	Δ5.5	Δ4.1	
	Magazine	5.5	5.3	5.5	5.0	5.1	4.6	Δ1.4	Δ7.0	
	Sub-total	22.7	21.6	21.7	20.1	20.6	18.8	Δ4.5	Δ4.8	
Online	Internet	22.4	21.3	22.8	21.1	23.5	21.4	2.0	2.8	
	Mobile	2.2	2.1	4.8	4.4	7.3	6.6	113.4	52.4	
	Sub-total	24.6	23.4	27.6	25.6	30.7	28.0	12.1	11.4	
	Outdoor	8.0	7.6	8.7	8.1	8.8	8.0	9.3	0.7	
	Others	8.0	7.6	7.7	7.1	7.3	6.7	Δ4.0	Δ5.2	
	Total	105.3	100.0	108.0	100.0	109.7	100.0	2.6	1.6	

Note) PP : Program Provider (Programming providing business operator), SO : System Operator (Cable television broadcasting business operator)

Source) Recompiled data provided by Korea Broadcast Advertising Corp. (2014)

The estimated sales of domestic communications services in 2014 increased by 0.9% from the previous year to KRW 44.366 trillion. The wired communications sector is projected to continue its downward trend in 2014 recording 4.0% fewer sales from 2013, due to a decline in subscribers and the volume of calls. On the other hand, the number of local telephone serv-

ices at the end of 2014 was estimated to be 16.939 million, showing a steep fall, and have been quickly replaced by Internet phone services since 2009. Despite high-speed Internet penetration rate above 100%, the sector was still enjoying steady growth up until recently by expanding its sources of revenue, such as wire and wireless combined products and new services (IPTV, VoIP and others).

The wireless communications service sector is known to have entered a saturation phase recording 108.9% in the mobile phone penetration rate as of December 2013. However, it is forecasted that the market will maintain its upward trend thanks to increased use of MVNO phones, the introduction of LTE-A, and a rise in the use of smartphones and tablet PCs (Korea Information Society Development Institute, 2014). On the other hand, the number of smartphone users was merely around 800,000 in 2009, but the sector experienced rapid growth recording a combined annual growth rate of 161.7% between 2009 and 2013 and had reached 40.56 million subscribers by the end of 2014.

〈Table I -13〉 Trend of domestic communications services market in size

(Unit : KRW 1 billion, %)

Classification	2012	2013P	2014P	Growth rate	
				2012~2013	2013~2014
Communications services	43,104	43,966	44,366	2.0	0.9
Wire communications service	12,989	12,327	11,833	△5.1	△4.0
Wireless communications service	22,861	24,011	24,338	5.0	1.4
Lease and resale of line equipment	1,548	1,569	1,905	1.3	21.4
Value-added communications service	5,706	6,059	6,290	6.2	3.8

Note) P: Preliminary, △: reduction

Source) Korea Association for ICT Promotion (KAIT)

〈Table I-14〉 Number of subscribers to mobile phones and smartphones

(Unit : 10,000 subscribers, %)

Classification	2009	2010	2011	2012	2013	2014
Mobile phone subscribers(A)	4,630	5,077	5,251	5,362	5,468	5,721
Smartphone subscribers(B)	80	721	2,258	3,273	3,752	4,056
Ratio(B/A)	1.7	14.2	43.0	61.0	68.6	70.9

Source) Recompiled data provided by the Korea Communications Commission (KCC) and the Ministry of Science, ICT and Future Planning (MSIP)

The number of 4G LTE subscribers was around 1.19 million, only 2.3% of all mobile phone subscribers in 2011 when the service was first introduced. Nevertheless, as the market reorganized itself to concentrate on LTE services, thanks to communications business operators racing to secure more users and widen their coverage and increase demand for wireless data-oriented LTE services, the number of subscribers rose sharply recording 36 million at the end of 2014; taking 62.9% of all mobile phone users.

〈Table I-15〉 Number of mobile phone subscribers by technology

(Unit : 10,000 subscribers, %)

Classification	2012		2013		2014		2013~2014 Growth rate
	Subscribers	Ratio	Subscribers	Ratio	Subscribers	Ratio	
CDMA	1,075	20.0	774	14.2	633	11.1	△ 18.2
WCDMA	2,706	50.5	1,849	33.8	1,487	26.0	△ 19.6
LTE	1,581	29.5	2,845	52.0	3,600	62.9	26.5
Total	5,362	100.0	5,468	100.0	5,720	100.0	4.6

Note) △ : reduction

Source) Recompiled data provided by the Korea Communications Commission (KCC) and the Ministry of Science, ICT and Future Planning (MSIP)

With large retailers including Home Plus and E-Mart beginning to participate in MVNO businesses, and post offices having consignment sales for MVNO phones, small and medium MVNO operators were able to secure a wider sales network and boost network reliability. Furthermore, the number of middle-aged and elderly subscribers has been increasing thanks to 50~60% cheaper monthly fees than regular mobile operators. The number of subscribers to MVNO services has reached 4.58 million, up by 84.5% from 2013, and making up 8.0% of the entire mobile subscribers.

〈Table I -16〉 Status of MVNO service subscribers

(Unit : 10,000 subscribers, %)

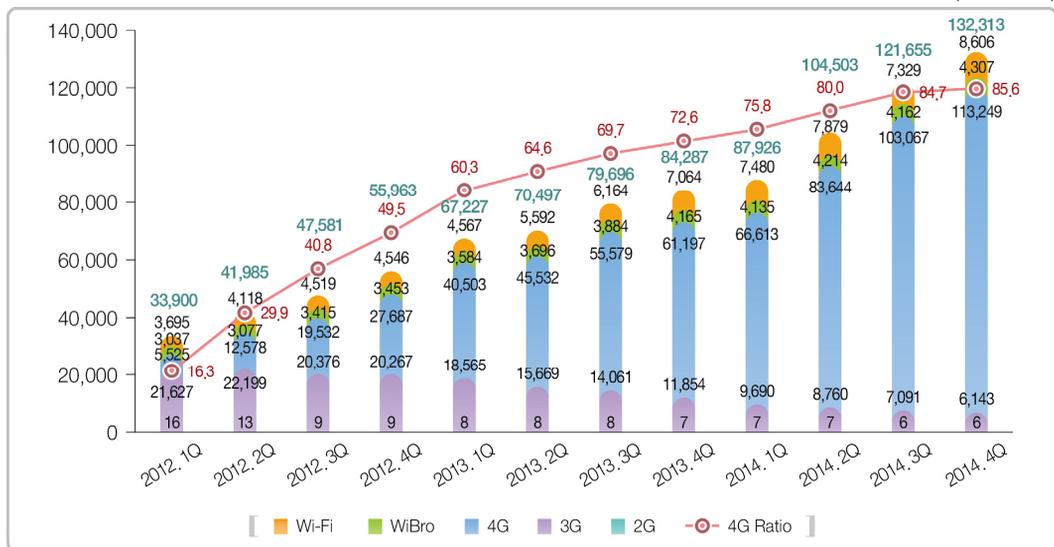
Classification	2012		2013		2014		2013~2014 Growth rate
	Subscribers	Ratio	Subscribers	Ratio	Subscribers	Ratio	
Mobile phones	5,234	97.6	5,220	95.4	5,262	92.0	0.8
MVNO phones	128	2.4	249	4.6	458	8.0	84.5
Total	5,362	100.0	5,468	100.0	5,721	100.0	4.6

Source) Recompiled data from the Korea Communications Commission (KCC) and the Ministry of Science, ICT and Future Planning (MSIP)

Domestic wireless communications traffic is also increasing rapidly, recording 132,313 TeraBytes (TB) in 2014, a 57.0% increase from 2013. In particular, the share of 4G traffic, which took up a mere 16.3% of the entire wireless communications traffic in the first quarter of 2012, has experienced a significant boost to reach 85.6% in the fourth quarter of 2014.

〈Figure I -2〉 Status of traffic by wireless technology

(Unit : TB)



Note) That of the last month of each quarter (1Q: March, 2Q: June, 3Q: September, 4Q: December)

Source) Recompiled data provided by the Korea Communications Commission (KCC) and the Ministry of Science, ICT and Future Planning (MSIP)

The number of IPTV service subscribers increased sharply to 10.84 million in 2014, up by 25.8% over 2013 levels. While it took seven years for cable TV to reach 6 million subscribers, and satellite broadcast nine years to reach the 3 million mark, IPTV showed steep growth since its introduction in October 2008. In October 2013, only five years after its debut, it surpassed 8 million subscribers and reached 10 million in August 2014. It is forecasted that subscriptions to IPTVs will further increase when combined services and smart set-top boxes are released in the future.

〈Table I-17〉 Status of domestic IPTV subscribers

(Unit : 10,000 subscribers, %)

Classification	2010	2011	2012	2013	2014	2013~2014 Growth rate
IPTV services	365.96	493.58	653.75	861.36	1,083.71	25.8
KT	208.52	307.63	403.08	496.83	584.91	17.7
SKB	94.77	98.14	144.48	209.58	281.93	34.5
LG U+	62.67	87.81	106.18	154.96	216.88	40.0

Note) That of December

Source) Ministry of Science, ICT and Future Planning (MSIP), Korea Association for ICT Promotion (KAIT), Korea Digital Media Industry Association (KoDiMA)

b. Changes in Broadcasting and Communications Policy Environment

Competition between terrestrial broadcasting companies, System Operator(Cable television broadcasting business operator, hereinafter ‘SO’), IPTV, general service program providers, and satellite operators have intensified while the use of smart media, accessed not only by wire, but also by mobile Internet, has been increasing due to the spread of mobile devices. As a result of them all existing in the same market, demand for improvement of the system and regulation of the broadcasting industry is rising. Additionally, the need for solidifying a basis for producing broadcasting content is also being noted with the rise of distribution channels for broadcasting content in the sector.

The broadcasting market has been suffering from weak performance due to shrinking in the advertisement market, the biggest source of sales for the broadcasting industry, as the result of a boom in new media. Considering the importance of broadcasting, terrestrial broadcasting takes up 80% of programs, there is an increased call for the establishment of policies to boost the weakening broadcasting industry, by improving the advertising system to strengthen the competitiveness of the industry, and by introducing new services such as UHD and MMS.

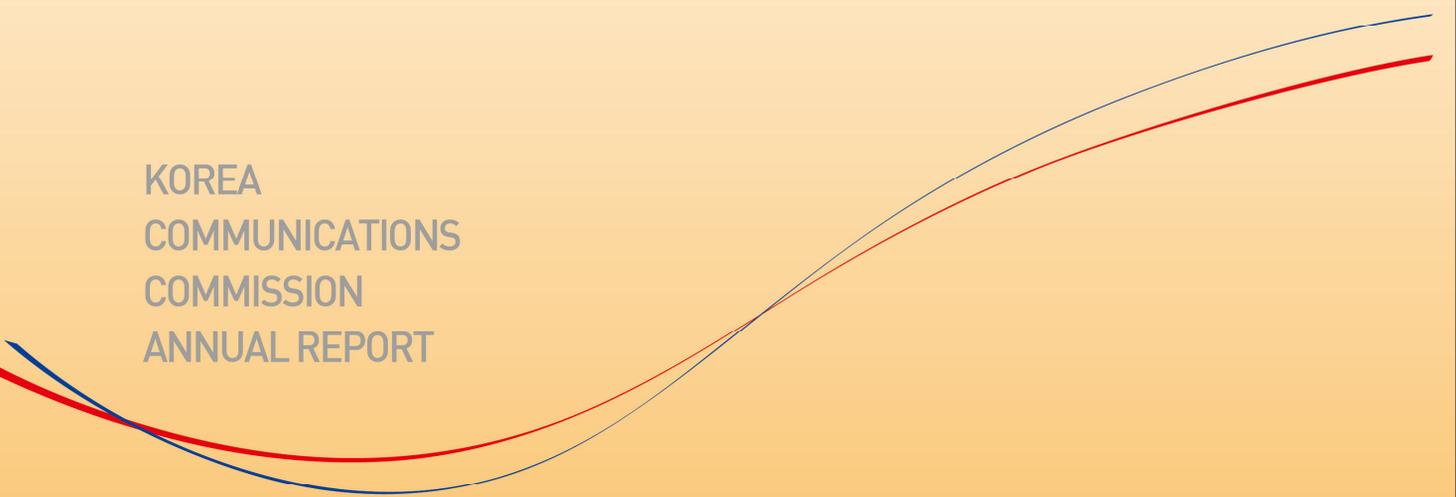
Meanwhile, the communications industry has been seeing heated competition between business operators as the number of subscribers reached the saturation point and led to stagnant growth. Despite the decrease in local telephone subscribers at the end of 2013, wire phone services saw a slight increase in subscribers thanks to an increase in internet phone users. However, since the first half of 2014, Internet phone services also experienced a decline in users which led to a fall in overall wire phone subscribers. The transition of Internet phones replacing local telephone services has reached its limit, and it is projected that wire phone subscriptions will not increase in the future. High-speed Internet services still enjoy a steady flow of new demand, but will face limits as the market matures, and growth in sales is likely to stagnate due to price competition spurred by the spread of contracts and combined products. As a result, the industry hopes to increase revenue by increasing the use of Giga Internet services which are ten times faster than existing high-speed Internet while KT and SK Broadband launched their commercial service for Giga Internet in October 2014.

The 「Mobile Device Distribution Improvement Act」, which was enacted in October 2014, is expected to reduce discrimination by subscribers and boost spending on cheaper communications services, thereby opening the communications market up to greater competition. Sales of mobile phones steeply decreased due to reduced subsidy right after the act was enacted, but as the market recovers some of the lowered subsidy payments, with large retailers participating in the market, consumer confidence in the communications industry has seen some improvement, which led to an increase in subscribers on cheaper service fees. Accordingly, the three largest mobile operators competitively released new policies in rates and services that

involved scrapping membership fee (SKT), launching ‘Soon-Aek Rate Plan’ that removed agreement and termination fees (KT), or lowering full retail price of the iPhone 6 (LG U+). Moreover, as consumers have started to have more interest in pre-owned mobile phones and mid-low priced devices, manufacturers are likely to respond by launching affordable mobile devices followed by a reduction of retail prices. Furthermore, it is necessary to focus on policies that can address issues caused by intensified competition in the combined products sector while protecting newcomers to the MVNO market from unfair practices employed by existing operators, and also to prevent excessive competition that can harm consumers.

As innovative technologies, including Internet of Things, Big Data, and Cloud, are expected to boost the productivity of the existing industry and create new markets, various plans to realize this potential of the sector are to be devised. It is also clear that efforts to protect personal information that can match the efforts to kick start the industries are crucial as they all require optimal use of huge amount of data to take full advantage of their potentials.

The Korea Communications Commission(hereinafter ‘the Commission’) is pushing to vitalize broadcasting services by responding to demands for new policies in this new environment of broadcasting and communications, while enhancing public responsibility, the role and fairness of broadcasting, along with the promotion of fair competition and consumer protection in the sector. Some of the major policies that the Commission is focusing on are the following: improving regulatory framework for advertisements by shifting from a vertical regulatory system to a total amount system, strengthening the basis for investment in broadcasting content by easing regulation on virtual advertising, and product placement, all while seeking ways to fully establish the 「Mobile Device Distribution Improvement Act」 that aims to reduce the burden of communications fees of households by inducing price and service competition. The Commission is also focusing on the protection of personal information on the Internet.



KOREA
COMMUNICATIONS
COMMISSION
ANNUAL REPORT



II. Status and Policy Objectives of the Korea Communications Commission

1. Overview
2. Organization and Functions
3. Key Policy Achievements in 2013
4. Key Policy Objectives in 2014

II. Status and Policy Objectives of the Korea Communications Commission

1. Overview

The Korea Communications Commission (hereinafter ‘the Commission’ or ‘the KCC’), founded pursuant to the 「Act on the Establishment and Operation of Korea Communications Commission」, is responsible for regulating broadcasting and communications services, protecting their users, and dealing with other matters required for maintaining the independence of broadcasting services. Its mission is to actively respond to the convergence between broadcasting and communications sectors, and to protect the freedom, public nature and public interest of broadcasting while promoting the balanced development of broadcasting and communications services and enhancing their international competitiveness.

The key functions of the Commission include the formulation and implementation of policies pertaining to terrestrial broadcasting, general service and news-specialized Program Provider (Programming providing business operator, hereinafter ‘PP’), as well as the investigation and imposition of sanctions against violations conducted by broadcasting or communications business operators, the development and implementation of wide-ranging measures aimed at protecting users and their personal information, preventing the circulation of illegal or harmful information, the arrangement of broadcasting commercials, the formulation and enforcement of policies on programming and evaluation, and the development of policies for media diversification.

The Commission is composed of five standing commissioners including the chairman and the vice chairperson. Of the five standing commissioners, two, including the chairman, are directly appointed by the President of the Republic of Korea. The remaining three are nomi-

nated by the National Assembly and appointed by the President¹⁾. The Commission deliberates and resolves key issues according to the characteristics of Collegiate System.

The Commission is responsible for the enforcement of the statutes listed in the table below:

〈Table II-1〉 Laws under jurisdiction of the Korea Communications Commission

Law	Description	Dates enacted and amended
Act on the Establishment and Operation of Korea Communications Commission	<ul style="list-style-type: none"> • Legal basis for the foundation, organization, and administrative structure of the Commission • Duties and operational methods of the Commission and organization of review committees 	Enacted on Feb. 29, 2008 Amended on Mar. 23, 2013
Framework Act on Broadcasting Communications Development	<ul style="list-style-type: none"> • Development of basic policy directions and plans for broadcasting and communications • Disaster management in broadcasting and communications and establishment of the Broadcast Communications Development Fund 	Enacted on Mar. 22, 2010 Amended on Jun. 3, 2014
Broadcasting Act	<ul style="list-style-type: none"> • Freedom and independence of broadcasting programming and public responsibility of broadcasting services • Licensing, re-licensing, approval/permission or re-approval of broadcasting service businesses 	Enacted on Jan. 12, 2000 Amended on Jun. 3, 2014
Korea Educational Broadcasting System Act	<ul style="list-style-type: none"> • Capital and investments of the Korea Educational Broadcasting System • Appointment of officers and composition of the board of directors 	Enacted on Jan. 12, 2000 Amended on Jun. 3, 2014
Foundation for Broadcast Culture Act	<ul style="list-style-type: none"> • Organization of officers for the Foundation of Broadcasting Culture • Legal basis for Culture Promotion Fund 	Enacted on Dec. 26, 1988 Amended on Jun. 3, 2014
Special Act on Support for Regional Broadcasting Development	<ul style="list-style-type: none"> • Development of Plans for Regional Broadcasting Development and Support • Organization of Regional Broadcasting Development Committee 	Enacted on Jun. 3, 2014
Act on Broadcast Advertising Sales Agencies, etc	<ul style="list-style-type: none"> • Licensing of broadcasting ad brokers and restrictions on their ownership • Balanced development of broadcasting advertising 	Enacted on Feb. 22, 2012 Amended on Oct. 15, 2014

1) One of the three standing commissioners is recommended by the negotiating group of the political party which the President is or was a member to while other two are recommended by other negotiating bodies

Law	Description	Dates enacted and amended
Act on the Protection, Use, etc, of Location Information	<ul style="list-style-type: none"> • Classification of business operators and system for market entry • Use of personal location data by emergency aid agencies 	Enacted on Jan. 27, 2005 Amended on Oct. 15, 2014
Act on Promotion of Information and Communications Network Utilization and Information Protection, etc	<ul style="list-style-type: none"> • Restriction of collection and use of personal data • Guarantee of information network security 	Enacted on May 12, 1986 Amended on May 28, 2014
Mobile Device Distribution Improvement Act	<ul style="list-style-type: none"> • Prohibition on discriminative subsidization and announcement of subsidies • Restriction on making independent contracts related to subsidies 	Enacted on May 28, 2014
Telecommunications Business Act	<ul style="list-style-type: none"> • Classification of services and business operators, and promotion of competition, and system for fair competition • System for protecting network users 	Enacted on Dec. 30, 1983 Amended on Oct. 15, 2014
Radio Waves Act	<ul style="list-style-type: none"> • Procedure for distribution, allocation, recollection and reallocation of frequency bands • Procedure for use of radio stations, including their licensing and inspection 	Enacted on Dec. 30, 1961 Amended on Jun. 3, 2014

Note) Includes statutes that are jointly enforced by the Ministry of Science, ICT and Future Planning (MSIP)

2. Organization and Functions

a. Organizational Status

〈Figure II-1〉 The Current Standing Commissioners of the Third-Term Commission



Choi Sung-joon, Chairman

Chairman Choi Sung-joon joined the KCC at the launch of the third-term Commission in April 2014. After completing the Judicial Research & Training Institute program and serving in the Navy as an officer, he was first appointed as judge of the Seoul District Court for Civil Cases in 1986 where he continued his judicial career over the following 28 years. He handled a variety of cases in diverse areas serving in the Seoul District Court for Criminal Cases (1989), Jeju District Court (1990), Northern Branch Court of the Seoul District Court (1992), National Court Administration (Litigation Examiner, 1994), Seoul High Court (1996), and the Patent Court of Korea (1998). Chairman Choi then assumed important positions in courts, including presiding judge in the Suwon District Court (2000), presiding judge in the Seoul District Court (2002), presiding judge in the Seoul Central District Court (2004), presiding judge (2005) and chief presiding judge (2006) in the Patent Court of Korea, presiding judge in the Seoul High Court (2007), chief presiding judge for the civil division of the Seoul Central District Court (2010), chief judge of Chuncheon District Court (2012), and presiding judge in the Seoul High Court (2012). Prior to the KCC, Choi served as a member (2004) and chairman (2013) of the Internet Address Dispute Resolution Committee, bringing the expertise he gained from his experience coordinating differences among stakeholders in courts. He also held the chairman position of the Dongdaemungu Election Commission (2013) and the Gangwon Province Election Commission (2012). In addition, Choi has been active in academic societies and organizations related to broadcasting and telecommunications both directly and indirectly, assuming the post of president of the Korea Association for Information Law (2006) and the Intellectual Property Law Research Council (2009), among others. Chairman Choi earned his bachelor's degree in law from Seoul National University and passed the Korean Bar Examination in 1981.



Hur Won-je, Vice Chairperson

Hur has been serving as Vice Chairperson of the third-term KCC since April 2014. After working at the Kookje Daily News (1978), the Busan Ilbo (1980), the Kyunghyang Shinmun (1981), and KBS (1981) as a journalist, he joined SBS in 1991 and held various positions including correspondent in Germany (1994), chief producer for the political department (2001), chief secretary (2004) and director (2005). In 2008, Hur was elected to the National Assembly (NA), during which time he also served as joint chairman of the Busan Content Market Organizing Committee (2010) and as manager of the then-ruling Grand National Party for the Culture, Sports, Tourism, Broadcasting and Communications Committee of the NA (2011). Hur obtained his master's degree in journalism and mass communication from Yonsei University in 2009. He graduated from Seoul National University with two bachelor's degrees in physical science and political science in 1974 and 1978, respectively.



Kim Jae-hong, Commissioner

Kim joined the third-term KCC in April 2014. Having worked as a journalist (1978) and editorial writer (1988) of the Dong-A Ilbo, he gave lectures as a tenure professor in Graduate School of political science in Kyonggi University (2001) and served as dean of the school (2009). As a Member of the National Assembly (2004), Kim served as chairman of the subcommittee on judicial deliberations under the Culture and Tourism Committee and representative member of Political Communication Research Council. Kim was also the president of the Korean Association for Political Criticism (2003) and a member of the Presidential Commission on Policy Planning (2003). As policy adviser, Kim worked with the Civil Service Commission, the Ministry of Unification, the Ministry of National Defense, the Government Information Agency, and the National Security Council. Kim obtained his bachelor's, master's and Ph.D. (1987) in political science from Seoul National University and completed the Nieman Fellowship program at Harvard in 1996.



Lee Ki-joo, Commissioner

Lee has been serving the KCC as a third-term Commissioner since April 2014. He first began his public service in 1982 by joining the Ministry of Information and Communication (MIC), a precedent entity of the KCC, and hence carried out ICT-related work in various positions, including as assistant chairman of the Planning and Coordination Office in 2009. From December 2002 to January 2005, he worked for the World Bank as a senior information officer. In 2012, he was appointed as the president of the Korea Internet & Security Agency (KISA) and served the organization until recently when he moved back to the government (KCC). Lee obtained his doctorate in telecommunications policy from George Washington University in 2012. He has also had the honor of being awarded the Order of Service Merit (Red Stripe) in 2006 and the Service Merit Medal in 1992.



Ko Sam-seog, Commissioner

Ko joined the third-term KCC in June 2014. He graduated from Chosun University with a BA in Political Science and Diplomacy in 1993. He earned his NA in the same discipline from Sogang University in 1996 and a Ph.D. in Journalism and Mass Communication from Chung-Ang University in 2010. He served as NA Secretary (1996), NA Assistant (2000), PR planning administrator in the Presidential Secretariat (2003), member of the Korea Broadcasting-Communication Convergence Commission under the Prime Minister's Office (2006), adjunct professor at the Graduate School of Mass Communication at Chung-Ang University (2012), Director of the Media Literacy Center at the Media & Future Institute (2013), and NA Policy Researcher (2014).

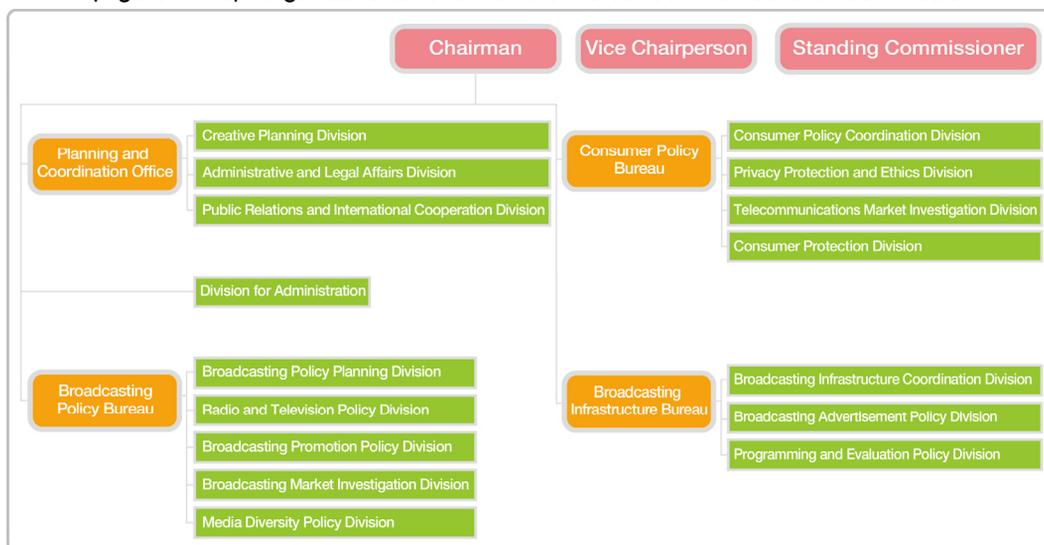
Note) As of 2014 December

Following the amendment of 「Organizational System of the Korea Communications Commission」(Presidential Decree No. 25245, enforced on 11 March, 2014), the Commission, previously composed of one office, three bureaus and fourteen divisions, has been reorganized with the current structure of one office, three bureaus, and sixteen divisions, as shown in <Figure II-2>:

Major amendments are as follows:

The Administrative and Legal Affairs Division has been newly organized in the Planning and Coordination Office, and its personnel quota has been increased by four employees in order to improve its operation efficiency. Meanwhile, the Media Diversity Policy Division had been installed in the Broadcasting Infrastructure Bureau and added two new members to ensure the diversity of public opinions in broadcasting and establish more efficient systems of competition in the broadcasting market. Also, the Commission hired one specialist devoted to creating a safe cyber environment. The Commission has duly added two more divisions and seven more employees so as to enhance its capability to implement policies for broadcasting and communications.

<Figure II-2> Organizational chart of the Korea Communications Commission



Note) As of December 2014

b. Responsible Services and Division of Duties

Under Article 11 of the 「Act on the Establishment and Operation of Korea Communications Commission」, the following matters shall be duties under jurisdiction of the Commission:

1. Matters concerning policies on broadcast advertising, policies on evaluation and programming, planning for broadcasting promotion, planning for broadcasting policies, policies on terrestrial broadcasting, and policies on broadcasting channels.
2. Matters concerning the overall control of research and planning, market surveys on broadcasting and communications, protection of users of broadcasting and communications, promotion of viewers' rights and interests, and ethics relating to protecting personal information.
3. Matters concerning the management of frequencies used for broadcasting services.
4. Other matters determined to be duties of the Commission by this or other Acts.

Under Article 12, the Commission shall deliberate and resolve on the following matters from among duties under its jurisdiction:

1. Matters concerning basic plans related to broadcasting and the regulation of communications.
2. Matters concerning the recommendation of directors and the appointment of auditors for the Korean Broadcasting System.
3. Matters concerning the appointment of directors and auditors for the Foundation for Broadcast Culture.
4. Matters concerning the appointment of a chief executive officer, directors, and auditors for the Educational Broadcasting System.
5. Matters concerning the research on and assessment of media diversity.

6. Matters concerning the permission, and renewal of permission, granted to terrestrial broadcasting business operators and community radio broadcasting business operators.
7. Matters concerning the approval for programs providing business operators engaging in general programming or programming specialized in news reports.
8. Matters concerning the permission, renewal of permission, and permission for change granted to satellite broadcasting business operators, CATV broadcasting business operators, and CATV relay broadcasting business operators, as well as those concerning the consent to the enactment, modification, and repeal of related Acts and subordinate statutes.
9. Matters concerning the permission, revocation, and approval for broadcast advertising sales agencies pursuant to the 「Act on Broadcast Advertising Sales Agencies, etc」.
10. Matters concerning investigation and restriction of prohibited acts by broadcasting business operators.
11. Matters concerning the investigation and restriction of prohibited acts by broadcast advertising sales agencies.
12. Matters concerning the investigation and restriction of prohibited acts by telecommunications business operators.
13. Matters concerning the mediation of disputes between and among broadcast advertising sales agencies and telecommunications business operators, or disputes between business operators and users.
14. Matters concerning the mediation of disputes between and among broadcast advertising sales agencies.
15. Matters concerning the response to complaints from viewers as well as the protection of users of broadcasting and communications services.
16. Matters concerning the management of a viewers' media center.

17. Matters concerning the guarantee of the general rights to watching and listening.
18. Matters concerning the composition and management of the Broadcast Evaluation Committee.
19. Matters concerning the restrictions on the share of the audience of broadcasting business operators, etc.
20. Matters concerning the disciplinary measures pursuant to the deliberation and resolution set forth by the Korea Communications Standards Commission.
21. Matters concerning the composition and management of the Regional Broadcasting Development Committee.
22. Matters concerning research and support with respect to the regulation of broadcasting and communications.
23. Matters concerning international cooperation with respect to the regulation of broadcasting and communications.
24. Matters concerning the management of frequencies used for broadcasting services.
25. Matters concerning the operation, organization, and sales of broadcast programs and commercial broadcast.
26. Matters concerning the raising, management, and operation of funds related to broadcasting and communications.
27. Matters concerning the enactment, modification, and repeal of Acts, and subordinate statutes concerned, as well as the regulations of the Commission.
28. Matters concerning the budget and budget planning of the Commission.
29. Matters on which the Commission has deliberated and resolved pursuant to this Act or other Acts.

The Commission departments are responsible for the specific duties provided under <Table II-2> :

〈Table II-2〉 Division of work by each department of the Commission

Departments		Key Duties
Planning and Coordination Office	Creative Planning Division	<ul style="list-style-type: none"> • Coordination of policies and plans, and the management of organization and personnel quotas • Budget arrangement and coordination, management of revenue, expenditure, and closing • Coordination of Government 3.0 duties and services for cooperation with the National Assembly and other external agencies • Management of office services, office automation, and the establishment and operation of knowledge information systems • Convocation of Commission meetings, compilation, and archiving of agendas • Reception and review of agenda items filed with the Commission • Emergency, security-related services, and disaster management
	Administrative and Legal Affairs Division	<ul style="list-style-type: none"> • Basic planning for the performance management and administration system and trend analysis • Services or duties related to the drafting or review of law bills, administrative decisions and regulations, and regulation reforms • Appointment of officers for the Korea Broadcasting System, the Korea Educational Broadcasting System, and the Foundation for Broadcast Culture • Coordination of agenda items for Cabinet meetings and Vice-Minister meetings • Coordination of tasks related to the National Assembly
	Public Relations and International Cooperation Division	<ul style="list-style-type: none"> • Policies on international cooperation by region, including inter-governmental cooperation • Negotiations related to broadcasting and communications, including those for the WTO and FTA • Policies concerning international organizations • Operation of international organizations related to broadcasting and communications, and their policy development • Support for public relations or press briefings on key policies • Analysis, evaluation of, and response to press reports
Broad-casting Policy Bureau	Broadcasting Policy Planning Division	<ul style="list-style-type: none"> • Coordination of broadcasting service policies • Development of mid-and long-term broadcasting basic policies and public broadcasting policies • Development of policies and institutions for generating fair competition conditions in the broadcasting service market
	Radio and Television Policy Division	<ul style="list-style-type: none"> • Terrestrial broadcasting policies • Policies related to the development of regional broadcasting and the organization and operation of regional broadcasting committees • Assessment of achievements in regional broadcasting development
	Broadcasting Promotion Policy Division	<ul style="list-style-type: none"> • Policies for promoting Program Providers(Programming providing business operators) • Prior consent to approval or relicensing of cable broadcasting service providers • Administration of broadcasting frequencies

Departments		Key Duties
	Broadcasting Market Investigation Division	<ul style="list-style-type: none"> • Declaration and handling of the outcome of actions taken against violations of statutes by broadcasting business operators • Investigation and imposition of corrective actions against the violation of statutes by broadcasting business operators • Dispute mediation in broadcasting services
	Media Diversity Policy Division	<ul style="list-style-type: none"> • Development and implementation of basic plans for the diversity of public opinions on broadcasting • Development and implementation of basic plans for the assessment of competition practices in the broadcasting market
Consumer Policy Bureau	Consumer Policy Coordination Division	<ul style="list-style-type: none"> • Policies concerning the protection of broadcasting and communications service users • Improvement of statutes and institutions concerning prohibited acts and the development of guidelines • Coordination of investigations of prohibited acts • Arbitration and mediation of disputes regarding communications services
	Privacy Protection and Ethics Division	<ul style="list-style-type: none"> • Enactment or amendment of policies or statutes related to the protection of personal information on IT networks • Measures for protection of personal information by Internet Service Providers • Enactment or amendment of statutes related to the prevention of the distribution of unhealthy information on the Internet • Cooperation with related agencies to block illegal information • Research, education, and publicity of policies related to cyber ethics
	Telecommunications Market Investigation Division	<ul style="list-style-type: none"> • Declaration or handling of the outcome of actions taken against violation of statutes by communications business operators • Investigation or imposition of corrective actions against the violation of statutes by communications business operators
	Consumer Protection Division	<ul style="list-style-type: none"> • Policies concerning the protection of broadcasting and communications service consumers • Fact-finding investigations, planning or coordination concerning the protection of broadcasting and communications service users
Broad-casting Infra-structure Bureau	Broadcasting Infrastructure Coordination Division	<ul style="list-style-type: none"> • Analysis of policies and achievements concerning universal broadcasting services • Enactment or amendment of the statutes related to systems for protecting the universal viewing right • Analysis, enactment or amendment of statutes related to the protection of viewer rights and benefits
	Broadcast Advertisement Policy Division	<ul style="list-style-type: none"> • Improvement of statutes or institutions concerning broadcasting advertising • Matters concerning policies related to competition in the broadcasting advertisement sales agency market • Development and enforcement of policies related to sponsor notices

Departments	Key Duties
Programming and Evaluation Policy Division	<ul style="list-style-type: none"> • Policies related to broadcasting operation or programming • Notice of broadcasting programming ratios and development of mid- or long-term policies related to broadcasting programming • Enactment or amendment of statutes related to the basic planning for broadcasting assessment • Organization and operation of the broadcasting operation assessment group
Division for Administration	<ul style="list-style-type: none"> • HR, citation, discipline, education/training and service management • Protocol, office building management, and defense • Audit of the Commission and its subordinate agencies • Audit of subordinate organizations and the investigation or handling of petitions

c. Public and Relevant Organizations under Jurisdiction of the Commission

As a public organization under jurisdiction of the Commission, there is Korea Broadcast Advertising Corporation, founded under the 「Act on Broadcast Advertising Sales Agencies, etc」, and there are three organizations relevant to the Commission, which are Korea Broadcasting System, Korea Educational Broadcasting System, and Foundation for Broadcast Culture. And their foundation bases, missions, and key functions are listed in <Table II-3 and 4>:

<Table II-3> Public organization under jurisdiction of the Korea Communications Commission

Name of agency	CEO	Name	Basis of foundation	Key mission and function
Korea Broadcast Advertising Corporation (KOBACO)	President	Koak Sung-moon	Article 24 under the Act on Broadcast Advertising Sales Agencies, etc	Brokerage and sales agencies for advertisements, balanced development and promotion of the broadcasting ad industry, tasks related to the promotion of broadcasting and communications ad services, and duties entrusted by the government

<Table II-4> Relevant organizations to the Korea Communications Commission

Name of organization	CEO	Name	Basis of foundation	Key mission and function
Korean Broadcasting System (KBS)	President	Gil Hwan-young	Article 43 (1) under the Broadcasting Act	Promotion of a fair and sound broadcasting culture as the government-owned backbone broadcasting service, and efficient operation of broadcasting services at home and abroad
Korea Educational Broadcasting System (EBS)	President	Shin Yong-sub	Article 1 under the Korea Educational Broadcasting System Act	Supplement to school education, contribute to citizens' lifetime learning and the democratic development of education
Foundation for Broadcast Culture (FBC)	Chairman	Kim Moon-hwan	Article 1 under the Foundation for Broadcast Culture Act	Contribution to performance of public responsibilities by broadcasting business operators, promotion of broadcasting culture, enhancement of public welfare

Note) As of 2014

d. Expenditure Budget in 2014

The expenditure budget of the Commission in 2014 was KRW 196.3 billion, which can be broken down into either the general budget account of KRW 50.7 billion and the Broadcast Communications Development Fund account of KRW 145.6 billion, or into the communication account of KRW 53.3 billion and the broadcasting account (including culture and tourism) of KRW 143 billion. Alternatively, the expenditure budget can be broken down into payroll expenses of KRW 14.6 billion, basic expenses of KRW 4.1 billion, and key service expenses of KRW 177.6 billion. The details are shown in <Table II-5> below:

〈Table II-5〉 Details of the 2014 expenditure budget of the Commission

(Unit : KRW 100 million)

Classification		2013 (A)	2014 (B)	Fluctuation	
				(B-A)	%
Total expenditure (I+II)		2,036	1,963	△73	△3.6
(Total = total expenditure + internal transactions + surplus funds)		(12,241)	(11,292)	(△949)	(△7.8)
By fund source	I. General budget account	515	507	△8	△1.6
	II. Broadcast Communications Development Fund	1,521	1,456	△65	△4.3
	(Total = expenditure + internal transactions + surplus funds)	(11,726)	(10,785)	(△941)	(△8.0)
	① Expenditure				
	Sub-total (①+②)	5,725	5,977	252	4.4
	③ Korea Communications Commission (KCC)	1,521	1,456	△65	△4.3
	④ Ministry of Science, ICT and Future Planning (MSIP)	4,204	4,521	317	7.5
	② Internal transactions (Commission funds deposited)	1,000	2,400	1,400	140.0
	③ Compensatory expenditure (Fund surplus operated)	5,001	2,408	△2,593	△51.8
By area	□ Communications	535	533	△2	△0.4
	□ Broadcasting (culture and tourism)	1,501	1,430	△71	△4.7
By function	□ Payroll	151	146	△5	△3.3
	□ Basic expenses	39	41	2	5.1
	□ Key service expenses	1,846	1,776	△70	△3.8
	① Broadcasting infrastructure improvement and media diversity promotion	938	880	△58	△6.2
	② Establishment of conditions for fair competition and secure information use	161	201	40	24.8
	③ Deployment of broadcasting service base and enhancement of user rights	675	649	△26	△3.9
	④ Support for the operation of broadcasting and communications	72	46	△26	△36.1

Note) The 2013 and 2014 fund expenditure of the Ministry of Science, ICT and Future Planning (MSIP) reflected the modified amount of its management plan. (The six business programs in 2013, including the promotion of ICT creative businesses and the seven programs in 2014; including the enhancement of the competitiveness of next-generation Internet businesses)

△: reduction

e. Status of Government Initiated Legislation in 2014

In December 2014, the Commission submitted its amendment to the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc」 Plan to the National Assembly. The amendment bill is designed to protect the freedom of expression of information publishers by improving the system of temporary measures and setting a limit on the additional charges for delinquent fines.

3. Key Policy Achievements in 2013

The Commission remains dedicated to establishing a fair and creative broadcasting and communications environment amid a rapidly changing environment precipitated by the increasingly rapid convergence of the media sector, including broadcasting, communications, and the Internet and the continuous emergence of new services. To that end, the Commission adopted the following three policy directions: realizing fair and trusted broadcasting services, creating a broadcasting and communications environment that can boost people's satisfaction and convenience, and actively supporting the creative economy in the convergence age. The major policy achievements of the Commission in 2013 are as follows:

a. Realizing Fair Broadcasting Services Trusted by the People

The Commission conducted the examinations for relicensing of 38 terrestrial broadcasting providers including KBS·MBC·SBS, and on six regional terrestrial DMB business operators. By doing so, the Commission was able to check how those broadcasters had fulfilled the conditions and recommendations granted by the license while enhancing its public interests and responsibilities by imposing relicensing conditions on them.

Further, the Commission organized and ran the Next-Generation Terrestrial Broadcasting Policy

Consultative Body and the UHD Broadcasting Promotion Consultative Body in order to propel its efforts to boost the next-generation terrestrial broadcasting industry. Importantly, the Commission permitted trial broadcasting to introduce a multi-channel broadcasting system and increase the diversity of the terrestrial broadcasting services while monitoring viewer inconveniences with the introduction of new services and solutions to technical problems, including the degradation of screen quality due to the division of frequencies. Also, the Commission authorized the programming of a terrestrial 3D broadcasting service for the first time in the world as well as multi-language English FM broadcasting to provide information to non-English speaking foreigners who reside in or visit Korea.

The Commission published the results of its inspection of general services and news-specialized PPs' performance in their 2012 business plans in July 2013 and urged the business operators to carry out its corrective orders on the items they failed to perform, according to their business plans. The Commission plans to reflect the implementation of such corrective orders in its 2014 relicensing review of general service and news-specialized PPs. Furthermore, the Commission adopted a basic plan for the relicensing of four general service PPs and one news-specialized PP whose licenses are due to expire in 2014.

The Commission adopted the 2014 basic plan for the certification of public benefit channels and welfare channels for the physically impaired in September 2013. After receiving and reviewing business operator applications, the Commission selected nine public benefit channels for 2014, i.e. three channels for each of the three broadcasting areas of social welfare, science and culture promotion, and educational support.

Broadcasting programs show a marked tendency to become more provocative or violent as the business operators compete more fiercely for audience ratings in the smart environment. The Commission has been well aware of the impact of this on viewers, including children and youth, and the social demand for the suppression of low-grade broadcasting programs, thereby encouraging business operators to strengthen their voluntary regulatory functions. In the meantime, the Commission has strengthened its review of and sanctions against coarse or

abusive language and provocative or violent broadcasting programs and established an environment where the proper broadcasting language is used. To that end, the Commission checked the operational status of the in-house review boards of individual broadcasting business operators and issued a collection of review cases that dealt with the analysis and resolution of reference by business operators during their in-house review. The Commission enhanced its function of a post facto review and sanctions by implementing 477 statutory sanctions, including 32 sanctions related to broadcasting language and 24 sanctions on low-grade drama programs containing provocative or violent content. To generate an environment favoring the use of decent broadcasting language, the Commission staged a campaign to insert subtitled messages on terrestrial, cable and satellite broadcasting channels.

Further, the Commission calculated and published the media exchange ratio(0.40) of broadcasting and daily newspapers and the audience ratings of broadcasting service providers to enhance media diversity. Meanwhile, the Commission helped to resolve effectively the infringement issues of viewers' rights and benefits, including the interruption of broadcasting due to disputes among business operators, by introducing the ex-officio mediation system. At the same time, it announced its proposed amendment to the 「Broadcasting Act」 that includes the arbitration system and the maintenance or resumption of the supply or transmission of broadcasting programs. All of these efforts have contributed to laying the foundation for fair competition in the broadcasting market.

b. Creating Environment of Broadcasting and Communications Boosting Happiness of the People

As broadcasting technology progresses, even amateurs can produce video footage rather easily while the social demand for viewer participation in broadcasting services has increased. To comply with such demand, the Commission utilized the Community Media Centers in Busan and Gwangju to actively support the residents in gaining experience in broadcast pro-

gramming. Furthermore, the Commission plans to build additional Community Media Centers in Gangwon, Daejeon, and Incheon to give more opportunities to viewers to participate in broadcasting services.

In the meantime, the Commission continues to enhance impaired persons' access to broadcasting services by supplying 7,083 broadcasting receivers offering audio description, 5,247 receivers offering subtitles, and 2,568 receivers for hearing impaired senior citizens. In addition, the Commission increased its support to 118 broadcasting business operators that produce programs for the physically impaired and offered KRW 3.73 billion in subsidy funds.

The Commission tightened its rules for levying fines and the additional penalties imposed for repeated offense while clarifying legal requirements by devising the rule of suspending new subscriber acquisition. By doing so, the Commission contributed to establishing a sound distribution order in the mobile communication market and the prevention of the violation of user interests. Also, the criteria for setting the period of the subscriber acquisition suspension and identifying the mobile business operators that triggered excessive competition were established to raise the effectiveness of the investigation of mobile device subsidization and sanctions against it.

In particular, the Commission importantly routinely monitored any unfair activities, including the payment of subsidies for mobile devices and the provision of gifts for broadband Internet services, so as to perform its proactive preventive activities aimed at deterring excessive heating of the market.

Also, the Commission led the effort to strengthen user protection relating to mobile phone and broadband Internet services first, by checking whether key content of service agreements was duly disclosed to users and, second, by improving bill statements. At the same time, the Commission continued to conduct fact - finding investigations and examinations regarding the mobile communications services that users filed complaints against.

Further, education on user protection in communications services was offered to about

10,917 people, and the campaigns for preventing excessive data roaming were expanded. With these efforts, mobile business operators and broadband Internet service providers were encouraged to double their endeavors to protect service users after the Commission assessed their protection services and presented the results.

The Commission developed and promoted measures for protecting children and youth by preventing the circulation of illegal or harmful information as the spread of broadband Internet and smartphone services has diversified the available channels and opportunities for accessing obscene materials have increased. To create a safe and sound environment for the use of information by youths, the database for rating the Internet data that is considered harmful to them was established and provided to the business operators that develop software products to filter such harmful data. The Commission also distributed ‘Green i-Net’, a free filtering software that blocks harmful information through the rating database. Also, the ‘Green-I Campaign’ was conducted across the country to promote the installation of software that filters harmful information more widely.

On 7 June 2013, five agencies of the Commission, the Gyeonggi Provincial Government, the Gyeonggi Provincial Education Board, the National Information Society Agency (NIA), and the Korea Mobile Internet Association signed an MOU for the implementation of a pilot project for the Secure Cyber Zone. Along with this, they developed and supplied the ‘Smartphone Addict Counseling and Control Program’, which can quickly detect and take action against smartphone addiction among children or youth.

The Commission made proactive efforts to prevent spamming, including the improvement of a system designed to reduce spamming, and the development and provision of technologies against spamming, and to enhance autonomous regulation. As a result of such efforts, the number of spam messages received per person via mobile phone and e-mail decreased by 85% and 95%, respectively, in 2013 compared to 2004.

The Commission and Korea Internet & Security Agency (KISA) have continuously pro-

moted the extensive events for Internet Culture Week as part of the Beautiful Internet World Campaign since 2010. In 2013, they enhanced the efficiency of the projects by jointly holding the ‘Information Culture Month’ events hosted by both the Ministry of Science, ICT and Future Planning (MSIP), and the National Information Society Agency (NIA), in cooperation with other government ministries and agencies. Moreover, the Commission produced and re-released promotional video footage on Internet ethics under the theme ‘Building Schools without Cyber Violence’ and ‘A Beautiful Internet World without Cyber Violence’ while initiating Internet ethics classes, provided to 7,337 students in 221 elementary schools and 59 middle schools.

The Commission adopted the Personal Information Management System (PIMS) certification system in 2010, which certifies businesses and enterprises above given levels by inspecting whether they have deployed a system to ensure the steady and systematic protection of personal information, in view of the fact that businesses are increasingly using that information. After amending the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 (which provided the legal grounds for the implementation of PIMS) in February 2012, the Commission enacted the 「Notice on the Certification of Personal Information Management System (PIMS)」 in September 2013, which includes the certification procedure, criteria, and qualifications of the examiners, and also prepared the related information booklets and review guidelines. A total of 32 (cumulative) PIMS certifications applied for by major businesses that handle a heavy volume of personal information, such as mobile phone service and portal and online shopping operators in the early days of its introduction, had been issued by the end of 2013, as it was gradually diffused to diverse areas such as broadcasting and leisure service companies. At the same time, the Commission actively conducted education on the protection of personal information for users. So far, a total of 244,560 infants, students, and parents and approximately 1,590 personal information handlers of the companies with information security vulnerability have participated in this education initiative.

Meanwhile, the Commission enacted the ‘10 Rules for Protecting Personal information of Smart Phone Users’, which focused on essential but easy-to-neglect matters, including the setup of passwords for smartphones, the installation of essential apps such as vaccine, and the checking of text or mail messages from reliable sources only, as new fraud crimes have increased with the use of smartphones, such as ‘smishing’ and ‘pharming’. The Commission also utilized these rules in its activities to raise public awareness of such crimes.

The Commission remains devoted to rooting out unfair practices in the broadcasting market. For example, the Commission found that South Incheon Broadcasting had unilaterally discounted the rates to PPs for their program services and concluded that such a unilateral cut of program service fees constituted a prohibited act and thus violated the 「Broadcasting Act」 as it fell under acts restricting appropriate revenue division by unfairly changing ‘the contract conditions related to revenue division or the scope and method of computing revenues’ concerning the program service fees. Therefore the Commission imposed a fine of KRW 14.48 million on South Incheon Broadcasting, along with a correction order (for an amendment to contract provisions and publication of the facts pertaining to the issuance of the correction order).

In July 2013, the Commission disclosed the financial status of broadcasting business operators in the fiscal year 2012. The Commission disclosed the financial status of 359 broadcasting business operators that had submitted their financial information for 2012 out of a total of 373 operators. The survey showed that broadcasting service sales had increased 9.8% from KRW 1,104.5 billion in 2011 to KRW 12,351.2 billion in 2012, whereas net profit had decreased by KRW 357.9 billion (or by 27.1%) to KRW 963.3 billion.

c. Actively Supporting a Creative Economy in the Convergence Era

In January 2010, the Commission introduced indirect advertisement by amending the 「Enforcement Decree of the Broadcasting Act」 indirect advertisement so as to expand the investment surplus for the production of excellent broadcasting programs. However, Statute

violation cases related to indirect advertisement increased. As part of the efforts to clarify the review criteria related to indirect advertisement, and to protect viewing rights, the ‘Commission formed the Research Team’ for Developing Guidelines on the Operation of Indirect Advertisements in June 2013. The team enacted the final guidelines on the operation of indirect advertisement in November 2013.

As the sales agency monopoly on broadcasting advertisements was switched into a competitive structure, the Commission publicized the combined sales percentages of small or medium-sized broadcasting companies by media lab, and the scale of support by broadcasting company. That aimed to prevent any halt or decrease in the combined sales of small or medium-sized broadcasting companies. The public media labs covered 13 broadcasters including Regional MBC, EBS, iFM, KFM, CBS, BBS, PBC, and FEBC while the private media labs covered private regional broadcasting and OBS. The minimum amount of support for combined sales of individual small- and medium-sized broadcasting networks was calculated based on the ratio of total sales of terrestrial broadcasting advertisements of media labs during the five fiscal years immediately preceding the combined sales of small- and medium-sized broadcasting companies. The support scale to newly founded small or medium broadcasting companies, operating less than five years, was computed by adding a given percentages (17.3%) to their percentages of combined sales as of 2011. By doing so, small- and medium-sized broadcasting companies and regional broadcasters were able to maintain diversity and the nature of public good in their broadcasting services.

The Commission conducts an annual assessment of broadcasting services, which comprehensively evaluates the content, organization and operation of broadcasting programs transmitted by broadcasting business operators, pursuant to Article 31 of the 「Broadcasting Act」 and the 「Rules on the Assessment of Broadcasting」. The assessment aims to improve the quality of their broadcasting programs and enhance the responsibility of public broadcasting. Moreover, its results are reflected in the re-licensing (or re-approval) of broadcasting business operators. The assessment carried out in 2013 targeted broadcasting content and the program-

ming and operation of 347 channels of 155 business operators in 2012. Importantly, the broadcasting by four general service PPs, one news-specialized PP (News Y) and one home shopping channel (Home and Shopping) were assessed for the first time.

Meanwhile, the Commission devised a system requiring the extended programming of animated programs, backing the growth of the industry. In 2013, the Commission surveyed and analyzed the practices of new programming by broadcasters. Based on the outcome of this effort, the Commission created a platform to listen to the broadcasting service providers and held discussion meetings among experts to offer consultation to improve the existing programming system. This helped to expand the percentage of the mandatory programming.

The Commission has endeavored to strengthen the infrastructure for international cooperation with foreign governments and international organizations in the broadcasting and communications fields. With its effort to facilitate international cooperation, the Commission has actively supported exchange and cooperation activities with the aim of enhancing its capabilities to respond to various pending international issues. The Commission shared advanced examples and policy experiences through high-level meetings with the governments of key partner countries and international organizations while discussing the conclusion of MOUs to strengthen their cooperation in broadcasting and communications. By doing so, the Commission has steadily promoted cooperation and exchange in the diverse fields of broadcasting and communications.

In particular, the Commission, together with the ITU, held the 3rd Asia-Pacific Regulator Round Table in Seoul in October 2013. ITU brings together the broadcasting and communications regulation agencies of the 38 ITU member countries in the forum to exchange information on key pending issues and discuss how to promote regional cooperation. The Seoul meeting was attended by high-ranking policy makers and 53 experts, including the heads of the broadcasting and communications regulation agencies of 25 countries in the Asia Pacific region. Under the theme of ‘Consumer Protection in the Digital Age’, the participants shared their policy experiences and actively discussed current issues and policy directions related to broadcasting and communications in the region.

Further, the Commission hosted ‘Plenary Session 4’, which summarized the panel meeting agenda of the Cyber Space Conference held in Seoul in October 2013, and presented its position on the agenda concerning ‘Personal Information Protection and Ethics’. As such, the Commission reviewed the pending issues in various international organizations and swiftly responded to them, suggesting a new agenda and formulating effective response strategies.

Meanwhile, as part of its effort to promote feasible methods of cooperation in broadcasting and communications, reflecting the changing relations between North and South Korea, the Commission formed the 3rd Term South-North Korea Committee for Promoting Exchange in Broadcasting and Communications. The Committee consists of 18 government and private experts in broadcasting, communications and North- South relations. They studied and selected projects whose promotion with priority was highly feasible and held seminars relating to the two Koreas’ broadcasting and communications policies.

The Commission attempted to eliminate the uncertainty of businesses concerned with new types of personal information use. To that end, the Commission devised the revised bill, the 「Act on the Protection, Use, etc, of Location Information」, which is designed to exempt licensing or declaration for location data services that do not use personal information. By doing so, the Commission eased the entry regulations and laid the foundation to facilitate personal data based services.

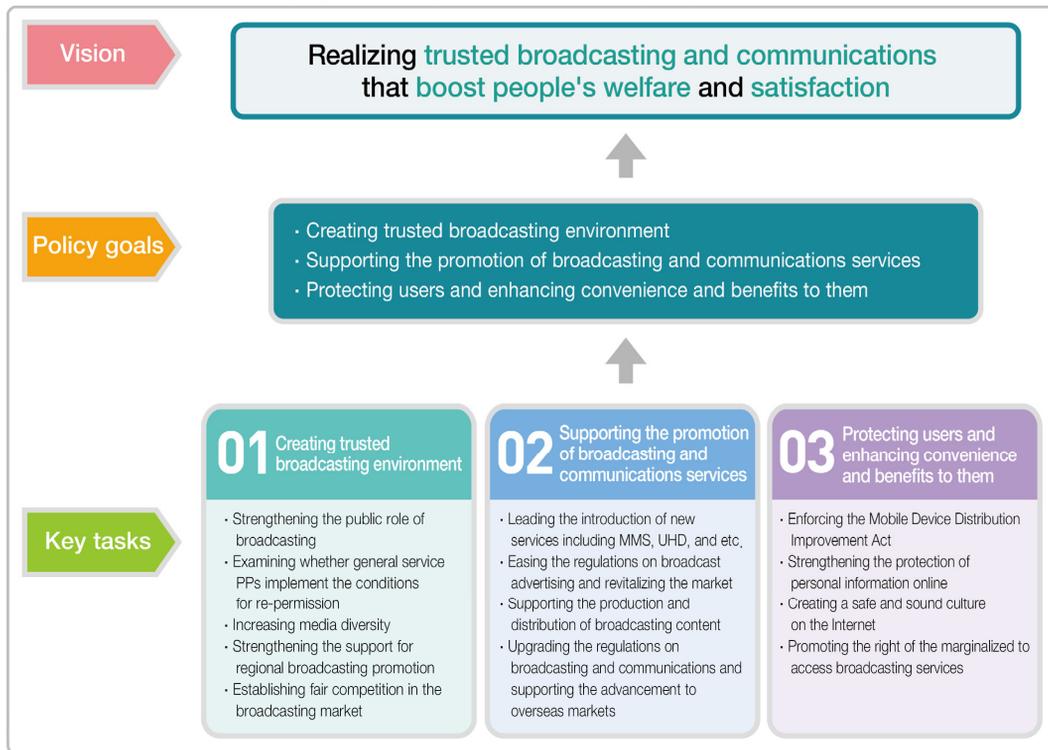
Moreover, the Commission selected five applications after holding the ‘LBS-based App & Web Competition’ in search of creative ideas and services utilizing location information. Diverse revenue generating programs applied in support, including those for business networking, the support of investors, and legal counseling.

4. Key Policy Objectives in 2014

The convergence in the media sector including broadcasting, communications, and the Internet continues to accelerate while endless appearances of new services are bringing about a rapid change in the broadcasting and communications environment. In this climate, the Commission set its 2014 vision for the ‘realization of a fair broadcasting and communications environment trusted by the people’.

To make this vision a reality, the Commission pursued the following three policy objectives: First, by creating a broadcasting environment trusted by the public by promoting its role as a public organization and examining whether PPs of general programming carry out the prerequisites for re-permission, second, supporting the facilitation of broadcasting and communications services by playing a critical role in introducing new broadcasting services, and by easing the regulations for broadcasting advertisements and revitalizing the market, and third, by protecting service users and allowing them to enhance their convenience and benefits by enforcing the 「Mobile Device Distribution Improvement Act」, protecting online personal information and so on.

〈Figure II-3〉 Vision and policy objectives





III. Broadcasting and Communications

Policy Outcomes of the Year 2014

- Chapter 1 Fostering Reliable Broadcasting Environment
- Chapter 2 Supporting Invigoration of Broadcasting and Communications Services
- Chapter 3 User Protection for Enhancing the People's Convenience

III. Broadcasting and Communications Policy Outcomes of the Year 2014

Chapter 1: Fostering Reliable Broadcasting Environment

1. Strengthening Public Role of Broadcasting

a. Rationalization of License Fee

In March 2014, the Korea Communications Commission (hereinafter ‘the Commission’) handed in its statement of opinion to the National Assembly on KBS’s plan to rationalize the license fee after discussion during the 8th plenary session held in February 2014. According to the plan, it is advised that the monthly license fee be readjusted from KRW 2,500 to KRW 4,000.

The Commission, referring to the fact that the monthly license fee of KRW 2,500 has been frozen for the past 33 years since 1981 and an annual deficit amounting to KRW 70 billion is expected to continue, suggested that an increase in the license fee be required, which will improve the current undesirable income structure of KBS with the advertisement share (41%) higher than the license-fee share (38%).

At the same time, the Commission urged KBS to roll up its sleeves and to be committed to management innovation by reducing costs, including labor, and selling nonessential assets in order to reduce the burden on the people, as viewers, resulting from the increases in the license fee of KBS. The Commission emphasized that the government will expand the scope of free television licenses for the vulnerable and disadvantaged. In addition, to ease and reduce private education costs, the KBS must strengthen its support for the Korea Educational Broadcasting System (EBS) by increasing the allocation of collected license fees to EBS from 3% to 7%. The Commission also recommended KBS to reduce the average advertising

revenue by KRW 210 billion from 2012 levels during the period from 2014 to 2018 as well as to propose a road map to turn its present broadcasting system into a publically managed one by putting an end to commercials on air by 2019. In addition, KBS should not only adopt a separate accounting system and establish an independent committee to assess the license fee, but take into account a system reform that guarantees fair broadcasting and promotes autonomous production conditions.

b. Amelioration of Governance for Public Broadcasting

The ‘Broadcasting Fairness Special Committee’, an affiliated committee of the Science, ICT Future Planning, Broadcasting and Communications Committee of the National Assembly, proposed the ‘Broadcasting Act’ on May 28, 2014, and the revisions of the ‘Foundation for Broadcast Culture Act’ and the ‘Korea Educational Broadcasting System Act’ on June 3, 2014. The above were passed in the National Assembly. The central content is given below.

1) Strengthening the Grounds for the Disqualification of Executive Officers at Public Broadcasting Stations

To secure political neutrality and fairness in public broadcasting, the grounds for disqualifications were revised for the board members and the CEO of KBS (‘Broadcasting Act’ Article 48), the board members of the Foundation for Broadcast Culture, the president of MBC (‘Foundation for Broadcast Culture Act’ Articles 8 and 10-2), and the board members and the president of EBS (‘Korea Educational Broadcasting System Act’ Article 11). Before revision, those who defected from a political party immediately before appointment were not subjected to the grounds for disqualification. After revision, those candidates are not to be appointed board members, along with other candidates who worked as members of political parties, elected public officials, consultants and advisors during presidential elections, and members of the presidential transition committee three years or less prior to appointment.

〈Table III-1〉 Revised grounds for disqualification for board members of public broadcasting

Before Revision	After Revision
<ol style="list-style-type: none"> 1. Those who are not citizens of the Republic of Korea 2. Those who are members of political parties abiding by article 22 of the 「Political Party Law」 3. Those who are subjected to one of the individual subparagraphs of article 33 of the 「National Public Service Law」 	<ol style="list-style-type: none"> 1. Those who are not citizens of the Republic of Korea 2. Those who are members of political parties or hold positions as members abiding by Article 22 of the 「Political Party Law」 three years or less before appointment 3. Those who are subjected to one of the individual subparagraphs of Article 33 of the 「National Public Service Law」 4. Pursuant to Article 2 of 「Public Official Election Act」, those who left the post which requires a majority vote three years or less after retirement 5. Pursuant to Article 2 of 「Public Official Election Act」, those who were appointed as consultants and advisors during presidential elections in broadcasting, communications, law, and management, and left such a post three years or less after retirement 6. Pursuant to Article 6 of the 「Presidential Transition Act」, those who were members, of the presidential transition committee three years or less after retirement

Accordingly, the Commission amended 「Enforcement Decree of the Broadcasting Act」 and 「Enforcement Decree of the Korea Educational Broadcasting System Act」, and enacted an 「Enforcement Decree of the Foundation for Broadcast Culture Act」. And thus, the Commission set the precondition as ‘a person who played a role as an advisor or aide advising on broadcasting, communications, law, and management, etc. to help presidential candidates win presidency in a presidential election’ prescribed in Disqualifications No. 5 as ‘the person who belongs to election-related organizations such as an advisory panel, an advisory committee, a special aide group, a committee, etc. established within an election campaign liaison office or an election campaign organization, and plays the role of advisor or aide in accordance with Article 61 of 「Public Official Election Act」’.

2) The Introduction of the Confirmation Hearing to Confirm the Appointment of the President of KBS

In the past, the president of KBS was appointed by the president of the Republic of Korea

with a recommendation from its board based on a majority vote. However, the law requires the candidate to pass a confirmation hearing pursuant to Article 50 of the 「Broadcasting Act」 and Article 65-2 of the 「National Assembly Act」 and Article 6 of the 「Personnel Hearing Act」.

3) The Details of Board Meetings of the Public Broadcasting Must be Disclosed to the Public

To guarantee the transparency of management of the public broadcasting board and to realize the right to know, the details of the board meetings of KBS and EBS, and the conferences of the Foundation of Broadcasting Culture are mandated to disclose to the public pursuant to Article 46 of the 「Broadcasting Act」, Article 9 of the 「Foundation of Broadcasting Culture Act」, and Article 13 of the 「Korea Educational Broadcasting System Act」. In turn, the board of directors for KBS and EBS and the Foundation for Broadcast Culture (FBC) shall disclose board meeting to the public except in the case of meeting that includes contents classified as secret or restricted from disclosure by other relevant law or that can possibly defame or infringe legitimate interests of an individual, corporate and organization when opened to the public and in the case when disclosure of information such as audit and personnel management can cause significant disruptions in performing fair business practices.

c. Re-approval of General Service and News-Specialized Program Providers

On March 19, 2014, the Commission determined the relicense of Chosun Broadcasting Company Ltd., JTBC Ltd. and Yonhap News TV Ltd. the expiration date of whose license's valid term was supposed to be March 31, 2014, and the broadcast of Channel A Ltd. whose license's valid term was supposed end on April 21, 2014. And in the case of Maeil Broadcasting Network Ltd. whose license expiration date was supposed to be November 31, 2014, the Commission resolved re-approval of broadcast on November 18, 2014. The license terms of those 5 broadcasting agencies will expire 3 years from then.

The re-approval decision was made by the license renewal Review Committee led by Oh Taik-sup, an emeritus professor at Korea University. The Committee consists of 14 experts from various fields, including the areas of broadcasting, law, management, accounting and technology, and consumer affairs. After the review the 5 broadcasting agencies received more than 650 points, which is the precondition of re-approval.

〈Table III-2〉 The Review Result of the re-approval of general service and news-specialized program providers

(Units : points)

Evaluation standards : general service / news-specialized program providers	Chosun Broadcasting Company	JTBC Corporation	Channel A Corporation	Maeil Broadcasting Network	Yonhap News TV
	TV Chosun	JTBC	Channel A	MBN	News Y
1. Broadcasting evaluation by the Broadcasting Evaluation Committee (350/350)	273.35 (78%)	279.82 (80%)	271.30 (78%)	277.11 (79%)	277.63 (79%)
2. Practicality of public accountability, public interest, and fairness, and the protection of viewers' rights (230/280)	131.19 (57%)	141.38 (61%)	127.21 (55%)	141.94 (62%)	188.12 (67%)
3. Relevance of planning and organizing, and production of broadcasting programs (160/130)	103.18 (64%)	119.59 (75%)	108.00 (68%)	110.57 (69%)	93.86 (72%)
4. Financial and technical capabilities (80/50)	47.28 (59%)	48.96 (61%)	47.20 (59%)	47.43 (59%)	28.81 (58%)
5. Relevance of management plans that include the use of manpower and organization (60/60)	45.03 (75%)	47.65 (79%)	45.40 (76%)	44.61 (74%)	42.50 (71%)
6. Support plan and performance for broadcasting development (30/20)	21.79 (73%)	23.29 (78%)	21.87 (73%)	20.66 (69%)	13.98 (70%)
7. Contribution to the development of local communities. Necessity and validity in communities society and culture (20/40)	15.26 (76%)	15.86 (79%)	15.39 (77%)	14.42 (72%)	29.25 (73%)
8. Other necessities including preconditions for approval, compliance on related recommendations to carry out other projects (70/70)	51.65 (74%)	54.46 (78%)	52.29 (75%)	51.69 (74%)	51.21 (73%)
9. Number of correction orders and noncompliance cases (points deducted)	- 4.00	- 4.00	- 4.00	- 4.00	- 5.60
Total Amount	684.73	727.01	684.66	704.43	719.76

With the decision to relicense, the Commission thoroughly considered the purpose of general service and news-specialized Program Provider(Programming providing business operator, hereinafter ‘PP’) that focus on the diversity of broadcasting systems and the facilitation of the content market, and the opinions from the Review Committee. There, the Commission attached requirements and checked related recommendations.

The Commission saddled re-approval with conditions to the 4 general service PPs. The conditions include faithful implementation of business plans, public responsibilities of broadcasting, coming up with a plan to secure fairness, fulfillment of investment in content, and the mandatory rate of reruns and production outsourcing. In the case of Yonhap News TV Ltd., the news-specialized PPs, the Commission saddled re-approval with conditions. The conditions include faithful implementation of business plans and the establishment of a Fair Coverage Committee. Also, it should not receive news sources from Yonhap News Agency lopsidedly while other news channels receive unfair treatment from the Agency.

Moreover, the Commission advised Chosun Broadcasting Corporation Ltd. to reduce its mandatory rate of news-specialized program to the level which befits its position as a general service PP, and secure the effectiveness of the operation of the Program Planning Committee. For JTBC Co. Ltd, the Commission suggested JTBC find follow-up measures in case its profitability is lower than JTBC expected at some time in the near future. For Channel A Ltd., the Commission recommended it raise its mandatory rate of public service announcement programs. For Maeil Broadcasting Co. Ltd., the Commission suggested that in order to secure fairness and serve public interest, and to encourage its viewers’ to have their voice, that it overhaul internal regulation so that its committees can do their jobs. Also, Maeil Co. Ltd. should draw up programs that meet public interest and come up with financing plans. The Commission recommended that Yonhap News TV Ltd. make double efforts to specialize itself as an independent news channel.

d. License Renewal of Terrestrial Broadcasting and Community-Based Radio Broadcasting Businesses

1) License Renewal of Terrestrial Broadcasting and Community-Based Radio Broadcasting Business Operators

The Commission deliberated and resolved a license renewal plan for 20 broadcasting stations of 5 terrestrial broadcasting business operators' including EBS and 7 community-based radio broadcasting business operators' including Gwanak Community Radio whose license's valid terms were supposed end in late December 2014.

In order to strengthen objectivity and professionalism of the review, each of the license renewal reviews were carried out by two different judging committees; a Terrestrial Broadcasting Committee, and a Community-based Radio Broadcasting Committee respectively. The members of the committees embarked on field observation and heard the opinions of the listed broadcasting business operators, and enhanced the effectiveness of the review. The committee focused on the public interest of broadcasting, public accountability, the promotion of viewers' rights, and observance of related laws.

〈Table III-3〉 2014 Evaluation Standards for license renewal of terrestrial broadcasting business operators

(Units : points)

Screening Criteria	Points	
	Terrestrial	Community-based
1. Broadcasting evaluation by the Broadcasting Evaluation Committee	400	-
2. Practicality of public accountability, public interest, and fairness	150	150
3. Relevance of planning and organizing, and production of broadcasting programs	75	150
4. Relevance of management plans that include the use of manpower and organization	50	150
5. Financial and technical capabilities	65	250
6. Support plan and performance for broadcasting development	50	-

Screening Criteria	Points	
	Terrestrial	Community -based
7. Protection of viewers' rights and benefits	85	50
8. Contribution to the development of local communities, Society, and culture (※ Include those related to broadcasting development in the case of community-based radio)	75	150
9. Other necessities including preconditions for approval, and compliance on related recommendations to carry out other projects	50	100
10. Number of correction orders and noncompliance cases	Points deducted	Points deducted
Total	1,000	1,000

First, the License Renewal Review Committee of Terrestrial Broadcasting was composed of 9 experts and the led by Hur Won-je, Vice Chairperson of the Commission. After the review, all candidates scored 650 points, out of 1,000. Both Gugak Broadcasting Inc. and TBN received more than 700 points, and their license term was extended by 4 years. In the case of EBS and TBS whose scores were between 650 and 700, their license term was extended by 3 years. In the case of Far East Broadcasting Co., a license renewal of 2 years has been approved, so that the expiry date should be the same as the other broadcasting companies for which Far East Broadcasting Co. has been licensed, pursuant to the license application (license term of 2 years), and Clause 2 Article 36 of the 「Radio Waves Act」.

〈Table III-4〉 Result of the 2014 review of license renewal of terrestrial broadcasting business operators

Scores assigned	Broadcasting business operators	License term
More than 700 points (2 operators)	<ul style="list-style-type: none"> • Gugak Broadcasting Inc. • TBN 	4 years
650~700 points (3 operators)	<ul style="list-style-type: none"> • EBS • TBS 	3 years
	<ul style="list-style-type: none"> • Far East Broadcast Co. 	2 years

The License Renewal Review Committee of Community Radio Stations was composed of

9 experts and led by Lee Ki-joo, a standing member of the Commission. After the review, all 7 broadcasting business operators received more than 650, the minimum standard of qualification, out of 1,000. Pursuant to the 「Enforcement Decree of the Radio Waves Act」, the committee decided on license renewal by allowing to extend the license term for 3 years.

〈Table III-5〉 Result of the 2014 review of license renewal of community based radio broadcasting business operators

Scores assigned	Broadcasting business operators	License term
Above 650 points (7 operators)	<ul style="list-style-type: none"> • KumKang FM Broadcasting System • Solidary for Culture, Welfare and Media • Gwanak Community Radio • Gwangju Citizen's Broadcast • Mapo Community Radio • Sungseo Community FM • Yeongju FM Broadcasting System 	3 years

The review was performed through on-site investigation and hearing the opinions for license renewal of target broadcasting business operators, and was done efficiently. Public responsibility, fairness, public benefit of broadcasting, and law abidance of the operators were reviewed. Also, the committee considered the requirements that the business operators should follow to ensure stable broadcasting conditions. Based on these, the committee assigned license renewal conditions and subjected them to recommendations.

First, for terrestrial broadcasting business operators, strengthening the programming of specialized areas, and making them comply with side programming and related government policies (for 12 special service broadcasters) and tangible planning of protecting viewers' right and interests (for 4 radio broadcasters) are imposed as common re-approval conditions. All operators are recommended to strengthen public broadcasting program including disaster broadcast and to draw up a plan for information security and blind spot reduction.

In the case of community-based radio broadcasting business operators, the committee banned their organization of new programs. Also the committee imposed mandatory air time at least

6 hours for a day. These are the qualifications for license renewal. For stable broadcasting, all operators are recommended to provide education methodically to the studio audience, and to pursue good organization and improved manpower management.

2) License Renewal of Terrestrial DMB Broadcasting Business Operators

During the 20th meeting on May 29, 2014, the Commission decided on the relicense of 6 terrestrial DMB broadcasting business operators: KBS, MBC, SBS, YTN DMB, U1 Media Corp. and Korea DMB, Inc.

The License Renewal Review Committee, which is composed of nine experts in broadcasting, law, management, technology, and other matters, is led by Kim Jae-hong, a standing member of the Commission. The committee focused on the likelihood of guaranteeing public accountability, fairness and transparency, financial conditions, and technological competency of the terrestrial DMB business operators.

〈Table III-6〉 Review items and scores assigned for 2014 license renewal of terrestrial DMB broadcasting business operators

(Units : points)

Review items	Points
1. Broadcasting evaluation by the Broadcasting Evaluation Committee	400
2. Practicality of public accountability, public interest, and fairness	180
3. Relevance of planning and organizing, and production of broadcasting programs	70
4. Degree of contribution to community development	60
5. Relevance of management plans that include the use of manpower and organization	60
6. Financial and technical capabilities	100
7. Support plan and performance for broadcasting development	40
8. Protection of viewers' rights and benefits	70
9. Other necessities including preconditions for approval, and compliance on related recommendations to carry out other projects	20
10. Number of correction orders and noncompliance cases	Points deducted
Total	1,000

On December 9, 2014, the Commission decided to relicense six broadcasting business operators for three years as they all scored 650 points or more in the review and evaluation conducted by the License Renewal Review Committee. However, the Commission imposed common conditions for license renewal, including removing grey areas where signal reception is poor, improvement of image quality, and a strengthened role for disaster broadcast. Also, the committee imposed the additional relicensing condition on individual business operators. The condition includes establishment of an organization which is responsible for terrestrial DMB, reduction of home shopping channels, and drawing up a plan to increase revenue.

e. Certification of Public Benefit Channels and Welfare Channels for Disabled People

The Commission adopted the 2015 basic plan for the certification of public benefit channels and welfare channels for the physically impaired in September 2014. The basic plan includes selected and approved fields, processes, a review committee and review criteria. According to the basic plan 7 members of the committee will deal with the certification of public benefit channels, while the other 8 members of the committee will deal with the certification of welfare channels for the physically impaired. Based on the results of the review, in the case of public benefit channels; up to three of the highest-ranking business operators will be selected from among those that scored 65% or more of the total 1,000 points possible, and assigned to the broadcasting areas indicated to them, and those with 40% or more of the possible points assigned to individual review items. In the case of welfare channels for the physically impaired; up to three of the highest-ranking business operators will be selected from among those that scored 70% or more of the total 1,000 points possible, and those with 60% or more of the possible points assigned to individual review items.

After adopting the basic plan, the Commission accepted applications for public benefit and welfare channels for the physically impaired by September 2014. As a result, 15 PPs applied

for the public benefit channel, and one PP applied for the welfare channel for the physically impaired.

In October 2014, the Commission selected some of the public benefit channels through a review of the applicants, i.e. three channels for each of the three broadcasting areas of social welfare, science and cultural promotion, and educational support. Meanwhile, after accepting the committee's suggestion, the Commission certified a child-care program as a welfare channel. However, there are some certification conditions, including the obligation to submit to the direction of the Commission and to faithfully carry out its plans.

Meanwhile, the Commission certified Welfare TV as a welfare channel for the physically impaired, but imposed some certification conditions as recommended by the review committee, including the obligation to submit to the direction of the Commission and to faithfully carry out its deployment systems by November 10, 2014, so that viewers can enjoy watching HD broadcasting as soon as possible.

The term of validity of this selection of public benefit channels and the certification of welfare channels for the physically impaired is one year (from January 1, 2015 to December 31, 2015). Public benefit channels run by SO, satellite broadcasting and Internet multimedia, or business operators are required to transmit programs related to public interest on one or more channels. The welfare channel for the physically impaired is also required to transmit relevant programs on one channel.

〈Table III-7〉 Selection of public benefit channels and certification of welfare channels for physically impaired people in 2015

Classification		Channel name
Public benefit channels	Social welfare	Yes TV (for small businesses), Work TV, Baby Nursing Broadcasting
	Science and cultural promotion	Airang TV, Science TV, Arte TV
	Educational support	EBS Plus 1, specialized in college entrance exams, EBS English, EBS Plus 2, specialized in junior high and occupational programs
Impaired people welfare channel		Welfare TV

f. Improvement of Pay Broadcasting Regulation Structure

The current administration focused on the unification of the pay broadcasting service regulation structure, which includes the integration of the 「Broadcasting Act」 and the 「Internet Multimedia Broadcasting Business Act」. The Commission established a joint research team to overhaul the regulation structure with the Ministry of Science, ICT and Future Planning (MSIP). The team had carried out its mission from March to December in 2014. They had a related workshop in May. Together with the Korean Association for Broadcasting & Telecommunication Studies, open forums were held in June and October to discuss the issue of the basic principles and direction of integrated pay broadcasting services, and the improvement of the regulation structure respectively. During the forum, the Commission heard various opinions from experts and stakeholders. In addition, along with the Ministry of Science, ICT and Future Planning (MSIP), the Commission hosted a public hearing on ways to improve pay broadcasting service regulation structure, and produced a related draft.

The Commission plans to submit a revised Broadcast Bill to the National Assembly in the first half of 2015. The bill focuses on: improving types of broadcasting systems and the business classification system, the easing of restrictions to entry into the broadcasting industry, integrating restrictions on ownership, establishing grounds for managerial regulations, and unifying targets and types of prohibited acts.

g. Assessment of Broadcasting

The broadcasting assessment system inclusively assesses the content, programming, and operation of broadcasting in order to enhance its quality and public responsibility, pursuant to Article 31 of the 「Broadcasting Act」 and the 「Rules on the Assessment of Broadcasting」. The Commission conducts an annual assessment of broadcasting services, the outcome of which is reflected in the re-licensing (or re-approval) of broadcasting business operators.

〈Table III-8〉 Broadcasting assessment items by sector

Assessment domain	Assessment items
Content	Quality of programs, compliance with the regulations concerning broadcasting review, and efforts to secure viewer sovereignty, etc.
Programming	Compliance with the regulations concerning programming, programs contributing to society (programs supporting services for children or physically disabled people, disaster broadcasting etc.), adequacy of programming for media characteristics, etc.
Operation	Financial soundness, technology investment, investment in certified equipment, employment of physically disabled people and women, compliance with fair training statutes, efforts to protect the rights and benefits of viewer, and efforts related to the switch to digital services, etc.

As a result, the 2014 broadcasting assessment was performed on broadcasting content, programming, and the operation of 347 channels belonging 153 business operators in 2013. On December 4, 2014, the Commission completed and published the outcome of the assessment on its own website.

〈Table III-9〉 Broadcasting business operators subject to assessment in 2013

(Unit : number of operators)

Classification	Terrestrial			SO	Satellite	PP			Total
	TV	Radio	DMB			General service	News-specialized	Home shopping	
Number of business operators (Number of channels)	46 + 3 (DMB only) (TV 64, Radio 160, DMB 19)			91	1	4	2	6	153 (347)

Note) SO : System Operator (Cable television broadcasting business operator), PP : Program Provider (Programming providing business operator)

In the 2014 assessment, all of the three terrestrial broadcasting business operators' assessments saw points deducted, as they did not comply with the broadcasting review regulations - except for KBS1. The business operators, as a result, awarded the points as follows (out of a possible total of 1,000): KBS1 876.79 points, KBS2 793.65 points, SBS 792.22 points, and MBC 789.94 points.

Meanwhile, the assessment rankings of the multiple and general service PPs that were assessed are as follows: TV Chosun Ltd. 543.48 points, Maeil Broadcasting Network Ltd. 540.01 points, JTBC Ltd. 534.72 points, and Channel A Ltd. 519.73 points. All the PPs received low scores out of the possible total of 700. That's owing to their poor investment in technology and their poor compliance with review regulations.

In the case of the assessment rankings of 10 local commercial broadcasting business operators, their average points showed an increase because they produced broadcasting programs with subtitles for physically impaired people. As a result, out of a possible total of 1,000 TBC (in Daegu) ranked top with 867.42 points. JIBS (in Jeju) and CJB (in Cheongju) received 860.64 points and 850.78 points respectfully.

In the case of the assessment rankings of terrestrial radio stations, they showed progress in investment in broadcasting technology. As for AM radio stations, MBC, KBS1, SBS, and KBS2 received 418.93 points, 418.58 points, 415.05 points, and 387.91 points respectively out of the possible total of 500. As for FM radio stations, SBS, KBS1, KBS2, and MBC received 411.55 points, 407.91 points, 402.91 points, and 400.26 points respectively out of the possible total of 500.

Among Multiple System Operators (Multiple Cable television broadcasting business operators), CJ Hello Vision received the highest score, with 476.37 points out of a possible total of 550 points, followed by Hyundai HCN 469.76 points, T-Broad 464.73 points, CNM 459.40 points, and CMB 444.87 points. Most of the System Operators(Cable television broadcasting business operators, hereinafter 'SO's) were awarded higher than in the preceding year (2013) because of their performance in delivering regional features and diversity in their programs has increased by 10~20%.

In the case of home shopping channels, GS home shopping channel, Hyundai home shopping channel, CJ O shopping channel, Woori home shopping channel, NS home shopping channel, and Home & Shopping Channel received 451.17 points, 446.69 points, 435.86 points, 430.19

points, 422.85 points, and 410.19 points out of a possible total of 500 points respectively. All home shopping channel operators received lower points owing to the establishment of fair trade order compared to 2012. However, they received less point deductions related to non-compliance with review regulations.

In the case of a satellite broadcasting business operator, KT Skylife received 480.90 points out of a possible 550 points. That is owing to the per capita increase on educational expenses shown, and it had an opportunity to invest more in human resources. Compared to last year, its score has raised slightly.

Also, the Commission decided the amended version of the Rules on the Assessment of Broadcasting, which would be reflected in the 2014 broadcasting review on December 23, 2013. In 2014, the Commission strengthened the review standards in detail.

As for its major content, the method used to evaluate items of children's programs was improved. It was altered into one used to evaluate the performance of children's programs, and related programs providing children with education and information, using a grading scale system from zero to nine contrasted with total broadcasting time programmed from 07:00 to 22:00. Also, the rating scale was altered into one used to evaluate the performance of programming that supports those with disabilities, allowing them to watch TV programs. The points related to observing broadcast laws and ordinances were increased from 30 points to 40 points. The points in the evaluating system to establish the operation of monopoly regulation and fair trade in distributing broadcasting programs were also reduced from 20 points to 10 points.

40% of the review outcome was reflected on the license renewal assessment of terrestrial broadcasting business operators (five operators that include EBS, Far East Broadcasting, Gugak Broadcasting) which was held in December 2014, and 40% of the outcome will be reflected on the license renewal assessment of terrestrial DMB business operators which will be held in December 2015.

2. Promotion of Diversity of Media

a. Share of Audience Research among Broadcasting Business Operators

1) Calculation of Media Exchange Ratio

The Media Exchange Ratio is a difference between television broadcasting and daily newspaper reporting in terms of media influence which shows the ratio of relative influence of newspapers to that of broadcasts which is predetermined as 1. The Media Exchange Ratio is derived by obtaining the mathematical average of the media influence between the aspects of the users and the market, pursuant to Article 8 of the Criteria for Calculating the Audience Share Ratio. The Commission calculated and published the 2013 Media Exchange Ratio at 0.40 in July 2014.

First, user-focused media influence was calculated based on a telephone poll twice a year. As a result, the user-focused Media Exchange Ratio in 2013 marked 0.36.

〈Table III-10〉 Usage Patterns of Media in 2013 (User-focused)

Classification	Response outcome				Ratio of newspaper compared to TV			
	TV		Newspaper		TV		Newspaper	
	Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
Usage rate of information on current affairs	83.49%	82.21%	39.54%	37.51%	1	1	0.47	0.46
Hours of use of information on current affairs	48.51min	50.92min	13.79min	13.61min	1	1	0.28	0.27
Dependence on media	60.85%	64.29%	21.08%	19.01%	1	1	0.35	0.30
Average	-		-		1		0.37	0.34
Final Result	-		-		1		0.36	

Market focused media influence was calculated based on ad sales survey. As a result, the market focused Media Exchange Ratio in 2013 marked 0.43.

〈Table III-11〉 Ad sales of TV and Newspaper in 2013 (Market-focused)

(Unit : KRW 100 million)

Collection of asset status announced by broadcasting business operators		Advertisement yearbook	
TV	Amount	Daily news paper	Amount
Final Ad Sales	33,021	Final Ad Sales	14,156
1		0.43	

In July 2014, the Commission calculated the Media Exchange Ratio of daily newspapers to be 0.40, which is the mathematic average value between media influence on the user, at 0.36, and media influence on the market, at 0.43, based on the above.

2) Calculation of the Share of the Audience by Broadcasting Business Operator

In July 2014, the Commission announced the result of the calculation of the audience share of broadcasting business operators in 2013. The audience share of the broadcasting business operators is calculated by abiding by the regulation for the restriction of the audience share ratio (prohibiting a ratio in excess of 30%) that was introduced through the 2009 amendment to the 「Broadcasting Act」 to ensure diversity of public opinion in broadcasting. It was calculated for the fourth time in 2014.

The 2013 audience share ratio was conducted by Nielsen Korea Ltd., a commercial survey agency entrusted by the Commission. The equity share ownership status submitted by the broadcasting business operators, the ad sales data of the broadcasting business operators and daily newspapers, and the number of households certified by the Korea ABC Association to subscribe to daily newspapers. The calculation of the 2013 audience share ratio of the broadcasting business operators revealed that no business operators had an audience share ratio exceeding 30% under Article 69-2 (1) of the 「Broadcasting Act」. Though KBS had an audience

share ratio of 31.989%, the provision prohibiting ratio in excess of 30% is not applied as it is a broadcasting business operator fully invested in by the government, pursuant to the provision of the relevant article of the 「Broadcasting Act」.

It was revealed that the broadcasting business operators had the following 2013 audience share ratios: KBS 31.989%, MBC 16.778%, SBS 9.673%, TV Chosun 9.026%, CJ E&M (CJ family) 8.881%, JTBC 7.810%, Channel A 5.350%, and Maeil Broadcasting Network 3.825%. It was further revealed that the other business operators had these audience share ratios: T cast (T-Broad family) 2.900%, EBS 2.424%, CU Media (C&M family) 2.206%, YTN 1.611%, KNN 1.391%, Yonhap News TV 0.959%, Hyundai Media (HCN family) 0.887%, and CMB Holdings (CMB family) 0.304%.

b. Checking Viewers' Rating Record on N-Screen

Considering the increasement in the number of people who watch TV by using smart-phones, tablet PCs, and other smart devices, or who use VOD systems, the Commission decided to supplement a method of surveying the audience share ratio that only focuses on real time broadcasting from fixed TV.

To actively collect opinions from the stakeholders, the Commission had hosted government-private consultative meetings that studied the share of viewers on N-screen led by Ko Sam-seog, a standing member of the Commission. The conferences were held in July and December 2014 respectively.

The Commission gathered various opinions for improving systems on audience share by allowing broadcasting business operators, content business operators, and audience share research agencies to participate the government-private consultative meetings. In the second meeting, held in December, the members discussed research outcomes on the status of usage of TV Program VOD service on a daily basis, way of calculating integrated audience share for VOD services, and issues on audience share research for 2015 (integration of basic research and separating study panels for fixed TVs and PC/smartphones).

c. Assessment of Competition Status in the Broadcasting Market

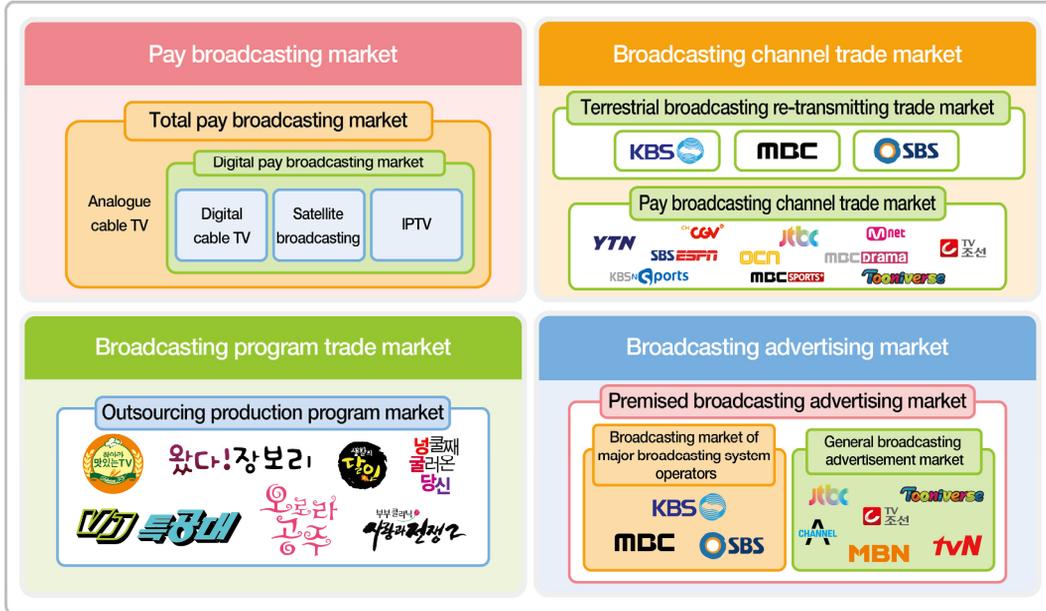
In order to facilitate competition in the broadcasting market and to enhance the efficiency of regulation, the Commission carried out an assessment of the competitive status of the broadcasting market for the first time. As a result, the Commission founded the Committee for the Assessment of the Competitive Status of the Broadcasting Market, pursuant to the 「Broadcasting Act」 which was amended in January 2012. The committee conducts the assessment and reports the outcome to the National Assembly within three months.

After the committees' performing related duties over two years, from 2012, the 2nd committee was founded in April 2014. The committee consists of 9 members and led by Jung Yoon-sik, a professor of Communications Department in Kangwon National University. They are now supervising the assessment of the competitive status of the broadcasting service market for two years.

The new committee held the assessment in 2014. Korea Information Society Development Institute (KISDI), a specialized research institute that was selected through open bidding, assessed the competition status of the broadcasting service market.

The assessment was conducted in the following stages: unit market segmentation → assessment indicator development → collection and measurement of data → analysis and assessment pursuant to the general competitive status assessment procedure. The target markets were divided into four segments: the pay broadcasting market, the broadcasting channel trading market, the broadcasting program trading market, and the broadcasting advertisement market - for the purposes of the assessments.

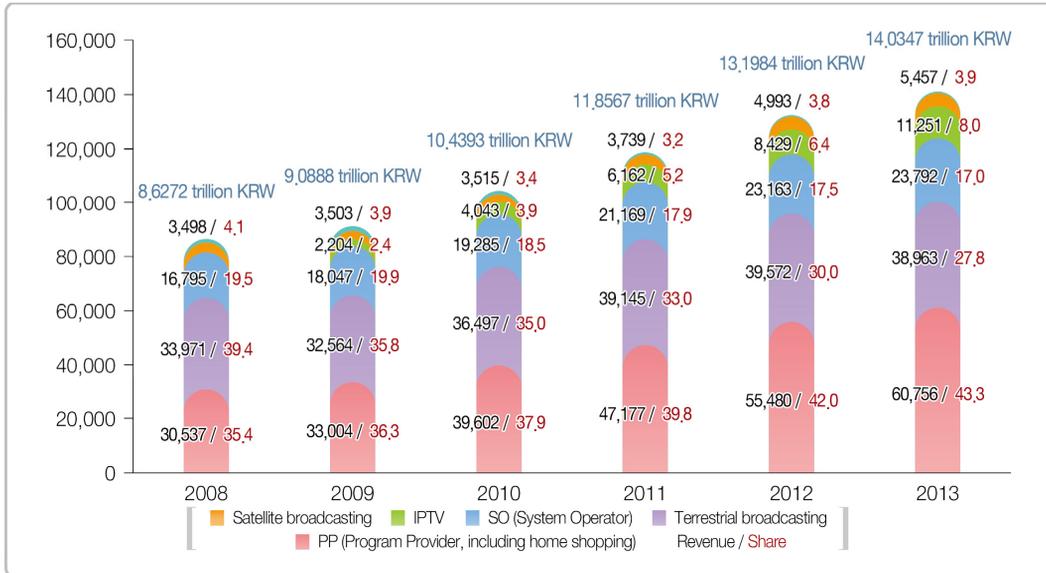
〈Figure III-1〉 Result of market segmentation



Due to the growth of IPTV, general service and home shopping PPs, the total size of the broadcasting market has been increased by 6.3%, compared to 2012 and marked KRW 14.0347 trillion. While the market share of terrestrial broadcasting business operators waned, PPs showed a continuous increase.

〈Figure III-2〉 Revenue and share of the broadcasting industries

(Unit : KRW 100 million, %)



Moreover, after the introduction of IPTV, general service PP, and new business operators, the concentration of subscribers by broadcasting region, license fee turnover of PP, and audience share has been decreasing in subscription based broadcasting platforms, and it shows that the pay broadcasting market is reshuffling around subscribers to combined products of the broadcasting and communications industry.

〈Table III-12〉 Eased market penetrance in broadcasting markets

(Units : HHI Index)

Classification	2012	2013
Regional Subscribers of pay broadcasting	4,590	4,191
License fee of PP	1,589	1,411
Viewer ratings of PP	723	671
Broadcasting advertising market	1,638	1,570

Note) HHI Index : Index that shows status of competition in the overall market which is deduced by adding square of each operator's market share (The number spans from 0 to 10,000 (state of monopoly) and market concentration rises as the number increases), PP : Program Provider(Programming providing business operator)

In the middle of March 2015, the Commission is scheduled to report on the assessment of the 2014 broadcasting market competition status to the National Assembly.

3. Strengthening the Support for Regional Broadcasting Development

a. Preparing a Foundation for Support, Including Legislation of the 「Special Act on Support for Regional Broadcasting Development」

As the 「Special Act on Support for Regional Broadcasting Development」 was legislated on June 3, 2014, and was set in motion on December 4, 2014, the Commission resolved the 「Enforcement Decree of Special Act on Support for Regional Broadcasting Development」 during the 48th general meeting held in October 2014, to give shape to the delegation of the law. The main contents of the decree include giving shape to the support plan, recommendations from the members of the Regional Broadcasting Development Committee, and outsourcing management. The main contents are as follows :

〈Table III-13〉 Main Contents of the Decree

Main Contents	Details
Establishing a support plan for regional broadcasting (Article 2)	<ul style="list-style-type: none"> The Commission can collect opinions from experts or ask related central administrative agencies for necessary documents. Also, by holding a public hearing, The Commission can collect public opinions.
Providing support, including the Broadcast Communications Development Fund, etc. (Article 3)	<ul style="list-style-type: none"> If the development fund is needed, the relevance of regional broadcasting development plans and targets for support should be considered. If someone receives support through dishonest and/or unlawful means and uses it for other purposes, all the money spent will be clawed back in whole or in part.
Recommendations from the members of Regional Broadcasting Development Committee (Article 6)	<ul style="list-style-type: none"> Considering the performance of regional broadcasting business operators, the name of organizations who can recommend committee members can be notified.
Running the subcommittee and making use of experts (Article 9-10)	<ul style="list-style-type: none"> To perform assigned work designated by the Regional Broadcasting Development Committee, The subcommittee can be formed with at least 3 committee members.

Main Contents	Details
Outsourcing (Article 12)	<ul style="list-style-type: none"> The chairman of the Commission is required to entrust press-related corporate bodies or organizations that the Commission has officially announced with tasks regarding surveys and research for developing local broadcasting, and activating domestic and overseas marketing activities for local broadcasting programs based on business performance abilities.

Also, on December 4, 2014, the Commission enacted the Restriction on the Usage of the Broadcasting and Communications Development Fund for Regional Broadcasting Business Operators and the Declaration of Applicant to the Regional Broadcasting Development Committee, based on the 「Special Act on Support for Regional Broadcasting Development」, and its enforcement decree. In the case of the limitation of the usage of the Communications Development Fund for regional broadcasting business operators, if the locality of a broadcast program does not meet certain criteria, or if the operators receive conditional permission, or if the practicality of public accountability, interest, and fairness is low, the Commission can set detailed standards on the restriction to fund, support, organize, and run the judging committee.

Relating to organizations who can recommend members to the Regional Broadcasting Development Committee, the Commission set criteria on organizations' nomination of members to the committee based on related fields, laying the foundation to recommend members to the committee who demonstrate professionalism in this field, and are well experienced.

b. Strengthening Support for Production of Programs for Regional, Small, and Medium Broadcasting

In 2014, pursuant to Article 26 section 1 item 6 of the 「Framework Act on Broadcasting Communications Development」, the Commission embarked on a support project for the production of programs from regional, small, and medium broadcasting business operators. The Commission secured a budget of KRW 2 billion, and supported the production of 35 programs from regional, small, and medium-sized broadcasting business operators.

Regular programs, including daily or weekly programs with more regional features and diversity, were mainly selected as targets for support. 22 TV programs received KRW 1.6 billion worth of support and 13 radio programs received KRW 0.4 billion worth of support.

In 2015, the Commission is scheduled to spend a budget of KRW 2.3 billion, an increase of KRW 0.3 billion compared to 2014. The money will be spent on program production in order to strengthen the competitiveness of content of not only TV and radio, but also DMB broadcasting business operators. In the near future, the Commission is planning to increase the budget for facilitating the distribution of content from regional, small, and medium broadcasting business operators, and the education and training of the personnel who will be dedicated to these fields.

〈Table III-14〉 Application for program production that strengthens regional features and diversity

Classification	Application (A)	The current state of application (B)	Applied amount of money to application ratio (B/A)
Regular TV Broadcast	30 programs from 22 operators (KRW 3,6441 billion)	21 programs from 20 operators (KRW 1,46 billion)	40.1%
Joint production of a TV program	1 program from 9 operators (KRW 0.2 billion)	1 program from 9 operators (KRW 0.14 billion)	70.0%
Radio	15 programs from 8 operators (KRW 0,6287 billion)	13 programs from 8 operators (KRW 0,4 billion)	63.6%
Total	46 programs from 32 operators (Average worth KRW 97.2 million)	35 programs from 31 operators (Average worth KRW 57.1 million)	58.7%

c. Launching of the 3rd Regional Broadcasting Development Committee

On December 30, 2014, Chairman Choi Sung-joon appointed the 3rd Regional Broadcasting Development Committee, which consists of nine people, including Vice Chairperson Hur Won-je, Ko Sam-seog, a standing member of the Commission, and Lyu Han-ho, a professor of Journalism at Gwangju University. The first committee was started with five people right

after the designation of the 「Special Act on Support for Regional Broadcasting Development」. Now the committee grew up to nine members and some additional tasks were added such as drawing up the Regional Broadcasting Development Plan, so that the committee could pursue realistic support policies for regional broadcasting.

From 2008 to 2014, the committee reviewed 121 regional broadcasting agenda. In 2014, a total of 7 meetings were held to enact the 「Enforcement Decree of the Special Act on Support for Regional Broadcasting Development」 Plan and the 「Limitation on the Broadcast Communications Development Fund」. Also the meetings heard reports of the current status of regional broadcasting business operators and the difficulties of their staff members as well as policy suggestions for the development of regional broadcasting.

4. Establishing Fair Competition Order in Broadcasting Market

a. Inspection and Correction of Unfair Practices

In order to eradicate offenses against broadcasting laws due to over-heated competition among pay broadcasting markets, the Commission started inspections and corrections of unfair practices in the broadcasting advertisement market.

System Operators' non- and delayed-payment for program usage by PPs were inspected. Penalties (KRW 200.44 million) and correction orders (including payment orders for delayed payment for program usage fee on contracts) were given on 7 SOs, including Chungbuk CCS TV. Also, including the 7 SOs, a total of 95 SOs were given correctional orders to demand interest payments on delayed payments on contracts.

Furthermore, the Commission prevents infringement on audiences. The Commission completed a field study on violations of the 「Broadcasting Act」 and took corrective action against KT Skylife and 40 SOs, including t-broad and C&M, for unfair business activities, violations of

terms, and unfair discrimination against consumers. The Commission has made a lot of effort to bring orders for fair competition in the broadcasting market. On the other hand, in February 2014, the Commission formed and operated a study team composed of experts in related areas to improve institutions on combination products of pay broadcasting markets. In doing so, the Commission prepared measures to protect the rights and interests of audiences through the analysis and revision of reasonable criteria for excessive profit offering of pay broadcasting (SO, IPTV, satellite channels, etc.).

b. Reasonable Revision of Terms and Conditions for Pay Broadcasting Service

On January 2014, the Commission along with the Ministry of Science, ICT and Future Planning (MSIP) to suggest a revision on user's agreements and inadequate provision of details by pay broadcasting. Also, they devised to make and distribute abstracts of user's agreements in order to help understand the terms involved.

The suggestions include: adding more information on product types, charging differences in accordance with products, and setting terms and discount rates. Also, it contains major details on the use and cancelation of joint services in broadcasting and communications, the exemption of penalties, the clarification of application standards for the temporary suspension of services and compensation for damages, and the supplementation of rules for protection of privacy and youths.

By improving terms for pay broadcasting, users will be able to choose services in a reasonable manner. It is also expected to prevent unnecessary conflicts among business operators and users, along with taking precautions against harm being inflicted on users.

〈Table III-15〉 Major details on recommended revisions on pay broadcasting terms

Contents	Recommended revisions
More details on products and fees	<ul style="list-style-type: none"> • Explanations, in detail, on product contents in product terms and monthly fees on each product, and agreements for easy understanding
Enhancing information provided on joint services	<ul style="list-style-type: none"> • Make additional terms about joint services on the body of pay broadcasting agreements, and state rights and responsibilities of users that are related to contracts, use and cancellation of joint services
Clarify unclear standards	<ul style="list-style-type: none"> • Exemption of penalties on the agreement must be stated and definite standards on calculating accumulated failure hours and number of failures must be given • Minimum information must be given related to temporary suspension of services – must be supplemented – and unify terms such as temporary suspension, pause, temporary pause, etc. • Terms on compensation of damages must be prepared, and clarify compensating standards so users would receive compensation when users or licenses first notice reasons for compensation
Enhancing privacy protection for pay broadcasting users	<ul style="list-style-type: none"> • In case terms for privacy protection are inadequate, related terms must be created, and sources for such information must be stated
Making new terms for youth protection	<ul style="list-style-type: none"> • New terms on youth protection must be implemented on the agreement
Simplify reduction procedures for social welfare fees, etc.	<ul style="list-style-type: none"> • Give the clear information needed for charge reduction cases under the terms and documentation of evidence, and at the same time user convenience must be considered to simplify procedures
State dates of revision and enforcing of pay broadcasting agreements	<ul style="list-style-type: none"> • State dates for revision and execution of terms in supplementary provisions
Organize other simple terms for pay broadcasting	<ul style="list-style-type: none"> • Substitute and unify difficult Sino-Korean, foreign, or professional terms into simple terms for users to understand

c. Announcement of Broadcasting Business Operators' Property Status

In June 2014, the Commission announced 'property statements of broadcasters for the fiscal year of 2013'. This announcement was made for 364 broadcasters whom they reported data for relating to property statements among 396 broadcasters at the end of 2013. The total property statement is KRW 12.9063 trillion, an increase of KRW 633.9 billion (5.2%) from 2012. The net profit during the term is KRW 1.1293 trillion, an increase of KRW 73 billion (6.9%).

〈Table III-16〉 Profit and loss status of broadcasters in 2013

(Unit : KRW 100 million)

Classification	Broadcaster sales			Gross profit loss on sales		
	2012	2013	change	2012	2013	change
Terrestrial	39,704	38,963	△741	2,031	1,241	△790
SO	22,790	23,792	1,002	4,812	3,618	△1,194
PP	55,121	60,756	5,635	3,167	5,736	2,569
Terrestrial DMB	116	95	△21	△8	△28	△20
Satellite broadcasting	4,993	5,457	464	561	726	165
Total	122,724	129,063	6,339	10,563	11,293	730

Note) SO : System Operator (Cable television broadcasting business operator), PP : Program Provider (Programming providing business operator), △: reduction

The current status of major broadcasters shows terrestrial broadcasters' sales of KRW 3.8963 trillion, a decrease of KRW 74.1 billion from 2012. The gross profit loss on sales is KRW 124.1 billion, a decrease of KRW 79 billion. SO's sales are KRW 2.3792 trillion, an increase of KRW 100.2 billion from 2012. The gross profit loss on sales is KRW 361.8 billion, a decrease of KRW 119.4 billion (△24.8%). PP's sales are KRW 6.0756 trillion, an increase of KRW 563.5 billion from 2012. The gross profit loss on sales is KRW 573.6 billion, an increase of KRW 256.9 billion (81.1%).

5. Implementing Efficient Disaster Broadcasting

a. Improvement of Systems

1) Clarifying the Definition of Disaster Broadcasting and Organize Rules

The Commission observed false and inappropriate reports against rules during disaster broadcasting of the Sewol Ferry Disaster. To improve those broadcasts, the Commission launched a Task Force team with academia, research centers, and experts from internal and external organizations in June 2014. With the TF, the Commission prepared for improvements on disaster broadcasting, including organizing related legislation and forming a basis for efficient disaster broadcasting.

These are the implementation rules for organizations. The TF clearly stated the definition of disaster broadcasting, which is ambiguously stated in the current law. In order to deliver disaster information swiftly to multiple channels in multi-media, the TF added SO, satellite broadcasting, and IPTV to the broadcasters with responsibilities, in addition to terrestrial broadcasters, general service and news-specialized PPs (62 → 158 broadcasters).

The Commission has upgraded the key content of test rules for disaster broadcasting in current laws, and thereby acquired effectiveness. Also, the Commission dictated that every broadcaster make their own manuals for disaster broadcasting. Additionally, the Commission gave responsibilities for education and training on rules for disaster broadcasting to reporters, announcers, PDs, and other related personnel.

2) Enhancing the Rights and Responsibilities of Host Broadcasters

The Commission designated KBS as a disaster broadcaster and regulated its rights and responsibilities.

3) Clarifying Regulation of Consultation on Disaster Broadcasting

The Commission made regulations relating to consultation on disaster broadcasting in

accordance with the 「Broadcasting Act」. The Commission relegated a higher portion of points to disaster broadcasting in broadcasting evaluation, so that broadcasters would give accurate information. Also, the Commission strengthened penalties for the violations of the regulations of consultation including false reporting. Evaluation results will reflect on renewals of permission, and on approval overall. In this way, among others, the Commission plans to enhance the evaluations of broadcasters.

The 「Framework Act on Broadcasting Communications Development」, the 「Broadcasting Act」, and other revised Acts along with those regulations, will be used to collect opinions from various sectors through pre-announcement of legislation. These regulations go through evaluations by the Regulatory Reform Committee, the Ministry of Legislation, and other legislative procedures before submission to the National Assembly.

b. Expansion of Basis

From 2015, the Commission established methods to form a basis for efficient disaster broadcasting. To improve the signal reception environment for disaster broadcasting, the Commission plans to support the installation of radio and DMB transmission facilities in places like tunnels and basements where disaster broadcasting is unavailable. Also, the Commission plans to use fixed and mobile networks to ensure awareness of disaster conditions, and appropriate courses of action according to the circumstances where smart devices are widely used.

Meanwhile, the Commission expanded the online system for disaster broadcasting to the Nuclear Safety and Security Commission, and the Han River Flood Control Office. This was done in order to deliver various types of disaster broadcasting rapidly.

The Commission is going to maintain enforcement decree and related tests, along with the revision of some laws. Also, the Commission plans to concentrate all efforts on setting disaster broadcast systems that would minimize damage on people from disasters and calamities, by carrying out plans intended as the basis expansion.

Chapter 2: Supporting Invigoration of Broadcasting and Communications Services

1. Promoting New Broadcasting Services

a. Promotion of Terrestrial UHD Broadcasting and 700MHz Policy

1) Promoting Terrestrial UHD Broadcasting

From March to December 2014, the Commission and Ministry of Science, ICT and Future Planning (MSIP) conducted a test broadcast of terrestrial UHD service around the Seoul Metropolitan area in cooperation with key broadcasting business operators including KBS, MBC and SBS. UHD TV provides clear screen plays enhanced by 4~16 times compared to HD TV in general households. Major countries are already testing on terrestrial broadcast. Also, a competition between Korea, China, and Japan to be the leader in the UHD TV electronics market is accelerating. In Korea, each media system is developing technologies and experimenting broadcasting for UHD. The Commission verified stable airing for terrestrial UHD, the possibility of Single-Frequency Network (SFN) technology, and receiving terrestrial UHD in motion through experimental broadcasts.

Along with experimental broadcasts, the Commission is running the vice-ministerial council of policy with the Ministry of Science, ICT and Future Planning (MSIP) from August 2014. This council is co-chaired by vice-ministers of both organizations and consists of research centers including KISDI and ETRI to develop practical policies for terrestrial UHD. In November 2014, at the National Assembly Science, ICT Future Planning, Broadcasting and Communications Committee Public Hearing, the Commission along with the ministry decided to reassess residual bandwidth, other than 20MHz disaster broadcasting bandwidth. Also, they declared terrestrial UHD services will be provided in all regions. Policy on terrestrial UHD will, accordingly, be prepared by the first half of 2015.

Once the policy for terrestrial UHD is established, people will be able to watch UHD broadcasts anywhere. This will ensure people's choice in media, and it is expected to trigger a reassessment of the economic value of UHD by expanding realistic high-quality UHD broadcasting content and increasing the export of Korean Wave content to the world.

2) Promoting 700MHz Policy

The Commission along with the Ministry of Science, ICT and Future Planning (MSIP) agreed to establish a co-research team on the 700MHz bandwidth to draw up measures to utilize digital transferred bandwidth in October 2013. The team is constituted of 18 experts including the chief of relevant section of the Commission and the ministry and experts from academia and research centers, with considerations of speciality and diversity.

The co-research team had 25 meetings from October 4, 2013 till November 28, 2014. The team had one session presentation and one Q&A session on each area in order to collect faithful opinions on frequency demands in broadcasting, communication, public areas, etc.

〈Table III-17〉 Status of co-research team meetings on utilizing the 700MHz bandwidth

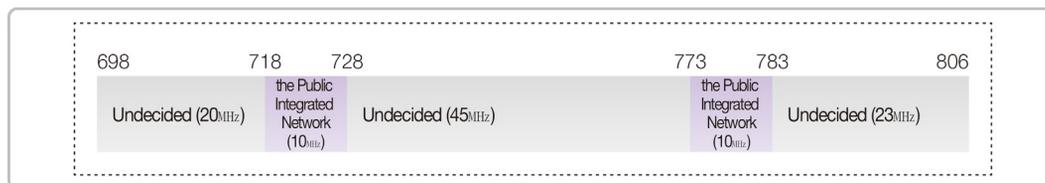
Meetings	Topics
1st (Oct. 4th 2013)	<ul style="list-style-type: none"> • Management plan for the research team and topics
2nd (Oct. 17th 2013)	<ul style="list-style-type: none"> • Usage trends on affordable digital transferred bandwidth in Korea and elsewhere • Request the presentation of details on major demands (communication, broadcast, public)
3rd (Nov. 4th 2013)	<ul style="list-style-type: none"> • Suggest usage of the 700MHz bandwidth on communication, broadcasting, public area
4th (Nov. 14th 2013)	<ul style="list-style-type: none"> • Discuss major issues on public area
5th (Nov. 21st 2013)	<ul style="list-style-type: none"> • Discuss major issues on communication area
6th (Dec. 5th 2013)	<ul style="list-style-type: none"> • Discuss major issues on broadcasting area
7th (Dec. 12th 2013)	<ul style="list-style-type: none"> • Review on research team meetings and discuss future plans
8th (Feb. 6th 2014)	<ul style="list-style-type: none"> • Organize 3 different sections on technology, economy, and public benefits, and plan for studies on those sections
9th (Feb. 20th 2014)	<ul style="list-style-type: none"> • Discuss WRC-07 related issues and share progress on each section
10th (Mar. 6th 2014)	<ul style="list-style-type: none"> • Share and make suggestions on each sections' evaluation index

Meetings	Topics
11th (Mar. 20th 2014)	• Review and discussion of evaluation index and making additional requested materials in demanding areas for next meeting
12th (Apr. 3rd 2014)	• Confirm list of additional requested materials for demanding areas
13th (May 8th 2014)	• Review answers for demanding areas
14th (Jun. 5th 2014)	• Share draft of report on economy section demand reviews
15th (Jun. 19th 2014)	• Share draft of report on public section demand reviews
16th (Jul. 2nd 2014)	• Share draft of report on technology section demand reviews
17th (Jul. 22nd 2014)	• Review 700MHz research team report draft
18th (Aug. 11th 2014)	• Review 700MHz research team report draft
19th (Aug 18th 2014)	• Review 700MHz research team report draft
20th (Aug. 26th 2014)	• Review 700MHz research team report draft
21st (Sep. 4th 2014)	• Review 700MHz research team report draft
22nd (Sep. 19th 2014)	• Review 700MHz research team report draft
23rd (Oct. 15th 2014)	• Review 700MHz research team report draft
24th (Nov. 7th 2014)	• Review 700MHz research team report final
25th (Nov. 28th 2014)	• Review 700MHz research team report final

The co-research team's final report is expected to be used as an important reference to prepare future usage of the 700MHz bandwidth.

Also, the Commission participated in a government-wide TF to establish the National Disaster Safety Communication Network from June 2014. This is to establish the Public Integrated Network, including railroad, maritime and disaster networks. Based on the resulting discussions from the government-wide TF. In November 2014, the Frequency Deliberation Committee decided to use 20MHz bandwidth from the 700MHz band for the Public Integrated Network.

〈Figure III-3〉 Frequency range of the Public Integrated Network



b. Implementation of a Test Service on EBS Multi-Mode Service (MMS)

Using technology that transfers terrestrial broadcast into digital, it is possible to provide Multi-Mode Service (MMS) over 19.4 Mbps bandwidth of 6MHz band which was used for only one HD channel. The MMS can provide multiple channels including HD, SD and audio.

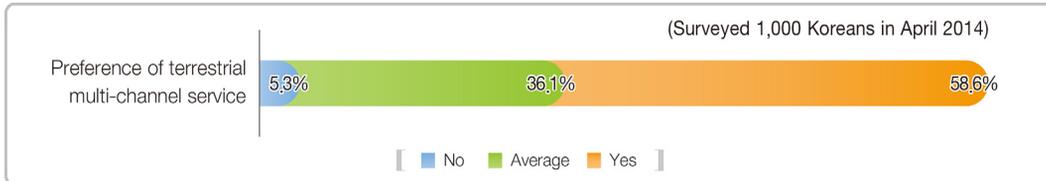
From January to April 2014, the Commission had experimental broadcasts through channel 5-1 and 5-2 in some parts of Seoul and Gyeonggi Province including Gangnam, Songpa, Yongsan District, Incheon, and Anyang. Each 3 weeks, 4 terrestrial broadcasting business operators (KBS → EBS → MBC → SBS) provided experimental content through the channels.

〈Figure III-4〉 Screens for test broadcast



During the experimental broadcasts, the Commission carried out transmission and reception coordination tests on broadcasting business operators and electronics companies, and a follow-up survey on household receivers. There was no major technological error. Also, the survey result on audiences showed many audiences expect to have terrestrial MMS on their TVs. Therefore the Commission decided to initiate a trial multi-channel broadcasting service on EBS with various public content in December 23, 2014.

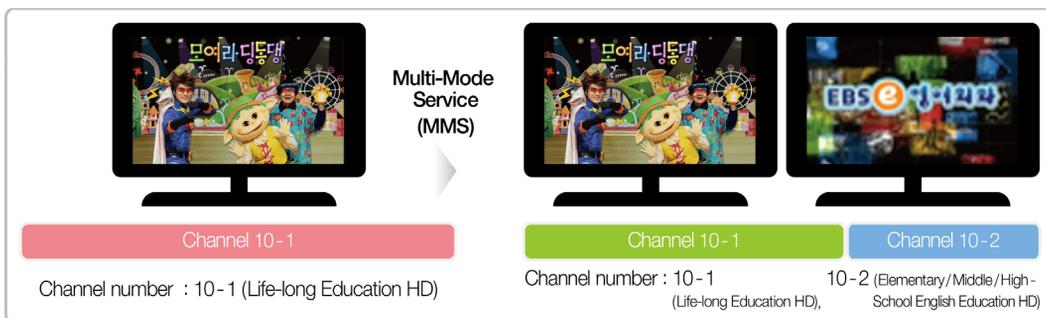
〈Figure III-5〉 Survey results on terrestrial multi-channel service preference



Source) Study on how terrestrial MMS impacts on the auditory environment 2014

EBS' MMS trial service is planned to be initiated on the 10-2 national terrestrial channel from February. EBS is going to provide educational content, focusing on Elementary and Middle-School English Education, for 19 hours from 6 a.m. to 1 a.m.

〈Figure III-6〉 Test service screens of EBS MMS



The trial service channel 10-2 will be aired through terrestrial broadcasting, therefore TV antennas must be installed inside or outside of houses, or TVs must be connected to a TV network in a building. EBS is going to expand the access of pay broadcasting subscribers through consultations with other businesses.

〈Table III-18〉 Basic notion for EBS test MMS broadcasting organization

<p>① Supplementation of public elementary, middle, and high school education and lessen private education expenses</p>	<ul style="list-style-type: none"> • Organize educational content into grades and phases of major elementary, middle, and high school subjects • Organize content using after school time and special ability aptitude education
<p>② Reduce private education expenses on English lessons for all Koreans</p>	<ul style="list-style-type: none"> • Organize tailored English content for all ages, including preschool, elementary, middle school students, adults, etc. • Organize appropriate English content for afterschool classes and after childcare education
<p>③ High-class lecture content for multi-culture and unification</p>	<ul style="list-style-type: none"> • Organize Korean language education content for multi-cultural families • Organize education for future-oriented unification to prepare for a unified Korea

Once EBS' MMS trial service starts, it is expected to promote choices in media for audiences, lessen burdensome private education expenses, and reduce regional, per income level, educational gaps.

Based on the results of trial services, the Commission is going to consider monitoring attitudes, technological safety, and the impact on the broadcasting market to make MMS policies.

2. Easing Regulations on Broadcasting Advertisement and Vitalizing Market

a. Easing Regulations on Broadcasting Advertisement

In May 2014, after the inauguration of chairman Choi Sung-joon, the Commission had its first meeting with heads of advertising-related groups. There, the necessity for easing regulations on broadcasting advertisement was suggested, in order to foster a reasonable and efficient advertisement environment. So the Commission made an activation plan for the broadcasting advertisement market by collecting opinions from each sector, and consulted experts by implementing plans for the Expert Committee on the Invigoration of the Broadcast Advertising Market in October 2014.

The Commission discussed with the Expert Committee on the Invigoration of the Broadcast Advertising Market, the Balanced Development of the Broadcasting Advertisement Committee, and the Viewer Rights Protection Committee. As a result, the Commission approved a reform measure on broadcasting advertisement for the invigoration of the broadcast advertising market in December 2014. The reform includes virtual advertisement, institutionalization of new advertisement formats, indirect advertisement, implementing the Gross Cap Regulation of Advertising Time on the organization time of broadcasting programs, sponsoring notices, regulations on prohibited items for advertisement, enhancing post monitoring, etc.

In details, virtual advertisement is only allowed in sports match relay programs. However, the reform expanded the approval to programs of culture, and entertainment, as well sports coverage(with exception to programs mainly for children and those which require objectivity and fairness such as news coverages excluding sports events along with editorials, commentaries and discussions). Nevertheless, the Commission considered impacts the media could have on other media, and so allowed time for virtual advertisement on pay broadcasting will be expanded to 7/100 (currently 5/100) of the period of programs.

The 「Broadcasting Act」, defines only 7 types of advertisement. So it is hard to apply new advertisement techniques. By reforming enforcement decree on advertisement, the Commission broke new grounds for new types of virtual advertisement. At the same time, the Commission announced a plan to review new ground rules for new types of advertisement.

The Commission gave responsibilities to indirect advertisers not to disrupt broadcasting flows, and regulated this through the enforcement decree. The Commission made sure that viewing rights and the invigoration of the broadcast advertising market are able to take place concurrently. When indirect advertisements directly mention, or offer to sell, audiences products, and over exaggerate functions of products, and violate the Korea Communications Standards Commission rules, the advertisement would be banned. However, the regulation allows indirect advertisements to show functions of products in detail when they do not interfere with the broadcasting flow. Also, in pay broadcasting, the time for indirect advertisement extended to 7/100 (currently 5/100) of the broadcasting program.

As for the Gross Cap Regulation of Advertising Time, in the case of pay broadcasting, the regulation on short and caption advertisements has been abolished. The Commission reformed the time regulation (average of 10 minutes to 12 minutes per hour) into the Gross Cap Regulation of Advertising Time, per broadcasting organization time, which ensures from average of 17/100 to 20/100 of broadcasting organization schedule.

In the case of terrestrial broadcasting, there were regulations for each broadcasting program and piece, caption and time check advertising. It was difficult to produce advertisements and improve creativity in the way that advertisers wanted. To reflect market demands, the Commission implemented the Gross Cap Regulation of Advertising Time per Broadcasting Organization Schedule. Now the advertisers can freely organize advertisements from an average of 15/100 to 18/100 per hours of organized programs. However, due to concerns that all advertisement might be organized in terrestrial broadcasting, the total average hours of advertisement in terrestrial broadcasting is to be shorter than pay broadcasting. Also, advertisement for broadcasting programs shall not exceed 15/100 out of 18/100 hours of total advertisement.

Lastly, the Commission reformed a sponsoring notice system. Before, sponsoring notices were only allowed in cases where public organizations, who produce, sell, and provide products or services, that is, not to advertise, sponsor public campaigns. Now, the Commission allows sponsoring notices in public events.

b. Creating a Basis for Promotion of Broadcasting Advertisement

Since 2009, the Commission has been promoting a reform on broadcasting advertisement sales systems to create competition in the advertisement sales market of terrestrial broadcasting.

Until mid-2000, only The Korea Broadcast Advertising Corporation(KOBACO) and companies invested by KOBACO could become sales agencies for terrestrial broadcasting advertisement. The sales system started to be promoted due to the constitutional complaints against such systems and agencies. At that time, the Constitutional Court ruled on the constitutional nonconformity

on the system due to the Freedom of Job Performance and Equal Protection. The court insisted on real competition in the broadcasting advertisement sales market and the revision of regulations.

In December 2009, the revision was implemented and through debates in the National Assembly, and the court had agreed on a bill in December 2011. On February 9, 2012, the National Assembly passed the 「Act on Broadcast Advertising Sales Agencies, etc.」 based on the agreement, and the Act was announced on February 22.

The basic idea is that the 「Act on Broadcast Advertising Sales Agencies, etc.」 only allows broadcast advertising sales agencies (media representatives) to have sales on terrestrial broadcasting advertisements, except in cases when the Commission allows other private media representatives to become agencies. However, KBS, MBC, and EBS are to go through the government funded KOBACO to participate in sales of broadcasting advertisements.

〈Table III-19〉 The 「Act on Broadcast Advertising Sales Agencies, etc.」

- (1) An advertising sales agency who sells broadcast advertising for a terrestrial broadcasting business operator shall sell such broadcast advertising in combination with broadcast advertising of a terrestrial broadcasting business operator for a local network or a small or medium terrestrial broadcasting business operator.
- (2) The ratio of an advertising sales agency's combined sales of broadcast advertising shall be at least the average ratio of sales combined with broadcast advertising of a terrestrial broadcasting business operator for a local network or small or medium terrestrial broadcasting business operator out of sales of terrestrial broadcast advertising during the preceding five fiscal years.
- (3) The Korea Communications Commission shall give public notice of the following matters each year to assist in combined sales of broadcast advertisements:
 1. The average ratio of sales combined with broadcast advertising of a terrestrial broadcasting business operator for a local network or small or medium terrestrial broadcasting business operator among sales of terrestrial broadcast advertising during the preceding five fiscal years;
 2. The terrestrial broadcasting business operators for a local network and small and medium terrestrial broadcasting business operators each advertising sales agency shall assist during the pertinent year and the level of assistance to each business operator in combined sales.

The Commission turned the exclusive system of broadcast advertising sales agencies into a competition. However, there are concerns that full stop or decreased support for the conventional combination sales on broadcasting advertisements¹⁾ may cause advertisement sales to decline on local or small and mid-sized terrestrial broadcasting business operators. Therefore in order for the Commission to stabilize the fiscal basis, including religion, local broadcasting, and to secure variety and publicity of broadcasting, they considered the average ratio and scales of combination sales in each media representative and company. Some of them were revised on July 2014.

The average ratio for combination sales for each company is decided according to business report verification results. It is to divide total combination sales by the total terrestrial broadcasting advertisement sales of media representatives over the last 5 fiscal years (2009~2013).

The targets for support and the least support scales for combination sales are calculated by dividing total combination sales of target companies for support (local, small, and mid-sized broadcasting business operators) by the total of terrestrial broadcasting advertisement sales by media representatives over the last 5 fiscal years (2009~2013).

〈Table III-20〉 Average ratio of combination sales by combination companies
(revised on July 2014)

Combination sales companies	Average ratio of combination sales
Terrestrial broadcasting advertisement agencies for KBS and MBC(KOBACO)	12.4213%
Terrestrial broadcasting advertisement agencies for SBS(Mediacreate co., Ltd.)	8.5077%

1) Combination sales on broadcasting advertisement : The act of selling broadcasting advertisements of small and mid-sized broadcasting business operators combined with those of KBS, MBC and SBS
 - Broadcasting business operators subjected to government support for combination sales : 40 small and mid-sized terrestrial broadcasting business operators including regional MBC stations and local commercial broadcasting companies

(Table III-21) The targets for support and least amount of support scales of combination companies (revised on July 2014)

Combination sales companies	Contents	Companies for support	Support scales
Terrestrial broadcasting advertisement agencies for KBS and MBC	Network local terrestrial broadcasting business operators	Busan MBC	0.6209%
		Daegu MBC	0.4606%
Gwangju MBC		0.3803%	
Daejun MBC		0.4168%	
Junju MBC		0.3843%	
MBC Gyeongnam		0.6462%	
Chunchon MBC		0.4061%	
Cheongju MBC		0.4862%	
Jeju MBC		0.4628%	
Ulsan MBC		0.3774%	
Mokpo MBC		0.3018%	
Yeosu MBC		0.3014%	
Andong MBC		0.3148%	
Wonju MBC		0.3353%	
Chungju MBC		0.3320%	
Samchuck MBC	0.3342%		
Pohang MBC	0.3342%		
Gangneung MBC	0.3980%		
Small and mid-sized terrestrial broadcasting business operators	EBS	1.4101%	
	iFM	0.1615%	
	KFM	0.2488%	
	CBS	1.7242%	
	BBS	0.5125%	
	PBC	0.4333%	
	FEBC	0.2181%	
	WBS	0.2291%	
	YTN radio	0.1689%	
	Seoul TBS	0.0532%	
Busan e-FM	0.0066%		
GFN	0.0125%		
Terrestrial broadcasting advertisement agencies for SBS	Network local terrestrial broadcasting business operators	KNN	1.1354%
		TBC	0.8841%
		KBC	0.7408%
		TJB	0.6183%
		UBC	0.4115%
		jTV	0.4090%
		CJB	0.4235%
		G1	0.5596%
		JBS	0.4032%

Combination sales companies	Contents	Companies for support	Support scales
	Small and mid-sized terrestrial broadcasting business operator	OBS Gyeongin TV	3.4870%

The Commission also employed the Expert Committee on the Invigoration of Broadcast Advertising Market in 2014, to build a promotional basis for broadcasting advertisements. At the same time, the Commission built the Unfair Broadcast Advertising Report Center, and introduced regulations on broadcasting advertisements for financial products.

To give consultation on easing regulations on broadcasting advertisements and the invigoration of the broadcast advertising industry, the Expert Committee on the Invigoration of the Broadcast Advertising Market was installed. Through the 46th committee meeting held in last October, the expert committee agreed on a constitution and management of the organization. Based on Article 15 of the 「Act on the Establishment and Operation of Korea Communications Commission」 and Article 5 of the 「Enforcement Decree of the Act on the Establishment and Operation of Korea Communications Commission」, the expert committee is constituted of external experts belonging to the Commission.

The members of the expert committee must have deep education and experience in broadcasting advertisement and must receive recommendations from either broadcasting business operators or related organizations. Also, the Commission and the chairman must agree on appointments. The chair of the expert committee is designated by the chairman of the Commission. The members of the expert committee consist of two from KBA, three from pay broadcasting business operators and KCTA, one from KISDI, and two experts on law and advertisement from the Commission.

Relating to the invigoration of the broadcast advertising market, the expert committee deregulates broadcasting advertisements or provides real consultations, or previews, on issues requested by the Commission.

Also, to formulate a fair competitive environment for the broadcast advertising market, the Commission opened the unfair broadcast advertising report center in December. The Commission considered the fact that small and mid-sized broadcasting business operators and advertising agencies are in a lower index than major broadcasting business operators and advertising agencies in the broadcast advertising business. It was hard for small and mid-sized broadcasting business operators and agencies to report major broadcasting business operators' and agencies' violations of laws. The Commission built the report center to invigorate reports on violations through online, landline, and other methods.

On the background of the report center, there is the commencement of MBN's advertising businesses through media representatives on December 1. As MBN's overall organized media representatives (advertising agencies) for broadcast advertising businesses began in full-scale, the report center can also be used for reviews of management, direction, efficiency, and to forbid businesses of media representatives.

By opening the report center, the Commission can operate continuous surveillance on violations of the 「Act on Broadcast Advertising Sales Agencies, etc」 and others. The commission plans to achieve the goal of reforming laws, and build an environment conducive to fair competition in the broadcast advertising market.

The Commission also imposed restrictions with Korea Communications Standards Commission (KOCSC) on broadcasting advertisement of financial sectors to solve civil complaints.

Two commissions did intensive monitoring on a third quarter due to civil complaints that there was too much financial advertising on TV. As a result, they reported a total of 34 violations against the law on 25 channels. In the process, two commissions selected insurance, funeral development, and loan and financing capital as four major advertisement sectors to reflect complaints. The monitoring was done on all advertisements in those four areas from July to September. The result was that violations were discovered in 6 cases on the total length of broadcasting advertisement per hour (maximum 12 minutes), along with 28 cases of not reporting important details, such as return or cancellation, were detected, based on broadcasting

advertising regulations. The Commission sentenced violators to pay penalties according to Article 108 of the 「Broadcasting Act」 and the Korea Communications Standards Commission sentenced them to give advice according to Article 100 of the 「Broadcasting Act」. The latter decision was due to the fact that the Financial Services Commission is still reviewing insurance advertisement related policies. However, they said the penalties are going to be much more severe should the same issue arise in the future.

To protect rights and interest of audiences, and establish upright market orders, the Commission is going to implement continuous intensive monitoring on a quarterly basis in areas where the most complaints are related, and where companies often violate broadcasting laws and regulations.

3. Supporting Production and Distribution of Broadcasting Content

a. Creating an Ecosystem for Outsourcing Production

After introducing the policy for the obligatory organization of outsourcing production in 1991, it has been contributing to the diversification of broadcasting programs, producers, and job creation. In the case of drama productions, large outsourcing producers have been established. They have dedicated on Korean Wave with program exports and at the same time, have been growing large enough to compete in negotiations with broadcasting business operators.

However, there are problems such as copyright disputes, unfair business among broadcasting business operators and outsourcing producers, and non-payment for actors. Therefore the need for creating jobs in the creative economy, and enhancing the competitiveness of the content market, by raising small and mid-sized outsourcing producers.

The Commission plans to create a consultative group with broadcasting business operators, drama producers, independent producers, experts, and etc. This group is to raise the quality of Korean broadcasting programs. Also, the group has been working to create an ecosystem for all entities in content production areas to participate.

On March 2014, a Discussion on Creating a Content Production Ecosystem for Everyone's Benefit was held. In the discussion, improvement plans for higher pay for actors and writers, and introduction plans for outsourcing production assessment systems were considered by the members. KBS, MBC, SBS, the Broadcasting Corporation, IHQ, CODA, the Association of Korean Actors, KBAU, KTRWA, FKMP, CEMA, KIPA, and others participated in the discussion. Roh Dong-ryul, professor of the Department of Media and Communications, Sungsin Women's University, gave a presentation, and Yang Mun-suk, a standing member of the Commission chaired the discussion.

Also, the discussion expanded and formed a consultative group for mutual benefits, which has been in operation since August 2013, into a consultative group for mutual benefits on the proliferation of broadcasting Korean Wave. The group was divided into small consultative groups on drama and non-drama. It operated on July 9 and 23, August 13 and 20, November 7 and 13. The discussion was about the revision of approval standards for outsourcing productions, and improvement to changes of channel composition in outsourcing productions and ecosystems for outsourcing.

From June 2014, a consultation for outsourcing system improvement with four government departments, including the Commission and MCST, and stakeholders of outsourcing was created and operated. The consultation authored a draft of a joint statement on mutual cooperation and development for the broadcasting content industry. The consultation also promoted a foundation for mutual development for outsourcing production participants on June 27, July 25, August 29, October 2 and 31, and December 5.

Also, the chairman visited outsourcing production sites (SBS Ilsan Production Center, JTBC Hoam Art Hall) and encouraged actors, extras, production staff members, and others. He heard various opinions on the development of content for the broadcasting industry on September 16 and 24.

The opinions were about setting down common practices of transaction that are mutually beneficial to outsourcing participants, including broadcasting business operators and outsourcing producers, in order to sustain the Korean Wave fever. Also, there was a need for the promotion of policies for the improvement of poor production environments, including non-payment of actors and the unstable employment of staff. The chairman encouraged to improve systems for raising talented production members and to develop various high quality content.

b. Improving Production Capabilities for Broadcasting Content

An assessment of the production capabilities for broadcasting content is done in order to make policies for the promotion of the industry, by analyzing assessment results. It was carried out on PPs to invigorate the Korean broadcasting content industry and improve competitiveness in 2012.

The production capabilities for broadcasting content is defined by the broadcasting business operators' capabilities, which are comparably superior to others in the competition for resources, the process of planning, productions, and the distribution of broadcasting content, and by social and economic standards. By considering these characteristics, three areas of competitiveness were defined: resources, process, and results, become valuation standards and relevant details are on <Table III-22>.

〈Table III-22〉 A factor based assessment on production capabilities for broadcasting content

Organization factors	Details	Assessments
Resource competitiveness	Human resources competitiveness	① Contents HR professionalism, ② Contents HR development, ③ Contents HR compensation
	Material resource competitiveness	④ Equity capital, ⑤ Production cost, ⑥ Content intellectual property rights
Process competitiveness	Production competitiveness	⑦ Producing new content, ⑧ Producing new technological content
	Distribution competitiveness	⑨ Capability of domestic market distribution, ⑩ Capability of foreign market distribution
Results competitiveness	Economic results competitiveness	⑪ Domestic market profitability, ⑫ Foreign market profitability
	Social results competitiveness	⑬ Compliance to the regulation of consultation on content, ⑭ Assessment of content reward results

Production capabilities are assessed under a total of 1,000 points based on 14 subjects and 19 details. In order to strengthen assessments on production competitiveness, the points allotted to Production Competitiveness were raised to 350 points from 200 points. On Economic Results, the points decreased to 150 points from 300 points.

Production Competitiveness, and Producing New Content raised to 300 from 170 points and, Producing New Technological Content raised to 50 from 30 points. Therefore Process Competitiveness expanded to 400 from 250 points. Meanwhile, Result Competitiveness decreased to 250 from 400 points, and Resource Competitiveness remained stable at 350 points.

〈Table III-23〉 Changes in allotted points for the assessment of production capabilities of broadcasting content

(Units : points)

3 major factors			2012	2013	Differences
Resource competitiveness			350	Same	-
Process competitiveness	Production competitiveness	Producing new content	170	300	↑ 130
		Producing new technological content	30	50	↑ 20
		Total	200	350	↑ 150
	Distribution competitiveness		50	Same	-
	Total		250	400	↑ 150
Results competitiveness	Economic results		300	150	↓ 150
	Social results		100	Same	-
	Total		400	250	↓ 150

The results consist of 5 different grades (extraordinary, outstanding, normal, poor, and very poor) and only grades above outstanding will be announced. Also, additional grades over outstanding on 3 major factors will be announced.

The 2013 assessment was done for broadcasting business operators that were not assessed among broadcasting business operators who are planning, producing, and distributing real-time TV broadcasting content. Radios, data broadcasting content, and broadcasting content on demand all have different levels of competitiveness than TV broadcasting content, and therefore are excluded from the subject.

The 2013 assessment was released in 2014. This contained 93 business operators and 134 channels. The participants have increased by 13% and 12% respectively when compared to 2013. In the extraordinary class, 13 PP affiliations, including CJ, and terrestrial affiliations were selected along with 7 independent PPs. The assessment expanded the points on production competitiveness, so independent PPs on the economy, life information, hobbies, animation, and religion, where they are most likely to have new content, were raised dramatically.

16 independent PPs (48%) out of a total of 33 PPs are in outstanding category. It showed

small and mid-sized channels have production capabilities in content production, HR investment, production of new content, and gaining profitability through distribution at home and abroad.

〈Table III-24〉 Assessment results in grades from total points on production capabilities of broadcasting content

Contents	Channels	Number of channels (rate)
Extraordinary	MBC Music, SBS ESPN, KBSN Sports, MBC Sports Plus, Baduk TV, SBS GOLF, tvN, Ongamenet, HKWOWTV, MTN, XTM, Story On, Mnet, CTS TV, SBS CNBC, FTV, SPOTV2, OnStyle, Anibox, Living TV	20 channels (15%)
Outstanding	MBC Every1, Arte TV, Olive Network, ETN, UGA TV, e-daily TV, Y-STAR, BTN TV, OCN, FOX TV, Inet TV, SPOTV, YBS, Super Action, RTN TV, Seoul TV SEN, KBS Prime, Polaris TV, OCN Series, Channel Ching, E channel, KBS Joy, J GOLF, TV Work Net, MBC Life, Tooniverse, Jung Chul English TV, KBS Drama, SBS MTV, Channel CGV, SBS E!, C channel, Trendy	33 channels (25%)

Note) In bold letters : Program Provider (Programming providing business operator) affiliates

Resources competitiveness is about assessing competitiveness of HR and material resources. Similar to 2012, PP affiliates have a higher portion in the extraordinary and outstanding ratings. Those at above outstanding PP affiliates grew to 55.2% in 2013 from 51.2% in 2012, but independent PPs decreased to 30.3% in 2013 from 35.6% in 2012. Process competitiveness is about assessing competitiveness on productions and distributions. The points for process competitiveness on economic, life information, cultural, hobby, and religious independent PPs that have a higher portion of new content production increased. Results competitiveness assessed economic and social results, and 23 PP affiliates had extraordinary scores, but independent PPs were not included as in 2013.

〈Table III-25〉 Evaluation Results of 3 Competitiveness Factors Regarding Broadcasting Contents Production Capability

Area	Contents	Channel Name
Resource competitiveness	Extraordinary	SBS ESPN, MBC Music, SPOTV2, MTN, tvN, Mnet, MBC Every1, Olive Network, SBS GOLF, MBC Sports Plus, KBSN Sports, Channel Ching, UGA TV, Animax, ihelath TV, HKWOWTV, XTM, Story On, OnStyle, Inet TV, KBS Joy
	Outstanding	CTS TV, Trendy, OCN, OCN Series, KBS Drama, C channel, SBS E!, Baduk TV, FTV, Ongamenet, SBS MTV, Anibox, Anione, Tooniverse, SBS CNBC, Arte TV, Brain TV, National Geographic Channel, Seoul STV, Telenovela, Aniplus, Living TV, Y-STAR, Smart Educational Broadcasting, MBC Life, QTV, ONT, STB, TVis, BTN TV, SPOTV, E channel, Ch.IT, Channel View
Process competitiveness	Extraordinary	MBC Music, SBS GOLF, Baduk TV, KBSN Sports, SBS ESPN, FTV, MBC Sports Plus, HKWOWTV, SBS CNBC, MTN, CTS TV, e-daily TV, ETN, TV Work Net, Jung Chul English TV, Ongamenet, RTN TV, Living TV, Arte TV, BTN TV, FOX TV, YBS, Seoul TV SEN
	Outstanding	Anibox, Polaris TV, tvN, XTM, Story On, UGA TV, SPOTV2, Y-STAR, SPOTV, OBS W, Gayo TV, Carnsports, OnStyle, Mnet, J GOLF, Inet TV, C channel, Super Action, Smart Educational Broadcasting, SBS MTV, iPSN, KBS Prime, Brain TV, EDGE TV, Seoul STV, WBC, JBS, Safe TV, Channel CGV, Telenovela
Results competitiveness	Extraordinary	tvN, Baduk TV, Olive Network, MBC Life, MBC Dramanet, OCN Series, Catch On, Catch On Plus, E channel, Ongamenet, OnStyle, Tooniverse, OCN, XTM, MBC Every1, Chinese TV, MBC Music, Mnet, Channel CGV, Stroy On, Super Action, KBS Prime, Ch.T
	Outstanding	KBS Joy, KBS Drama, KBSN Sports, MBC Sports Plus, SBS Plus, SBS ESPN, QTV, J GOLF, The M, Ch.IT, Ch.One, SBS E!, Y-STAR, Dramax, Comedy TV, Ch.N, Midnight Channel, SBS GOLF, AXN, iPSN, i-GOLF, National Geographic Channel, FOX Channel, FOX Life, champ, Channel Ching, FX, HKWOWTV, SPOTV2, SPOTV, Disney Junior, FashionN, Dramacube

Note) In bold letters : Program Provider (Programming providing business operator) affiliates

Based on the results of a production performance review, small and medium-sized business operators with outstanding production capabilities were presented with Broadcasting Special Awards in June 2014. FTV, a dedicated fishing channel, won an outstanding award for its quality high definition content, which were positively recognized and earned higher scores in the review.

The Commission released the results, allowing viewers and SO to have access to them when they judged their channel. The results were also reflected in a review for a production support program by the Ministry of Science, ICT and Future Planning (MSIP). Besides, the Commission is planning to constantly improve performance review by increasing methods of utilizing the results to ensure that outstanding channels in the review can enjoy various benefits.

c. Expanding Production Base in Each Local Area

Advances in broadcasting technology increased social demand among viewers for participation in production and broadcasting. To meet their needs, the Commission amended the 「Broadcasting Act」 in 2000, and made it mandatory for KBS, and cable and satellite broadcasting, to set aside a certain amount of time for public access programs in their schedule. In addition, the Commission has established and run Community Media Centers that provide media training programs and tours, lends broadcasting facilities and equipment, and supports program production for people with disabilities on local networks.

The Community Media Centers serve as infrastructure for viewer participation. They are equipped with training rooms to help viewers better understand and entertain the media, interactive media experience halls and theaters, studios for public access programs, editing rooms, and recording rooms. Since first opening in Busan in 2005, other Community Media Centers have opened in Gwangju in 2007, later in Gangwon, Daejeon, and in Incheon in 2014. Since opening, the Centers have attracted a total of 1.69 million people, including 350,000 who used media training programs and 180,000 who took media experience tour programs. There are 3,578 programs that viewers have produced themselves using the training and equipment of the Centers. They were aired through major broadcasting networks and SOs.

〈Table III-26〉 Current Status of Community Media Centers in 2014

Busan Center		<ul style="list-style-type: none"> • Haeundae-gu, Busan (Single Building / State-owned) • 1st Basement Floor, 4th Floor (5,021m²) • Construction Costs of KRW 12.6 Billion / Opened in November 2005 • 16 Operational Staff Members
Gwangju Center		<ul style="list-style-type: none"> • Seo-gu, Gwangju (Single Building / State-owned) • 1st Basement Floor, 4th Floor (6,075m²) • Construction Costs of KRW 15.5 Billion / Opened in June 2007 • 16 Operational Staff Members
Gangwon Center		<ul style="list-style-type: none"> • Chuncheon, Gangwon Province (Leased Building / Lease of Private Building) • 1st Basement Floor, 1st and 2nd Floors (2,328m²) • Construction Costs of KRW 5.9 Billion / Opened in July 2014 • 13 Operational Staff Members
Daejeon Center		<ul style="list-style-type: none"> • Yoosung-gu, Daejeon (Leased Building / Lease of Private Building) • 1st Floor, 4th Floor (2,928m²) • Construction Costs of KRW 5.3 Billion / Opened in July 2014 • 13 Operational Staff Members
Incheon Center		<ul style="list-style-type: none"> • Yeonsu-gu, Incheon (Leased Building / Lease of Municipal Building) • 3rd and 4th Floors (2,584m²) • Construction Costs of KRW 3.4 Billion / Opened in August 2014 • 13 Operational Staff Members

As the participation of local viewers in broadcasting and media training made progress, other communities requested the establishment of additional Community Media Centers in their regions. In response, the budget was earmarked in 2014 to establish Centers in Seoul and Ulsan.

The Commission concluded a business agreement with the city of Ulsan in August 2014 to open a Community Media Center there by the first half of 2016. Both parties agreed to establish the Center, whose gross floor area is about 2,800m² in Myungchon, Jinjang-dong, Buk-gu, Ulsan, and invest KRW 10.9 billion (KRW 5 billion from the Broadcast Communications

Development Fund and KRW 5.9 billion from the city). Ulsan will build a building while the Commission will provide training and production equipment. 40% of operating costs will be covered by Ulsan. On the other hand, as the Sungbuk-gu Office requested, the Commission agreed with Seoul and Sungbuk-gu that the Seoul Community Media Center will be established within a culture complex that is scheduled to be built in Gilum-dong, Sungbuk-gu, Seoul in November 2014. To swiftly deliver viewer support services, including media training for viewers in Seoul before the complex is built, the Commission will offer media training programs and lend broadcasting equipment in a place that Seoul temporarily provides (the Noblesse building on Bomun Street, Sungbuk-gu). For a trial period beginning in the second half of 2015, this infrastructure established by the Commission will deliver viewer support services for viewers in Seoul.

As the number of Community Media Centers grew, it became necessary to enhance professionalism and efficiency in their operations, and bring separately operated viewer support programs into the Centers for systematic operation. In addition, an amendment to the 「Broadcasting Act」 was passed in the National Assembly in May 2014. The amendment aimed to incorporate the Centers, and stipulated that the operation of the Centers as legal entities should involve media training programs and tours, support for viewers' participation in broadcasting, and provision of production facilities to help viewers to participate in broadcasting, and to empower them. It also stated that the Community Media Center Establishment Committee should be created to help to turn the Centers into legal entities.

The Establishment Committee reviews and makes a decision on articles of incorporation, rules, regulations, and recommendations for the Centers' first director, and other matters required to incorporate the Centers. Standing Member Lee Ki-joo was appointed as Commissioner. Founding members included Journalism Professor Gwon Sang-hee, at Sungkyunkwan University, Accountant Seo Dong-gyu, of accounting firm Samil, Journalism Professor Joo Jung-min, at Junnam University, and Lawyer Ahn Jung-ho, of law firm Kim & Chang. The Establishment Committee decided on operating rules for the Community Media Center

Incorporation Establishment Committee in its first meeting in July 2014 at the Busan Community Media Center. Up until its fifth meeting in December 2014, the Establishment Committee made a decision on articles of incorporation for the Foundation, operating rules of the Board of Directors, and the Director Recommendation Committee. After registering the Centers as legal entities and handing over duties and tasks to the newly appointed directors the Establishment Committee will be dismissed in the first half of 2015.

d. Establishing a Smart Metadata Management System

As the means of content distribution become diversified and grow in number, such as Video on Demand (VOD), YouTube, and N-Screen, each distributor provides inconsistent basic information about programs regarding their genre, plot, and cast. It causes difficulties in seamless distribution. In order to tackle the challenges of additional time and money to bring consistency into different pieces of basic information, the Commission launched a new project to standardize the program information of broadcasting business operators, and establish the integrated management system for the distribution of information. It will also contribute to greater quality distribution of broadcasting programs.

The Smart Metadata Management System (SMMS) is a system which receives basic program information from a broadcasting business operator, turns it into standardized information, and provides the standardized information to a distributor.

Standardizing broadcasting programs is an action plan to realize the creative economy. After the SMMS is established, it will create new services utilizing metadata, and monitor illegal distribution. The system will serve as one of the pillars for the creative economy. The SMMS establishment project is run by the Korea Broadcast Advertising Corporation (KOBACO), which is experienced with advertisement standardization and system establishment.

In this regard, the Commission has pursued program distribution standardization as a research and development task over 2 years, beginning in 2012. The Commission also worked with

a metadata project group including KBS, MBC, SBS, and EBS under the Telecommunications Technology Association (TTA), and officially adopted a standardization plan in December, 2013. The plan has 47 sections, including the program code, name, and synopsis. 15 of them are mandatory including the genre, grade, and production purposes.

A council was created to help to establish the SMMS in April 2014. It was co-chaired by Planning & Coordination Director La Bong-ha, of the Commission, and Professor Hyun Dae-won, at Sogang University. In addition, the council was joined by many players including KBS, MBC, SBS, EBS, CJ, TV Chosun, the Korea Cable Television & Telecommunications Association (KCTA), the Korea Digital Media Industry Association (KoDiMA), broadcasting distributors, and scholars. The purpose of the council is to discuss ways to establish, operate, and utilize the SMMS.

The distribution information standard for broadcasting content was officially adopted as a standard by the TTA in April 2014. The establishment of the SMMS was completed in November 2014. The SMMS receives distribution information involving the title, synopsis, and plot of a major network program and converts it into standardized information. Then the system delivers the standardized information to a distributor.

4. Improving Regulations and Supporting Overseas Expansion on Broadcasting and Communications Services

4.1. Improving Regulations

a. Identifying and Working on Regulation Improvements

1) Identifying Regulation Improvements

The Commission was created to regulate broadcasting and communications, and to protect users. Currently, it is fulfilling its public obligations of broadcasting, protecting viewers'

rights, regulating communications business operators after the fact, and safeguarding private information. Despite limitations as a regulatory body, the Commission worked aggressively in 2014. For instance, it designated regulatory reforms for public well-being and economic innovation as one of its 3rd visions and policy tasks in 2014. Moreover, it increased the number of workers dedicated to regulations.

The Commission held two expert meetings regarding broadcasting and communications in April and May 2014. They were all presided over by the Chairman. The two meetings allowed the Commission to gather opinions from academia, industry, related organizations, and user advocates on how to improve regulations. The Commission heard the opinions of broadcasting and communications institutions on regulations that need-

(Figure III-7) Conference on improving regulation by broadcasting and communications experts



ed to be reduced and improved between April and May in 2014. There were about 70 suggestions from 11 institutions.

The Commission significantly improved the internal regulation review committee for the success of regulatory reforms. In this context, it created a regulatory reform task force, which included experts from industry, academia, and research. It was convened twice, between May 2 to 7, and on May 9. These efforts helped to lay a foundation to boost momentum for regulatory reforms. The task force reviewed the Commission's regulations, and identified the regulations that could help to improve people's lives, and drive economic innovation. As a result, 7 regulations were selected for reduction and 3 as core regulations, among 127 existing regulations.

〈Table III-27〉 Current Status of Reduced Regulations in 2014

Number	Regulation Name	Revised Regulation	Regulation Contents
1	Operational Obligations of Community Radio Broadcasting Business Operators	Enforcement Decree Article 13.2 of the Broadcasting Act	Requirements for Community Radio Broadcasting Business Operators to Provide Broadcasting Over 6 Hours Each Day
2	Identification	Enforcement Decree Article 29 of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc	Requiring Specific Rules for Identification of Bulletin Users
3	The Scope of Information and Communications Service Providers Subject to Identification	Enforcement Decree Article 30 of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc	Defining the Scope of Information and Communications Service Providers Subject to Identification
4	Violation of Users' Interests Regarding Telecommunications Service Bills	Article 2 and 3, and Asterisk of Specific Types and Judgement Standards of Banned Acts Regarding Telecommunications Service Bills	Related Rules Including Required Notices for Bills, Ways to Fill Out, and Combined Products Notices
5	Specific Types and Judgement Standards of Banned Acts Regarding Telecommunications Service Bills	Specific Types and Judgement Standards of Banned Acts Regarding Telecommunications Service Bills	
6	Electronic Representation of Privacy Policy	Electronic Representation of Privacy Policy	Requiring Electronic Representation of Privacy Policy
7	Request for the Submission of Data	Article 9 of the Notice for the Organization and Operation of the Broadcast Advertising Balanced Growth Committee	Requiring the Submission of Materials to Establish a Basic Plan for the Balanced Growth of Broadcast Advertising

〈Table III-28〉 Current Status of Improvements in Core Regulations in 2014

Number	Regulation Name	Revised Regulation	Improvements
1	Deregulation on Ratio of Programs on Schedule	Notice for Program Scheduling	Reducing Scheduling Ratio of Domestically Produced Programs (80% → 60%) for Digital Multimedia Broadcasting of 3 Major Broadcasting Network and Specialized Networks

Number	Regulation Name	Revised Regulation	Improvements
2	Easing Regulation on Ownership of Small and Mid-sized Digital Multimedia Broadcasting	The Broadcasting Act and its Enforcement Decree	Easing Regulated Ratio of Ownership of Large Companies to That of Comprehensive Programming and News Channels (10% → 30%)
3	Improving Regulations to Boost the Broadcast Advertising Market	Enforcement Decree of the Broadcasting Act	Introducing Total Advertising Cost System for Each Hour of Major Networks and Abolishing Individual Regulations for Each Type of Broadcast Advertisement

2) Making Efforts and Working on Regulatory Reforms

The Commission provided online and offline training to its employees in order to forge a consensus among them, and to pursue successful regulatory reforms. In October 2014, the Commission invited a regulatory reform expert for employee training. At the same time, the Commission created tailored online training courses for government regulatory reforms, which every employee attended. In addition, the Commission worked hard towards regulatory reforms through meetings. Under the Planning & Coordination Director, a review meeting for regulatory reforms was held each month. Every other week, the Director for Administrative and Legal Affairs held a specific task review meeting with those in charge of a task.

〈Figure III-8〉 Regulatory Reform Training with Invited Lecturer



b. Establishing a Foundation for Total Regulatory Cost System

The Commission formed a Research Team to Estimate Regulatory Costs. The team was created to underpin the Total Regulatory Cost System, which was due to take effect in 2015.

The Korea Information Society Development Institute (KISDI) took charge of the team, while the Korea Internet & Security Agency (KISA) joined. The research team analyzed the costs of 7 regulations subject to reduction in 2014, and provided an analytic framework for regulatory costs in broadcasting and communications.

The Commission joined the Ministry of Science, ICT and Future Planning's research on regulatory policy to improve regulations in the ICT sector. It wrote a manual for regulatory cost analysis in pay broadcasting and personal information. Furthermore, the Commission established an ICT regulatory map to prepare for the total regulatory cost system.

The Commission improved the regulations that became unnecessary and outdated as the broadcasting and communications environment changed. Such efforts helped operators to ease administrative and financial burdens, while addressing people's inconveniences and providing greater benefits. Ultimately, the Commission made significant contributions to boosting the economy through investment promotion and job creation across the government.

4.2. Supporting Overseas Expansion

a. Promoting Inter-Korean Broadcasting and Communications Exchange

The Inter-Korean Broadcasting Exchange Promotion Committee was created and run to restore social and cultural solidarity between the two Koreas through inter-Korean cooperation in broadcasting since the Broadcasting Commission's predecessor was in place in 2001. In May 2011, the Commission added communications to the existing committee. It expanded and reorganized the existing Inter-Korean Broadcasting Exchange Promotion Committee into the Inter-Korean Broadcasting and Communications Exchange Promotion Committee, which is operated by broadcasting and communications experts from North and South Korea.

In May 2013, the Commission reorganized and launched the 3rd Inter-Korean Broadcasting and Communications Exchange Promotion Committee with 18 government and private sector

experts in broadcasting, communications, and inter-Korean relations. The 3rd committee took into account members' different expertise, and created the Broadcasting Division and the Communications Division. It hosted 16 meetings in 2014, including 9 meetings of the two Divisions and a discussion meeting. In those meetings, the committee discussed the current issues in broadcasting and communications between North and South Korea, and studied and discovered which projects were likely to gain momentum. In the future, the Commission will continue to operate the committee and hold academic events to explore attainable cooperation plans in response to changing inter-Korean relations, and mid- and long-term visions in preparation for the post-unification period. It is also planning to restore a common national identity through broadcasting and communications.

〈Figure III-9〉 Creation of 3rd Inter-Korean Broadcasting and Communications Exchange Promotion Committee



〈Table III-29〉 Current Status of Major Activities of the Inter-Korean Broadcasting and Communications Exchange Promotion Committee in 2014

Classification	Date	Main points	
Plenary Meeting	1st Feb. 18th	(Presentation)	• Prospect for Economic Trends in North Korea and Inter-Korean Cooperation
		(Discussion)	• Latest Changes in North Korea and Plans for Broadcasting Content Exchange Cooperation
	2nd Mar. 19th	(Presentation)	• Plans for Exchange Cooperation through Reunions of Separated Families
		(Discussion)	• Improvements for Reunion Events for Separated Families, etc.

Classification		Date	Main points	
	3rd	May 21st	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Changes in the North Korean Regime and Prospect for Unification • Outlook and Direction for Inter-Korean Cooperation Projects
	4th	Sep. 18th	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Segmentation of Communications in North Korea and its Implications • Authenticity of Assessment of the Korean Media and Academia on the North Korean Situation • Spread of Mobile Phones in North Korea and its Relation to Openness • Impact of the Spread of the Korean Wave and Marketplace on North Korea
	5th	Nov. 24th	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Current Situation and Suggestions for North Korean Broadcasting • Receiving Paths of North Korean Central Television (KCTV) • Plans to Utilize Satellite Broadcasting and South Korea's Broadcasting Facilities • Gathering Opinions for the Exchange Cooperation Promotion Plan in 2015
	6th	Dec. 30th	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Report on Results of Finding and Pursuing Inter-Korean Exchange Cooperation Projects in Broadcasting and Communications • Establishment of the Archive Center of North and South Korean Broadcasting • Mandatory Scheduling of Programs Relate to North Korea • Hosting of an International Conference and Co-production of Programs
Discussion Meeting		Jul. 16th	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Assessment of China-North Korea Relations and Unification on the Korean Peninsula • Impact of Improvements in Japan-North Korea Relations on China-North Korea Relations • Six-party Talks's Possibility of Addressing North Korean Issues • Benefits for China after Korean Unification • Possibility of Change in Awareness among Bourgeois in North Korea
Broadcasting Division	1st	Jan. 22nd	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Plan for Broadcasting and Communications Exchange between North and South Korea through Korean Chinese • Plan for Exchange Cooperation Projects in Broadcasting and Communications and Direction for Unification Policy

Classification		Date	Main points	
	2nd	Apr. 16th	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Current Situation of Projects of the ‘Korean Council for Reconciliation and Cooperation’ and Cooperation Plan for Broadcasting Exchange • North Korea’s Participation in the Incheon Asian Games • Expanding Openness including North Korean History Program
	3rd	Jun. 18th	(Report) (Presentation) (Discussion)	<ul style="list-style-type: none"> • Major Trends of Inter-Korean Exchange Cooperation • Role of Broadcasting During German Unification • Differences between East and West Germany and North and South Korea
	4th	Oct. 23rd	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Plan to Spread Broadcasting Content to restore common national identity • Current Situation of North Koreans’ access to South Korean Broadcasting Content • Current Situation of Latest Change in North Korea and Exchange Cooperation in Broadcasting and Communications
Communications Division	1st	Jan. 21st	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Prospect and Plan for Exchange Cooperation Projects in Communications in 2014 • Limitations of Communications Exchange Projects and its Alternative • Feasibility of Policy Tasks and Plans to Utilize the Kaesung Industrial Complex
	2nd	Apr. 30th	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Communications Integration during German Unification • Business Structure and Strategy of Integrating North and South Korea Telecommunications
	3rd	Jun. 17th	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Communications Policy and Institution between East and West Germany before and after Unification • Need to Establish North and South Korea Integration Plan and Role of Government
	4th	Aug. 26th	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Current Situation of Inter-Korean Economic Cooperation and Communications in North Korea • Need to Resume and Boost Inter-Korean Economic Cooperation • Latest Trend of IT Infrastructure in North Korea
	5th	Nov. 5th	(Presentation) (Discussion)	<ul style="list-style-type: none"> • Spread of Mobile Phones in North Korea and Dual Networks • Agreement on Dual Mobile Phone Network • Possibility of Expansion of New Networks in North Korea

b. Strengthening International Cooperation of Broadcasting and Communications

1) Cooperative Activities between Governments in the Broadcasting and Communications Sector

The Commission has made tremendous efforts to strengthen infrastructure for international cooperation in broadcasting and communications with foreign governments and international organizations and has actively supported exchange and cooperative activities to enhance international response capacity on various issues. The Commission has shared advanced cases of broadcasting and communications through high-level talks with key partner governments and international organizations while continuously working on exchange and cooperation in broadcasting and communications on diverse areas such as discussing the signing of an MOU to further cooperation in the sector. Furthermore, it has hosted international conferences and reviewed pending issues and swiftly responded while establishing effective response strategies by discovering new agendas.

In September 2014, the Commission visited Denmark to discuss the status of public broadcasting and also spoke about a survey method of studying audience share that integrates real-time TV broadcasting, N-Screen watching, and non-real time VOD watching. In addition, the Commission shared thoughts on policy activities to boost media diversity through consultation with members of the standing committee of the French broadcasting commission (CSA) and executives of France Televisions. The survey method employed by Denmark for studying audience share and media diversity in French broadcasting that contributed to social integration are to be used as reference material in Korea for conducting an audience share study, along with establishing broadcasting policies and solving issues in the sector.

〈Figure III-10〉 Study on broadcasting and communications in Denmark and France



The Commission visited the governments of major partnering countries including Germany, the Netherlands, Denmark, France, the United Kingdom, and Austria to understand broadcasting service trends and international broadcasting policies. During this time they were also doing case studies on foreign policies, such as the state of operation for public broadcasting business operators, discussing ways to enhance cooperation, including facilitating the exchange of broadcasting content.

〈Table III-30〉 Status of inter-governmental cooperative activities in the broadcasting and communications sectors

Classification	Period / Country	Details
Attended the CES 2014 in the United States	January 6~11 the United States	<ul style="list-style-type: none"> • Attended the CES (Consumer Electronics Show) and studied the latest trends in broadcasting and communications such as UHD TV, smart phone and tablet PCs.
Expanded cooperation with Chinese ministries and organizations relevant to broadcasting and communications	January 16~18 China	<ul style="list-style-type: none"> • Discussed methods for cooperation with user protection including cyber violence and personal information protection with the Chief of State of the Internet Information Office in China. • Discussed ways for bilateral cooperation to occur including Korea-China co-production of broadcasting programs and a signed memorandum of understanding for radio and television cooperation in a meeting with the Chief of State of the Administration of Press, Publication, Radio, Film and Television. • Made a proposal to the Chinese counterpart for co-production between a Korean broadcasting business operator and the China Central Television (CCTV) at a meeting with the Chairman of the CCTV.

Classification	Period / Country	Details
Held meeting on global market entry strategy and attended the MWC 2014 at Spain	February 23~27 Spain	<ul style="list-style-type: none"> • Attended the MWC 2014 in Spain and studied the latest mobile industry trends. • Listened to the challenges in entering the foreign markets of Korean companies participating in the MWC by holding a discussion session. • Met with a professor of the Autonomous University of Barcelona to talk about exporting Korean contents to Spain.
Attended the GSR 2014 Bahrain and expanded cooperation with relevant organizations overseas	June 2~6 Bahrain	<ul style="list-style-type: none"> • Attended the ITU GSR 2014 Bahrain and studied international trends on broadcasting and communications regulation policies. • Conveyed intention for continuous policy exchange through a meeting with a member of the Federal Communications Commission of the US and Federal Commission of Communications of Mexico.
Attended the Asia-Pacific Regulators' Roundtable in Australia and expanded cooperation with relevant organizations from Australia and Vietnam	July 19~25 Australia, Vietnam	<ul style="list-style-type: none"> • Attended the ITU Asia-Pacific Regulators' Roundtable and stated Korea's view. • Sought ways to boost exchange and cooperation with Korea in the broadcasting sector by having meetings with the Vice Prime Minister of the Ministry of Information and Communications and the Finance Minister of Vietnam
Expanded cooperation with relevant German ministries and organizations in the broadcasting and communications sector	September 1~6 Germany	<ul style="list-style-type: none"> • Had meetings with Berlin-Brandenburg Broadcasting (RBB), the Director of the Trust Agency, the State Media Authority of Berlin (MABB), the Director Leipzig of the Federal Network Agency, the Central German Broadcasting (MDR) and Second Germany Television (ZDF). Studied the role of broadcasting and communications in social integration before and after the unification of Germany and researched response strategies for the changing broadcasting and communications environment in Korea.
Attended the 2014 International Broadcasting Convention in the Netherlands and expanded cooperation with relevant French and Dutch ministries and organizations	September 14~20 the Netherlands, Denmark, France	<ul style="list-style-type: none"> • Attended the 2014 International Broadcasting Convention in the Netherlands. • Discussed the method for surveying audience share with officials from the Danish Broadcasting Corporation and public broadcasting business operator TV2. • Pursued policies and activities to promote media diversity by having meetings with members of the standing committee for the French Audiovisual Authority (CSA) and executives of France Television

Classification	Period / Country	Details
Visited the Office of Communication of the United Kingdom and the Austrian Communications Authority	October 26~31 United Kingdom, Austria	<ul style="list-style-type: none"> • Studied system of European public broadcasting and status of management by visiting and meeting with the Office of Communications (Ofcom) and BBC. • Shared broadcasting and communications policies including regulations on broadcasting business operators by visiting and holding meetings with the Austrian Communications Authority (Komm Austria) and the Austria Broadcasting Corporation (ORF).
Expanded cooperation with Chinese ministries and organizations relevant to broadcasting and communications	November 13~14 China	<ul style="list-style-type: none"> • Met the Deputy Chief of the State Administration of Press, Publication, Radio, Film and Television and the Head of the International Center for CCTV of China to discuss policy direction and ways for bilateral cooperation in broadcasting and communications to occur. • Discussed practical methods of cooperation to boost social exchange and content production by participating in meetings between Korean representatives of KBS, MBC, SBS, EBS and CJ E&M and local ministries relevant to the sector.

The Commission held meetings with high-level policymakers of governments of major partner countries, international organizations, relevant organizations and companies who have visited Korea. They discussed issues and methods of cooperation in the broadcasting and communications sectors to establish a foundation for long-term regional cooperation and to solidify Korea's position as a leader in the broadcasting and communications industry. The Commission plans to foster a favorable environment for Korean broadcasting and communications services to enter the global market by actively promoting activities to establish collaboration for international cooperation.

〈Figure III-11〉 Cooperation in broadcasting and communications with foreign visitors



〈Table III-31〉 Cooperative activities with foreign visitors

Visitor	Date	Details
CEO of the Internet Corporation for Assigned Names and Numbers (ICANN)	Apr. 16th	<ul style="list-style-type: none"> Discussed ways to promote bilateral cooperation in the personal information sector with Fadi Chehadeé, CEO of ICANN.
Vice President of the Shanghai Media Group, China	May 10th	<ul style="list-style-type: none"> Discussed trends and prospects of the broadcasting market and ways to promote bilateral exchange and co-produce broadcasting contents with Qin, Shuo, Vice President of the Shanghai Media Group.
Director of Technologies of the French Audiovisual Authority (CSA)	May 21st	<ul style="list-style-type: none"> Introduced the policy and status of Korean broadcasting, terrestrial DMB and IPTV services to Frank Lebeugle, Director of Technologies of the French Audiovisual Authority (CSA) and discussed ways to promote bilateral cooperation in broadcasting content exchange.
Minister of Information, Oman	Jun. 19th	<ul style="list-style-type: none"> Shared status and policy of both countries' broadcasting experiences with Abdul Munim bin Mansour Al Hasani, Minister of Information of Oman and discussed ways to promote bilateral cooperation in the broadcasting sector including the exchange of broadcasting content and co-production.
Ambassador of the US Department of State	Aug. 26th	<ul style="list-style-type: none"> Discussed ways to promote bilateral cooperation in broadcasting and communications with Daniel Sepulveda, Ambassador of the US Department of State

Visitor	Date	Details
Vice President of Microsoft, USA	Aug. 28th	<ul style="list-style-type: none"> Discussed topics of common interest including personal information protection with Rich Sauer, Vice President of Microsoft.
Commissioner of Communications Regulatory Commission, Mongolia	Oct. 29th	<ul style="list-style-type: none"> Discussed ways to strengthen co-production to strengthen exchange and cooperation in broadcasting content and promote bilateral cooperation with Balgansuren Batsukh, The Commissioner of the Communications Regulatory Commission of Mongolia.
Governor of Guam	Nov. 6th	<ul style="list-style-type: none"> Discussed ways to promote bilateral exchange in broadcasting and establish a broadcasting and communications network with Eddie Calvo, Governor of Guam.

2) Agenda Addressing and International Organization Meetings

From June 3 to 5, 2014, the Commission attended the Global Symposium for Regulators in Bahrain to discuss global cooperation methods for user protection in the digital age. The meeting is organized by the International Telecommunication Union (ITU) where all global parties involved in ICT regulators, academia and industry gather. The theme for this year's conference was 'Capitalizing on the potential of the digital world'. In the 2014 symposium, participants discussed ways to guarantee that the digital world will provide benefits to all users and interested parties engaged in the effective regulation method and its direction. Lee Ki-joo, the Commissioner of the standing committee received interest from member states and other interested groups after giving a presentation on Korea's user protection system and a panel discussion on its know-how and experience.

〈Figure III-12〉 Global Symposium for Regulators



The Commission attended the fourth Asia-Pacific Regulators Roundtable along with the International Telecommunication Union (ITU). The conference is intended for broadcasting and communications regulators of the 38 member countries, where participants exchange opinions on key pending issues in broadcasting and communications and discuss ways to promote regional cooperation. The fourth meeting was held in Sydney, Australia following the first conference in Melbourne, Australia, the second conference in Hyderabad, India and the third conference in Seoul, Korea. The 2014 symposium was attended by 53 high-level policymakers and experts including the Chairman of the Commission and the Head of the broadcasting and communications regulators from 25 countries in the Asia-Pacific region where four sessions took place under the theme ‘Beyond Convergence-the Networked Society’. The participants shared their countries’ policy experiences in their role of regulators in the broadcasting and communications sector, user protection in a complex digital environment and global cooperation for regulators while actively discussing pending issues and policy direction in the Asia-Pacific region. In particular, the Chairman received attention from member states by presenting new areas of damage cases that are not addressed with existing regulation policies in the third session.

〈Figure III-13〉 The fourth Korea Communications Commission-ITU
Asia-Pacific Regulators Roundtable



c. Trade Negotiations in Broadcasting

The Commission has maintained its stance in not allowing foreign investment and quota for foreign programs in broadcasting business operators with WTO and most of the FTAs, in fair consideration of the socio-cultural influence that broadcasting has over society. However, the industry began realizing a need to change to a more progressive attitude from its past conservative stance since exporting broadcasting content can add significant value to job creation and tourism revenue. Meanwhile, difficulties exist in easing the foreign investment limit, which allows direct market entry to foreigners due to the socio-cultural impact that the broadcasting sector has on the society. The implementation of a fragmented or one-sided export strategy of Korean content may face challenges because of the restricted policy imposed by foreign governments or the anti-Korean wave sentiment. Therefore, it is crucial to switch to an aggressive negotiation strategy to promote content exchange based on reciprocity.

In response, the Commission has set its basic direction for negotiation to actively demand the lowering of entry barriers to the broadcasting market in trade negotiations like future FTAs. This redirection follows the easing up of our own sector regulation based on stronger Korean content competition of the recent relaxing of domestic program quotas, to allow more overseas

content to be aired in Korea under this principle of reciprocity. When FTA negotiations with the developed nations, including the USA and EU, have finished, the Commission will carry out activities to promote content exchange under the reciprocity principle to countries such as China and the Southeast Asian region. By doing so, the Commission will be able to secure more diverse and indirect methods of negotiation like exporting program formats and discussing co-production to allow domestic content such as Korean dramas, K-POP, and animation to gradually enter foreign markets. Furthermore, the organization has policies to mutually alleviate domestic recognition of co-produced programs in order to expand the Korean wave and promote the exchange of broadcasting content in regions where Korean content is competitive.

1) Korea–New Zealand FTA

The first negotiation for a FTA with New Zealand was initiated in June of 2009 after the fourth negotiation in May of 2010. It was discontinued after realizing differences in market opening opinion, but was able to reach a final agreement after agreeing to resume discussions in a ministerial meeting in December of 2013. The negotiation was completed by the ninth session held on the 15th of November in 2014.

The broadcasting sector limited the market opening in the foreign investment range and domestic programming rate allowed by the law. As a result, foreign investment in terrestrial, general services and news-specialized PPs is not allowed, while the rate of quotas for domestic programs is maintained at 60% of terrestrial and 40% of general service and news-specialized PPs, which is in accordance with local regulation. To promote bilateral cultural exchange, the Commission created an agreement for audiovisual co-production as an annex to the FTA, which includes clauses that recognize foreign content as domestic audiovisual material and provides relevant benefits and creates settings for the financial and creative contribution levels of the two countries' co-producers. Additionally, it provides distribution support and production funding for co-produced programs, as well as convenience in allowing the provision of manpower and equipment.

〈Table III-32〉 Korea-New Zealand FTA and status of market opening for
key media under domestic law

Classification	By media	Korea		New Zealand	
		KOR-NZ FTA	Relevant regulation	KOR-NZ FTA	Relevant regulation
Foreign investment restriction	Terrestrial broadcast	Forbidden	Forbidden	No limitation	No limitation
	General service PP	Forbidden	20%	No limitation	No limitation
	News-specialized PP	Forbidden	10%	No limitation	No limitation
Programming rate of domestic broadcasting programs	Terrestrial broadcast	60~80% percent of total broadcasting hours of each quarter and above the rate defined by official announcement	60~80% percent of total broadcasting hours of each half-year and above the rate defined by official announcement (60%)	No limitation	No limitation
	General service and news-specialized PP	20~50% percent of total broadcasting hours of each quarter and above the rate defined by official announcement	20~50% percent of total broadcasting hours of each half-year and above the rate defined by official announcement (40%)	No limitation	No limitation
Classification	Details				
Agreement on audiovisual co-production (annex)	Financial contribution	The rate of investment for producers of both parties to be recognized as a co-produced program which follows domestic regulation* and policy. * In Korea's case, producers of both parties invest a minimum 30% of required cost following programming announcement.			
	Creative contribution	The rate of investment of manpower* for producers of both parties to be recognized as a co-produced program which is rationally in proportion with financial contribution. * Contribution in acting, technical, functional and creative participation			
	Benefits	Provided mutual benefits including supporting distribution of co-productions, promoting of technical cooperation and granting convenience in entry of manpower and equipment			
	MOU for implementation	Separately defines organization in charge of co-production and paperwork needed for co-production through MOU			

Note) PP : Program Provider(Programming providing business operator)

2) Korea–China FTA

Negotiation for the Korea-China FTA initially began in May of 2012 and after 13 official talks, the two reached an agreement in November of 2014. In regard to the broadcasting sector, the parties recommend the co-production of TV drama, documentaries, and animation, which have to be in accordance with domestic law and regulations of the host country, and have agreed to proceed with further negotiations for agreement on the future co-production of TV drama and animation. Additionally, a clause that requires both parties to promote cooperation in broadcasting and audiovisual services to further expand their mutual understanding was included in the economic cooperation section.

China has agreed to negotiate an agreement for the co-production of ‘TV drama and animation’ with Korea. Based on such an agreement, it is expected that co-produced content will be recognized as domestic programs, and will have increased exchange in broadcasting manpower, technology, and production expertise, with an accelerated entry into the Chinese broadcasting industry.

d. Special Event for the ASEAN–ROK Commemorative Summit

The Commission held separate special events (a showcase and conference) during the ASEAN-ROK (Republic of Korea) Commemorative Summit (celebrating 25 years of diplomatic relationships) in order to promote the exchange and cooperation in broadcasting with member states. The event which was attended by more than 1,000 participants including government officials, broadcasting business operators and officials from the industry, academia, and research sectors of Korea and ASEAN countries, provided a venue for mutual collaboration for bolstering exchange and cooperation in broadcasting content between Korea and ASEAN countries, and also to lower cultural barriers and promote opportunities for exchange in diverse areas. The event was especially meaningful as it was the first one to gather representatives of each country under the theme ‘exchange and cooperation between Korea and

ASEAN in broadcasting’, and participants were able to experience more than 180 excellent broadcasting offerings introduced by 20 broadcasting business operators from 11 countries, while boosting cultural understanding through programs showcasing new technology in broadcasting and cultural performances.

Exchange in the broadcasting sector between Korea and ASEAN is a shortcut to breaking down cultural barriers and expanding the scope of exchange. Therefore, the Commission is planning to provide continuous support to further develop it as a venue for regular exchange and cooperation.

〈Table III-33〉 2014 ASEAN-ROK Commemorative Summit

-
- Date/Location: 11 (Thurs)~12 (Fri) December 2014 (two days), BEXCO, Busan
 - Participants: Attended by more than 1,000 leaders and ministers of 11 countries
 - ※ASEAN (Association of Southeast Asian Nations): Established in August 1967
 - Member states: ten countries including Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei, Vietnam, and Cambodia
-

1) Showcase of Broadcasting Content

The Commission held a showcase of broadcasting content to facilitate cultural understanding and promote exchange by introducing excellent broadcasting content to representatives of each nation and their broadcasting officials. The Commission opened a total of 11 promotion booths for Korea and each ASEAN country to serve as a venue for broadcasting and cultural exchange while showcasing advanced broadcasting technology including UHD and eMBMS (evolved Multimedia Broadcast Multicast Service) by using diverse methods combining new exhibition media and new technology.

〈Figure III-14〉 Bird's-eye view of the exhibition hall for the showcase



- Date and location : 11 (Thurs) ~ 12 (Fri) December 2014, Exhibition Hall 2 (4A Hall), BEXCO, Busan

〈Figure III-15〉 Photo of the showcase



2) Broadcasting Content Conference

The Commission hosted a conference along with the showcase event to discuss ways to boost exchange in broadcasting content between Korea and ASEAN countries, which was attended by media experts, content producers, and academic and government officials from Korea and ASEAN nations. With more than 150 participants including ordinary citizens, the conference shared the status of the broadcasting system, policy, market, the exchange and regulation of each country, and thoroughly discussed ways to strengthen exchange and cooperation, including reflecting upon each nation's characteristics and holding regular meetings.

〈Table III-34〉 Outline of conference programs

Day 1: Broadcasting system and market status of ASEAN-ROK		
14:00~14:05	Opening address	Chairman Choi, Sung-joon of the Korea Communications Commission
14:05~14:20	Keynote speech	Dr. Kwon Ho-young, Korea Creative Content Agency
14:20~16:00		Broadcasting business operators of ten ASEAN countries including Laos TNL, Cambodia TVK, Singapore MDA, the Malaysia RTM, Indonesia Metro TV
16:00~16:15	Break	
16:15~18:00	Chair/moderator	Professor Shim Sang-min of Culture and Communication Department, Sungshin Women's University
	Panel	Kim Jung-sik, Vice Chief of KBS Contents Business Team
		Dr. Lee Jong-kwan, Media & Future Institute Kwak Jin-hee, Chief of Programming and Evaluation Policy Division
Day 2: Ways to strengthen exchange and cooperation of ASEAN-ROK		
09:00~09:15	Keynote speech	Professor Lee Moon-heng, Media and Communication, Suwon University
09:15~10:00		Broadcasting business operators of five countries including Vietnam VTV, Myanmar MRTV, Singapore MDA, Thailand NBT
10:00~10:15	Break	
10:15~11:45	Chair/moderator	Director Sumonpan of Program Production, NBT, Thailand
	Panel	Han Joon-ho, Chief of Media Strategy, MBC
		Suh Hyun-dong, Director of Global Business headquarters, CJ E&M
		Park Sang-ju, Director of Korea Drama Production Association
		Oh Yong-su, Chief of the Broadcasting Industry Policy Division, Ministry of Science, ICT and Future Planning (MSIP)
11:45~11:50	Closing speech	Huh Won-jae, Vice Chairperson of the Korea Communications Commission and Su Su Set, Vice Chief of MRTV, Myanmar

- Date and location: 11 (Thurs) ~ 12 (Fri) December 2014, Busan Community Media Center (Public Hall)

〈Figure III-16〉 Photo of the conference



4.3. Achievements in Implementing Government 3.0

a. Innovation in Methods of Work

1) Performance Management by Stages in Policy Process

The Commission established a self-diagnostic plan for each policy stage to improve its method of work in a way that reflects and spreads the core values of Government 3.0, while also preparing an education and evaluation system for institutionalizing Government 3.0.

First, the Commission established a performance management system that is organically connected to each stage of policy planning, performance checking, evaluation, analysis, and feedback on results in order to effectively achieve the objectives of Government 3.0. The system for performance management at each policy stage is the following. At the planning stage, the Commission developed a measurement index for every key task to conduct an overall performance evaluation of Government 3.0. Consulting was done by an outside advisory panel and representatives of policy customers. At the performance check stage, the Commission conducted monthly checks on Government 3.0 performances and for the performance evaluation stage, the Commission made improvements in poor and insufficient areas by advising them with government performance evaluations. For the result feedback stage, the Commission expanded

the reward for departments with excellent scores and strengthened connections with individual evaluations of task managers in order to enhance the capability of Government 3.0.

〈Table III-35〉 Government 3.0 performance management system

Plan	Check	Evaluate	Feedback
<ul style="list-style-type: none"> • Government 3.0 implementation plan - Change management plan - Detailed plan for each area 	<ul style="list-style-type: none"> • Monthly checks on performances • Contest for excellent cases • Checks on final result 	<ul style="list-style-type: none"> • Government performance evaluation (yearly) 	<ul style="list-style-type: none"> • Grant incentives to outstanding department and employee • Tailored consulting for Government 3.0

The Commission has also provided online training courses for the Central Officials Training Institute on Government 3.0 for all employees, and produced and distributed the ‘Government 3.0 Handbook’ that reflects the characteristic and excellent cases of the Commission in order to internalize the values of Government 3.0. It is planning to strengthen the management system by adding the Government 3.0 performance management system on performance agreements with managerial level employees in the future.

2) Contest for Excellent Cases

The Commission held a contest for excellent cases of Government 3.0 to discover cases that people can realistically relate to and to induce benchmarking in order to promote system use and adherence. In 2014, it found 11 tasks including five tailored service tasks. Tasks discovered from each department went through preliminary screening under criteria categorized by creativity, level of difficulty, effectiveness and possibility of expansion, to select tasks to compete at the final evaluation. The Vice President participated in the contest to grant one grand prize, two second prizes and two participation prizes based on the contents of task, quality of presentation and response from the audience. The winner of the grand prize won ‘Establishing social safety networks by enhancing precision of location information’ which was submitted to a government-wide contest and used for training and publicity material for Government 3.0.

〈Table III-36〉 Results of the contest for excellent cases of Government 3.0

Name of task	Outline of task	Prize classification
Establishing social safety networks by enhancing precision of location information	Establish/operate location information platform by using Wi-Fi to enhance precision of GPS information provided by communication operators to emergency services and the police at times of emergency rescue.	Grand prize
One-stop support in broadcasting advertisement for innovative SMEs	Provide advertisement consulting service and support funding for SMEs which possess excellent technology, but suffer from lack of market recognition.	Second prize
Cultivate a media environment where viewers directly participate	Cultivate an environment that can increase accessibility of media by establishing media centers in collaboration with the regional government which provides media education services to the schools and communities of the region.	Second prize
Provide tailored broadcasting services to marginalized groups in broadcasting	Enhance accessibility of broadcasting to marginalized groups by providing TVs for visually and hearing impaired people and produce programs tailored to people with developmental disabilities.	Participation prize
Provide study results on broadcasting media usage behavior	Promote use of public data in the private sector by disclosing study results on broadcasting media usage behavior	Participation prize

Note) SMEs : Small and Medium-size Enterprises

3) Participation of Private Sector through Online/Offline Communication

The Commission has heard opinions from outside experts and interested groups, and accepted wider opinions when making key policy decisions or drafting laws in order to bolster policy communication. It also collected ideas for improving administration services along with people's inconveniences and thoughts through a diverse online channel of communication including social networking services such as Twitter, Facebook and blogs while providing outreach services to senior citizens, disabled people and foreigners who are not familiar with using computers. Moreover, the Commission made efforts to spread core values of Government 3.0 when conducting user damage prevention training and actively paid attention to opinions from the field for seeking ways to improve services.

〈Table III-37〉 Performance in usage of SNS

Classification	Performance
Facebook	6,420 Likes, 31,200 total reach, 45 shares
Twitter	3,709 cumulative tweets, 4 favorites
YouTube	2,064 clicks, 16 shares
Kakao Talk	Carried out 'Creating a beautiful Internet world' campaign

The Commission made significant efforts to bolster online policy discussions to expand people's participation on key policies of broadcasting and communications. It also received people's opinions by holding electronic public hearings when pre-announcing legislation or administration in broadcasting and communications while making better use of the policy discussion function in e-People. This was done in order to gather thoughts from interested groups and actively discover policy related ideas from the public sector which is to be reflected in actual policies.

Additionally, the Commission held two 'representative councils for policy customers' to explain policies by area including broadcasting, communications, Internet, and consumer protection, while listening to inconveniences endured and suggestions to strengthen communication with the policy community.

To further expand communication with the press, the Commission conducted briefings when presenting key pending issues and policies in broadcasting and communications while strengthening coverage support for reporters by holding discussions and workshops for Commission correspondents. The Commission also conducted training on ways to write press releases and to respond to interviews for employees to cultivate strong professionalism for promoting policies and effective skills for responding to the press.

b. Realization of a Transparent Government

1) Disclosure of Public Information

The Commission expanded its target for advanced disclosure of information from 36 to 70 types of policy disclosure to guarantee people's right to know. In detail, there were 20 types of policy information that had significant influence on people's lives, 14 types of information related to daily life, 14 types of information were required for administrative surveillance - such as budget execution, evaluation, and business performance - and 22 types of other information disclosed to guarantee the right to know. In particular, the Commission reflected on its goal to reveal minutes and stenographic records which citizens are interested in for the purpose of providing transparency and reliability of policy decision making.

The Commission is planning to completely reorganize its disclosure system for administrative information to actively realize the purpose of Government 3.0. First, it will greatly reinforce record management as a precondition for information disclosure; and to this aim, the Commission will minimize non-disclosure information excluding personal information while opening the policy decision making process to the public in principle. Additionally, the Commission will improve the relevant system for information disclosure such as administrative information disclosure guidelines that include standards for disciplinary action against the disclosure of false information, concealing information, and failing to perform appeal procedures until 2015, to reduce sanctuary and exception for information disclosure. The Commission is also planning to actively disclose source information and data that form the basis of policy planning and decision making to be verified by the private sector and discover raw data to reflect the advanced information release through 2017.

〈Table III-38〉 Status of information disclosure in advance (by the Commission)

Classification	Currently disclosed information (36 types)	Newly disclosed information (34 types)
Policy information that has significant influence on people's lives (20 types)	<ul style="list-style-type: none"> • 16 types of information including: • The Commission agenda • Regulation reform tasks • Result of evaluation on competition in broadcasting market 	<ul style="list-style-type: none"> • Four types of information including: • Stenographic records of the Commission (limited to open meetings) • Performance report on regulation reform • Resolution for corrective action against prohibited action
Information related to daily lives (14 types)	<ul style="list-style-type: none"> • Four types of information including: • User protection guideline • Status of community radio business operators • Status of location information business operators 	<ul style="list-style-type: none"> • Ten types of information including: • Status of consultation for private information infringement report • Status of mobile phone and email spam • Status of production support for broadcasting for disabled people
Information required for administrative surveillance including evaluation of budget execution and business performances (14 types)	<ul style="list-style-type: none"> • Seven types of information including: • Outline of budget and financial operation • Outline of previous year's balance sheet • Business operating expenses for heads of organizations • Result of self-evaluation 	<ul style="list-style-type: none"> • Seven types of information including: • Budgetary document • Balance sheet of previous year • Result of audit by the Board of Audit and Inspection • Construction of facilities and service contracts above KRW 50 million
Other information disclosed to guarantee right to know (22 types)	<ul style="list-style-type: none"> • Nine types of information including: • Annual report • Press release • Status non-profit corporation • Status of affiliated government committee 	<ul style="list-style-type: none"> • 13 types of information including: • Policy research service report • Overseas training result report • Overseas business trip report • Statement of activities in affiliated government committee • Status of goods purchases above KRW 20 million • Information disclosure process registration

2) Disclosure of Public Data

To expand disclosure of public data, the Commission renewed its website to boost accessibility to public data and search for additional public data that are highly desired by the private sector. The Commission also established an implementation system that designates officials in charge of providing public data and arranges roadmaps for disclosure while improving the quality of public data for user convenience. The Commission also provided analysis of broad-

casting media usage behavior, Korea Advertising Index, and information on recruitment in the advertising industry to support the private use of public data.

In detail, it has been conducting regular research on consumer awareness and changes in observation behavior of diverse media including terrestrial, cable, satellite, and DMB services as a result of changes in the broadcasting environment in order to analyze usage behavior of broadcast media while providing basic data on research results. For clarification, the Commission provides infographics for key time-series material of broadcasting media usage behavior research, and a final analysis report is on sale in bookstores.

〈Table III-39〉 Status research on broadcasting media usage behavior

Classification	Details
Legal Status	General/research statistics approved by National Statistical Office (approval no.16402)
Area of study	Countrywide
Way of study	Interview survey using questionnaires (for households and individuals)
Duration of study	June 2014 ~ August 2014
Sample size	3,427 households, 6,042 men and women above the age of 13
Sample error	Households $\pm 2.9\%$ p, individuals $\pm 2.5\%$ p (95% confidence level)

The Commission plans to expand its scope of disclosure in the future to provide basic information on competition within the broadcasting market to support broadcasting business operators and workers in the sector in analyzing the status of the market and establish business strategies. It will disclose public data on the evaluation of competition in the broadcasting market along with a sales ratio by group of business operators, broadcasting sales of major operators, and trends of changes in TV watching behavior of users in the form of electronic files on the website of the Commission (www.kcc.go.kr) and the Korea Information Society Development Institute (www.kisdi.re.kr) to increase social convenience.

In order to increase usage of the disclosed data, focus is required in strengthening the quality assurance of public data. The Commission is planning to inspect the provided format of public data and to refrain from using formats such as PDF that are not readable by machines and

release reprocessed data in formats including CSV (Comma Separated Value) to facilitate usage of large public data that have greater demand and influence.

c. Realizing a Competent Government

1) Establish a Digital Cooperation System

The Commission in 2014 has bolstered work processes using digital technology with an on-line cooperation portal ‘Integrated Government Communication System (Nara e-Eum)’ that provides video conferencing, document co-writing and mobile access services through a government network.

In particular, the Commission made full use of the Integrated Government Communication System for discussion with multiple organizations with the aim of reducing time and money spent on visiting conference rooms while prioritizing the use of memo reports, which can send information and share ideas in real time, instead of through traditional email or via an official document. A favorable 99% of employees signed up as of December 2014 after continuous encouragement to join the integrated government communication system. This has created a basis for establishing a digital cooperative system by conducting training on how to register memo reports and cooperative tasks throughout the year.

2) Enhance Administrative Efficiency by Encouraging the Use of Video Conferencing

To encourage the use of video conferencing, the Commission made it a rule to hold such meetings when discussing issues surrounding organization, budget and legislation and conduct face-to-face meetings only for unavoidable reasons, such as security. Under the order of the President of the Commission, business reports in the first week of every month are done through video conference. For quarterly meetings on pending policy issues and meetings on information promotion held seven times a year, the Commission raised the rate of video con-

ferencing to 65%, which is 15%p higher than the recommendation by the Ministry of Security and Public Administration. It is also planning to expand targets for video conferencing and increase its frequency with the intention of creating administrative efficiency.

3) Improve Government Operation by Removing Barriers between Ministries

As the need for cooperation with the Ministry of Science, ICT and Future Planning (MSIP) increases, in areas such as subsidies on mobile devices, pay broadcasting, and frequency, the Commission strengthened government-wide policy cooperation by signing an MOU. As a follow-up measure for the signing of the MOU, the two organizations have organized and operated a policy consultative body on six major broadcasting and communications areas including subsidies on mobile devices, broadcast frequency, management of Broadcast Communications Development Fund.

Additionally, it has actively pushed for mutual cooperation by operating joint research teams with relevant ministries for key pending issues of broadcasting and communications, including plans for using the 700MHz frequency and introducing a next-generation TV system (UHD) in order to promote next-generation broadcasting. The Commission and Ministry of Science, ICT and Future Planning (MSIP) have been running a consultative body for activating UHD that consists of working-level employees and outside experts for deciding ways to use the 700MHz frequency. They have been operating a vice-minister class policy consultative body since August 2014.

When the Ministry of Science, ICT and Future Planning (MSIP) grants receive approval, re-approval, and approval for change to satellite and SOs under the revised 「Broadcasting Act」 (Article 9, section 2), it has to receive prior consent from the Commission. As a result, the Commission and the ministry came up with a prior consent procedure through close cooperation so that approval and re-approval of pay broadcasting business operators are done without delay. The procedure is done in the following order: Ministry of Science, ICT and Future Planning (MSIP) screens for approval → the Commission requests prior consent (60 days) →

the Commission notifies screening and voting for prior consent → the ministry makes a final decision for approval and notifies the operator (30 days). Following the procedure, it has completed 11 such cases (one re-approval, ten approvals for change) including re-approval of Pohang Broadcast without many issues.

4) Realize Scientific Administration Using Big Data

To prevent not only spam, which creates inconvenience, but also new types of telephone fraud (smishing, phishing, and others) that cause financial damage, the Commission has made great efforts to prevent spam by monitoring mobile and email data to analyze the increase in spam received, changes in distribution channels, and changes in the trend of spam distribution by business operators while introducing advanced prevention measures.

The Commission is planning to enhance spam collection and its analysis system by analyzing mobile phone and email data and will then provide data including the amount of received spam and its distribution channels analyzed through the system to business operators, including communications operators and portals to make customized spam prevention possible. Furthermore, it aims to advance a real time sharing system for spam information so that communications operators can quickly recognize and block spam messages in the network and prevent illegal spammers from moving from one operator to another, as well as prevent fake mobile phone subscriptions.

d. Realization of a Service-Oriented Government

1) Cultivate a Participatory Media Environment for Users to Resolve Regional Issues

As personal media such as smart phones and podcasts rise in the industry, the desire for viewers to participate in broadcasts by expressing their own opinions has greatly increased as the broadcasting environment undergoes rapid changes. As a result, many viewers actually produce and air videos from their own experiences, which greatly contributes to facilitate communication and find solutions for key local community issues.

〈Table III-40〉 Major cases of user participatory program

On living environment of disabled people	On labor issues	On issues of the elderly	On foreign workers
			

To respond to the increase in demand of local residents for media, the Commission made use of the Community Media Centers to provide broadcasting equipment and editing facility rentals and conduct training for program production and media that considers the level of viewers. The number of people who used the centers at Busan and Gwangju amounts to 1.52 million and the majority were satisfied with the service that three additional centers offered in the Gangwon province, Daejeon and Incheon. The Commission established base schools and major courses linked to colleges and expanded viewer participatory events such as contests and screening of excellence videos to nurture talents in the media industry.

〈Table III-41〉 Status of Community Media Center

Classification	Busan	Gwangju	Gangwon	Daejeon	Incheon
Open date	November 2005	June 2007	July 2014	July 2014	August 2014

The Commission plans to establish a network with local colleges, broadcasting business operators and related organizations centered around the media center and to develop it into a cradle for production of creative broadcasting content for viewers and adolescents. In this regard, the Commission is planning to add two more Community Media Centers that provide media experience and rental service of broadcasting equipment and will gradually expand the number of schools that support a free semester system from four in 2014 to 30 in 2015.

Furthermore, by operating instructor training courses for media education, the Commission is planning to nurture 400 professional instructors through 2015 to encourage adolescents with media talent to become experts in the field.

2) Establish Social Safety Nets by Advancing Location Information Technology

The Commission has boosted precision of the location information required for emergency rescue to advance social safety nets, as there is a growing public interest in the network. In detail, it came up with a ‘location information platform’ that can share Wi-Fi based location information in connection with an emergency rescue agency and the police and communications business operators. As a result, it is projected that the precision of the GPS information will be enhanced reducing the margin of error from 300~500m to 30m.

Under the current law, personal location information can be provided only when there is a request for immediate emergency rescue by the spouse or family member of the subject and when the family relationship is verified. Previously, the caller had to submit a family relationship certificate through fax or visit a 119 Safety Center thereby prompting difficulties during times of emergency. However, the Commission revised the 「Act on the Protection, Use, etc. of Location Information」 to create the basis for an emergency rescue agency to directly verify the family relationship registration information from the Office of Court Administration electronically.

3) Provide Advertisement Support to Innovative Small and Medium-Size Enterprises

The Commission provided a 70% discount in transmission fees for broadcasting advertisement to small and medium-size enterprises(hereinafter ‘SMEs’) which possess good products and technology but cannot afford to pay for expensive advertisements. A total of 178 innovative SMEs enjoyed benefits worth KRW 21.2 billion in 2014.

The core value of Government 3.0, which is providing services tailored to consumers, has been applied to this project. Previously ads with lower fees were mostly assigned to time slots with

a lower number of viewers but the Commission changed this to allow such advertisers to put out ads at their desired time slot to have equal footing with large companies.

〈Table III-42〉 Cases of Government 3.0 applied to innovative SMEs

Classification	Previously	Improved (after applying Government 3.0)
Time	<ul style="list-style-type: none"> • Mostly B, C class times including day time – Does not provide much practical support – Advertisement execution which does not consider the right consumer groups 	<ul style="list-style-type: none"> • Entire time slot including weekend soap opera, News Desk – Can put out ads for equal footing with large companies – Execute appropriate program that serve the right consumer groups
Location	<ul style="list-style-type: none"> • Location based on broadcasting business operator's discretion 	<ul style="list-style-type: none"> • Give preference in designating CM order – Can compete with equal footing as large companies
Limit of execution	<ul style="list-style-type: none"> • KRW 100 million / month – Serves as an obstacle when needed for concentrated marketing 	<ul style="list-style-type: none"> • Scrapped – Can concentrate marketing that fits to seasonal variation of companies

The Commission is planning to continue to support broadcasting advertisements for innovative SMEs in 2015 as the system received a good response from the beneficiaries. It also plans to pay 50% of advertisement production costs along with discounts in transmission fees for SMEs. It aims to grant 50% of production costs of TV ads within the limit of KRW 50 million and KRW 5 million for radio ads and support 110 SMEs, including 30 companies for TV ads and 80 for radio ads.

The Commission has a plan to provide one-stop service from promotion of broadcasting advertisement support programs (support in production cost and discount in transmission fee), guide to qualification for application, broadcasting advertisement agency service and a subscription process. For more systematic support, the Commission will operate a 'Consultative body for providing broadcasting advertisement support for innovative SMEs' consisting of officials from the Commission, the Small and Medium Business Administration and Media Representative along with outside experts in business, advertisement and the SMEs sector, to

secure transparency and fairness of the selection process and disclose the selection criteria and results to the public in a clear manner.

4) Enhance Service Accessibility for Marginalized Groups to Broadcasting

Since 2000, the Commission has provided financial support for the production of programs for disabled people (subtitles, sign language and on-screen descriptions) and distributes receivers for the physically impaired people who watch such broadcasts in order to help marginalized people (including the visually and hearing impaired) in TV watching. It also expanded the business of broadcasting business operators that provides subtitles, sign languages and on-screen descriptions to pay broadcasting, which has seen an increase from 61 companies in 2012 to 156 companies in 2014, a threefold increase. Additionally, the Commission increased the cumulative distribution rate of receivers to 23% by supplying 12,514 devices that support visually and hearing impaired people who watch TV.

The Commission plans to provide sign language broadcasts based on Smart TVs in the future. Up until now, the size of sign language programs were only 1/16 of regular TV screens which made it difficult for disabled people to understand the sign prompting need for bigger image. On the other hand, some filed civil complaints asking for on/off function for the sign language screen as it blocks the original screen and causes inconveniences. In response, the Commission is planning to add ways to turn on or turn off the sign language screen and adjust its size.

5) Strengthen Capacity of Broadcasting and Communications Users

The Commission has worked to strengthen the capacity of broadcasting and communications users by providing tailored education for the elderly, visually and hearing impaired people, and multi-cultural families on how to use smart phones and prevent voice phishing and excessive mobile fees. It also conducted on site education with professional instructors from associations for disabled people, community centers and the Community Media Centers.

〈Table III-43〉 Status of education on how to use broadcasting and communications services and prevent damages

(Unit : persons, %)

Targets	Planned number of participants (A)	Actual number of participants (B)	Achievement rate (B/A)
The elderly (including persons of merit)	10,000	10,239	102.4
Multi-cultural families (Foreigners living in Korea)	1,000	1,108	110.8
Visually and hearing impaired	400	539	134.8
Farmers and fishermen	1,000	1,280	128.0
Adolescents	250	345	138.0
Parents	650	755	116.2
Total	13,300	14,266	107.3

The Commission also increased the number of stores for mobile business operators intended for foreigners and service personnel with foreign language skills in order to help foreigners living or staying in Korea subscribe to communication services.

〈Table III-44〉 Status of improvements in foreign language services in broadcasting and communications sector

Classification	2013	2014	Note
Expanded exclusive stores (three major mobile business operators)	30 stores	67 stores	SKT (46), KT (15), LG U+ (6)
Service personnel (pay broadcasting business operators)	41 persons	44 persons	Provides English, Japanese and Chinese services

The Commission plans to run the ‘Smart Communications Service School’, where users can receive free education programs just by applying through its webpage (www.wiseuser.go.kr), to strengthen users’ broadcasting and communications capacity in the future. It also aims to nurture a team of professional instructors to conduct visits for teaching marginalized groups (the elderly, disabled, multi-cultural families, farmers and fishermen). The Commission also plans to increase stores that provide exclusive service to foreigners, increase the number of mul-

ti-lingual service personnel and expand multi-language support on websites of three major business mobile operators in order to enhance the convenience of foreign mobile users.

6) Provide Tailored Broadcasting Services to People with Developmental Disabilities

The Commission has contributed to boosting broadcasting accessibility for people with developmental disabilities who have poor understanding of broadcasts²⁾ by producing and distributing programs for such groups in special education schools where there had not been such programs. In 2013, it test produced five programs for people with developmental disabilities and distributed to 18 special education schools in Seoul and expanded the project in 2014 to produce 25 videos and distributed them to 119 special education schools while posting them on the EBS webpage (free.ebs.co.kr) to make them accessible to anyone. By doing so, the programs can be used as training aids at schools and as a source of entertainment in regular households.

The Commission plans to designate existing programs based on preference and usage of people with developmental disabilities and reproduce the broadcast by adding descriptive subtitles, pictures and sounds for better understanding. This can serve as a meaningful contribution to people with developmental disabilities.

〈Table III-45〉 Status of production of programs for people with developmental disabilities in 2014

level	areas	name of program
2~5 years old	Life habits	Farting King Pung Pung, Ding Dong Dang Kindergarten
	Physical development	Ding Dong Dang Kindergarten, Let's Get Together Ding Dong Dang
	Safety education	Robocar Poli
6~12 years old or above	Scientific experiment	Invention Pang Pang, Curiosity Ddak-ji
	Career guidance	Teenager's Real Experience 'Ddam', World of Jobs, number 1

2) Severely disabled people with intellectual or autistic disability and IQ score below 70 who have shown retarded growth in cognitive ability from childhood thereby experiencing difficulty in becoming self-reliant for the lifetime. (Around 197,000 or around 7.9% of total disabled population as of 2013)

Chapter 3: User Protection for Enhancing the People's Convenience

1. Implementation of the 「Mobile Device Distribution Improvement Act」

a. Promotion of the 「Mobile Device Distribution Improvement Act」

1) Enactment the 「Mobile Device Distribution Improvement Act」

The Commission enacted the 「Mobile Device Distribution Improvement Act」 in October 2014 to solve problems resulting from excessive and unclear mobile subsidies and promote the welfare of consumers by rationally improving the mobile device distribution structure. The Act forbids granting discriminative subsidies on the basis of mobile phone retail stores, the type of subscription (number transfer and change of device) and the rate plans (Article 3) while mandating to publicly announce the factory price, subsidies and retail price of a smart phone (Article 4).

Moreover, the Act restricts subscriptions that provide subsidies not included in the terms and conditions on the condition of signing a separate contract to subscribe for a particular rate plan or additional services for certain periods of time (Article 5). To allow smart choices and reduce discrimination for consumers, it also established the basis for consumers to receive a rate discount that corresponds to subsidies for subscribers to services without subsidies (Article 6).

It also includes provisions that mandate mobile business operators to put out notices that clearly separate retail price and monthly fees to prevent consumers from being confused between the two while banning the act of misleading subscribers to believe that rate discounts granted for signing a contract are subsidies (Article 7).

Furthermore, when a distributor designates a sales agency, it needs to be approved by a mobile operator and the operator is prohibited from refusing to give prior approval without valid reason (Article 8). The Act also forbids manufacturers from rejecting agreement on

unfair mobile device distribution transactions, or demanding mobile operator, distributor and sales agency to grant discriminative subsidies to consumers (Article 9).

The Act also bans the damaging of a unique identification that is given to prevent lost or stolen devices from being exported overseas (Article 10) and protects both consumers and business operators from damages by allowing the Commission to issue an emergency suspension order to mobile business operators when there is major difficulty in preventing damages against consumers or when it is expected that competing business operators will receive loss beyond redemption (Article 11).

Likewise, following the enforcement of the 「Mobile Device Distribution Improvement Act」, the ratio of new subscriptions decreased from 34.8% to 29.3% due to the banning of discriminative subsidies whereas a device change increased from 26.2% to 41%, and daily average subscribers also showed an upward trend as of December 2014.

〈Table III-46〉 Trends in mobile subscription after the enforcement of the 「Mobile Device Distribution Improvement Act」 for three months (daily average)

(Unit : subscribers, %)

Classification	Jan. ~ Sep.	Oct.	Nov.	Dec.
Subscribers (Ratio)	58,363 (100)	36,935 (63.3)	54,957 (94.2)	60,570 (103.8)
New (Ratio)	20,325 (34.8)	13,626 (36.9)	16,539 (30.1)	17,754 (29.3)
Number transfer (Ratio)	22,729 (38.9)	9,350 (25.3)	15,184 (27.6)	17,983 (29.7)
Device change (Ratio)	15,309 (26.2)	13,959 (37.8)	23,234 (42.3)	24,833 (41.0)

Additionally, to expand the range of choice for consumers, the Act prohibits operators from demanding consumers to sign up for expensive monthly plans that are linked to subsidies. As a result, the ratio of high rate plans(above KRW 60,000 range) decreased from 33.9% to 14.8%, whereas mid-low plans increased from 66.1% to 85.2%, while average fee of monthly plans decreased by KRW 6,448 (△14.3%) from around KRW 45,000 (July ~ September) to KRW 39,000 (December).

〈Table III-47〉 Ratio of subscription by monthly rate plans after enforcement of the 「Mobile Device Distribution Improvement Act」 for three months

(Unit : %)

Classification	Jul. ~ Sep.	Oct.	Nov.	Dec.	
	Sep.				
Below KRW 30,000 range	49.0	45.0	64.4	49.9	54.6
KRW 40,000~50,000 range	17.1	17.8	22.6	31.8	30.6
Above KRW 60,000 range	33.9	37.2	13.0	18.3	14.8

Note) Based on actual payments under a two years contract (excluding VAT), numbers submitted by operators

〈Table III-48〉 Average fee of monthly plans after enforcement of the 「Mobile Device Distribution Improvement Act」 for three months

(Unit : KRW)

Classification	Jul. ~ Sep.	Oct.	Nov.	Dec.
Average fee	45,155	39,956	40,276	38,707

Note) Based on average fee of monthly plan (real) that consumers chose at subscription (new, number transfer and device transfer) which excludes M2M, MVNO, pre-paid plans and additional services (numbers submitted by operators)

The daily average of subscriptions to additional services also saw a decrease from 37.6% to 11.3% due to the banning of unfair practices of providing large subsidies in return for signing up for additional services when activating a device. The number of subscribers to MVNO has maintained an upward trend, increasing to 8.0% of the entire mobile device users reaching 4.58 million (as of the end of December) after the enforcement of the 「Mobile Device Distribution Improvement Act」.

〈Table III-49〉 Number and ratio of subscription to additional services after enforcement of the 「Mobile Device Distribution Improvement Act」 for three months (daily average)

(Unit : cases, %)

Classification	Jan. ~ Sep.	Oct.	Nov.	Dec.
Number	21,972	4,904	5,000	6,815
Ratio	37.6	13.3	9.1	11.3

Note) Based on materials submitted by operators

<Table III-50> Status of cumulative subscribers to MVNO and three major mobile operators
(Unit : subscribers)

Classification	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
MVNO	3,681,899	3,885,408	4,138,093	4,315,274	4,482,774	4,583,890
Three major operators	52,322,988	52,446,883	52,607,683	52,495,036	52,546,512	52,624,067

The factory price of 31 types (65 cases) of mobile devices that are distributed in Korea has decreased, including the latest models (G3 beat, AKA and Galaxy Alpha), which have been released to the market for less than three months.

<Table III-51> Status of reduction in factory prices of mobile devices

(Unit : KRW)

Classification	Name of device	Date of release	Date of reduction in factory price	Before reduction	After reduction	Reduced price (percent)
All three operators	Galaxy Note 3	2013.09.23	2014.10.01	957,000	880,000	△ 77,000 (8.0%)
	Galaxy S4	2014.02.06	2014.10.23	699,600	644,600	△ 55,000 (7.9%)
			2015.01.01	644,600	499,400	△ 145,200 (22.5%)
	G3 beat	2014.07.19	2014.10.22(KT), 2014.10.23(SKT, LG U+)	499,400	429,000	△ 70,400 (14.1%)
			2014.11.18(SKT, KT), 2014.11.19(LG U+)	429,000	399,300	△ 29,700 (6.9%)
	Galaxy Grand2	2014.03.13	2014.11.12	429,000	374,000	△ 55,000 (12.8%)
	Vega Iron 2	2014.05.12	2014.11.15(KT), 2014.11.19(LG U+), 2014.11.22(SKT)	783,200	352,000	△ 431,200 (55.1%)
	G pro	2013.02.20	2014.11.18(SKT, KT), 2014.11.19(LG U+)	476,300	399,300	△ 77,000 (16.2%)
	G3	2014.05.28	2014.11.25	899,800	799,700	△ 100,100 (11.1%)
	Vega Secret Note	2013.10.15	2014.11.22(KT), 2014.11.25(LG U+), 2014.12.04(SKT)	699,600	297,000	△ 402,600 (57.5%)
	G3 Cat.6	2014.07.25	2015.01.01	924,000	799,700	△ 124,300 (13.5%)
Galaxy Note10.1	2013.10.10	2015.01.01	946,000	799,700	△ 146,300 (15.5%)	
SKT	G3-A	2014.08.08	2014.10.23	704,000	649,000	△ 55,000 (7.8%)
	Joon	2014.07.10	2014.11.08	229,900	195,800	△ 34,100 (14.8%)
	Galaxy Win	2013.11.05	2014.11.12	352,000	297,000	△ 55,000 (15.6%)

Classification	Name of device	Date of release	Date of reduction in factory price	Before reduction	After reduction	Reduced price (percent)
	Galaxy W	2014.06.03	2014.11.12	499,400	399,300	△ 100,100 (20.0%)
			2015.01.01	399,300	319,000	△ 80,300 (20.1%)
	Minimal Folder	2013.12.12	2014.11.12	269,500	225,500	△ 44,000 (16.3%)
	SONY Z2	2014.05.16	2014.12.03	669,000	499,000	△ 170,000 (25.4%)
	AKA	2014.11.12	2014.12.10	528,000	399,300	△ 128,700 (24.4%)
KT	Galaxy Alpha	2014.09.03	2014.12.11	748,000	528,000	△ 220,000 (29.4%)
	iPhone 5C(32G)	2013.10.23	2014.10.08	726,000	429,000	△ 297,000 (40.9%)
	iPhone 5C(16G)	2013.10.23	2014.10.08	599,500	396,000	△ 203,500 (33.9%)
	Galaxy Core 3G	2014.07.14	2014.11.12	259,600	209,000	△ 50,600 (19.5%)
	ACER Liquid-Z5	2014.06.09	2014.11.22	259,600	198,000	△ 61,600 (23.7%)
	SONY E1	2014.06.30	2014.11.22	165,000	149,600	△ 15,400 (9.3%)
	Vega Iron	2013.04.24	2014.11.25	389,400	275,000	△ 114,400 (29.4%)
	Vega Secret Up	2013.12.11	2014.11.27	548,900	352,000	△ 196,900 (35.9%)
	Vega No.6	2013.02.06	2014.11.27	699,600	253,000	△ 446,600 (63.8%)
	Vega Bling	2013.06.27	2014.11.27	269,500	165,000	△ 104,500 (38.8%)
	iPhone 6+ 16GB	2014.10.31	2014.11.29	924,000	899,800	△ 24,200 (2.6%)
	AKA	2014.11.12	2014.12.10	528,000	399,300	△ 128,700 (24.4%)
	LG U+	Vega No.6	2013.02.07	2014.11.01	699,600	319,000
Galaxy Win		2013.11.04	2014.11.12	421,300	297,000	△ 124,300 (29.5%)
iPhone 6+ 16GB		2014.10.31	2014.11.22	924,000	899,800	△ 24,200 (2.6%)
Vega Secret Up		2013.12.11	2014.11.22	548,900	352,000	△ 196,900 (35.9%)
Gx		2013.12.17	2014.12.04	528,000	352,000	△ 176,000 (33.3%)
Galaxy Zoom2		2014.06.11	2014.12.08	693,000	297,000	△ 396,000 (57.1%)
Galaxy Alpha		2014.09.03	2014.12.09	748,000	495,000	△ 253,000 (33.8%)
Gx2		2014.09.02	2014.10.24	693,000	594,000	△ 99,000 (14.3%)
	2014.12.10		594,000	451,000	△ 143,000 (24.1%)	

Note) △: reduction

2) 「Enforcement Decree of the Mobile Device Distribution Improvement Act」

The Commission released an enforcement decree to support key provisions of the 「Mobile Device Distribution Improvement Act」, which has been introduced to boost transparency in the distribution environment and enhance the welfare and convenience of consumers in providing subsidies.

The decree includes 17 provisions on what is entrusted to the 「Mobile Device Distribution

Improvement Act」 and needed for its enforcement while stating regulations for types of unfair subsidies, emergency suspension and corrective order, standards for imposing fine and penalty and reassessment of regulations.

To look at some key aspects, Article 3 of the decree states the types and standards of unfair discriminative provision of subsidies and defines it as an act of providing or suggesting to provide different amounts of subsidies for the same device when factory price and retail price or amount of subsidies are officially announced.

To set the standards for emergency suspension order imposed on illegal acts following Article 11, Section 1 of the 「Mobile Device Distribution Improvement Act」, Article 4 of the decree determines the period of suspension within 30 days based on market environment and the scale of damage to consumers including the amount of subsidies provided and the status of the transfer number while allowing the Act to impose a suspension against certain illegal actions or order restrictions on the number transfer, new subscription and device change.

Furthermore, in accordance with Article 6 of the decree, the Commission established a reporting procedure against violations including failing to separately notify benefits provided by mobile operators and cost for purchasing a device while forming the basis for a corrective order (Article 8 of the decree), standards for imposing fines and penalties (Article 9, 11, 17 of the decree) and reassessment of regulation(Article 16 of the decree) in order to lay the foundation for a sound mobile device distribution environment.

3) Main Articles of the Commission Notification on the 「Mobile Device Distribution Improvement Act」

The Commission has made efforts to come up with an official notification to aspects that need detailed provisions for the 「Mobile Device Distribution Improvement Act」

To determine standards on a subsidy ceiling on mobile devices in accordance with Article 4, Section 1 of the 「Mobile Device Distribution Improvement Act」, the Commission issued notification on the ‘regulation regarding subsidy ceiling on mobile devices’ (1 Oct 2014).

The Act orders the Commission to determine the ceiling of subsidies that mobile operators can provide from KRW 250,000 to KRW 350,000 and adjust it every six months. The upper limit is to be decided by considering status of competition in the market and benefit of consumers including estimated average profit created for every subscriber, sales of mobile devices and changes in market share, but a device that has been released for more than 15 months is not included.

To come up with specific details of public notice, methods of posting the notice, contents and period in accordance with Article 4, Section 7 of the 「Mobile Device Distribution Improvement Act」, the notification of the ‘Detailed standards on public notice and way of posting the notice for subsidies’ was enacted (1 Oct 2014) and mandated mobile operators to publicly announce the device name and actual retail price, including the factory price, subsidy and VAT based on detailed standards such as period of subscription and rate plan. It also requires operators to post the notice on their webpage and maintain it for seven days without modification.

Distributors and sales agencies are obliged to put out and display details on subsidies released by mobile operators and the carriers have to provide the notice on printed paper or electronic format before the date of releasing an official announcement.

In accordance with Article 11 and Article 4, Section 3 of the 「Mobile Device Distribution Improvement Act」, the Commission has enacted a regulation on work process for emergency suspension order’ (1 Oct 2014) and established procedures and methods for emergency suspension order when there is a significant act of violation as in the following examples: operators granting discriminative subsidies, providing subsidies above the ceiling defined by the Commission and paying subsidies in a way that does not follow the public notice.

Furthermore, to secure effectiveness of the order, the Commission made it possible to partially restrict the number transfer, new subscription and device change of mobile operators in order to stop illegal practices. It also established procedures for operators challenging the order proc-

ess to submit an application form in seven days of notice with the Commission making the decision and notifying the operator within 21 days of receiving the form.

〈Table III-52〉 Main details of articles in Commission Notification on the 「Mobile Device Distribution Improvement Act」

Classification	Details
Subsidy ceiling	<ul style="list-style-type: none"> • Standard and limit of subsidy ceiling: KRW 250,000 ~ KRW 350,000 ※ Device released for more than 15 months is excluded • Review on adjustment of subsidy ceiling: Six months
Public notice and way of posting the notice	<ul style="list-style-type: none"> • Contents of public notice: Name of device (including nickname), factory price, subsidy, actual retail price • Place of public notice: Webpage of mobile operators, distributor and sales agency • Period of public notice: Maintain for seven days
Emergency suspension order	<ul style="list-style-type: none"> • Standards for Emergency suspension order <ul style="list-style-type: none"> – Provision of unfair discriminative subsidies – Subsidies above its upper limit – Provision of subsidies different from the public notice – Subsidies that are 15% more than defined in public notice – Instructing, pressuring, demanding and inducing distributors and sales agency to provide unfair discriminative subsidies • Type of emergency suspension order: Restriction of total amount of number transfer, new subscription and device change • Objection procedure <ul style="list-style-type: none"> – Mobile operator: Written document in seven days – The Commission: Make decision within 21 days

b. Education and Promotion for Distributors

The Commission in 2013 conducted multiple fact-finding missions in the headquarters of the three major mobile operators, branch offices and distributors nationwide to find out whether there had been unfair discriminative practices against consumers in terms of providing mobile subsidies. The result showed that the carriers granted unfair discriminative subsidies (referred to as subsidies) at times of heated competition for new subscriber and number transfer and also attracted new subscribers at times when it is prohibited. Numerous violation cases had been exposed which resulted in stringent sanctions against the operators (March, July, and

December 2013). The Commission also announced and enforced the ‘Measures to improve restrictions on mobile subsidies’ in order to improve communication services by boosting call quality and promoting rate competition (December 2013). However, the market still experienced a recurrence of excessive competition in mobile subsidies.

Against this backdrop, the Commission had held multiple meetings with interested parties to draft the 「Mobile Device Distribution Improvement Act」 in a way that can stabilize the mobile device market and prevent users from experiencing unfair losses or discrimination. The Commission and the Ministry of Science, ICT and Future Planning (MSIP) conducted discussion and consultation to seek reasonable alternatives which led to the enactment (May) and enforcement (October) of the 「Mobile Device Distribution Improvement Act」.

The Commission and the Ministry of Science, ICT and Future Planning (MSIP) actively conducted a nationwide promotion and education of key details for the 「Mobile Device Distribution Improvement Act」 to the users of mobile services, which are the people and distributors, until the end of 2014.

On October 1, 2014, the Commission came up with measures to promote the 「Mobile Device Distribution Improvement Act」 to the people by providing on-site briefing sessions at distributor and sales agencies across the country prior to its enforcement. The promotion plan was established to secure effectiveness of the 「Mobile Device Distribution Improvement Act」 by introducing new policies such as the need for regulating mobile subsidies and new benefits to users while informing distributors about new regulations including the obligation to provide and display public notice on subsidies.

The Commission, the Ministry of Science, and the ICT and Future Planning (MSIP) have consecutively visited places where distributors are concentrated in 81 regions in the country and held briefing sessions since July 2014. In particular, on-site briefings were conducted by 24 instructors from the Korea Association for ICT Promotion (KAIT) and thoroughly educated distributors on regulation standards, terms, definitions and requirements to be fulfilled on the 「Mobile Device Distribution Improvement Act」.

〈Table III-53〉 Regions where the 「Mobile Device Distribution Improvement Act」 was promoted by areas of the country

Classification	Region	Classification	Region
Metropolitan Area 1 (28)	Seoul, Jeju and others	Yeongnam Area 1 (9)	Daegu, Gumi, Pohang and others
Metropolitan Area 2 (12)	Gyeonggi, Gangwon and others	Yeongnam Area 2 (9)	Busan, Jinju, Ulsan and others
Chungcheong Area (12)	Daejeon, Cheonan, Cheongju and others	Honam Area (11)	Gwangju, Jeonju, Mokpo and others

〈Table III-54〉 Content of briefing session on the 「Mobile Device Distribution Improvement Act」

Classification	Contents	Note	
the 「Mobile Device Distribution Improvement Act」	<ul style="list-style-type: none"> Standards on regulation of subsidies and definition of terms Criteria that distributors should fulfill and follow <ul style="list-style-type: none"> Follow subsidy ceiling, obligation to make public notice and approval of sales agency Prevention of false advertisement and punishments imposed on violation of the 「Mobile Device Distribution Improvement Act」 	60 minutes	
	Q/A session		30 minutes

The Commission has given 1.3 million copies of promotion material to mobile device distributors nationwide, which is in two pages printed in color and includes the definition, purpose and other details on the 「Mobile Device Distribution Improvement Act」, to help consumers better understand the Act.

(Figure III-17) Promotion material on the 「Mobile Device Distribution Improvement Act」 (Leaflet)

http://cleanictmarket.or.kr

10월 1일부터,
휴대폰 지원금 제도가
달라집니다.

단말기 유통법이란?

단말기 유통법은
이용자를 차별하는 지원금 경쟁이
발생하지 않도록 하여 통신요금을 내리고
휴대폰 가격인하를 유도하기 위해
제정되었습니다.

단말기 유통법에 따라,

- 이동통신사와 대리점·판매점은 단말기별·요금제별 지원금을 투명하게 공시합니다.
- 공시된 지원금을 전국의 모든 영업매장과 이동통신사 홈페이지에서 확인할 수 있습니다.
- 이를 통해, 휴대폰 구입시간과 장소에 따른 차별적인 지원금 지급이 사라집니다.

휴대폰이 출고되어 이용자가 구매하기까지의
복잡한 유통과정을 투명하게함으로써
가계통신비를 인하하고
이동통신서비스 이용자의 권익이 증진되도록
더욱 노력하겠습니다.



단말기유통법에서는
기존에 사용하던 보조금 대신
지원금이란 용어를 사용합니다.














01 단말기 유통법의 세게로 GoGo~

단말기 유통법은 이용자를 차별하는 지원금 경쟁이 발생하지
않도록 하여 통신요금을 내리고 **휴대폰 가격인하**를 유도하기
위해 제정되었습니다.

나 이제 매장에서
지원금 받고 최신판 60만원에
샀는데 내 친구는 인터넷으로
공짜로 샀네

물었어?
우르르리 휴대폰 가격이
다른 나라보다
더 비싸네

03 통신서비스 가입 전, 공시된 지원금을 확인하세요!

이동사는 단말기별·요금제별 지원금을 공시하고,
대리점과 판매점은 이동사가 공시한 금액보다 **15%까지**
더 지원금을 지급할 수 있습니다.

추가지원금도
꼭 확인해야겠어요

추가지원금 때문에
매장마다 단말기 판매 가격이
조금씩 달라져요.

공시 지원금의 15%까지
대리점 또는 판매점에서
추가 지원 가능

05 지원금을 받지 않는다면 다른 혜택으로

매장에서 단말기를 구입하지 않고 선물받은 단말기나 중고폰
으로 이동통신서비스만 가입하는 경우에도 **지원금 대신 일정**
규모의 요금할인을 받을 수 있습니다.

단말기 지원금과 요금할인 중
하나를 선택할 수 있어요

02 지원금이 두뎡뎡해 집니다.

이용자가 번호이동이나 신규가입 또는 기기변경할 때와 관계
없이 차별 없는 동일한 지원금을 받게 되고, 어떤 휴대폰을 살
때 얼마나 지원금을 받을 수 있는지가 투명하게 공개되어
누구나 쉽게 알 수 있습니다.

앞으로는 휴대폰을 살 때
비싸게 사는 것은 아닌지
걱정하지 않아도 돼요

10월 1일에
단말기 유통법이 시행
지원금이 투명

04 지원금은 통신사 영업장에서 확인할 수 있어요!

이동사가 공시하는 지원금과 매장에서 15% 범위 내에서
지급하는 추가지원금은 대리점이나 판매점의 영업장에 누구나
알 수 있도록 게시됩니다.

단말기와 요금제별 지원금을
비교할 수 있어요

통신사	단말기	요금제	지원금	추가지원금
KT	갤럭시 S4	프리미엄	150,000원	22,500원
KT	갤럭시 S4	프리미엄	150,000원	22,500원
KT	갤럭시 S4	프리미엄	150,000원	22,500원
KT	갤럭시 S4	프리미엄	150,000원	22,500원
KT	갤럭시 S4	프리미엄	150,000원	22,500원

더 많은 단말기 유통법 정보는
ictmarket.or.kr ▶▶ 단말기 유통법 에서
확인하실 수 있습니다.



From the 22nd of July, 2014, the Commission even prepared careful alternatives by allowing distributors who were not able to participate in the on-site briefing session to access the

online website (www.ictmarket.or.kr) and watch the online lecture at any time they want. The lecture is 50 minutes long, and distributors can take the online class for free after signing up to the website. Moreover, the Commission produced web comics and posted them on the Commission's blog to help users understand the 「Mobile Device Distribution Improvement Act」. It also selected some frequently asked questions on the 「Mobile Device Distribution Improvement Act」 and posted materials on the FAQ section of the Commission's website for better understanding.

〈Figure III-18〉 FAQs on the 「Mobile Device Distribution Improvement Act」

단말기 유통법 FAQ ①

- 지불금을 차액 지급하지 말고 하체로. 무슨 기준으로 차액 지급을 하지 않아야 하는 건가요?
단말기 유통법 제 3조에 따르면, 번호이동이나 신규가입, 기기변경 등의 가입 유형이나 경우 차액별 가입자에 대한 신통은 통상적으로 지급할 수 없습니다. 이를 예외적으로 1차 가입 시 100만원 이하, 4차 이상 가입 시 1,000만원 이하의 과태료 부과되거나 추징해야 합니다.
- 이동통신사업자가 지불금을 공시하면 모든 이용자에게 동일한 지불금을 지급해야 하나요? 과액 요금제에 가입할 경우 더 많은 지불금을 지급하는 게 더 당연하지 않나요?
각 대안과 판매점에서는 공시 지불금에 15% 이내의 추가 지불금을 지급할 수 있으며, 지급 시, 영업장 내의 해당 내용을 게시하여야 합니다. 또한 대안부 고시 「요금제에 따른 부가서비스 제공에 관한 지침(안)」에서는 요금제 간 지불금의 차이가 비례성을 충족하여 차등 지급할 수 있도록 하고 있습니다. 다만 실제 30% 이내의 요금제 간에는 동일한 지불금을 지급할 수 있습니다. 이는 이용자의 합리적 선택 및 사용을 유도하는데 필요할 것으로 보입니다.
- 기존에 가지고 있던 단말기나 충전카드(가급 단말)로 서비스만 가입해도 지불금이 상용되는 요금제만을 제공해야 하나요, 요금제만을 안내해야 하나요?
단말기를 함께 구입하지 않고, 이동통신서비스만 가입하는 경우, 지불금에 상응하는 요금제만 제공 가능한 「제 1차」와 「제 2차」 이동통신사업자가 수직 및 시장경쟁상황 등을 고려하여 합리적 기준요율제도를 적용하여 이용자에게 제공합니다.
- 한 번 단말기 지불금을 받은 후에 서비스를 해지하고 다시 가입 단말기만 교체할 이동통신서비스에 가입할 수도 있는데 어떤 경우 이동통신사만 서비스를 제공하는 건가요?
요금제별 대상은 지불금을 지급받은 이력이 없는 단말기를 대상으로 하고 있습니다. 단, 해당 지불금을 지급받은 단말기라도 개통한 지 24개월이 지난 단말기의 경우에는 요금 할인을 받을 수 있습니다.

단말기 유통법 FAQ ②

- 과태료가 영세한 판매점이 감당하기 어려울 만큼 과도한 것 같은데요. 과태료를 감량할 수 있는 방안은 없나요?
발시행안이 과태료를 보면 관련된 위반사항을 즉시 수정하는 등 예외 감면 조치를 할 수 있습니다. 우선순위로 높은 위반사항을 먼저 정정 후 나머지는 즉시 가장 조속히 정정한다. 시행령 과태료 부과기준에 따르면 상황을 고려하여 2분의 1을 감량할 수도 있다고 되어 있습니다. 그러나 상황에 따라 감량할 수도 있습니다.
- 이용자가 높은 지불금을 받기 위하여 고가요금제에 가입하고, 판매자는 고가요금제 가입에 해당하는 지불금과 지불금에 15%를 추가로 부과한 지불금을 받고, 이용자가 영리적으로만 이익을 보더라도 신고하여 적법할 목적으로 저가 요금제로 변경시 판매자가 손해 아닌가요?
이용자가 이와 같은 상황을 겪 이용하여 고가 요금제 가입으로 많은 지불금을 받고, 저가 요금제로 변경 시, 부득이 하는 경우 판매자가 이익을 얻을 수 있기 때문에 합리적 기준요율제도를 도입하여 판매자가 이익을 보더라도 신고하여 적법할 목적으로 저가 요금제로 변경시 판매자가 손해 아닌 것으로 보입니다.
- 단말기별 지불금 내역을 게시해야 한다는 것만 게시 방법은 될 것 같습니다. 그런데 즉시 지불금 게시 자제를 일정기간 보존해야 하는 규정 같은 것도 없나요?
지불금 공시 및 게시 방법 등에 관한 세부 지침 제정안에서는 지불금 공시 자료를 분할하여 3개월간 보존하도록 하고 있습니다. 단, 이동통신사업자가 지불금 공시 자료에 대해 보존해야 하는 즉시 지불금 게시 자료를 게시하여야 할 수 있습니다.
- 24개월 약정기간이 종료된 후에는 할인을 받을 수 있는데, 또 고시 가입자에 상응하는 요금제만 제공할 기준(안) 및 보존 기간 후 24개월이 경과된 단말기의 경우 기존 요금제를 적용받아 할인 받을 수 있는데 오히려 서비스 가입을 24개월 이상 유지하면 손해 아닌가요?
약정기간이 종료된 경우 최초 가입시 24개월이 최대이지만, 해당 이동통신사업자 문의를 통해 약정기간 가입기간을 최대 12개월 연장할 수 있습니다. 단, 이용자 요청이 없는 한 자동 연장 가입되는 것은 아니며, 요금제와 관련된 사항은 보장할 수 없습니다.

Likewise, the Commission has set a goal of ‘conducting 600 offline education sessions for distributors and sales agencies nationwide’ based on the systematic promotion plan and was able to hold 602 sessions. After ending its education program, the Korea Association for ICT Promotion (KAIT) and the three major mobile operators encouraged distributors who had gone through program to take the online course. The Commission conducted a satisfaction survey on the offline program, and 65% of the students made positive comments.

〈Table III-55〉 Status of education on the 「Mobile Device Distribution Improvement Act」
(Unit : number classes and students)

Classification		Number of classes held	Number of students
Offline (Ended September 30th)	July	121	3,811
	August	248	3,284
	September	233	1,271
	Sub-total	602	8,366
Online (As of December 31st)	KAIT	-	2,816
	SKT	-	9,500
	KT	-	5,594
	LG U+	-	1,821
	Sub-total	-	19,731
Total		602	28,097

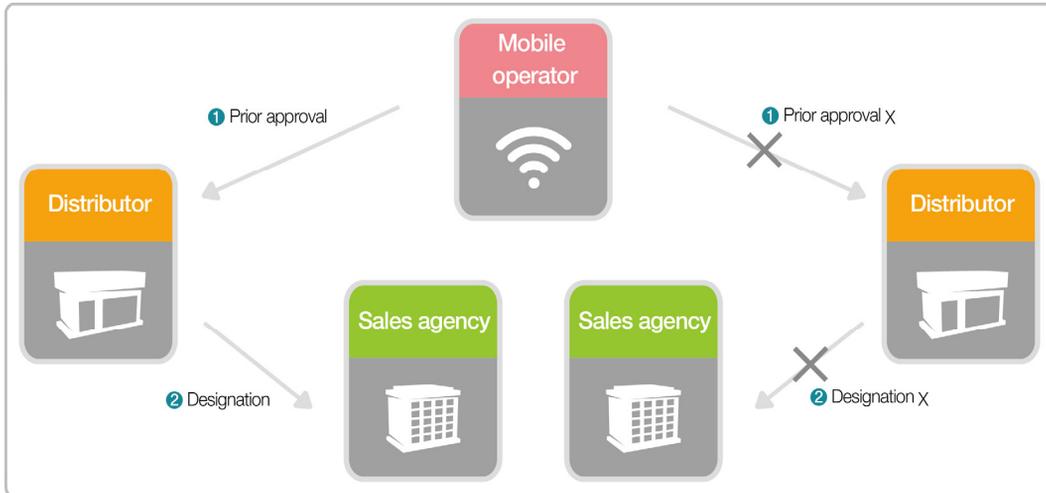
The Commission has expected that through promotion activities targeted to such distributors and users on the 「Mobile Device Distribution Improvement Act」, it can provide benefits to consumers without discrimination and a new system derived from enforcement of the law will gradually establish in the market.

c. Prior Approval System on Designated Sales Agencies

To resolve problems caused by consumptive competition for subsidies between mobile business operators and the unclear provision of subsidies, ways to improve the distribution structure of a mobile device was devised in a policy discussion attended by experts and interested groups in May 2013. As a key policy measure, ways to strengthen regulation and supervision of the distribution network, which do not allow distributors to designate sales agencies without prior approval of mobile operator, have been discussed to eradicate the act of distributors granting excessive subsidies and unfairly discriminating against consumers. After going through several meetings in policy discussions, the ‘Prior approval system on designation of sales agencies’ was included in the 「Mobile Device Distribution Improvement Act」³⁾ and has been approving applicants after undergoing evaluation based on its criteria.

3) Article 8 of the same law ‘Approval on designation of sales agencies’

〈Figure III-19〉 Process for prior approval of sales agency



Source) Materials for policy discussion on ways to improve distribution structure for mobile device, 2013

1) Introduction of the Prior Approval of Sales Agencies

The existing sales agencies of mobile devices have been contracted to distributors, not mobile operators; therefore, they could carry the services and mobile devices of all three major operators. When issues arise from such practices, mobile carriers did not carry responsibility for them, which was a major issue. Therefore, the operators could not actively respond to infringements upon the benefits of consumers resulting from unequal illegal subsidies granted by sales agencies. In response, the Commission and the Ministry of Science, ICT and Future Planning (MSIP) introduced a prior approval system of sales agencies as part of the 「Mobile Device Distribution Improvement Act」 to prevent excessive heating of the market due to illegal subsidies.

〈Table III-56〉 Regulations on the prior approval system of sales agencies included in the 「Mobile Device Distribution Improvement Act」

Classification	Details
Article 8 (Approval for designation of sales agencies)	(1) Distributor cannot designate a sales agency without prior written approval by the mobile operator. (2) When a distributor designates a sales agency after receiving prior approval from the mobile operator, then the carrier takes responsibility in supervising the process. (3) A sales agency must display in its store that it has received prior approval from a mobile operator in accordance with Section 1. (4) A mobile operator should not refuse or delay in giving prior approval without special reason and when it is not intended to prevent or rectify violation of obligation in accordance to the Act. (5) Mobile operator must submit materials on the status of distributors and sales agencies to the Minister of Science, ICT and Future Planning and the Korea Communications Commission.

The prior approval system obligates distributors to receive written prior approval by the mobile operator when designating a sales agency. This also applies to MVNO operators and if a sales agency gets caught running business without prior approval, it has to pay a fine of up to KRW 10 million (KRW 50 million for large distributors). If any such agency violates contract with consumers then it can experience more disadvantages than regular stores when making compensation to customers.

2) Status of Sales Agency Following Prior Approval System

After the introduction of the system, it became possible to cover the status of mobile distributors nationwide, which previously was not possible, and cases of illegal subsidies of sales agencies and leakage of personal information has been declining gradually, thus realizing the goal of establishing a transparent distribution market through the 「Mobile Device Distribution Improvement Act」. Moreover, the prior approval system for sales agencies, which has been enforced since September 1st 2014, received 20,521 applications online and offline while 18,658 of them were approved.

〈Table III-57〉 Status of prior approval of sales agencies

(Unit : cases)

Application			Approved		
Offline	Online	Total	Offline	Online	Total
19,904	617	20,521	18,124	534	18,658

2. Strengthening of Personal Information Protection Measure and Raising Awareness

a. Strengthening Personal Information Protection Online

The Commission drafted partial revision of 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc」 which can impose a fine without proving causal relationship between violation of the protection measure and the private information infringement. Additionally, it promulgated a revised bill that includes introduction of statutory compensation, notification of consumers when transfer of personal information happens due to the transfer of business, and strengthening the obligation for personal information as well as punishment, and the bill was put into effect in November 2014. To materialized the revised law, the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc」, which removes the duty of electronically indicating the personal information protection policy, improvement in subjects for encryption of personal information and reducing term of validity for personal information, was drafted in July 2014, and a public hearing was held to gather opinion from all walks of life which was finally enforced in November.

Furthermore, it implemented non-identifying measures on the collection, storage, combination, analysis and creation of public information to bolster big data industry and to regulate the protection of personal information and its subject matter in a balanced way. In December, the ‘guideline for protection of personal information in big data’, which expands the scope of usage for non-identifiable information, was enacted and released to the public. Moreover,

the Commission established the ‘guideline for handling online personal information’ that deals with the overall process of collecting, using, providing and destroying personal information for minimizing collection and storage of personal information online and was released to the public in November 2014. This guideline includes standards for the minimal collection of personal information, the destruction of personal information divided in stages, and an easy way of a writing consent form, which are shown in detailed descriptions and examples for better application in the field. The Commission has also devised improvement methods for ‘standards on technical and managerial protection measure of personal information’ through ‘study on improvements in protection measures following personal information leakage’.

After the personal information leakage of credit card companies that occurred in January 2014, the Commission came up with ‘government-wide measures for normalizing personal information protection’ as the people stepped their demand for fundamental solution in personal information protection. The Commission participated in a task force of normalizing private information protection from January to discuss countermeasures while it performed omnidirectional work for the protection of online personal information by enacting revision laws and systems for strengthening corporate responsibility and consumers’ rights, expanding subjects for inspection to respond to personal information leakage and exposure, and bolstering the regime for domestic and international cooperation on the sector.

The Commission, as part of its normalization measures, implemented a large cleanup campaign of personal information to resolve issues surrounding four illegal types of personal information, which are resident registration number, neglected, excessive and stolen information, to establish a safe and sound Internet environment. The Commission has operated a report center for illegal types of personal information, including volunteers devoted to protecting personal information, and received 2,428 calls or reports of illegal information and deleted 40,428 illegal types of personal information and posts with the support team for removing such information. Furthermore, it conducted various promotion activities such as the contest for the official name and slogan of the campaign, online events, discussion with business operators

and putting out subway advertisements, and this led to 216,016 visits to the personal information cleanup and induced voluntary participation of the people by distributing 242,000 copies of leaflets from 34 government ministries, organization and businesses.

On the other hand, the Commission adopted the Personal Information Management System (PIMS) certification system in 2010, which certifies businesses the above-given levels by inspecting whether they have deployed a system to ensure the systematic and steady protection of personal information, as the use of personal information by businesses has increased recently. After amending the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc」 in February 2012, which provided the legal grounds for the implementation of PIMS, the Commission published the 「Notice on the Certification of Personal Information Management System (PIMS)」 in September 2013, which included the certification procedure, criteria and qualifications of the examiners and also prepared the related information booklets and review guidelines. A total of 39 (cumulative) certifications were issued as of the end of 2014, as certification, which was mainly concentrated to major businesses that handle a heavy volume of personal information such as mobile business operator, portal and online shopping operators, has expanded to diverse areas such as broadcasting and leisure service companies.

b. Responding to Personal Information Leakage and Exposure

The Commission has introduced the Internet Personal Identification Number (*i*-PIN) service, an alternative to the resident registration number, jointly with KISA, in order to address infringements of personal information, including identity theft on the Internet that comes from excessive collection and use of the resident registration number. With the amendment of the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc」, collection and use of the resident registration number was banned since August 2012, and all of the numbers in the database since August 2014 were mandated to be deleted.

The Commission has worked to raise awareness on policy to remove resident registration numbers and related technical assistance through radio, billboard advertisements, briefings and leaflets while monitoring more than 60,000 websites and providing guidance on the restrictions of resident registration number usage. It also conducted support for SMEs and micro-businesses in removing resident registration numbers from database and boxes for filling in the numbers.

On the other hand, the Commission inspected 121 major websites with an average of 10,000 or more daily visitors on whether they have deleted the resident registration number, as the deadline for removing the numbers collected before the 17th of August 2012(decided by a supplementary provision of the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」) had passed, and fines and corrective orders were imposed upon violators.

To swiftly respond to the leakage and exposure of personal information and prevent additional damage, the Commission and KISA have been operating a personal information exposure response system that can quickly find and delete exposed information and posts that sell or buy personal information. The system, which began in 2009, quickly finds and deletes eight types of information, including bank account and credit card number, personal information exposed to overseas through SNS (Twitter and Facebook) and posts involved in the illegal distribution of personal information from 2.5 million websites in the public sector, including ICT service providers and Internet Service Providers.

Furthermore, it conducted inspection on the status of personal information management in mobile business operators and sectors vulnerable to infringement as personal information was leaked by hackers attacking mobile carriers and business operators in February 2014. The Commission also inspected businesses that were found to have suffered leakage by investigation agency and press reports as well as those who made voluntary reports in order to impose administrative measures on violations, including failure to fulfill duty to perform technical and managerial protection and delete personal information.

The Commission made visits to businesses with a tepid attitude towards deleting exposed personal information, citing a lack of technical capacity and manpower and providing technical support while educating companies with little recognition of personal information protection on the danger of exposure. In terms of international cooperation, the Commission has established a hotline with the personal information protection agencies of countries, including Taiwan, Hong Kong, Macau, Vietnam and China, to ask for swift removal of information in case of exposures while maintaining/strengthening a cooperation regime by sharing information and issues on the protection. Also, a Korea-China Internet Cooperation Center was established in Beijing, helping China to quickly remove exposed information.

c. Raising Awareness on Personal Information Protection

It has been repeatedly emphasized that Internet users who provide personal information and businesses who use such personal information need to raise their awareness on personal information protection in advance. Particularly, in 2014, multiple cases of leakage in the financial sector, including banks and credit card companies, have gathered people's attention towards infringement upon personal information. As a result, the Commission bolstered its education and promotion activities for raising awareness on personal information protection for information and communication service providers as well as ordinary users.

First, the Commission has maximized the effectiveness of education by using materials centered on cases of financial losses due to the leakage of personal information and introducing patterns of behavior that users should practice in daily lives for personal information protection, including ten do's and don'ts for protecting such information. In particular, it expanded the scope of education to groups vulnerable in personal information protection, including the elderly and housewives, and performed collective education for information instructors to help schools to voluntarily conduct personal information protection programs. It has also made diverse efforts to improve the quality of education by employing personal information specialists to visit schools and community centers. Thanks to such efforts, a total of 2,765 teenagers, housewives and senior citizens have completed the courses.

In addition, to enhance the capabilities of personal information managers in information and communication service providers, the Commission divided the curriculum into a ‘handler’s course’, a ‘common course’ and an ‘advanced course’ and linked with the Seoul Business Incubation Center to run a separate program for new startups with little awareness on personal information protection which succeeded in educating 1,550 personal information managers from different fields. On the other hand, to boost the understanding of business owners on personal information protection policy, it also held a briefing session on new government policies including key amendments to the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc」 and the ‘online personal informational handling guideline’.

For personal information managers and users who cannot participate in collective education for personal information protection due to geographical reasons, the Commission has realized an environment where anyone can attend online classes on personal information anytime they want by providing a continuous online education service(www.i-privacy.kr). In 2014, following the amendment of the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc」, two types of online education programs for business owners (basic and advanced) were added to the list and four types of online programs for ordinary users (for infants, elementary, high school students and general users) were also newly developed and released in September 2014 to focus on providing good quality online courses. For people living in remote areas, the Commission has made a DVD version of the general courses and hand out for free.

〈Table III-58〉 Status of personal information protection education for business operators and users
(Unit : persons)

Classification	Business owner		User		Total
	Offline	Online	Offline	Online	
Persons educated	1,550	62,019	2,765	4,144	70,478

On the other hand, the Commission held a conference on online personal information protection to share policies and pending issues and draw out policy implications by gathering opinions from experts in the industry, academia and research sectors. With 470 participants, the conference provided a venue for the following: discovering policy issues on personal information; forming networks for business cooperation between corporate managers by presenting the reason for amending the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc」 and details on its policies; explaining the policy that bans the collecting of resident registration numbers and mandates the removal of numbers along with right to be forgotten; and describing the personal information protection guidelines for big data.

〈Figure III-20〉 2014 Conference on Online Personal Information Protection



In December, the Commission held the ‘2014 Night of Personal Information Protectors’ to celebrate the accomplishments of 2014 and share the outcomes of personal information protection as well as legal trends. In the event, 14 workers in the personal information sector were awarded, and approximately 200 participants worked together to make it a meaningful conference by seeking ways for personal information protection to realize, and be in harmony with, the creative economy.

In addition to such education activities, the Commission staged the ‘2014 Campaign for Keeping My Internet Information’ from the 19th of May to the 30th of June. This year’s cam-

paign was conducted as a participatory event where users inspect their daily information protection habits based on the ‘do’s and don’ts for self-diagnosis for personal information protection’ with different versions for infants, adolescents and adults, so that everyone can follow the tips in their daily lives.

By appointing popular news anchor Park Eun-young as its publicity ambassador, the Commission conducted advertisement on subway screen doors and city bus exteriors. It also enhanced publicity effects and strengthened cooperation by continuously displaying campaign banner ads on the websites of local portals, shopping malls and game site operators.

〈Figure III-21〉 Advertisement for 2014 Campaign for Keeping My Internet Information



By developing and operating webpages interlinked with the existing ‘personal information protection portal (www.i-privacy.kr)’ they enhanced public participation in diverse events, including quizzes and self-diagnosis on personal information protection. As a result, 141,999 people visited the website during the campaign, and 29,246 people participated in the quiz event, while 13,475 people tested themselves on self-diagnosis.

In addition, the Commission held a design contest for the character of ‘My Internet Information Protector’ to raise public awareness and participation in the campaign. Out of 570 entries, six works were awarded, one grand prize (awarded by the chairman of the Commission), two second-place prizes (awarded by the president of KISA) and three participation prizes (awarded by the chairperson of Online Privacy Association). The award-winning works are to be used for diverse purposes, including an appearance on personal information protection ads as well as on the cover pages of education materials for the protection of personal information.

3. Creation of a Safe Environment for Using Location Information

a. Support for Promoting Location-Based Services Industry

The Commission has established a basis for bolstering the location information industry by alleviating regulations for entrance to the location-based service industry. The revised 「Act on the Protection, Use, etc, of Location Information」, which is mainly about abolishing requirements to make a declaration for location-based service providers that do not handle personal information, has passed the National Assembly.

Under the current law, one who wishes to collect or use location information must make a declaration on the license for location information business and location-based service business to the Commission.

〈Figure III-22〉 Flow of acquiring the license for location information business and declaring for location-based service business



However, the current law mandates all services to obtain a license or declare regardless of personal information or anything else that has received criticism for applying the same entry regulation for businesses without the danger of privacy infringement. In response, the Commission adopted a new legislation that abolishes requirements to make a declaration for location-based service providers that do not handle personal location information to vitalize the location information industry (「Act on the Protection, Use, etc, of Location Information」 Article 9, Section 1).

Nevertheless with respect to regulations on technical and managerial protective measures on location information, prohibiting from disclosing location information acquired from work and requests for data, the Commission maintained minimal management and supervision.

In addition, the requirement to immediately notify the subject of personal location information every time a location-based service provider sends personal location information to a third party is to be eased. When the location-based service provider receives consent from the subject of information, it can be notified in a bundle after gathering for certain times or periods in accordance with the presidential decree within a 30 days range (「Act on the Protection, Use, etc, of Location Information」), Added Article 19, Section 4). The revised bill of the 「Act on the Protection, Use, etc, of Location Information」 will be enforced from August 2015 and will contribute to the development of the location information industry.

b. Support for Promoting Safety by Using Location Information

The Commission has established a basis for simplifying the process of verifying family relationship for quick emergency rescue. The ground for requesting family relationship registration information from the Office of Court Administration has been applied to the revised bill of the 「Act on the Protection, Use, etc, of Location Information」 which can allow swift verification of family relationship between the ‘caller’ and ‘subject for rescue’ without submitting any additional paperwork when the emergency rescue agency⁴⁾ checks personal location information.

The current law states that when there is a request for emergency rescue by the subject’s spouse or direct family, the emergency rescue agency can request personal location information from location information providers such as mobile business operators after confirming the situation, including family relationship. However, documents, including the family relation certificate, have to be sent by fax or directly submitted to 119 safety centers, thereby prompting difficulties at times of emergency. In response, the Commission created a basis to allow emergency rescue agencies to request electronic family relationship registration information to Office of Court Administration (Added Article 30-2). By doing so, it can help establish a social safety net for shortening the time elapsed during the ‘golden time’ of rescue by swiftly receiving location information for an emergency situation.

4) Article 3(Definition)-7 of 「Act on Disaster and Safety Management」: “Emergency Rescue Agency” is organization that falls under any of the following.
A. Ministry of Public Safety and Security / B. Fire Service Headquarters and Korea Coast Guard Regional Headquarters / C. Fire Stations and Korea Coast Guard Stations

4. Fostering a Sound Internet Culture

a. Promoting Internet Ethics and Conducting Campaigns

1) Campaigns for 'Beautiful Internet World'

The Commission and KISA have declared a week for creating a 'Beautiful Internet World' to widely spread sound Internet culture from 2010 and have conducted various promotion campaigns. The week started from June 9th, the day for celebrating Information Culture Month, and ended on June 14th, and diverse events were jointly held with the Ministry of Science, ICT and Future Planning (MSIP). By jointly holding the Information Culture Month (Ministry of Science, ICT and Future Planning) and the campaign for creating a Beautiful Internet World (the Commission), the Commission has maximized the effects of the campaign by breaking down barriers between government departments.

In 2014, the Commission promoted the message of creating 'a happy Internet world filled with care and interaction' under the theme of a 'connected world, future we dreamed of and growing happiness' through various media and campaigns. The Commission conducted an Internet ethics and culture campaign where adolescents can participate in various offline events such as an Internet ethics promotion booth, events in permanent Internet ethics halls where visitors can have hands-on experience and a street campaign for good comments. On the other hand, it also hosted online events, including Internet ethics promotion video viewings and activities for promoting mobile messengers, realizing a campaign that involves both online and offline activity for people from all across the country. In addition, the Commission worked to help toddlers and adolescents develop sound Internet ethics from a young age by conducting education for the right use of Internet, Internet courses for toddlers, a lecture tour on Internet ethics and cyber violence prevention education.

〈Figure III-23〉 Ceremony for proclaiming the week for creating a Beautiful Internet World



〈Figure III-24〉 Campaigns held in the week for creating a Beautiful Internet World

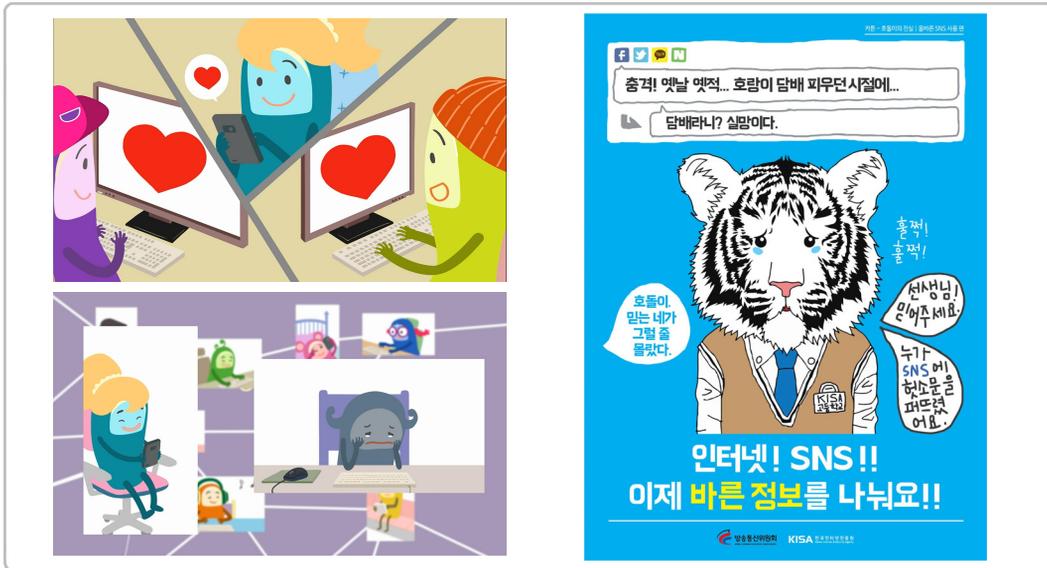


2) Discover and Promote Internet Ethics Content for the People

The Commission has performed activities to develop and spread diverse Internet ethics content to raise awareness on healthy Internet ethics culture and establish a sound Internet culture. It also produced various forms of original content such as animation, video clips, posters and billboard ads that can effectively reach out to the public. Internet ethics promotion videos and posters intended for adolescents were produced with funny animations and cartoons to enhance their accessibility to the youth. Moreover, digital billboard ads with compelling ideas have been displayed in Gwanghwamun and Job World in Bundang to heighten social interest in the prevention of cyber violence. The Commission has also distributed content on Internet ethics to mass media outlets such as TV and radio, as well as to buses, billboards and SNS to widely convey messages to Internet users.

To discover creative content for promoting Internet ethics, the Korea Communications Commission hosted the 2014 Internet ethics contest. Begun in 2010, it is the fifth contest to have received 1,789 entries in the six areas of video, printed ad, webtoon, four-frame comic strip, picture diary and slogan from participants in different age groups from elementary, middle and high school to adults. In particular, the newly added four-frame comic strip and picture diary section received notable participation by young children, while the printed ad section gathered some excellent work to be diversified and used as promotion content.

〈Figure III-25〉 Internet ethics promotion contents (animation and poster)



b. Education for Cultivating a Sound Internet Culture

1) Conduct Internet Ethics Education

Since 2008, the Commission has performed an ‘Internet ethics class’ program intended to raise people’s awareness on Internet ethics, which immediately developed people’s ability to use the Internet by allowing students, who are the main users of the Internet, to voluntarily study and experience Internet ethics.

In particular, it has made efforts to conduct diverse kinds of education such as running Internet ethics classes and carrying out creative experience activities to provide many kinds of opportunities for Internet ethics education for toddlers, adolescents and teachers.

The Internet ethics class program was held in 266 elementary schools for 6,897 students in 2014.

In particular, since 2011, the Commission has conducted Internet Literacy Creative Experience activities to proliferate Internet ethics education through Creative Experience activities, as a regular class for students in elementary, middle and high school, in order to cultivate healthy and sound Internet ethics. In 2014, the Commission conducted experience education to 3,617 students of 147 elementary, middle and high schools, where students learned about Internet security, characteristics of social media, and culture for writing good comments.

〈Table III-59〉 2014 Status of operating Creative Experience activities

(Unit : number of students and schools)

Classification	Seoul	Gyeonggi	Busan	Total
Number of students	1,974	653	990	3,617
Number of schools	81	26	40	147

〈Figure III-26〉 Internet Literacy Creative Experience Activities



In addition, to expand the basis for Internet ethics education and boost competency of those at the forefront of the education sector, the Commission conducted faculty training for teachers, principals and school inspectors. In 2014, online faculty job training courses were conducted for 5,409 teachers of K-12 schools, allowing them to learn Internet ethics and teaching methods to prevent cyber violence regardless of time and place.

〈Table III-60〉 2014 Status of education on Internet ethics and cyber violence for adolescents and teachers

(Unit : persons)

Classification	Remote trainings (ordinary teachers)	Offline trainings (principals and school inspectors)	Total
Internet ethics and social media	2,284	304	2,588
Prevention of cyber violence	2,675	146	2,821
Total	4,959	450	5,409

On the other hand, as cyber violence continues to grow and damages spread due to the increase in smart devices, the Commission has been performing cyber violence prevention education programs for adolescents since 2013. In 2014, the Commission has worked to raise awareness on preventing cyber violence by conducting experience programs that teach ways to respond to cyber violence to 59,171 students from 250 elementary, middle and high schools nationwide.

〈Table III-61〉 2014 Status of cyber violence prevention education

(Unit : number of students and schools)

Classification	Elementary school	Middle school	High school	Total
Number of students	13,746	24,231	21,194	59,171
Number of schools	129	76	45	250

〈Figure III-27〉 Cyber violence prevention education



〈Figure III-28〉 Lecture tour on Internet ethics and nursery school for sound Internet culture



Furthermore, the Commission implemented Internet literacy education for 281 disabled adolescents in 41 schools nationwide to cultivate Internet ethics and the sound use of Internet.

Also in the style of collective education, the Commission has educated 17,029 students in 102 schools nationwide, conducting a lecture tour where professional instructors visit elementary schools all across the country to spread sound Internet ethics.

〈Table III-62〉 2014 status of lecture tour on Internet ethics

(Unit : number of students and schools)

Classification	Seoul	Busan	Daegu	Incheon	Gwangju	Daejeon	Gyeonggi	Sejong	Gangwon
Number of students	2,730	640	580	2,000	406	464	2,668	125	1,574
Number of schools	16	4	4	9	1	3	15	1	11
Classification	Chungbuk	Chungnam	Jeonbuk	Jeonnam	Gyeongbuk	Gyeongnam	Ulsan	Jeju	Total
Number of students	1,153	1,580	1,097	773	317	196	544	182	17,029
Number of schools	10	7	8	6	2	1	2	2	102

2) Activities of Korea Internet Dream Star

Korea Internet Dream Star is a youth organization that was jointly founded by the Commission and KISA to lead the way for establishing creative and sound Internet culture through Internet literacy education and various community participation activities for elementary and middle school students nationwide. (831 members in the 1st termin 2010 → 2,853 in the 2nd termin 2011 → 5,332 in the 3rd termin 2012 → 8,391 in the 4th termin 2013 → 8,460 in the 5th termin 2014)

The organization intended to contribute to enhancing the understanding of sound Internet use among children and youth through diverse activities, including the following: self-development through Internet literacy education and mentoring by celebrities; activities as reporters using education video footages in the website; acquiring basic aptitude as Internet protectors; presenting themes on overall social issues; and participating in discussion contests hosted by schools or individuals.

In addition, as part of training camp for the organization, the members across the country held a consultative meeting among guidance teachers from the leader schools of Korea Internet Dream Star, Internet Ethics Camp under the theme of overall Internet usage habits of the youth to be designated as the next leader of Korea Internet Dream Star and established networks that share outstanding cases by region or school.

〈Table III-63〉 Operational status of Korean Internet Dream Star in 2014

(Unit : number of students and schools)

Classification	Elementary school	Middle school	High school	Total
Number of students	6,523	1,280	657	8,460
Number of schools	222	47	12	281

〈Figure III-29〉 Main activities by Korea Internet Dream Star



In addition, the Commission created an opportunity for expanding the basis for spreading sound Internet ethics culture by providing programs for the self-diagnosis of Internet ethics and

experiences in writing good comments by operating permanent Internet ethics experience halls in Busan (Mathematics and Science Creative Experience Hall), Gwangju (Community Media Center) and Korea Job World (Youth Job Experience Facility of Ministry of Employment & Labor).

5. Enhancing Access to Broadcasting Services for Marginalized Groups

a. Strengthening Broadcast Services for the Disabled People

There are concerns that the rapidly changing media environment, due to the emergence of new broadcasting and communications convergence services, will weaken the access rights to broadcasting services for marginalized groups including the physically disabled. In response, last year (2014) the Commission launched projects for improving broadcast access rights of disabled people by supplying broadcast receivers for visually and hearing impaired people and supporting the production of programs for the physically handicapped.

The key elements of the project were designed to solidify groundwork for a broadcasting network for disabled people by assessing its service performances while enhancing access rights for visually and hearing impaired people by supplying receivers and support production of broadcasting programs for people with developmental disability.

b. Conducting Assessment on the Performance of Broadcast Services for Disabled People

As a part of strengthening the basis for broadcasting services for disabled people, the Commission conducted assessment on the performance of the broadcasting services for disabled people in 2013, and to all the required operators for the first time in 2014. The assessment was introduced after the revised 「Broadcasting Act」 mandated broadcasting business operators

to provide services for disabled people⁵⁾ since July 2011 and was designed to evaluate the service performances of such operators.

The assessment of broadcasting services for disabled people was conducted on 153 operators in accordance with Article 10, the ‘notice on the guarantee of access to broadcasting by the physically disabled including programming or the provision of programs for the physically disabled’, and received confirmation after deliberation by the Commission for Ensuring Broadcasting Services for Physically Impaired Persons (Chairman Ju Jung-min). The Commission for Ensuring Broadcasting Services for Physically Impaired Persons is composed of 11 experts from organizations for disabled people, related organizations of broadcasting services for disabled people (broadcasting association and cable TV association), as well as government agencies and academia, to assess performances of the operators in fulfilling their responsibility and support in improving broadcasting services for disabled people.

The outcomes showed that 95 out of 153 business operators (62.1%) met all requirements for programming broadcasting services for disabled people (subtitles, sign language and audio description) and 58 operators (37.9%) failed to meet at least one criterion of the assessment.

For broadcasting business operators, four main terrestrial channels among 50 terrestrial broadcasting business operators fulfilled all requirements, while 18 KBS regional stations out of 46 regional terrestrial operators achieved 100%, while two MBC regional stations and four regional private broadcasting failed to reach the programming target.

As for SO, 36 operators, including C&M, met the requirements, while 39 business operators, including CJ Hello Vision, have not managed to reach the target. For general services and new-specialized PPs, one out of each operators failed to fulfill the requirement while 10 business operators including the E channel, Jae Neung Education, KBS N, Tbroad Fox Korea, Hyundai Media and Chungang Animation succeeded in meeting the goal whereas 11 business operators including SBS Sports, CU Media and MBC Sports could not do so.

5) Terrestrial broadcasting business operators (50 companies since July 2012), pay broadcasting business operators (Designated and announced by the Commission annually since January 2013)

〈Table III-64〉 Outcomes for assessment of broadcasting services for disabled people

(Unit : number of operators, %)

Classification		operators	go	no go	ratio
Operators designated for mandatory service (57 companies)	Main terrestrial	4	4	—	100.0
	Local terrestrial	46	40	6	87.0
	Satellite	1	1	—	100.0
	General service and news-specialized PP	6	4	2	66.7
	Sub-total	57	49	8	86.0
Operators designated for notice (96 companies)	SO	75	36	39	48.0
	PP	21	10	11	47.6
	Sub-total	96	46	50	47.9
Total		153	95	58	62.1

Note) SO : System Operator(Cable television broadcasting business operator), PP : Program Provider(Programming providing business operator)

c. Strengthening Dissemination of Broadcast Receivers for Visually and Hearing Impaired People

The Commission has been providing broadcast receivers with visually and hearing impaired people and seniors with hearing loss for free, who have difficulty in watching and listening to broadcasts. Since 2000, the Commission has been providing broadcast receivers for subtitled broadcasting with hearing impaired people, audio description broadcast receivers for visually impaired people and the seniors with hearing loss while mandating to produce broadcasting services for disabled people, including subtitle, audio description and body language services since 2012.

In 2014, the Commission expanded the operators required to have services for disabled people to 156 and established the legal ground for supplying receivers for disabled people by amending the 「Broadcasting Act」. It also provided 59.8cm TVs to 12,514 visually and hearing impaired and sound amplifiers to 3,033 seniors with hearing disability for free. In particular, the broadcast receivers supplied in 2014 added functions where visually impaired people can turn on or off TV power or audio description and voice guide functions when changing channels.

〈Table III-65〉 Status of provision of broadcast receivers for visually and hearing impaired people
(Unit : number of receivers)

Classification	2012	2013	2014
Number of supplied receivers	16,675	12,330	12,514
Cumulative number of supplied receivers	100,450	112,780	125,294

〈Table III-66〉 Broadcast receivers for visually and hearing impaired people and seniors with hearing loss in 2014

Product image	Standard and specification
	<ul style="list-style-type: none"> • 59.8cm (23.6inch) LED TV(manufactured by Samsung Electronics) • Provide one click remote control • For hearing impaired: Can adjust color, size and placement of subtitles • For visually impaired: Audio guidance for several functions including power, channel, and on/off for audio description
	<ul style="list-style-type: none"> • 5.4cm Tiny voice amplifier (manufactured by E-sonic) • Enhanced usability by combining ear hook, ear clip and earphone • Rechargeable - no need for batteries • Equipped with four modes (emphasis on mid-tone, low tone and high tone, and normal)

d. Supporting Broadcast Programs for People with Developmental Disabilities

The Commission held an event with Korea Yukyong School to supply ‘DVDs of TV programs for people with developmental disabilities’ that reframed EBS programs to facilitate the understanding of such people.

Development disability can be described as an intellectual disability or autistic disorder where the individual lacks intellectual or communication ability. About 197,000 people with developmental disabilities are registered as of 2013, The disorder develops from an early age, and many of them are severely handicapped people who need special care and help for their entire life. Such disabled people have difficulty in watching TV programs without the help of

others; therefore, the Commission decided to insert audio description, detailed subtitles and pictures in existing EBS programs to help them better understand broadcasting contents.

Along with the event, the Commission supplied DVDs for people with developmental disabilities to 119 special schools and posted them on the EBS website (free.ebs.co.kr) to be open to anyone, to be used as education material in schools and to provide a source of leisurely learning in common households. Distribution of such programs can have significant meaning as it expanded the scope of policy from visually and hearing disabled people to those with developmental disabilities, enabling unique services catered to each type of disability.

The Commission has produced 5 pilot programs for people with developmental disabilities by receiving consultation from specialists of developmental disabilities, teachers of special schools and relevant research institutes in 2013 and has increased to 25 in 2014. These activities helped disabled people and served as an opportunity to raise awareness on developmental disability in society.



Appendix

1. Financial Statements of 2014
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3. Monthly Major Achievements of 2014
4. Acronyms
5. Status of Broadcasting and Communications
Industry by Sector in 2014

Appendix

1. Financial Statements of 2014

○ Execution of the Budget in 2014

〈Appendix Table 1〉 Execution of the Budget in 2014

(Unit : KRW 1 million)

Category		Budget (A)	Real budget (B)	Actual (C)	Execution rate(%) (C/B)
Income	Total	1,121,289	1,121,289	1,325,762	118.2
	General accounting	42,747	42,747	198,690	464.8
	Broadcast Communications Development Fund	1,078,542	1,078,542	1,127,072	104.5
Expenses	Total	196,256	203,210	197,046	97.0
	General accounting	50,699	50,699	48,981	96.6
	Broadcast Communications Development Fund	145,557	152,511	148,065	97.1

Note 1) The income of the Broadcast Communications Development Fund is the total amount and its expenses exclude the services related to the Ministry of Science, ICT and Future Planning (MSIP)

Note 2) The real budget of the Fund in 2014 includes the amount rolling over from the previous year (KRW 6,954 million)

○ Budgets and Expenses by Program

〈Appendix Table 2〉 Budgets and Expenses by Program

(Unit : KRW 1 million)

Program	Budget	Expenses
Total	203,210	197,046
[General accounting]	50,699	48,981
item 2100: Establishment of a fair and secure market environment	17,450	17,435
item 2300: Improvement of the broadcasting infrastructure	12,257	12,257
item 7100: Administrative support for broadcasting and communications	20,992	19,289
[Broadcast Communications Development Fund]	152,511	148,065
item 3100: Establishment of the broadcasting and communications environment boosting satisfaction and convenience	149,805	145,398
item 3200: Establishment of the broadcasting and communications environment boosting fair and secure	2,606	2,606
item 7200: Operating expenses for the Broadcast Communications Development Fund	100	61

Note) The budgets and expenses in 2014 by program of the Broadcast Communications Development Fund exclude the programs related to the Ministry of Science, ICT and Future Planning (MSIP)

○ Broadcast Communications Development Fund

(1) Assets and Liabilities

〈Appendix Table 3〉 Assets and Liabilities of the Broadcast Communications Development Fund

(Unit : KRW 1 million)

Classification	2014 (A)	2013 (B)	Change (A - B)	
			In amount	In % rate
Assets	775,822	783,389	△7,567	△0.9
Liabilities	578,957	581,466	△2,509	△0.4
Net Assets	196,865	201,923	△5,058	△2.5

Note) The financial statement table is the total amount of the Fund as of Dec. 31, 2014. △ : reduction

(2) Income and Expenses

〈Appendix Table 4〉 Income and Expenses of the Broadcast Communications Development Fund
(Unit : KRW 1 million)

Classification	2014 (A)	2013 (B)	Change (A - B)	
			In amount	In % rate
Net program costs(I)	536,747	519,549	17,198	3.3
Operation expenses(II)	4,462	3,795	667	17.6
Non-distribution costs(III)	5,710	158	5,552	3513.9
Non-distribution revenue(IV)	375,807	271,816	103,991	38.3
Net financial management costs (V = I + II + III - IV)	171,112	251,686	△80,574	△32.0
Non-exchange revenue(VI)	144,979	185,879	△40,900	△22.0
Result(VII = V - VI)	26,133	65,807	△39,674	△60.3

Note) The fiscal management table refers to the total amount of the Fund as of Dec. 31, 2014. △ : reduction

2. The List of General Meetings and Agenda Items of the Commission

〈Appendix Table 5〉 List of General Meetings and Agenda Items of the Commission

Session	Date	Type	Agenda Item
1st	1.14(Tue)	Voting	Agreement on member appointment for the Broadcasting Dispute Mediation Committee
		Voting	Arbitration on delivery of KT's promise to discount service rates and compensation for damages
		Voting	Basic plan for the new permission to broadcast advertising sales agencies (proposal)
		Reporting	Plan for the ceremony of the 「Korea Communications Commission Broadcasting Awards 2014」 (proposal)
2nd	1.23(Thu)	Voting	Prior consent to the re-permission to cable television broadcasting business operator
		Voting	Enactment of the notification regarding the 「Criteria for Disaster Broadcasting and Civil Defense Alert Broadcasting」
		Reporting	Amendment of the 「Regulations on the Enforcement of the Act on Resource Management for Emergencies related to the Commission」
		Reporting	Measures for the expansion of community media centers and enhancement of their functions
		Reporting	Assessment of content production competence of broadcasting program providers as registration candidates in 2013
		Reporting	Results of the survey on user practices for broadcasting media in 2013
3rd	1.24(Fri)	Voting	Partial amendment of the 「Procedures and criteria for permission, change of permission and re-permission for Broadcast Advertising Sales Representatives」(notice)
		Voting	Agreement on member appointment for the Viewer Rights Protection Commission
4th	1.28(Tue)	Voting	Administrative measures for violators of personal information protection regulations – 19 service providers including Tricycle Corp. –
		Voting	Administrative measures for violators of personal information protection regulations – Google Inc. –
		Voting	Cancellation of the penalty imposition and re-imposition on Keencomms Corp.

Session	Date	Type	Agenda Item
		Voting	Permission of a new radio broadcasting station – Gugak Gwangju FM Radio Station –
		Voting	Administrative measures to general service programming providing business operators for not implementing corrective orders – 4 providers including TV Chosun Co., Ltd. –
		Voting	Appointment of supplementary director for filling a vacancy at the Korea Educational Broadcasting System Corporation
5th	1.29(Wed)	Voting	Approval of foreign capital attraction to Far East Broadcasting Co., Korea
6th	2.4(Tue)	Other	Listening to opinions of KBS audience regarding the review of the proposed increase in license fees for public broadcasting (proposal)
7th	2.14(Fri)	Voting	Corrective measures for violators of corrective orders regarding mobile device subsidization regulations including SK Telecom, Inc., KT, Inc., and LG U+, Inc.
8th	2.28(Fri)	Voting	Submitting a written review opinion on the proposal for increasing license fees of public broadcasting
		Voting	Permission to broadcast advertising sales agencies
		Voting	Partial amendment of the 「Enforcement Decree of the Act on Broadcast Advertising Sales Agencies, etc.」
		Voting	Prior consent to enactment of the notification of cable television broadcasting areas (proposal)
		Voting	Partial amendment of the 「Regulations on the Enforcement Act on Resource Management for Emergencies related to the Commission」
		Reporting	Outcome of survey on programming providing business operators' broadcast advertising practices
		Reporting	Inspection results of the general service and news-specialized programming providing business operators' performance in their 2013 business plans
9th	3.7(Fri)	Reporting	Amendment of the 「Notification regarding the organization of broadcasting programs」
10th	3.13(Thu)	Voting	Corrective measures for the infringements of consumer interests regarding mobile device subsidizations by SK Telecom, Inc., KT, Inc., and LG U+, Inc.
11th	3.17(Mon)	Voting	Renewal of permission to general service and news-specialized programming providing business operators in 2014 – TV Chosun, JTBC, Channel A, and News Y
		Reporting	Briefing on the progress in the discussion of measures to promote UHD broadcasting – Presentation regarding the operation of UHD broadcast promotion group and the joint study group for a 700MHz frequency

Session	Date	Type	Agenda Item
12th	3.19(Wed)	Voting	Renewal of permission to general service and news-specialized programming providing business operators in 2014 – TV Chosun, JTBC, Channel A, and News Y
13th	3.24(Mon)	Voting	Amendment of the 「Regulations on the Establishment of and Supervision of Non-Profit Foundations related to the Commission」 (notice)
		Voting	Retrial for the matter regarding KBS
		Voting	Prior consent to the permission for facility change by cable television broadcasting business operator – 13 operators including C&M Co.
		Reporting	Checking the stenographic records of the 12th Commission meeting
14th	4.16(Wed)	Voting	Election of the Commission vice chairperson
		Reporting	Planning for future development of policy tasks for the 3rd-term Commission
		Reporting	Organizational status of legal commissions
		Reporting	Contribution status of the Broadcast Communications Development Fund
		Reporting	Market trend of mobile device subsidization
15th	4.24(Thu)	Voting	Agreement on member appointment for the Broadcasting Market Competition Situation Assessment Committee
		Voting	Agreement on the appointment of supplementary members for filling vacancies among legal commissions – the Broadcasting Assessment Committee, the Viewer Rights Protection Committee and the Broadcasting Dispute Mediation Committee
		Reporting	Measures to improve digital culture and promote online ethics education
		Reporting	Current status and measures for personal information protection online
		Reporting	Status of support for the recovery action to the ferry Sewol disaster
		Reporting	Results of the evaluation of content production capabilities of registered broadcasting business operators
16th	5.9(Fri)	Voting	New permission for location information providers
17th	5.13(Tue)	Voting	Retrial of the matter regarding JTBC
		Voting	Retrial of the matter regarding Polaris TV
18th	5.15(Thu)	Voting	Agreement of member appointment for the Media Diversity Committee
		Reporting	Partial amendment of the 「levy and collection of Broadcast Communications Development Fund」 (notice)
		Reporting	Partial amendment of the 「Telecommunications Business Act」
		Reporting	Enactment of the 「Enforcement Decree of the Mobile Device Distribution Improvement Act」

Session	Date	Type	Agenda Item
19th	5.23(Fri)	Voting	Prior consent to change permission regarding the corporate merger of cable television broadcasting business operator
		Voting	Plan for the implementation of the Broadcasting Market Competition Situation Assessment in 2014 (proposal)
		Reporting	Partial amendment of the 「levy and collection of Broadcast Communications Development Fund」 (notice)
		Reporting	Partial amendment of the 「Notification on Support for Combined Sales of Broadcasting Advertisements」
		Current issue	The Commission's action for normalization the operation of KBS
20th	5.29(Thu)	Voting	Requests for document presentation and administrative measures for stabilization of KBS
		Voting	Basic plan for re-licensing to terrestrial broadcasting and community radio broadcasting business operators in 2014 (proposal)
		Voting	Basic plan for re-licensing to terrestrial DMB broadcasting networks in 2014 (proposal)
		Voting	Partial amendment of the 「Notification on organization of broadcast programs」
		Voting	Administrative measures for violators of regulations regarding personal information and location information
		Voting	Decision on the enforcement date of the regulation on suspending new subscriber acquisition related to mobile device subsidization of SK Telecom, Inc. and LG U+, Inc.
21st	6.12(Thu)	Voting	The 2015 budget and management plan for Broadcast Communications Development Fund
22nd	6.17(Tue)	Voting	Giving exemption of the license fee for public broadcasting to the victims of the Sewol ferry disaster
		Voting	Agreement on the appointment of a supplementary member for filling a vacancy on the Universal Viewing Right Protection Committee
23rd	6.19(Thu)	Voting	Partial amendment of the 「levy and collection of Broadcast Communications Development Fund」 (notice)
		Voting	Administrative measures for KT's violation of personal information protection regulations
		Reporting	Plan for the implementation of broadcasting advertisement monitoring in the second half of 2014
24th	6.26(Thu)	Voting	Administrative measures for KT's violation of personal information protection regulations
		Reporting	2013 disclosure on the financial status of broadcasting business operators

Session	Date	Type	Agenda Item
25th	7.1(Tue)	Voting	Retrial of the matter regarding election broadcasting services – YTN
		Voting	Retrial of the matter regarding broadcasting review – CBS part2, EBS and Newstomato
26th	7.3(Thu)	Voting	Basic plan for the permission review on a new radio broadcasting station – Traffic Jeju FM Radio Station (proposal)
		Voting	Partial amendment of the 「Notification on support for broadcasting advertising combined sales」
27th	7.9(Wed)	Voting	Corrective measures to 7 cable television broadcasting business operators including CCS Chungbuk for non-payment or delayed payment of license fee
		Voting	Calculation of ratings of broadcasting business operators in 2013
		Reporting	Partial amendment of the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc」
		Reporting	Enactment and amendment of the 「Notification on the Mobile Device Distribution Improvement Act」
		Reporting	Partial amendment of the enforcement decree of the Broadcasting Act and Korea Educational Broadcasting System Act and enactment of the enforcement decree of the Foundation for Broadcast Culture Act
28th	7.15(Tue)	Voting	Appointment of certificate authority for daily newspaper circulation
29th	7.17(Thu)	Voting	Prior consent to the permission for facility change by cable television broadcasting business operators – corporate merger of Seogyong Broadcasting
30th	7.21(Mon)	Voting	Prior consent to the permission for facility change by cable television broadcasting business operator
31st	7.29(Tue)	Voting	Administrative measures for broadcasting programming directors' violation of Broadcasting Law – Far East Broadcasting Co.,
		Voting	Plan for the evaluation of user protection tasks by communication service providers (proposal)
32nd	8.1(Fri)	Voting	Partial amendment of the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc」
33rd	8.4(Mon)	Voting	Vision and key policy tasks of the 3rd-term Commission
34th	8.6(Wed)	Voting	Retrial on the matter regarding broadcasting review – EBS, JTBC –
35th	8.7(Thu)	Voting	Partial amendment of the Broadcasting Act and Korea Educational Broadcasting System Act and enactment of the Enforcement Decree of the Foundation for Broadcast Culture Act
		Voting	Corrective orders for terrestrial broadcasting service providers for the violation of re-licensing conditions – 3 operators including KNN

Session	Date	Type	Agenda Item
		Voting	Enactment of the 「Guideline on the Imposition of Fine for the Violation of Sponsoring Notification」 and administrative measures to KBS's violation of the regulations of sponsoring notification
		Reporting	Presenting the 「Results of Performance Assessment of Mandatory Broadcasting for Disabled people in 2013」
36th	8.21(Thu)	Voting	New permission of location-based service (LBS) providers
		Voting	Corrective orders to SK Telecom, Inc., KT, Inc., and LG U+, Inc. for the violation of the user benefit concerning mobile device subsidization
		Reporting	Decision on the enforcement date of the regulation on suspending new subscriber acquisition related to mobile device subsidization of SK Telecom, Inc. and LG U+, Inc.
37th	8.27(Wed)	Voting	Retrial of the matter regarding broadcasting review – KBS, MBC and SBS –
38th	8.28(Thu)	Voting	Enactment of the 「Enforcement Decree of Mobile Device Distribution Improvement Act」
		Voting	Exemption of the license fee for public broadcasting for the residents in “Dae-Sung dong village” within DMZ
		Voting	New permission for a new radio broadcasting station – Traffic Jeju FM Radio Station
		Reporting	Enactment of the 「Enforcement Decree of the Special Act on Support for Regional Broadcasting Development」
39th	9.1(Mon)	Voting	Recommendation of supplementary director for filling a vacancy for KBS
40th	9.3(Wed)	Voting	Prior consent to the permission for facility change by cable television broadcasting business operators – 10 providers including CMB HanKang Cable TV and 22 cable television broadcasting business operators
		Voting	Arbitration period extension for the agreement between KT and Onse Tongsin on the wholesale provision of free phone service(080)
41st	9.4(Thu)	Voting	Basic plan for the review on the permission of change for the corporate merger between Kangreung and Samcheok MBC (proposal)
		Voting	Basic plan for the selection of public interest program channel and the recognition of welfare program channel for disabled people in 2015 (proposal)
		Voting	Administrative measures to violators of the act on telecom retail shops
		Voting	Partial amendment of the 「Telecommunications Business Act」 (proposal)
		Reporting	Extensive overhaul of the notification regarding the Consumer Policy
		Reporting	Partial amendment of the 「Enforcement Decree of Broadcasting Act and Korea Educational Broadcasting System Act and the Act on Broadcast Advertising Sales Agencies, etc」

Session	Date	Type	Agenda Item
42nd	9.23(Tue)	Voting	Agreement on member appointment for the '4th-term Universal Viewing Rights Protection Committee'
43rd	9.24(Wed)	Voting	Notification enactment and amendment of 「Mobile Device Distribution Improvement Act」
		Voting	Decisions on the maximum amount of mobile device subsidy
		Voting	Corrective measures for the violation of user benefit by special-type secondary business operators
44th	10.7(Tue)	Voting	Agreement on member appointment for the Broadcasting Assessment Committee
		Voting	Partial amendment of the 「Regulations on the Enforcement of the Act on Resource Management for Emergencies related to the Commission」
45th	10.16(Thu)	Voting	Establishment and operation of the 「Broadcast Advertising Industry Promotion Committee」
		Reporting	Enactment of the 「Notification of the Criteria on the Support Limit for Broadcast Communications Development Fund」
		Reporting	Enactment of the 「Notification regarding Recommended Group by the Regional Broadcasting Development Committee」
46th	10.17(Fri)	Voting	Establishment and operation of the 「Broadcast Advertising Industry Promotion Committee」
47th	10.22(Wed)	Voting	Retrial of the matter regarding broadcasting review – JTBC –
		Voting	Amendment of the 「Operation Regulations on Preliminary Review System of the Korea Communications Commission」 (notice)
48th	10.23(Thu)	Voting	Enactment of the 「Enforcement Decree of the Special Act on Support for Regional Broadcasting Development」
49th	10.27(Mon)	Voting	Agreement on member appointment for the 「Broadcast Advertising Industry Promotion Committee」
50th	10.31(Fri)	Voting	Selection of public-interest program channel and the recognition of a welfare program channel for disabled people for 2015 (proposal)
		Voting	Partial amendment of the 「Enforcement Decree of Broadcasting Act and Korea Educational Broadcasting System Act and the Act on Broadcast Advertising Sales Agencies, etc」
51st	11.4(Tue)	Voting	Permission for advertising sales agencies – MBN Media Lab
52nd	11.10(Mon)	Voting	Prior consent to the permission of facility change by cable television broadcasting business operators – Joyful Communication Network and 4 System Operators affiliated with CJ Hello Vision Co., Ltd. –

Session	Date	Type	Agenda Item
53rd	11.12(Wed)	Voting	Partial amendment of the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」
		Voting	Administrative measures for violators of personal information protection regulations
		Voting	Administrative measures for violators of sponsoring notification
		Reporting	Enactment of the 「Guideline for the Handling of Online Personal Data.」
		Reporting	Partial amendment of the 「Notification of the Organization and Operation of Broadcast Advertising Balanced Development Committee.」
54th	11.18(Tue)	Voting	Renewal of permission to general service programming providing business operators in 2014 – Maeil Broadcasting Network CO., LTD. –
		Voting	Partial amendment of the Broadcasting Act
55th	11.21(Fri)	Voting	Enactment of the 「Notification of the Criteria on the Support Limit for Broadcast Communications Development Fund.」
		Voting	Enactment of the 「Notification of the Recommended Group by the Regional Broadcasting Development Committee.」
		Voting	Extensive overhaul of the notification regarding the Consumer Policy
		Reporting	Extensive overhaul of administrative rules related to broadcasting policy
56th	11.27(Thu)	Voting	Permission for change to terrestrial broadcasting business operators – merger between Gangneung and Samcheok MBC
		Voting	Partial amendment of the 「Criteria on the Penalty Imposition for the Violation of Personal Information Protection.」
		Voting	Administrative measures for the violation of personal information protection regulations
		Voting	Sanctions to SK Telecom, Inc., KT, Inc., and LG U+, Inc. for the violation of Mobile Device Distribution Improvement Act
57th	12.4(Thu)	Voting	Corrective measures for SK Telecom, Inc., KT, Inc., LG U+, Inc. and their retail shops for the violation of Mobile Device Distribution Improvement Act
		Voting	Results of broadcasting assessment in 2013
58th	12.10(Wed)	Voting	Renewal of permission to terrestrial broadcasting business operators in 2014 – 5 operators including EBS
		Voting	Renewal of permission to community radio broadcasting business operators in 2014 – 7 Providers including Gwanak Community Radio
		Reporting	Partial amendment of the 「Regulations on Management of Broadcast Communications Development Fund.」 (notice)
		Reporting	Improvement to conduct more efficient disaster broadcasting services

Session	Date	Type	Agenda Item
59th	12.19(Fri)	Voting	Renewal of permission to terrestrial mobile multimedia stations in 2014 – 6 business operators including KBS
		Voting	New permission for location-based service providers
		Voting	Administrative measures for the violation of the regulation of destruction of resident registration numbers
		Voting	Corrective measures to retail shops for the violation of Mobile Device Distribution Improvement Act
		Reporting	Result of the evaluation of user protection tasks by communications service providers in 2014
		Reporting	Improvement of broadcast advertising systems (proposal)
60th	12.23(Tue)	Voting	Partial amendment of the 「Notification of Establishment and Operation of the Broadcast Advertising Balanced Development Committee」
		Voting	Introduction of a pilot service of terrestrial multi-mode by EBS
		Reporting	Unification of the regulation system of pay broadcasting by integrating the Broadcasting Act and the Internet Multimedia Broadcasting Business Act
		Reporting	Guideline for the protection of Big Data personal information (proposal)
61st	12.24(Wed)	Voting	Extensive overhaul of administrative rules regarding broadcasting policy
		Voting	Repeal of the 「Regulations on the Establishment and Operation of the Regional Broadcasting Development Committee」 and 「Notification regarding Regional Broadcasting Representatives」
		Voting	Partial amendment of the 「Criteria of Technical and Administrative Measures for Personal Information Protection」

3. Monthly Major Achievements of 2014

〈Appendix Table 6〉 Monthly Major Achievements of 2014

○ January 2014

Date	Events
Jan. 2	Conducted a trial broadcasting service of terrestrial multi-channel (MMS, Multi Mode Service) in Seoul and its vicinity
Jan. 6	Held the 2014 New Year Meeting for broadcasting and communications business operators
Jan. 23	Held the discussion meeting for boosting the broadcasting advertisement market
Jan. 23	Released the survey result of user practices of broadcasting media in 2013
Jan. 23	Publicized the plan to evaluate the production capabilities for broadcasting contents in 2013
Jan. 23	Made a decision on the license renewal of Hana Broadcast on the condition of prior consent
Jan. 24	Improved user agreements of paid broadcasting services
Jan. 27	Presented 'the measures to root out the illegal distribution of personal data online'
Jan. 27	Chairman Lee Kyoung-jae visited a traditional market and welfare facility
Jan. 28	Voted for the new permission of Gugak Gwangju FM Radio Station

The 2014 New Year Meeting for broadcasting and communications operators



Chairman Lee visiting a traditional market and welfare facility



○ February 2014

Date	Events
Feb. 17	Chairman Lee Kyoung-jae presented the Commission's work plan for 2014
Feb. 27	Released 'the 2014 permission plan for location information service providers'
Feb. 28	Made a decision on a written review opinion on the proposal of increasing TV license fees
Feb. 28	Presented the inspection results of general service and news-specialized programming providing business operators' performance in their 2013 business plans

○ March 2014

Date	Events
Mar. 4	Presented 'the Proposal for the increase of the license fee for public broadcasting' to the National Assembly
Mar. 10~14	Established and operated the Review Committee for the re-permission for general service and news-specialized programming providing business operators
Mar. 12	Initiated a 'joint study group of the Ministry of Science, ICT and Future Planning and the Korea Communications Commission to overhaul the regulation system of pay broadcasting by integrating the 「Broadcasting Act」 and the 「Internet Multimedia Broadcasting Business Act」 and so on'
Mar. 19	Held 'the Seminar for Online Personal Data Protection'
Mar. 19	Voted on the renewal of licensing to general service and news-specialized programming providing business operators (TV Chosun, JTBC, Channel A, and MBN)
Mar. 24	Initiated the trial broadcasting of terrestrial UHD services
Mar. 25	Held the farewell ceremony for the 2nd-term Commission
Mar. 28	Presented 'the spam distribution status in the second half of 2013'

The 1st Seminar for Online Personal Data Protection



The Farewell Ceremony for the 2nd-term Commission



○ April 2014

Date	Events
Apr. 8	Held the inauguration ceremony for the 3rd-term Commission
Apr. 10	Chairman Choi Sung-joon visited the Korea Internet and Security Agency after inauguration
Apr. 10	Enacted collective standards for the Telecommunications Technology Association, named K-META which is the meta data for the broadcasting content distribution
Apr. 12	Chairman Choi Sung-joon participated in the volunteer work at a welfare facility
Apr. 15	Presented the plan for the education on utilizing communications services and preventing damages
Apr. 15	Chairman Choi Sung-joon visited telecommunications retail shops
Apr. 16	Chairman Choi Sung-joon held a round table with the CEOs of Korea's 3 major telecom companies
Apr. 18	Created and released a free video clip for 'the Smart Way to Prevent Communications Service Damages through Sign Language'
Apr. 20	Held the Korea Communications Commission's Broadcasting Awards 2014
Apr. 23	Held a round table with a group of the chairmen of Korean Broadcasters Association
Apr. 25	Released the assessment result of production capabilities for broadcast content in 2013

■ The inauguration Ceremony for the 3rd-term Commission



■ Chairman Choi Sung-joon Holding a Round Table with the CEOs of Korea's 3 Major Telecom Companies



■ Chairman Choi Sung-joon Participating in the Volunteer Work at a Welfare Facility



■ The Commission Broadcasting Awards 2014



○ May 2014

Date	Events
May 7	Chairman Choi Sung-joon held a round table with the heads of 4 general service Program Providers
May 8	Chairman Choi Sung-joon held a round table with the heads of 2 news-specialized channel programming providing business operators
May 19	Initiated a campaign for 'the protection of personal data online in 2014'
May 29	Made a decision on the basic plan for ren-permission to terrestrial DMB broadcasters in 2014
May 29	Made a decision on the basic plan for renewed permission to terrestrial and community radio broadcasting service providers
May 30	Chairman Choi Sung-joon held a round table with the heads of the Korea Cable Television and Telecommunications Association and System Operators
May 30	Presented appointment letters to members for the 3rd-term Media Diversity Committee
May 30	Chairman Choi Sung-joon held a round table with the heads of advertising-related groups
May 31	Received the application for renewal of permission for MBN general service programming providing business operators

The Appointment Ceremony for the 3rd-term Media Diversity Committee



The Round Table with the Heads of Advertising-related Groups



June 2014

Date	Events
Jun. 3	Enacted the 「Special Act on Support for Regional Broadcasting Development」
Jun. 9	Held an event for ‘Week of a Beautiful Internet World’
Jun. 9	Chairman Choi Sung-joon gave his lecture tour on the Internet Ethics at Pangyo Elementary School in Gyeonggi
Jun. 16	Held ‘the 2014 Conference on Online Personal Data Protection’
Jun. 23	Held a business briefing for the operators of the broadcasting advertising monitoring services
Jun. 25	Had a discussion meeting to overhaul the regulation system of pay broadcasting by integrating the 「Broadcasting Act」 and the 「Internet Multimedia Broadcasting Business Act」
Jun. 26	Publicized the financial status of broadcasting service providers for the fiscal year 2013

Chairman Choi's Lecture Tour on the Internet Ethics at Pangyo Elementary School



The 2014 Conference on Online Personal Data Protection



July 2014

Date	Events
Jul. 1	The Commission and the MSIP presented 'the Strategy for the development of programming providing business operator industry'
Jul. 3	Voted on the basic plan for the permission for Traffic Jeju FM Radio Station
Jul. 3	Appointed corporate founding members for community media centers and held the first conference
Jul. 7	Held an opening ceremony for Gangwon community media center
Jul. 9	Imposed corrective orders and penalties on 7 System Operators including CCS Chungbuk TV
Jul. 9	Released the media exchange ratio and the audience ratings of broadcasting service providers for the year of 2013
Jul. 16	Held an opening ceremony for Daejeon community media center
Jul. 25	Held the first conference of public and private consultation to conduct a survey on N Screen's ratings
Jul. 29	Granted appointment letters to members for the 2nd-term Broadcasting Market Competition Situation Assessment Committee
Jul. 31	Published the White Paper for re-permission of general service and news-specialized programming providing business operators

The 1st Conference of Public and Private Consultation to Conduct a Survey on N-Screen's Ratings



The Appointment Ceremony for the 2nd-term Broadcasting Market Competition Situation Assessment Committee



The Opening Ceremony for the Gangwon community media center



The Opening Ceremony for the Daejeon community media center



○ August 2014

Date	Events
Aug. 1	Improved the system related to the delay charge payment for channel using fees of total pay broadcasting business operators
Aug. 4	Presented the vision and key policy tasks for the 3rd-term Commission
Aug. 13	Held an opening ceremony for the Incheon Community Media Center
Aug. 17	Initiated the mandatory system of destroying the resident registration numbers collected online
Aug. 18	Formed a consultation body for terrestrial UHD policy
Aug. 22	Held the 2014 conference for the representatives of Policy Customer Relationship Management in broadcasting and communications
Aug. 28	Voted on the new permission for Traffic Jeju FM Radio Station
Aug. 29	Held an agreement signing ceremony for the establishment and operation of the Ulsan Community Media Center

The Opening Ceremony for the Incheon Community Media Center



The 2014 Conference for the Representatives of Policy Customer Relationship Management in Broadcasting and Communications



The Agreement Signing Ceremony for the Establishment and Operation of the Ulsan Community Media Center



○ September 2014

Date	Events
Sep. 2	Held a public hearing to amend the 「Enforcement Decree on the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」
Sep. 4	Voted on the basic plan for the permission of change to corporate merger between Kangreung and Samcheok MBC
Sep. 4	Held a round table concerning the 3rd-term Commission policy tasks with a group of chairmen of Korean Broadcasters Association
Sep. 4	Chairman Choi Sung-joon visited a traditional market and welfare facility
Sep. 4	Voted on the basic plan for the selection of public-interest program channel and the recognition of welfare program channel for disabled people in 2015
Sep. 16	Chairman Choi Sung-joon visited the outsourced production spot for SBS Drama Glorious Day and Cheongdamdong Scandal
Sep. 17	Conducted the 2014 observation in the International Broadcasting Center and a survey on the status of media diversity policy
Sep. 19	Chairman Choi Sung-joon held a round table with the heads of private regional broadcasting systems
Sep. 24	Chairman Choi Sung-joon visited the outsourced production spot for JTBC's Hidden Singers
Sep. 30	Held a proclamation ceremony for 'the Personal Date Cleanup Campaign'
Sep. 30	Released 'the Spam Distribution Status for the first half of 2014'

Chairman Choi Sung-joon Visiting a Traditional Market and Welfare Facility



The Proclamation Ceremony for the Personal Date Cleanup Campaign



Visiting the Subcontracted Production Site of a SBS Drama



2014 IBC Observation and Survey on the Status of Media Diversity Policy



Visiting the Subcontracted Production Site of JTBC and holding a Round Table



October 2014

Date	Events
Oct. 1	Enforced the 「Mobile Device Distribution Improvement Act」
Oct. 1	Investigated the fact regarding the unfair operation of 40 Cable TV System Operators including T-broad and CNM
Oct. 17	The Commission and the MSIP held a breakfast meeting with the CEOs of Korea's 3 major telecom companies and manufacturers.
Oct. 24	Investigated the fact regarding the infringement of viewer interests by KT SkyLife
Oct. 27~28	Visited a historic spot that represents integrity and held a resolution ceremony to take a vow of integrity
Oct. 28	Held a discussion meeting to overhaul the regulation system of pay broadcasting by integrating the 「Broadcasting Act」 and the 「Internet Multimedia Broadcasting Business Act」
Oct. 31	Held a meeting for 'the Internet Culture Policy Advisory Committee'
Oct. 31	Selected 9 public- interest program channel and recognized 1 welfare program channel for disabled people for 2015

The Commission and the MSIP's Breakfast Meeting with the CEOs of Korea's 3 major Telecom Companies and Manufacturers.



Visiting a Historic Site for Integrity and Making a Resolution for Enhancing Integrity



○ November 2014

Date	Events
Nov. 7	Chairman Choi presented prizes at the Public Advertisement Competition
Nov. 10~13	Formed and operated the Review Committee of re-permission for general programming providing business operator(MBN)
Nov. 12	Presented the 'Guideline on the Handling of Online Personal Data'
Nov. 12	Vice Chairperson Hur Won-je presented prizes at the Korea Advertising Awards
Nov. 13	Formed the 'Committee for the Evaluation of Broadcasting Contents Production Capabilities'
Nov. 14	Held the 'Ceremony for the Week of Broadcasting & Communications Consumers'
Nov. 17	Completed the establishment of the 1st step toward integrated management system for broadcasting program distribution information
Nov. 18	Voted on the amendment of the Broadcasting Act to improve the system for dispute resolution in broadcasting including the introduction of the compulsory arbitration
Nov. 18	Voted on re-permission to general service programming providing business operators - MBN
Nov. 20	Held 'the 3rd Seminar for Online Personal Data Protection'
Nov. 26	Held an awards ceremony for 'Internet Ethics Great Exhibition 2014'
Nov. 26	Lawmaker Cho Hae-jin, proposed an amendment of the 'Broadcasting Act on the Repeal of Programming Ratio Limit of Special Interest Groups'
Nov. 27	Held the 2014 Viewer Media Fair
Nov. 27	Voted on the permission of change to Kangreung and Samcheok MBC for corporate merger
Nov. 28	Held a public hearing for Measures to improve the Regulation System of pay broadcasting including the integration of the 'Broadcasting Act' and the 'Internet Multimedia Broadcasting Business Act'
Nov. 29	Chairman Choi Sung-joon participated in the 'Coal Briquettes of Love Delivery Movement' charity event

The Awards Ceremony at the Public Advertisement Competition



The Awards Ceremony at the Korea Advertising Awards



The 5th Ceremony for Week of Broadcasting Communications Consumers



The Viewer Media Fair 2014



Public Hearing for the Measures to improve the Regulation system of pay broadcasting



Chairman Choi at the 'Coal Briquettes of Love Delivery Movement' charity event.



December 2014

Date	Events
Dec. 4	Enacted the 「Enforcement Decree of the Special Act on Support for Regional Broadcasting Development」 and the relevant notification – The Notification of Recommended Group by the Regional Broadcasting Development Committee – The Notification of standard for the limit on support for Broadcast Communications Development Fund
Dec. 4	Released the result of the broadcast evaluation in 2013
Dec. 5	Confirmed the ‘Plan to Promote the Smart Media Industry’ along with the Ministry of Science, ICT and Future Planning, the Ministry of Culture, Sports and Tourism and the Small&Medium Business Administration
Dec. 10	Voted on the re-licensing to terrestrial broadcasting and community radio broadcasting service providers in 2014
Dec. 11	Held the 2014 Awards Ceremony for the Broadcast Programs produced by viewers in Busan, Ulsan, and South Kyongsang
Dec. 16	Held an event for ‘the Night of Online Personal Information Protection’
Dec. 19	Presented the result of ‘the Evaluation of User Protection Tasks imposed on Communication Service Providers in 2014’
Dec. 19	Held an event for the distribution of broadcasting DVDs for people with developmental disabilities
Dec. 19	Voted on the re-licensing to terrestrial DMB broadcasting stations in 2014
Dec. 23	Released ‘the Guideline on Big Data Personal Information Protection’
Dec. 23	Voted on measures for introducing the trial service of terrestrial EBS Multi Mode Service (MMS)
Dec. 30	Appointed members for the 3rd-term Committee of Regional Broadcasting Development

2014 Awards Ceremony for the Broadcasting Programs produced by viewers in Busan, Ulsan and South Kyongsang



Event for the Night of Online Personal Data Protection



Event for the distribution of broadcasting DVD for people with developmental disabilities



Appointment Ceremony for the 3rd-term Regional Broadcasting Development Committee



4. Acronyms

〈Appendix Table 7〉 Acronyms

Acronyms	Details
ASEAN	Association of South–East Asian Nations
BBS	Buddhist Broadcasting System
BEXCO	Busan Exhibition & Convention Center
BTN	Buddhist Television Network (Buddhist True Network)
CBS	Christian Broadcasting System
CEMA	Corea Entertainment Management Association
CJB	Cheongju Broadcasting Corporation
CSV	Comma Separated Value
CTS	Christian Television System
DB	Data Base
DMB	Digital Multimedia Broadcasting
DVD	Digital Video Disc
EBS	Korea Educational Broadcasting System
ECB	European Central Bank
EDGE	Enhanced Data Rates for Global System for Mobile Communications (GSM) Evolution
eMBMS	evolved Multimedia Broadcast Multicast Service
ESPN	Entertainment and Sports Programming Network
ETRI	Electronics and Telecommunications Research Institute
FEBC	Far East Broadcasting Company
FKMP	Federation of Korea Music Performers
FTA	Free Trade Agreement
FTTH	Fiber To The Home
FTV	Fishing Television (Korea Fishing Channel)

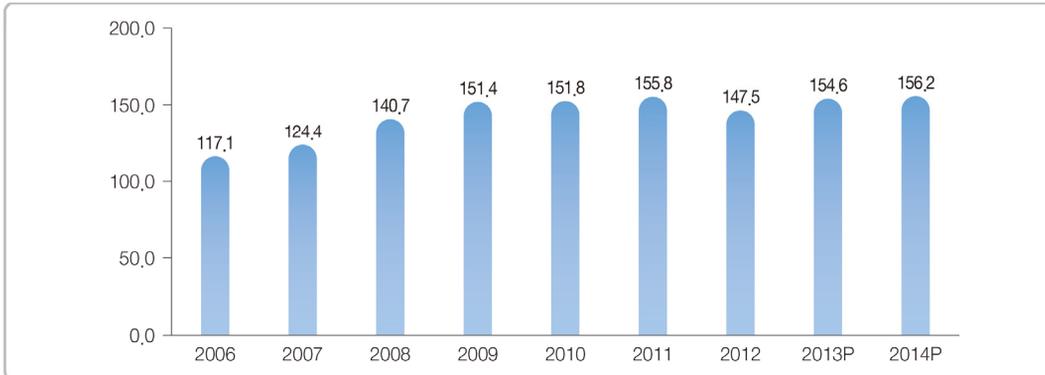
Acronyms	Details
GFN	Gwangju Foreign language Network
GPS	Global Positioning System
GSM	Global System for Mobile communications
HD	High Definition
HFC	Hybrid Fiber Coax
HSPA	High Speed Packet Access
ICT	Information and Communication Technologies
IMF	International Monetary Fund
i-PIN	Internet Personal Identification Number
IPTV	Internet Protocol Television
IT	Information Technology
ITU	International Telecommunication Union
JIBS	Jeju free International city Broadcasting System
JTBC	Joongang media network Tongyang Broadcasting Company
jTV	jeonju Television
KAIT	Korea Association for ICT Promotion
KBA	Korean Broadcasters Association
KBAU	Korea Broadcasting Actors Union
KBC	Kwangju Broadcasting Company
KBS	Korean Broadcasting System
KCTA	Korea Cable Television & Telecommunication Association
KIPA	Korea Independent Productions Association
KISA	Korea Internet & Security Agency
KISDI	Korea Information Society Development Institute
KNN	Korea New Network
KOBACO	Korea Broadcast Advertising Corporation

Acronyms	Details
KOCSC	Korea Communications Standards Commission
KoDiMA	Korea Digital Media Industry Association
KTRWA	Korea Television & Radio Writers Association
LAN	Local Area Network
LTE	Long Term Evolution
MBC	Munhwa Broadcasting Corporation
MBN	Maeil Broadcasting Network
MCST	Ministry of Culture, Sports and Tourism
MMS	Multi Mode Service
MOU	Memorandum Of Understanding
MTN	Money Today Network
MVNO	Mobile Virtual Network Operator
MWC	Mobile World Congress
OBS	O Broadcasting System
OECD	Organization for Economic Cooperation and Development
OTT	Over the Top
PBC	Pyeonghwa Broadcasting Corporation
PDF	Portable Document Format
PIMS	Personal Information Management System
POMS	Paging Operation and Maintenance System
PP	Program Provider (programming providing business operator)
PWC	Price Waterhouse Coopers
RTN	Real estate Television Network
SBS	Seoul Broadcasting System
SD	Standard Definition
SEN	Seoul Economic Network

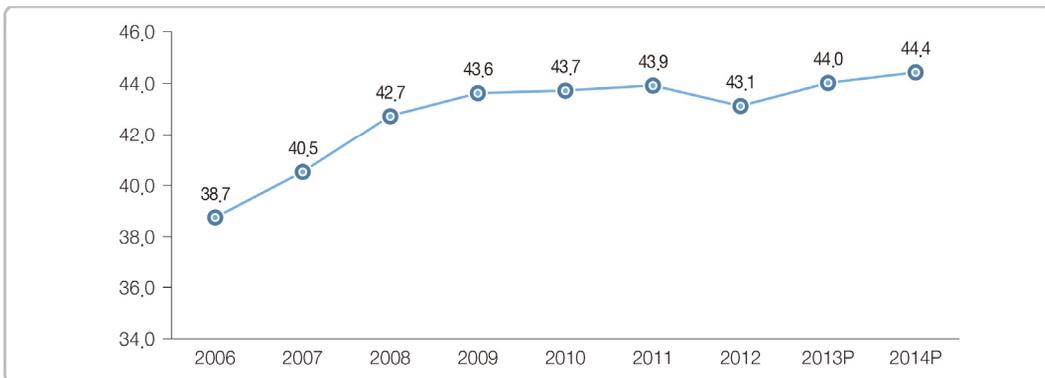
Acronyms	Details
SFN	Single Frequency Network
SMMS	Smart Metadata Management System
SNS	Social Network Service
SO	System Operator (Cable television broadcasting business operator)
SVOD	Subscription Video On Demand
SW	SoftWare
TB	TeraByte
TBC	Taegu Broadcasting Corporation
TBN	Traffic Broadcasting Network
TBS	Traffic Broadcasting System
TF	Task Force
TTA	Telecommunications Technology Association
TVOD	Transactional Video On Demand
UBC	Ulsan Broadcasting Corporation
UHD	Ultra High Definition
VOD	Video On Demand
VoIP	Voice over Internet Protocol
WBS	Won-buddhism Broadcasting System
WCDMA	Wideband Code Division Multiple Access
Wi-Fi	Wireless-Fidelity
xDSL	xDigital Subscriber Line

5. Status of Broadcasting and Communications Industry by Sector in 2014

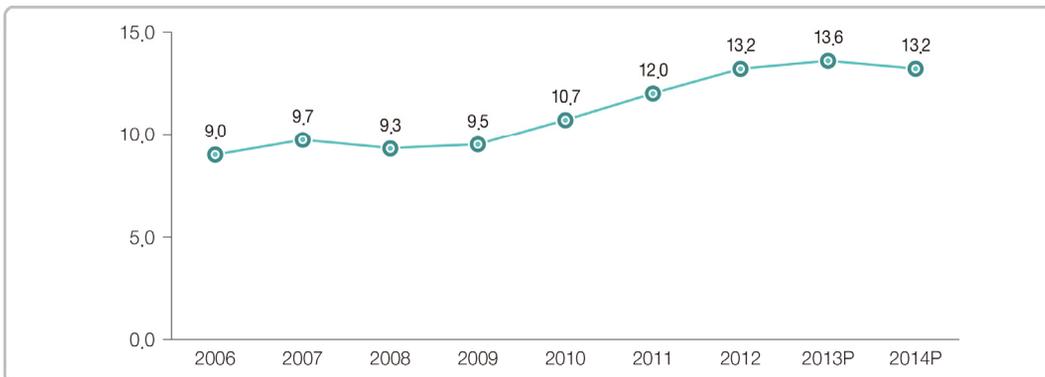
■ Total Production of the Broadcasting and Communications Industry (Unit : KRW 1 trillion)



■ Communications Service Sales (Unit : KRW 1 trillion)



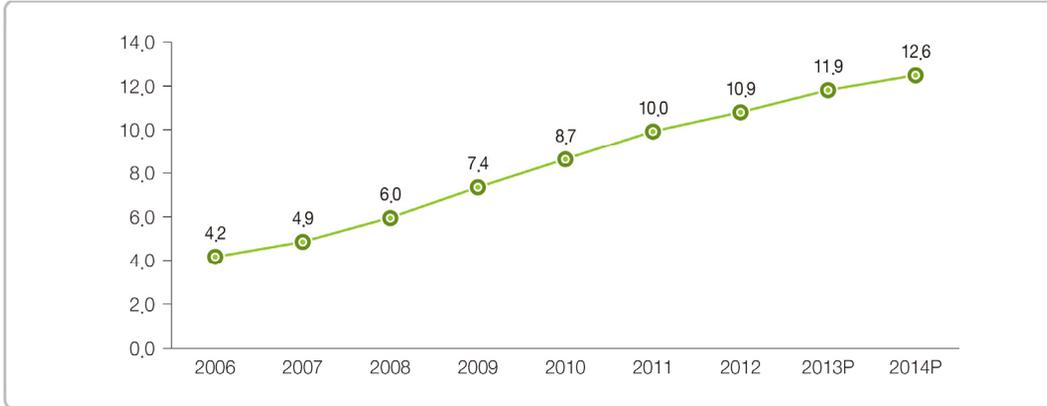
■ Broadcasting Service Sales (Unit : KRW 1 trillion)



Note) P: Preliminary

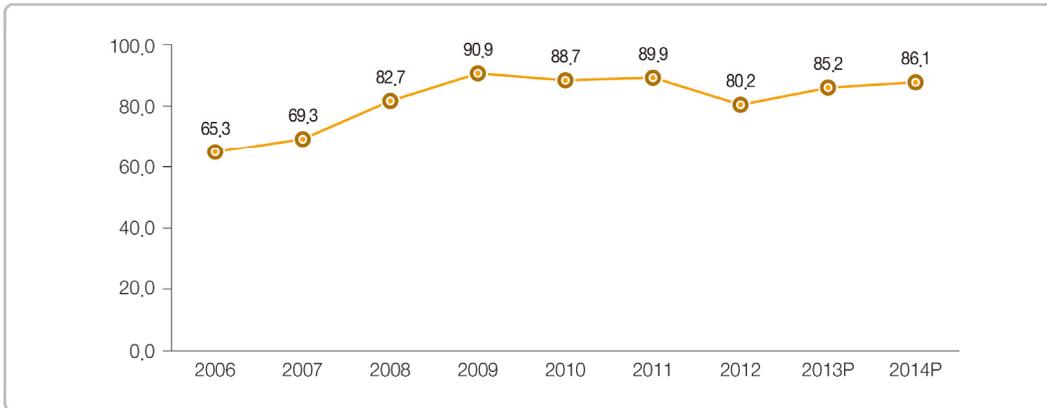
Converged Digital Media Service Sales

(Unit : KRW 1 trillion)



Broadcasting and Communications Device Sales

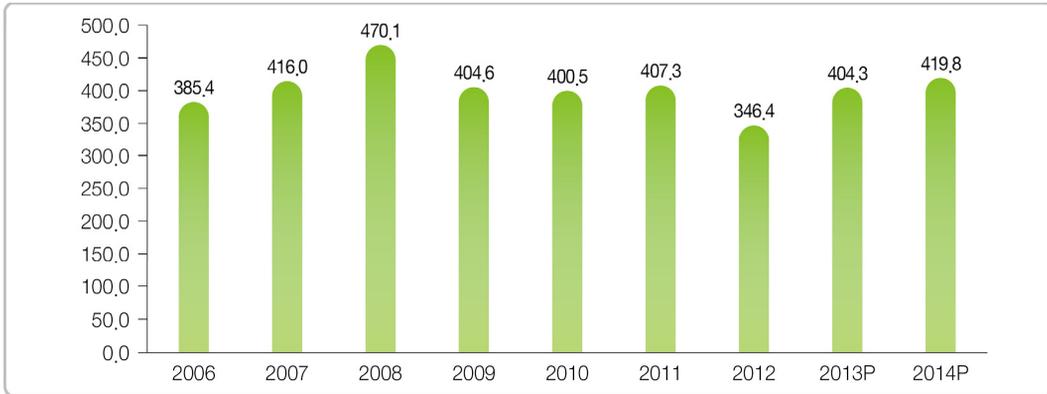
(Unit : KRW 1 trillion)



Note) P: Preliminary

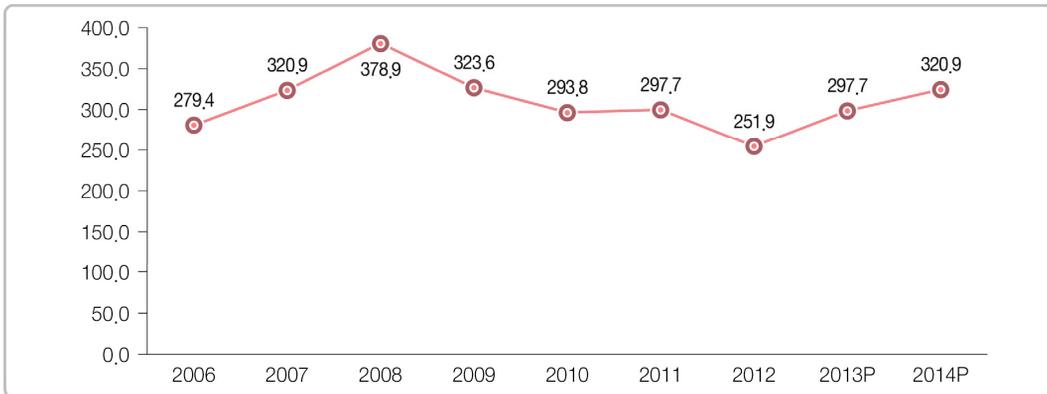
Total Broadcasting and Communications Device Exports

(Unit : USD 100 million)



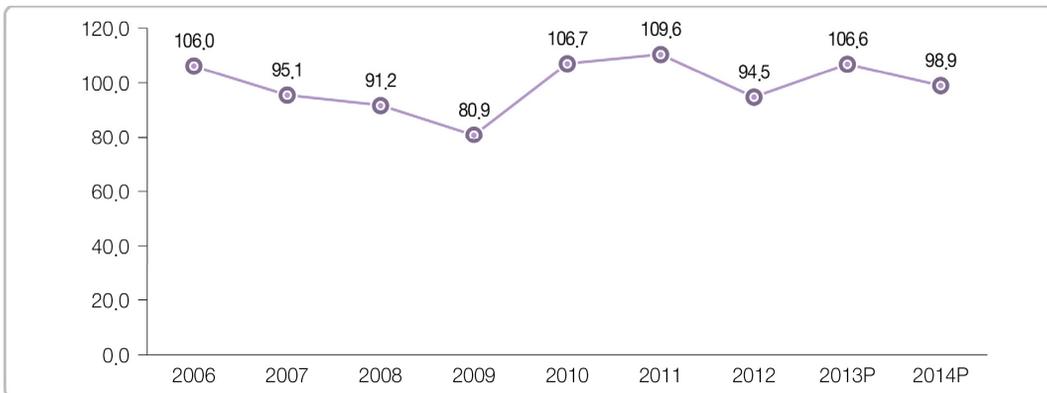
Communications Device Exports

(Unit : USD 100 million)



Broadcasting Device Exports

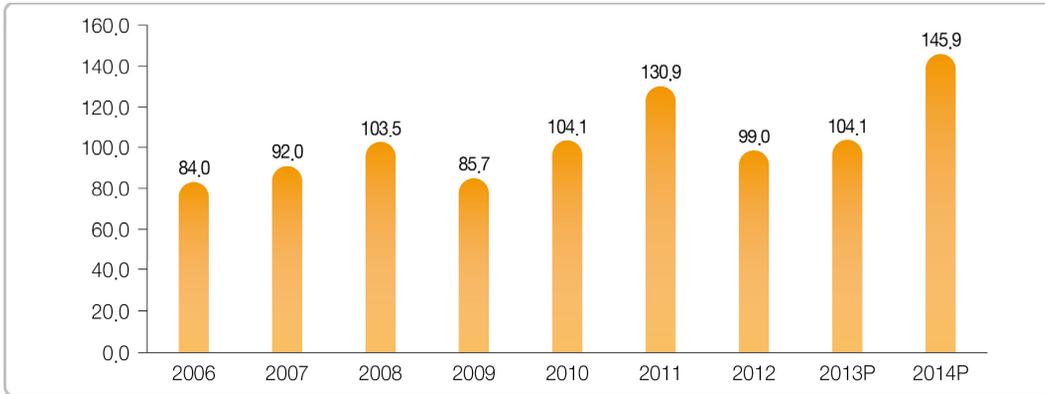
(Unit : USD 100 million)



Note) P: Preliminary

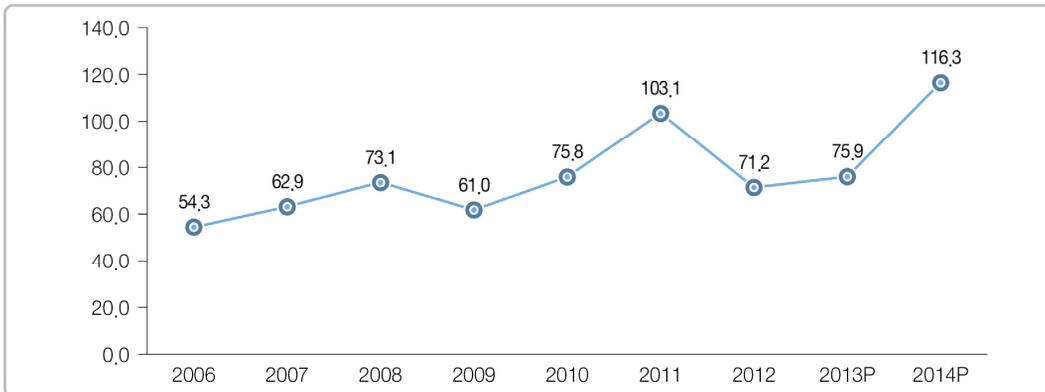
Broadcasting and Communications Device Imports

(Unit : USD 100 million)



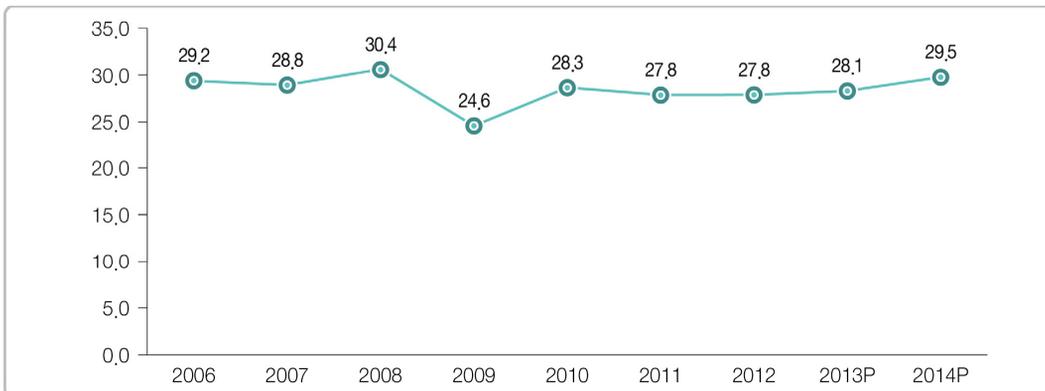
Communications Device Imports

(Unit : USD 100 million)



Broadcasting Device Imports

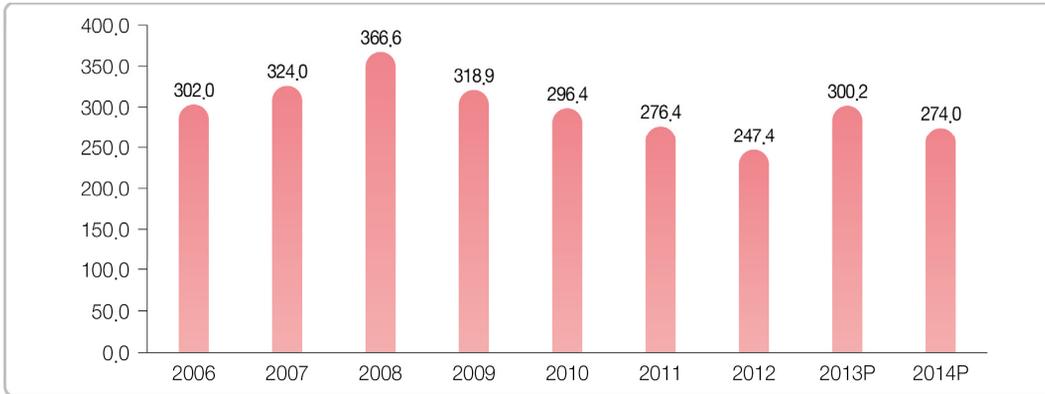
(Unit : USD 100 million)



Note) P: Preliminary

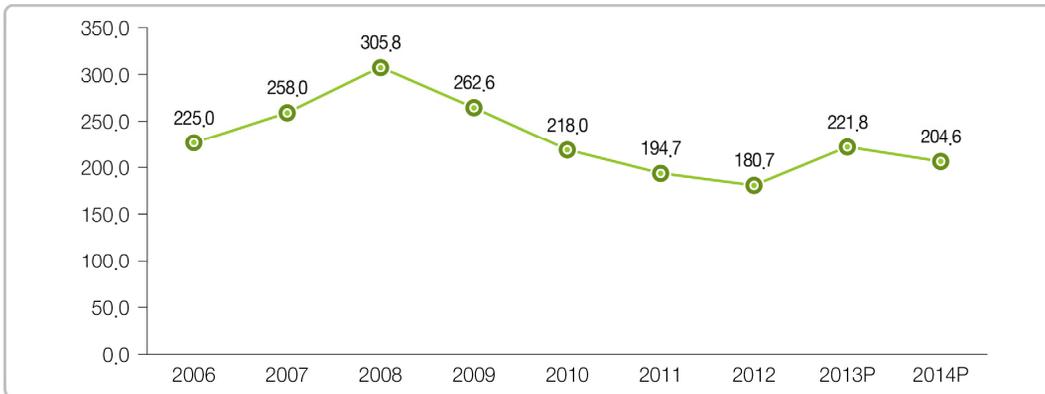
■ Broadcasting and Communications Device Trade Balance

(Unit : USD 100 million)



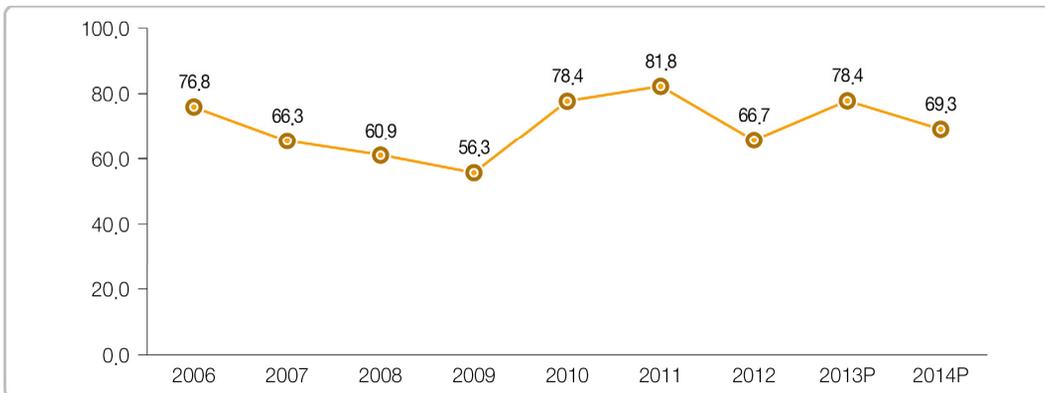
■ Communications Device Trade Balance

(Unit : USD 100 million)



■ Broadcasting Device Trade Balance

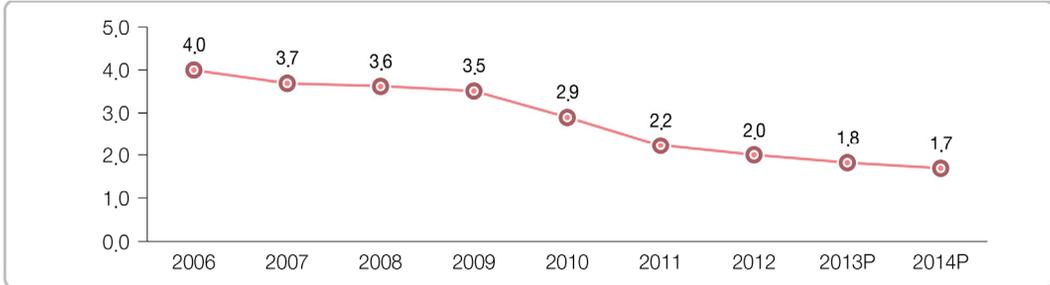
(Unit : USD 100 million)



Note) P: Preliminary

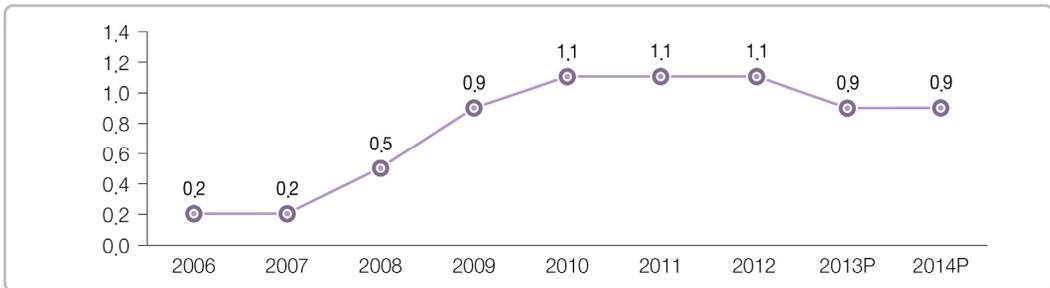
Local Telephone Service Sales

(Unit : KRW 1 trillion)



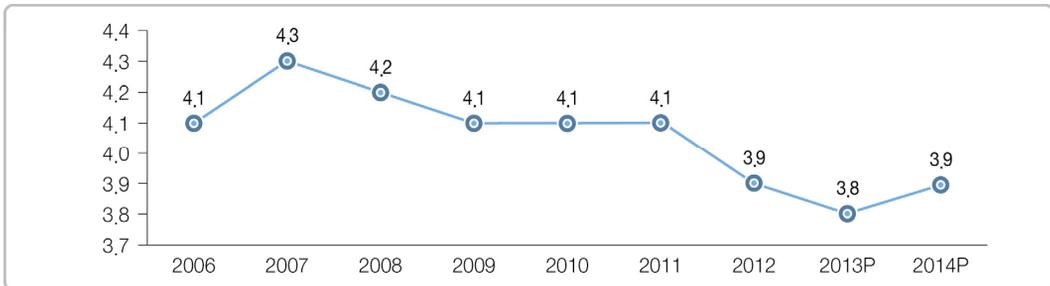
Internet Telephone Service Sales

(Unit : KRW 1 trillion)



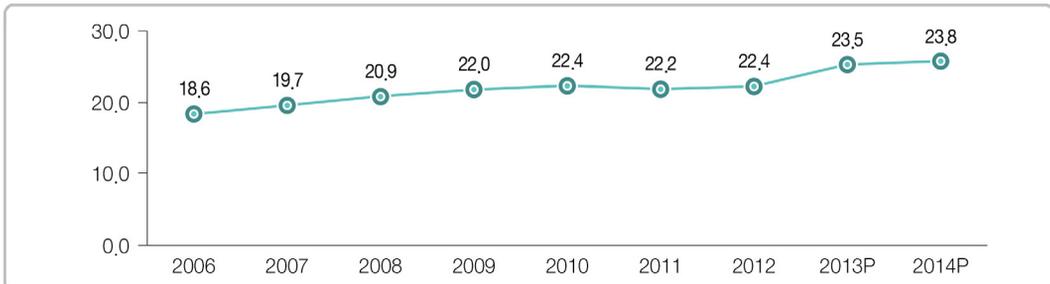
Broadband Internet Access Service Sales

(Unit : KRW 1 trillion)



Mobile Service Sales

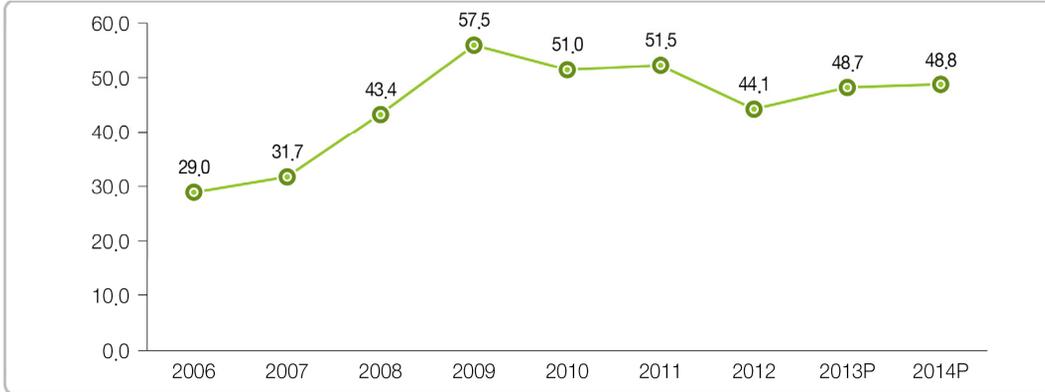
(Unit : KRW 1 trillion)



Note) P: Preliminary, The wireless network connection charge has been excluded from mobile service revenue.

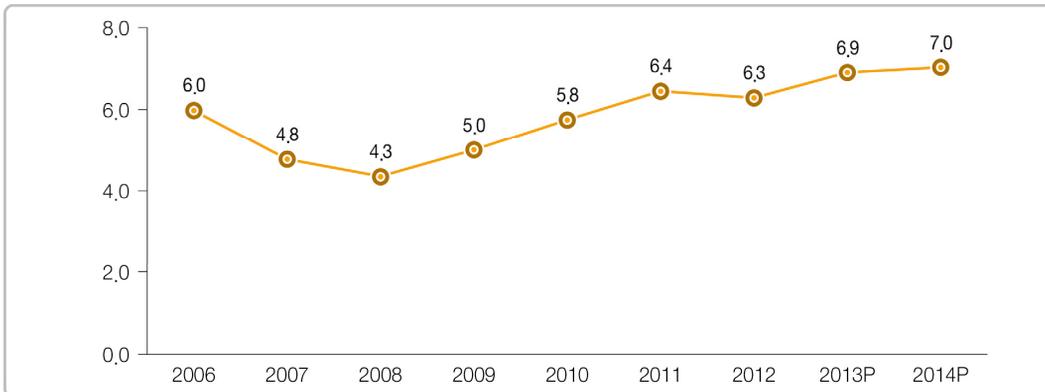
Mobile Phone Device Sales

(Unit : KRW 1 trillion)



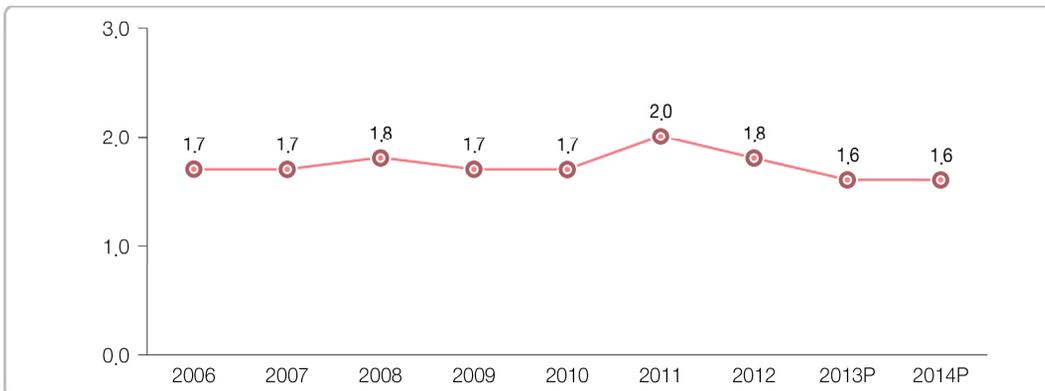
DTV Sales

(Unit : KRW 1 trillion)



Total Set-top Box Sales

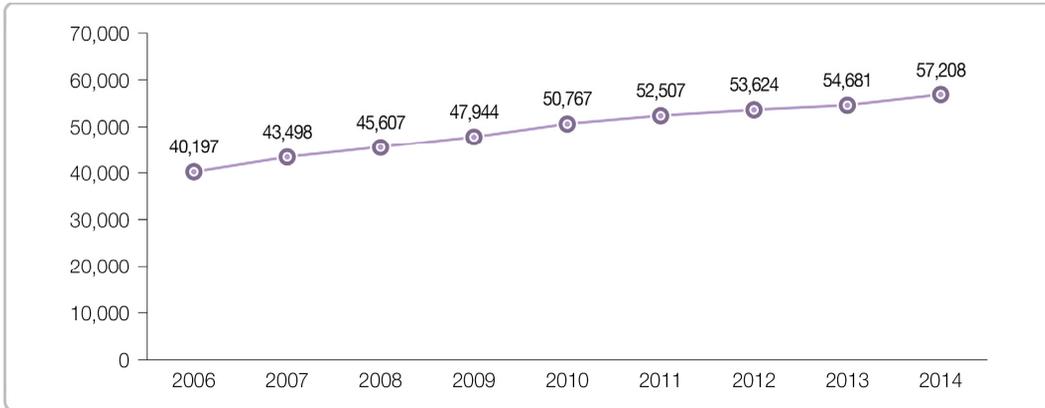
(Unit : KRW 1 trillion)



Note) P: Preliminary

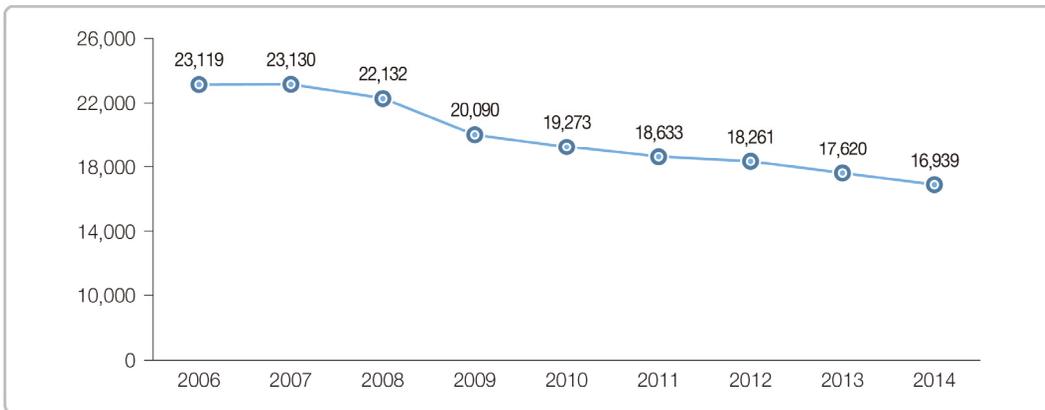
Number of Mobile Subscribers

(Unit : 1,000 subscribers)



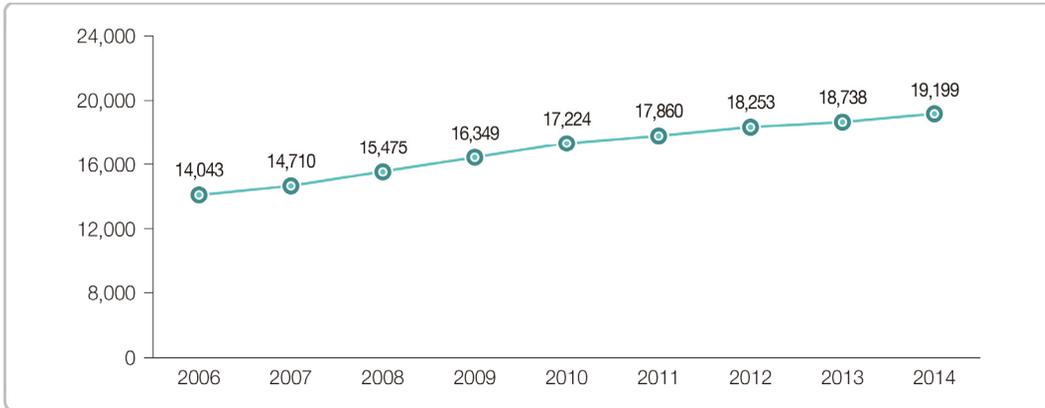
Number of Local Telephone Subscribers

(Unit : 1,000 subscribers)



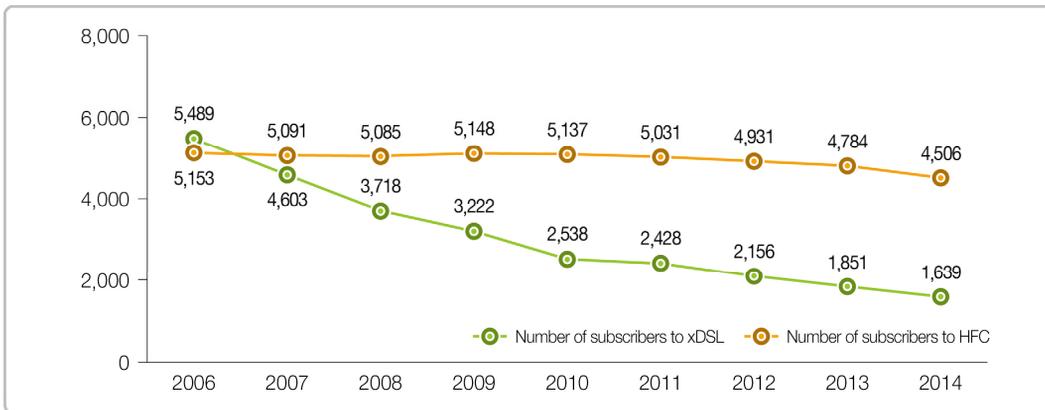
Number of Broadband Internet Subscribers

(Unit : 1,000 subscribers)



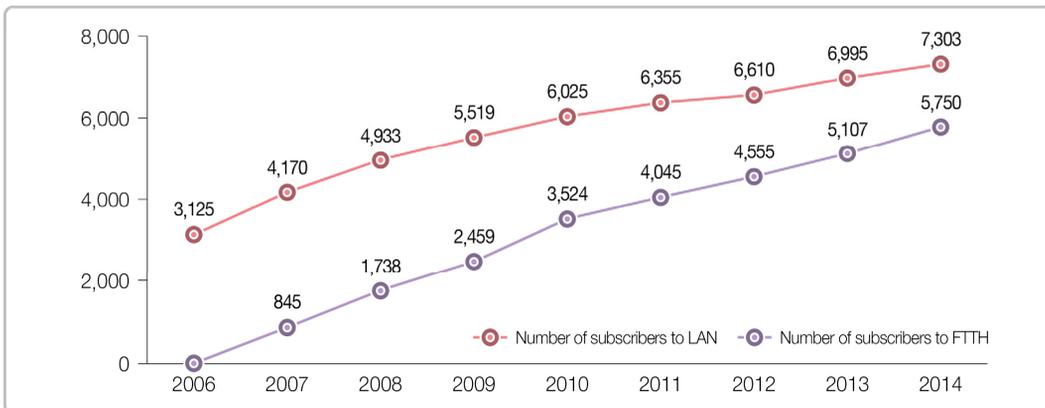
Number of Broadband Internet(xDSL, HFC) Subscribers

(Unit : 1,000 subscribers)



Number of Broadband Internet(LAN, FTTH) Subscribers

(Unit : 1,000 subscribers)



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