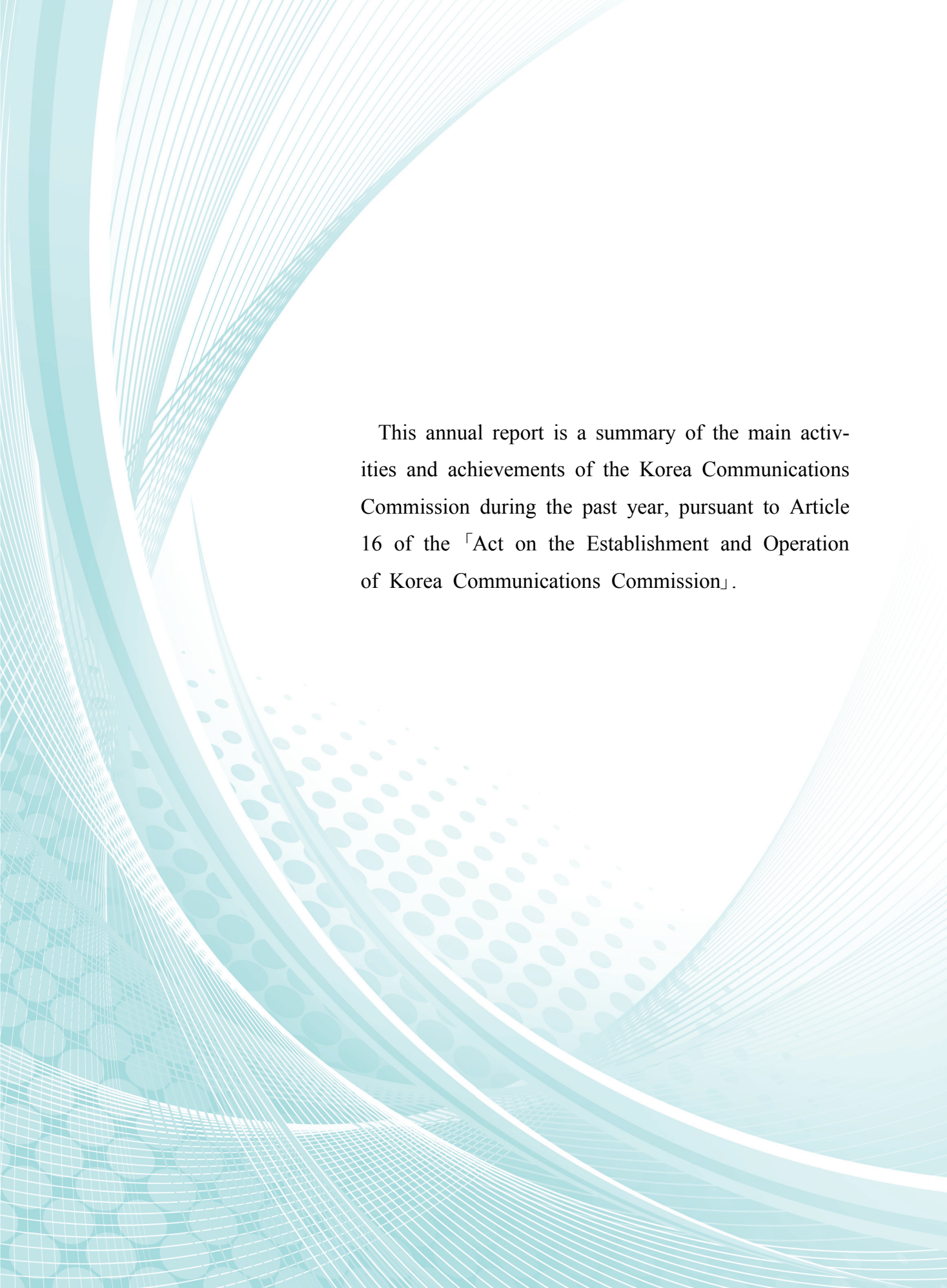




ANNUAL REPORT 2013
KOREA
COMMUNICATIONS
COMMISSION



KOREA
COMMUNICATIONS
COMMISSION



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

Message from the Chairman



The year 2013 marked the rebirth of the Korea Communications Commission as a regulatory agency for the broadcasting policy and communications sector according to the reorganization plan implemented by the Korean government.

Since then, the Commission, while working very hard to stabilize our newly launched organization, has been devoted to its mission to keep broadcasting fair, serve the public interest and make sure the Creative Economy take a firm root by alleviating the broadcasting industry of any unnecessary regulatory burden.

We have also made great efforts to vitalize broadcasting contents and globalize the broadcasting platform, primarily by adjusting the TV licence fee, expanding the work force for the production of contents through local media centers, increasing TV screenings of newly made Korean animations, establishing a firm foundation for next-generation broadcasting such as UHD and MMS, and transmitting Arirang TV signals to DirecTV, the leading direct broadcast satellite service provider in the United States.

In addition, we have been able to lay a firm foundation for the creation of a new broadcasting and telecommunication environment where everyone feels comfortable and happy by tracking down those who violate the laws and regulations on the protection of personal information and the phone subsidy, and initiating public campaigns on ethical use of the Internet.

This annual report contains detailed information about the activities and achievements of Korea Communications Commission in the year 2013.

As the environment surrounding broadcasting and telecommunication keeps on changing rapidly due to technological progress and interdisciplinary fusion, we at the Commission will continue to use all the resources at our disposal to further promote free and independent broadcasting services and raise broadcasters' awareness of their social responsibilities, to support Korea's Creative Economy by seeking a harmony between the public good and the economic value of the industry, and to contribute to making Korea a happier society by strictly enforcing the law with regard to those who encroach upon and infringe the users' interest.

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

Thank you.

Choi Sung-joon

Chairman
Korea Communications Commission

June 2014

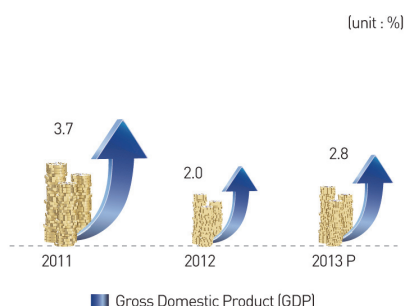


Broadcasting and Telecommunications Policy Accomplishments in Graphs

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

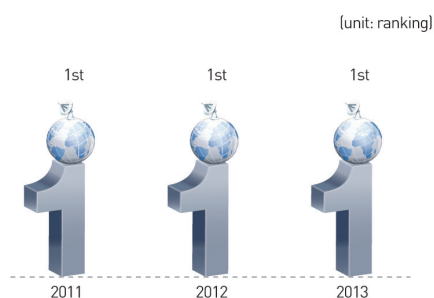
- The growth trend of the broadcasting and communications sectors has remained steady, including the export amount of ICT businesses and the production volume of broadcasting and communications service businesses. Korea has been ranked No. 1 on the ITU's ICT development index for four consecutive years.

Gross Domestic Product (GDP) trend

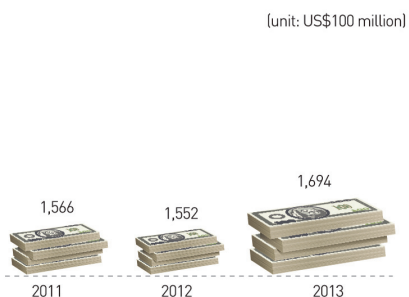


Note : P(Preliminary) : Tentative value (estimated value derived from currently accumulated data and key variables due to the lack of time to collect full data)

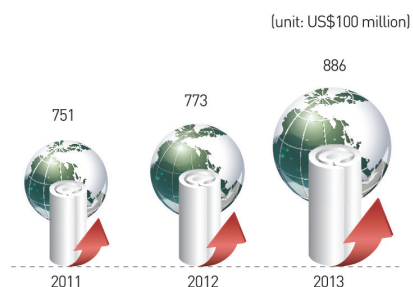
ITU ICT Development Index (IDI) evaluation ranking



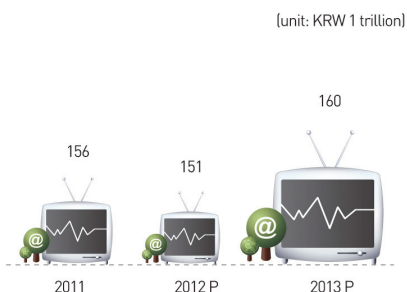
ICT industry exports



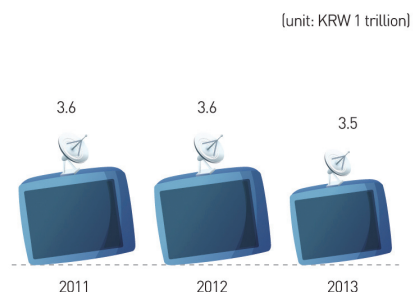
ICT trade balance



Domestic broadcasting and telecommunications output

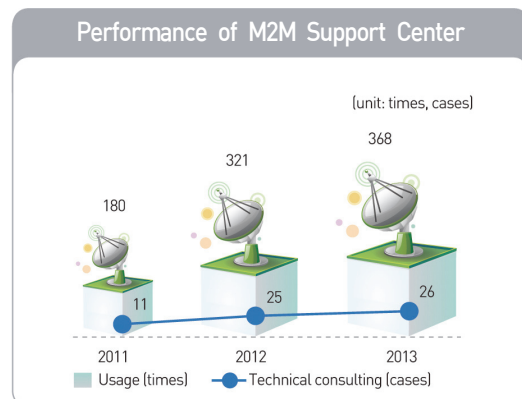
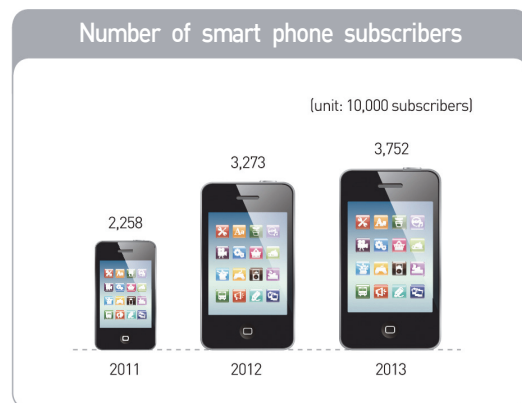
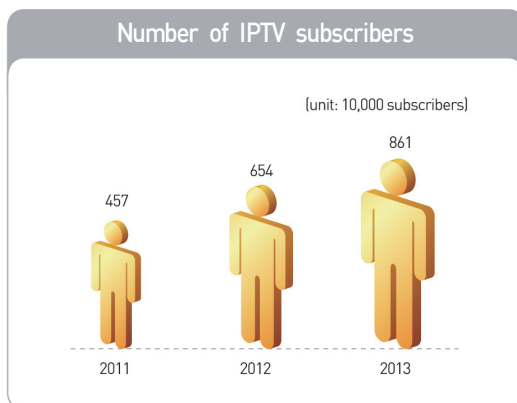


Domestic broadcasting advertisement sales amount



■ The development of next-generation broadcasting and telecommunications convergence technology and the increasing adoption of such services have helped lay the foundation for a vitalized market

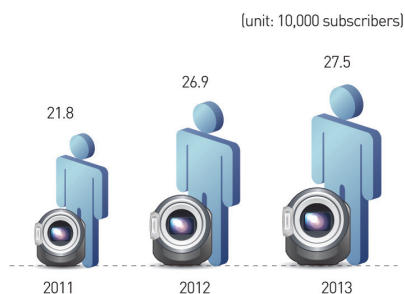
- IPTV contributed to the growth of pay TV market by securing 8.61 million new subscribers in 2013, while the number of smart phone subscribers also steadily increased to 37.52 million in 2013, showing an increase of 14.6% over 2012.
- The number of WiBro service subscribers reached 980,000 in 2013, resulting in a steady increase in inclusive M2M Support Center, and laying the foundations for a vitalized broadcasting and telecommunications markets.



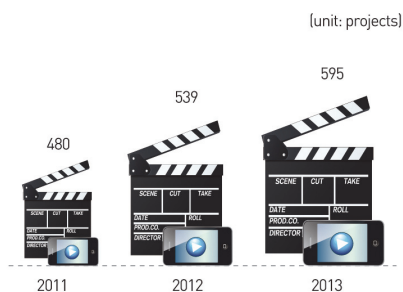
■ Access to broadcasting among the disadvantaged groups has been increased, thereby contributing to the welfare of Korean viewers as a whole.

- The number of users of Community Media Center steadily increased to 275,000 in 2013, while the number of broadcast programs supported by Community Media Center increased to 595, showing a rise of 56 over 2012.
- The number of broadcasting receivers for visually or hearing impaired people who had previously been alienated from broadcasting services increased to 113,000 units in 2013, while the number of broadcasting service operators who supported the production of programs for people with such physical impairments rose sharply from 61 to 118 businesses.

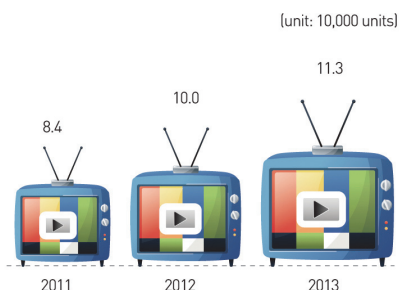
Number of users of Community Media Center



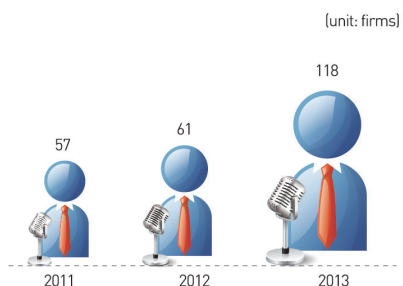
Number of community-participated programs sponsored by the community Media Center



Provision of broadcasting receivers for visually or hearing impaired people



Number of Producers providing programs devoted to the disabled

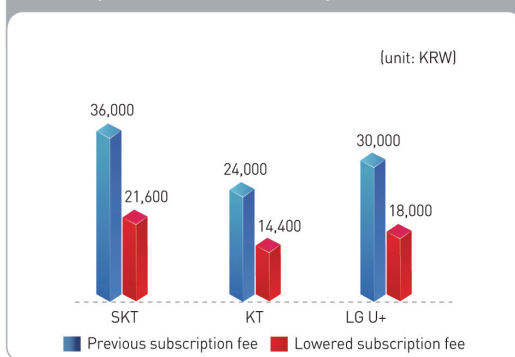


Note : in cumulative number

■ KCC reduced telecommunications tariffs and improved the telecommunications usage environment to help stabilize the finances of low-income households.

- As part of the policies for reducing household telecommunications tariffs, the Commission induced three major mobile service operators to lower their subscription charges by 40% in 2013. The Commission helped increase the number of subscribers to the ‘frugal’ MVNO service, which is less expensive than existing direct service rates, to 2.49 million, thus contributing to improving the quality of life of marginalized groups.
- The Commission helped develop a sound communication service environment: the number of e-mail spam messages per person has decreased by 0.74 spams per day since 2012 on average, while the number of spam calls to mobile phones has decreased every year.

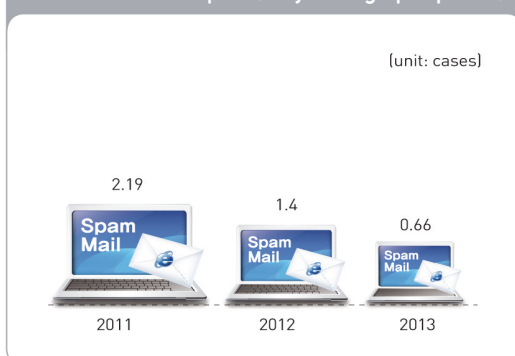
Mobile phone service subscription fee lowered



Number of subscribers to the Mobile Virtual Network Operator (MVNO)



Volume of e-mail spam (daily average per person)



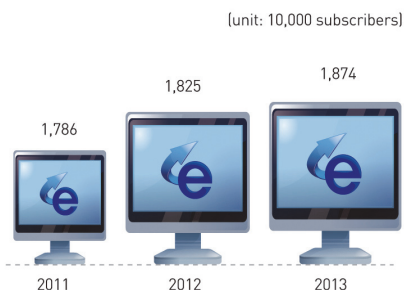
Volume of spam mail on mobile phones (daily average per person)



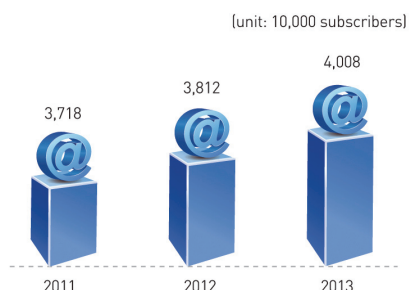
■ The Commission has advanced the broadcasting and communications networks by supplying more broadband Internet services and improving the quality of Internet services.

- The number of subscribers to the broadband Internet service increased to 18.74 million in 2013, showing an increase of 490,000 over 2012. The number of subscribers to the Internet service has steadily increased to 40.08 million thanks to continuous efforts by the Commission to increase the number of broadcasting and communication service users.
- The Commission promoted advanced broadcasting and communications networks by supplying Giga Internet services to 27,879 households in 85 cities in 2012.

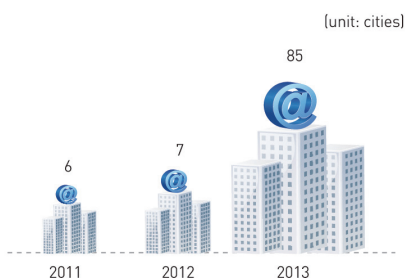
Number of broadband Internet service subscribers



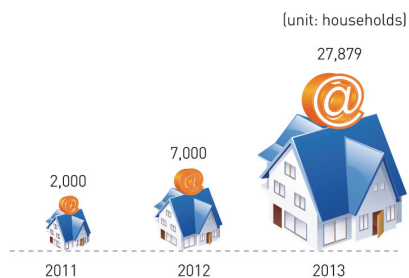
Number of internet service users



Cities where Giga internet service is available



Households with the Giga Internet service

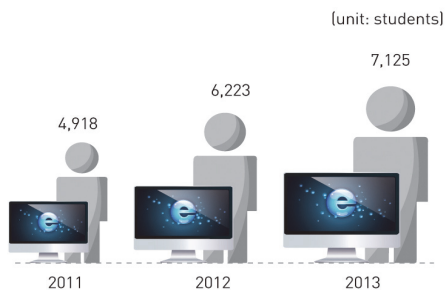


Note: The pilot Giga internet service was provided until 2012.

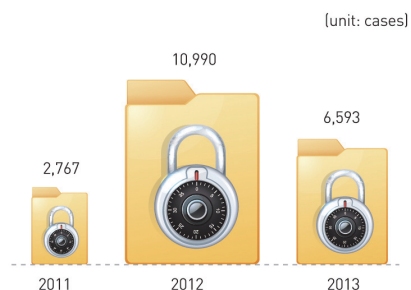
■ Active efforts were made to create a sound internet environment for the future society.

- The Commission has contributed to the development of a safer internet service environment by steadily supplying Korean encryption libraries, while the number of students participating in Internet ethics lecture has increased steadily.
- The Commission has also developed a sound internet service environment for the future society by issuing 278 certificates of Information Security Management System (ISMS), while issuing 14.52 million i-PINs for the protection of personal data, i.e. a 107% increase over 2012.

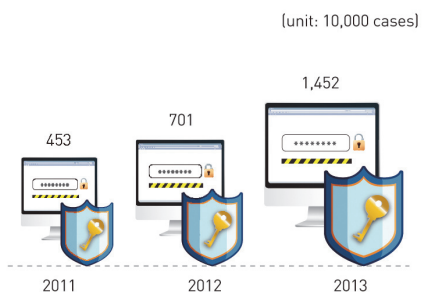
Number of trainees in internet ethics lecture



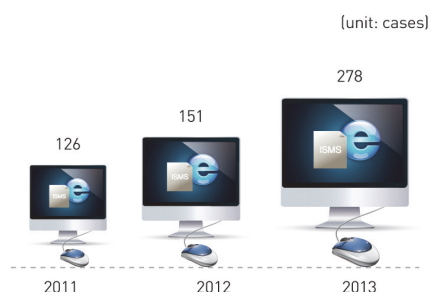
Number of Korean-made encryption libraries provided



Cumulative number of i-PINs issued



Cumulative number of ISMS certificates issued



Contents

I . Broadcasting and Telecommunications Policy Environment .. 1

1. Trends of the global macro economy and broadcasting and communication markets 3
 - a. Trend of the global macro economy 3
 - b. Trend of global broadcasting and communication service markets 7
2. Broadcasting and Telecommunications Policy Environment of Korea 13
 - a. Local broadcasting market trend 14
 - b. Domestic communication market trend 19
 - c. Changes in the broadcasting and communication policy environment 24

II. Status and Policy Objectives of the Korea Communications Commission 29

1. Overview 31
2. Organization and functions 33
 - a. Organizational status 33
 - b. Responsible services and division of duties 36
 - c. Public organizations governed by the Commission 40
 - d. 2013 expenditure budget 41
 - e. Government initiated legislation in 2013 42
3. Key policy achievements in 2012 44
 - a. Realization of a global ICT hub in Korea 44
 - b. Development of the smart ecosystem and new industries 46
 - c. Realization of advanced digital broadcasting services 49
 - d. Broadcasting and communication user welfare and enhanced information protection · 51
4. Key policy objectives in 2013 54

III. Achievements of 2013 Broadcasting and Communication Policies 55

Section 1 Realization of fair and trusted broadcasting service 57

1. Strengthen the public service and public responsibility of broadcasting ... 57

- a. Renewal of licenses for terrestrial broadcasting businesses 57
- b. Promotion of next-generation terrestrial broadcasting policies 62
- c. Enhancement of terrestrial broadcasting diversity and public responsibility 64
- d. Management and supervision of general service and news-specialized channel operators 67
- e. Selection of public benefit channels and certification of welfare channels for the physically impaired 68
- f. Enhancement of competitiveness of regional broadcasting stations 70

2. Enhancement of broadcasting program grades 71

- a. Inducement of enhanced voluntary regulation by broadcasting service operators ... 71
- b. Retroactive review functions and stronger sanctions 71
- c. Generation of environment favoring the use of decent language 73
- d. Selection and award of outstanding broadcasting programs 75

3. Establishment of foundation for fair broadcasting market 77

- a. Establishment of basis for fair competition in the broadcasting service market 77
- b. Deployment of competition foundation to enhance media diversity 81
- c. Improvement of the broadcasting market regulation structure, including integration of the Broadcasting Act and the IPTV Act 83

Section 2 Generation of a broadcasting and communication environment public welfare and satisfaction	85
1. Enhancement of viewer access to or ability to participate in broadcasting services	85
a. Deployment of community media center infrastructure	85
b. Enhancement of impaired persons' access to broadcasting services	86
c. Improvement of efforts to protect viewer rights and benefits	88
2. Protection and enhancement of the rights and benefits of telecommunication users	90
a. Improvement of regulation related to sanctioning handset subsidies	90
b. Lay the foundation for ex post regulation of telecommunications services and strengthened consumer protection	93
c. Protection and enhancement of capabilities of communications service users	98
3. Establishment of a competition structure that favors fair broadcasting and communications and the mediation of disputes	105
a. Mediation of broadcasting-related dispute	105
b. Arbitration of communications service-related disputes	107
4. Realization of a sound broadcasting and communications environment	109
a. Enhancement of functions for protecting children and youth	109
b. Enhanced measures against spam	112
c. Promoting the ethical use of Internet services by the public	114
d. Strengthening measures of personal information protection and raising awareness	119
e. Generation of a safe environment for the use of location information	124
5. Establishment of a fair competition environment in the communications service market	127
a. Investigation of and imposition of sanctions against prohibited acts	127
b. Investigation and correction of unfair acts in the communications service market ..	130
c. Stabilization of mobile phone handset subsidy market	131
d. Expansion of routine monitoring	138
6. Generation of a fair competition environment in the broadcasting service market	139
a. Efforts to eliminate unfair acts in the broadcasting service market	139
b. Improvement of institutions concerning fair competition and encroachment on viewers' benefits	140
c. Disclosure of financial status of broadcasting service operators	142
d. Deployment of a system for the monitoring broadcasting market	143



Section 3 Active support for the creative economy in the age of convergence [between broadcasting and communication] 145

1. Stabilization of the broadcasting advertisement market 145

- a. Strengthening the public nature of the broadcasting advertisement 145
- b. Development of foundation for the broadcasting advertisement market 146

2. Enhancement of competitiveness of the broadcasting and communication industries 152

- a. Laying the foundation for enhanced competitiveness based on assessment of
broadcasting and program providers 152
- b. Support for the distribution of animation contents 157
- c. Development of plans for promoting outsourced production 160
- d. Strengthening international cooperation in the broadcasting and communication
fields 161
- e. South-North Korea exchange and cooperation in broadcasting and communication .. 168
- f. System improvement and promotion of the location information industry 169

Appendix 173

1. Financial Statements in 2013 175

2. The List of General Meetings and Agenda Items of KCC in 2013 178

3. 2013 Monthly Major Achievements 184

4. Broadcasting and Telecommunications Industry in 2013 by Sector 196

List of Tables

[Table I-1] Trends and forecasts of world economic growth	5
[Table I-2] Trend of Korean domestic GDP and economic growth	6
[Table I-3] Forecast of economic growth in 2014	6
[Table I-4] Global IT sector expenditure scale	7
[Table I-5] Size of global broadcasting markets by sector	8
[Table I-6] Size of world mobile communication markets by sector	10
[Table I-7] Production amount of domestic broadcasting and communications industries	13
[Table I-8] Production amount of domestic broadcasting and IPTV services	14
[Table I-9] Trend of IPTV service subscribers	15
[Table I-10] Trend of Pay-TV Service subscribers	16
[Table I-11] Trend of domestic broadcasting advertisement sales	17
[Table I-12] Trend of domestic Internet advertisement sales	18
[Table I-13] Size of mobile advertisement markets by type	19
[Table I-14] Production status of domestic communications and broadcasting and communication convergence service sectors	20
[Table I-15] Status of subscribers to mobile phone and smart phone services	21
[Table I-16] Number of mobile phone service subscribers by technology	22
[Table I-17] Number of MVNO service subscribers	23
[Table II-1] Laws Related to Korea Communications Commission	32
[Table II-2] Division of work by each department of the Commission	38
[Table II-3] Corporations subordinate to the Commission	40
[Table II-4] Agencies related to the Commission	40
[Table II-5] Details of the 2013 expenditure budget of the Commission	41
[Table II-6] Status of legislation introduced by the government in 2013	42
[Table II-7] Current Status of Regulatory reform and improvements in 2013	43
[Table III-1] Review items and scores assigned for 2013 license renewal of terrestrial broadcasting service operators	58

[Table III-2] Review items and scores assigned for 2013 license renewal of terrestrial DMB broadcasting service operators	61
[Table III-3] History of UHDTV test broadcasting	63
[Table III-4] Status of English FM broadcasting service introduced in 2008	66
[Table III-5] Selection of public service channels and certification of welfare channels for physically impaired people in 2014	69
[Table III-6] Status of statutory sanctions against broadcasting language or low-quality dramas	72
[Table III-7] Works awarded grand broadcasting prize by the Commission in 2013	76
[Table III-8] Key details of the proposed Broadcasting Act	77
[Table III-9] Outcome of the 2012 survey on media usage patterns	81
[Table III-10] Status of TV and newspaper ad sales in 2012	82
[Table III-11] Comparison of restriction of equity ownership between Broadcasting Act and IPTV Act	84
[Table III-12] Status of supply of broadcasting receivers for visually and hearing impaired people	87
[Table III-13] Programs produced by viewers and awarded prizes in 2013	89
[Table III-14] Proposed changes to standard fine rates	90
[Table III-15] Proposed changes to mandatory aggravation percentages	91
[Table III-16] Details standards prepared for prohibition period	92
[Table III-17] Standards prepared for selection of service operators that lead excessive competition	93
[Table III-18] Key details of Guidelines	96
[Table III-19] Achievements of monitoring of payment for mobile contents	96
[Table III-20] Education on the prevention of damages, 2013	101
[Table III-21] Number of user complaints related to overseas roaming fee rates	102
[Table III-22] Amendment (proposed) to the Telecommunications Business Act related to the system for assessing user protection functions	103
[Table III-23] Assessment indicators and methods	104

[Table III-24] Outcome of user protection services, 2013	104
[Table III-25] Status of broadcasting dispute mediation	106
[Table III-26] Status of arbitration of communication disputes	108
[Table III-27] Number of subscribers to intelligent spam blocking services	113
[Table III-28] Operational status of Internet ethics classes in 2013	116
[Table III-29] Operational status of creative experience activities in 2013	117
[Table III-30] Operational status of Internet ethics roving lectures, 2013	118
[Table III-31] Operational status of Internet Dream Corps, 2013	118
[Table III-32] Status of user education on personal information protection	122
[Table III-33] Status of location data or location-based service providers (cumulative)	126
[Table III-34] Status of support for location data based service providers	126
[Table III-35] Statutes related to the investigation of prohibited acts and sanctions	129
[Table III-36] Status of increase of broadband Internet service subscribers	130
[Table III-37] Status of marketing (exclusive of ad) expenses of three wire communications service operators	130
[Table III-38] Relevant clauses of the Telecommunications Business Act	131
[Table III-39] Merits and demerits of subsidy payment	133
[Table III-40] Ratio of 2012 terminal (or handset) replacement in key countries	134
[Table III-41] Statutes related to regulation of subsidy payments	135
[Table III-42] Trend of imposition of fines and prohibition of new sales	136
[Table III-43] Status of telecommunications service resources by three major mobile phone service operators provided to MVNOs on a wholesale basis	137
[Table III-44] Trend of MVNO service subscribers	137
[Table III-45] Status of key MVNO rate services (3G)	137
[Table III-46] Profitability of broadcasting service operators in 2012	142
[Table III-47] Profitability of key terrestrial broadcasting service operators and PPs in 2012	143
[Table III-48] Media labs eligible for support with combined sales	147
[Table III-49] Act on Broadcast Advertising Sales Agencies, etc.	148
[Table III-50] Key details of the 5th amendment to the Broadcasting Assessment Rules	152

[Table III-51] Broadcasting assessment items by sector	152
[Table III-52] Broadcasting service operators subject to assessment in 2012	153
[Table III-53] Assessment items of broadcasting contents production capabilities by element	155
[Table III-54] Outcome of assessment of broadcasting contents production capabilities by grade	156
[Table III-55] Mandatory rate of animation programming	158
[Table III-56] New mandatory programming ratio of domestically produced animations	158
[Table III-57] Details of the proposed amendment to the Broadcasting Act provisions on types of prohibited acts	161
[Table III-58] Status of key cooperative activities for broadcasting and communication among governments	163
[Table III-59] Key cooperative activities with foreign visitors	164
[Table III-60] Details of the proposed amendment to the Act on the Protection and Use of Location Data	169
 [Appendix Table 1] Budget Execution in 2013	 175
[Appendix Table 2] Assets and Liabilities of Broadcasting and Telecommunications Developing Fund	 176
[Appendix Table 3] Income and Expenses of the Broadcasting and Telecommunications Developing Fund	 176
[Appendix Table 4] Budgets and Expenses by Program Fund	177
[Appendix Table 5] List of General Meetings and Agenda Items of KCC in 2013	178
[Appendix Table 6] 2013 Monthly Major Achievements	184

List of figures

[Figure I-1] Number and forecast of Pay-TV Service subscribers worldwide	9
[Figure I-2] Forecast of world communications service market by region	11
[Figure I-3] Forecast of world communications service market size by segment of wired and wireless services	12
[Figure I-4] Trend of mobile advertisement market size	18
[Figure I-5] Status of monthly traffic by mobile/ wireless communication service technology ..	23
[Figure II-1] The Current Standing Commissions of the Second Term Commission	33
[Figure II-2] Organizational chart of the KCC	35
[Figure II-3] Vision and policy objectives	54
[Figure III-1] Consultative body for the promotion of UHD broadcasting	63
[Figure III-2] Comparison of technology methods by broadcasting station	64
[Figure III-3] Assessment model of competition status in 2013	80
[Figure III-4] Application market operators	95
[Figure III-5] Current flow of app market consumer complaints	96
[Figure III-6] Procedure for the mediation of broadcasting disputes	105
[Figure III-7] Procedure for arbitration of communication disputes	108
[Figure III-8] Guidebook on software for blocking illegal or harmful information	111
[Figure III-9] Trend of daily average volume of Spam received per user	112
[Figure III-10] Schedule to promote platforms using location data	125
[Figure III-11] Procedure for investigation of and imposition of sanctions against prohibited acts	127
[Figure III-12] Structure for determining subsidy payment and sale prices	132
[Figure III-13] Commission delegation visit to USA	162
[Figure III-14] Cooperation with foreign representatives of the broadcasting and communication industry	164
[Figure III-15] The Asia-Pacific Round Table Conference on Regulations hosted by the Korea Communications Commission and the ITU	166
[Figure III-16] Plenary Session 4 of the Seoul Cyber Space Conference	167



I

Broadcasting and Telecommunications Policy Environment

1. Trends of the global macro economy and
broadcasting and communication markets
2. Broadcasting and Telecommunications
Policy Environment of Korea

I Broadcasting and Telecommunications Policy Environment

1. Trends of the global macro economy and broadcasting and communication markets

a. Trend of the global macro economy

A switch is anticipated in the world economy, which has been slowly recovering from the setback caused by the US slowdown of quantitative easing among other factors, in 2013. The world economic growth rate saw a very slow rise in the first quarter of 2013 following a continuous decline for ten consecutive quarters from 2012 to 2013 4th quarter after reaching a peak in the 2nd quarter of 2012. The leading global agencies forecast the world economic growth rate as follows: 2.4% (World Bank, January 2014), 2.9% (IMF, October 2013), and 2.7% (OECD, November 2013).

Although most advanced countries have posted a solid growth trend since the second half of 2013, some European countries going through financial crisis continue to record negative growth. In particular, the signs of the USA and Japan is still weak even though they have posted a plus growth trend, while the Euro zone has just emerged from recession. The US economy is slowly recovering, driven by its fundamental sector growth, including active consumer spending and housing investment, although some uncertainties remain in its financial and currency policies, including the reduction of its quantitative easing program. The European economy has seen some recovery with Germany, France and the UK returning to plus growth in the 2nd quarter, but Italy, Spain and other European countries witnessed their economy continuously shrank in the latter half as well. The Japanese economy is anticipated to grow by 1.8%, a rate higher than expected in the beginning of the year, due to expectations about the positive effects of Abenomics. In January 2014, the World Bank forecast that the economy of the advanced countries would grow by 1.3% in 2013, while the IMF predicted it would grow by 1.2% in October 2013.

The newly emerging countries posted a lower than expected growth trend at the beginning of the year as China adopted policies for inducing a soft landing, while other emerging countries posted low export sales. In general, they have suffered a remarkable setback in real business terms due to a low demand in both domestic and export markets. Although there were fears the Chinese economy would experience a hard landing as it posted a 7.6% growth rate in the first half, China will still maintain a steady growth trend exceeding 7.5%, the Chinese government's target value, since the country looks set to post 7.7% growth, similar to that posted in 2012, thanks to growth in domestic demand in the latter half. Meanwhile, the Indian economy is forecast to grow by 5.1%, higher than in 2012. Its growth remained at a lower rate than expected at the beginning of the year because of the US's reduction of quantitative easing followed by uncertainties in the financial markets. Russia was forecast to post a growth rate of 1.8%, much lower than the 3.4% recorded in 2012, as its exports were slow due to declining oil prices, and its domestic capital investment shrank drastically as large-scale construction projects came to an end, including those for the Sochi Olympic Games. The ASEAN countries were forecast to post a growth rate of 5.4%, similar to that recorded in 2014, despite unstable commodity prices in some of them and an uncertain financial service market due to the US's reduction of quantitative easing. In January 2014, the World Bank forecast that the economies of the newly emerging countries would grow by 4.8% in 2013, whereas the IMF predicted they would grow by 4.5% in October 2013. Therefore, the key emerging countries have posted a lower economic growth rate than the average growth rate of 6.5% recorded from 2000 to 2007 immediately before the global financial crisis, due to business cycle or structure related causes.

Meanwhile, the international financial service market, which significantly affects global economic growth, tends to show greater volatility because funds are moving more actively in the global capital market as the US has started phasing out its quantitative easing. The uncertainty of the global financial market will continue along with the speed and scale of the US's reduction of quantitative easing while the volatility of interest rates in key countries will increase.

It is forecast that the world economic growth rate will slowly recover in 2014; however, the main concern is whether or not the advanced countries will change their basic policy stance and whether the emerging countries will continue to experience slow real business. It is anticipated that uncertainties will remain in the US currency and financial policies for 2014 as the US Federal Reserve has started to reduce the scale of its quantitative easing contingent

upon an additional improvement of real indicators, although consumer spending and capital investments are forecast to further recover with rising asset prices and the recovery of employment growth. Though it is forecast that the Japanese economy will continue thanks to expansionary financial and monetary policies, it is also feared that any measures implemented with the aim of maintaining financial soundness will restrict economic growth as the government plans to raise consumer tax in April 2014 to that end. It is forecast that the Euro Zone countries will experience economic recovery at different speeds, although they will post a slow recovery with recovery of economic mind and slowdown in financial restraint. In general, the global economy will recover slowly as such changes in policy stance may restrict business recovery in the short term while the real business conditions of the advanced countries improve gradually. Key emerging countries including China are anticipated to post slow growth as their real business will remain slow. The major agencies have forecast the world economic growth rate as 3.2% to 3.6% or 3.5% on average in 2014, compared with average growth of 2.7% in 2013.

[Table I-1] Trends and forecasts of world economic growth

(units : %)

Classification		World Bank		IMF		OECD		ADB		Average	
		2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
World		2.4	3.2	2.9	3.6	2.7	3.6	-	-	2.7	3.5
Advanced countries	Average	1.3	2.2	1.2	2.0	-	-	-	-	1.3	2.1
	USA	1.8	2.8	1.6	2.6	1.7	2.9	-	-	1.7	2.8
	Euro Zone	△0.4	1.1	△0.4	1.0	△0.4	1.0	-	-	△0.4	1.0
	Japan	1.7	1.4	2.0	1.2	1.8	1.5	-	-	1.8	1.4
Emerging countries	Average	4.8	5.3	4.5	5.1	-	-	-	-	4.7	5.2
	China	7.7	7.7	7.6	7.3	7.7	8.2	7.6	7.4	7.7	7.7
	India	4.8	6.2	3.8	5.1	3.0	4.7	4.7	5.7	4.1	5.4

Note) World Bank (Jan. 2014), IMF (Oct. 2013), OECD (Nov. 2013), ADB (Oct. 2013)

Source : Economic forecasts by key world research agencies, KAIT (recompiled)

Meanwhile, a release by the Ministry of Strategy and Finance (2013) predicted that the local macro economy would still face uncertainties, including a volatile foreign currency market, while the recovery of domestic demand is not yet solid even though the signs of recovery of the domestic macro economy are gradually becoming stronger. The Korean economy posted 3% growth in the 3rd quarter of 2013, i.e. for the seventh consecutive quarter since the 4th quarter of 2011, along with the slow recovery of the world economy and the effects of the recent policy package for economic revitalization. Thus, the economy has started to rebound

from the previous sluggish growth trend as key economic indicators have improved, including growth and employment. Consumer spending continues to recover with steadily improving employment and consumer sentiment, while capital investment also continues to increase with more active export sales and consumer spending. In addition, the manufacturing, service and construction industries are all maintaining growth along with the slow improvement of domestic and export sales.

[Table I-2] Trend of Korean domestic GDP and economic growth

(units : KRW 100 million, %)

Classification	2009	2010	2011	2012	2013P
Nominal GDP	10,650,368	11,732,749	12,351,605	12,724,595	13,193,056
Economic growth (real GDP)	0.3	6.3	3.7	2.0	2.8

Note) 2013 4th quarter data estimated by applying a growth rate of 0.9% over the prior period.

Source : Recompiled data provided by the Bank of Korea and KAIT

In December 2013, the Ministry of Strategy and Finance predicted that the Korean economy would post growth of 3.9% in 2014, thus exceeding the world economic growth rate (forecast as 3.6% by the IMF) for the four years from 2010, due to the growth of the world economy and the continued effects of expansion policies. The Ministry also predicted that consumer spending would rise by 3.3% as real purchasing power looks set to improve amid stable commodity prices.

[Table I-3] Forecast of economic growth in 2014

(units : %)

Classification	Ministry of Strategy and Finance		KDI		Bank of Korea		Financial Research Institute		Average	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Economic growth rate	2.8	3.9	2.6	3.6	2.8	3.8	2.8	3.9	2.8	3.8

Source : Economic forecast by key research agencies, KAIT (data recompiled)

b. Trend of global broadcasting and communication service markets

The global ICT industry is expected to record a modest growth from 2013 due to the slow growth trend of global business. In January 2014, Gartner provisionally estimated global IT expenditure in 2012 to be US\$3,663 billion, a 0.4% increase over the preceding year. Due to the business recession, the markets for appliances and devices (-1.2%), data center systems (-0.3%), and telecommunications services (-0.5%) decreased in 2013 compared with the preceding year. On the other hand, as hinted by the extensive adoption among businesses of the use of big data, the enterprise software market maintained a solid growth rate of 5.2%.

[Table I-4] Global IT sector expenditure scale

(units : US\$1 billion, %)

Classification	2013		2014	
	Expenditure	Growth rate	Expenditure	Growth rate
Appliances & devices	669	-1.2	697	4.3
Data center systems	140	-0.3	143	2.6
Enterprise software	300	5.2	320	6.8
IT services	992	1.8	963	4.5
Telecommunications services	1,663	-0.5	1,653	1.2
Total	3,663	0.4	3,777	3.1

Source : Gartner (Jan. 2014)

Global ICT expenditure will amount to US\$3,777 billion in 2014, indicating an increase of 3.1% over 2013. ICT expenditure in 2014 is expected to be broken down into telecommunications services (43.8%), IT services (25.5%), appliances and devices (18.5%), enterprise software (8.5%), and data center systems (3.8%). Enterprise software will grow by 6.8%, leading the growth of the global ICT market, which will enjoy growth in all areas.

Gartner has forecast that the global IT market will be led by the Asia-Pacific market in 2014. It is forecast that IT expenditure in the Asia-Pacific region in 2014 will increase by 5.5% to KRW767 billion over 2013. In particular, China's IT expenditure in 2014 is forecast to strengthen its influence in the global IT market by posting 8.7% growth over 2013. Meanwhile, it is expected that the Asia-Pacific region will post growth in the 'Internet of Things' and connected device sectors as all industries actively gradually adopt digitalization.

[Table I-5] Size of global broadcasting markets by sector

(units : US\$million, %)

Classification		2012	2013	2014	2015	2016	2017	CAGR
TV license fee	Public broadcasting	37,760	38,390	38,714	38,978	39,297	39,630	1.0
	Paid broadcasting	171,692	180,445	189,161	197,315	205,375	212,359	4.3
	Sub-total	209,452	218,835	227,875	236,293	244,672	251,989	3.8
TV advertisement	Multiple channel	35,901	38,323	40,965	43,353	46,718	49,645	6.7
	Terrestrial	118,164	122,181	127,929	132,518	139,906	145,723	4.3
	Online TV	2,849	3,403	4,564	6,019	7,724	8,513	24.5
	Sub-total	156,914	163,907	173,458	181,890	193,898	203,881	5.4
Radio	Radio advertisement	33,691	34,698	35,901	37,024	38,301	39,560	3.3
	Public radio broadcasting	6,606	6,708	6,747	6,773	6,802	6,809	0.6
	Satellite radio broadcasting	3,213	3,536	3,828	4,109	4,389	4,651	7.7
	Sub-total	43,510	44,942	46,476	47,906	49,492	51,020	3.2
Total		409,876	427,684	447,809	466,089	488,062	506,890	4.3

Note) CAGR is the annual average growth rate for 2012 ~ 2017.

Source : Recompiled data provided by PWC (2013) and KAIT

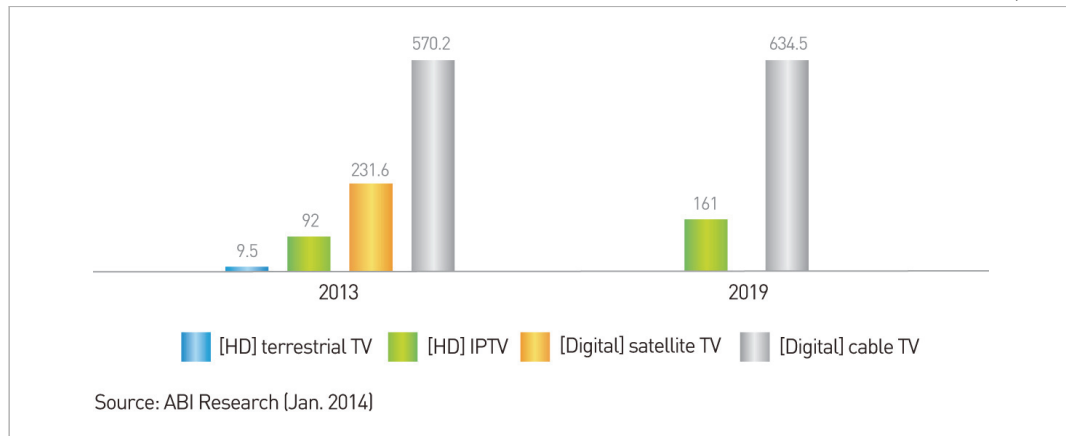
A PWC report (2013) predicted that the world broadcasting service market in 2013 would grow by 4.3% to US\$427.7 billion over 2012, and that the world broadcasting service market would continue to grow to US\$506.9 billion by 2017. The market was broken down into television license fees of US\$218.8 billion, television advertisement of US\$163.9 billion, and radio advertisement of US\$44.9 billion. It also predicted that the online television advertisement market of the television advertisement market would post a high annual average growth rate of 24.5%, whereas the satellite radio service 7.7% and the multiple channel service would grow by 7.7% and 6.7%, respectively. Despite the rapid growth trend of the online television advertisement market, it predicted that it would remain a part of the traditional television advertisement market.

Meanwhile, the PWC report predicted that the share of the traditional free terrestrial broadcasting service of the total television broadcasting service market would decrease from 73% in 2012 to 70% in 2017 as more subscribers convert to digital broadcasting services, and that

online video service usage would increase thanks to the broadband network service, although the traditional free terrestrial broadcasting service would maintain its influence in the total television advertisement market. In addition, the PWC report predicted that the world wire and wireless Internet ad market would grow to US\$185.3 billion between 2013 and 2017, at an average rate of 13.1% per year, apart from the traditional television advertisement market.

[Figure I-1] Number and forecast of Pay-TV Service subscribers worldwide

(units : million persons)



An ABI Research report (January 2014) predicted that the total global number of subscribers to Pay-TV Services would reach 933 million and that its market size would reach US\$249.8 billion in 2013. In particular, it also predicted that the number of subscribers to the IPTV service would increase to 92 million and that its market would reach US\$37.2, growing by 18.5% over the preceding year. ABI Research further predicted that the IPTV service market would represent 15% of the entire Pay-TV Service market by securing 161 million subscribers in 2019, as the IPTV market would grow exponentially thanks to the growth of the FTTH subscriber base and the base of communication service bundle subscribers.

On the other hand, it was revealed that the CATV market posted a relatively slow growth of 3% over the preceding year, with only 570.2 million subscribers. By region, the number of subscribers decreased in 2013, by 1% in Western Europe and by 1.5% in North America. However, it was forecast that market growth would continue in the Asia Pacific region and Latin America and, therefore, that the total global subscribers in the CATV market would reach 634.5 million in 2019. Meanwhile, it was further surveyed that the number of subscribers to paid digital terrestrial television service was 9.5 million.

In 2013, communication service operators continuously sought means to respond to the rapid growth of wire and wireless data traffic as the global communication service markets actively introduced the 4G LTE service, while smart appliances were widely supplied and the number of multimedia services increased. Therefore, it is forecast that they will actively introduce smart cell technologies in 2014 that can increase worldwide mobile data service coverage and processing capabilities. In addition, it is forecast that traffic distribution technologies will be introduced more actively along with LTE/WiFi convergence solutions, as mobile traffic will increase to 30% or more of the entire Internet traffic in 2014. LTE/LTE-A technologies are also expected to be introduced more widely throughout the world. So far, LTE has been introduced into North America and some countries in East Asia. It is expected that the communication service market will grow steadily around LTE in Europe in 2014. Alcatel-Lucent estimated that the number of 4G LTE subscribers would reach 92 million, i.e. 1.3% of the entire global population in 2012, and that the LTE service would be provided to approximately one billion subscribers by 2019. It is also forecast that VoLTE will be introduced more actively in 2014 as investment is being made around LTE. In addition, it is expected that communication service modes will change since virtualization technologies will be propagated more extensively, including NFV (Network functions virtualization) and SDN (Software Defined Network), which enhance the flexibility of the network infrastructure of communication service carriers. Regionally, it is predicted that the communication service markets will grow in newly emerging countries like Brazil, where the World Cup games will be held in the summer of 2014. The communication service carriers are expected to focus on the ‘Internet of Things’, mobile payment, big data, IPTV, and cloud services to create new revenue sources.

[Table I-6] Size of world mobile communication markets by sector

(units : US\$million, %)

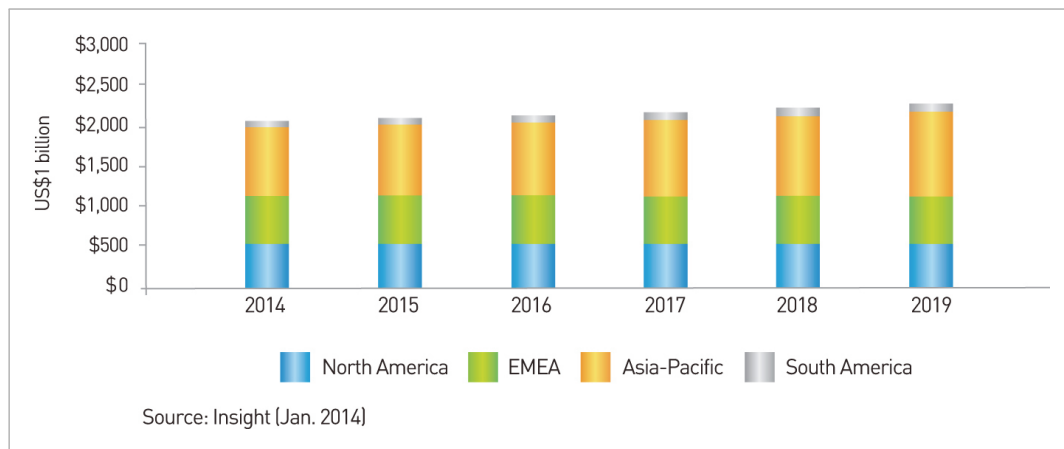
Classification		2012	2013	2014	2015	2016	2017	CAGR
Mobile communication service	Voice service	655,179	639,806	629,188	620,796	613,032	605,062	△1.6
	Data service	376,579	437,649	496,223	548,366	592,583	638,212	11.1
	Sub-total	1,031,758	1,077,455	1,125,210	1,169,162	1,205,615	1,243,274	3.8
Base station system equipment	GSM	9,562	7,847	6,306	4,972	3,826	2,831	△21.6
	WCDMA	21,164	24,011	24,045	23,603	21,852	18,574	△2.6
	CDMA	5,695	4,719	4,066	3,439	2,795	2,208	△17.3
	LTE	4,085	7,040	11,390	15,934	21,062	27,381	46.3
	Mobile WiMAX	1,196	1,711	2,092	2,039	2,424	2,545	16.3
	Sub-total	43,701	45,328	47,898	50,256	51,959	53,539	4.1
Total		1,075,459	1,122,783	1,173,108	1,219,418	1,257,574	1,296,813	3.8

Note) CAGR is the annual average growth rate for 2012 through 2017.

Source : Data compiled from Gartner (2012), ABI Research (2011), ETRI (2013), and KAIT

It was forecast that the world mobile communication service market would grow steadily as LTE and other wireless broadband network services proliferate along with the rapid growth of wireless data communication services. It was estimated that the entire global mobile communication service market would be worth US\$1,122.8 billion in 2013, representing an increase of 4.4% over the preceding year, including mobile communication service and base station system equipment, and would grow to US\$1,196.8 billion, i.e. at an annual average growth rate of 3.8%, in the period 2012 to 2017. It was also forecast that the mobile communication service market would grow steadily at an average annual growth rate of 3.8% to US\$1,243.3 billion by 2017. The base station system equipment market reached US\$45.3 billion in 2013. Though WCDMA still represents a great share, it has been predicted that the LTE service market will lead the market in 2017, as it will grow at an average annual rate of 46.3%.

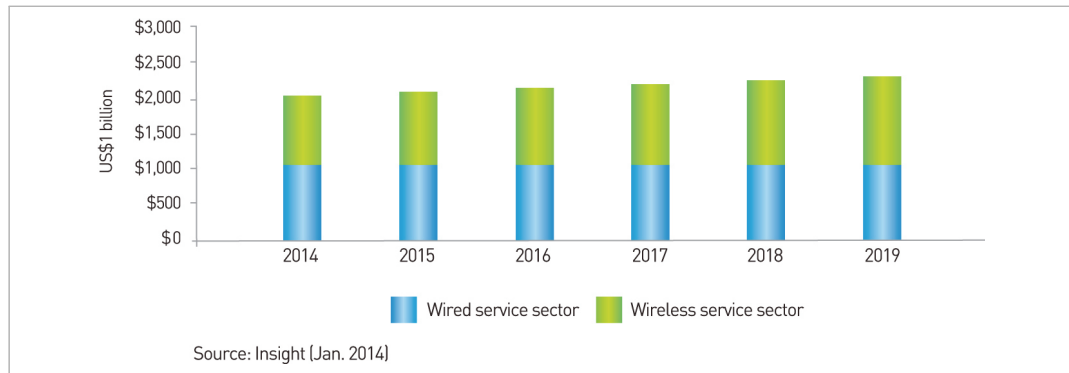
[Figure I-2] Forecast of world communications service market by region



Meanwhile, Insight (Jan. 2014), a market survey agency, has forecast that the global wire and wireless communication service industry will grow steadily, albeit at a slower speed in 2014, as in 2013. Insight has also forecast that the profitability of wired service operators in the US will decreased due to slow expenditure in the economy, while that of wireless service operators will be reduced due to intense competition. It has also predicted that spending for communication services in Europe, Asia and South America will decrease over the next two years as their economic growth will slow down. It has also predicted that the global wire and wireless communication services will grow at an average annul rate of 2.1%, from US\$2,100 to US\$2,140 billion, between 2014 and 2019. Finally, it has predicted that the wired service

sector will grow at a rate of 0.8% from US\$1.0 trillion to US\$1.1 trillion between 2014 and 2019, and that the wireless service sector will grow from by 3.3% per year, from US\$1.1 to US\$1.3 billion, in the same period.

[Figure 1-3] Forecast of world communications service market size by segment of wired and wireless services



2. Broadcasting and Telecommunications Policy Environment of Korea

According to a preliminary estimation, the local broadcasting and communication industries in 2013 increased by 3.5% to KRW155.9 trillion in 2013 compared to the preceding year, based on their production; the broadcasting and communication service industries increased by 1.7% to KRW69.4 trillion over the preceding year; and the broadcasting and communication equipment industries increased by 5.1% to KRW86.5 trillion over the preceding year.

[Table I-7] Production amount of domestic broadcasting and communications industries

[units : KRW 100 million, %]

Classification	2009	2010	2011	2012P	2013P	Percentage Change	CAGR
Broadcasting and communication industries	1,514,322	1,518,180	1,557,504	1,505,283	1,558,613	3.5	0.7
Broadcasting and communication services	605,033	630,870	658,624	682,415	693,915	1.7	3.5
Communication services	435,981	436,798	438,797	444,265	450,601	1.4	0.8
Broadcasting services	95,194	107,382	119,833	129,158	124,867	△3.3	7.0
Broadcasting and communication convergence services	73,858	86,690	99,994	108,992	118,447	8.7	12.5
Broadcasting and communication equipment	909,289	887,310	898,880	822,868	864,698	5.1	△1.2
Communication equipment	768,389	732,179	742,084	675,882	709,215	4.9	△2.0
Broadcasting equipment	140,900	155,130	156,796	146,986	155,483	5.8	2.5

Note) Fluctuations between 2012 and 2013

Source : KAIT

In particular, it was estimated that the sales communication service industries (among the broadcasting and communication service industries) increased by 1.4% to KRW45.1 trillion in 2013 compared with the preceding year, while that of the broadcasting service industries decreased by 3.3% to KRW12.5 trillion from the preceding year. It was further estimated that the sales of broadcasting and communication convergence service industries in 2013 increased by 8.7% to KRW11.8 trillion over the preceding year, and that the convergence service in-

dustries would occupy a greater share of the broadcasting and communication service sector as they would surpass the production output of the broadcasting services by increasing steadily at an average annual rate of 12.5% over the next five years.

In the broadcasting and communication equipment sector, which entered a phase of decline in 2012, the communication equipment and broadcasting equipment industries grew by 4.9% and 5.8%, respectively, over the preceding year, and it was estimated that they would reach a production amount of KRW70.9 trillion and 15.5 trillion in 2013, respectively. Although production declined due to the global economic recession, it was analyzed that the broadcasting and communication equipment industries had been somewhat revitalized thanks to the modest business recovery and investment in new broadcasting and communication services, including LTE, IPTV, and UHD.

a. Local broadcasting market trend

Although the sales of the local broadcasting service industries have exhibited a steady growth, the growth rate of subscribers to Pay-TV Services has been declining gradually. In addition, the market share of terrestrial broadcasting services has been declining continuously, whereas broadcasting contents have been produced more actively as new general programming channels have launched their services.

[Table I-8] Production amount of domestic broadcasting and IPTV services

(units : KRW 100 million, %)

Classification	2009	2010	2011	2012P	2013P	Percentage Change	CAGR
Broadcasting service industries	95,194	107,382	119,833	129,158	124,867	△3.3	7.0
Terrestrial broadcasting services	32,674	36,642	39,314	40,862	39,744	△2.7	5.0
Pay-TV Services	23,006	24,107	25,915	26,638	25,185	△5.5	2.3
Program production and supply	39,064	45,918	53,889	60,982	59,466	△2.5	11.1
Other broadcasting services	449	715	715	675	472	△30.1	1.3
IPTV services	2,448	4,043	6,162	8,761	11,814	34.8	48.2

Note) Fluctuations between 2012 and 2013

Source : KAIT

According to a preliminary calculation, the sales of local broadcasting service operators in 2013 were estimated to be KRW12.5 trillion, while those of IPTV services were estimated to be KRW1.2 trillion. In fact, the local broadcasting service industry was somewhat slow as sales decreased by 3.3% from the preceding year, for an annual average growth rate of 7% over the past five years. The slowdown in 2013 was attributed to a temporary setback due to the lack of major events and the business recession. Meanwhile, the program production and supply sector, including broadcasting channel services (PP), posted an annual average growth rate of 11.1% in the past five years. It was revealed that the sector drove the growth of the broadcasting service sector as it grew nearly 1.5 times in 2013, although the sector remained similar to that of the terrestrial broadcasting service in 2009. The IPTV service, a broadcasting-communication convergence service, grew by 34.8% over 2012, posting a very high annual average growth rate of 48.2% over the past five years. Thus, it was analyzed that the terrestrial broadcasting service's share of the entire broadcasting service will continue to decline.

The number of subscribers to the IPTV service increased to 8.61 million in 2013, up 31.8% over 2012, and posted a high growth rate of 49.1% in the period 2009 to 2013. It took around seven years for the number of cable television subscribers to reach six million, while it took nine years for the number of satellite broadcasting subscribers to reach three million. On the other hand, the IPTV service posted very rapid growth, with the number of subscribers exceeding seven million in May 2013 and eight million in October 2013, in the five years after its inception in October 2008. It is expected that the number of subscribers will reach 10 million in 2014. The IPTV service plays a great role in resolving social issues through education, medical and other public services, as well as being an excellent earning model for individual businesses. Furthermore, the IPTV service is expected to grow by expanding the domain of broadcasting and communication convergence services, as it will provide new experiences along with conventional television and cable television services, including VOD (Video on Demand) and multi-angle video services.

[Table I-9] Trend of IPTV service subscribers

(unit : thousand persons)

Classification	2009	2010	2011	2012	2013	Percentage Change	CAGR
IPTV subscribers (thousand persons)	1,741	3,086	4,569	6,537	8,614	31.8	49.1

Note) Fluctuations between 2012 and 2013

Source : KAIT

In 2013, competition continued to induce subscribers to Pay-TV Services. In particular, there was severe marketing competition aimed at drawing new IPTV service subscribers. Not only KT, No. 1 operator, but also SK Broadband and LG U+ continued with their efforts to secure subscribers. MSOs (Multiple system operators) operating multiple cable channels, including CJ Hello Vision and T Broad, actively acquired individual system operators to increase their size as well as defending subscribers to their existing service lines. It was forecast that the number of subscribers to all Pay-TV Services would increase to 25.27 million by the end of 2013. The market share of IPTV services (including satellite broadcasting services) rose further in line with an increase in subscribers: In fact, it rose to 41.3%, while the market share of cable broadcasting services declined from 78.3% in 2009 to 58.7% in 2013. It is forecast that the number of new subscribers to Pay-TV Services will grow steadily in 2014 as well, while the growth rate will slow down along with continued marketing competition among the operators.

[Table I-10] Trend of Pay-TV Service subscribers

(units : thousand persons, %)

Classification	2009	2010	2011	2012	2013E	Percentage Change	CAGR
SO family	15,142	14,859	14,778	14,905	14,846	△0.4	△0.5
Total no. of MSOs	11,744	11,499	11,898	11,756	12,750	8.5	2.1
Total no. of independent SOs	3,398	3,360	2,880	3,149	2,096	△33.4	△11.4
Network carrier family	4,199	5,558	6,802	8,547	10,424	22.0	25.5
KT family (satellite + IPTV)	3,466	4,222	5,059	6,048	6,778	12.1	18.3
B tv Live	403	726	883	1,445	2,096	45.1	51.0
U+ TV Live	330	610	860	1,054	1,550	47.1	47.2
Total no. of paid broadcasting subscribers	19,341	20,417	21,580	23,452	25,270	7.8	6.9

Note 1) Fluctuations between 2012 and 2013

Note 2) SO: System operator

Note 3) MSO: Multiple system operator

Source : Recompiled data provided by Hanwha Investment Securities (2013) and KAIT

The total sales of local broadcasting advertisements in 2013 were estimated to have decreased by 4.6% to KRW3.4 trillion from the preceding year. The decrease has been attributed to conservative advertisement by advertisers as domestic business was slow due to the prolonged recession. However, the advertisement sales of cable broadcasting services steadily increased to KRW1.3 trillion in 2013 under the influence of the total TV programming chan-

nels launched in December 2011. It was also estimated that the advertisement sales of IPTV services also increased to KRW28.2 billion in 2013, showing a steady growth trend. Thus, the share of terrestrial broadcasting services as a proportion of total broadcasting ad sales tended to decline, while the share of ad sales of cable and IPTV services tended to increase. It is predicted that the broadcasting ad market in 2014 will switch to a growth trend with business recovery and the advent of large-scale sports events, including the Sochi Winter Olympic Games and the Brazil World Cup Tournament.

[Table I-11] Trend of domestic broadcasting advertisement sales

[units : KRW 100 million, %]

Classification	2009	2010	2011	2012	2013P	Percentage Change	CAGR
Terrestrial TV	16,709	19,307	20,775	19,307	17,956	△7.0	1.8
Radio	2,231	2,565	2,604	2,358	2,311	△2.0	0.9
Cable TV (including total TV programming channels)	7,794	9,649	11,421	11,421	12,999	13.8	13.6
IPTV	114	205	170	235	282	20.0	25.4
Satellite broadcasting	95	153	122	130	139	6.9	10.0
DMB	176	271	267	168	101	△39.9	△13.0
SO	524	590	664	655	609	△7.0	3.8
Total broadcasting advertisements	27,643	32,740	36,343	36,071	34,397	△4.6	5.6

Note 1) Percentage changes from 2012 to 2013

Note 2) DMB: Digital Multimedia Broadcasting

Source : Recompiled data provided by Hanwha Investment Securities (2013) and KAIT

On the other hand, competition in the broadcasting ad market is intensifying with the growth of Internet advertising and mobile advertising along with the growth of smart services. Internet ad sales in 2013 increased by 7.3% to KRW2.1 trillion over the preceding year, and this trend is expected to continue in 2014. It is predicted that the growth of Internet ad sales, which posted a growth rate of 14.0% over the past five years, has slowed down because smart phone services have absorbed new demand for the mobile ad service market.

[Table I-12] Trend of domestic Internet advertisement sales

(units : KRW 100 million, %)

Classification	2009	2010	2011	2012	2013P	Percentage Change	CAGR
Search type	8,250	10,440	12,440	12,950	13,895	7.3	13.9
Exposure type	4,180	5,030	6,120	6,590	7,071	7.3	14.0
Total Internet advertisement	12,430	15,470	18,560	19,540	20,966	7.3	14.0

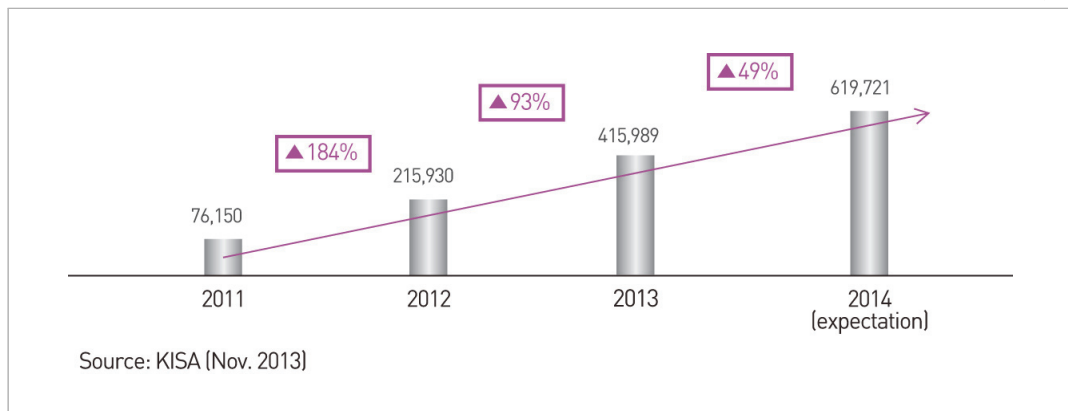
Note 1) Percentage changes between 2012 to 2013

Source : Recompiled data provided by Hanwha Investment Securities (2013) and KAIT

The domestic mobile advertisement market is growing rapidly with the active supply of smart phones, while global businesses have entered the mobile advertisement market. The mobile ad market in 2013 grew by 93% to approximately KRW416 billion over 2012, and is expected to grow by a further 49% to KRW619.7 billion in 2014 over 2013. This market grew rapidly because the supply of smart phones, a key appliance in the dissemination of mobile ads, increased rapidly to 68.0% in only three years. In particular, as the communication environment is switching to LTE services with an enhanced transmission speed, rich media mobile ads (RMMA) and video ads are expected to emerge or grow in addition to existing mobile advertisements. Because of the growth of the mobile ad market, competition is intensifying between the ad platforms of global and local mobile communication service operators.

[Figure I-4] Trend of mobile advertisement market size

(units : KRW1 million, %)



To review the segments of the mobile ad market, the size of the display ad market in 2013 grew by 120.9% to KRW200.4 billion over 2012, while the size of the search ad market grew to KRW157.4 billion in 2013. The ‘compensation-type ad’ market was newly tallied at KRW58.2 billion. The mobile ad market in 2014 is expected to reach KRW619.7 billion, i.e. an increase of 49%, over 2013. All these segments are expected to grow by 30% or higher over the next year: the display ad market will grow to KRW294.4 billion; the search ad market to KRW248.7 billion; and the compensation ad market to KRW76.7 billion.

[Table I-13] Size of mobile advertisement markets by type

(units : KRW1 million, %)

Classification	2011		2012		2013			2014[forecast]		
	Sales	Ratio	Sales	Ratio	Sales	Ratio	Fluctuation	Sales	Ratio	Fluctuation
Display ads	38,579	50.7	90,732	42.0	200,388	48.2	120.9	294,380	47.5	46.9
Search ads	37,571	49.3	125,198	58.0	157,408	37.8	25.7	248,675	40.1	58.0
Compensation ads	-	-	-	-	58,193	14.0	-	76,666	12.4	31.7
Total	76,150	100.0	215,930	100.0	415,989	100.0	92.6	619,721	100.0	49.0

Source : KISA (Nov. 2013)

b. Domestic communication market trend

The growth potential of the domestic communication service operators remains slow as the supply ratio of the wire and wireless communication services has reached a saturation point. Thus, the key service operators are trying to enhance their competitiveness by promoting combined products uniting wire and wireless services through mergers with subsidiaries or the connection of sales. They are also striving to develop diverse growth strategies. Meanwhile, smart phone services have grown rapidly since 2010, significantly increasing the business domain based on mobile Internet services, which have become a growth engine of the communication service industry. In particular, communication service operators will focus their attention and resources on IPTV services in the wire service sector and on LTE services in the mobile service sector while fiercely competing in terms of marketing to increase their subscriber base. In addition, it is forecast that they will actively attempt to diversify their services and enhance efficiency to spur growth and the regulation of existing communication services.

The LTE service that started in October 2011 has been gradually improving its service quality since being upgraded to LTE-A and wide-area LTE in 2013. Furthermore, as the subscriber base has increased significantly over 2012, it has affected the revenue structure of the mobile communication service operators. Meanwhile, their investment burden has increased significantly as their investment increased significantly in connection with the initial deployment of the LTE service by 2012, while they made follow-up investments in the allocation of a new frequency band and the upgrading of their network to LTE-A and wide-area LTE in 2013.

It was estimated provisionally that the domestic communication service market in 2013 would reach KRW45.1 trillion, i.e an increase of 1.4% over the preceding year. The wire communication service segment declined by 7% from the preceding year, showing a more accelerated downward trend. The mobile communication service segment grew to KRW22.2 trillion, i.e. a 5.8% increase over the preceding year (and higher growth than the annual average growth rate of 3.2% over the past five years), as sales increased along with newly introduced services like LTE-A. The survey also revealed that the broadcasting and communication convergence segment also posted a solid growth trend of wire and wireless contents service markets while the IPTV service also grew to a remarkable extent.

[Table I-14] Production status of domestic communications and broadcasting and communication convergence service sectors

(units : KRW 100 million, %)

Classification	2009	2010	2011	2012	2013P	Percentage Change	CAGR
Communication service industry	435,981	436,798	438,797	444,265	450,601	1.4	0.8
Wire communication service	174,640	165,849	160,390	153,517	142,823	△7.0	△4.9
Wireless or mobile communication service	195,570	203,146	203,277	209,649	221,779	5.8	3.2
Line or frequency resale service etc.	17,821	13,210	14,547	15,190	16,096	6.0	△2.5
Value added communication service	47,950	54,593	60,583	65,910	69,903	6.1	9.9
Broadcasting and communication convergence service	73,858	86,690	99,994	108,992	118,447	8.7	12.5
IPTV service	2,448	4,043	6,162	8,761	11,814	34.8	48.2
Fixed mobile convergence (FMC) service	168	-	-	-	-	-	-
Wire and wireless contents	71,242	82,647	93,832	100,231	106,633	6.4	10.6

Note) Percentage changes between 2012 to 2013

Source : KAIT

As of the end of 2013, the numbers of subscribers to domestic wire phone services, broadband Internet services, and Internet phone services stood at 17.62 million, 18.74 million and 12.62 million, respectively. The number of wire phone services has decreased remarkably as they have been rapidly replaced by Internet phone services since 2009. Though the broadband Internet service reached a supply rate of 103.3%, thus exceeding the 100% saturation point, the growth in the number of its subscribers has continued to date as it is being utilized to expand the sales base of wire and wireless combined products and new services (IPTV, VoIP etc.).

The number of subscribers to mobile phone services at the end of 2013 stood at 54.68 million, representing a 2% increase over the preceding year, and exceeding the saturation point. Its net growth trend is continuing as more people are acquiring multiple phones as the smart phone service expands, while more businesses deploy mobile offices. The number of subscribers to smart phone services, which stood at only 800,000 (i.e. 1.7% of the total number of mobile phone service subscribers) at the end of 2009, increased rapidly to reach 37.52 million (68.6% of all mobile phone service subscribers) at the end of 2013, thus recording an annual average growth rate of 161.7% from 2009 to 2013.

[Table I-15] Status of subscribers to mobile phone and smart phone services

(units : 10,000 persons, %)

Classification	2009	2010	2011	2012	2013P	Fluctuation	CAGR
Subscribers to mobile phone services (A)	4,630	5,077	5,251	5,362	5,468	2.0	4.2
Subscribers to smart phone services	80	721	2,258	3,273	3,752	14.6	161.7
Ratio (B/A)	1.7	14.2	43.0	61.0	68.6	-	-

Note) Percentage changes between 2012 to 2013

Source : Recompiled data from the Korea Communications Commission and the Ministry of Science, ICT and Future Planning

Meanwhile, the 4G LTE service, which has significantly enhanced the transmission speed of mobile data, was launched in the Seoul area in October 2011, and expanded across the nation in 2012. Subscribers to the service at the time of its introduction in 2011 represented only 2.3% of the entire number of mobile communication service subscribers, but the number had increased to 28.45 million by the end of 2013, accounting for more than 52% of the total number of mobile phone service subscribers. As the number of subscribers increased by

79.9% in 2013 compared to the preceding year, it is clear that the mobile phone service market is switching to the LTE service rapidly. As the basic service rate of the LTE service is more than twice that of the previous 2G or 3G services, the service operators have entered into a fierce competition in order to induce more LTE service subscribers, and the government regulation has become an issue. Thus, in 2013, the proposed Act on the Improvement of the Distribution Structure of Mobile Handsets was discussed with a view to providing a foundation for the introduction of systems ranging from officially announcing subsidy amounts, preventing unfair discrimination or contracts, introducing options for discounts on handsets or phone bill plans, imposing ex-post regulations, and ensuring reasonable management of the distribution network.

[Table I-16] Number of mobile phone service subscribers by technology

(units : 1 million people, %)

Classification	2011		2012		2013		Fluctuation
	Subscribers	Rate	Subscribers	Rate	Subscribers	Rate	
CDMA	1,582	30.1	1,075	20.0	774	14.2	△28.0
WCDMA	3,550	67.6	2,706	50.5	1,849	33.8	△31.7
LTE	119	2.3	1,581	29.5	2,845	52.0	79.9
Total	5,251	100.0	5,362	100.0	5,468	100.0	2.0

Note) Percentage changes between 2012 to 2013

Source : Recompiled data from Korea Communications Commission and the Ministry of Science, ICT and Future Planning

In addition, the base for mobile phone service subscribers significantly increased in 2013 thanks to the MVNO service. The number of subscribers to the MVNO service grew actively as the subsidiaries of large businesses (CJ Hello Vision and SK Tel-Link), retail businesses (E-Mart, Home Plus and convenience stores), and banking institutions (post offices, farmers cooperatives and credit unions) participated in the market alongside existing service operators such as KCT, Free Telecom, Onse Telecom, and Evergreen Mobile. Subscribers to the MVNO service include increasing numbers of middle-aged people or senior citizens thanks to its lower fee rate, while mid-sized MVNO companies have secured their sales network by enhancing their reliability, as MVNO sales were started by post offices expanding to large retail businesses, such as Home Plus and E-Mart. In 2013, the number of MVNO subscribers increased by 93.8% to 2.48 million over the preceding year. Though MVNO service subscribers represent approximately 4.5% of all mobile phone service subscribers, the MVNO service stills remains within the 1% range in terms of sales.

[Table I-17] Number of MVNO service subscribers

(units : 10,000 persons, %)

Classification	2011		2012		2013		Fluctuation
	Subscribers	Rate	Subscribers	Rate	Subscribers	Rate	
Carriers	5,210	99.2	5,234	97.6	5,220	95.5	△0.3
MVNOs	40	0.8	128	2.4	248	4.5	93.8
Total	5,251	100.0	5,362	100.0	5,468	100.0	2.0

Note) Percentage changes between 2012 to 2013

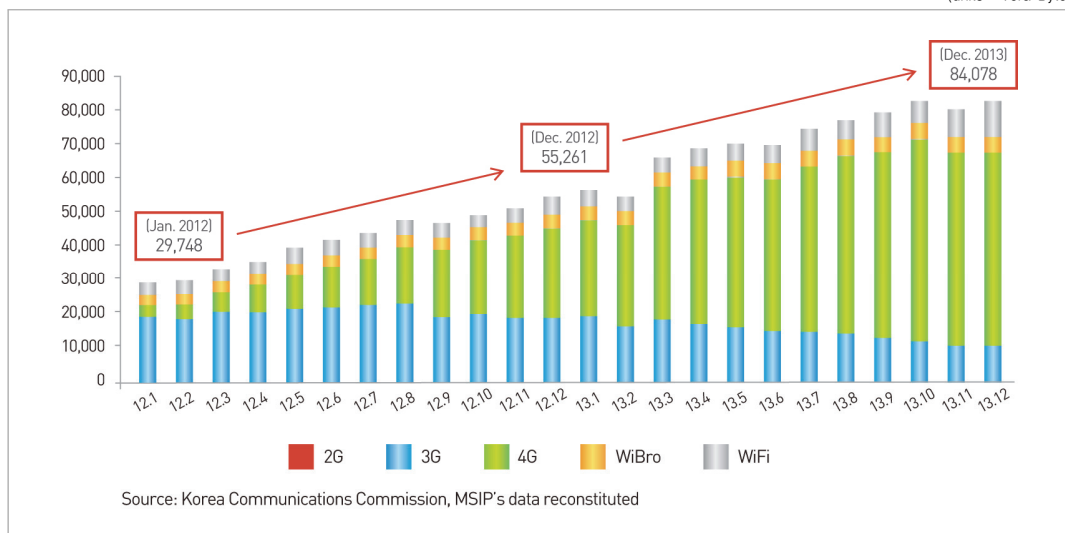
Source : Recompiled data from the Korea Communications Commission and the Ministry of Science, ICT and Future Planning

In 2013, the mobile phone billing system started to switch to data-centered billing as data traffic increased and the LTE service was propagated. The unlimited voice service billing system expanded as unlimited billing was introduced for voice service in- and outside the LTE network. The range of the mVoIP permitted billing system (limiting service usage) also induced a switch to lower fee systems. In December 2013, SKT started a fee system ranging from KRW30,000 to 50,000, and began providing increased data service volumes.

The survey also revealed that domestic wireless or mobile communication traffic also increased rapidly by 88.1% to 55,261 TBs at the end of 2012 compared with the beginning of the year, and by 50.2% to 84,078 TBs at the end of 2013 compared with the preceding year. In particular, the share of the 4G traffic service increased rapidly from 9.5% of the total mobile communication traffic in early 2012 to 72.8% at the end of 2013.

[Figure I-5] Status of monthly traffic by mobile/ wireless communication service technology

(units : Tera Byte)



c. Changes in the broadcasting and communication policy environment

In 2013, the domestic broadcasting and communication policy environment underwent significant changes in terms of ICT governance. In 2012, active discussions were held concerning the proposed reshuffle of the government organizations related to ICT. The newly inaugurated administration created the Ministry of Science, ICT and Future Planning to realize the creative economy, which was set as one of its core administrative objectives. Thus, Korea Communications Commission (founded in March 2008) came to assume responsibility for policies concerning broadcasting regulation, the investigation of and imposition of sanctions against prohibited acts, and the protection of users. The policies for the convergence of broadcasting and communication, communication, frequencies, and networks were transferred to the Ministry of Science, ICT and Future Planning. The KCC is now responsible for policies concerning media diversification, as well as for performing key services related to policies on terrestrial, general programming, reporting-specialized and other program providers; carrying out investigations and imposing sanctions on violations by broadcasting or communication service operators; developing and enforcing policies aimed at protecting users and their privacy; preventing the circulation of illegal or harmful information, and broadcasting ads; and developing and enforcing policies on programming and evaluation.

The representative change in the broadcasting policy environment is that the viewing and circulation of broadcasting programs through the Internet or mobile media have become active. Ever more people have started to view broadcasting contents through Internet or mobile appliances rather than television as the mobile network has increased, and ever more smart appliances are being supplied. Some 43.7% of the entire population now use smart phones more than television, mainly to view video or VOD. The circulation or retail environment has also changed so that contents are now produced and circulated on the Internet to generate revenues rather than through conventional broadcasting media. New business models are expected to become active in which ad revenues will be generated by disclosing contents that cannot be viewed on conventional media, including food cafés (broadcasting programs for cooking and tasting) and study cafés (broadcasting for study) on the Internet. It is forecast that the overall sales of broadcasting services in 2014 will increase thanks to business recovery, increasing large-scale sports events like the Olympic Games in the distribution sector, and the active planning and production of high-resolution or high-quality contents based on growing demand. In addition, it is expected that various factors will have a positive effect on

the growth of the broadcasting service industry, including the increased use of mobile-based N-screen services in line with the diversification of devices or platforms for the consumption of contents, including IPTV and smart appliances; changes in consumption patterns among middle-aged and senior consumers, including the use of contents on a real-time basis; and growing demand for UHD broadcasting contents. Meanwhile, it is further predicted that changes will be further accelerated by which contents rather than platforms play a core role in a media service environment where users may select desired contents at the desired time. It is also forecast that advertisement aired by terrestrial broadcasting companies will continue to decrease, just as it did in 2013, although the gap of content production capabilities is widening between terrestrial and paid broadcasting program providers.

In the communication and Internet service sector, sales remain slow while competition is becoming ever fiercer. In fact, the sales of communications service operators increased from KRW43.6 trillion in 2009 to KRW44.4 trillion in 2012, at an annual average growth rate of only 0.8%. Competition is becoming severe among mobile communication service operators as they strive to secure more frequency bands, provide more subsidies for the purchase of handheld devices, and induce more subscribers by providing services combined with broadband Internet services, because their subscriber growth has remained stagnant (growing by 1% or so). Indeed, it is forecast that in the coming years they will employ diverse marketing efforts to draw subscribers away from other operators while maintaining their existing subscribers in order to generate more revenues. It is expected they will call for policies aimed at preventing damages or the side-effects of excessive competition. Though the MVNOs have increased their number of subscribers significantly by offering low service rates differentiated from those of facility-based operators, they have requested alternative policies as they concern their revenue growth will be limited in the future.

The propagation of smart media requires new policies for the protection of users. In particular, smart phone sets are posting more conspicuous growth, and there have been changes in the supply rates and usage duration/patterns for all key smart appliances. As of 2013, the supply of smart phones reached 68% of the population, showing an overwhelming growth rate in the daily average number of user time from 21 minutes in 2011 to 66 minutes in 2013. However, political interest is growing as undesirable side-effects have arisen, including damages from illegal payments using smart phone applications or new spam attacks using SNS.

It is forecast that the ICT market will undergo significant changes in 2014 due to changes in the main ICT paradigms, including big data, the Internet of Things, and mobile and cloud services. Korea IDC forecast that in 2014, competition will intensify among the major businesses, which will increase their investment to enhance their capabilities concerning cloud, mobile and big data services, while significant changes will occur in other industries than the IT industry because of the third platform technologies.

It is expected that big data analysis and services will become a key issue as an exponential increase of data traffic will become inevitable due to the growth of mobile appliances and services. It is expected that the exploration of new public and business services linked with public or private data will emerge as a new issue, and that B2B competition will intensify among businesses, while more efforts will be made to create synergy in connection with the cloud infrastructure. In addition, more big data will be utilized to create practical values that drive the growth of the infrastructure.

For 2014, it is forecast that the Internet of Everything (IoE), which exchanges information among all things (things, people, services, etc.) will increase the Internet of Things (IoT), where 'things' participate as communication principals. Though the current size of the IoT market remains negligible, it has great growth potential and is attracting attention as the most suitable industry for realization of the creative economy as the ICT industries continue to grow. Gartner predicted that the Internet of Things will spread to all industries as the four Internet services of people, things, information and two locations will be combined with the four basic service models of management, profit generation, operation, and expansion.

It is also forecast that a new growth momentum will be formed in the mobile service sector in 2014. Though it is expected that the mobile ad market will be led by global businesses, such as Google and FaceBook, diversification will start actively as new platforms and segmented targeting techniques are introduced. It is also forecast that the mobile commerce market will grow significantly in combination with location information services, and that the mobile payment service market will also grow actively. The market of mobile SNS, messenger and game services will also grow as their platforms evolve rapidly. Mobile applications will switch to new development and service platforms in line with the evolution into HTML5. Meanwhile, the growth of mobile service markets will lead to such issues as the diversification of smart appliances, their management, and responses to new types of threats to

the integrity of personal information. The powerful functions of smart appliances, the increase in network bandwidth, and reduced service costs will greatly contribute to the propagation of cloud services, ushering in the full-scale personal cloud service era.

It is also forecast that diverse efforts to reduce household communication expenses will attain specific results in the communication service market and, as a part of such efforts, the MVNO service market will grow further as devices will be diversified and their supply will increase in 2014. In addition, it is forecast that the billing weight will switch to data services and service fee competition will be further accelerated. It is also expected that super broadband technologies and more software defined networks (SDN) will be introduced as the demand increases for a faster, more flexible broadband network environment, amid advanced discussion of 5G standardization and the introduction of giga WiFi and Internet services.

Meanwhile, Gartner has predicted that the market for future growth-engine services will start blooming in 2014, including the advent of intelligent personal secretaries, smart machines like autonomous cars, and 3D printing. For example, Gartner has predicted that 3D printer shipments in the world market will increase by 75% in 2014 and by more than 200% in 2015, opening up a new era of customized production using 3D printers.

The entire broadcasting and communication industries will maintain their steady growth in 2014, along with the gradual recovery of the global economy, further growth of the local economy, and increased support for ICT based on the allocation of a larger budget to the creative economy by the Park Geun-hye administration. In addition, it is expected that 2014 will be the year in which the creative economy develops more actively, with ICT being utilized for the resolution of social issues, the improvement of user life quality, and the exploration of new national growth engines, while the new ICT industries like big data, the Internet of Things, and 3D printers will post visible growth and ICT will be applied more actively to diverse industries and social sectors.



II

Status and Policy Objectives of Korea Communications Commission

1. Overview
2. Organization and functions
3. Key policy achievements in 2012
4. Key policy objectives in 2013

II Status and Policy Objectives of Korea Communications Commission

1. Overview

The Korea Communications Commission, founded pursuant to the Act on the Establishment and Operation of Korea Communication Commission, is responsible for the regulation of broadcasting and communication services, the protection of users, and other matters required for maintaining the independence of broadcasting services. Its mission is to ensure the balanced development of broadcasting and communication services and to enhance international competitiveness while protecting the freedom, public nature and public benefit of broadcasting services and actively responding to the convergence between broadcasting and communication.

The key functions of the Commission include the formulation and implementation of policies pertaining to terrestrial, general programming and reporting program providers; the investigation of and imposition of sanctions against violations conducted by broadcasting or communication service operators; the development and implementation of wide-ranging measures aimed at protecting users and their personal information, and preventing the circulation of illegal or harmful information; policies on programming and evaluation; and the development of media diversification.

KCC is composed of five standing members including the chairman and the vice chairman. Of the five standing members, two including the chairman are directly appointed by the President of the Republic of Korea, and the remaining three are nominated by the National Assembly and appointed by the President of Korea. The standing members deliberate and vote on important issues related to broadcasting and telecommunications and the operation of KCC.

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

[Table II-1] Laws Related to 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"> • Basis for foundation, organization, and administrative organs of the Communication Commission • Duties and operational methods of the Commission and organization of the 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 communication • Promotion, technical standards, disaster management, and founding of fund for development of broadcasting and communication 	Enacted on Mar. 22, 2010 Amended on Aug. 13, 2013
Broadcasting Act	<ul style="list-style-type: none"> • Freedom and independence of broadcasting programming and public responsibility of broadcasting services • Licensing, re-licensing, approval or re-approval of broadcasting service businesses 	Enacted on Jan. 12, 2000 Amended on Aug. 13, 2013
Korea Educational Broadcasting System Act	<ul style="list-style-type: none"> • Capital and investments of the Korea Education Broadcasting Corporation • Appointment of officers and composition of the board of directors 	Enacted on Jan. 12, 2000 Amended on Aug. 13, 2013
Foundation for Broadcast Culture Act	<ul style="list-style-type: none"> • Organization of officers of the Foundation of Broadcasting Culture • Basis for founding the fund for the promotion of broadcasting culture 	Enacted on Dec. 26, 1988 Amended on Feb. 29, 2013
Act on the Broadcast Advertising Sales Agency	<ul style="list-style-type: none"> • Licensing of broadcasting ad brokers and restrictions on ownership • Balanced development of broadcasting ads 	Enacted on Feb. 22, 2012 Amended on Mar. 23, 2013
Act on the Protection, Use, etc. of Location Information	<ul style="list-style-type: none"> • Classification of service operators and system for market entry • Use of personal location information by emergency aid agencies 	Enacted on Jan. 27, 2005 Amended on Mar. 23, 2013
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 information • Securing of information network security 	Enacted on May. 12, 1986 Amended on Mar. 23, 2013
Telecommunication Business Act	<ul style="list-style-type: none"> • Classification of services and service operators, market entry, promotion of competition, and system for fair competition • System for protecting network users 	Enacted on Dec. 30, 1983 Amended on Aug. 13, 2013
Radio Waves Act (part)	<ul style="list-style-type: none"> • Procedure for division of frequency bands, allocation, recollection and reallocation • Procedure for use of radio stations, including their licensing and inspection 	Enacted on Dec. 30, 1961 Amended on Mar. 23, 2013

Note) Includes statutes that are jointly enforced with the Ministry of Science, ICT and Future Planning.

2. Organization and functions

a. Organizational status

[Figure ||-1] The Current Standing Commissions of the Second Term Commission



Choi Sung-joon, Chairman

Chairman Choi Sung-joon joined the KCC with 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 Seoul District Court for Civil Cases in 1986 and continued his judicial career for the following 28 years. He handled a variety of cases in diverse areas serving in 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 Patent Court of Korea (1998). Chairman Choi then assumed important positions in courts, including presiding judge in Suwon District Court (2000); presiding judge in Seoul District Court (2002); presiding judge in Seoul Central District Court (2004), presiding judge (2005) and chief presiding judge (2006) in Patent Court of Korea, presiding judge in Seoul High Court (2007), chief presiding judge for the civil division of the Seoul Central District Court (2010); chief judge in Chuncheon District Court (2012); and presiding judge in 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 of coordinating differences of the stakeholders in courts. He also held the chairman position of Dongdaemungu Election Commission (2013) and Gangwon Province Election Commission (2012). In addition, Choi has been active in academic societies and organizations in the field related to broadcasting and telecommunications both directly and indirectly, assuming the president post 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 Chairman

Hur is serving the third-term KCC as Vice Chairman from April 2014. After working at the Kookje Daily News (1978), the Busan Ilbo (1980), the Kyunghyang Shinmun (1981), KBS (1981) as journalist, he joined SBS in 1991 and held various positions including correspondent in Germany (1994), chief producer for political department (2001), chief secretary (2004) and director (2005). In 2008, Hur was elected to the National Assembly (NA), during which he also served as joint chairman of 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.



Lee Ki-joo, Commissioner

Lee is serving the KCC as a third-term Commissioner from April 2014. He first began his public service in 1982 by joining the Ministry of Communications (MIC), a precedent entity to 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 doctor's degree 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.



Kim Jae-hong, Commissioner

Kim joined the third-term KCC in April 2014. Having worked as journalist (1978) and chief editor (1988) of the Dong-A Ilbo, he gave lectures in Graduate School of Politics in Kyonggi University (2001) and served as dean of the school (2009). As a member of the 17th National Assembly (2004), Kim served as chairman of the subcommittee on judicial deliberations under the Culture and Tourism Committee and the Committee manager, 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, Ministry of Unification, Ministry of National Defense, Government Information Agency, and National Security Council.

Kim obtained his bachelor's, master's and doctor's degree (1987) in politics from Seoul National University, and completed the Nieman Fellowship program at Harvard in 1996.



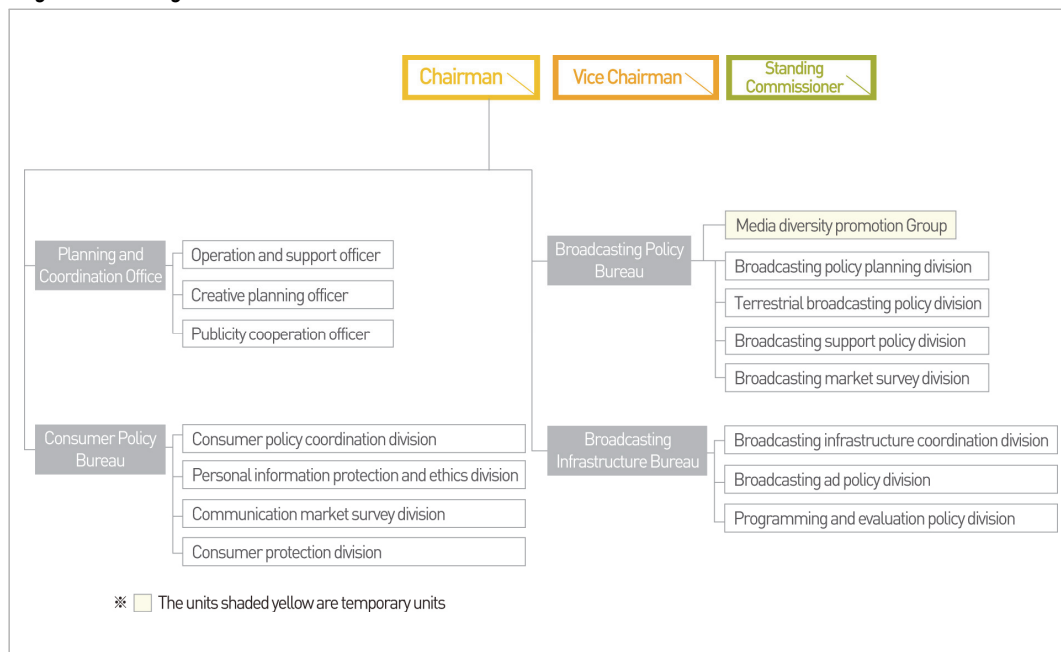
Ko Sam-seog, Commissioner

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 MA 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), and 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).

Following the amendment of the Government Organization Act (Law No. 11690 enforced on 23 March 2013), the Commission was reorganized into an agency responsible for broadcasting policies and regulations concerning broadcasting and communication services. Previously composed of two offices, four bureaus and six officers, thirty-four divisions and four teams, it was reorganized into its current structure of one office, three bureaus, and fourteen divisions, as shown in [Figure II-2] :

In September 2013, its personnel quota was increased by five persons to implement programs for promoting Government 3.0, strengthen policies for protecting personal information, and enforce policies on freedom of expression on the Internet. In December 2013, the related provisions were streamlined to convert the posts of two employees to specialist positions and thirteen functional employees to general service employees. The total quota of the Commission was reduced by two as a unified quota system was enforced at the pan governmental level in order to efficiently address the demand for new personnel including those required for the execution of national policy tasks and field tasks.

[Figure II-2] Organizational chart of the KCC



Note) As of December 2013

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 the 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 as duties of the Commission by this Act 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 on broadcasting and those on the regulation of communications;
2. Matters concerning the recommendation on 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 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 program providing business operators engaging in general programming or programming specialized in news report;
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 on prohibited acts by broadcasting business operators;
11. Matters concerning the investigation and restriction on prohibited acts by broadcast advertising sales agencies;
12. Matters concerning the investigation and restriction on 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;
16. Matters concerning the management of a viewers' media center;
17. Matters concerning the guarantee of the general watching and listening right;
18. Matters concerning the composition and management of the Broadcast Evaluation Committee;
19. Matters concerning the restrictions, etc. on the share of audience of broadcasting business operators;
20. Matters concerning the disciplinary measures pursuant to the deliberation and resolution by the Korea Communications Standards Commission;
21. Matters concerning the composition and management of the Regional Broadcasting Development Committee;
22. Matters concerning the research and support with respect to the regulation of broadcasting and communications;
23. Matters concerning the 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	Administrative and Legal Affairs Division	<ul style="list-style-type: none"> • HR, citation, discipline, education/training, service management • Protocol, office building management and defense • Audit of Commission and subordinate agencies • Audit of subordinate organizations and investigation or handling of petitions
	Creative Planning Division	<ul style="list-style-type: none"> • Coordination of policies and plans, and management of organization and personnel quota • Budget compilation, coordination, revenue and expenditure and closing • Coordination of Government 3.0 duties and services for cooperation with the National Assembly and other external agencies • Basic planning and trend analysis for performance management and administration system • Deployment and operation of office services, office automation, and knowledge information systems • Services or duties related to the drafting or reviewal of law bills, administrative decision or regulation, and reform of regulation • Convocation of Commission meetings, compilation and archiving of agenda • Reception and review of agenda items filed with the Commission • Emergency, security-related services and disaster management
	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 communication, including those for the WTO and FTA • Policies concerning international organizations • Operation of international organizations related to broadcasting and communication, and development of the relevant policies • Support for public relations or press briefings on key policies • Analysis and evaluation of, and response to, press reports

Department name		Key duties
Broadcasting policy bureau	Broadcasting Policy Planning Division	<ul style="list-style-type: none"> • Coordination of broadcasting service policies • Development of mid- or long-term broadcasting basic policies and public broadcasting policies • Development of policies or institutions for generating fair competition conditions in broadcasting service market • Development and enforcement of basic plans for diversity of public opinion on broadcasting
	Radio and Television Policy Division	<ul style="list-style-type: none"> • Terrestrial broadcasting policies • Policies related to development of regional broadcasting and organization and operation of regional broadcasting committees • Assessment of achievements in development of regional broadcasting
	Broadcasting Promotion Policy Division	<ul style="list-style-type: none"> • Policies for promoting PPs • Advance consent to approval or relicensing of cable broadcasting service providers • Administration of broadcasting frequencies
	Broadcasting Market Investigation Division	<ul style="list-style-type: none"> • Declaration or handling of outcome of actions taken against violation of statutes by broadcasting service operators • Investigation or corrective actions against violation of statutes by broadcasting service operators
Consumer Policy Bureau	Consumer Policy Coordination Division	<ul style="list-style-type: none"> • Policies concerning protection of broadcasting or communication service users • Development and operation of systems for survey of broadcasting or communication service markets • Assistance to review or decision on agenda concerning prohibited acts • Enactment or amendment of criteria for determining illegality, including criteria for imposing fine or prohibited acts
	Privacy Protection and Ethics Division	<ul style="list-style-type: none"> • Enactment or amendment of policies or statutes related to protection of personal information on IT network • Measures for protection of personal information by Internet service providers • Enactment or amendment of statutes related to prevention of unhealthy information on network • 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 outcome of actions taken against violation of statutes by communication service operators • Investigation or corrective actions against violation of statutes by communication service operators
	Consumer Protection Division	<ul style="list-style-type: none"> • Policies concerning protection of broadcasting or communication service consumers • Investigation, planning or coordination concerning protection of broadcasting or communication service users
Broadcasting infrastructure bureau	Broadcasting Infrastructure Coordination Division	<ul style="list-style-type: none"> • Analysis of policies and achievements concerning universal broadcasting services • Enactment or amendment of statutes related to systems for protecting universal viewing right • Analysis, enactment or amendment of statutes related to protection of viewer rights and benefits
	Broadcast Advertisement Policy Division	<ul style="list-style-type: none"> • Improvement of statutes or institutions concerning broadcasting advertisement • Matters concerning policies on competition in broadcasting advertisement sales agency market • Development and enforcement of policies related to sponsor notice
	Programming and Evaluation Policy Division	<ul style="list-style-type: none"> • Policies related to broadcasting operation or programming • Notice of broadcasting programming ratios and mid- or long-term policies related to broadcasting programming • Enactment or amendment of statutes related to basic plan for broadcasting assessment or assessment of broadcasting • Organization and operation of broadcasting operation assessment group

c. Public organizations governed by the Commission

The Korea Broadcast Advertising Corporation, founded under the Act on Broadcast Advertising Sales Agencies, Etc., is under the control of the Commission. The Commission governs three related agencies, namely, the Korea Broadcasting Corporation, Korea Education Broadcasting Corporation, and Foundation for the Broadcast Culture whose foundation basis, mission, and key functions are listed in [Table II-3 and 4] :

[Table II-3] Corporations subordinate to the Commission

Name of agency	CEO	Name	Basis of foundation	Mission and key functions
Korea Broadcast Advertising Corporation (KOBACO)	President	Won-chang Lee	Article 24 under Act on Broadcast Advertising Sales Agencies, Etc.	Brokerage or sales agency for advertisement, balanced development and promotion of broadcasting ad, services related to the promotion of broadcasting and communication ad services, performance of duties entrusted by the government

[Table II-4] Agencies related to the Commission

Name of agency	CEO	Name	Basis of foundation	Mission and key functions
Korea Broadcasting Corporation (KBS)	President	Hwan-young Gil	Article 43 (1) under the Broadcasting Act	Promotion of a fair and sound broadcasting culture with the government-owned backbone broadcasting service, and efficient operation of broadcasting services at home and abroad
Korea Education Broadcasting Corporation (EBS)	President	Yong-sub Shin	Article 1 under Act on the Korea Education Broadcasting Corporation	Supplement to school education, contribution to citizens' lifetime learning and democratic development of education
Foundation for the Broadcast Culture	Chairman	Moon-hwan Kim	Article 1 under the Act on the Promotion of Broadcasting Culture	Contribution to performance of public responsibilities by broadcasting service operators, promotion of broadcasting culture, enhancement of public welfare

d. 2013 expenditure budget

The expenditure budget of the Commission in 2013 was KRW203.6 billion, which can be broken down into either the general budget account of KRW51.5 billion and the Broadcasting and Communication Development Fund account of KRW152.1 billion, or into the communication account of KRW53.5 billion and the broadcasting account (including culture and tourism) of KRW150.1 billion. Alternatively, the expenditure budget can be broken down into payroll expenses of KRW15.1 billion, basic expenses of KRW3.8 billion, and key service expenses of KRW184.7 billion. The details are shown in [Table II-5] below:

[Table II-5] Details of the 2013 expenditure budget of the Commission

Classification		2012 [A]	2013 [B]	Fluctuation [B-A]	%
Total expenditure [I + II]		1,699	2,036	337	19.8
[Total = total expenditure + internal transactions + surplus funds]		[8,761]	[12,241]	[3,480]	[39.7]
By fund source	I . General budget account	506	515	9	1.8
	II . Broadcasting and Communication Development Fund	1,193	1,521	328	31.2
	[Total = expenditure + internal transactions + surplus funds]	[8,259]	[11,726]	[3,467]	[42.0]
	① Expenditure				
	Sub-total (㉠+㉡)	5,377	5,412	35	0.7
	㉠ Korea Communications Commission	1,193	1,521	328	27.5
	㉡ Ministry of Science, ICT and Future Planning	4,184	3,891	△293	△7.0
By area	② Internal transactions [Commission funds deposited]	200	1,000	800	400.0
	③ Compensatory expenditure [Fund surplus operated]	2,682	5,314	2,632	98.1
	□ Communication	506	535	29	5.7
	□ Broadcasting (culture and tourism)	1,193	1,501	308	25.8
	□ Payroll	146	151	5	3.4
By function	□ Basic expenses	44	38	△6	△13.6
	□ Key service expenses	1,509	1,847	338	22.4
	① Broadcasting infrastructure improvement	775	933	158	20.4
	② User protection and development of fair competition conditions	226	393	167	73.9
	③ Deployment of base for promotion of broadcasting services	298	307	9	3.0
	④ Development of conditions for protection of personal information and circulation of sound information	115	141	26	22.6
	⑤ Other administrative support for broadcasting or communication services	95	73	△22	△23.2

Note) Based on the 2013 budget of the reorganized Communication Commission.

e. Government initiated legislation in 2013

In 2013, the Commission developed its amendment legislation plan (in May and December 2013) to reflect changes in the environment, including those related to the restructuring of the government, election pledges and government service tasks. It also submitted the Location Information Act (draft) - which is designed to alleviate entry regulation, including the licensing of location information services that do not provide personal location data and exemption from declaration of location-based service businesses - to the National Assembly. It helped get four bills passed by actively supporting the National Assembly review (on three occasions at the Media and Broadcasting Committee, once at the Legislation and Justice Committee, and once at a plenary session of the National Assembly), including the Broadcasting Act.

[Table II-6] Status of legislation introduced by the government in 2013

Law name	Date of promulgation/ enforcement	Key contents
Broadcasting Act (part)	<ul style="list-style-type: none">• Promulgated on Aug. 13• Enforced from day promulgated	<ul style="list-style-type: none">• KBS financial closing to be inspected by the Audit Board before approval by the National Assembly
Korea Education Broadcasting Corporation Act (part)	<ul style="list-style-type: none">• Promulgated on Aug. 13• Enforced from day promulgated	<ul style="list-style-type: none">• EBS financial closing to be inspected by the Audit Board before approval by the National Assembly
Framework Act on Broadcasting Communications Development (part)	<ul style="list-style-type: none">• Promulgated on Aug. 13• Enforced after six months	<ul style="list-style-type: none">• Collecting agencies of the Broadcasting & Communication Development Fund (mandatory financial contributions) divided based on jurisdiction:<ul style="list-style-type: none">- Korea Communications Commission: terrestrial broadcasting service operators, general programming service operators, reporting-specialized broadcasting channel operators- Ministry of Science, ICT and Future Planning: cable system operators, satellite broadcasting, IPTV, and home-shopping broadcasting channel operators
Telecommunications Business Act (part)	<ul style="list-style-type: none">• Promulgated on Aug. 13• Enforced after six months	<ul style="list-style-type: none">• Specific matters concerning the mediation / arbitration procedure of the Commission requiring determination and notification by the Commission (Article 47 paragraph (2))

In addition, the Commission explored five regulation reform tasks in 2013, including those designed to alleviate the burden on service operators with regard to investment or management activities, and those designed to protect citizens' rights and benefits. The Commission also explored two regulation improvement tasks, including those aimed at removing business obstacles and at expanding negative regulation methods.

[Table 11-7] Current Status of Regulatory reform and improvements in 2013

No	Tasks aimed at improving regulations	Implementation status
1	Improvement of regulation of programming, including broadcasting times, hours, etc.	Promotion to be continued in 2014
2	Provision for abating damage compensation by service operators in connection with temporary actions	Promotion to be continued in 2014
3	Alleviation of regulation of location information service not related to personal location data	An amendment (draft) to the Location Information Act adopted by the Cabinet and submitted to the National Assembly (Dec. 2013)
4	Provision of standards for certifying schemes for managing the protection of personal information	Public notice amended (Sep. 2013)
5	Provision of operational guidelines, including the period for prohibiting new subscriber inducement by mobile communication service operators who have committed prohibited acts	Resolution by Commission (Nov. 2013)
6	Opportunities expanded for small businesses to enter location information service business	An amendment (draft) to the Location Information Act adopted by the Cabinet and submitted to the National Assembly (Dec. 2013)
7	Negative regulation method introduced for approval of acquisitions or mergers of location information service businesses	An amendment (draft) to the Location Information Act adopted by the Cabinet and submitted to the National Assembly (Dec. 2013)

3. Key policy achievements in 2012

To actively respond to changes in the policy environment, where broadcasting and communication services need to strike a harmonious balance between their public benefit and commercial nature as they have gradually become an essential part of public life, the Commission promoted its service by establishing the following four policy directions: realization of a global ICT hub in Korea; creation of a smart eco-system and new industries; realization of advanced digital broadcasting services; and enhancement of user welfare and information protection. The major policy achievements of the Commission in 2012 are as follows:

a. Realization of a global ICT hub in Korea

The Commission steadily promoted the project for the deployment of broadband internet subscriber networks in rural areas to upgrade networks and eliminate gaps in the network infrastructure between urban and rural regions, and the expansion of the broadband service infrastructure through the financing of projects for the deployment of broadband public networks. As of the end of December 2012, fixed broadband internet services were being used by 93%(18.25 million) of households that use internet services.

In addition, as of the end of December 2012, a total of 210,000 WiFi zones were in operation across the country thanks to the Commission's successful efforts to expand the WiFi service provided by communication service operators based on cutting-edge fixed broadband internet networks. The Commission also provided an environment where free WiFi services are offered by service operators at 2,000 public locations, including government civic service halls and public transportation terminals, after an open WiFi jointly deployed by service operators.

Once the policies for expanding the Ultra Broadband convergence Network (UBcN) had been successfully implemented, Korea established itself as a global leader playing leading roles in the deployment of a global IT infrastructure, ranking first in the penetration rate of the wireless broadband, the penetration rate (per 100 inhabitants) of the Fiber/Local Area Network (LAN) among OECD countries, and the ITU ICT Development Index.

The LTE (Long Term Evolution), next-generation or 4th-generation mobile communication service, which delivers a data transmission speed five times faster than the 3rd-generation service, has been deployed by major service operators in the USA and Europe. In Korea, SKT and LG U+ launched a commercial service in the Seoul metropolitan area in July 2012, while the LTE network was deployed across the nation for the first time in the world, and a full-scale service was launched following the introduction of diverse smart phones capable of supporting the LTE service later in the same year.

The Commission's policies for deploying the next-generation mobile communication network are significantly meaningful, as they help deploying an infrastructure to address the exponential growth of mobile traffic due to the propagation of smart appliances while enhancing the competitiveness of the mobile communication service industries in a rapidly changing market marked by the advent of the Smart Age.

After a plenary session resolution passed on 15 March 2012, the Commission approved the reallocation of the 2.3GHz WiBro frequency band to KT and SKT, which was due to expire on 29 March 2012. The Commission pursued its WiBro policy direction to fully utilize WiBro for the data-centered network service, while distributing the rapidly growing 3G-LTE traffic as it had adopted a direction for developing both LTE and WiBro in parallel.

In addition, the Commission adopted the 'Mobile Gwanggaeto Plan' on 20 January 2012 to gradually secure 600MHz or wider frequencies by 2020 and to provide the basis for providing frequencies timely while proactively addressing the exponential growth of mobile traffic. Thus, the Commission started to secure mobile communication frequencies based on from short-term to long-term plan.

The Commission assisted with the development and world-first demonstration of the 2nd generation WDM-PON technology, which has enabled the high-speed inexpensive wide-area Internet service. It also joined forces with three mobile communication service operators to develop the Content Delivery Network (CDN) interoperation technology, which is designed actively respond to the network market encroached upon by Google, Akamai and other global businesses, while resolving the service quality deterioration that arises whenever competitor servers are used for content delivery.

The Commission also strove to explore smart-work service models by performing pilot project in areas with a great spillover effect in order to lay foundations for the growth of the related industries, while promoting the early introduction of smart work across the country. In 2012, the Commission promoted a pilot project for the ‘development of a popular welfare-type smart work service model’ in a bid to attain the objective of making smartwork available for people from all walks of life

In particular, the Commission has steadily developed technologies for packet-optic integrated delivery networks in order to increase the number of networks in preparation for the rapid growth of Internet traffic and active convergence services in the future. As a result, it developed and demonstrated the ‘ten times faster Giga Internet’ for the first time in September 2012.

b. Development of the smart ecosystem and new industries

The Commission introduced a system for certifying a high-quality high-reliability cloud service in order to alleviate user concerns about the quality and security of the cloud service. By implementing the certification system, it provided a system for enhancing the competitiveness of domestic cloud service businesses by enhancing the service quality while deploying a user reliability basis for the domestic cloud service while still in its infant stage.

Further, it actively promoted projects for the development of standards for the Internet of Things, after recognizing that it is necessary to enhance competitiveness in global standards for the Internet of Things, one of the future convergence services areas. In particular, the Commission made active efforts to adapt domestic technologies to international standards by advancing into the chairman group of general technology assemblies while organizing and operating a task force composed of expert agencies and local businesses in response to oneM2M, a global standard organization for M2M founded in July 2012.

The current broadcasting service market has experienced a new turning point into broadcasting services due to the emergence of such immersive media as 3D or smart TV as a new growth opportunity after the switchover to digital broadcasting.

In 2012, therefore, the Commission promoted such key projects related to smart TV as the development of a basis for the active development of TV applications, the promotion of standards for an HTML5-based TV platform, and the verification of standard specifications. The TV App Innovation Center was jointly founded with thirteen public and private agencies, including major businesses and trade associations related to smart TV, in order to foster global smart TV app businesses like Kakaotalk, while enhancing the global competitiveness of the local smart TV industry in pace with the market paradigm switch to smart TV.

Furthermore, the Commission made efforts to secure a foundation for commercial 3D broadcasting services and to occupy the global market by applying the world's first high-resolution 3D broadcasting technologies. In so doing, a pilot high-resolution terrestrial 3D broadcasting service was successfully provided in the Seoul region through the EBS¹⁾ and SBS²⁾ channels throughout the month of April 2012 for the first time in the world.

Meanwhile, the Commission operated the Internet Business Startup (IBS) program in order to foster win-win cooperation between small and large businesses and promote startup businesses while preparing a turning point for promoting the domestic Internet service business, whose growth had stagnated. In 2012, it prepared the Global K-Startup Program in order to strengthen the part of global market advancement in cooperation with Google.

IPTV successfully established itself in the Pay-TV Service market by securing 6.54 million subscribers in 2012, following on from the 1.75 million secured in 2009, 3.09 million in 2010, and 4.56 million in 2011. The number of IPTV subscribers is steadily growing, accounting for 23.5% of the 24.13 million subscribers to Pay-TV Services in August 2012. Further, the basis is being prepared for steady growth by promoting service operators' increased investment in contents and infrastructure, developing new services, and supporting the development of next-generation source technologies.

In addition, the Commission introduced the MVNO service system by amending the Telecommunications Business Act in March 2010 in order to reduce communication service

1) EBS carried out a daily one-hour-long pilot broadcast from 02:00 to 03:00 from 3 April to 2 May 2012, transmitting a 3D broadcasting program titled The Human Race on the Korean Peninsula – People of Jeongok-ri, and a 3D animation titled Kokomong, Reefer Land produced in-house, along with existing HD programs, via a terrestrial digital television broadcasting channel (Virtual channel 10-1 and physical channel 18 of Gwanak Transmission Station).

2) SBS broadcast Echo – Akgamusa Daechon-wang, a traditional Korean music performance program via a digital television broadcasting channel (Virtual channel 6-1 and physical channel 16 of Gwanak Transmission Station) from 02:00 to 02:40.

bills while enhancing the competition in the mobile communication service market in terms of services and fee rates. The Commission also announced a comprehensive plan for promoting the MVNO service in March 2012 with a view to supporting the early settlement of MVNOs in the market. As a result, the number of subscribers migrating to MVNOs increased rapidly from 5,200 in July 2012 to 8,500 in August and 9,900 in September, while the number had previously remained around 1,000 per month until June 2012.

The Commission supported local businesses and broadcasting and communication services operators in their efforts to actively adapt to the rapidly changing age of broadcasting and communication convergence services by providing them with information concerning systems and trends in the overseas markets, as most of them face difficulties in advancing into overseas markets due to a shortage of information on overseas markets, although they wish to advance into overseas markets. To that end, the Commission provided in-depth information on the policies and operator movements concerning ten major broadcasting and communication service items through its system (CONEX www.conex.or.kr) for providing service operators with information on overseas broadcasting and communication, including information on smart 4G, Internet-based TV, broadcasting services, and contents in 54 countries (i.e. 32 countries with potential for market entry and 22 countries whose information is required). In particular, the Commission supported the establishment of a wire and wireless service environment that enables the acquisition of information using smart phones anywhere any time by deploying a mobile app (<http://m.conex.or.kr>) site in 2012.

The Commission endeavored to further enhance Korea's position by advancing into the chair group of various international organizations. As Dr. Sangwon Goh was elected as vice chair of the OECD Committee for Information, Computer and Communications Policy (ICCP) at its 64th meeting held in Paris, France on 23 October 2013, Korea is able to enhance its influence in the process of development of international ICT policies, as a Korean has been elected as one of the chair group of ICCP for six consecutive years since 2007.

In addition, the Commission held the 8th Broadcasting and Telecommunication Ministers Meeting with ministers and vice ministers from seventeen countries at COEX, Seoul on 15 May 2012 to provide opportunities for Korean broadcasting and communication businesses to advance into overseas markets, while strengthening international cooperation in broadcasting and communication services and jointly exploring the future development directions of the broadcasting and communication industries with world leaders.

In addition, the Commission enforced the Regulations (Presidential Directive) on the Organizing Committee and Preparation Planning Group for the 2014 ITU PP-14 Plenipotentiary Conference in order to successfully hold the Conference in 2014. In October 2012, the Commission performed systematic preparatory work by organizing the ITU PP Preparation and Planning Group while consulting with the Ministry of Government Administration and Safety for assigning a separate personnel quota.

c. Realization of advanced digital broadcasting services

The Broadcasting Act, which was amended in January 2012, introduced a system for assessing the competition status of the broadcasting service market. The amended Act requires the Commission to found the Committee for Assessment of the Competition Status of the Broadcasting Service Market in order to assess the competition status of the said market and to report the outcome to the National Assembly within three months.

Thus, the Commission appointed nine committee members in April 2012, including experts in the economic, legal, accounting, and convergence technology fields, to assess the competition status of the broadcasting service market and perform other related duties over the two years until April 2014.

On 17 February 2012, the Commission first adopted a partial amendment to the Notice on Broadcasting Programming, including standards and procedures for certifying local production. The amended Notice is meaningful in that it provides a foundation for enhancing the capabilities of the local broadcasting service industry while enhancing the predictability of regulation by providing the standards required to promote industries related to the production of local broadcasting programs. Key provisions include those for providing standards and procedures for certifying local production, improving standards for certifying locally produced animation productions, and providing standards for certifying outsourced productions.

To induce competition between overseas market explorers and business operators, the Commission improved its method of support for 3D production, switching from its previous method of supporting main production based on a review of the draft plans to support for main production based on a review, including the achievements of its support for marketing

in renowned foreign contents markets following its support for trailer production.

Thirteen businesses, including CJ Powercast, 3D Plan and Crispy, participated in the KOREA 3D SHOWCASE to achieve over US\$1.1 million in sales and induce equity investment. The Commission organized the Showcase to introduce forty-four locally produced outstanding 3D contents, including seventeen 3D contents whose production it supported and which were exhibited at MIPTV 2012, the world's largest broadcasting program market held in Cannes, France in early April 2012.

The Commission further increased its support for the export and overseas marketing of broadcasting and communication contents through overseas road shows, showcases and consulting on strategic areas, including items or services with a great potential for advance into overseas markets, while deploying an inter-governmental cooperation system for their export.

In February 2012, the Commission developed an annual plan for operating showcases and held showcase events of broadcasting contents in Oceania, Central Asia, and Europe in the first half of the year; and held showcase events for broadcasting contents in six countries in three regions where Korean cultural products and services are not yet well known. It also promoted Korean broadcasting contents by holding export meetings and visiting local broadcasting stations, and secured a bridgehead for full-scale advancement by holding interviews during the showcase by the broadcasting company and by deploying a human network for selling programs.

In January 2012, the Commission prepared basic plans to implement programs of strengthened training for experts in broadcasting and communication services in order to enhance expertise of workers in the field of broadcasting. The Commission also conducted new common technology education on smart media and 3D broadcasting that match the contemporary broadcasting service trend, specialized job education for broadcasting producers, writers, reporters and technicians, and education specialized in future services, including Things Intelligent Communication, smart TV, future mobile communication and 4G broadcasting services, with the aim of training broadcasting specialists who can respond to changes in the broadcasting and communication environment and fostering experts in new future technologies.

The Commission trained 4,153 persons in the production of broadcasting and communication contents by December 2012 under its programs for developing a workforce specialized in

broadcasting and communication services, thus exceeding the target of 3,270 persons for 2012 by about 30%.

The Commission came up with diverse policies in preparation for a full switch to terrestrial digital television broadcasting, as the terrestrial analogue television broadcasting service was discontinued on 31 December 2012 pursuant to the Special Act on the Digitalization of Terrestrial Television Broadcasting and Revitalization of the Digital Broadcasting Service enacted in March 2008.

In preparation for the switchover to digital broadcasting, the Commission implemented diverse programs aimed at supporting viewers and promoting the digitalization of Pay-TV Services, including programs to support viewers' switch to the digital broadcasting service, promote digitalization, and improve the transmission and reception environment of digital television broadcasting, in conjunction with the discontinuance of analog television broadcasting and the reorganization of television channels for terrestrial digital broadcasting.

d. Broadcasting and communication user welfare and enhanced information protection

In 2012, too, the Commission actively enforced policies for the protection of users, enhancing general access to communication services, access to broadcasting and communication services by physically impaired persons, and improving programs for the protection of viewer rights and benefits by implementing its a vision for the 'Realization of Broadcasting and Communication Welfare Enjoyed Together' in order to enhance the welfare of broadcasting and communication service users and to develop a sound and safe service culture.

First, the Commission systematically improved institutions in order to increase user options, including the reduction of Internet phone service rates, promotion of prepaid phone services, and readjustment of smart phone billing systems in consideration of user patterns in order to enhance their access to communication services. In order to reduce communication service bills, the Commission also actively promoted policies for the abatement of Internet phone service charges for the physically impaired or persons on low incomes, inducement of billing systems with options for the LTE service, low basic rates for senior citizens, tariff schedules for physically impaired persons, and tariff schedules offering service limits.

The Commission also promoted active institutional improvements and diverse forms of policy-based support by setting up the key policy objectives in expanding access to marginalized people to broadcasting services, including visually or hearing impaired persons. More specifically, the Commission supplied broadcasting receivers offering subtitling or extra audio commentaries, supported the production of broadcasting programs for physically impaired persons, provided education programs for the disabled, and conducted a survey on the environment and their access to broadcasting services. It also augmented the operation of the Telecommunication Relay Service Center.

In addition, to encourage viewer participation in broadcasting program production and viewers' rights and benefits, the Commission steadily improved or corrected matters that encroached upon their benefits by handling their complaints or collecting their opinions through the Viewer Rights Protection Commission, while supporting viewer-participatory programs for program production. Furthermore, the Commission laid the foundation for enhancing viewers' rights and benefits by closing the information gap between regions, operating a community media center to support the production of broadcasting programs for marginalized groups, and conducting a survey on the broadcasting service environment for those alienated from the broadcasting service, including multi-cultural families and senior citizens.

In addition, the Commission has contributed to preventing the leak of information assets and damages in advance while recommending the systematic protection of information by local businesses through the Information Security Management System (ISMS), which inspects whether information protection and management systems are being developed or operated by businesses in compliance with the legal standards. The Commission has further laid the basis for integrating the information protection safety diagnosis system into a system for certifying information protection and a management system under the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc., which was amended in 2012.

In addition, the Commission has promoted education and publicity activities for the protection of personal information by business operators and the general public in order to prevent the recurrence of leaks of large-volume personal information and to prevent secondary damages.

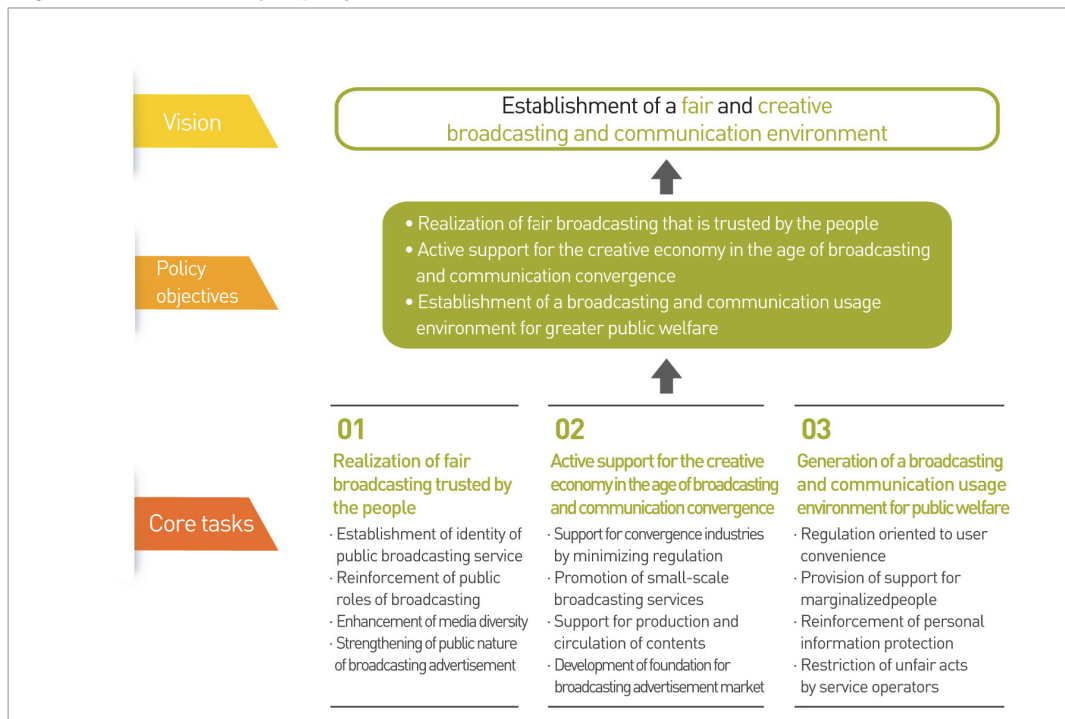
In particular, a total of 266,250 persons were educated through 622 rotating classes conducted by visiting instructors for students, preschool kids and parents across the country from March to December 2012. The Commission held the 2012 Campaign and Open Competition for the Protection of My Personal Information on the Internet in order to develop a culture of voluntary protection of personal information by users, while inducing the early introduction of new systems as provided under the amended Act on Promotion of Information and Communications Network Utilization and Information Protection, etc..

4. Key policy objectives in 2013

The Commission adopted its vision for the ‘Establishment of a Fair Creative Environment for Broadcasting and Communication’ amid a rapidly changing environment caused by the continuous emergence of new services and the increasingly rapid convergence of media, including broadcasting, communication, and the Internet.

In addition, the Commission set the following three policy objectives concerning the execution of its duties: ‘realization of a fair broadcasting environment trusted by the people,’ which is to be achieved by securing the public and impartial nature of broadcasting; ‘active support for the creative economy in the age of broadcasting and communication convergence,’ which is to be achieved by improving institutions for broadcasting programming and evaluation; and ‘establishment of a broadcasting and communication usage environment for public welfare which is to be achieved by enhancing the user capabilities, supporting marginalized members of society, and regulating unfair acts that are detrimental to user benefits.

[Figure 11-3] Vision and policy objectives





III

Achievements of 2013 Broadcasting and Communication Policies

Section 1 Realization of fair and trusted broadcasting service

Section 2 Establishment of a broadcasting and communication environment for public welfare

Section 3 Active support for the creative economy in the age of broadcasting and communication convergence

III Achievements of 2013 Broadcasting and Communication Policies

Section 1 Realization of fair and trusted broadcasting service

1. Strengthen the public service and public responsibility of broadcasting

a. Renewal of licenses for terrestrial broadcasting businesses

1) Renewal of licenses for terrestrial broadcasting service operators

A terrestrial broadcasting service operator is required to obtain a renewed license from the Korea Communications Commission before the expiration of the license's valid term, pursuant to Article 17 of the Broadcasting Act. The license renewal system came into force with the enactment of the integrated Broadcasting Act in 2000 and has since contributed to strengthening the public service and social responsibility of the terrestrial broadcasting service. In 2013, 38 out of 46 terrestrial broadcasting service operators were subject to license renewal, including KBS, MBC, and SBS, and one of the core tasks of the Commission was to evaluate their license extensions.

On 27 May 2013, the Commission approved the basic plan to grant renewed licenses to 262 terrestrial broadcasting stations belonging to 38 service operators whose licenses were due to expire in December 2013 (including KBS, MBC, SBS, 18 regional MBC affiliates, nine regional private broadcasting companies, OBS Gyeongin TV, BBS, PBS, CBS, WBS, FEBC, KFM and YTN Radio). In light of the growing importance of the public role of terrestrial broadcasting, the evaluation of the Commission focused on broadcasting's public benefit and public responsibility as well as enhanced viewers' rights and benefits. Therefore, the Commission increased the number of evaluators from nine to thirteen to strengthen the evaluation's objectivity and expertise; and strengthened the practical review by increasing the number of field surveys of the viewer feedback of service operators. In addition, the Commission

assigned a total of 1,000 points for license renewal review scores, and attempted to enhance the rationality of the review standards, including differentiated evaluation standards for public and private, general and specialized programming service operators, and to improve any redundant evaluation elements that conflicted those of the broadcasting evaluation.

[Table III-1] Review items and scores assigned for 2013 license renewal of terrestrial broadcasting service operators

Review items	Scores assigned
1. Broadcasting evaluation by the Broadcasting Evaluation Committee	400 points
2. Public responsibility, fairness, and public benefit of broadcasting	150 points
3. Appropriateness of planning, organization, and production of broadcasting programs	75 points
4. Appropriateness of management	50 points
5. Financial and technical capabilities	65 points
6. Plans for or performance of support for the development of broadcasting	50 points
7. Protection of viewers' rights and benefits	85 points
8. Contribution to community development, and regional, social and cultural contributions	75 points
9. Other matters required for the provision of services, including compliance with conditions or recommendations imposed at the time of licensing	50 points
10. Number of corrective orders issued by the Commission and non-performance thereof	Points deducted
Total	1,000 points

The Commission listened to viewers' opinions and conducted a field survey of all the broadcasters subject to a license renewal review pursuant to Article 10-(2) of the Broadcasting Act after accepting their applications for license renewal by June 2013. In particular, in 2013 the Commission improved the public notice method of collecting viewer opinions in a diverse manner, adding the websites of broadcasting service companies and of wide-area local autonomous governments to the existing notice through the government gazette, the Commission's website, and the websites of broadcasters subject to license renewal. The Commission reflected the performance of the broadcasters subject to license renewal as announced to the viewers (publicized two or more times per day on television or radio) in the license renewal review and evaluation for the first time in 2013.

In October, the Commission organized the license renewal Review Committee, which is composed of thirteen experts in broadcasting, law, accounting, technology, and viewer-related matters, in order to secure fairness, transparency and expertise in the license renewal review. The Committee listened to the opinions of representatives of the terrestrial broadcasting service operators, programming managers, and majority shareholders. The Committee examined the public responsibility of KBS under the statutes on broadcasting services, the managerial transparency of commercial broadcasting stations, and the managerial efficiency and regional balance of regional broadcasting stations based on the Commission's basic plan for license renewal, including the public nature and responsibility of broadcasting services and the enhancement of viewers' rights and benefits. The Committee focused on the performance of statutes related to non-profit corporations by religious broadcasting stations.

On 9 December 2013, the Commission relicensed KBS, MBC, SBS and five other companies that scored 700 points or more in the review and evaluation conducted by the license renewal Review Committee for four more years, and relicensed Gangneung MBC and 28 other companies that scored less than 700 points, for three more years. The Commission postponed its decision on OBS, which scored less than 650 points, in order to conduct additional review procedures, including listening to the company's opinions directly, examining the specific details, and assessing the likelihood of its plan for improving its financial structure succeeding.

In addition, the Commission imposed differentiated conditions and recommendations on the service operators contingent upon the outcome of their evaluation being either excellent or insufficient in order to warrant the enhancement of their public responsibility and the performance of their business plans, reflecting the conditions imposed at the time of previous licensing, their performance of recommendations, and the key insufficiencies indicated by the Review Committee. The Commission imposed such common license renewal conditions as the obligation to maintain the ratio of program production costs to sales (regional stations and KBS regional stations), enhance the disclosure and performance of programming constitution (general programming or reporting specialized stations), and maintain managerial transparency, including the maintenance of a system for management by broadcasting experts and the commission of external directors (commercial stations).

On December 27, the Commission decided to conditionally relicense OBS - whose license renewal decision had been reserved, after considering the will of OBS and its largest investor in the broadcasting service industry, and the protection of viewers' rights in the Gyeongin region - and imposed such conditions as the obligation to gradually improve its financial structure through a capital increase in 2014 and an additional capital increase, to maintain adequate liquidity, and to invest in the production of broadcasting programs at the 2013 level.

The Commission plans to strengthen its control and supervision in the future, including its regular inspection of compliance with the conditions and recommendations imposed for license renewal in 2013. The Commission also plans to improve the overall system for license renewal in order to enhance its effectiveness, including segmentation of the license validity, interim license for conditional license renewal, and the transfer of broadcasting facilities when license renewal is rejected.

2) License renewal of terrestrial DMB broadcasting service operators

The operators of terrestrial DMB services (introduced for the first time in December 2005) were relicensed every three years starting with those in the Seoul metropolitan region in 2008. The Commission has steadily endeavored to improve the viewer environment of terrestrial DMB services by imposing conditions at the time of license renewal, such as the obligation to install broadcasting sub-stations and strengthen output, so as to remove the grey areas of terrestrial DMB services. The Commission adopted its basic plan for license renewal six regional terrestrial DMB companies (Andong MBC, KNN, TBC, KBC, G1, and KCTV) whose licenses were due to expire on 31 December 2013, at its 21st session on 28 May 2013. It accepted applications for license renewal by the end of June 2013. In October 2013, the Commission conducted a field survey of the six DMB service operators subject to license renewal to check whether they had complied with the provisions of the Broadcasting Act. It also collected diverse viewer opinions by posting a notice on the reception of viewer opinions in connection with the license renewal of the terrestrial DMB broadcasters in the government gazette and on the websites of the service operators subject to license renewal and those of the wide-area autonomous governments.

In November 2013, the Commission organized the license renewal Review Committee, which is composed of nine experts in broadcasting, law, management, technology and matters related to viewers' rights and benefits, in order to enhance the fairness, transparency and expertise of the license renewal review of the terrestrial DMB service operators. A total of 1,000 points were assigned to ten review or evaluation items, but more points were assigned to review items concerning the contents of broadcasting programs or programming evaluation, and the service operators' financial and technical capabilities for providing stable DMB broadcasting services.

[Table III-2] Review items and scores assigned for 2013 license renewal of terrestrial DMB broadcasting service operators

Review items	Scores assigned
1. Broadcasting evaluation by the Broadcasting Evaluation Committee	400 points
2. Likelihood of guaranteeing public responsibility, fairness, and public benefits of broadcasting	120 points
3. Appropriateness of planning, organization, and production plans of broadcasting programs	60 points
4. Degree of contribution to community development	50 points
5. Adequacy of management plans, including those concerning organization and personnel operation	90 points
6. Financial and technical capabilities	170 points
7. Plans for or performance of support to broadcasting development	40 points
8. Protection of viewers' rights and benefits	50 points
9. Other matters required for performing services, including compliance with conditions or recommendations imposed at the time of licensing	20 points
10. Number of corrective orders issued by the Commission and non-performance thereof	Points deducted
Total	1,000 points

On 17 December 2013, the Commission decided to relicense Andong MBC, KNN, TBC, KBC, G1, and KCTV 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 the obligation to develop and report to the Commission concerning the performance of plans for assigning personnel dedicated to the terrestrial DMB service, the programming of plans considering the characteristics

of terrestrial DMB services, and plans to increase the revenue of terrestrial DMB services and enhance regional terrestrial DMB services. The Commission also imposed the additional re-licensing condition on individual service operators to report to the Commission on their efforts to remove grey areas where signal reception is poor based on the outcome of the terrestrial DMB reception conditions survey conducted in each municipality.

The Commission plans to strengthen its control and supervision in the future, including its regular inspection of the compliance with the conditions and recommendations imposed for license renewal in 2013. The Commission also plans to continuously help improve the reception conditions and to explore new revenue models in order to enable a greater number of viewers to enjoy stable DMB services.

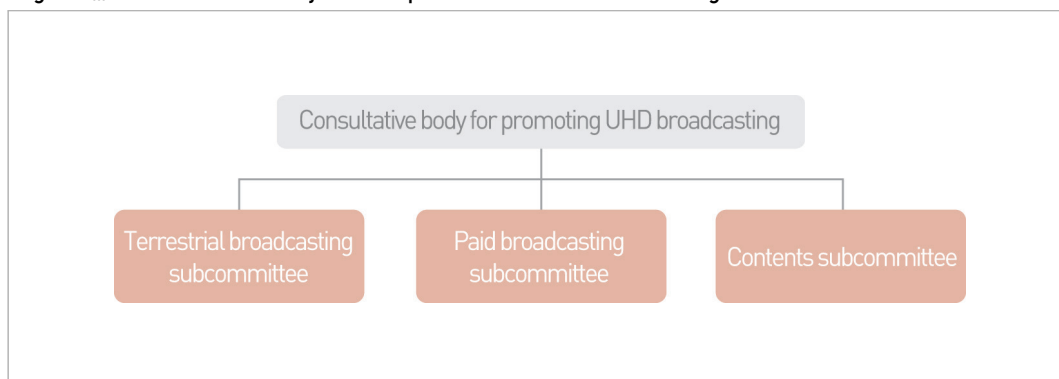
b. Promotion of next-generation terrestrial broadcasting policies

1) Organization of consultative body for next-generation terrestrial broadcasting services

The Commission organized the Next-Generation Terrestrial Broadcasting Policy Consultative Body in May 2013 to accelerate the introduction of next-generation terrestrial broadcasting. The Collegiate Body was composed of officers of terrestrial broadcasting service operators and manufacturers of TV sets. In 2013, the Body reviewed matters concerning the provision of frequency bands and the provision of legal and institutional supplements to enable the next-generation broadcasting service to enhance its international competitiveness and provide universal free quality services at an early date.

The Commission also organized the UHD Broadcasting Promotion Consultative Body jointly with the Ministry of Science, ICT and Future Planning in order to successfully establish the UHD broadcasting service, which has emerged as a core growth engine of next-generation broadcasting. The Body consisted of 21 officer-level experts representing academia, research circle and broadcasting service operators by medium (terrestrial, cable, satellite and IPTV), contents producers and home appliance manufacturers. In order to collect diverse opinions from the service operators, various subcommittees were organized within the Body, including those for terrestrial broadcasting, paid broadcasting, and contents.

[Figure III-1] Consultative body for the promotion of UHD broadcasting



2) Trial UHD broadcasting

The Commission conducted the 2nd terrestrial UHD broadcasting trial from May to October 2013. This was the second trial to be conducted following the signing of an MOU for trial UHD broadcasting by four terrestrial broadcasting service operators in April 2012. These trial broadcasts enabled the Commission to test the European method and transmission of high-quality UHD contents comprehensively.

[Table III-3] History of UHDTV test broadcasting

Date	Key contents	Specific contents
Apr. 2012	MOU signed by four terrestrial service operators	<ul style="list-style-type: none"> Joint service agreement to jointly promote the terrestrial UHD broadcasting service
Sep. to Dec. 2012	1st terrestrial UHD trial broadcasting	<ul style="list-style-type: none"> Testing of European technologies (DVB-T2, CH66) Testing of transmission of high-efficiency compression method (HEVC) and general UHD contents (30p)
May to Oct. 2013	2nd terrestrial UHD trial broadcasting	<ul style="list-style-type: none"> Testing of European technologies (DVB-T2, CH66) Testing of transmission of high-resolution UHD contents (60p)

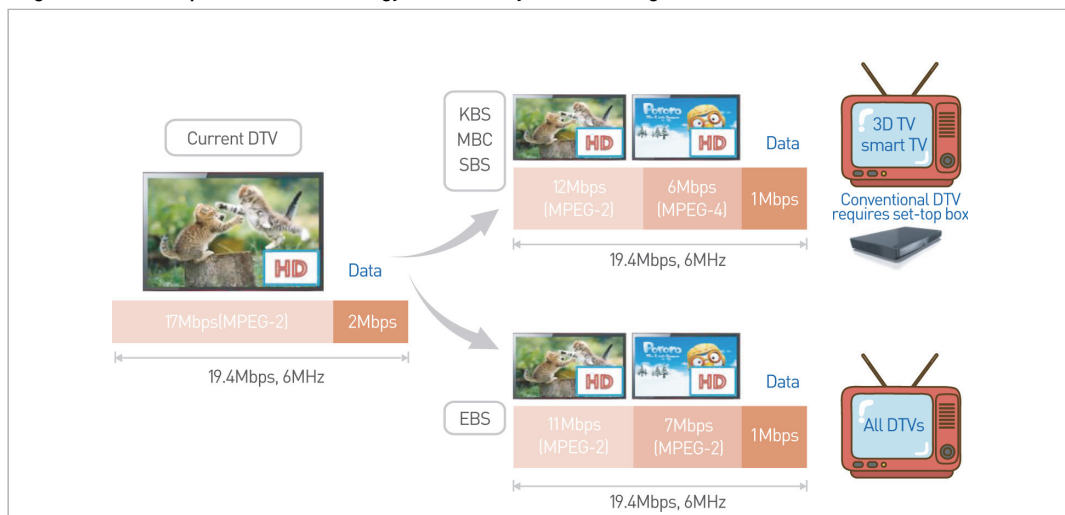
c. Enhancement of terrestrial broadcasting diversity and public responsibility

1) Testing of terrestrial multi-channel broadcasting

The conversion of terrestrial broadcasting to the digital service enabled the frequency band (6MHz, 19.4Mbps), which could previously provide only one HD channel, to provide multiple HD, SD and audio channels. The Commission is preparing to introduce terrestrial multi-channel broadcasting so that advanced technologies can enhance viewers' convenience and benefits. In fact, the introduction of multi-channel broadcasting will redefine the position of the terrestrial free public service platform and enhance viewers' media options, as well as helping reduce private tutoring expenses through the EBS multichannel service.

The Commission decided to conduct trial or test broadcasting before developing policy directions after determining that it needed to check certain problems, including the emergence of possible viewer inconveniences with the introduction of the new services and the degradation of screen quality due to the division of frequencies. The Commission plans to analyze the merits and demerits of technologies promoted by individual broadcasting stations, as television failures or malfunctions were confirmed on air that had been reported during the trial broadcasting of the World Cup games by the four terrestrial broadcasting service operators in 2006 and the technology test conducted by the Terrestrial DTV Technology Committee in 2008.

[Figure III-2] Comparison of technology methods by broadcasting station



To develop a test broadcasting plan, the Terrestrial Multi-Channel Test Broadcasting Task Force - consisting of representatives from the Commission, the Ministry of Science, ICT and Future Planning, four terrestrial broadcasting service operators, four consumer electronic appliance makers (Samsung, LG, Daewoo, and Monuel), and research institutes (ETRI, KCA) - was formed on 25 October 2013. Then, on 16 December 2013, the Commission and the Ministry of Strategy, ICT and Future Planning permitted terrestrial multi-channel test broadcasting using Ch. 19 of the KBS Gwanak Transmission Station.

The test broadcasting signal will be transmitted on channels 5-1 and 5-2 in Seoul and Gyeonggi province, including Gangnam, Songpa, Yongsan, Incheon and Anyang, for three months from January to March 2014. The test contents will be provided by the four terrestrial service operators for approximately three weeks in turn (KBS → EBS → MBC → SBS). The Commission plans to prepare its policy directions for the terrestrial multi-channel broadcasting service in 2014 after considering viewer demand and the impact on the broadcasting service market based on the outcome of the test broadcasting.

2) Beginning of terrestrial 3D broadcasting

The Commission cooperated closely with the Ministry of Science, ICT and Future Planning on the revision of the technical standards and the licensing of broadcasting service stations in order to introduce the 3D broadcasting service in 2013. First, the Ministry of Science, ICT and Future Planning amended the technical standards in September 2013 so as to enable the terrestrial broadcasting service operators to start the 3D broadcasting service. On 6 November 2013, the Commission conditionally licensed SBS's application for a revised license for the 3D broadcasting service on condition that it should make efforts to increase 3D programming and submit a specific programming plan within three months of receiving the license. Thus, SBS broadcast the world's first ever 3D programs, The 3D of moving world in TV on 9 November 2013 and 2013 I Love in Season 4 on 16 November 2013.

3) Authorization of Chinese and multi-language broadcasting

The Commission permitted multi-language English FM broadcasting in July 2013. English FM Broadcasting, originally introduced in 2008 to provide a broadcasting service in English,

the international language, and to provide information to and enhance foreigners' understanding of Korea, is now being operated in the three regions of Seoul, Busan and Gwangju under a new license.

[Table III-4] Status of English FM broadcasting service introduced in 2008

Classification	Seoul region	Busan region	Gwangju region
Broadcasting station (channel name)	Seoul (Traffic broadcasting) (TBS-eFM)	Busan English Broadcasting Foundation (Busan-eFM)	Gwangju English Broadcasting Foundation (GFN)
Licensed	07.2008.	12.2008.	10.2008.
Service started	12.2008.	02.2009.	04.2009.
Broadcast zone	Seoul, part of Incheon and Gyeonggi-do	Busan, part of Gimhae, and Jinhae	Gwangju, part of Naju
Frequency	101.3MHz	90.5MHz	98.7MHz

The need to provide broadcasting services in foreign languages other than English has increased in line with the increase in the number of non-English speaking foreigners who reside in or visit Korea, including numerous Chinese and Japanese visitors. To reflect the new reality, the Commission allowed the English FM broadcasting stations to provide broadcasting services in foreign languages other than English to enhance viewers' rights and benefits after considering the conditions for introducing new foreign language broadcasting services.

The Commission provided sufficient information on multi-language broadcasting in advance so as to minimize listener confusion in connection with the licensing of multi-language broadcasting, and prepared plans for the protection of listeners to impose licensing conditions and recommendations, including the employment of experts in individual languages and native speakers for the multi-language services.

Based on the Commission's license for multi-language broadcasting services, English FM Broadcasting autonomously launched non-English foreign language broadcasting programs based on the rise in demand, including the number of foreign residents or visitors in different regions.

d. Management and supervision of general service and news-specialized channel operators

1) Publication of results of inspection of business plan performance by general service and reporting- specialized PPs

The Commission published the results of its inspection of general service and reporting-specialized PPs' performance of their 2012 business plans in July 2013. The inspection concerned the performance data submitted by the service operators pursuant to the license conditions imposed by the Commission at the time of their licensing as general service and reporting-specialized PP services in 2011. The Commission checked that they had complied with their ratio of in-house to outsourced broadcasting programs as specified in their license conditions, and checked their performance of seven key items in their business plans.

First, it was revealed that they had largely observed the ratio of in-house to outsourced programs, whereas the inspection of their performance of the seven key items in their business plans disclosed that they had failed to perform some of them properly, including the 'plans to realize the public responsibility, fairness, and public benefits of broadcasting', 'plans for contribution to the local broadcasting equipment industry and R&D' and 'plans to foster or support the development of the contents business'.

The Commission encouraged the service operators to carry out its corrective orders on the items they failed to perform according to their business plans; and plans to reflect their execution of such corrective orders in its 2014 relicensing review of general service and reporting-specialized PPs.

2) Resolution of basic plans for relicensing of general service and reporting-specialized PPs

The Commission adopted a basic plan for the relicensing of four general service PPs and one reporting-specialized PP whose licenses are due to expire in 2014. The Commission organized its review with nine items concerning those provided in Article 10(1) or Article 17(3) of the Broadcasting Act.

The Commission plans to form a review committee to handle the relicensing of TV Chosun, JTBC, Channel A, and News Y in March 2014 and MBN in November 2014. It plans to relicense those service operators who score 650 points or more and to conditionally relicense or reject the relicensing of those who score less than 650 points. Further, the Commission may conditionally relicense or reject relicensing if a service operator fails to score at least 50% of the total points assigned to ‘likelihood of realizing the public responsibility, fairness, and the public benefits of broadcasting’ and ‘appropriateness of plans for program planning, composition and production’ even if it scores 650 points or more in total, and may conditionally relicense one that fails to earn less than 40% of the evaluation points assigned to items for individual review.

e. Selection of public benefit channels and certification of welfare channels for the physically impaired

The Commission adopted the 2014 basic plan for the certification of public benefit channels and welfare channels for the physically impaired in September 2013 and closed its reception of service operator applications at the end of the same month. Following its review of the applicant service operators in November, the Commission selected public benefit channels and certified welfare channels for the physically impaired for 2014.

The basic plan adopted in September 2013 provided that qualified public benefit channels would be selected by intensively reviewing their satisfaction of the concerned review areas, while segmenting their public benefit broadcasting into specialty programming. The review items consisted of five items based on Article 56-2(3) of the Enforcement Decree of the Broadcasting Act. Based on the results of the review, up to three highest-ranking service operators would be selected from among those that scored 65% or more of the maximum possible total of 1,000 points assigned to the notified broadcasting areas and 40% or more of the points assigned to the individual review items. Meanwhile, the Commission readjusted the scores assigned to ‘sense of public responsibility’, ‘business performance capabilities’, and ‘appropriateness of operational plans’ while applying the review criteria for public benefit channels to welfare channels for the physically impaired. Based on the results of the review, up to three highest-ranking service operators were to be selected from among those that scored 70% or more of the maximum possible total of 1,000 points and 60% or more of the points assigned to the individual review items.

After adopting the basic plan, the Commission accepted applications for public benefit and welfare channels for the physically impaired. As a result, seventeen service operators applied for the public benefit channel and one service operator applied for the welfare channel for the physically impaired. In November 2013, the Commission selected nine public benefit channels for 2014 through a review of the applicants, i.e. three channels for each of the three broadcasting areas of social welfare, science and culture promotion, and education support. Meanwhile, the Commission certified Welfare TV as a welfare channel for the physically impaired for 2014, but imposed some certification conditions as recommended by the review committee, including the obligation to submit to the Commission and faithfully perform its plans for enhancing program diversity by including more programs targeting people with physical impairments, and its plans for supplying new programs and deploying systems for handling viewer complaints specialized in impaired people.

The term of validity of the selection of public benefit channels or the certification of welfare channels for the physically impaired for 2014 in November 2013 was one year (1 January to 31 December 2014). Public benefit channels run by either cable or satellite broadcasting service operators are required to transmit programs on social welfare, science and culture promotion, and education support on one or more channels. The welfare channel for the physically impaired is also required to transmit relevant programs.

[Table III-5] Selection of public service channels and certification of welfare channels for physically impaired people in 2014

Classification		Channel name
Public benefit channels	Social welfare	WorkTV, Baby Nursing Broadcasting, yesTV (for small businesses)
	Science and culture promotion	Arirang TV, Science TV and Arte TV
	Education 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. Enhancement of competitiveness of regional broadcasting stations

The Commission attempted to strengthen the competitiveness of regional terrestrial broadcasting services whose position has weakened due to intense competition among existing media and the appearance of new media. From 2008 to 2013, the Commission reviewed approximately 100 agenda items concerning regional broadcasting at the regular meetings of the Regional Broadcasting Development Committee, which was founded pursuant to Article 42(2) of the Broadcasting Act. The six meetings held in 2013 were used to discuss matters pertaining to publication of the White Paper of the Regional Broadcasting Development Committee, enactment of the proposed Special Act on Support for Regional Broadcasting Development, listening to the opinions of regional MBC stations to strengthen the competitiveness of regional broadcasting, and methods of supporting expenses for in-house production by regional broadcasting stations in 2014.

In addition, the Commission newly allocated a budget of KRW2 billion to support the production of programs that enhance regional features and diversity in order to enhance the competitiveness of contents belonging to regional and small or medium-sized broadcasting services. In November 2013, the Commission published the ‘White Paper of the Regional Broadcasting Development Committee,’ a major compilation of the activities of the Regional Broadcasting Development Committee, for utilization in the reorganizing of future plans for regional broadcasting development.

2. Enhancement of broadcasting program grades

Broadcasting programs show a marked tendency to become more provocative or violent as the service operators compete more fiercely for audience ratings in the smart environment. The Commission has endeavored to upgrade broadcasting programs in consideration of their impact on viewers, including children and youth, and the social demand for the suppression of low-grade broadcasting programs.

The Commission has strengthened its review of and sanctions against coarse or abusive language and provocative or violent broadcasting programs and has led efforts to establish an environment where proper broadcasting language is used.

a. Inducement of enhanced voluntary regulation by broadcasting service operators

As the first policy direction for upgrading broadcasting programs, the Broadcasting and Communication Review Committee checked the operational status of the in-house review organs of over 100 individual broadcasting service operators as provided under Article 86 of the Broadcasting Act in order to strengthen their voluntary regulatory functions. In February 2013, the Commission issued a collection of review cases that dealt with the review and resolution status of 2012 sales of terrestrial, paid broadcasting and products and advertisements for reference by service operators during their in-house review. In addition, the Broadcasting and Communication Review Committee held 42 meetings with the review managers of broadcasting service operators and conducted eight education sessions aimed at urging cable broadcasting companies to strengthen their in-house review procedures and to comply with the review regulations.

b. Retroactive review functions and stronger sanctions

To strengthen the statutory regulation, the Commission strengthened its permanent monitoring and review activities in cooperation with the Broadcasting and Communication Review

Committee in order to prevent the recurrence of low-grade programs, including coarse or abusive language and provocative or violent programs.

First, the Broadcasting and Communication Review Committee flexibly operated monitoring personnel for a post facto review of broadcasting programs, including the operation of an autonomous or voluntary monitoring system¹⁾. The Committee also strengthened the permanent broadcasting program monitoring system by adding nine more recording channels to the Digital Broadcasting Review System.

Further, the Broadcasting and Communication Review Committee strove to upgrade broadcasting programs by stringently reviewing violations of broadcasting review regulations by low-grade drama programs - including crude, abusive, injurious etc. expressions and provocative or violent contents. The Commission implemented 477 statutory sanctions as of December 2013, including 32 sanctions related to broadcasting language (including abusive language), and 24 sanctions of low-grade drama programs, including provocative or violent contents.

[Table III-6] Status of statutory sanctions against broadcasting language or low-quality dramas

Classification	2010	2011	2012	2013
No. of statutory sanctions	218	404	372	477
Broadcasting language (abusive language etc.) (A)	30(13.7%)	59(14.5%)	30 (8.0%)	32 (6.7%)
Low-grade drama (provocative or violent contents) (B)	13 (5.9%)	20 (5.0%)	23 (6.2%)	24 (5.0%)
Total (A+B)	43(19.8%)	79(19.5%)	53(14.2%)	56(11.7%)

Subsequent to this strengthening of the broadcasting program review activities, the total number of resolutions and sanctions based on the review in 2013 increased by 14% and 28.5% over 2012, respectively, while the number of sanctions against abusive broadcasting language or low-grade drama programs posted a declining trend (i.e. a decline of 2.5% over the preceding year, and an average rate of decline of approximately 2% over four years).

1) Voluntary monitoring system: A monitoring system operated by the Broadcasting Review Committee to enhance efficiency of monitoring by monitoring variable channels or hours. The system was fully introduced in July 2013 following a pilot operation launched in February 2013.

- ※ Number of resolutions based on review : 808 cases in 2011 to 868 cases in 2012 (increase of 7.4%) and 991 cases in 2013 (increase of 14%).
 Statutory sanctions : 404 cases in 2011 to 371 cases in 2012 (decrease of 8.2%) and 477 cases in 2013 (increase of 28.5%).
 Percentage of sanctioned abusive language and low-grade dramas : 19.5% in 2011 to 14.2% in 2012 and 11.7% in 2013.

The Commission also promoted policy research related to the review of broadcasting programs by reflecting the rapidly changing broadcasting service environment, including ‘Research on the Appropriateness of Broadcasting Review and Enhancement of Equality in Applying Review Criteria considering the Characteristics of Media and Channels (November 2013) and ‘Research on the Status of Soundness of Broadcasting Language of Entertainment or Amusement Programs and on Measures for Improvement of the Review (December 2013) hosted by the Broadcasting and Communication Review Committee.

The Broadcasting and Communication Review Committee also promoted an amendment to the Regulations for Broadcasting Review to restrict the moderators of interview or discussion programs or ridiculing or caricaturing remarks by performers, restrict excessively violent expressions, and prohibit provocative scenes in advertisements in order to protecting children and youth.

c. Generation of environment favoring the use of decent language

To generate an environment favoring the use of decent broadcasting language and to purify the language of children or youth, the Commission staged a campaign to insert subtitled messages²⁾ during the Month of Children and Youth (two weeks from 5 to 19 May) and Korean Alphabet Week (10 days from 30 October to 10 November) and transmit them 75 times on terrestrial broadcasting channels, 3,800 times on cable broadcasting channels, and 16,200 times on satellite broadcasting channels.

Further, the Commission produced the ‘Report on Peer-based Language of Children and Youth’, a feature program for refining the language of children and youth, in cooperation

2) Message details: “Words expressing your mind, sentences showing your thoughts, children or youth who use decent right words make Korea bright.” “Rough violent words or curses destroy our spirit. The Korean voice will become beautiful when you communicate with decent words.”

with the Broadcasting and Communication Review Committee, which was broadcast on MBC's 'Korean Language Tour' program twice a day throughout the month of October 2013.

The Broadcasting and Communication Review Committee also conducted monitoring of broadcasting language each month and delivered the results to the broadcasting service operators to publish the details on their website for utilization by the related parties. Meanwhile, it also published the 2012 Broadcasting Language Practice Survey and Analysis Report (250 copies distributed). Broadcasting language practice by channel and genre will be surveyed each month by Broadcasting Language Special Committee set up within Broadcasting and Communication Review Committee. The survey of 'Language Used in the Titles of Terrestrial TV Programs' of 357 regular TV programs broadcast by KBS, MBC, SBS, EBS for one week from 21 to 27 October 2013 revealed that they heavily use unnecessary foreign language words in the order of KBS 2TV (37.5%), MBC (37.5%), SBS (31.3%), EBS (17.1%), and KBS 1TV (16.3%).

In 2011, the Commission added the 'Decent Broadcasting Language Prize' to the special prizes of the Broadcasting Grand Awards, which are awarded by the Communication Commission each year to promote the use of decent language in the broadcasting environment.

The first Decent Broadcasting Language Prize was won by SBS's announcers in 2011. In 2012, the prize was won by the documentary titled 'Korean Language Society' produced by KBS announcers, while in 2013 it was won by the documentary titled Soldiers Language Purification Education produced by a team from the Defense Publicity Institute (Defense TV), who produced the program to present methods of rectifying the bad language habits of soldiers through diverse examples and experiments, eliminating the kind of violent language that has resulted in suicide incidents in the military, and rectifying the situation whereby unity among the armed forces is being degraded by the use of differing terms in the Army, Navy and Air Force. The program was evaluated as having contributed to a love of Korean language among soldiers through the use of decent language.

d. Selection and award of outstanding broadcasting programs

The Grand Broadcasting Awards are organized by the Commission to encourage the desire for creative production by broadcasting producers and enhance the quality of broadcasting programs by selecting and awarding outstanding programs produced and broadcast in the preceding year. Launched in 2009, the Grand Broadcasting Awards have become the greatest feast among those involved in the broadcasting service as its best prize was upgraded to the Presidential Prize in 2011.

A total of 445 programs were submitted for the awards in 2013. The Grand Prize was awarded to ‘Tears of the Antarctic’ broadcast by MBC (planned by Yeonsik Jeon, directed by Jinman Kim, Jaeyeong Kim and Seonghyeon Cho), which received a great response among viewers for its creative storytelling and impressive introduction to the unique life of emperor penguins and the beautiful wildlife of the South Pole. It also earned high praise for its challenging and experimental winter shoot in the harsh environment of the Antarctic Continent for the first time by a Korean film crew.

Superior program prizes were awarded to twelve programs selected in six categories (creative development, social culture, regional development, new media, viewer production, and radio), including ‘Super Fish’ broadcast by KBS. The Decent Broadcasting Language Prize and Broadcasting Technology Prize were awarded to the documentary ‘Soldiers Language Purification Education’ produced by the Defense Publicity Institute (Defense TV) and the SBS New Media Development Team. The Superior Production Capability Prize was awarded to both Daewon Broadcasting and Arte TV, while the Distinguished Merit Prize, which recognizes an individual’s contribution to the development of broadcasting, was awarded to the late Inhyeop Kim, who served as a band master of the KBS nationwide singing contest from 1981 to 2012 after starting out as an organist of the TBC band in 1976.

[Table III-7] Works awarded grand broadcasting prize by the Commission in 2013

Program sector		Award-winning programs		Grade
		Broadcasting service operators	Program name	
Grand Prize		MBC	Tears of the Antarctic Continent	President
Superior program prizes	Creative development	KBS	Super Fish	Commission chairman
		EBS	Capitalism	
	Social culture	SBS	Tracers	
		EBS	How does music capture use?	
	Regional development	G1 Gangwon Commercial	DMZ story	
		MBC Cheongju	Kopino boy, Kingley	
	New media	YTN DMB	Climate change, Survival White Paper	
		JEI Talent TV	Art Museum, Miyaong (mew) Cat	
	Viewer production	KBS	Open channel - Article 63 of Labor Standard Act -Work lots, paid little	
		MBC Daegu	Open TV Hope World – Tears of Jongryeol	
Radio	KBS	Three sights viewing impaired persons		
	CBS	Anxiety		
Special prizes		Awardees (programs, organizations)		Grade
Distinguished merit prize		The late Inhyeop Kim		Commission chairman
Decent broadcasting language prize		Defense Publicity Institute (Defense TV), documentary titled Soldier Language Purification Education		
Broadcasting technology prize		SBS New Media Development Team		
Superior production capability prize		Daewon Broadcasting		
		Arte		

3. Establishment of foundation for fair broadcasting market

a. Establishment of basis for fair competition in the broadcasting service market

1) Supplement of broadcasting dispute settlement system

The Commission announced its proposed amendment to the Broadcasting Act in September 2013 in order to help prevent serious infringements of viewers' rights and benefits, including the interruption of broadcasting due to disputes among service operators.

[Table III-8] Key details of the proposed Broadcasting Act

a. Ex-officio mediation system to be introduced (Proposed Act amendment Article 35-3 (3) and (4))

- 1) Interruption of broadcasting and similar unrest continues until a lawsuit is consummated since mediation does not start unless requested by the service operators even when viewers' rights are infringed due to a dispute between service operators.
- 2) Legal grounds are being established for the Commission to start mediation ex officio on broadcasting-related disputes that are feared to gravely infringe viewers' rights.
- 3) The Commission will contribute to the securing of stable public viewing rights by strengthening its dispute settlement functions.

b. Introduction of arbitration system (Article 35-6 to be inserted)

- 1) As mediation cannot settle disputes unless accepted by the parties, the mediation system is limited in its capacity to settle disputes characterized by acute conflicts of interest between service operators.
- 2) The Commission will terminate disputes by its decision regardless of whether it is accepted by the parties when they request arbitration. The new system will allow the parties to object to the decision only through a lawsuit.
- 3) The Commission will contribute to the securing of the stable public viewing rights by strengthening its dispute settlement functions.

c. Rights have been newly inserted to order the maintenance or resumption of the supply or transmission of broadcasting programs (Article 35-7, Article 18 (1) subparagraph 6-2 to be inserted)

- 1) The viewing rights of the public are significantly threatened by frequent interruptions to the supply or transmission of broadcasting programs due to disputes between broadcasting service operators. (Terrestrial broadcasting transmission was interrupted on six occasions between April 2011 and May 2012)
- 2) New provisions will be inserted to enable the Commission to order the maintenance or resumption of broadcasting within 30 days when a serious infringement of viewing rights is feared.
- 3) The latter (2) will contribute to securing stable viewing rights as a quick advance or follow-up response will become possible when an interruption of broadcasting is feared.

Looking at the specific details of the proposed amendment, the first concerns ex officio mediation. 1) At present, the interruption of broadcasting or similar unrest usually continues until the lawsuit is consummated, since mediation does not start unless requested by the service operators even when viewers' rights are infringed due to a dispute between service operators. Therefore, the Commission provided the grounds for its ex officio mediation of broadcasting-related disputes that are feared to infringe viewing rights significantly by inserting Article 35-3 (3) provision and (4) into the Broadcasting Act in order to secure stable public viewing rights.

Second, an arbitration system is to be introduced. The mediation system was limited in its capacity to settle disputes between broadcasting service operators with sharply conflicting interests as a dispute could not be terminated if rejected by a party. Thus, the Commission proposed the introduction of an arbitration system by inserting Article 35-6 into the Broadcasting Act to allow the Commission to terminate disputes by arbitration when requested by the parties regardless of whether the award is accepted or not by the parties; the award can be disputed only through a lawsuit.

Third, the Commission proposed its right to order the maintenance or resumption of broadcasting programs. The public viewing right was significantly threatened by interruptions to the transmission of terrestrial broadcasting programs on six occasions between April 2011 and May 2012. Thus, the Commission provided the legal grounds for issuing an order to maintain or resume a broadcasting program within 30 days when a serious infringement of the viewing right is feared, by inserting Article 35-7 and Article 18 (1) subparagraph 6-2 into the Broadcasting Act. The Commission will be allowed to impose fines on those who fail to comply with such an order.

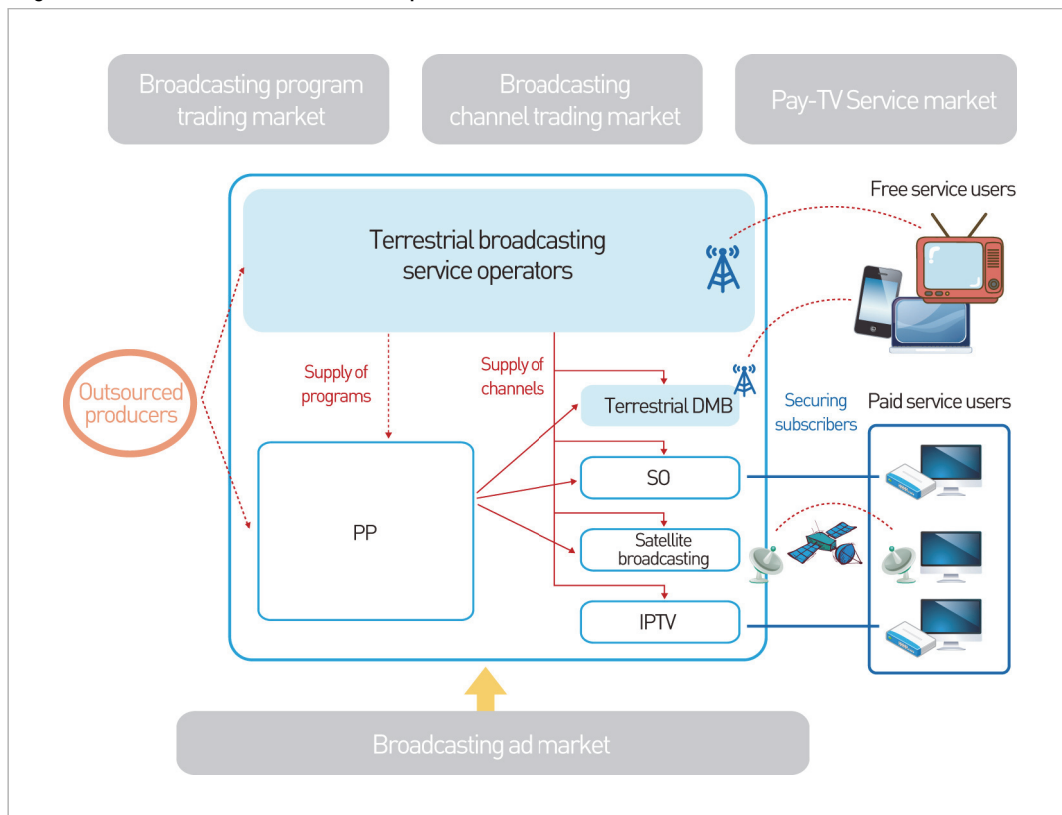
2) Announcement of outcome of assessment of competition status in broadcasting market

The Commission assessed the competition status of the broadcasting service market for the first time in 2010 with a view to reviving competition and securing reasonable regulation policies. As the Broadcasting Act (amended in January 2012) has been enforced, the Commission is required to assess the competition status of the broadcasting service market by founding the Broadcasting Market Competition Assessment Committee and to report the outcome thereof to the National Assembly within three months of completion of the assessment.

Thus, in April 2012 the Commission organized the Broadcasting Market Competition Assessment Committee, composed of nine experts, to supervise the assessment of the competition status of the broadcasting service market for two years from April 2014. The Committee also hosted the assessment in 2013. KISDI (Korea Information Society Development Institute), a specialized research institute that was selected through open bidding, assessed the competition status of the broadcasting service market from 1 January 2012 to 31 December 2012.

Based on the assessment by the Committee and the Institute, the Commission published the outcome of the 2013 Broadcasting Market Competition Status Assessment in December 2013. The said 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 competition status assessment procedure. The target markets were divided into four segments – i.e. paid broadcasting market (all paid broadcasting market, digital broadcasting market); broadcasting channel trading market (terrestrial re-transmission and paid broadcasting channel trading markets); broadcasting program trading markets; and broadcasting advertisement markets (all broadcasting ad markets and terrestrial broadcasting ad market) - for the purposes of the assessment.

[Figure III-3] Assessment model of competition status in 2013



The 2013 assessment of the competition status of the broadcasting market revealed that the overall competition status had improved as the competition among service operators was revived and the degree of their market concentration was alleviated by the full-scale entry of IPTV and general service PPs into the service market. Furthermore, it was assessed that broadcasting service users have better opportunities to enjoy benefits as the service operators have increased their investment in program production and in technology for digital conversion as competition has intensified in the market.

The Commission plans to report the outcome of 2013 assessment of the competition status of the broadcasting market in March 2014 upon its completion.

b. Deployment of competition foundation to enhance media diversity

1) Calculation of media exchange ratio

‘Media exchange ratio’ refers to the differences in the influence of diverse media such as television broadcasting and daily newspapers, indicating the relative influence of the daily newspapers when the influence of television broadcasting is said to be 1. The media exchange ratio is derived by obtaining the arithmetic 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 (Commission Notice). The Commission calculated and published the 2012 media exchange ratio of 0.45 in August 2013, considering the media’s influence on users and the market.

First, the media’s influence on users was calculated based on two telephone questionnaire surveys. As a result, the media’s influence on the user for 2012 was calculated as 0.45.

[Table III-9] Outcome of the 2012 survey on media usage patterns

Classification	Response outcome		Percentages of TV vs. newspapers	
	TV	Newspapers	TV	Newspapers
Percentages of use of current affairs information	82.64%	47.27%	1	0.57
Hours of use of current affairs information	49.89 minutes	16.95 minutes	1	0.34
Media dependence	58.66%	24.45%	1	0.42
Average	-	-	1	0.45

In addition, the media’s influence on the market was calculated based on the survey of advertisement sales. As a result, the media influence on the market aspect in 2012 was surveyed to be 0.44.

[Table III-10] Status of TV and newspaper ad sales in 2012

Collection of asset status announced by broadcasting service operators		Advertisement Yearbook	
TV	Amount (KRW100 million)	Daily newspapers	Amount (KRW100 million)
Final ad sales	33,901	Final ad sales	14,776
1		0.44	

In August 2013, the Commission calculated the media exchange ratio of daily newspapers to be 0.45, which is the arithmetic average value between media influence on the user of 0.45 and media influence on the market of 0.44 based on the above.

2) Calculation of audience share ratio of broadcasting service operators

The Commission published the 2012 audience share ratio of broadcasting service operators in August 2013. The audience ratio of the broadcasting service operators is calculated based on the Regulation for the restriction of the audience share ratio (prohibiting a rate in excess of 30%) that was introduced through the 2009 amendment to the Broadcasting Act to ensure the diversity of public opinion about the broadcasting service. It was calculated for the third time in 2013.

The current audience share ratio was calculated through final aggregation and analysis of the outcome of the 2012 audience share ratio survey conducted by TNS Ltd., a commercial survey agency entrusted by the Commission, the equity share ownership status submitted by the broadcasting service operators, the ad sales data of the broadcasting service operators and daily newspapers, and the number of households certified by the Korea ABC Association to subscribe to daily newspapers. The calculation of the 2012 audience share ratio of the broadcasting service operators revealed no service 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 36.163%, the provision prohibiting a ratio in excess of 30% is not applied as it is a broadcasting service operator fully invested by the government, pursuant to the provision of the relevant article of the Broadcasting Act.

It was revealed that the broadcasting service operators had the following 2012 audience share ratios: KBS, 36.163%; MBC, 16.022%; SBS, 11.408%; CJ E&M (CJ family), 9.384%; TV Chosun, 8.785%; JTBC, 7.878%; Channel A, 5.874%; and MBN, 3.310%. It was further revealed that the other service operators had these audience share ratios: Champ Vision

(T-Broad), 2.822%; CU Media (C&M family), 1.960%; EBS, 1.935%; YTN, 1.776%; , KNN, 1.630%; News Y TV, 0.777%; Hyundai Media (HCN family), 0.660%; and CMB Holdings (CMB family), 0.257%.

To supplement the method of surveying the audience share ratio, the Commission plans to examine some additional methods, including the survey of viewing records through smart media, such as smart phones and tablet PCs and the utilization of viewing data recorded on digital set-top boxes supplied by some cable, satellite and IPTV service operators, in addition to the existing method of outsourcing to an outside specialized survey agency.

c. Improvement of the broadcasting market regulation structure, including integration of the Broadcasting Act and the IPTV Act

Though the cable, satellite and IPTV broadcasting service operators compete in one identical Pay-TV Service market, different regulation levels were provided for individual media depending on the market situation at the time they were started. Thus, the legality in regulation of the media has steadily been questioned. As questions were raised, the current administration presented the ‘improvement of the broadcasting market regulation structure, including integration of the Broadcasting Act and the IPTV Act’ as one of its 140 priority administrative tasks. The Commission also operated the ‘Research Team for the Improvement of Legislation on Broadcasting and Communication’ (“Research Team” hereinafter) from June to December 2013 to listen to the opinions of the related businesses in order to perform the aforementioned administrative task.

The Research Team discussed problems in the broadcasting-related statute structure, directions for improvement, and approaches to integrating the statutes. The Research Team highlighted the fact that the current broadcasting-related statutes are limited to accommodate broadcasting services based on new technologies as they define broadcasting service business depending on the characteristics of transmission technologies, apply different regulation levels to services competing in an identical market, and broadcasting services are classified vertically. Further, though it is necessary to switch the broadcasting statutes to a horizontal regulation structure based on technological progress on a mid- or long-term basis, the Research Team argued that it is desirable to consider a gradual approach considering the maturity of the broadcasting service market.

The Research Team further argued that the integration approach should be prepared in such a way that the public benefits from competition among the service operators, while generating a fair competition environment by applying the principle of identical regulation on identical services in integrating the broadcasting-related statutes. In addition, the Research Team suggested that a legal structure should be prepared that can harmonize the public benefit and the commercial nature by respecting the basic philosophy targeted by the Broadcasting Act, which emphasizes the public or public benefit nature, and the IPTV Act, which emphasizes the active convergence service.

The Research Team presented the following approach to improving the legal structure: First, the broadcasting service business is categorized into four types: terrestrial, paid (cable TV SO, satellite and IPTV broadcasting), broadcasting channel use (real-time broadcasting by service operators), and broadcasting contents provision (non-real-time broadcasting of diverse formats) services. Second, the restriction on per-person equity ownership of general service or reporting PPs and equity ownership by large businesses, foreign capital or daily newspapers under the current Broadcasting Act should be applied to general service and reporting PPs under the IPTV Act. Third, the regulation on entry in the PP and other contents provision service or business domains should be maintained intact in consideration of the characteristics of the media.

[Table III-11] Comparison of restriction of equity ownership between Broadcasting Act and IPTV Act

Classification	Per-person equity share	Newspaper and new press	Large businesses	Foreign capital
Broadcasting Act	40%	30%	30%	General service PP 20%, reporting PP 10%
IPTV Act	-	49%	49%	20%

The Commission plans to submit a bill for integrating the Broadcasting Act and the Internet Multimedia Broadcast Services Act to the National Assembly in the first half of 2015 by consulting with the ministries concerned and collecting the opinions of the stakeholders in the latter half of 2014, after preparing a bill to integrate the two Acts jointly with the Ministry of Science, ICT and Future Planning by the first half of 2014, based on the outcome of research conducted by the Research Team.

Section 2

Generation of a broadcasting and communication environment public welfare and satisfaction

1. Enhancement of viewer access to or ability to participate in broadcasting services

a. Deployment of community media center infrastructure

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 had the Broadcasting Act amended in 2000 to require KBS, cable TVs and satellite broadcasting stations to include viewer-produced programs up to a given number of hours. In addition, it became necessary to set up community media centers equipped with video production appliances and education facilities so that viewers can produce video programs personally and media education can be provided.

The plan to build community media centers became specific as the National Assembly Culture and Tourism Committee approved the budget required to build two centers in Busan and Gwangju. Thus, a community media center was opened in Busan in November 2005, followed by a community media center in Gwangju in June 2007.

The community media centers founded in Busan and Gwangju have a total floor area of 5,021m² and 5,944m² (each with one underground and four ground stories), respectively, for the purpose of supporting media education and broadcasting program production by general viewers and physically impaired persons. The community media centers are equipped with broadcasting technique education and production facilities, including studios and recording rooms.

The Commission chairman helped to develop the regional broadcasting service by awarding the 2013 viewer program contest winners and holding discussion meetings by visiting the community media centers in Busan and Gwangju in 2013.

In May 2013, he observed the local residents gaining experience of broadcasting program production by visiting the Community Media Center in Busan, which is a public base facility for supporting viewers that is visited by around 130,000 persons each year. It contributed to the enhancement of viewer rights and benefits and the local community and the public benefit aspect by holding media festivals for the physically impaired and film festivals for senior citizens.

In November 2013, the Gwangju Community Media Center held the ‘Viewer Participating Program Contest’ and awards ceremony and a discussion meeting participated in by representatives from six local broadcasting service companies in Jeonnam and Jeonbuk to discuss key pending issues related to the development of local broadcasting services.

The Commission endeavored to establish the basis for further increasing opportunities for viewers to participate in broadcasting services by opening additional Community Media Centers in Gangwon, Daejeon and Incheon in 2014, following those in Busan and Gwangju.

b. Enhancement of impaired persons’ access to broadcasting services

There are concerns that the rapidly changing media environment due to the emergence of new broadcasting and communication convergence services will weaken the access rights of the physically disabled and other marginalized groups to broadcasting services and program production. Thus, in 2013 the Commission launched programs to enhance the access rights of visually or hearing impaired persons to broadcasting by supplying broadcasting receivers to, and supporting the production of programs for, the physically handicapped.

The key contents of the project were designed to enhance the access rights of visually or hearing impaired people to broadcasting by supplying broadcasting receivers specially designed for them and to support the production of broadcasting programs (including subtitles, sign language and audio description) for them by service operators.

In particular, the Commission supplied 7,083 broadcasting receivers offering audio description, 5,247 receivers offering subtitles, and 2,568 receivers for hearing impaired senior citizens. The supply of broadcasting receivers was publicized face to face through municipal government offices or organizations for physically impaired people or online at the website of the re-

lated agencies (Gyeongbuk and Gwangju Welfare Halls for Visually Impaired People, and the Korea Masseurs Association). The policy related to such dedicated receivers was also publicized through scroll subtitles on terrestrial and cable television channels.

[Table III-12] Status of supply of broadcasting receivers for visually and hearing impaired people

(units : set)

Classification	2011	2012	2013
No. of sets provided	12,434	16,675	12,330
Cumulative no. of sets provided	83,775	100,450	112,780

As part of such efforts, the Commission delivered broadcasting receivers offering audio description to the Hanbit Blind and Dumb School in Suyu-dong, Gangbuk-gu, Seoul in October 2013. It also held ‘Visiting Receiver Supply and Media Education’ events to provide education design to enable to experience media.

In addition, the Commission increased support from 61 broadcasting service operators that produce programs for physically impaired people (i.e. offering subtitles, sign language and audio description) in 2012 to 118 in 2013. The Commission selected broadcasting service operators through open recruitment in February and March 2013. It also provided KRW3.73 billion in subsidy funds.

In addition, as it became mandatory for the broadcasting service operators to provide services for physically impaired persons pursuant to the amendment to the Broadcasting Act in July 2011, the Commission increased broadcasting services for them through efficient operation of the mandatory provision system, including assessment of their performance of broadcasting services for physically impaired persons, designation of publicized mandatory service operators of broadcasting services for physically impaired persons, and the Commission for Ensuring Broadcasting Services for Physically Impaired Persons. The Committee is composed of eleven experts representing organizations of physically impaired people, broadcasting-related agencies, academia and government agencies, and has three subcommittees of programming, technology and operation.

As a result of such efforts, broadcasting service operators that included broadcasting services for physically impaired people in their programming increased from 50 terrestrial broadcasting service operators in 2012 to 153, including terrestrial and Pay-TV Service operators, and including SOs, satellite, and PPs.

c. Improvement of efforts to protect viewer rights and benefits

The Commission has endeavored to protect viewers' rights and benefits while nurturing a viewer-centered broadcasting environment by supporting active viewer participation in broadcasting.

To attain such objectives, the Commission actively supported viewer-participatory programs in 2013. In particular, the Commission leased broadcasting equipment and facilities while operating production academies for various different media. It also supported the production costs of viewer-participatory programs based on a matching fund paid by the broadcasting service operators upon considering the characteristics of individual broadcasting media.

In addition, to enhance viewers' understanding of the media and promote the production of broadcasting contents, the Commission held the 'Viewer Participatory Programs Contest' from August to November 2013 and awarded the most outstanding works at the Gwangju Community Media Center in November. The Viewer Participatory Programs Contest, which has been held since 2008 to promote viewers' participation in broadcasting, selects and cites broadcasting programs produced by viewers. The prize has been upgraded to the Prize by the Commission Chair.

For the current contest, ten programs were awarded prizes out of a total of 151 programs under the theme of 'A Happy World to Live In Together' in the video and radio broadcasting sectors.

The Grand Prize was awarded to Sexy beauty and Lupy make a happy world to live in together. This program was highly evaluated as it expressed communion and coexistence with physically impaired people in a bright and pleasing way by showing their reality to students in a situation drama. It was broadcast on the KBS Open Channel.

The Best Prize was awarded to 36.5 degree temperature of mind; the Superior Program Prize was awarded to five programs, namely, Small interest to the rear side of the box, World viewed with sound, Jeompang car loaded with happiness, Our last match factory, and Uncle; and the Citizens' Media Prize was awarded to three programs, Voice + Radio = Happiness, Voice Sharing Radio, Nothing is more valuable than working together, and Zoom-in People. (See [Table III-13])

[Table III-13] Programs produced by viewers and awarded prizes in 2013

Classification		Program name	Produced by	Key contents
Grand prize		(Video) Sexy beauty and Lupy make a happy world to live in together	Kyeongrye Jang (50s, viewer)	Physically-impaired instructor 'Sexy beauty' and non-impaired instructor show the reality of the physically impaired people to students via a situation drama.
Best program prize		(Video) 36.5 degree temperature of mind	Yunji Lee, Boeun Jeong, and Sunok Seon (20s, university students)	Animation program featuring the growth of Chaeoney who opens minds through communication with neighbors
Superior program prizes	KBS	(Video) Small interest in the rear of the box	Daehye Kim, Chaeun Kim, and Jongwu Jeong (20s, university students)	Reality of 'Baby Box' experiencing difficulties in operation
	MBC	Radio World viewed with sound	Inju Choe and Seongeun Kim (20s, university students)	The dreams and challenges of a visually impaired junior high student who dreams of becoming a musician by learning composition, performance and vocal music
	SBS	(Video) Jeompang car loaded with happiness	Yuseon Jeong (50s, housewife)	A story of people who dream of a world they can live in together with their neighbors by operating a mobile store
	KCTA	(Video) Our last match factory	Jiwon Shin (20s, viewer)	People who keep the last match factory in Korea located in Euseong, Kyeongbuk
	KoDiMa	(Video) Uncle	Seonyeon Jeong (20s, university stu- dents)	A story of living together by showing my relations with my homeless uncle who is striving to achieve rehabilitation together with myself
Citizens media prize		(Radio) Voice ÷ Radio = Happiness, radio sharing voice	Miyeong Jeong and Mijin Kim (20s, viewer)	A story introducing a community radio station run by people who practice sharing for the community in which they live together
		(Radio) Nothing more valuable than working together	Jinhui Jeong (40s, teacher)	Examining changes in social understanding of multi-cultural families with citizens and students
		(Video) Zoom-in people	Sujeong Kim (20s, university students)	A story about displaced Zummer refugees, a minority tribe from Bangladesh who live in a small village in Kimpo

2. Protection and enhancement of the rights and benefits of telecommunication users

a. Improvement of regulation related to sanctioning handset subsidies

In 2013, the Commission has had to repeatedly sanction three mobile telecommunication operators with fines and business suspensions for unfairly discriminating users by paying illegal handset subsidies, however, the three mobile operators continued to engage in subsidy competition.

Against this backdrop, the Ministry of Science, ICT and Future Planning (MSIP) announced an aggressive plan to reduce households' telecommunications expenses on 15 May 2013. In order to enhance the efficiency of repeated handset subsidy investigations and sanctions, the Commission tightened its rules for levying fines, suspending new subscriber acquisition, and identifying the company that catalyzed the fierce competition for new subscribers.

1) Tighter rules for levying fines on handset subsidies

The Commission developed a measure for doubling the maximum fine imposed on acts interfering with user benefits, which is currently 2% of the related service sales. Furthermore, the Commission prepared amendments to the enforcement decree of the Act and the related notice to increase the fine to raising the base ratio or the mandatory weighted ratio as applied to determine the amounts of fines to be imposed. The imposition base ratio is divided into three steps depending on the seriousness of the violation. The Commission decided to raise the imposition base ratio by 1 percentage point from the current 0%~3% to 1%~4%.

[Table III-14] Proposed changes to standard fine rates

Factors to consider		Current	Revised
Imposition base ratio (seriousness of violation)	Very serious violation	2%~3%	3% to 4%
	Serious violation	1%~2%	2% to 3%
	Less serious violation	1% or less	1% to 2%

In consideration of the penalty calculation formula employed in other legislations including the Fair Trade Act for calculating penalties for other types of prohibited acts, the additional penalties imposed for repeated offense shall be applied as before but the applicable rates have increased by twofold. In other words, after the issuance of the third corrective order, from the fourth offence, 10% additional penalty had been applied for each following offense (maximum 50%) but the penalty has been increased to 20% per offense with a cap at 100%.

[Table III-15] Proposed changes to mandatory aggravation percentages

Number of violations	1	2	3	4	5	6	7	8	9	10 or more times
Current	-	-	-	20%	30%	40%	50%	50%	50%	50%
Revised	-	-	-	20%	40%	60%	80%	100%	100%	100%

The advance legislative and administrative notices have been completed regarding amendments to the enforcement decree and public notice of the Telecommunications Business Act for the above increase in the penalty scheme for subsidy payment and shall go into effect in the first half of 2014.

2) New operating guideline for the prohibition of new subscriber acquisition

Article 52 (1) subparagraph 10 of the Telecommunications Business Act stipulates that the suspension period for the acquisition of new subscribers shall not exceed more than three months, and that the suspension should be limited to cases in which acts of violation have occurred more than three times despite the issuances of other corrective orders and/or when such measures are deemed clearly insufficient in preventing harm to users. Despite such legal provision, the predictability of disciplinary action is undermined due to the absent of a detailed operating guideline.

Thus, the Commission has specified the meaning of the legal requirements by developing the operating guideline for the suspension of new acquisition and the detailed criteria for the calculation of the suspension period. First, it provided a clear guideline for the suspension of new acquisitions pursuant to the Telecommunications Business Act by detailing the whether

a violation is “the same offense” and whether a violation has been “repeated more than three times” in order to specify the meaning of legal requirements. In determining whether a violation is “the same offense,” one should check whether such an offense is applicable to any types of the same prohibited act and whether the details of the offense are the same prescribed in the Enforcement Decree of Telecommunications Business Act. The basis for determining “repeated more than three times” was also provided: to determine whether an offense has been repeated more than three times, one should check whether such an offense took place within the “last three years” from the last day of the previous same offense. This is in reference to cases in other acts, including the Telecommunications Business Act, the Broadcasting Act, the Act on Broadcast Advertising Sales Agencies, Etc., and the Fair Trade Act where in imposing additional penalties based on the frequency of an offense, the criterion used is “within in the last three years.”

In addition, the Commission provided detailed criteria for determining the suspension period. In the case of violating a prohibited act in general, the suspension period differs by the material importance of the violation and in the case of violating the handset subsidy ceiling, the suspension period differs by the average amount and/or percentage of the additional subsidy.

[Table III-16] Details standards prepared for prohibition period

Degree of severity	Number of days
<ul style="list-style-type: none"> • Very serious violation • When the mobile handset subsidy is paid in an unfair discriminatory manner: when the average of the subsidy paid in violation exceeds 2.5 times (KRW680,000) the base amount (KRW270,000) or when the violation ratio exceeds 70%. 	20 to 60 days
<ul style="list-style-type: none"> • Serious violation • When the mobile handset subsidy is paid in an unfair discriminatory manner: when the average of the subsidy paid in violation exceeds 1.5 (KRW410,000) to 2.5 times (KRW680,000) the base amount (KRW270,000) or when the violation ratio exceeds 40% to 70%. 	10 to 30 days
<ul style="list-style-type: none"> • Less serious violation • When the mobile handset subsidy is paid in an unfair discriminatory manner: when the average of the subsidy paid in violation is less than 1.5 times (KRW410,000) the base amount (KRW270,000) or when the violation ratio is less than 40%. 	5 to 15 days

3) Criteria for identifying the telecom operator that triggered the excessive competition

Certain representative indicators were used in the development of the criteria for identifying the service operator that triggered the excessive competition. Specifically, the Commission selected indicators such as the percentage and the average amount paid above the handset subsidy ceiling as well as the indicator that showed carriers' compliance after the Commission's warning and its policy objective to cool down the excessive competition. After scoring telecom operators on these indicators, the telco that scored the most points was designated as the operator that catalyzed the excessive competition.

[Table III-17] Standards prepared for selection of service operators that lead excessive competition

Classification	Violation rate	Average illegal subsidy	Degree of policy reflection				Total
			Number of days when violation rate is high	Number of days when average illegal subsidy is high	Period for compliance with warning	Sub-total	
Penalty points	35 points	35 points	10 points	10 points	10 points	30 points	100 points

b. Lay the foundation for ex post regulation of telecommunications services and strengthened consumer protection

1) Overhauled the legal framework to protect users of broadcasting and telecommunications services

Since the primary driver in enacting the Telecommunications Business Act and the Broadcasting Act, the applicable acts for the protection of users of broadcasting and telecommunications services, was the promotion and development of the industries, regulations related to consumer protection was to a certain degree either incomplete or unsystematic. Moreover, the current legal framework that separates broadcasting and communications makes immediate response to handle growing complexity and diversity of user damages difficult in the rapidly expanding smart environment where various new services are launched by multiple service providers, including manufacturers, portals, and CPs. Also, there is a limit in properly resulting disputes related to broadcasting and telecommunications convergence and new services because the Telecommunications Business Act and the Broadcasting Act have prescribed different dispute settlement mechanisms.

Therefore, in 2013 the Commission aimed to overhaul the ex post facto regulatory framework to protect consumers in the changing broadcasting and telecommunications environment in 2013. It actively promoted the enactment of the (provisional) Broadcasting and Communications Services User Protection Act in order to reorganize consumer protection regulations that are currently decentralized and complement the regulations to address the current loopholes.

The key contents of the proposed Broadcasting and Communications Service User Protection Act are listed as follows: First, a new provision concerning the protection of user rights and interests that ensures nondiscriminatory use of broadcasting and communication services while declaring prompt and fair redress of damages. Second, a provision prescribing the responsibilities of the government, including the provision of information on users, and the obligations of the service operators, including prompt redress of damages. Third, legal grounds to roll out training programs and provide information on the use of smart media, encourage user participation, and support and engage with user organizations. Fourth, converge the applicable entities from the current telecommunications business operators and broadcasting business operators into broadcasting and telecommunications business operators to be subjected to regulations that prohibit affecting harm to users. Fifth, improvement in the dispute settlement systems, including the consolidation of broadcasting and telecommunications dispute settlement systems into a single system, introduction of the collective dispute settlement system for efficient redress of multiple users with small claims, the ex officio mediation system for resolving disputes between operators that may affect material harm to user interests. Sixth, processing complaints between users and operators to enhance the rights and interests of broadcasting and/or telecommunications service users.

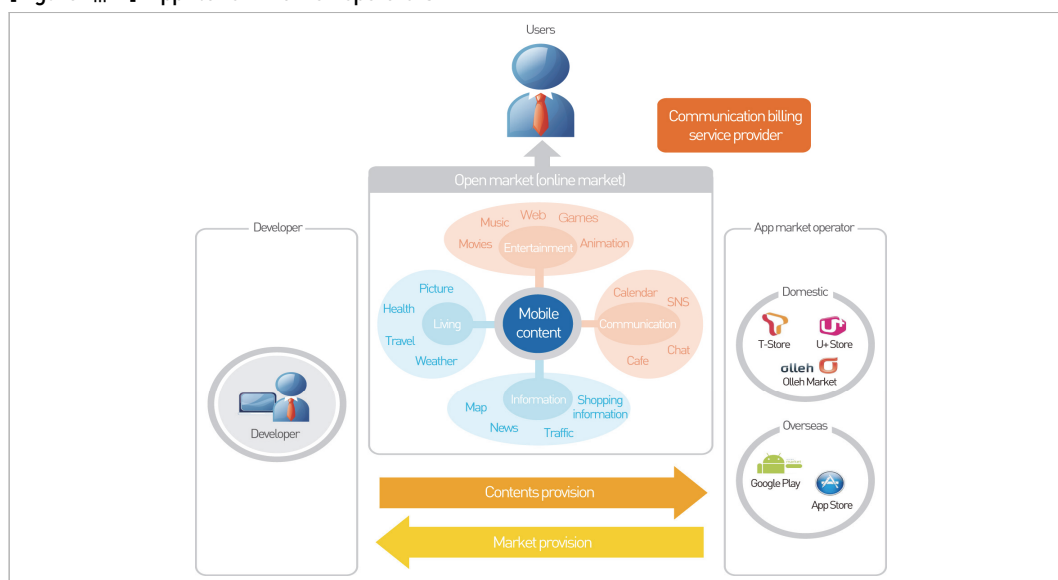
After the proposed draft bill, the Broadcasting and Communications Services User Protection Act was disclosed during the policy discussion meeting on the protection of users of broadcasting or communication services hosted by Eun-hee Kwon, a member of the National Assembly, on 18 December 2013, a wide ranging views and comments were collected from the relevant organizations, academia, and service operators. A task force composed of experts from various fields specializing in the protection of users of broadcasting or communication services is currently revising or supplementing the draft bill and the Commission plans to undertake policy measures to ensure the enactment of the Act in 2014.

2) Prevent damages from mobile app payments and consumer protection

The growing penetration of smart phones and the increase in game apps and other mobile contents transactions led to an increase in user complaints related to the payment of paid contents. Thus, the Commission has come up with measures to prevent and protect users of mobile app market payment services.

An analysis of the problems related to mobile app market payments has revealed that redress of user complaints was challenged due to the complexity and wide variety of payment-related claims stemming from the growth in mobile contents transactions. Two main causes of such problems were highlighted: First, insufficient monitoring of mobile app market operators on their compliance with the relevant statutes or guidelines for preventing user damage; second, user inconveniences have been aggravated due to the delay in resolving complaints. When a complaint is raised, either no contact information of the relevant operator is available or the contact information is invalid.

[Figure III-4] Application market operators

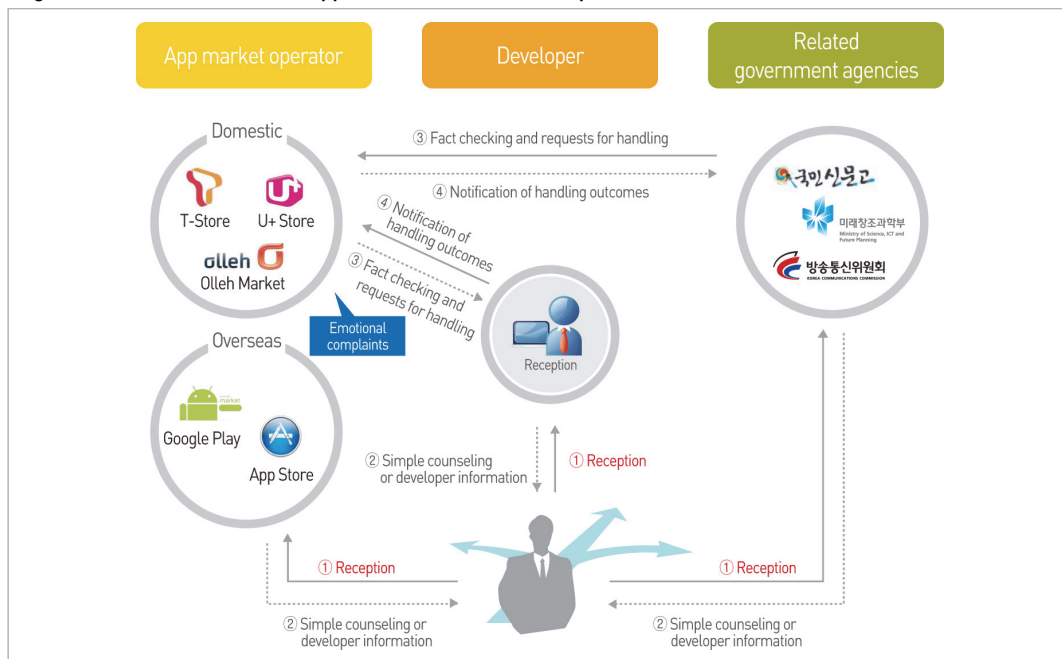


Note 1) Developer: Those who develop, produce, and provide mobile contents to general buyers through an app market operated by app market operators while maintaining a normal contractual relationship with the app market operators.

Note 2) App market operator: Business operators (T-Store, Olleh Market, U+ Store etc.) who relay mobile contents developed by developers through mobile devices.

Note 3) Communication billing service provider: Business operators who perform the necessary app payment services, including the user authentication procedure, so that the prices of goods sold or provided by a third party may be billed together with the billing by the mobile communications service operators.

[Figure III-5] Current flow of app market consumer complaints



Thus, the Commission monitored the compliance of app market operators (T-Store, Olleh Market, U+ Store, etc.) of Article 4 through Article 8 of the ‘Guidelines on the Payment for Mobile Contents in the Open Market’.

[Table III-18] Key details of Guidelines

- **[Article 4]** Strengthen disclosure requirements when paid contents are included in free apps
- **[Article 5]** Use direct methods to show the price and expiration date of mobile contents
- **[Article 6]** Include the certification process between opting to buy an app and completing payment
- **[Article 7]** Send billing details by readily accessible means (SMS, email) upon app purchase
- **[Article 8]** Introduce a price ceiling to prevent damages incurred from excessive payment that users are not aware of

[Table III-19] Achievements of monitoring of payment for mobile contents

(units : cases)

Classification	T-Store	Olleh Market	U+ Store	Sub-total
2013 Q1	748	170	233	1,151
2013 Q2	2,141	2,041	1,027	5,209
2013 Q3	2,305	2,439	1,528	6,272
2013 Q4	1,899	2,504	1,039	5,442
Total	7,093	7,154	3,827	18,074

Note) The volume of monitoring cases increased after the number of monitors was raised from 2 to 3 in March 2013.

The monitoring of compliance with the guideline for 18,074 apps by the three open market operators (T-Store, Olleh Market, U+ Store) found cases of noncompliance in 813 apps from 46 developers, including 448 cases of insufficient information for in-app purchase, 78 cases of missing developer information, and 166 cases of missing certification process. Accordingly, the Commission took actions against cases of noncompliance to the guideline to strengthen disclosure on payment, include certification process, and include developer information.

In addition, the Commission prepared a plan to build a secure and integrated app payment portal to prevent or redress damages related to mobile contents payment in order to operate a single claim handling channel for mobile app-payment and create a safe environment to prevent damages and protect consumers. The Commission also formed an expert panel to carry out activities on damage prevention and consumer protection and is analyzing facts and statistics on damages, inconveniences, and complaints of users from the rise in smart phone penetration and the number of mobile open market users.

c. Protection and enhancement of capabilities of communications service users

1) Improve examination of factors undermining the interests of telecommunications users

In 2013, the Commission investigated whether factors undermining the interests of users of telecommunications service were duly regulated and made improvements. The following outlines the Commission's key activities:

First, on-site investigations were carried out regarding the notification of key contents in the service contracts. On-site investigations were performed on nine operators, including major telecommunications business operators (SKT, KT, and LGU+) and the top five broadband Internet service providers (based on the number of subscribers), from 22 May to 10 July 2013 to check whether key contents of the service agreements were duly disclosed to users and whether service operators were complying with procedures stipulated under their service agreements. The investigations found cases where users were unable to correctly understand the contractual terms because the service agreements of mobile phone operators (SKT, KT, and LGU+) were different from the explanation of the service agreements issued to users. In the case of broadband Internet, there were omissions of the key contents of the service agreement in the contracts issued to subscribers, some parts of the contracts were not issued to subscribers, and did not inform and/or issue terms and conditions to subscribers. Broadband Internet service operators (SK Broadband, T-Broad, CJ Hello Vision, C&M, Hyundai HCN and CMB) failed to include some of the key details of their service agreements in their contracts and/or failed to prepare, notify or issue written explanations of the service terms and condition. The Commission took appropriate administrative actions based on the outcome of its investigation, including issuing corrective orders against the violations.

Second, the Commission steadily attempted to improve billing statements³⁾ from 2010. As a result, the Commission helped improve the billing statements used by key fixed-line telecommunications business operators in June 2011. Four telecommunications business operators (SKT, KT, LGU+, and SK Broadband) improved their both direct mail and e-mail billing statements to include expected termination expense, mandatory contractual period, and oper-

3) Include expected termination expense, mandatory contract period, standard format to show handset installment details, standard template to show statement details, gradual standardization of billing items, clear and simple descriptions of billing items, provide a separate statement for combined billing (fixed-line), and audio billing statement (mobile)

ators were required to use a standard format in indicating handset installments from June 2012 to March 2013. In 2013, the Commission took action to help improve the billing of MSOs' to the level of the three major mobile telecommunications operators, and improved the mobile app billing of the mobile telecommunications operators. While MSOs were required to improve their billing statements to the level of four major telecommunications business operators, their implementation of the required changes would be based on their financial conditions, scope of development possible from their computing systems, and their required time for deployment. The format of mobile app billing statements of the three telecommunications business operators were improved by including all mandatory notification items like direct mail and email statements as well as using a standard layout to have operators disclose similar items in the same location of the statement.

2) Strengthen user protection of mobile telecommunications service

The Commission significantly strengthened its efforts to protect users of mobile telecommunications service due to the continued growth is user complaints.

First, the Commission launched a fact finding investigation regarding multiple cases of denial or delay in processing termination requests citing the mandatory use period(two to six months) arbitrarily imposed by mobile operators. After examining the denial or delay in processing termination requests by visiting sales outlets of the three mobile operators and reviewing the contents of calls made to their call centers, the investigation found that while agents at sales outlets informed the users that service termination was possible any time a subscriber or a representative of the subscriber requests for termination, they also said that processing termination requests was difficult for new subscribers who signed up for two to six months. From January 2012 to May 2013, out of 1.94 million requests for termination of service to three mobile operators, 41,000 cases representing 2.25% denied user requests citing “the need to terminate after maintaining the service for a certain period. The Commission took the appropriate administrative actions based on its investigative findings, including issuing corrective orders against the violations.

Second, the Commission conducted an in-depth inspection of the three mobile operators' compliance with the amended consumer protection rule (August 2010) that operators should discontinue billing for services not in use 'for three consecutive months.' Specifically, any paid

value-added service (VAS) subscribed at the time of mobile service sign-up of which the user does not use and has not yet cancelled. The investigation requested data on the types of un-billed services, number of subscribers as well as subscriber billing data. The Commission revised the amended rule to also include the need to inform users prior to billing to allow the users the right to choose whether or not to continue using the VAS because any VAS that has not been billed but was used inadvertently by the user, then such VAS will be billed again for another three consecutive months.

Third, while video calls were possible using a 3G handset under a 3G tariff plan, users complained that they could not make video calls under the 3G tariff plan when they changed to an LTE handset. The investigation checked whether video calls were possible in the three mobile operators 3G and LTE networks: video calls within an operator's proprietary LTE network; video calls between an operator's proprietary 3G and LTE networks; and video calls between an operator's proprietary LTE network and a third-party LTE network. The investigation found that while all three mobile operators supported LTE tariff plan subscribers' inter and intra LTE network-based video calls, when a subscriber used an LTE handset under a 3G tariff plan, LGU+ could not technically provide the connection and KT did not offer such service. Therefore, the Commission recommended actions to be taken to enable users to make video calls using LTE handsets under 3G tariff plans in July 2013. KT undertook additional development of their computer system in September 2013 and began supporting the connection from October after testing the stability of their new billing function.

Fourth, with the recent gravitation of the mobile telecommunications market from voice to data services, complaints on data charges have been increasing with the introduction of diverse data services, including the LTE service launched in late 2011. According to the statistics on complaints received by the government-run Customer Service Center (CS Center), user complaints related to mobile data services increased to 6,972 cases in 2012, 604% increase over 2010. Users were extremely unhappy with wireless data charges with 4,068 complaints on over-billing, representing 58.3% of total complaints. Yet, fair and objective verification and remedial measures on user complaints were absent and as such, the Commission developed and operated a verification system on data charges to prevent excessive billing as well as to ensure consumer protection and redress.

3) Develop ways to protect telecommunications service users

In 2013, the Commission conducted various activities to protect users of telecommunications services, including providing education on the protection of telecommunications service users, excessive data roaming, and improvement of the terms and conditions of service agreements.

Starting from 2010, education on the protection of users from telecommunications services was provided to vulnerable groups of the digital divide, including the elderly, the disabled, and foreign residents in Korea. Various training programs were offered on how to use smart devices and how to protect oneself from voice phishing. The number of people who received the training increased significantly from 940 persons in 2010 to 2,354 in 2011, to 8,123 in 2012, and to 10,917 in 2013. In 2013, train the trainer workshops were held regularly and ad hoc to for instructors from the welfare centers for the elderly, Korean teachers for the multi-cultural families, signers for people with hearing impairment, and volunteers for the persons of distinguished service to the state and their families in order to provide tailored training programs for the respective groups. Furthermore, field counseling was offered in Itaewon and other locations favored by foreign residents to provide information on pre-paid phones, voice phishing, temporary suspension of services, after-sales support, how to install mobile apps, etc.

[Table III-20] Education on the prevention of damages, 2013

Educatees	Number of students (times)	Key contents
Senior citizens / elderly helpers	9,806 persons (264 times)	<ul style="list-style-type: none">• 45 instructor volunteers selected at seven bases across the country- 45 instructors x 20 educators x 9 times
Multi-cultural family members / foreign residents in Korea	902 persons (299 times)	<ul style="list-style-type: none">• 15 instructors hired in Seoul, Incheon and Ansan- 15 instructors x 5 educators x 12 times• Field counseling on the prevention of damages (300 persons throughout the year)
Visually and hearing impaired people	209 persons (35 times)	<ul style="list-style-type: none">• Five instructors hired from the Korea Blind and Dumb Association- 5 instructors x 6 educators x 5 times
Total	10,917 persons (588 times)	

In addition, the Commission published the Telecommunications Service Damage Prevention Manual for the vulnerable groups in the digital age, including the elderly and disabled, to provide clear and simple explanations to prevent and redress damages from voice phishing, smishing, pharming, etc. The manual was distributed in booklet, CD and leaflet forms in co-operation with related agencies, including the Senior Welfare Centers, Multi-cultural Family Support Centers, the Association for people with hearing impairment, local governments and mobile operators. It can also be downloaded from the Commission's website, the dedicated website for broadcasting and telecommunications service users (www.wiseuser.go.kr), and websites of mobile operators. In addition, for people with no access to the Internet, the manual was also mailed upon request to the KAIT User Protection Center (smlee@kait.or.kr ☎ +82-2-580-0754).

Furthermore, as the telecommunications ecosystem has changed rapidly with the growth of smart phones and tablet PCs, user complaints on excessive charges on data roaming have steadily increased. Thus, the Commission launched a much broader consumer protect campaign for preventing damages with the participation of KAIT and three local mobile phone service operators. During the peak summer holiday period (July and August 2013), the Commission conducted nationwide campaigns to prevent excessive charges on data roaming by distributing handouts at key international airports and playing videos on airport limousine buses and subway trains to warn users against excessive data roaming charges and to provide information on how to block data roaming or ways to incur minimum data roaming charges.

[Table III-21] Number of user complaints related to overseas roaming fee rates

Classification	2010	2011	2012	Total
Cases	89	170	286	545

Source : Commission CS Center

Additionally, to prevent excessive charges being incurred by data roaming users, the Commission obligated service operators to include in their service agreements of their obligation to notify users and inform users who have not opt in for the fixed rate plan for data roaming that the data service could be blocked when data roaming usage charge exceeds the set ceiling and the possibility of incurring excessive data roaming charges in December 2013.

4) Evaluate telecommunications service operators' efforts to protect users

To resolve complaints on increasingly diverse and complex telecommunications services, not only the government but also mobile operators need to take voluntary steps to redress user complaints. To that end, the Commission has begun evaluating the mobile operators' performance in consumer protection and publishing its outcome to encourage mobile operators to enter in a voluntary competition to have the best performance in handling user complaints. It has also been working to institutionalize such practice.

The Commission developed an evaluation scheme to be implemented into law after drafting a detailed performance indicator based on its study of the business evaluation system on the protection of mobile service users from 2009 to 2010 and piloting the evaluation scheme to identify areas of improvement in 2011 and 2012. The Commission has been preparing a legal framework to ensure a detailed and effective evaluation criteria to assess telecommunications business operators' performance in user protection and submitted a proposed amendments to the National Assembly to revise the Telecommunications Business Act in September 2012.

[Table III-22] Amendment (proposed) to the Telecommunications Business Act related to the system for assessing user protection functions

- ① The Communications Commission shall assess the service operators' efforts to protect their users, and order them to submit the information required for the assessment, and the specific procedures shall be delegated to the Presidential Decree (Article 32 (2) and (5) of the proposed amendment bill).
- ② The Communications Commission may impose a fine of up to KRW10 million on any service operator that fails to comply with the order for submittal of the required information (Article 104 (5) subparagraph 4 of the proposed amendment bill).

Three mobile telecommunication operators (KT, SKT, and LGU+) representing 97.5% of total number of subscribers, and eight broadband Internet service providers (KT, SK Broadband, LGU+, CJ Hello Vision, T-Broad, C&M, CMB, and Hyundai HCN), representing 96.6% of total number of subscribers, were evaluated in 2013. The evaluation criteria were divided into three categories, namely, (1) user protection management structure, (2) proactive user protection activities, and (3) resolution of user complaints provided by the government. Under each category, there were eight sub-categories and 41 performance indicators. To secure the expertise and the reliability of the assessment, an evaluation committee was formed with representatives from the academia, consumer groups, and research institutes. The evaluation process was staged: interviews and field surveys conducted by the evaluation committee members; monitoring of mobile sales outlets; call monitoring; and analysis of complaints filed at the CS Center.

[Table III-23] Assessment indicators and methods

Three areas	Eight items	Number of indicators	Assessment methods
User protection management structure	Determination of CS top manager to protect users	3	Face-to-face review
	Head-office user protection management structure	11	Field survey
	Agent management structure	2	Field survey
	Customer Center management structure	3	Field survey
	ARS service operation	8	Phone monitoring
Proactive activities for user protection	Provision of information to prevent user damages	1	Field survey
	Compliance with government guidelines for preventing damages	10	Field survey + agent monitoring
Achievements in handling of complaints received by government	Assessment of user complaints received by government CS Center	3	Analysis of complaints received
Total		41	

The evaluation found SKT's performance as "Superior," while KT and LGU+ received "Satisfactory" in the mobile segment; and found KT "Superior," SK Broadband, LGU+, and Hyundai HCN "Moderate," and T-Broad, CJ Hello Vision, C&M and CMB "Moderate" in the broadband Internet segment.

[Table III-24] Outcome of user protection services, 2013

Classification	Outstanding	Superior	Good	Ordinary	Poor
Scale based on 5-point intervals	95 points or more	90 points or more to less than 95	85 points or more to less than 90	80 points or more to less than 85	Less than 85
Mobile phone	-	SKT	KT, LGU+	-	-
Broadband Internet	-	KT	SK Broadband, LGU+, Hyundai HCN	T-Broad, CJ Hello Vision, C&M and CMB	-

Note) Listed in the order based on number of subscribers, within the same grade.

The evaluation outcome of the telecommunications operators' performance in the protection of their users was published in a press release. Based on the scoring of operators by business type, grades were given and each operator was given detail information regarding areas for further improvement in their efforts to ensure better user protection.

3. Establishment of a competition structure that favors fair broadcasting and communications and the mediation of disputes

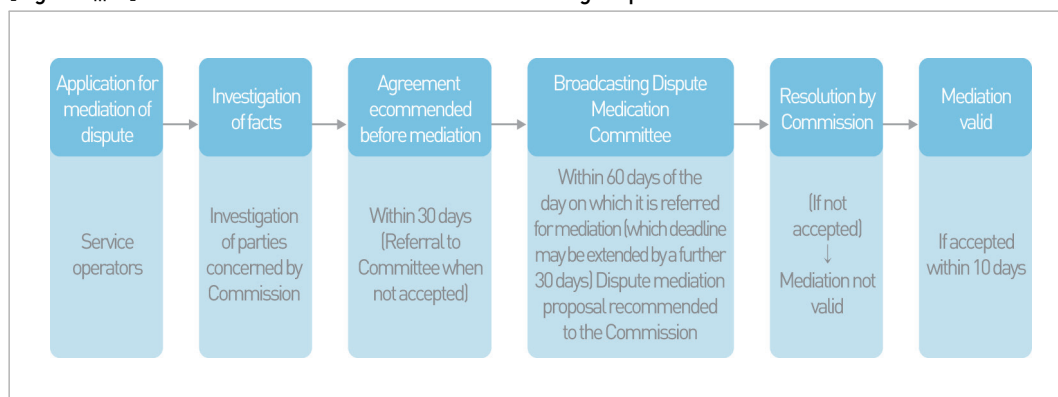
a. Mediation of broadcasting-related dispute

1) Outline of mediation of broadcasting-related disputes

The operators of broadcasting, IPTV and communications services may apply to the Commission for the mediation of disputes if in the event that any dispute or conflict arises in connection with broadcasting. The Commission's User Policy Coordination Division first induces agreement between the parties concerned and convenes the Broadcasting Dispute Mediation Committee if the issue is not settled within 30 days. The Broadcasting Dispute Mediation Committee should prepare and recommend a mediation proposal to the Commission within 60 days; however, this limit can be extended by a further 30 days. The Commission presents the mediation proposal to the disputing parties after adoption by its plenary session.

The mediation by the Committee is regarded as having been valid when the parties express their acceptance within 10 days of the day on which they receive the mediation proposal. The mediation has an effect identical to that of a conciliation order by the court. The mediation is not valid (and must then be settled between the parties or in a lawsuit) when the parties fail to express their acceptance of the mediation proposal with 10 days of receiving it.

[Figure III-6] Procedure for the mediation of broadcasting disputes



[Table III-25] Status of broadcasting dispute mediation

(units : cases)

Classification	2008	2009	2010	2011	2012	2013	Total
Mediated by the Commission	3	2	1	-	-	-	6
Agreement before mediation	1	2	2	2	1	1	9
Mediation rejected	-	-	2	-	4	-	6
Withdrawal etc.	1	1	-	-	-	1	3
Total no. of cases	5	5	5	2	5	2	24

2) Institutional improvement of broadcasting dispute mediation

Since reviewing and adopting the ‘institutional improvement proposed for the retransmission of terrestrial broadcasting programs’ in 2012, the Commission has promoted an amendment to the statute, including the introduction of ex officio mediation or arbitration and the abolition of provisions concerning the rejection of mediation in order to supplement the procedures for settling disputes related to retransmission or broadcasting services. The specific efforts for improvement of the statutes or institutions to that end are as follows:

First, the Commission has promoted an amendment to Article 35-3 of the Broadcasting Act in order to introduce ex officio mediation. Mediation is not initiated currently if not requested by the parties even when the viewers’ right is seriously encroached upon by a dispute between broadcasting service operators. Therefore, the proposed amendment is designed to prevent disruptions such as broadcasting interruption from continuing until the lawsuit has been consummated. The Commission expects that the proposed amendment will contribute to securing public viewing rights as it should strengthen its functions for settling disputes by providing legal grounds for the Commission to initiate ex officio mediation for those broadcasting disputes that are feared to seriously encroach upon the rights of viewers.

Further, the Commission has promoted the introduction of an arbitration system by inserting Article 35-6 into the Broadcasting Act. As mediation cannot settle disputes unless accepted by the parties, the mediation system is limited in terms of its ability to settle disputes involving acute conflicts of interest between service operators. Therefore, the Commission should be able to terminate disputes with its decision regardless of whether it is accepted by the parties concerned when they request arbitration. The amendment consists of the introduction of a new arbitration system to whose final decision the parties concerned may only raise an objection via

a lawsuit. It will contribute to securing stable public viewing rights by augmenting the functions for dispute settlement.

Lastly, the Commission has attempted to help abolish the provision which allows claimees to reject mediation by amending Article 15 of the enforcement decree of the Broadcasting Act. As the current mediation system is a means of dispute settlement that has no binding force unless agreed to by the parties, it is not necessary to maintain the provision which allows claimees to reject a mediation decision. There are concerns that the mediation system itself will be emasculated if the provision is exploited by the claimees to their benefit. Therefore, the solution is to delete the provision allowing the claimees to reject a mediation decision of the Committee.

b. Arbitration of communications service-related disputes

1) Outline of arbitration of communications disputes

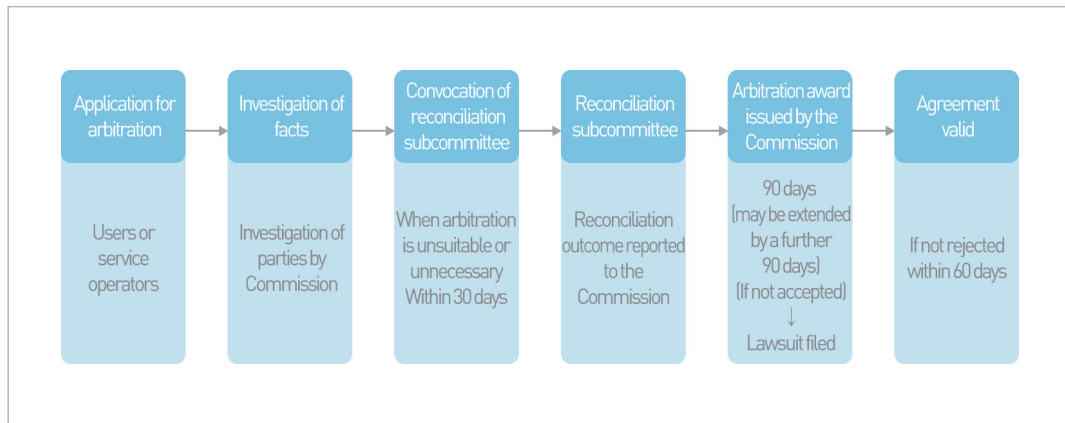
Telecommunications service operators or users may apply to the Commission for arbitration when an agreement is not reached on disputes concerning damages or the provision of facilities related to telecommunications services through amicable consultation.⁴⁾

The Commission's User Policy Coordination Division first induces an agreement between the parties to an arbitration case, or refers it to the plenary session of the Commission in the event that an agreement is not reached. The Commission should arbitrate the case within 90 days of the day on which the application is received (although this may be extended by a further 90 days on one occasion only). The Commission convenes a subcommittee of reconciliation in cases for which arbitration has been requested if it is unsuitable or unnecessary for the Commission to arbitrate.

It is considered that the parties have reached an agreement on the arbitration award when they express to the Commission their clear intention to agree to the award in cases where no lawsuit is filed with a law court or a lawsuit is withdrawn within 60 days of the day on which the decision is delivered.

4) Article 45 of the Telecommunications Business Act

[Figure III-7] Procedure for arbitration of communication disputes



[Table III-26] Status of arbitration of communication disputes

(units : cases)

Classification	2008	2009	2010	2011	2012	2013	Total
Total (handled by the Commission)	22(4cases)	17(2cases)	7(0cases)	10(0cases)	15(0cases)	12(0cases)	83(6cases)
Arbitration between service operators	3	1	3	3	1	2	13
Arbitration between service operators and users	19	16	4	7	14	10	70

2) Enhancement of effectiveness of communications dispute arbitration

The Commission prepared and published detailed information concerning the arbitration and reconciliation procedures by reviewing all the current regulations (directives) related to arbitration in order to improve the effectiveness of the arbitration functions for disputes related to communications services. The directive was amended to provide that applicants may submit their application for arbitration inclusive of the purpose and history of consultation by mail, hand-carry, fax or e-mail. In addition, the directive was further amended to allow the applicant to change the purpose of or reason for applying for arbitration or to withdraw all or a part of the application details, with the approval of the Commission, before the arbitration decision is given. And, the Reconciliation Subcommittee is to be convened for the prompt settlement of disputes when the parties concerned seek an amicable autonomous settlement or when damages of KRW10 million or less are claimed.

4. Realization of a sound broadcasting and communications environment

a. Enhancement of functions for protecting children and youth

The Commission develops or promotes measures for protecting children or youth by preventing the circulation of illegal or harmful information in light of the fact that the increased supply of broadband Internet and smart phone services has diversified the available channels and that opportunities for accessing obscene materials have diversified or increased.

The Commission has attempted to shield children or youth from illegal or harmful data by developing and supplying software that can block data considered harmful to children or youth. The Commission has also attempted to establish a safe and sound environment for children or youth to smart phone services by supplying programs developed for the purpose of restricting children's hours of use of smart phone applications and by providing counseling for or control of those who are highly susceptible to addiction to them under a pilot project for the deployment of a 'Secure Cyber Zone' (in Gyeonggi Province).

1) Development and supply of software blocking data considered harmful to children or youth

The Commission has provided a database for rating Internet data that are considered harmful to children and youth to service operators that develop software products to filter such harmful data in order to create a sound environment for the use of information by children and youth. The Commission has also distributed free filtering software that blocks harmful information using the rating database, through Green i-Net.

In addition, the Commission has developed and supplied software (Smart Sheriff) for Android smart phones and iPhone blocking harmful information in order to protect children and youth from illegal or harmful mobile information. The software also enables the control of reckless smart phone use by children or youth by providing functions for querying or blocking the access list of apps or Internet sites or limiting the number of access hours, in order to enable parents to control the smart phone use of their children. It has made it easier for parents to guide or control their children's use of smart phones using software that blocks harmful information. The children were also induced to develop autonomous habits by providing them with information on service patterns.

2) Promotion of pilot project for the Secure Cyber Zone (Gyeonggi Province)

On 7 June 2013, five agencies of the Commission, the Gyeonggi Provincial Government, the Gyeonggi Province Education Board, KIST, and the Korea Mobile Internet Association concluded an MOU for the implementation of a pilot project for the Secure Cyber Zone to prevent children or youth from accessing harmful information with a smart phone or excessive use thereof. To that end, they developed and supplied the Smart Phone Addict Counseling and Control Program, which can quickly detect and take action against smart phone addiction among children or youth via software that can block information deemed harmful to children or youth.

Under the Gyeonggi Province's Secure Cyber Zone Program, the Commission supplied Smart Sheriff to forty-one elementary and junior high schools in Gyeonggi Province. It also laid the basis for schools and homes to prevent smart phone addiction and minimize damages by providing a system that allows counseling teachers to offer counselling and advice or take the appropriate action (i.e. informing parents or interlinking with expert counseling service agencies) by using such basic counseling data as statistical data on smart phone use patterns by students as provided under the Smart Phone Addiction Counseling or Control Program.

3) Education and publicity of software blocking information harmful to children and youth

Social interest in the causes of disfunction and their solutions has increased in line with the active growth of smart phone use by children and youth, as diverse dysfunctions (the circulation of obscene materials, addiction to smart phones, etc.) behind the convenience in living due to the widespread proliferation of smart phones and the active growth of open markets. Generally, members of the public did not utilize the software as it was not known widely though it can block information harmful to children or youth when parents or their children directly utilize it to respond to such dysfunctions.

Thus, the Commission provided the parents and teachers of sixty-four schools that requested information and communication ethics education and forty-one schools that operate the 'Gyeonggi Secure Cyber Zone' with education on understanding and using software that can block information considered harmful to children and youth under the theme of 'The

Causes and Methods of Preventing Dysfunctions Associated with the Active Use of Smart Phones by Children and Youth’.

In addition, the Commission supplied more software capable of blocking information that is harmful to children or youth via the ethics education or training of instructors specializing in the prevention of addiction provided by NGOs in cooperation with them. By providing training and education on teaching duties, the Commission helped school inspectors, principals, vice principals and other faculty members to understand how to block information that is harmful to children or youth by using the relevant software and to recognize the importance of guiding children on how to use smart phones, as well as providing parents and children with information on the relevant software by providing them with education on the effective use thereof.

Besides, the Commission published Helping My Child to Use a Smart Phone Safety and Correctly, a guidebook on the use of software (Smart Sheriff) designed to block illegal or harmful information and to prevent addiction, and distributed it to schools, Internet addiction response centers, regional Will Centers, education boards, and regional resident centers in a drive to encourage them to use it. The Commission staged diverse promotional activities aimed at informing the general public about the guidebook more widely by publicizing it through portals, blogs, cafés, intellectual circles and online news articles that are easily accessed for information, and highly popular radio CMs (four broadcasting programs, including ‘FM March with Hwang, Jeong-min’).

[Figure III -8] Guidebook on software for blocking illegal or harmful information

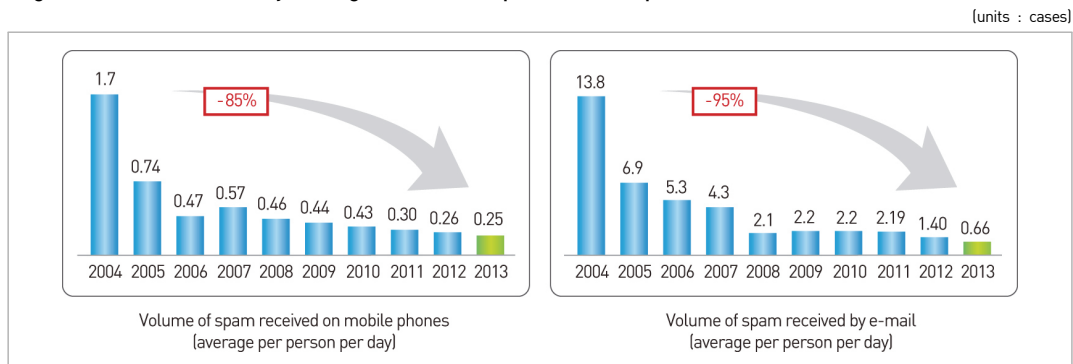


The Commission implemented the ‘Green-I Campaign’ across the country to promote the installation of software that filters harmful information more widely, while informing the public of dangers related to the exposure of children or youth to harmful information, and generating a public consensus on the need to provide a sound environment for the use of information related to broadcasting and communication. Over 500 parents and teachers participated in the campaign in Gyeongsangnam-do in the first half of 2013 and in Jeju Special Self-Governing Province in the latter half of the year, respectively.

b. Enhanced measures against spam

The Commission made proactive efforts to prevent spamming, including the improvement of 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 email decreased by 85% and 95%, respectively, in 2013 compared with 2004.

[Figure III-9] Trend of daily average volume of Spam received per user



It has been assessed that the significant decrease of spam in 2013 was largely attributable to the role of the policies for autonomous regulation implemented by the relevant service operators, including the ‘measurement and disclosure of spam’, which was steadily enforced from the latter half of 2012, and the ‘enforcement of autonomous regulation of small amount payments by mobile phone,’ which was implemented to decrease adult spamming. The ‘measurement and disclosure of spam’ discloses the status of spam reception and transmission through key IT service operators who provide channels for transmitting or receiving spam, in-

cluding mobile phone and e-mail services. It is designed to induce autonomous efforts to reduce spamming by the relevant service operators by providing the users with transparent information concerning the spamming status of each service operator.

The ‘enforcement of autonomous regulation of small amount payments by mobile phone’ is designed to reduce adult spam, which represented approximately 15% of the total volume of spam received by mobile phone in 2013, by preventing the transmission of spam by restricting the use of small-amount payments by mobile phone for adult contents when adult contents providers (CPs) transmit spam. This policy achieved a significant effect in reducing the total amount of spam, as adult spam fell from approximately 20% in 2013 Q1 to 8% in 2013 Q4.

It is understood that the integrated spam monitoring system deployed in 2012 has greatly reduced the volume of spam circulated on the network because the IT service operators are obliged to autonomously utilize it to reduce spam as it provided them with spam-related information. The Commission plans to use the system to provide users with a cleaner and sounder communication environment by extending its functions against new types of spam like mobile messenger services in pace with changes in the ICT environment.

The intelligent spam blocking service that is freely provided by mobile phone service operators has also played an important role in reducing spam by steadily increasing the number of users of the service. Approximately 68% of all users have been using this service since December 2013, with the number of users increasing significantly over 2010. The service operators are induced to maintain or improve its blocking performance by conducting regular inspections (four per year).

[Table III-27] Number of subscribers to intelligent spam blocking services

(units : 10,000 persons)

Classification	SKT	KT	LG U+	Total
Number of subscribers (cumulative)	2,389	1,230	93	3,712
Percentages of use of blocking service	87.3%	74.7%	8.5%	67.9%

In addition, the Commission enhanced user convenience by setting up reception refusal by a simple click of the refusal marking in advertisement by promoting the simplification of refusing reception of e-mail advertisement in cooperation with major local portals and the related trade associations. The Commission also endeavored to develop a response system which ensures that no spamming is committed fundamentally by enforcing the ‘system for sharing information on malicious spammers,’ which restricts re-subscription to mobile phone services by spammers who have a history of transmitting illegal spam messages.

The number of users of the Real-time Bulletin Board Spam Blocking Service in 2013 was increased by roughly 400% over 2012 by improving its functions of the service. The service was originally developed and provided to block spam articles arbitrarily uploaded onto the bulletin boards of websites. The Commission plans to continue its efforts to reduce new types of spamming by developing functions that enable users to easily report new types of spam circulated on Kakaotalk or other mobile messenger and bulletin board services.

In 2014, the Commission plans to steadily promote systems and technologies whose spam reduction effect has been proven in order to address the problem of spamming, which is gradually worsening and inflicting serious damages on users. In addition, the Commission plans to promote diverse measures for reducing spam, including the promotion of an amendment to the Act on the Promotion of IT Network Use and Information Protection, while inducing the service operators to autonomously strengthen their spam control in close cooperation with major ICT service operators.

c. Promoting the ethical use of Internet services by the public

1) Campaigns for a beautiful Internet world

The Commission and KISA have steadily promoted integrated Internet Culture Week events as part of the Beautiful Internet World Campaign since 2010. In 2013, they enhanced the efficiency of the projects by jointly implementing the events along with the Information Culture Month events hosted by the Ministry of Science, ICT and Future Planning and the National Information Society Agency (NIA) in cooperation with other government ministries and agencies.

In particular, they strove to diffuse a sound Internet use culture by staging campaigns jointly with the Beautiful Internet World National Council⁵⁾ which has been operated by KISA and the Happy Smart Culture Practice Union,⁶⁾ a civilian and government collegiate body that was merged with the Smart Information Culture Practice Union of the NIA. They induced participation by the general public by planning diverse weekly events starting with a ceremony for declaring ‘Beautiful Internet World Week’ on 10 June, including the opening of a permanent experience hall of Internet ethics, a street campaign for adding decent comments, a ceremony for delivering Love PCs, various events for the U-Clean Youth Culture Forum, and an SNS-based campaign.

In addition, they contributed to establishing a sound Internet ethics among the public by providing education to children and youth on Internet ethics and the protection of personal information, ‘visiting lectures’ on the sound use of smart phones, and ‘visiting education’ on Internet ethics for working moms.

2) Exploration and publicity of contents for enhancing Internet ethics among the general public

The Commission has publicized Internet ethics through diverse media in order to establish a sound Internet ethics culture among the general public. Earlier this year, it publicized the message of ‘Building Schools without Cyber Violence’ in order to eradicate campus violence, one of the four major vices, under the themes of ‘A Beautiful Internet World!’ and ‘Our Happy Future!’ First, to generate a nationwide consensus by enhancing Internet ethics, the Commission produced promotional video footage on Internet ethics under the theme of ‘A Beautiful Internet World without Cyber Violence’ for transmission via terrestrial television broadcasting (EBS, KBS), outdoor signboards, and subway platform information systems.

The Commission has printed articles contributed by experts and planning articles on the causes of and solutions for Internet dysfunctions and cyber violence in the major daily newspapers. It has also fostered public interest in Internet ethics by broadcasting promotional programs on SBS radio.

5) Beautiful Internet World National Council: Organized with 78 organizations in 2010, including government ministries, press, education society, portals and NGOs to stage campaigns for Beautify Internet World

6) Smart Information Culture Practice Union: Organized with 102 organizations, including central and municipal governments, NGOs, businesses, and public agencies to stage campaigns for Information Culture Practice Tasks and IT Hope Sharing

In addition, the Commission has produced posters on Rules for Upright Internet Use and distributed them to approximately 1,300 elementary, junior and senior high schools in Seoul in cooperation with the Seoul Education Board. It has also raised awareness of the importance of Internet ethics among children and youth by promoting Internet ethics jointly with newspaper companies.

Furthermore, the Commission has helped exchange opinions on the diffusion of an ethical Internet mindset and response to cyber violence by holding an international Internet ethics symposium to which it invited local and foreign guest experts in the field of Internet ethics. It has also explored creative, publicly beneficial contents related to Internet ethics by holding an Internet ethics contest for recruiting and awarding outstanding contents, including UCC, mobile apps, slogans and posters.

3) Provision of Internet ethics education

Since 2008, the Commission has provided Internet ethics classes to help students, the main users of Internet services, cultivate the ability to utilize the Internet soundly and correctly from their initial entry into the Internet community based on voluntary learning experience during the classes.

In particular, in order to provide opportunities for Internet ethics education to diverse groups of users, including infants, children and youth, teachers, parents and the general public, the Commission has striven to enhance the effects of diverse forms of education by target group and theme, including the operation of Internet ethics classes and creative experience programs.

[Table III-28] Operational status of Internet ethics classes in 2013

Classification	Elementary schools	Junior high schools	계
Students educated (persons)	5,343	1,994	7,337
Schools (each)	221	59	280

Since 2011, the Commission has run creative Internet literacy experience programs related to Internet ethics education in regular school classes at elementary, junior and senior high schools in order to help cultivate a sound approach to Internet ethics among children and youth. In 2013, experience education was provided by 141 elementary, junior and senior high schools across the country to 3,805 students, who learned about Internet security and the characteristics of social media and a desirable comment culture.

[Table III-29] Operational status of creative experience activities in 2013

Classification	Elementary schools	Junior high schools	Senior high schools	Total
Students educated (persons)	107	15	19	141
Schools (each)	2,906	401	498	3,805

In addition, the Commission provided training for teachers, school inspectors and principals aimed at turning out experts in internet ethics, while expanding the foundation for Internet ethics education. Remote teacher job training was provided to a total of 3,765 teachers of kindergartens, and elementary, junior and senior high schools in 2013, enabling them to learn how to teach Internet ethics and the prevention of cyber violence without restrictions on time and place. In particular, as the incidence of cyber violence among children or youth using smart phones or SNS service has become severe, cyber violence prevention skills that can be utilized on school campuses were taught to 63,801 teachers at 215 schools across the country.

In addition, the Commission provided Internet literacy education for 263 physically impaired children or youth at 45 schools across the country in 2013 in order to cultivate sound Internet ethics among them and help them to use Internet services properly, along with the Upright Internet Infant Schools, to help pre-school kids develop the habit of using Internet services properly in 2011, as more young people are using the Internet service.

In addition, the Commission also educated 17,238 elementary school kids at 103 schools across the country using expert instructors who visited them to promote an upright Internet ethics mindset. The Commission plans to educate more students on the protection of personal information and Internet ethics, using improved education materials.

[Table III-30] Operational status of Internet ethics roving lectures, 2013

(units : persons, schools)

Classification	Seoul	Busan	Daegu	In cheon	Gwang ju	Dae jeon	Gyeong gi	Gang won	Chung nam	Jeon nam	Gyeong buk	Gyeong nam	Jeju	Total
Persons educated	2,775	813	965	629	455	988	6,492	589	374	1,960	193	530	520	17,283
Number of schools	16	5	4	5	4	4	38	4	3	13	2	2	3	103

4) Activities of the Korea Internet Dream Corps

The Korea Internet Dream Corps is a youth organization that was formed to provide Internet literacy education to elementary and junior high students across the country and to lead the establishment of a creative and sound Internet culture through diverse community participation programs together with KISA. (831 students in the 1st term in 2010 → 2,853 in the 2nd term in 2011 → 5,332 in the 3rd term in 2012 → 8,391 in the 4th term in 2013)

The organization intended to contribute to enhancing understanding of sound Internet use among children and youth through diverse activities, including discussion contests by school or individual, while self-development through Internet literacy education and mentoring by celebrities, reporter activities using website education video footages, acquiring basic aptitude as Internet keepers, presenting themes on all social issues, and discussion contents among schools or individuals.

In addition, the organization organized Internet ethics camps at which intensive courses on overall Internet usage habits among children and youth were participated in by all its members across the country, and held a consultation meeting among teachers from leader schools, Korea Internet Dream Corps, in order to establish networks while sharing outstanding examples by region or school.

[Table III-31] Operational status of Internet Dream Corps, 2013

Classification	Elementary schools	Junior high schools	Senior high schools	Total
Students educated (persons)	5,576	1,866	949	8,391
Schools (each)	210	53	17	280

In addition, the Commission provided a turning point for expanding the foundation for diffusing a sound Internet ethics culture by providing programs for self-diagnosis of Internet ethics mind and experience or training on adding decent comments by operating permanent Internet ethics experience halls in Busan (Mathematics and Science Creative Experience Hall) and Gwangju (Viewer Media Center) and an Internet ethics experience hall inside Korea Job World (Ministry of Employment and Labor's facility where children and youth can gain experience of work and jobs).

d. Strengthening measures of personal information protection and raising awareness

1) Strengthening of protection of personal information by businesses

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 in view of the fact that the increased use of personal information by the businesses in recently. After amending the Act on the Promotion of IT Network Services and Information Protection (which provided the legal grounds for the implementation of PIMS) in February 2012, 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 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.

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 set-up of passwords for smart phones, 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 smart phones, such as smishing or pharming. It also utilized these rules in its activities to raise public awareness of such crimes.

2) Response to incidents involving personal information leakage or disclosure

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 the massive collection and use of the resident registration number. As the use of resident registration numbers on the Internet has been restricted since August 2012 pursuant to an amendment of the Act on the Promotion of IT Network Services and Information Protection, the Commission has developed and supplied an alternative means of the use of resident registration numbers in order to induce service operators to abstain from collecting them. In 2013, the Commission persuaded the operators of websites with an average of 10,000 or more daily visitors to switch to the alternative means by intensively monitoring their collection of resident registration numbers. The Commission also informed the operators of websites with an average of 5,000 to 9,999 daily visitors to enable them to adopt the alternative means. Further, the Commission supported small or medium-sized business operators to delete the resident registration number entry column from their websites.

Meanwhile, in December 2012, the Commission designated the three major mobile phone service operators as user authentication agencies via a review of their state of readiness. Since March 2013, the Commission has provided a mobile phone certification service using an individual's date of birth instead of the resident registration number through the mobile phone service operators that have been designated as user authentication agencies.

To prevent additional damages while promptly responding to incidents involving the leakage or disclosure of personal information, the Commission and KISA operate a system designed to search and delete disclosed personal information on the internet. This system, which has been operated since 2009, has been used to rapidly search and delete personal information leaked on two million websites belonging to ICTs or Internet service providers immediately upon discovery of the leakage, including eight items of personal information, such as account numbers and credit card numbers other than resident registration numbers, image data (resident registration certificate, passport, etc.) and personal information leaked on SNS (Twitter, F etc.). The system also deletes personal history statements or other key words related with personal information by performing additional search functions.

In addition, field surveys have been conducted as to whether IT service providers have switched to the an alternative means of identification of the resident registration number in compliance with the government's policy of restricting the collection or use of resident registration numbers, by strengthening the survey of the status of personal information protection practices by Internet service providers. Field surveys have also been conducted to open market sellers with significant trading volumes over a year in recently, seller tool developers, and service operators that develop smart phone apps widely used by consumers.

The Commission has provided on-site or remote technical support to service operators that are slow in deleting disclosed personal information from their websites due to a shortage of the necessary technological competence and human resources. The Commission has also educated businesses with an insufficient understanding of the importance of personal information protection on the dangers of possible leaks of personal information. Meanwhile, to promote international cooperation, the Commission has been maintaining or is strengthening the cooperation structure with authorized organizations for the protection of personal information in Taiwan, Hong Kong, Macao, Vietnam and China, where personal information leaks have increased manifold, by requesting the urgent deletion of disclosed personal information and sharing information concerning the protection of personal information via a newly deployed hotline. The Korea-China Internet Cooperation Center has been set up and jointly operated in Beijing, China to promptly delete disclosed personal information.

3) Raising awareness of the personal information protection

It has been repeatedly emphasized that Internet service users who provide their personal information and the internet service operators who use such personal information need to raise their awareness of personal information protection in order to prevent leakages of personal information in advance. To that end, the Commission has expanded the scope of its education and publicity efforts to raise understanding of the importance of personal information protection of IT service providers and the general public.

First, it has expanded its 'visiting education' on personal information protection for service users and improved educational materials by organizing the contents including actual cases (based on questions that are frequently asked by users) in order to enhance the effects of the education. The Commission has also developed an information booklet for users to assist the

general public. The scope of the education on personal information protection for users has been expanded to meet users' diverse needs, including infants and parents as well as children and youth. It has also made diverse efforts to improve the quality of the education by employing personal information specialists to visit children at kindergartens or elementary, junior and senior high students across the country and provide lectures on the protection of personal information. So far, a total of 244,560 infants, students and parents have participated in this education initiative.

[Table III-32] Status of user education on personal information protection

(units : persons)

Classification	Children and youth	Adults (parents)	Infants	Total
Persons educated	242,980	1,136	444	244,560

In addition, to enhance the capabilities of the personal information handlers of businesses that have information security vulnerabilities, the Commission has extended its education on personal information protection to small and medium sized businesses located in remote areas whose security level is poorer than the one of the large businesses. Collective education has been provided to employees of diverse business categories, including home-shopping and game service operators, not only in Seoul but also in such areas as Chungnam, Daejeon, Gyeonggi and Busan, where many businesses are concentrated. Approximately 1,590 personal information handlers have participated in the education.

For personal information handlers who have difficulty to participate in the on-site education due to temporal or geographic constraints, the Commission operates online education services via personal information protection portal site on 24hours/365days. In 2013, approximately 32,160 persons took the online education courses. The Commission also made efforts to improve the online education lectures of the personal information protection portal site and to enhance the convenience of site users by, including diversification of the contents displayed on the portal site, such as policy information guidelines, and the latest articles concerning personal information.

Meanwhile, in July 2013, the Commission held a workshop for personal information managers and handlers for the convergence of service providers' opinions, while discussing ways to augment the protection of personal information and sharing government policies concerning personal information protection. The workshop, in which 347 service providers participated, provided a forum for exploring policy issues concerning the protection of personal in-

formation and developing a job-related cooperation network among business representatives, including information presented on government policies concerning the reliable establishment of new systems under the IT Network Act and field Q&As with experts on statutes related to personal information, while presenting outstanding examples of new system establishment.

In December, the Commission held the ‘Night of the Personal Information Protectors 2013’ jointly with the Ministry of Security and Public Administration to share information on the performance of personal information protection and trends in legal systems, while cheering the activities of the personal information handlers of related agencies and businesses. Around 35 agencies and employees who had made an outstanding contribution to personal information protection were received citation during the workshop. Efforts were created to make the workshop a meaningful event by exploring new directions for the protection of personal information in 2014, together with approximately 200 attendees involved in the fields of personal information protection, so that it could be properly harmonized with the realization of the creative economy.

In addition to such education activities, the Commission staged the ‘2013 Campaign for Keeping My Internet Information’ from 21 October to 30 November to arouse public interest in the protection of personal information and to induce its practice in daily life. With the catchphrase ‘Protect Your Information for One Minute’, the campaign intensively promoted ten sound rules for the protection of smart phone users’ personal information and the new system of the IT Network Act(policies for restricting the collection and use of resident registration numbers).

By appointing popular broadcasting announcer Choe Hee as its publicity ambassador, the Commission conducted advertisement on terrestrial and cable television channels, the radio, subway screen doors, and city bus exteriors. It also enhanced the publicity effect by displaying campaign banner ads on 32 pages of 18 websites of the related agencies (trade associations), as well as those of local portal, shopping mall and game site operators continuously for 41 days.

By developing and operating a campaign webpage interlinked with the existing personal information protection portal (i-privacy.kr), it enhanced public participation in diverse events, including quizzes and questionnaires, as well as providing information on the ten golden rules of personal information protection for smart phone users and the new system introduced un-

der the IT Network Act. As a result, a total of 102,197 persons visited the website during the campaign and 33,016 persons participated in a free-gift quiz event, while 4,566 persons answered a questionnaire survey.

In addition to such online events, the Commission installed a campaign booth at ‘G-STAR 2013’ (attended by a record high of 188,707 persons), in which 512 local and foreign game developers and related businesses from 32 countries across the world participated, in a bid to intensively publicize the campaign message to Internet users. It also enhanced the publicity effect by disseminating 15,000 campaign leaflets to visitors at the event (14 to 17 November).

Further, the Commission held an interesting creative design contest on the protection of personal information without any restrictions on theme or genre in order to raise public awareness and participation in the campaign. Six out of 238 participating works were finally awarded, including one grand prize (awarded by the chairman of the Commission), two superior work prizes (awarded by the president of KISA), and three encouragement prizes (awarded by the chairperson of the Personal Information Protection Association). The award-winning works are now being used for diverse purposes, including an appearance in a 2014 ad on personal information protection and the cover pages of education materials on the protection of personal information.

e. Generation of a safe environment for the use of location information

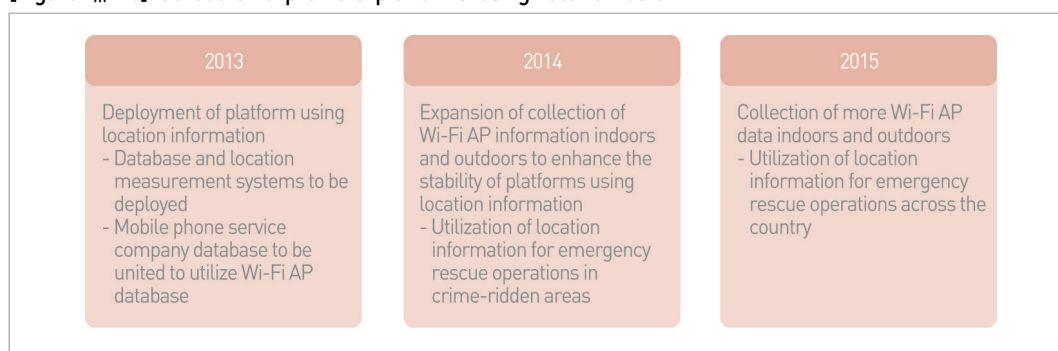
1) Support for the extension of a social safety net using location information

The Location Information Act was amended and promulgated in May 2012 and enforced in November 2012 to enable the national police to utilize the location information of individuals along with the National Emergency Management Agency (NEMA) and the marine police agency (Coast Guard). Incidents involving sexual harassment, violent assault or other felonious crimes are reported to 112, while incidents involving fire, distress or injury are reported to 119. Therefore, crimes that are reported to 112 are more likely to take place indoors and in areas where public order or social peace is vulnerable. The amendment to the Location Information Act is meaningful in that it has provided an institutional foundation for deploying

a social safety network that can protect human life as the police authorities can rapidly locate and rescue people caught up in kidnappings or abductions using their location information and, in so doing, can prevent felonious crimes proactively. Although location information can be utilized extensively for emergency rescue, the accuracy of location information still remains problematic. Cell-based or base-station-based location information is hardly useful because of the great tolerance range involved, while GPS-based location information is limited to outdoor locations only.

The Commission has deployed a pilot platform for using location information to enhance the utilization of location information as part of the social safety network in emergency rescue activities by securing technologies and infrastructure for measuring indoor locations as well considering the situation in Korea, i.e. the proliferation of high-rise buildings and underground facilities. The platform can support emergency rescue operations by providing highly accurate location information utilizing Wi-Fi APs. Once the accuracy of location information based on base stations or GPS has been enhanced by applying Wi-Fi APs more widely, the quality of public services such as emergency rescue or issuance of emergency alarms is expected to improve, while their social costs will be reduced. The pilot project for the deployment of the platform using location information is designed to provide a service with 10 to 30m tolerance in location measurement by 2015 by extending the Wi-Fi AP database (80% reliability in crowded Wi-Fi zones).

[Figure III-10] Schedule to promote platforms using location data



2) Generation of a safe environment for location information usage

The location-based service has been growing along with the rapidly growing smart phone service market since 2010. At present, there are 114 location information providers and 790 location-based service providers. The licensing or reporting of new services is increasing each year.

[Table III-33] Status of location data or location-based service providers (cumulative)

(units : each)

Classification	2005	2006	2007	2008	2009	2010	2011	2012	2013
Location information providers	19	29	36	48	57	74	84	97	114
Location-based service providers	66	88	107	119	148	202	414	551	676
Total	85	117	143	167	205	276	498	648	790

The Commission has staged diverse activities to generate an environment that guarantees the safe and convenient use of location information, including inspections of location information service operators' compliance with the Location Information Act, consultations on new location-based service providers' compliance with the relevant statutes, the provision of support for service operators' efforts to ensure the safe use of location information, and the exploration or development of location-based services. For small-scale location based service providers, the Commission provides counseling and operational support concerning reporting, the preparation of statistics and survey of trends concerning location information, support for the settlement of common difficulties experienced by location information related service operators, the reception of reports concerning illegal service operators, and notification of the related agencies.

[Table III-34] Status of support for location data based service providers

(units : cases)

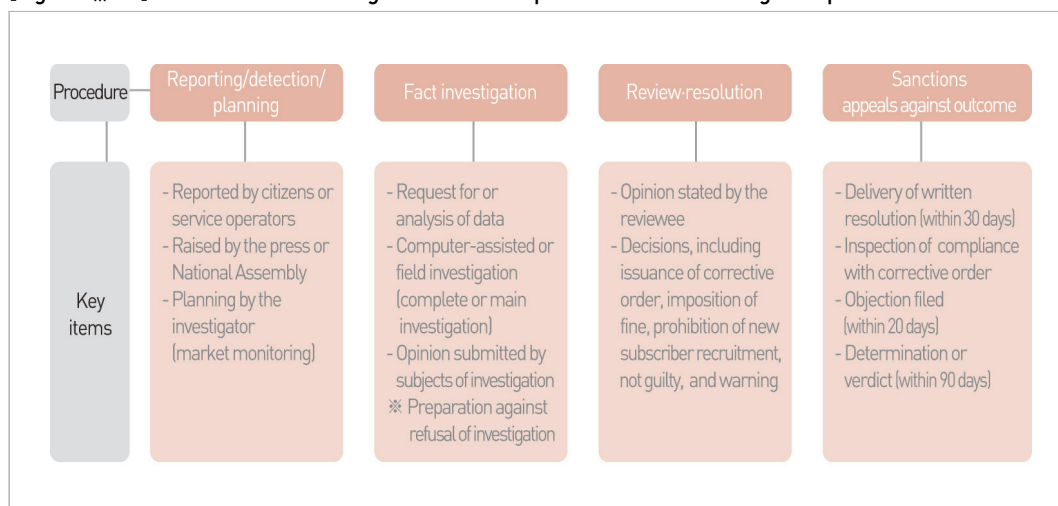
Classification	Jan. 2013	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Support for reporting	402	268	456	412	496	453	449	442	381	411	444	328
Legal support	94	63	107	167	78	74	56	42	34	54	29	32
On-site support	2	1	1	3	2	0	3	2	1	2	5	2
Total	498	332	564	582	576	508	508	486	416	467	478	362

5. Establishment of a fair competition environment in the communications service market

a. Investigation of and imposition of sanctions against prohibited acts

To establish a fair competition environment in the communications service market, the Commission prepared a four-stage procedure for the investigation of and imposition of sanctions against prohibited acts: reporting/detection/planning; fact-finding investigation; review/resolution; imposition of sanctions and/or corrective measures/handling of appeals against the outcome.

[Figure III-11] Procedure for investigation of and imposition of sanctions against prohibited acts



1) 1st stage: Reporting/detection/planning

Reporting/detection/planning is mainly concerned with the processing of reports filed by citizens or service operators. The contents may be presented to the press or the National Assembly. Inspectors conduct self-initiated planning based on market monitoring.

2) 2nd stage: Fact-finding investigation

Facts can be investigated pursuant to Article 51 of the Telecommunications Service Act when it is reported or detected that a telecommunications service operator has committed a prohibited act under Article 50 (1)⁷⁾ of the Act. A fact-finding investigation is divided into (1) requests for and analysis of data, (2) computer-assisted or field investigation, and (3) temporary confiscation of books and vouchers or computers, depending on the type of case involved. When data need be analyzed, either a complete or a sample investigation is selected in advance. A fine of KRW10 million may be imposed on a telecommunications service operator or its owners in the event that it refuses or evades an order for the submission of data or articles or interferes with the investigation.

3) 3rd stage: Review/resolution

The Commission is obliged to listen to an oral or written opinion statement by the reviewee before deciding on a corrective action. The Commission may also undergo such processes as a report of examination by the relevant bureau director or a statement of opinion by stakeholders or experts in the relevant fields, as and when required.

The Commission should review and adopt a corrective action by a majority vote of all its members. It may order an action to be taken against a prohibited act or impose a fine. Sanctions against prohibited acts should be reviewed and determined based on the appropriateness of the actions as provided under Article 52 (1) subparagraph 1 through 10 of the Act. When a decision is made to impose an action falling under subparagraph 1 through 5, 8 or 9, the Commission should seek the opinion of the Minister of Strategy, ICT and Future Planning in advance. The imposition of a fine should be reviewed and decided based on its appropriateness pursuant to Article 53 of the Act.

7) Telecommunications Business Act Article 50 [Prohibited Acts] [1] subparagraph 5: Acts which provide telecommunications services in a manner different from the terms and conditions of useor in a manner which substantially undermines telecommunications users' interests;

[Table III-35] Statutes related to the investigation of prohibited acts and sanctions

◇ **Telecommunications Business Act**

• **Article 52(Measures on Prohibited Acts)**

(1) The Korea Communications Commission may order a telecommunications business operator to take any of the following measures if it deems that a violation of Article 50 (1) has been committed:

1. Separation of the supply system of telecommunications services;
2. Amendment to internal accounting regulations, etc. concerning telecommunications services;
3. Disclosure of information concerning telecommunications services;
4. Conclusion, implementation or change of terms of an agreement between telecommunications business operators;
5. Amendment to the terms and conditions of use and the articles of incorporation of telecommunications business operators;
6. Suspension of prohibited acts;
7. Public announcement of a fact that a corrective order is issued due to prohibited acts;
8. Measures necessary for correcting the violation caused by prohibited acts, such as the removal of telecommunications equipment and facilities;
9. Business process improvement for telecommunications services;
10. Prohibition on the recruitment of new users for up to three months (limited to the cases where a violation is repeated at least three times even though the measures under subparagraphs 1 through 9 have been taken on such violation or where it is clearly recognized that such measures are not sufficient to prevent damage to users);

• **Article 53 (Imposition, etc. of Penalty Surcharge on Prohibited Acts)**

(1) Where any act is committed in violation of Article 50 (1), the Korea Communications Commission may impose a penalty surcharge on the relevant telecommunications business operator in an amount not exceeding 3/100 of his/her profit prescribed by Presidential Decree. (Ellipsis)

◇ **Enforcement Decree of the Telecommunications Business Act Article 46 (Violations Subject to Penalty Surcharge and Amount of Penalty Surcharge, etc.) and attached Table 6**

◇ **Communications Commission Notice 2013-13 (Regulations on the handling of prohibited acts committed by broadcasting and communications services)**

The Commission may impose two or more sanctions together from among those provided under Article 52 (Measures on Prohibited Acts) or Article 53 (Imposition, etc. of Penalty Surcharge on Prohibited Acts) of the Telecommunications Business Act. The Commission may impose a penalty and fine together. When the case is trivial, the Commission may take an action against prohibited acts pursuant to the Regulations on the Handling of Prohibited Acts, including warning (Article 17), re-investigation (Article 18), termination of review procedure (Article 19), not guilty (Article 20), closure of case (Article 21), and discontinuance of review (Article 22).

4) 4th stage: Action based on outcome and filing of an appeal

Lastly, the Commission resolution is delivered within 30 days. An appeal should be lodged within 20 days if the reviewee believes the corrective action to be unacceptable. Then, the case should be re-determined within 90 days.

b. Investigation and correction of unfair acts in the communications service market

Although the broadband Internet service market has maintained a very rapid growth trend since its introduction in 1998, the service operators have tended to promote over-heated competition by offering excessive gift items rather than competition based on service rates or quality since the market became saturated in 2002.

[Table III-36] Status of increase of broadband Internet service subscribers

(units : thousand persons)

Classification	2000	2001	2002	2003	~	2011	2012	2013
Number of subscribers	3,838	7,761	10,405	11,179	~	17,860	18,252	18,737
Fluctuation (%)	-	102.0	34.1	7.4	~	4.0	2.2	2.6

[Table III-37] Status of marketing (exclusive of ad) expenses of three wire communications service operators

(units : KRW1 million)

Classification	2008	2009	2010	2011	2012
KT	164,891	279,370	273,447	156,171	114,985
SK Broadband	303,355	239,812	146,665	128,782	71,404
LGU+	57,309	244,827	361,669	255,483	246,567

Generally, gift items provided by service operators are sometimes nothing more than autonomous marketing means which have a positive effect on competition while providing benefits to service users. However, if they are provided in such a way as to excessively discriminate against certain users, the cost may be attributed to other users, and is thus likely to interfere with rational selection by users. As they also distort competition based on rates or quality and obstruct sound market development, they should be regulated.

Though there exist no grounds for direct regulation of the provision of excessive gift items, the act of a service operator providing gift items discriminating based on users “may fall under one of the acts under the Telecommunications Business Act that harm user benefits unfairly discriminating users. Article 50 (1) subparagraph 5 of the Telecommunications Business Act or Article 42 (1) Attached Table 4 (5) e 1) of the Enforcement Decree of the Act define as a prohibited act “the provision or proposition of rates, numbers, telecommunications service facilities or other economic benefits in such a way as to unfairly discriminate against other users”.

[Table III-38] Relevant clauses of the Telecommunications Business Act

- **Telecommunications Business Act Article 50 (Prohibited acts)**
 - (1) No telecommunications business operator may commit any of the following acts (hereinafter referred to as “prohibited acts”) which undermine or are feared to undermine fair competition or users’ interests, or allow other telecommunications business operators or third parties to commit such acts:
 - 5. Acts which provide telecommunications services in a manner different from the terms and conditions of use (limited to the terms and conditions of use reported or authorized under Article 28 (1) and (2)), or in a manner which substantially undermines telecommunications users’ interests;
- **Article 42 (1) Attached Table 4 (Types and criteria of prohibited acts) of the Enforcement Decree of the Telecommunications Business Act**
 - 5. (Provision of telecommunications services damaging user benefits) Acts involving the provision of telecommunication services in a way that remarkably damages the benefits of telecommunications service users under Article 50 (1) subparagraph 5 shall be include those that fall under any of the following:
 - e. Acts that fall under any of the following related to unfair user discrimination:
 - 1) Acts of providing or proposing rates, numbers, telecommunications service facilities or other economic benefits in a way that unfairly discriminates against other users

c. Stabilization of mobile phone handset subsidy market

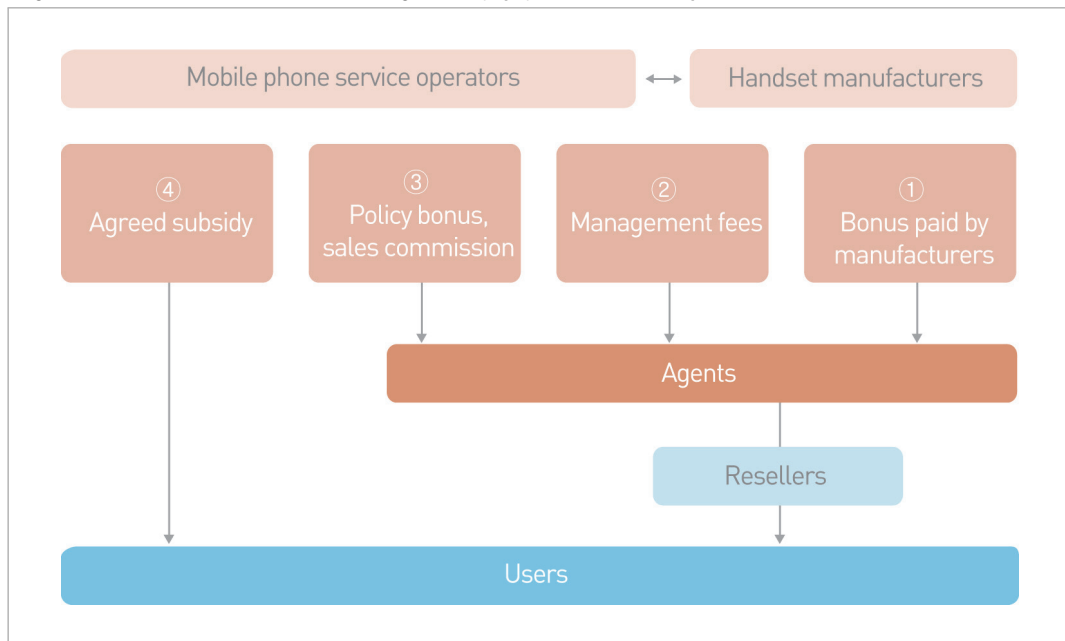
Excessively heated competition tends to recur despite the imposition of sanctions against the payment of unfairly discriminating subsidies since 2008, including the imposition of fines and the suspension of recruitment of new subscribers. Therefore, more aggressive policy-based efforts were required to prevent user discrimination with discriminating subsidy payment while promoting competition based on rates or services to suppress consumptive competition of paying the mobile phone handset subsidy among the mobile phone service operators.

1) Overview and scale of subsidies

‘Subsidy’ here refers to all handset price discounts or cash payments provided to users by the sales networks of the mobile phone service operators. The distributors or sales agents pay subsidies to users using funds provided by mobile phone service operators or handset manufacturers. Mobile phone service operators provide their sales agents with policy subsidy funds, management fees or other funds for subsidy payment not specified in the agreement, while paying an agreed subsidy to users. Some handset manufacturers supply their products to mobile phone service operators at a discounted price in the form of an incentive bonus or pay such a bonus directly to the sales agents.

The mobile phone service operators have paid marketing expenses amounting to approximately KRW six trillion (KRW5.752 trillion in 2011 rising to KRW6.3658 trillion in 2012). Most of these marketing expenses are used to pay the handset subsidy. The agreed subsidy of the three mobile phone service operators amounted to KRW512.3 billion (in 2012). Policy bonus or other non-agreement subsidy funds are estimated to have amounted to KRW3.9 trillion (2012)⁸⁾

[Figure III-12] Structure for determining subsidy payment and sale prices



8) Impossible to calculate the amount of subsidies actually paid by the sales network.

2) Necessity for regulation of the subsidy

The subsidy contributes to the consumer benefit or active market to some extent by reducing the user's subscription cost. However, it was revealed that corrective measures are necessary to address unfair discrimination against users caused by the excessive payment of subsidies by the three mobile phone service operators in a bid to attract subscribers away from their competitors. The subsidy regulation has the following merits and demerits:

[Table III-39] Merits and demerits of subsidy payment

Merits (subsidy of a given level required)	Demerits
<ul style="list-style-type: none"> • Initial subscription cost reduced as users can buy handset at a lower price - Consumer benefit increased - Contributes to active market growth 	<ul style="list-style-type: none"> • Consumer benefit distorted by excessive subsidy competition and payment of unclear subsidy - Sound growth of communication service market obstructed - Benefit distorted as the subsidy is concentrated on certain users only (for user transfer with the number maintained) - Excessive spending on communications service bills - Severe waste of resources, which increases the users' burden - Formation of a competitive market is obstructed

The necessity for regulation of the subsidy is as follows:

First, subsidy causes the problem of illegality and unfair discrimination among users. Though the rate revenue of the mobile phone service operators is paid by all users, consumer benefit or welfare may be distorted by a cross-subsidy as a minority of users is paid the subsidy when they transfer to another service operator while retaining their phone number. The problem of illegality may also arise between users with a fast or slow handset replacement cycle. Further, users may be discriminated against as the subsidy varies among handset purchasers. It may cause a problem in that user predictability is degraded.⁹⁾

9) Chosun-ilbo report issued on 8 March 2013: A store near the East Gate of Seoul pays a subsidy of KRW368,000 to Optimus G Pro, while a store in Jongno, Seoul pays KRW258,000 and an Internet common purchase U-site pays KRW569,000.

Second, the consumptive subsidy competition among the mobile phone service operators may lower both their service rates and their investment surplus. This is because excessive resources are used in consumptive competition when drawing subscribers away from the competitors in a stagnant market that is 100% saturated. Specifically, the marketing expenses of the three mobile phone service operators have increased every year, whereas the net growth in the number of their subscribers has slowed down from 1.74 million (2011) to 1.11 million (2012) or 1.05 million in 2013.

Third, the high rate of subscription based on an excessive subsidy induces excessive communication service expenses. The mobile phone service operators tend to excessively concentrate the subsidy on high-rate subscribers from whom high revenue is expected by selling a handset in combination with a communication service. Thus, the users subscribe to higher service rate schemes in order to purchase the handset at a low price, which inevitably results in excessive communication expenditure. In fact, LTE 62 or higher rate subscribers represent 66.9% of all LTE subscribers (SKT in December 2012). According to a survey conducted by the Korea Consumer Board in February 2013, of 1,511 users, LTE 62 rate subscribers use only 63% of the base allowed voice service, 28.5% of the base text message service, and 56.7% of the base data service.

Fourth, resources are wasted by frequent handset replacement, thus increasing the consumers' burden. As excessive subsidy-based competition among mobile phone service operators causes frequent handset replacement, it results in the problem of increasing household communication expenditure and greater waste of resources. Specifically, frequent handset replacement further aggravates the household burden of communication expenditure as handset prices rose along with the introduction of smart phones. For example, the average handset price increased from KRW620,000 in 2009 to KRW860,000 in 2012. Average household spending on communications appliances rose sharply by 158.1% from KRW25,000 in 2011 to KRW67,000 in 2012. As such, Korea ranked No. 1 in the world with a handset replacement rate of 67.8% in 2012.

[Table III-40] Ratio of 2012 terminal (or handset) replacement in key countries

Classification	Korea	Chile	USA	Uruguay	Bangladesh
Handset replacement rate	67.8% (No. 1)	55.5% (No. 2)	55.2% (No. 3)	53.6% (No. 4)	8.4% (No. 88)

* Source : Strategy Analytics, Market Survey Agency (Report on Mobile Phone Markets in 88 countries, March 2013)

Fifth, excessive subsidy competition obstructs the formation of alternative service markets, including those of inexpensive rate phone services and handsets purchased directly by users. Inexpensive phone service providers (i.e. MVNO Mobile Virtual Network Operators) compete against the existing service operators by offering 20 to 30% lower rates, but their overall competitiveness is restricted by excessive handset subsidies (ex: KRW600,000 to 700,000). This is because the temporary payment of excessive subsidies distorts the users' expectations, limiting their options regarding competitive services for a substantial period. Further, excessive subsidies remove the users' motivation to select a lower-priced handset by damaging its price competitiveness.

In conclusion, it is necessary to correct the structure of resource distribution, which has been distorted by unclear subsidies, by implementing a reasonable subsidy regulation so that consumer benefits may be distributed fairly and transparently. The overall social benefit, rather than that of some consumers, may be enhanced by promoting 'service competition' while suppressing excessive subsidy competition through effective ex post regulation.

3) Status of subsidy regulation

The Commission prohibited the payment of subsidies from June 2000 to March 2008 as a rule as various social damages increased, including excessive spending on handsets, waste of resources, discrimination between existing and new subscribers, and the attribution of costs to existing subscribers. However, the Commission decided to apply ex post sanctions against only subsidy payment discriminating users while still allowing subsidy payments, as the previous regulation provision elapsed in March 2008.

At present, the payment of subsidies is regulated as a prohibited act based on "acts of unfairly discriminating against users," Article 50 of the Telecommunications Business Act.

[Table III-41] Statutes related to regulation of subsidy payments

- ◆ **Telecommunications Business Act Article 50 (Prohibited acts)** (1) subparagraph 5: Acts which provide telecommunications services in a manner different from the terms and conditions of use ... in a manner which substantially undermines telecommunications users' interests;
- ◆ **Enforcement Decree Article 42 (Types and criteria of prohibited acts)** (1) The types and ... criteria of prohibited acts under Article 50 (3) of the Act shall be as indicated in Attached Table 4. (5) e, 1) ... Acts of **providing or proposing telecommunications service equipment** or other economic benefits in **a way that discriminates unfairly against other users**

Though the criteria for unfair user discrimination (the basis for determining illegality) are not specified in the statutes, subsidy payment is determined to constitute unfair discrimination as the cost is attributed to other users if the subsidy payment exceeds the expected per capita income (KRW270,000) computed based on the 2009 Business Report.

Since its inception, the Commission has performed systematic monitoring and implemented a policy-based response to prevent excessive subsidies from degrading consumer benefits, conducted an in-depth investigation and imposed sanctions against unfair discriminatory subsidy payment by three mobile phone service operators on six occasions between 2010 and December 2013.

[Table III-42] Trend of imposition of fines and prohibition of new sales

(units : KRW100 million, persons)

Classification	2010. 09	2011. 09	2012. 12	2013. 03	2013. 07	2013. 12
Fine imposed	18.88 billion	13.67 billion	11.89 billion	5.31 billion	66.96 billion	106.4 billion
Suspension of new subscriber recruitment	-	-	66 days	-	7 days	-

4) Investigation and sanctions related to MVNO services

‘MVNO service’ refers to services that are resold to users by special category telecommunications service operators who use the telecommunications service facilities provided by major mobile phone service operators on a whole-sale basis. To reduce the communication service expenses of the users while promoting competition in the communications service market, the Commission introduced the MVNO system, which offers rates between 20% and 30% less expensive than those of the existing mobile phone service operators, in July 2011.

The three mobile phone service operators of SKT (mandatory wholesale service operator), KT and LGU+ equipped with mobile communications equipment provide their service facilities to MVNOs on a wholesale basis based on Article 38 (Wholesale Provision of Telecommunications Services) (1) of the Telecommunications Business Act. SKT, the mandatory wholesale service operator, is required to conclude an agreement within 90 days of the day on which special category telecommunications service operators request wholesale supply and to report such to the Ministry of Science, ICT and Future Planning within 30 days. At present, a total of 28 MVNOs have concluded wholesale supply agreements (as of July 2013).

[Table III-43] Status of telecommunications service resources by three major mobile phone service operators provided to MVNOs on a wholesale basis

Classification	SKT	KT	LGU+	Total
MVNOs	9 MVNOs (i-Vision, Korea Cable Telecomm, SK Tell-Link, etc.)	10 MVNOs (CJ Hello Vision, Enex Telecomm, Free Telecomm, etc.)	9 MVNOs (Space Net, Merchant Korea, etc.)	28 MVNOs
Legal status	Special category 4	Special category 2	Special category 2	

There are 2.49 million subscribers to the MVNO service (December 2013), representing 4.54% of the total number of mobile phone service subscribers (54.68 million).

[Table III-44] Trend of MVNO service subscribers

(units : 10,000 persons, %)

Classification	December 2011	December 2012	March 2013	June 2013	September 2013	December 2013
Subscribers	40.2	127.6	157.5	182.9	213.2	248.5
Share (%)	0.76	2.38	2.92	3.38	3.93	4.54

It has been evaluated that those MVNO services that are 20% or more less expensive than the existing mobile phone services based on the 3G service have enhanced the users' options. In other words, the MVNOs may provide services whose call quality is identical to that of the major mobile phone services as they use their existing network. The MVNOs actively sell their prepaid services through their website and the sales agents or pay later services through homeshopping channels, depending on the types of services. A survey conducted in April 2013 revealed that they offer an average handset subsidy of KRW70,000 to 100,000.

[Table III-45] Status of key MVNO rate services (3G)

Classification	MVNOs	Existing mobile phone service operators	Compared with mobile phone service operators
Prepaid	Voice KRW3.8/second (i-Vision)	Voice KRW4.8/second (KT)	21% ↓
Standard	Base KRW5,500 + voice KRW1.8 /second (Korea Cable Telecom, Onse Telecom, etc.)	Base KRW11,000 + voice KRW1.8 /second (SKT, KT)	Base rate 50% ↓
Smart phone	Based on basic offering of voice 200 minutes, data 500M and SMS 300 cases		32% ↓
	KRW30,000 (CJ Hello Vision)	KRW44,000 (KT)	

The Commission endeavored to block unfair trading while supporting the promotion of MVNO services so as to induce more reasonable use of mobile phone services. In this connection, from July to September 2013, the Commission attempted to improve the systems while correcting unfair acts by conducting a physical survey of agreements between MNOs and MVNOs.

d. Expansion of routine monitoring

The Commission actively performs proactive preventive activities aimed at deterring excessive heating of the market by steadily monitoring unfair activities, including the payment of subsidies for mobile handsets and the provision of gifts for broadband Internet services. The NIA has monitored the market with a running annual budget (private donation of KRW300 million) since 2009. The Commission plans to increase monitoring samples in 2014, as it was indicated during the 2012 budget review session of the National Assembly that the samples (1,200 sales agents per week) subject to monitoring were too limited to ensure reliability of the indicators. The budget was also increased from KRW300 million to KRW600 million.

6. Generation of a fair competition environment in the broadcasting service market

a. Efforts to eliminate unfair acts in the broadcasting service market

1) Investigation and correction of unfair acts in the broadcasting market

As program providers (PPs) transmit their programs on channels allocated by the system operators (SOs) in the channel trading market, they may be compelled by the system operators to accept unfair deals. As such, the Commission investigates and imposes sanctions against unfair acts, when detected, in cases where SOs act high-handedly towards PPs by exploiting their superior position in the broadcasting channel markets.

The Commission conducted an investigation into a case in which South Incheon Broadcasting paid 50% or 75% discounted rates to OCN and 146 other PPs for their program service in November and December 2012. The investigation verified that South Incheon Broadcasting had cut its payments to PPs by approximately KRW230,000,000 unilaterally, by an official notice on 7 December 2012 that it would pay the 147 PPs only 50% for programs broadcast in November and 25% for programs broadcast in December.

The Commission imposed a fine of KRW14.48 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) upon adopting a resolution that such a unilateral cut of program service fees constitutes a prohibited act and thus violates the Broadcasting Act as it falls 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.

2) Workshop and seminar held to establish a fair environment for broadcasting service and broadcasting advertisement markets

The Commission held a workshop and seminars aimed at developing a fair competition environment for the broadcasting and broadcasting advertisement markets in order to prevent

unfair acts proactively in the broadcasting market and to enhance the prediction of prohibited acts committed by service operators.

In November 2013, the Commission held a workshop to prepare policies for fair competition in the broadcasting market, with over 100 persons in attendance including representatives from SOs (cable, satellite or IPTV broadcasting system operators), PPs and academia. With this workshop, the Commission had an opportunity to explore future development directions of the monitoring programs it had been implementing since June 2013, while reviewing their key details. The attendees discussed key customer complaints while surveying the market trend by holding hands-on training and expert review sessions by area for the purpose of establishing a fair competition environment.

In addition, the Commission held a seminar for generating a fair competition environment in the broadcasting advertisement market in December 2013, in which representatives from broadcasting system operators, broadcasting ad sales brokers, and agents all participated. The seminar was held with the aim of exploring ways of generating a fair competition environment or win-win cooperation among businesses through understanding of prohibited acts concerning broadcasting advertisement. Though discussions among the participating experts in broadcasting advertisement, they explored ways of preparing a virtuous circle system for fair competition in the broadcasting advertisement market and of promoting industry development.

b. Improvement of institutions concerning fair competition and encroachment on viewers' benefits

1) Improvement of service agreement terms and conditions concerning the switch from free event channels to paid services

The Commission, at the request of the National Assembly, analyzed the subscription procedures of adult channels, viewer complaints, and service terms and conditions from May to July 2013. As a result, some SOs provided 'You will be regarded to have agreed to the switching to paid service if no intent is expressed' in the service agreement when they switch an adult channel that has been provided free into paid service or left room for dispute between the service operator and users because their service terms and conditions were not clear.

Thus, the Commission issued administrative guidance recommending that SOs improve any of their service terms and conditions that are disadvantageous to users, and requested the assistance of the Ministry of Science, ICT and Future Planning in improving the service terms and conditions.

2) Improvement of viewer inconveniences related to collective cable TV contracts

As the Commission judged that viewer inconveniences were caused by inadequate methods of notification and termination procedures for subscribers covered by collective cable TV contracts, it conducted an inspection of the collective contracts of the cable TV service operators (in five regions including Daejeon and Changwon) from May to June 2013.

The inspection revealed that viewers covered under a collective TV service contract were not duly informed of the contract details at the time of signing the contract or during the contract period and that they were experiencing inconveniences due to the fact that only the collective housing management office can request termination as it administers viewer information and collects the license fee (by invoicing as a part of apartment house management expenses).

Thus, in October 2013 the Commission announced its proposed improvements of the system so that the SOs would reflect them in their service terms and conditions, as follows: First, individual viewers covered by collective contracts should be periodically notified of the details of collective contracts, billing procedures and termination methods by mail or invoice notations at least twice per year in order to prevent any undesirable practices whereby the service rate is billed or paid while the subscription details remain unknown to the viewers. The Commission also enables individual viewers to terminate their contract by directly requesting the cable TV service operator as well as the management office. In so doing, individual viewers who do not wish to be covered any longer by a collective service contract can now terminate such a contract, while the cable TV service operator must discontinue billing immediately under consultation with the management office when collective contract termination is requested by an individual viewer.

c. Disclosure of financial status of broadcasting service operators

In July 2013, the Commission disclosed the financial status of broadcasting service operators in the fiscal year 2013.

The Commission disclosed the financial status of 359 broadcasting service operators that had submitted their financial information for 2012 out of a total of 373 broadcasting service operators. The survey revealed that broadcasting service sales had increased by 9.8% from KRW1,104.5 billion in 2011 to KRW12,351.2 billion in 2012, whereas net profit had decreased by KRW357.9 billion (or by 27.1%) to KRW963.3 billion.

[Table III-46] Profitability of broadcasting service operators in 2012

(units : KRW100 million)

Classification	Broadcasting service sales			Net profit/loss		
	2011	2012	Fluctuation	2011	2012	Fluctuation
Terrestrial	39,350	39,572	222	2,453	1,995	-458
SO	21,170	23,163	1,993	3,841	4,721	880
PP	46,623	55,480	8,857	6,267	3,106	-3,161
Satellite DMB	954	189	-765	347	-742	-1,089
Terrestrial DMB	130	116	-14	-9	-8	1
Satellite	4,240	4,993	753	313	561	248
Total	112,467	123,512	11,045	13,212	9,633	-3,579

The sales of terrestrial broadcasting services increased by KRW22.2 billion to KRW3,957.2 billion over the preceding year, while net profits decreased by KRW45.8 billion to KRW19.95 billion. The sales of KBS and SBS increased by KRW88.3 billion and KRW33.6 billion over the preceding year, respectively, whereas the sales of MBC decreased by KRW83.6 billion due to a decrease in advertisement sales (KRW-103.8 billion). Meanwhile, multiple program producers posted sales of KRW1,645.9 billion, while general service program providers posted sales of KRW226.4 billion.

[Table III-47] Profitability of key terrestrial broadcasting service operators and PPs in 2012

Classification		Broadcasting service sales (KRW100 million)			Net profit (KRW100 million)		
		2011	2012	Fluctuation	2011	2012	Fluctuation
Three terrestrial broadcasting service operators	KBS	14,157	15,040	883	48	-62	-110
	MBC	8,672	7,836	-836	1,174	801	-373
	SBS	7,021	7,357	336	580	289	-291
	Total	29,850	30,233	383	1,802	1,028	-774
MPP	Terrestrial family	7,057	7,417	360	732	408	-324
	SO family	7,285	9,042	1,757	850	800	-50
	Total	14,342	16,459	2,117	1,582	1,208	-374
General service PPs	MBN	614	628	14	13	-256	-269
	JTBC	83	642	559	-276	-1,326	-1,050
	TV Chosun	69	514	445	-5	-553	-548
	Channel A	80	480	400	-192	-619	-427
	Total	846	2,264	1,418	-460	-2,754	-2,294

d. Deployment of a system for the monitoring broadcasting market

To develop fair competition in the broadcasting market and to protect viewer rights and benefits, the Commission set up the Broadcasting Monitoring Center (BMC) at the Korea Communication Agency (Current Bitmaru Center, Goyang-si, Gyeonggi-do) in February 2013 and conducted a trial monitoring of the broadcasting market's status in May 2013. Five dedicated monitors assigned to MBC's trial monitoring operation checked the daily operations of ninety-six Pay-TV Service operators from the viewers' viewpoint in order to determine whether they discriminate against viewers unfairly by providing excessive economic benefits to certain viewers only, including gift items, or whether they impose excessive penalties for the early termination of a contract.

BMC's trial monitoring operation revealed that IPTV and satellite and other Pay-TV Service operators usually provide cash or financial incentives to attract subscribers, whereas system operators attract a substantial number of subscribers by offering rate discounts. BMC

also surveyed the information provided by the website operated by all of the 96 Pay-TV Service operators, including cable, IPTV, and satellite broadcasting service operators, and the level of convenience felt by users with regard to their service terms and conditions, in addition to phone-based monitoring. Many cases of confusion among users due to complex billing information or the provision of fractional and difficult-to-understand information were confirmed.

Thus, the Commission recommended that deficiencies be reflected in the service terms and conditions, including the (1) augmented provision of information related to types of products, service fee rates by product or agreement, and discount rates; (2) specification and description of key details concerning subscription to or termination of combined broadcasting-communication services; (3) clarification of the criteria applicable to exemption from penalties, temporary suspension of service or damage compensation; and (4) addition of provisions concerning the protection of personal information and children and youth. In addition, the Commission published a summary of service terms and conditions according to which the broadcasting service operators must notify individual users of the key provisions they need to fully understand at the stages of subscription, service, and termination in easy-to-understand terms, tables, figures and other illustrations through their website or e-mail and other diverse means. (Enforced in January 2014)

Section 3

Active support for the creative economy in the age of convergence [between broadcasting and communication]

1. Stabilization of the broadcasting advertisement market

a. Strengthening the public nature of the broadcasting advertisement

In January 2010, the Commission introduced indirect advertisement by amending the Enforcement Decree of the Broadcasting Act as license or advertisement fee rates are not duly raised though investment cost for production of broadcasting programs is increasing due to the switch to digital broadcasting and the intensification of competition.

Indirect advertisement has merit in that it has provided a foundation for increasing the investment surplus for the production of excellent broadcasting programs. However, the universal viewing right and the public nature of broadcasting ads are threatened by excessive indirect advertisement. Statute violation cases related to indirect advertisement increased from 14 in 2011 to 17 in 2012. Therefore, it was necessary to develop plans for improving the review criteria related to indirect advertisement in order to enhance the public nature of broadcasting advertisement and thereby protect the viewing right.

Article 59-3 of the current Enforcement Decree of the Broadcasting Act limits indirect advertisement to entertainment and culture programs, with the exception of programs that require objectivity and fairness, including those for children, or news, current affairs, commentary and discussion. The maximum allowed duration is limited to 5% of the total broadcasting time of the program and the size is limited to one fourth of the screen (one third of mobile multi-media broadcasting programs). Further, indirect advertisement should not affect the contents or organization of the broadcasting programs nor impede the independence or neutrality of programming. Any inappropriate exposure effect is also limited, including any reference to a product or solicitation of its purchase or use. Indirect advertisement is also prohibited on goods whose broadcasting advertisement is prohibited or whose permitted broadcasting duration is limited. Viewers should always be informed by a subtitle message before broadcasting the program in which the indirect advertisement is included.

In June last year, the Commission formed the Research Team for Developing Guidelines on the Operation of Indirect Advertisements in order to clarify the existing review criteria related to indirect advertisement. The team - composed of representatives from broadcasting companies, the Broadcasting and Communication Commission, the Broadcasting and Communication Review Committee, persons involved in advertisement services (Korea Advertisers Association, Advertisement Industry Association, and Media Lab), and experts from academia and NGOs - enacted the final guidelines on the operation of indirect advertisement after holding in-depth discussions and reaching an agreement.

b. Development of foundation for the broadcasting advertisement market

The Commission has been working to improve the broadcasting ad sales system since 2009 in order to introduce a competitive structure in the terrestrial broadcasting ad sales market.

The improvement measure was promoted on the occasion of the filing of a constitutional appeal in March 2006 against Article 73 of the Broadcasting Act and Article 59 of its Enforcement Decree, which allowed only the Korea Broadcast Advertising Corporation (KOBACO) or its subsidiary to act as the sales agency for terrestrial broadcasting ads until the mid-2000s. The Constitutional Court finally ruled that the provisions were incompatible with the Constitution as they infringed “the freedom of job performance” and “the right to equality,” and therefore that the relevant provisions should be amended by 31 December 2009 to ensure a truly competitive structure in the sales market of broadcasting advertisements.

An agreement was reached by discussion at the National Assembly after the improvement directions were prepared in December 2009, following on from review meetings, a roving survey of regional broadcasting stations, and the gathering of opinions on improvement directions from early 2009. The National Assembly plenary session passed the Act on Broadcast Advertising Sales Agencies, etc. on 9 February 2012 and it was finally enacted as promulgated on 22 February 2012.

The newly enacted Act on Broadcast Advertising Sales Agencies, etc. introduced a basic framework for a competitive structure under which privately owned media labs would be allowed the sales agencyship. However, it provided that the broadcasting of advertisements by KBS, MBC and EBS, which are invested in by the government, should be sold through KOBACO only.

General service or multiple program providers were also included in those permitted to entrust sales to media labs. The enforcement date was set to three years from the day on which broadcasting is approved. The maximum equity ownership of private media labs was limited to 40% and a strict regulation on a maximum ownership of 10% was applied to large businesses, daily newspapers and new press companies.

Thus, the sales agency monopoly on broadcasting advertisements was switched to a competition structure. Concerns were raised that the ad sales of regional terrestrial broadcasting service operators and small or medium-sized terrestrial broadcasting service operators would decrease sharply as the previous practice of supporting the combined sales thereof would be discontinued or reduced. In order to calm such fears, it was necessary to develop legal support for small and medium-sized broadcasting companies.

Thus, the Commission publicized the percentages of support for the combined sales¹⁰⁾ of small or medium-sized broadcasting companies by media lab and the scale of support by broadcasting company in order to secure diversity and the public nature of broadcasting services, while stabilizing the financial basis of small and medium-sized broadcasting companies, including religious or regional broadcasting companies.

Originally, the Commission had disclosed a draft regulation via an administrative notice on the public and private media labs eligible for support with combined sales with ad of broadcasting companies in the direction of minimizing changes in the market by maintaining the existing support structure for combined sales.

[Table III-48] Media labs eligible for support with combined sales

Public media labs	Regional MBC, EBS, iFM, KFM, CBS, BBS, PBS, FEBC, WBSI, YTN Radio, English Broadcasting (3 stations)
Private media labs	Regional private broadcasting, OBS

The minimum amount of support for combined sales of individual small and medium broadcasting companies was calculated based on the ratio of total sales of terrestrial broad-

10) Combined sales of broadcasting advertisement: Combined sales of broadcasting ads of small and medium-sized broadcasting companies together with those of KBS, MBC and SBS.

– Broadcasting service operators eligible for support with combined sales: 40 small and medium-sized terrestrial broadcasting service operators, including regional MBC stations and privately-owned regional broadcasting companies.

casting advertisements of media labs during the five immediately preceding fiscal years to the combined sales of the small and medium-sized broadcasting companies. The support sales to newly founded small or medium broadcasting companies in less than five years (OBS, YTN Radio and three English Broadcasting stations) was computed by adding a given percentages (17.3%) to their percentages of combined sales as of 2011 considering that their ad sales steadily increased during the period.

In 2013, the Commission partly amended the average percentages of combined sales by service operators eligible for combined sales (Attached Table 1) and support scale by companies eligible for support with combined sales (Attached Table 2) in its Notice on Support for Combined Sales of Broadcasting Advertisements under Article 20 (Assistance in Combined Sales of Broadcast Advertising) of the Act on Broadcast Advertising Sales Agencies, etc.

[Table III-49] Act on Broadcast Advertising Sales Agencies, etc.

Article 20(Assistance in Combined Sales of Broadcast Advertising) (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.

(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.

In 2013, the Commission publicly notified KOBACO that it should support combined sales by 12.2964% of its sales of terrestrial broadcasting ads and Media Create by 7.9598%. The Commission also published the minimum percentages of support for combined sales by Busan MBC and other individual regional network terrestrial and small or medium terrestrial broadcasting companies.

The Commission inspected the provision of support for combined sales of regional or small or medium broadcasting companies in 2012. It was revealed that KOBACO and Media Create had both satisfied the statutory support percentages.

In addition, the Commission organized the Committee on the Development of Broadcasting Advertisement to enhance the efficiency of its inspections of the provision of support for combined sales and to mediate disputes related to ad sales between broadcasting service operators. The Committee on the Balanced Development of Broadcasting Advertisement, a statutory committee of the Commission, whose formation and operation etc. are provided under Article 23 of the Act on Broadcast Advertising Sales Agencies, etc, is composed of eleven members, including six members recommended by terrestrial broadcasting companies, lawyers, accountants, and related experts.

The members appointed on 10 June 2013 include Yihwan Kim, visiting professor, Chung-ang University Graduate School of Journalism (chair of the Committee;), Seungseon Lee, professor, Chungnam University; Minki Kim, professor, Sungsil University; Dongbok Yang, professor, Nazareth University; Yuntaek Kim, chair, Broadcasting Ad Review Committee of the Korea Broadcasting Association; Hyeonsu Park, professor, Dankook University; Boseop Ahn, professor, Sookmyong Women's University; Heewung Yun, lawyer; Donggyu Seo, accountant; Eunkyeong Han, professor, Sungkyunkwan University; and Dongjun Kim, deputy director, Public Media Research Institute. The Committee is scheduled to perform the tasks of assessing the support provided to regional broadcasting stations or small or medium-sized radio broadcasting companies, mediating disputes related to the allocation of broadcasting ad sales, and reviewing and recommending the basic plan for the balanced development of broadcasting ads to the Commission in the next three years of their service term.

The Commission held discussion meetings among small or medium ad agencies or leaders of ad organizations in order to promote win-win cooperation between small and large ad agencies.

The Chairman listened to the difficulties faced by the industry and diverse opinions on the development of ad service business from the representatives of the ad agencies at a meeting held at the main building of the Korea Broadcasting Advertising Corporation on 16 October 2013. The Commission prepared the groundwork for the 'Plans for Promoting the Broadcasting Advertisement Market' at the Korea Press Center on 29 October by collecting the opinions of representatives of related organizations, including the Korea Ad Agency Association, Advertisers Association, Ad Industry Association, Broadcasting Association, Cable TV Association, Digital Media Industry Association, and the Committee for the Balanced Development of Broadcasting Advertisement.

The Plan for Promoting the Broadcasting Advertisement Market reviewed and recommended by the Committee for the Balanced Development of the Broadcasting Advertisement Market in December 2013 proposed measures aimed at reinvigorating the broadcasting advertisement market, whose autonomy should be guaranteed for advertisement placement in programming by introducing a total-volume based regulation system, while abolishing the existing discretionary regulations by type of broadcasting advertisement, including those on program advertisements, brief commercial breaks, subtitle ads, and time check ads.

In addition, the Plan also recommended that the regulation of paid broadcasting ads based on type should be abolished and that the regulation's consistency should be maintained by clearly defining indirect ads and sponsor notices, and proposed an increase in the total volume of ads considering the differing degrees of media competitiveness between terrestrial and Pay-TV Services.

The Committee for the Balanced Development of Broadcasting Advertisements further recommended that the proposed allowance or loose regulation of advertisements for items whose broadcasting advertisement is prohibited should be carefully implemented under consultation with the agencies responsible for enforcing the related statutes. The Committee further recommended diverse policy ideas for promoting broadcasting ads on regional or small and medium-sized broadcasting entities along with the alleviated regulation on the placement of ads or commercial breaks.

The Committee further proposed that the adequacy of current support for small or medium-sized broadcasting companies divided into public and private media labs should be reviewed again in connection with the changes in KBS 2TV ads following the raising of KBS viewing fees; that the domain of ad sales by media labs should be extended to new media; that a new agency should be founded to support ads by radio stations that provide one-stop support for the promotion of radio ads; that ad sales through ad agencies belonging to business groups should be restricted to a given ratio; that support should be provided for the broadcasting ad sales agency market through the differentiation of ad sales agency fees for small and medium-sized ad agencies; and that an 'Ad Industry Promotion Fund' (provisional) should be founded for the promotion of the ad industry, which is regarded as a driver of the creative economy.

In addition, the Committee suggested that commercial breaks should be allowed on terrestrial broadcasting channels based on the global standards, the principle of the same regulation for the same service, and the promotion of the broadcasting ad market. The Commission plans to continue reviewing diverse alternatives after considering the discussion on the rationalization of KBS viewing fees.

2. Enhancement of competitiveness of the broadcasting and communication industries

a. Laying the foundation for enhanced competitiveness based on assessment of broadcasting and program providers

The broadcasting assessment system inclusively assesses the contents, organization and operation of broadcasting programs transmitted by broadcasting service operators in order to enhance their 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 the broadcasting services, the outcome of which is reflected in the re-licensing (or re-approval) of broadcasting service operators.

The Rules on the Assessment of Broadcasting, amended on 30 December 2011, were applied to the 2013 broadcasting assessment.

Major amendments at that time included ‘assessment items related to the performance of the switch to digital services’ and ‘assessment items related to certified broadcasting equipment.’ Assessment items were also newly introduced for general service PPs that started broadcasting in December 2011.

[Table III-50] Key details of the 5th amendment to the Broadcasting Assessment Rules

- Insertion of new assessment items concerning efforts related to the switch to digital services.
- Introduction of new measure of assessment of investment in certified products among investment in broadcasting technologies.
- Preparation of broadcasting assessment criteria for general service PPs.

[Table III-51] Broadcasting assessment items by sector

Assessment domain	Assessment items
Contents	Quality of programs, compliance with the regulations concerning broadcasting review, and efforts to secure viewer sovereignty.
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.
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 viewers’ rights and benefits, and efforts related to the switch to digital services.

The 2013 broadcasting assessment was conducted as follows: The Broadcasting Assessment Support Group prepared an assessment report based on the information submitted by broadcasting service operators; the Broadcasting Assessment Committee reviewed the report; and the Commission adopted it. On 15 November 2013, the Commission resolved and published the outcome of the assessment on its own website.

As a result, the 2013 broadcasting assessment was performed on 2012 broadcasting contents, programming and operation of 347 channels of 155 service operators. In particular, broadcasting by four general service PPs, one news PP (News Y) and one home shopping channel (Home and Shopping) was assessed for the first time. Furthermore, a new assessment item, ‘efforts to switch to the digital service,’ was introduced and applied for the first time pursuant to the Rules on the Assessment of Broadcasting as amended in 2011.

[Table III-52] Broadcasting service operators subject to assessment in 2012

Classification	Terrestrial			SO	Satellite	PP			Total
	TV	Radio	DMB			Multiple PPs	News PPs	Home shopping PPs	
Number of service operators (Number of channels)	46 +3 (DMB only) (TV 64, Radio 158, DMB 19)			93	1	4	2	6	155 (347)

The Commission adopted an amendment to the ‘Rules on the Assessment of Broadcasting’ on 23 December 2013, which will be reflected in the 2014 broadcasting assessment to be performed in 2015.

The amendment included such key items as ‘enhanced effectiveness of the assessment of the programming of children’s programs’, ‘deletion of penalty deductions from scores for viewer apology’, ‘adjustment of measure of assessing transmission of programs for physically disabled people’, and ‘adjustment of scores awarded for compliance with the relevant statutes’.

More specifically, in order to assess the transmission of children’s programs more effectively, the method of ‘assessment of broadcasting of children’s programs’ was improved to exclude from the assessment children’s programs that are transmitted late at night (i.e. 22:00 to 0700) and which are hence unsuitable for viewing by children.

As regards the ‘deletion of penalty deductions for scores for viewer apology’, penalty points (4 points) of ‘viewer apology’ was deleted as ‘viewer apology’, one of the sanctions provided under Article 100 of the Broadcasting Act, which deducts assessment points from those under the item of ‘compliance with the various review regulations,’ was declared unconstitutional in August 2012. “Deduction (6 points) when sanctions are imposed in parallel” was revised to read “deduction (5 to 6 points) when a ‘warning’ is imposed in parallel.”

As regards the adjustment of the measure for assessing programming for the physically disabled, ‘measure for assessing programming for the physically disabled’ was revised to read ‘to assess programming based on annual and type-based objectives of the Notice on the Guarantee of Access to Broadcasting by the Physically Disabled, including Programming or the Provision of Programs for the Physically Disabled’.

In addition, the assessment scores allocated to compliance with the relevant statutes were also adjusted. The maximum number of points allocated to the compliance with statutes was raised from 30 to 40, whereas the number of points allocated to efforts to set up public order in the circulation of broadcasting programs was decreased from 20 to 10.

In the 2013 assessment, all of the three terrestrial broadcasting service operators were awarded higher scores than in the preceding year as they received a positive assessment for the “efforts to switch to digital services” item. Their rankings over three consecutive years were as follows: KBS1 scored 851.88 points out of a maximum total of 1,000 points; KBS2, 825.46 points; SBS, 796.89 points; and MBC, 786.28 points.

Meanwhile, the assessment rankings of the multiple or general service program providers that were assessed for the first time in 2013 were as follows: JTBC scored 559.63 points out of a maximum total of 700 points; MBN, 554.21 point; TV Chosun, 546.70 points; and Channel A, 542.60 points. All of the four multiple PPs earned a positive assessment for the appropriateness of their disclosure of management information, but their broadcasting of children’s programs was rated as poor and their compliance with review regulations received a low score.

Among MSOs, Hyundai HCN was awarded the highest score, with 456.80 points out of a maximum total of 550 points, followed by CJ Hello Vision, 452.21 points; T-Broad, 452.50 points; CMB, 443.86 points; and CNM, 422.41 points. Most of the SOs were awarded lower

scores than in the preceding year because due to their violation of the Broadcasting Act and low digital switching rate (35.75%), including KBS2TV, which was given a corrective order for a failure to retransmit.

40% of the assessment results were reflected in the relicensing of terrestrial broadcasting service operators in December 2013. 35% will be reflected in the re-approval of multiple PPs in February 2014.

In 2012, an assessment of the contents production ability of PPs was introduced in order to contribute to the development of the local broadcasting contents industry and enhance its competitiveness by exploring policies for the promotion of industrial growth based on an analysis of the outcome of the assessment of their production capabilities.

‘Broadcasting contents production capabilities’ refers to the resources that broadcasting service operators put into the planning, production and distribution of broadcasting contents and their relatively advantageous capabilities over other service operators in terms of the social and economic performance with contents. They are measured in terms of resource competitiveness (human and physical resources), process competitiveness (planning, production and distribution), and performance competitiveness (economic and social performance or achievements). The segmented assessment items are shown in [Table III-53].

[Table III-53] Assessment items of broadcasting contents production capabilities by element

Elements	Segmented elements	Assessment items
Resource competitiveness	Human resource competitiveness	(1) Expertise of contents workforce, (2) development of contents workforce, (3) remuneration of contents workforce
	Physical resource competitiveness	(4) net worth, (5) production cost, (6) intellectual property rights of contents
Process competitiveness	Production competitiveness	(7) production of new contents, (8) production of new technology contents
	Distribution competitiveness	(9) domestic market distribution capabilities, (10) overseas market distribution capabilities
Performance competitiveness	Economic performance competitiveness	(11) domestic market profitability, (12) overseas market profitability
	Social performance competitiveness	(13) compliance with review regulations of contents, (14) assessment of awards won for contents

The assessment was carried out on broadcasting service operators whose main business line is the planning, production and distribution of real-time television broadcasting contents under the Broadcasting Act and the Internet Multimedia Broadcast Services Act. The 2012 assessment published in 2013 covered 114 channels of 85 service operators.

Although the results of the assessment were classified into five grades (excellent, very good, ordinary, poor, and very poor), only the assessment outcomes of service operators who earned ‘very good’ or higher were disclosed. Among the service operators assessed as excellent were sixteen PPs, including PPs belonging to CJ, and three terrestrial broadcasting companies, as well as the independent PP named WOW TV (Korea economic TV). Furthermore, nine CJ-family PPs, including TvN and OCN; four MBC-family companies, including MBC Life and MBC Sports Plus; KBS-family PPs, including KBS Joy and KBSN Sports; and the Taegwang-family e-Channel were all graded as “excellent”.

In addition, 17 out of total 29 independent corporate PPs were graded as ‘very good’, indicating that small and medium-sized channel operators have production capabilities, including investment in contents production personnel, new contents production, distribution at home and abroad, and profitability. The independent corporate PPs Any Box, QTV, JGolf, I.NET, Living TV, e-Daily TV, Welfare TV, MTN, IPSN, FTV, and TV Arte were all graded as ‘very good’

[Table III-54] Outcome of assessment of broadcasting contents production capabilities by grade

Classification	Channel name	Remarks
Excellent	Baduk TV, Super Action, Story On, On Style, Olive Network, WOW TV, eChannel, KBS Joy, KBSN Sports, MBC Drama Net, MBC Life, MBC Sports Plus, MBC Everyone, Mnet, OCN, tvN, XTM	17 PPs (15%)
Very good	National Geographic, Living TV, Welfare TV, View, Any Max, Any Box, Any One, Entertainment TV, TV Arte, On-game Net, Y-Star, e-Daily TV, Channel Ching, Channel CGV, Catch On, Catch On Plus, Comedy TV, Tooniverse, FOX, FTV, I-Golf, I.NET, IPSN, IPTV EBS, JGolf, KBS Drama, MTN, OCN Series, QTV	29 (25%)

Note) Bold font: Independent corporate PP

In May 2013, the Special Prize of the Broadcasting Awards was awarded to small and medium-sized service operators that were graded as ‘excellent’ in the area of production capabilities for their size, based on the outcome of the assessment. Daewon Broadcasting, graded as ‘excellent’ for its production capabilities, received a highly favorable assessment as the

two animation channels (Any Box and Any One) operated by the company were both graded as ‘excellent’ in the category of production capabilities, although they required substantial investment for a small or medium business. TV Arte, also awarded the Special Prize, was recognized for having contributed to the development of a sound broadcasting culture by operating a TV channel specializing in culture and arts broadcasting although it is a small business.

The outcome of the production capability assessment was converted into 10 out of 100 total and reflected in the review of support for the production of broadcasting programs in 2013. The Commission plans to gradually raise the rate of reflection in the review of applications for support for production and for public channel allocation under consultation with the Ministry of Science, ICT and Future Planning. The accumulated assessment outcome data will be utilized as base data for promoting the contents industry.

b. Support for the distribution of animation contents

The economic value of animation contents is growing rapidly in the contents market. The TV animation industry, which has been greatly influenced by animation works from Japan and the USA, has proven its growth potential with the recent success of Porong Porong Pororo.

The global animation market, which was worth US\$13.8 billion (approximately KRW15 trillion) in 2011, is led by the USA (world No. 1, US\$5.4 billion), which accounted for 39.1% of the global market, followed by Japan (world No. 2, US\$1.79 billion), which accounted for 12.9% of the global market.

The Korean government has driven the development of the contents industry by including animation in its priority tasks for developing Korea into the world’s most powerful ICT country.

Following the introduction of the system of programming new animation works in 2005, the sales of the domestic animation industry increased by 2.3 times by 2011 compared with 2005. The number of producers also increased 1.7 times, showing that the industry is growing actively, having made the transition from subcontracting for foreign animations to domestic production.

The Commission has indirectly supported growth of the industry by introducing a system requiring the extended programming of animation programs. Key promotional efforts include the surveying and analysis of new programming practices by broadcasting service operators, the promotion of improvements of the programming system through the collection of opinions from service operators and the holding of discussion meetings among experts, and the introduction of an enhanced mandatory programming system.

As the Enforcement Decree of the Broadcasting Act and the ‘Notice on the Programming of Broadcasting Programs’ were amended in 2012, the mandatory programming of locally produced animation programs was extended from existing terrestrial broadcasting entities to multiple PPs and PPs specialized in programming 50% or more animation programs in a year in addition to the terrestrial broadcasting service operators. Different rates were applied for the mandatory programming of new animation programs by multiple PPs based on KRW50 billion broadcasting sales and by independent PPs based on KRW5 billion sales. It was also provided that a weighted value of 150% was to be granted to the programming of locally produced animation programs during peak viewing hours by taking into consideration existing examples of weighted value previously granted.

[Table III-55] Mandatory rate of animation programming

Classification	Broadcasting statutes	Terrestrial broadcasting	Multiple PPs or animation PPs
Programming of domestic animation programs	Article 71 (2) of the Act, Article 57 (2) of the Decree, Paragraph 3 of Notice	40% or more of animation programs	30% or more of animation programs
Programming of new animation programs	Article 71 (3) of the Act, Article 57 (4) of the Decree, Paragraph 4 of Notice	1% or more of total no. of broadcast hours	0.3 to 1% of total no. of broadcast hours

[Table III-56] New mandatory programming ratio of domestically produced animations

(units : %)				
General service or multiple program providers	700 or more	700~600	600~500	Less than 500
	1	0.7	0.5	0.3
Specialized PPs	200 or more	150~200	100~150	50~100
	1	0.8	0.6	0.3
				제외

The Commission analyzed the data related to the programming practices of new animation programs submitted by broadcasting service operators from January to June 2013 in order to improve the system for programming animation programs by forming a research team dedicated to improving animations, organization and operation of a dedicated team, collecting opinions from broadcasting service operators, producers and experts, and holding a discussion meeting about increasing their distribution or programming.

An issue was raised with regard to the fact that the broadcasting service operators broadcast animation or other children's programs late at night when children cannot watch them (i.e. between 22:00 and 07:00 hours). Thus, the Commission amended its Rules on the Programming of Broadcasting Programs on 3 December 2013 and enforced the amendment on 1 January 2014, excluding late night showings of children's programs from the assessment of programming in a bid to induce operators to broadcast animation programs at suitable viewing hours for children.

To help the broadcasting service operators to include more animation programs in their programming, the Commission increased the 2014 budget for support for their production by EBS to KRW2.4 billion, i.e. a twofold increase over 2013, following a budgetary review by the Ministry of Strategy and Finance. The budget handled by the Ministry of Science, ICT and Future Planning for the production of animation programs by broadcasting service operators in 2013 was increased three times, from KRW0.7 billion to 2.0 billion.

With such financial support, an ecosystem consisting of a virtuous circulation structure will be generated through the growth of the animation industry and distribution, while more animation programs will be broadcast on TV channels.

Furthermore, the broadcasting service operators will be able to invest in programs that can induce a certain audience ratio. It is further expected that the animation industry will develop more efficiently while competitive works will be steadily produced.

c. Development of plans for promoting outsourced production

The policy on the mandatory programming of outsourced programs (originally introduced in 1991) has contributed to the diversification of production entities of broadcasting programs and the creation of jobs. In the case of the drama genre, where outsourced production is move actively carried out in Korea, large-scale outsourced producers have grown and acquired competitiveness in negotiations with broadcasting service operators. They have also contributed to the growth of Korean culture by exporting their programs overseas.

However, some small and medium-sized outsourced producers have caused problems, including disputes related with copyrights, unfair transactions with broadcasting service companies, and defaults on appearance fees.

Therefore, the Commission has explored ways of fostering an environment in which broadcasting service companies and outsourced producers can survive together by organizing a win-win council composed of representatives from the government (permanent members), broadcasting service companies, drama producers, independent producers, and experts.

Furthermore, the Commission chairperson listened to the difficulties of performers, extras and staff members by personally visiting various outsourced production sites such as MBC Yongin Dramia and the SBS Ilsan Production Center.

In August 2013, the Commission developed a standard contract under consultation with the Ministry of Culture, Sports and Tourism in order to establish a fairer transaction environment, in order to eliminate copyright disputes between broadcasting service companies and outsourced producers. In other words, the Commission prepared the foundations for a win-win environment by eliminating problems related to defaults on appearance fees by introducing performance bond insurance while sharing copyright income according to the degree of an entity's contribution to a given production.

The Commission further acted to prevent the fraudulent outsourcing of programs by holding an advisory committee on the certification of outsourced productions in July and August, after introducing the criteria for certifying outsourced production in February 2012, in order to improve the clarity of regulations related to outsourced production.

In July, the Commission also proactively prevented defaults on appearance fees while improving the poor financial structure of the outsourced producers by inspecting the performance of MOUs between broadcasting service operators and producers' associations concerning the protection of performers, the sharing of revenues from indirect advertisement, and the sharing of original films. The Commission utilized the outcome as base data for resolving disputes between broadcasting companies and outsourced producers.

The Commission plans to prepare a legal safeguard to protect the outsourced producers facing poor conditions by proposing an amendment to the Broadcasting Act (bills by the government and National Assemblyman Changsik Park) which includes the outsourced producers in the parties subject to dispute mediation and provides for types of prohibited acts.

[Table III-57] Details of the proposed amendment to the Broadcasting Act provisions on types of prohibited acts

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- ※ The bill proposed by the Government (30 November 2012) and the bill proposed by National Assemblyman Changsik Park (18 July 2012): Pending at the Media and Broadcasting Committee bill review subcommittee
- Disputes between broadcasting companies and outsourced producers to be added to those subject to mediation by the Broadcasting Dispute Mediation Committee.
 - Outsourced producers to be allowed to sell indirect ad services.
 - Unfair trading between broadcasting companies and outsourced producers to be added to the provision on prohibited acts.
-

d. Strengthening international cooperation in the broadcasting and communication fields

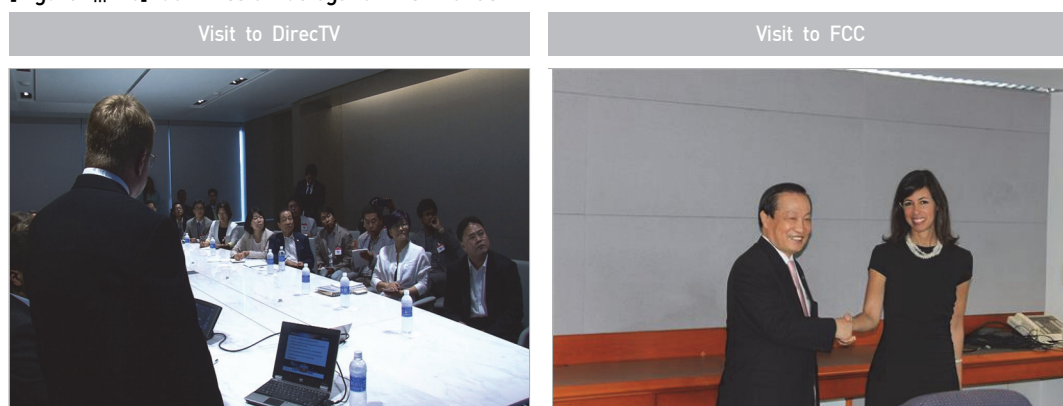
1) Inter-governmental cooperation activities in the broadcasting and communication fields

The Commission has endeavored to strengthen the infrastructure for international cooperation with foreign governments and international organizations in the broadcasting and communication fields. It has actively supported cooperation and exchange activities with the aim of enhancing capabilities to respond to various pending international issues. The Commission has steadily promoted cooperation and exchange in the diverse fields of broadcasting and communication by discussing MOUs intended to strengthen cooperation in broadcasting and communication, while sharing advanced examples and policy experiences through high-level inter-

views with the governments of key partner countries and international organizations. Further, the Commission has also developed effective strategies by exploring new agenda while promptly reviewing and addressing various pending issues at international organizations by holding international conventions.

In July 2013, the KCC delegation visited the USA (FCC, DirecTV, Time Warner etc.), to learn best practices being exercised in the dispute settlement over retransmission by terrestrial stations and the introduction of UHD TV. During the visit, the KCC chairperson encouraged high-ranking officials including Vice Chairman Dan York of DirecTV(the largest satellite broadcasting service operator in the US) to carry programs from Arirang TV, Korea's international TV station. After five months of negotiations with DirecTV, it decided to include Arirang TV as part of its basic package, and Arirang TV was finally selected as a public service channel(First broadcast on 20 February 2014). With the advancement of Arirang TV to US, Korea's national profile is expected to be enhanced as the programs will serve as a role in having Americans be familiar with the Korean culture. The Commission also plans to expedite the worldwide diffusion of Korean culture by supporting the Korean broadcasting programs to be carried through foreign satellite platforms.

[Figure III-13] Commission delegation visit to USA



In addition, the Commission surveyed examples of overseas policies by visiting the key partner governments of Japan, Australia and Indonesia, including policies concerning the introduction of the UHD TV service and the operation of public broadcasting service operators, and also discussed ways of promoting cooperation, through exchanges of broadcasting contents, overseas joint productions, and the conclusion of MOUs on cooperation.

[Table III-58] Status of key cooperative activities for broadcasting and communication among governments

Classification	Period/country	Key contents
Visited the Ministry of Information and Society, Romania, and attended the MWC 2013	21~27 Feb. Romania and Spain	<ul style="list-style-type: none"> Visited the Ministry of Information and Society and the National Video/Audio Committee, Romania, to share policy experiences of the two countries in interviews. Attended the MWC to survey the latest trends.
Discussion on mutual co-operation in broadcasting and communication with Taiwan	8~30 May, Taiwan	<ul style="list-style-type: none"> Attended the speech at National Politics University, Taiwan and introduced Korean media trends. Shared policy experiences with the Taiwan Communications Commission, academia, and broadcasting and communication experts.
Increased cooperation with US FCC and related agencies	24~30 July, USA	<ul style="list-style-type: none"> Discussed broadcasting-communication policy directions and ways of promoting mutual cooperation with executive members of the FCC, the US government department in charge of broadcasting and communication. Visited key global broadcasting-communication businesses such as Walt Disney, Time Warner and DirecTV to survey global industry trends and strategies for addressing changes in the broadcasting and communication environment.
Increased cooperation with Japanese ministry in charge of broadcasting and communication, and related agencies	9~11 September, Japan	<ul style="list-style-type: none"> Shared broadcasting-communication policy experiences of Japan and Korea, including the use of the UHD TV-700MHz frequency with the Vice Minister of the Ministry of Government Administration and other related officials. Surveyed the global trends of broadcasting and communication regulation during visits to NHK, Japan Cable TV Union, and local related agencies.
Increased cooperation with Australian ministry in charge of broadcasting and communication, and related agencies	1~ 5 December, Australia	<ul style="list-style-type: none"> Shared broadcasting-communication policy experiences and an MOU on cooperation, including the introduction of UHD TV and retransmission on terrestrial channels, with the chairman of ACMA, the Australian government agency in charge of broadcasting and communication. Discussion on fair broadcasting, operational status and cooperation on broadcasting contents during visits to key broadcasting companies, including ABC, SBS, and TV Korea.
Increased cooperation with Indonesian ministry in charge of broadcasting and communication and other related agencies	9~13 December, Indonesia	<ul style="list-style-type: none"> Discussed broadcasting-communication policy directions and ways of securing mutual cooperation with the Vice Minister of the MTI, the ministry in charge of broadcasting and communication, and KPI. Surveyed the globalization strategies of broadcasting and communication businesses in the Asia Pacific region, with a view to their reflection in Korean policies, during visits to local broadcasting-communication agencies, including TVRI and INDOSAT.

In addition, the Commission strove to enhance Korea's status as a leading nation in the broadcasting and communication fields by laying foundations for long-term regional cooperation through discussions on current pending issues and for cooperation in broadcasting and communication in interviews with the high-ranking policy makers of key partner countries, international organizations, and related agencies who visited Korea. The Commission also plans to establish an environment that is favorable to the diffusion of Korean broadcasting and communication services overseas by securing a foundation for friendly cooperation with foreign countries and by actively deploying an infrastructure for greater international cooperation in the future.

[Figure III-14] Cooperation with foreign representatives of the broadcasting and communication industry



[Table III-59] Key cooperative activities with foreign visitors

Interviewees	Date	Key contents
Estonian National Assembly	7 February	<ul style="list-style-type: none"> Discussed ways to promote cooperation in the broadcasting and communication areas with Ene Ergma, Estonian National Assembly Speaker, and his group, including pending ICT issues and sharing of policy experiences in the cyber security domain.
Vice President of Liberia	6 May	<ul style="list-style-type: none"> Discussed with Vice President Joseph Boakai of Liberia and his group on ways of promoting cooperation in broadcasting and communication, including the sharing of current status and policy experiences.
Chairperson of the Thai Communications Commission	24 May	<ul style="list-style-type: none"> Discussed ways of promoting cooperation in broadcasting and communication with Tales Punsli, Chairperson of the Thai Communications Commission, and his group, including the sharing of current status and policy experiences.

Interviewees	Date	Key contents
Vice chairperson, of the Mongolia Broadcasting and Communication Regulation Committee	1 October	<ul style="list-style-type: none"> Shared policy experiences and discussion of ways of securing co-operation in broadcasting and communication with Munkbat Buandelgo, Vice Chairperson of the Mongolia Broadcasting and Communication Regulation Committee, including the current status of broadcasting and communication in the two countries, co-operation on digital conversion, and the market status of broadcasting and communication.
Director, Australian Communication Media Administration	14 October	<ul style="list-style-type: none"> Discussed ways of promoting cooperation in broadcasting and communication with Chris Chapman, Director of ACMA, including the sharing of current policies for broadcasting and communication, joint production of broadcasting programs, and exchange of broadcasting contents.
Chairperson, Mongolia Broadcasting and Communication Regulation Committee	14 October	<ul style="list-style-type: none"> Discussed ways for cooperation on broadcasting and communication policies with Balgansuren Basuk, Chairperson of the Mongolia Broadcasting and Communication Regulation Committee, including the exchange of broadcasting contents and joint production of broadcasting programs.
Executive member of the Thai Communications Commission	14 October	<ul style="list-style-type: none"> Shared policy experiences and discussion of ways of promoting cooperation in broadcasting and communication with Sutipon Tabichaiyagam, executive member of the Thai Communications Commission.
Admin Vice-Minister, Brunei Broadcasting and Communication Ministry	16 October	<ul style="list-style-type: none"> Discussed ways of securing cooperation between two agencies with Abdul Motalip Yusop, Admin Vice-Minister of the Brunei Broadcasting and Communication Ministry, including the sharing of policy experiences in broadcasting and communication, and the protection of users.
Chairperson of the ICT Committee, Dominican Republic	17 October	<ul style="list-style-type: none"> Discussed ways of securing cooperation between the two agencies with Jedeon Santos, Chairperson of the ICT Committee, Dominican Republic, including the sharing of measures for promoting broadcasting and communication services and policies for the protection of users.
Vice chairperson of the Thai Communications Commission	25 October	<ul style="list-style-type: none"> Discussed ways of promoting cooperation with Nati Sukonrat, Vice Chairperson of the Thai Communications Commission, and his group, including the sharing of policy experiences in broadcasting and communication, digital switching, and an MOU between the two agencies.
Indonesian Parliamentary delegation	6 November	<ul style="list-style-type: none"> Introduced Korean legislation and policies related to public broadcasting and discussion of ways of increasing exchanges of policy and broadcasting experts between the two countries with Tantowi Yaya and seven other members of Indonesia's National Assembly.
Minister, China National Internet Information Service	10 December	<ul style="list-style-type: none"> Discussed ways of increasing exchanges on broadcasting and communication policy with Minister Luwei of China's National Internet Information Service and his delegation, including the improvement of Internet culture and the protection of personal information.

2) Holding international organization meetings and addressing the agenda

In October 2013, the Commission, together with the ITU, held the Asia-Pacific Regulator Round Table, a forum designed to allow the broadcasting and communication regulation agencies of the 38 ITU member countries to exchange information on key pending issues and discuss ways of promoting regional cooperation. The 1st such meeting was held in Melbourne, Australia, followed by the 2nd meeting in Hyderabad, India. The 3rd meeting, held in Seoul in 2013, was participated in by high-ranking policy makers and fifty-three experts, including the chairperson of the Korea Communications Commission and the heads of the broadcasting and communication regulation agencies of twenty-five countries in Asia Pacific region. The Round Table meeting included active discussions on current pending issues and policy directions related to broadcasting and communication in the Asia Pacific region, and the sharing of the participating countries' policy experiences concerning the roles of broadcasting and communication regulation agencies, the protection of consumers in a highly competitive environment, and cooperation in regulatory services, all under the theme of 'Consumer Protection in the Digital Age'.

[Figure III-15] The Asia-Pacific Round Table Conference on Regulations hosted by the Korea Communications Commission and the ITU



In addition, the Commission ran international training programs for ITU member countries and section members in the Asia Pacific region along with the 2013 Asia Pacific Regulator Round Table Conference. The training program was participated in by forty-five intermediate or high-ranking officials from ITU member countries in the Asia Pacific region who had pre-

viously attended the 2013 Asia Pacific Regulator Round Table. Under the theme of ‘Realizing the Smart Society’, the Commission introduced Korea’s experiences in the development of broadcasting-communication convergence services and shared examples of various different countries, and laid foundations for building a mutual cooperation with the key countries participating in the training program, including Australia, Thailand, and Mongolia.

Meanwhile, the Commission contributed to the success of the Cyber Space Conference hosted jointly by the Ministry of Foreign Affairs and other government ministries in Seoul in October 2013. The first Cyber Space Conference, which served as a forum for inclusively addressing key issues in cyber space, was held in London, UK, followed by a second conference in Budapest, Hungary. The third Cyber Space Conference, held in Seoul, provided a forum for diverse stakeholders, including representatives of key countries’ governments, international organizations, NGOs, private businesses, and academia, to share their experiences and discuss ways of cooperating on economic growth and development, social and cultural benefits, cyber security, national security and the prevention of cyber-crime, and the enhancement of capabilities under the theme of ‘Global Prosperity in Safe, Open Cyber Space’. The Commission also presented its position on the agenda concerning ‘Personal Information Protection and Ethics’. Meanwhile, Daehee Kim, one of the standing commissioner of the KCC, hosted Plenary Session 4, which summarized the panel meeting agenda, and played a significant role in staging a successful event by fully demonstrating his expertise and international awareness as an executive member of the Commission.

[Figure III-16] Plenary Session 4 of the Seoul Cyber Space Conference



e. South-North Korea exchange and cooperation in broadcasting and communication

1) Operation of the South-North Korea Committee for Promoting Exchange in Broadcasting and Communication

The South-North Korea Committee for Promoting Exchange in Broadcasting has been operated since its inception in 2001, when the Commission was named the Korea Broadcasting Commission, to promote mutual understanding and to recover the sense of social and cultural kinship between South and North Korea through cooperation in broadcasting services. In May 2011, the Commission expanded the existing South-North Korea Committee for Promoting Exchange in Broadcasting to the South-North Korea Committee for Promoting Exchange in Broadcasting and Communication in an effort to reform the committee. It is now being operated with participating experts in broadcasting, communication, and South-North relations.

In May 2013, the Commission formed the 3rd Term South-North Korea Committee for Promoting Exchange in Broadcasting and Communication which includes 18 government and private experts in broadcasting, communication and South-North relations. The new committee was composed of Broadcasting and Communication subcommittees considering their expertise. As many as six meetings were held in 2013 (including two subcommittee meetings), meanwhile the committee discussed pending issues in broadcasting and communication between the two Koreas and researched and explored projects whose promotion with priority is highly feasible.

2) Seminar on South-North Broadcasting-Communication Policies

The Commission held the Seminar on South-North Broadcasting-Communication Policies in December 2013 with only South Korean authorities and experts, not a joint seminar given the strained relation between the North and South. During the seminar, representatives of the government and private sector, and experts in South-North relations discussed ways of promoting cooperation with North Korea in preparation for improved relations in the future, while reviewing the status of cooperation between South and North Korea in the field of broadcasting and communication.

The 2013 Seminar on South-North Broadcasting-Communication Policies reviewed the current status of South-North cooperation and forecast potential changes in relations between the two countries, and discussed diverse indirect exchange plans, cultural exchanges and the dispatch of experts, including education and academic exchanges, popular performance, and joint production. The Commission plans to make efforts to recover a sense of national kinship through broadcasting and communication while pursuing feasible cooperation in broadcasting and communication, seeking the medium to long-term vision to prepare for a possible reunification through the South-North Broadcasting and Communication Exchange Promotion Committee and related seminars.

f. System improvement and promotion of the location information industry

The Commission has endeavored to create the conditions for promoting services using personal information, including location information services, via the secure use of personal information.

To that end, the Commission attempted to eliminate the uncertainty of businesses concerning the use of new types of personal information by developing guidelines so that new services using big data and other similar types of information can utilize personal information according to transparent procedures. The Commission alleviated the entry regulation by amending the Act on the Protection and Use of Location Information to exempt licensing or declaration for location data services that do not use personal information. The key details of the amendment are shown in [Table III-71]. The bill for a partial amendment to the Act on the Protection and Use of Location Information, which was reviewed and adopted by the Commission, was submitted to the National Assembly on 27 December 2013.

[Table III-60] Details of the proposed amendment to the Act on the Protection and Use of Location Data

Proposed amendment bill	Key contents
Alleviation of regulation on entry into location information services (Bill Article 5 (1) provision and Article 9 (1) provision to be inserted)	<ul style="list-style-type: none"> Currently, all services that use location information are required to obtain a license (location information service business) or declare (location based service business) regardless of personal location information or location information of things. The bill proposes an amendment to the Act so that service operators that do not handle personal information (location of specific persons) and there-

	fore are not feared to infringe privacy should be exempted from requirements for licensing or declaration to promote the location information industry (ex: Information service of current location of city local buses and their estimated arrival time).
Negative regulation system to be introduced for licensing of services (Bill Article 5 [8], Article 7 [1] latter paragraph, and Article 8 [4] to be newly inserted)	<ul style="list-style-type: none"> • Regulation should remain in place for cases that fail to satisfy the licensing review criteria in service business licensing, or authorization of the transfer of business, corporation merger, division, approval of service suspension or discontinuance.
"Immediate notice every time" provision to be alleviated in cases of providing third party with personal location information (Bill Article 19 [3] provision and [4] to be newly inserted)	<ul style="list-style-type: none"> • Service operators are currently required to notify each customer immediately every time they "provide a third party designated by the customer with the location information of the customer." - The amendment is being proposed to allow notification in bulk by accumulating the notices for a given period if requested by the customer.
Improvement of institution for prompt emergency rescue (Bill Article 30-2 to be newly inserted)	<ul style="list-style-type: none"> • When an emergency rescue agency inquires about location information, family relations certificates and other documents are currently submitted to check the relationship between "the person who declares" and "the person to be rescued." - Grounds are to be provided for the emergency rescue agency to promptly check the family relationship by directly querying the family relations register data online.
Provision of grounds for requesting submission of data and corrective actions (Bill Article 36-2 and Article 36-3 to be newly inserted)	<ul style="list-style-type: none"> • Grounds to be provided for the Commission to request the service operators to submit information for the investigation of violations of the Location Information Act, or to order corrective actions against the service operators that violate the law to prevent further violation.
Reflecting the adult or limited guardian system under the amended Civil Act (Bill Article 6 [1] 1)	<ul style="list-style-type: none"> • Currently, minors, and incompetent or quasi-incompetent persons are not allowed to become officers of any location information service business. This is proposed to read: "minors or those under adult or limited guardianship shall not become officers of a location information service business."

The key contents of the proposed amendment introduced (1) "a location information service business or location-based service business that does not handle personal location information shall be exempted from licensing or declaration"; (2) "a negative regulation system is to be introduced for the licensing of location information service business, or authorization of the transfer of business, corporation merger, division, or approval of service suspension or discontinuance (allowance in principle, prohibition the exception)." The amendment further proposes that (3) the current provision that service operators are currently required to notify each customer immediately every time they provide a third party designated by the customer with location information of the customer is to be amended to exempt them from the notification obligation when the user discloses his own location information to a third party and further proposes to allow notification in bulk by accumulating the notices for a given period if requested

by the customer. In addition, the amendment introduces a new provision for the Commission to request service operators to submit information for the investigation of a violation of the law or a grade of violation.

Further, in June 2013, the Commission had KISA hold the “LBS-based¹¹⁾ App & Web Competition” to explore and support creative ideas and services using location information. The LBS-based App & Web Competition, started in 2011, selected five applications in 2013. Diverse revenue generating programs applied for support, including those for business networking, support together with investors, and legal counseling. Two of them are currently in negotiations for equity investment of KRW5 billion.

Various works were presented for the 2013 competition, and BikeSearch by Nine Lab was selected as the winner. BikeSearch is a bicycle registration service that enables users to easily register, query and report a missing bike by smart phone using the location information thereof. When the bicycle frame number is registered on the smart phone application, its registration status can be checked. As the system is based on location information, the user can report a stolen bicycle by entering the location and time for real-time reporting on the spot. The application has been highly evaluated as it enables the user to check information concerning all stolen bicycles in the surrounding area on one screen.

Meanwhile, the Commission issued the 18th and 19th location information service licenses in 2013. The 18th license was issued in July following a briefing session and review in May, while the 19th license was issued in December following the receipt and review of the application in October. The review criteria include ‘feasibility of the business plan and appropriateness of the financial structure’ (30 points), ‘appropriateness of facility scale and technological capabilities’ (30 points) and ‘the plan for protective action’ (40 points).

11) Location-Based Service: Search of good nearby restaurants, inquiries about the location of children or elderly people, weather information service at my location, etc.

A decorative graphic in the top right corner of the page. It features a series of orange dots of varying sizes arranged in a curved, upward-sloping path. Interspersed among these dots are several circular icons: a blue television, a light blue satellite dish, a green Wi-Fi symbol, a blue padlock, and a green computer monitor with a cursor arrow. The overall style is modern and clean.

Appendix

1. Financial Statements 2013
2. The List of General Meetings and Agenda
Items of KCC in 2013
3. 2013 Monthly Major Achievements
4. Broadcasting and Telecommunications
Industry in 2013 by Sector

Appendix

1. Financial Statements in 2013

■ Budget Execution in 2013

[Appendix Table 1] Budget Execution in 2013

(units : KRW1 million)

	Category	Budget (A)	Real Budget (B)	Actual (C)	Rate Execution (%) (C/B)
Income	Total	1,204,180	1,204,180	1,234,931	102.6
	General accounting	31,603	31,603	93,549	296.0
	Broadcasting and Telecommunications Development Fund	1,172,577	1,172,577	1,141,382	97.3
Expenses	Total	1,224,096	1,224,096	1,190,637	97.3
	General accounting	51,519	51,519	49,255	95.6
	Broadcasting and Telecommunications Development Fund	1,172,577	1,204,950	1,141,382	94.7

Note 1: According to the government reorganization (Mar. 23), general accounting is the revenue and expenditure under the management of the Korea Communications Commission, with the special accounting for innovation city construction transferred to the Ministry of Science, ICT and Future Planning.

Note 2: According to the government reorganization (Mar. 23), the Broadcasting and Telecommunications Development Fund is under the co-management of the Korea Communications Commission and the Ministry of Science, ICT and Future Planning, with the income and expenditure making up the total amount of fund.

■ Broadcasting and Telecommunications Development Fund

(1) Assets and Liabilities

[Appendix Table 2] Assets and Liabilities of Broadcasting and Telecommunications Developing Fund

(units : KRW 1 million)

Classification	2013(A)	2012(B)	Change (A - B)	
			In amount	In % rate
Assets	783,388	646,524	136,864	21.2
Liabilities	581,466	380,120	201,346	53.0
Capital	201,922	266,404	△64,482	△24.2

Note: The position statement is the total amount of fund as of Dec. 31, 2013.

(2) Income and Expenses

[Appendix Table 3] Income and Expenses of the Broadcasting and Telecommunications Developing Fund

(units : KRW 1 million)

Classification	2013(A)	2012(B)	Change (A - B)	
			In amount	In % rate
Net program costs	519,549	445,354	74,195	16.7
Costs	3,953	3,675	278	7.6
Income	457,695	436,463	21,232	4.9
Result	65,807	12,566	53,241	423.7

Note: The fiscal management table refers to the total amount of fund as of Dec. 31, 2013.

■ Budgets and Expenses by Program

[Appendix Table 4] Budgets and Expenses by Program Fund

(units : KRW 1 million)

Program	Budget	Expense
Total	203,573	194,210
[General accounting]	51,519	49,255
Paragraph 2100 Establishment of Fair Market Environment	1,864	1,843
Paragraph 2300 Improvement of broadcasting infrastructure	13,557	13,557
Paragraph 3100 Strengthening information protection	12,155	12,155
Paragraph 7100 Administrative support for broadcasting and telecommunications	23,943	21,700
[Broadcasting and Telecommunications Development Fund]	152,054	144,955
Paragraph 1100 Acceleration of convergence between broadcasting and telecommunications	2,000	1,970
Paragraph 1200 Strengthening international cooperation in broadcasting and telecommunications	175	175
Paragraph 1500 Advancement of Networks	2,001	2,001
Paragraph 2300 Improvement of broadcasting infrastructure	79,711	79,682
Paragraph 3200 Protection of users and promotion of fair competition	37,355	30,391
Paragraph 3300 Creation of infrastructure for the promotion of broadcasting	30,712	30,707
Paragraph 7200 Operating costs for the Broadcasting Development Fund	100	29

Note: Only the programs of the Broadcasting and Telecommunications Development Fund under the Korea Communications Commission are separated and presented here.

2. The List of General Meetings and Agenda Items of KCC in 2013

[Appendix Table 5] List of General Meetings and Agenda Items of KCC in 2013

Session	Date	Type	Agenda Item
1st	1.8 (Tue.)	Voting	New permission for location information service provider – applied for by 10 corporations including Aro InTech, Inc.
		Voting	Regarding the enactment & amendment of related notifications following the amendment of the information network law – 3 items including guidelines for information protection measure
2nd	1.9 (Wed.)	Voting	Approval of cable television system fee – 37 companies including CNM Gangnam cable TV, etc.
		Voting	Permission regarding the change of facilities for cable television system service providers – 10 companies including Joyful Communication Network, Inc.
		Voting	Registration & change registration of program providers – 2 companies including Zapple, Inc.
		Voting	Reapproval of data program provider – WowTV, Inc.
		Voting	License of interconnection agreement for telecommunication equipment and facilities
		Reporting	Plan of award for the 「Korea Communications Commission Broadcasting Awards 2013」
		Reporting	Partial Amendment of the 「Administrative Guidelines for the Study of Broadcasting & Communication Policies」 (Instruction)
3rd	1.18 (Fri.)	Voting	Partial Amendment of the 「Enforced Ordinances of Internet Address Resources Act」
		Voting	Administrative measure regarding the violation of duty of program provider change registrations – Two-One Media, Inc.
		Voting	Administrative measure regarding the violation of the Telecommunication Number Management order of KT, Inc.
		Reporting	Results of situation check for handset subsidization by the 3 telecommunications companies
4th	1.24 (Thur.)	Voting	Approval of utilization fee for Internet Multimedia Broadcast Services – SK Broadband, Inc.
		Voting	Retrial for "EBS Docu Prime" of EBS
		Voting	Approval of foreign capital attraction for Far East Broadcasting Co., Korea
		Voting	Partial amendment of the 「Criteria Regarding the Universal Service Loss Compensation Calculation Methods」 (Notification) & appropriate number of public phones
		Voting	Agreement on member commission for the Viewer Rights Protection Commission
		Reporting	Enactment proposal of the 「Notification Regarding the Certification of Personal Information Protection Management System, etc.」
5th	1.25 (Fri.)	Reporting	Appellate judgment regarding the litigation of information disclosure request for comprehensive channels, news PP (program provider)
		Reporting	Establishment plan for the broadcasting market monitoring system
6th	2.1 (Fri.)	Reporting	Direction of technology combination service policies between broadcasting businesses
		Voting	Permission of WiBro
7th	2.8 (Fri.)	Voting	Partial amendment of the 「Regulations of the Korea Communications Commission Regarding the Enforcement of the Information and Communication Works Business Act」 (Notification)
		Voting	Partial amendment of the 「Bylaws on Telecommunication Number Management」 (Notification)
		Voting	Approval of foreign broadcasting retransmission- Universal Communications Network
		Reporting	Partial amendment of the 「Outlines of Information and Communication Works Business Management Consultation」 (Notification)
		Reporting	Enactment of the 「Notification of information and communication service provider whose collection and utilization of users' social security number are inevitable for business purposes」
8th	2.12 (Mon.)	Voting	Action plan (proposal) for broadcasting communication research & development of 2013

Session	Date	Type	Agenda Item
9th	2.15 (Fri.)	Voting	Approval of OBS offshore retransmission by cable television system operators – 27 SOs of the Seoul region including Tbroad Gangseo Broadcasting Co., Ltd.
		Voting	Violation of Hoban Construction Ltd., Inc., regarding the change approval of the top investor for Gwangju Broadcasting Co., Inc.
		Voting	Partial amendment of the 「Telecommunications Business Act」
		Voting	Approval of improvement plan for the board of directors of Mediacreate, Inc.
		Voting	Partial amendment of the 「Details Regarding the Calculation & Imposition of Frequency Allocation Price」 (Notification)
10th	2.19 (Tue.)	Voting	Registration of program provider – Animax Broadcasting Korea, Ltd.
		Voting	Process of request for suspension of execution regarding the sanctions from broadcasting deliberations – Korea Broadcasting System
		Voting	Partial amendment of the 「Collection & Imposition of the Allotment of the Korea Broadcasting Development Fund」 (Notification)
11th	2.20 (Wed.)	Voting	Corrective measures of Nam Incheon Broadcasting Inc., regarding the reduced payment of program utilization fees to the program providers (NIB tv)
		Voting	Administrative measure for violators of sponsoring notification – 5 companies including KBS
		Voting	Announcement of withdrawal of satellite network frequency for lease for the satellite DMB (proposal)
12th	3.8 (Fri.)	Reporting	「Regulatory Reform Promotion Plan 2013」
13th	3.14 (Thur.)	Voting	Corporate merger of SK Broadband, Inc. – Change permission of Internet Multimedia Broadcast Services & Change approval of program provider
		Reporting	Improvement measures regarding telecommunication billing service user protection for the establishment of a safe ubiquitous payment environment through wire or wireless telephones
		Voting	Corrective action regarding the infringements of user benefits in handset subsidizations by SK Telecom Inc., KT Inc., and LGU+ Inc.
		Voting	Appointment of director for filling a vacancy of Broadcasting Media
14th	3.22 (Fri.)	Voting	Amendments of 14 enforcement ordinances under the jurisdiction of the Korea Communications Commission
15th	4.5 (Fri.)	Voting	Appointment of auditor for filling a vacancy for EBS
		Others	Reporting the conference operation of the commission
16th	4.25 (Thur.)	Voting	Partial amendment of the 「Regulations on the Conference Operation of the Korea Broadcasting Commission」
		Reporting	Conclusion of the policy cooperation MOU between the Korea Communications Commission and the Ministry of Science, ICT and Future Planning
17th	5.3 (Fri.)	Voting	Retrial for the KBS programs “A Good Man Existing Nowhere in the World” & “Happy Sunday – Qualifications of Men”
18th	5.10 (Fri.)	Voting	Process of request for suspension of execution regarding the sanctions from broadcasting deliberations – Munhwa Broadcasting Co., Inc.
19th	5.20 (Mon.)	Voting	Promotion plan for the situation assessment of broadcasting market competition 2013
		Voting	Change of approval of the top investor for Gwangju Broadcasting Co., Inc.
		Reporting	Assessment results regarding the contents production competence of broadcasting business operators as registration targets
20th	5.27 (Mon.)	Voting	Basic plan for reviewing the permission of a new radio broadcasting station (proposal) – Traffic Gyeongbuk FM Radio Station
		Voting	Basic plan for the licence renewal of terrestrial broadcasting service operators 2013 (proposed)
		Reporting	Prior consent procedures regarding the permission of broadcasting business operators, etc.

Session	Date	Type	Agenda Item
21st	5.28 (Tue.)	Voting	Process of request for the suspension of execution regarding the disposition of penalty surcharge – Yedang Company Co., Ltd.
		Voting	Process of request for suspension of execution regarding the sanctions from broadcasting deliberations - Munhwa Broadcasting Co., Inc.
		Voting	Process of request for suspension of execution regarding the sanctions from broadcasting deliberations – Korea Broadcasting System
		Voting	Master plan (proposal) for the licence renewal of terrestrial DMB broadcasting service operators 2013
22nd	6.5 (Wed.)	Voting	Corrective action for the infringements of user benefit by KT Corp., SK Broadband Co., Ltd., and LG U+ Corp., regarding the restrictions in the cancellation of high-speed Internet
		Voting	Prior consent for the licence renewal of terrestrial of Hyundai HCN Pohang Station
		Reporting	Information disclosure regarding the approval of News PP, a comprehensive channel
23rd	6.7 (Fri.)	Voting	Enactment of the 「Notification of information and communication service provider whose collection and utilization of the users' social security number are inevitable for business purposes」
		Voting	Commission of members for the Balanced Development of the Broadcasting Advertisement Committee
		Voting	Agreement on the appointment of a member for filling a vacancy in the Broadcasting Market Competition Situation Assessment Committee
		Voting	Batch processing regarding the follow-ups of reorganization of the Korea Communications Commission, amendment of notification (proposal), etc.
24th	6.20 (Thur.)	Voting	Budget for 2014 and operation plan for broadcasting & communications development fund
25th	6.27 (Thur.)	Voting	Administrative measure for the collection and utilization of social security numbers of information and communication service providers
		Reporting	Results of test operation of broadcasting market monitoring and directions for future implementation
26th	7.5 (Fri.)	Voting	Process of request for suspension of execution regarding the sanctions from broadcasting deliberations
27th	7.9 (Tue.)	Voting	New permission of location information service provider
		Voting	Allowing multi-language broadcasting for English FM
		Voting	Permission of new radio broadcasting station (FM)
		Reporting	Results of situation check regarding transmission without permission of adult channels
		Reporting	Results of inspection for the performances of comprehensive channels/news PP of 2012
28th	7.11 (Thur.)	Voting	Retrial of the program "Feeling up with Shim Eun Jun" by Yedang Media Co., Ltd.
		Voting	Retrial of the program "Yi Soon Shin, the best" by Korea Broadcasting System
		Voting	Retrial of the program "MBC Newsdesk" by Munhwa Broadcasting Corporation
		Voting	Retrial of the programs "I miss you" and "MBC Newsdesk" by Munhwa Broadcasting Corporation
29th	7.18 (Thur.)	Voting	Change of condition for the licence renewal of terrestrial of Nogodan terrestrial DMB subsidiary station of Gwangju Broadcasting Company
		Voting	Appointment of certificate authority for daily newspaper circulation
		Voting	Process of request for suspension of execution regarding the sanctions from broadcasting deliberations
		Voting	Corrective action regarding the infringements of user benefits in handset subsidizations by SK Telecom Inc., KT Inc., and LG U+ Inc.
		Reporting	Partial amendment of the 「Enforcement Ordinance of Broadcasting and Communications Development Act」

Session	Date	Type	Agenda Item
30th	8.21 (Wed.)	Voting	Corrective actions for cellular phones and high-speed Internet service providers regarding violations of procedures of terms of use
		Voting	Amendments of work process guidelines related to broadcasting deliberation
		Voting	Calculations of share of audience by broadcasting providers in 2012
		Voting	Administrative measures for Channel A News Network, Inc., regarding the violations of duty of change notification of broadcast programming director
		Voting	Corrective order for comprehensive channel/news channel providers regarding violations of conditions of approbation - 5 providers including TV Chosun Co., Ltd.
		Voting	Administrative measures for violators of permitted articles of broadcasting stations - Korea Broadcasting System, Korean People Short Wave Broadcasting Station
31st	8.29 (Thur.)	Voting	Penalty imposition for violators of implementation of sanctions regarding the broadcasting deliberations - Orion Cinema Network Co., Ltd.
		Voting	Member appointment of the Broadcasting Assessment Committee
32nd	9.4 (Wed.)	Voting	Enactment of the 「Notifications of Certification of Personal Information Protection Management System」
		Voting	Plan (proposal) of user protection services assessment for telecommunication service providers
		Voting	Master plan for the reapproval of program providers of comprehensive and news channels for 2014 - 5 companies including TV Chosun Co., Ltd.
		Reporting	Partial amendment of the 「Broadcasting Act」
33rd	9.5 (Thur.)	Voting	Master plan for the reapproval of program providers of comprehensive and news channels for 2014 - 5 companies including TV Chosun Co., Ltd.
34th	9.16 (Mon.)	Voting	Partial amendment of the 「Enforcement Ordinance of the Broadcasting and Communications Development Act」
		Voting	Corrective action for violations of the Telecommunications Business Act by SK Telecom, KT, and LG U+ regarding the wholesale provision of telecommunication services
		Voting	Change of construction plan for T-DMB auxiliary stations - 2 T-DMB service providers including Andong MBC
		Voting	Master plan for the selection of public interest channel and recognition of welfare channel for disabled people for 2014
		Reporting	Partial amendment of the 「Protection and Use of Location Information Act」
35th	9.17 (Tue.)	Voting	Penalty imposition for violators of the Broadcasting Act regarding the sanctions (measure for performers) from broadcasting deliberation
		Reporting	Partial amendment of the 「Criteria for the Calculation of Share of Audience」
36th	9.26 (Thur.)	Voting	Prior consent for change permission regarding the 3cases of corporate merger of cable television system operators including t-broad Donong Gangbuk Co., Ltd., and 2 cases of private business transfer of relay operators including Shineui Cablecaster broadcasting
		Reporting	Partial amendment of the 「Korea Communications Commission Regulations Regarding the Enforcement of Broadcasting Act」
		Reporting	Enactment of the 「Korea Communications Commission Regulations Regarding Finances and Mediations」
		Reporting	Partial amendment of the 「Indication Methods for Materials Harmful to Minors」 (Notification)
37th	10.2 (Wed.)	Reporting	Partial amendment of the 「Notification of Support for Combined Sales of Broadcast Advertising」
38th	10.11 (Fri.)	Voting	Partial amendment of the 「Criteria for the Calculation of Share of Audience」
		Voting	Retrial for the 2 programs of Munhwa Broadcasting Corporation

Session	Date	Type	Agenda Item
39th	10.24 (Thur.)	Voting	Corrective order for YTN regarding violations of restrictions of foreign capital investment
		Reporting	Amendments of regulations on broadcasting assessment
		Reporting	Plan of permission review for location information service providers (proposal)
		Reporting	Provision of personal identification service for thrifty phone users
40th	11.14 (Thur.)	Voting	Assessment results regarding the broadcasting in 2012
		Voting	Partial amendment of the 「Notification of Support for Combined Sales of Broadcast Advertising」
40th	11.14 (Thur.)	Voting	Selection of public interest channel and recognition of welfare channel for disabled people in 2014
		Voting	Corrective actions for violations of the Telecommunications Business Act by SK Telecom Co., Ltd., KT Corp., and LG U+ Corp. regarding the restrictions in cellular phone service termination
41st	11.20 (Wed.)	Voting	Prior consent for facility change permission for cable television system operators – 32 companies including t-broad Hanvit Broadcasting Co., Ltd.
		Voting	Prior consent for change permission regarding the corporate merger of cable television system operators – Hyundai HCN Pohang Broadcasting
		Voting	Enactment of the 「Korea Communications Commission Regulations Regarding Finances and Mediations」
		Voting	Partial amendment of the 「Protection and Use of Location Information Act」
		Reporting	Partial amendment of the 「Promotion of Information and Communication Network Use and Protection of Information Act」
		Reporting	Partial amendment of the 「Administrative Regulations on the Operation of Broadcasting and Communications Development Fund」
42nd	11.22 (Fri.)	Voting	Penalty imposition (proposal) for the 3 mobile carriers regarding the restrictions in service termination
		Voting	Retrial for the 2 programs of Munhwa Broadcasting Corporation
		Voting	Retrial for Munhwa Broadcasting Corp. and Daegu Munhwa Broadcasting Corp.
		Voting	Retrial for 2 programs of RTV
		Reporting	Enactment of notification regarding the 「Criteria for Disaster Broadcasting and Civil Defense Alert Broadcasting」
43rd	12.9 (Mon.)	Voting	Repermission of terrestrial broadcasting companies for 2013
		Voting	Partial amendment of the 「Indication Methods for Materials Harmful to Minors」 (Notification)
		Reporting	Improvement plan for the restrictions on handset subsidization
		Reporting	Partial amendment of the 「Notifications of guarantees regarding access to broadcasting by programming and providing programs for disabled people」
		Reporting	Partial amendment of the 「Enforcement Ordinance of the Broadcast Advertising Sales Representation Act」
		Reporting	Partial amendment of the 「Procedures and criteria for permission, change permission, and repermission for Broadcast Advertising Sales Representatives」
44th	12.17 (Tue.)	Voting	Repermission of terrestrial mobile multimedia station for 2013
		Voting	Appointment of director filling a vacancy for the board of Broadcasting Media
		Reporting	Registration of related documents for the approval of license fee and future plans for processing

Session	Date	Type	Agenda Item
45th	12.23 (Mon.)	Voting	Penalty imposition for violators of the implementation order of sanction regarding broadcasting deliberations – MBN Media, Co., Ltd., Home Drama Corp.
		Voting	Partial amendment of the 「Criteria for Penalty Imposition Regarding Violations of Personal Information Protection Regulations」
		Voting	Partial amendment of the 「Detailed Types and Screening Criteria for Prohibited Actions Related to Telecommunication Service Bills」
		Voting	Amendment of the 「Regulations Regarding Broadcasting Assessment」
		Voting	Partial amendment of the 「Administrative Regulations on the Operation of the Broadcasting and Communications Development Fund」
46th	12.27 (Fri.)	Reporting	Partial amendment of the 「Promotion of Information and Communication Network Use and Protection of Information Act」
		Reporting	Assessment results of user protection services of telecommunications operators in 2013
		Reporting	Implementation of combined legislation improvement with the 「Broadcasting Act」·「IPTV Act」
		Reporting	Results of the assessment of broadcasting market competition in 2013 (proposal)
		Reporting	Suggestions of the 「Broadcast Advertising Market Activation Plan」 through the balanced development of the broadcasting advertising committee
		Voting	New permission of location information service providers
		Voting	Administrative measures for violators of privacy protection regulations – 34 service providers including Rosezone Corp.
		Voting	Corrective action regarding the infringements of user benefits in handset subsidizations by SK Telecomm, Inc., KT, Inc., and LG U+, Inc.
		Voting	Repermission of terrestrial broadcasting companies in 2013 – OBS, Corp.
		Voting	Master Plan (proposal) of permission review for new radio broadcasting station (FM) – Gugak Gwangju FM Station
		Voting	Corrective order for violations of approval conditions by Channel A
		Voting	Partial amendment of the 「Regulations of the Korea Communications Commission Regarding the Enforcement of Broadcasting Act」

3. 2013 Monthly Major Achievements

[Appendix Table 6] 2013 Monthly Major Achievements

● January 2013

Date	Event[s]
Jan. 2	Received presidential citation as the best organization for disaster security training in Korea for 2012
Jan. 8	Standing commissioner Seong-Kyu Hong participated in "CES 2013"
Jan. 14	Presented the 2012 survey results regarding use behaviors of broadcasting media
Jan. 15	Held the New Year Meeting 2013 for broadcasters and telecommunicators
Jan. 15	Signed MOU to establish the Global Information Protection Center with World Bank
Jan. 25	Expanded the application of reduction of cellular phone charges to recipients of basic livelihood
Jan. 29	Presented the results of the 6th survey regarding the current status of smartphone utilization
Jan. 30	Held a presentation for the notification of enactment and amendment for corporate information protection
Jan. 30	Held the opening ceremony of the Phishing Counteraction Center and call blocking for public institutions subject to voice phishing
Jan. 31	Held the opening ceremony of the business support center for the organization of lines in the air

| Holding of the New Year Meeting 2013 for broadcasting and telecommunication operators



| Signing of MOU to establish the global information protection center with World Bank



● February 2013

Date	Event[s]
Feb. 1	Established and operated an online hacking protection training course
Feb. 4	Signed a business agreement with the City of Incheon for the establishment of the audience media center
Feb. 5	Opened the broadcasting market monitoring center
Feb. 5	Presented the measurement results of electromagnetic waves in radio stations in 2012
Feb. 6	Held the 2013 industrial prospect conference for broadcasting and telecommunications
Feb. 6	Established and presented the standard manual for crisis management for cosmic radio waves disaster
Feb. 6	Presented the industrial statistics of mobile advertising and the results of the 2012 user behavior survey
Feb. 6	Standing commissioner Dae-Hee Kim met with the chair and the vice chair of the national assembly of Estonia
Feb. 8	Ranked no. 1 in wireless high-speed Internet penetration rate among OECD nations (as of Jun. 2012)
Feb. 14	Confirmed the implementation plan for 2013 regarding the research and development of broadcasting and telecommunications
Feb. 15	Held the Broadcasting Contents Showcase 2013 (for Asia)
Feb. 18	Implemented the system prohibiting the collection and utilization of social security numbers on the Internet
Feb. 18	Held a forum for preparing ways of frequency allocation for mobile communications between the 1.8GHz and 2.6GHz bands
Feb. 18	Issued an "attention" alert in response to the GPS radio wave interference crisis
Feb. 20	Imposed corrective order and penalty on Nam Incheon Broadcasting Co.
Feb. 20	Presented the 2012 assessment results of telecommunication service quality
Feb. 21	Vice Chairman Chung-Shik Kim visited Romania and Spain
Feb. 22	Presented the 2012 survey results regarding the information protection status
Feb. 22	Presented the results of inspection and diagnosis for the user protection tasks performed by broadcasting and telecommunications operators

| Conclusion of Business Agreement with the City of Incheon for the Establishment of the Viewer Media Center



| Holding the 2013 Industrial Prospect Conference for Broadcasting and Telecommunications



● March 2013

Date	Event[s]
Mar. 14	Implemented user protection countermeasures for telecommunications billing services
Mar. 14	Decided the imposition of corrective order and penalty on the 3 mobile communications operators for their handset subsidizations
Mar. 18	Presented the 2012 assessment results for the performances of the Broadcasting Network for Disabled People
Mar. 18	Carried out the reinforcement of information protection support for small and micro businesses
Mar. 19	Presented the measurement results regarding the spam distribution status in the second half of 2012
Mar. 20	Issued a "caution" alert on cyber crisis regarding the computer network paralysis of the press and financial corporations
Mar. 21	Visited the Korea Internet and Security Agency for the inspection of cyber terrorism
Mar. 29	Held a ceremony for taking down the signboard of the Korea Communications Commission

| Visit to the Korea Internet and Security Agency for the inspection of cyber terrorism



| Ceremony for Taking down the Signboard of the "Korea Communications Commission"



● April 2013

Date	Event[s]
Apr. 1	Held ceremonies for the move-in to Gwacheon Government Complex and unveiling of the signboard of the Korea Communications Commission
Apr. 17	Held the inauguration ceremony for Kyoung-Jae Lee, chairman of the Korea Communications Commission
Apr. 18	Chairman Kyoung-Jae Lee reported the work plans for 2013
Apr. 19	Held the Hanmaeum (One-mind) Convention with scientists, engineers, and workers of information and communications in celebration of the 46th Science Day/ 58th Information and Communications Day
Apr. 24	Strongly warned about handset subsidization considering the symptoms of over-heating in the market
Apr. 25	Decided to open the stenographic records of the Korea Communications Commission
Apr. 25	Signed the policy cooperation MOU between the Korea Communications Commission and the Ministry of Science, ICT and Future Planning

| Inaugural Ceremony of Kyoung-Jae Lee, chairman of the Korea Communications Commission



| Conclusion of Policy Cooperation MOU with the Ministry of Science, ICT and Future Planning



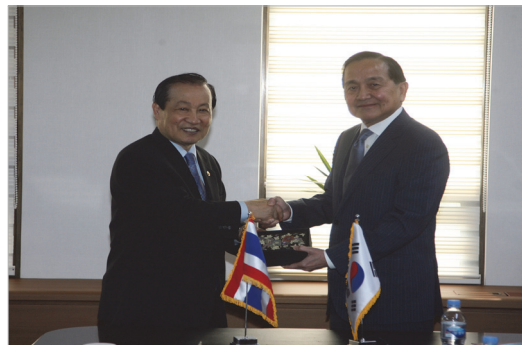
● May 2013

Date	Event[s]
May 6	Chairman Kyoung-Jae Lee met with Joseph Boakai, vice president of Liberia
May 6	Announced the plan for expanding the number of emergency disaster broadcasters to 10 companies
May 8	Announced the permission plan for the 18th location information service provider
May 10	Promoted the survey on the actual status of similar reports among specialized programming broadcasters
May 15	Chairman Kyoung-Jae Lee held a conference with executives of the Korean Broadcasters Association regarding the improvement of the broadcasting industry
May 16	Chairman Kyoung-Jae Lee visited the subcontracted drama production site
May 20	Disclosed the assessment results for the contents production competences of broadcasting channels
May 20	Chairman Kyoung-Jae Lee held a conference with the representatives of 4 comprehensive channels
May 22	Chairman Kyoung-Jae Lee visited the EBS head office and the production site of the broadcasting center
May 22	Chairman Kyoung-Jae Lee met with the CEOs of Check Point from Israel
May 24	Chairman Kyoung-Jae Lee met with Thares Punsri, chairman of the Broadcasting and Communications Commission of Thailand
May 27	Held the Korea Communications Commission's Broadcasting Awards 2013
May 27	Voted for the master plan of license renewal of terrestrial broadcasting operators for 2013
May 27	Prepared the prior consent procedures such as SO permission
May 28	Chairman Kyoung-Jae Lee explained about creative economy as well as the current status of broadcasting and communications for media personnel from 17 countries
May 29	Chairman Kyoung-Jae Lee held a conference with the representatives of local broadcasters
May 29	Chairman Kyoung-Jae Lee visited the Busan audience media center
May 30	Launched a policy discussion body for terrestrial broadcasting operators
May 31	Chairman Kyoung-Jae Lee held a conference with the representatives of SO

| Chairman Kyoung-Jae Lee visits the sub-contracted drama production site



| Meeting with Thares Punsri, chairman of the Broadcasting and Communications Commission, Thailand



● June 2013

Date	Event[s]
Jun. 3	Held the "LBS utilizing Application & Web Contest"
Jun. 3	Held a conference with the representatives of cable news channels
Jun. 5	Made a conditional decision on the prior consent for the license renewal of Hyundai HCN Pohang Broadcasting Co. Ltd.
Jun. 5	Decided the opening of information regarding the approbation of comprehensive broadcasting and news PP
Jun. 5	Gave corrective orders to 3 cable casters regarding violations of user benefits related to the restrictions in the termination of high-speed Internet service
Jun. 10	Promoted the campaign on "Making a Cyber Violence-Free School"
Jun. 10	Commemorated the 26th "Information and Culture Month"
Jun. 10	Member appointment ceremony for the Broadcast Advertising Balanced Development Committee
Jun. 12	Chairman Kyoung-Jae Lee gave a special lecture on Internet Ethics at Kye-Nam Elementary School in Bucheon
Jun. 12	Chairman Kyoung-Jae Lee visited KBS to check the preparation of disaster broadcasting and production site of the program
Jun. 20	Held a seminar on how to diagnose and counter cyber violence
Jun. 27	Started full operation of monitoring of unlawfulness in the broadcasting market
Jun. 27	Voted for the administrative measure regarding the service providers' collection and utilization of social security numbers in the Internet

| Member Appointment Ceremony for the Broadcast Advertising Balanced Development Committee



| Special Lecture on Internet Ethics at Kye-Nam Elementary School in Bucheon



● July 2013

Date	Event[s]
Jul. 3	Member appointment for the 3rd Inter-Korean Broadcasting and Communications Exchange Promotion Committee
Jul. 8	Held a workshop for the managers and practitioners of personal information
Jul. 9	Presented the inspection results for the performances of comprehensive channels and news PP regarding the level of implementation of their business plans in 2012
Jul. 9	Allowed multi-language broadcasting including Chinese in English FM
Jul. 15	Launched the 2nd Broadcasting and Communications Policy Customer Representatives Conference
Jul. 18	Sanctioned 3 telecommunication service providers for violations of user benefits related to handset subsidizations
Jul. 24	Chairman Kyoung-Jae Lee visited FCC/ Global Media Group in the USA
Jul. 30	Published the financial status of broadcasters in fiscal year 2012

| Member appointment for the 3rd Inter-Korean Broadcasting and Communications Exchange Promotion Committee



| Launch of the 2nd Broadcasting and Communications Policy Customer Representatives Conference



● Aug. 2013

Date	Event[s]
Aug. 5	Listened to viewers' opinions regarding the license renewal of terrestrial broadcasting
Aug. 7	Held the audience-participated program contest 2013
Aug. 21	Policy cooperation conference between the Korea Communications Commission and the Ministry of Science, ICT and Future Planning
Aug. 22	Presented the calculation results of the media exchange rate and audience share by broadcaster in 2012
Aug. 22	Chairman Kyoung-Jae Lee delivered a keynote speech at the "5th Busan International Advertising Festival"

| Policy cooperation conference between the Korea Communications Commission and the Ministry of Science, ICT and Future Planning



| Chairman Kyoung-Jae Lee's keynote speech at the "5th Busan International Advertising Festival"



● September 2013

Date	Event[s]
Sept. 5	Voted for the master plan 2014 regarding the reapproval of program providers of comprehensive and news channels
Sept. 9	Vice chairman Chung-Shik Kim observed the preparation of broadcasting at UHD, Japan
Sept. 11	Conducted joint investigation for open market sellers and courier service providers regarding the current status of private information protection
Sept. 11	Organized subcommittees under the Inter-Korean Broadcasting and Communications Exchange Promotion Committee
Sept. 16	Corrective measures for the 3 mobile communication operators regarding the unreasonable agreement on the wholesale provision of telecommunication service
Sept. 16	Voted for the master plan 2014 for the selection of public interest channel and recognition of welfare channel for disabled people
Sept. 16	Chairman Kyoung-Jae Lee visited the traditional market and welfare facilities
Sept. 25	Launched the Internet Culture Policy Advisory Committee
Sept. 30	Presented the results of analysis regarding the spam distribution status for the first half of 2013

| Chairman Kyoung-Jae Lee's visit to the traditional market and welfare facilities



| Launch of the Internet Culture Policy Advisory Committee



● October 2013

Date	Event[s]
Oct. 1	Vice Chairman Chung-Shik Kim discussed the plan for cooperation in broadcasting and telecommunications with the vice chairman of the Mongolian Broadcasting and Communications Control Committee
Oct. 2	Announced the support ratio of combined sales targeted for local and mid-small broadcasting networks of 2013
Oct. 14	Held the 3rd Roundtable Conference of Asia-Pacific Broadcasting and Communications Regulators, Seoul
Oct. 15	Chairman Kyoung-Jae Lee met with the chief of Communications and Media Office of Australia and the chairman of the Broadcasting and Communications Control Committee of Mongolia
Oct. 15	Standing Commissioner Dae-Hee Kim met with a member of the Broadcasting and Communications Committee of Thailand
Oct. 16	Standing Commissioner Dae-Hee Kim met with the vice minister of the Ministry of Broadcasting and Communication of Brunei
Oct. 17	Chairman Kyoung-Jae Lee discussed the plan for cooperation in broadcasting and telecommunications with the Information and Communications Committee of the Dominican Republic
Oct. 18	Launched the Broadcasting and Communications Policy Advisory Committee
Oct. 23	Chairman Kyoung-Jae Lee visited Hanbit School for the Blind and handed over the descriptive video service receiver
Oct. 23	Operated the task force to improve the animation programming system to establish the foundation for creative economy
Oct. 23	Waged the "Internet: My Information Protector of 2013" campaign
Oct. 24	Announced the plan for the permission of the 19th location information service provider
Oct. 24	Planning a way to provide personal verification service for users of thrifty phones
Oct. 25	Chairman Kyoung-Jae Lee met with the vice chairman of the Broadcasting and Communications Committee of Thailand
Oct. 29	Held a conference with the heads of advertising agencies seeking a means of invigorating the advertising market

| Launch of the Broadcasting and Communications Policy Advisory Committee



| Visit to the Hanbit School for the Blind to hand over the descriptive video service receiver



● November 2013

Date	Event[s]
Nov. 6	Held the International Internet Ethics Symposium 2013
Nov. 6	Standing commissioner Seong-Kyu Hong met with the delegation of the National Assembly of Indonesia
Nov. 7	Initiated terrestrial 3D broadcasting
Nov. 14	Held an open forum to prepare the comprehensive plan for the development of the broadcasting industry
Nov. 15	Disclosed the 2012 assessment results for broadcasting
Nov. 19	Held a debate with the professionals for the systematic improvement plan to enhance freedom of expression in the Internet
Nov. 22	Imposed penalty on the 3 mobile communication operators regarding their restrictive behaviors on the termination of cellular phone service
Nov. 28	Produced and distributed the telecommunication service damage prevention manual
Nov. 28	Held the award ceremony for the Audience-Participated Program Contest 2013
Nov. 29	Commissioner Dae-Hee Kim visited the Communications and Media Office of Australia and Broadcasting and Communications Committee of Thailand

| Standing commissioner Seong-Kyu Hong meets with the delegation of the National Assembly of Indonesia



| Commissioner Dae-Hee Kim visits the Communications and Media Office of Australia



● December 2013

Date	Event[s]
Dec. 2	Held the 2nd meeting of the 'Internet Culture Policy Advisory Committee'
Dec. 4	Held the award ceremony for the campaign design contest of "Internet: My Information Protector of 2013"
Dec. 9	Voted for the license renewal of terrestrial broadcasting operators for 2013
Dec. 9	Presented the improvement plan for the sanction of handset subsidization
Dec. 10	The Korea Communications Commission, the Ministry of Science, ICT and Future Planning and the Ministry of Culture, Sports and Tourism jointly announced the "Comprehensive Plan for the Development of the Broadcasting Industry in the Era of Creative Economy"
Dec. 13	Held the seminar titled "Creating the Environment of Fair Competition in the Broadcast Advertising Market"
Dec. 17	Held a public hearing for the amendment of the Information Communications Network Act
Dec. 18	Korea Communications Commission and Korea Internet & Security Agency held the award ceremony for "Internet Ethics Great Exhibition 2013"
Dec. 18	Expanded the improvement of the telecommunications bill
Dec. 18	Held the Big Data Fair 2013
Dec. 18	Commissioner Dae-Hee Kim met with the president of MCOT, the state-run broadcaster of Thailand
Dec. 23	Presented the 2013 survey results of the broadcasting industry
Dec. 26	Presented the 2013 survey results regarding the status of cyber violence
Dec. 27	Presented the assessment results regarding the user protection services of telecommunications business operators
Dec. 27	Voted for the conditional license renewal of OBS Co. Ltd.
Dec. 27	Presented the results of status assessment regarding the broadcasting market competition in 2013
Dec. 30	Presented the results of the survey on the status of similar reports among specialized programming broadcasters
Dec. 30	Held the 2nd Broadcasting and Communications Policy Advisory Committee meeting
Dec. 31	Conducted experimental broadcasting of terrestrial multichannel (MMS)

| Holding the Big Data Fair 2013

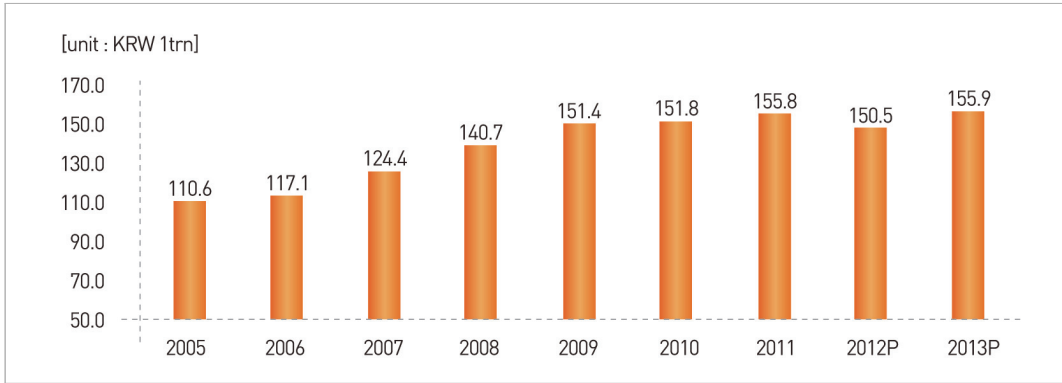


| Holding the 2nd Broadcasting and Communications Policy Advisory Committee Meeting

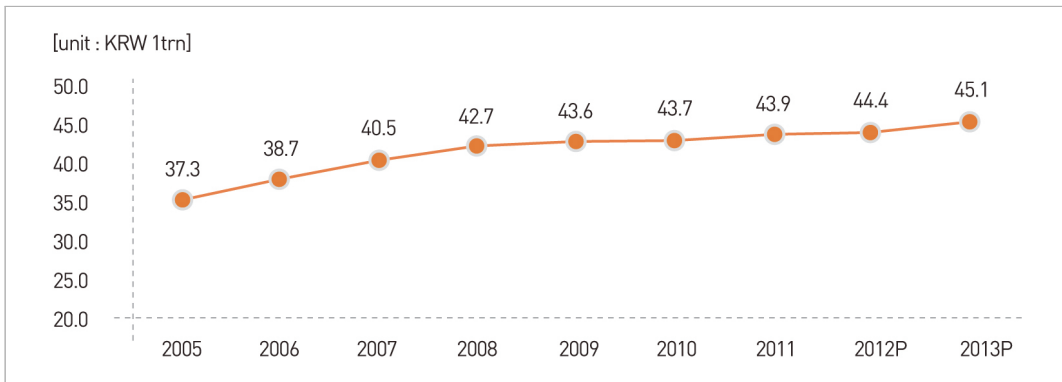


4. Broadcasting and Telecommunications Industry in 2013 by Sector

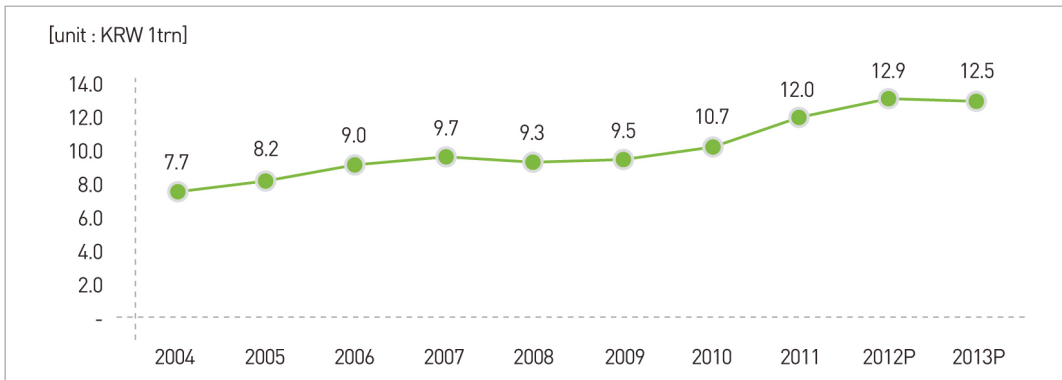
| Total Production of the Broadcasting and Communications Industry



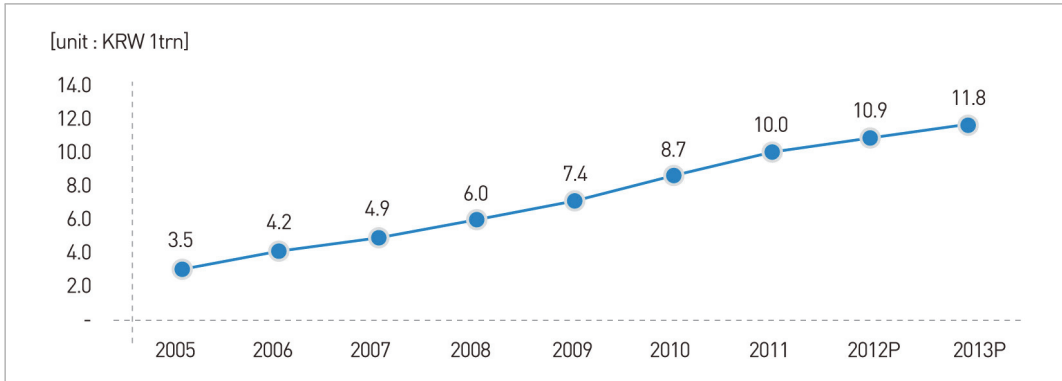
| Telecom Service Sales



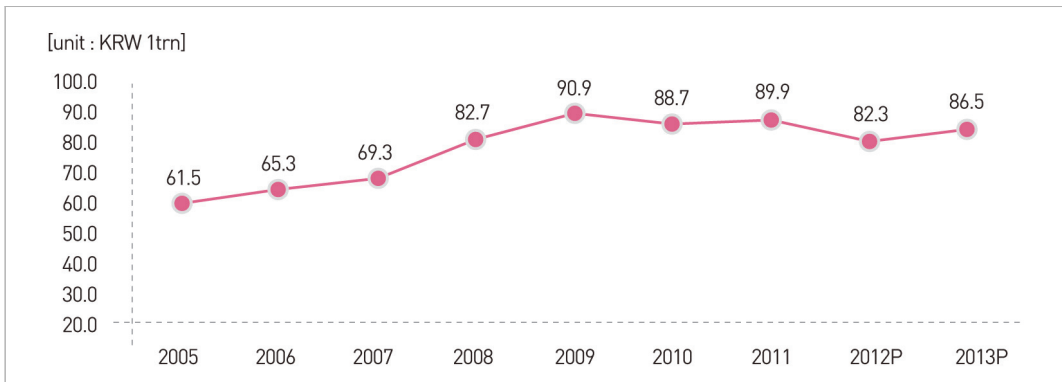
| Broadcasting Service Sales



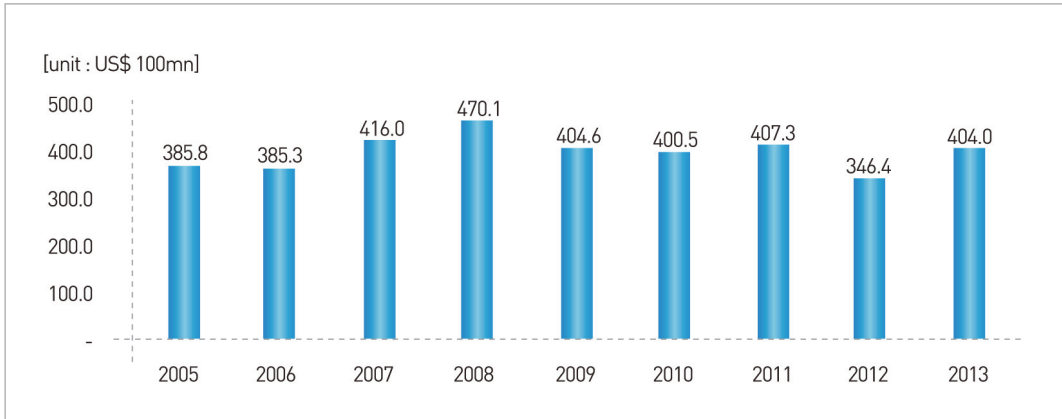
| Converged Digital Media Service Sales



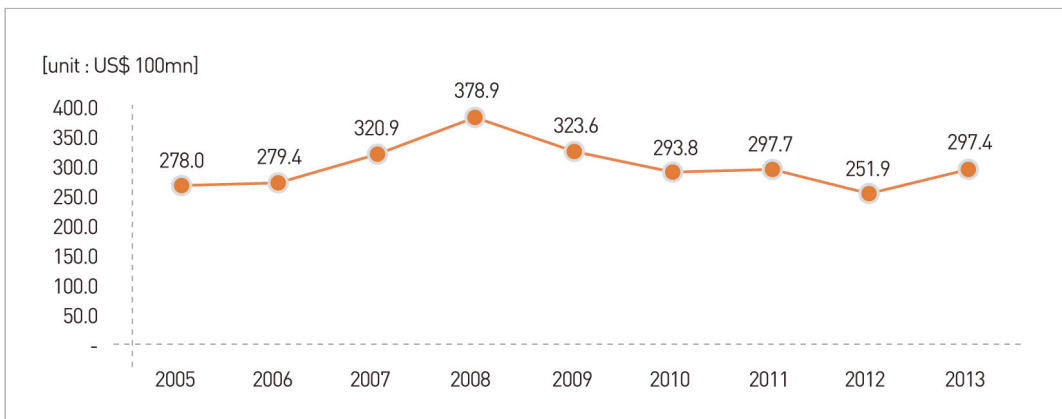
| Broadcasting and Telecommunications Device Sales



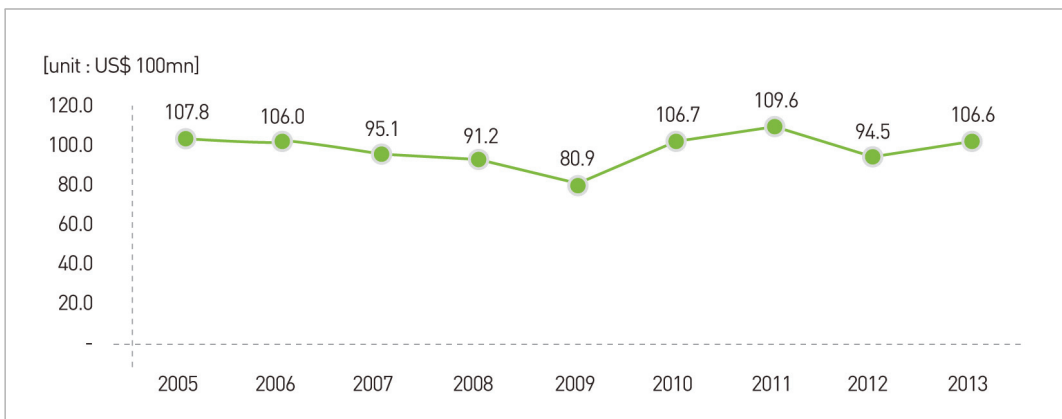
Total Broadcasting and Telecommunications Device Exports



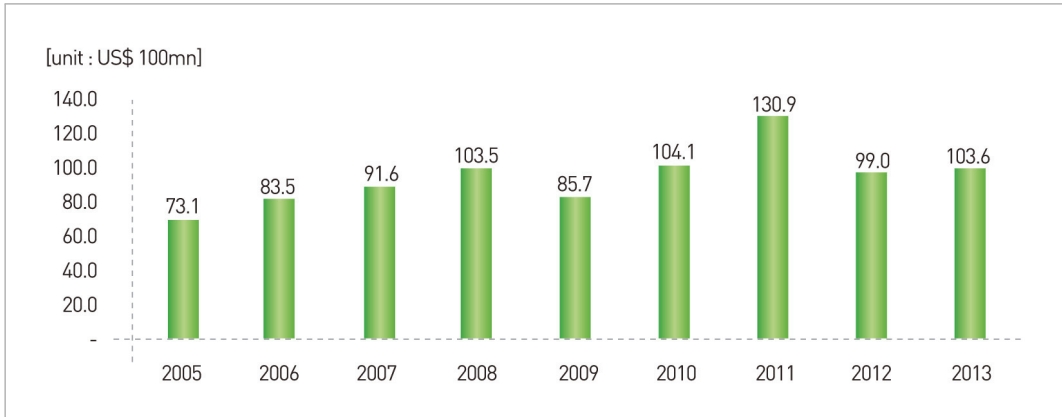
Telecommunications Device Exports



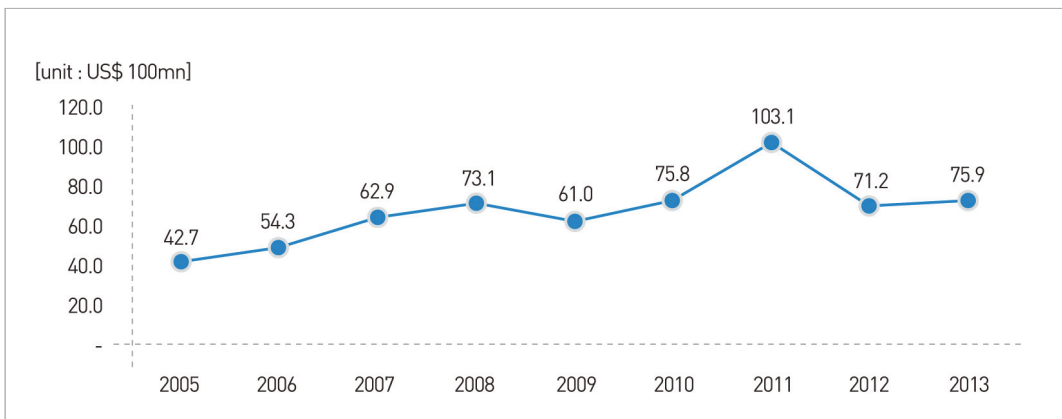
Broadcasting Device Exports



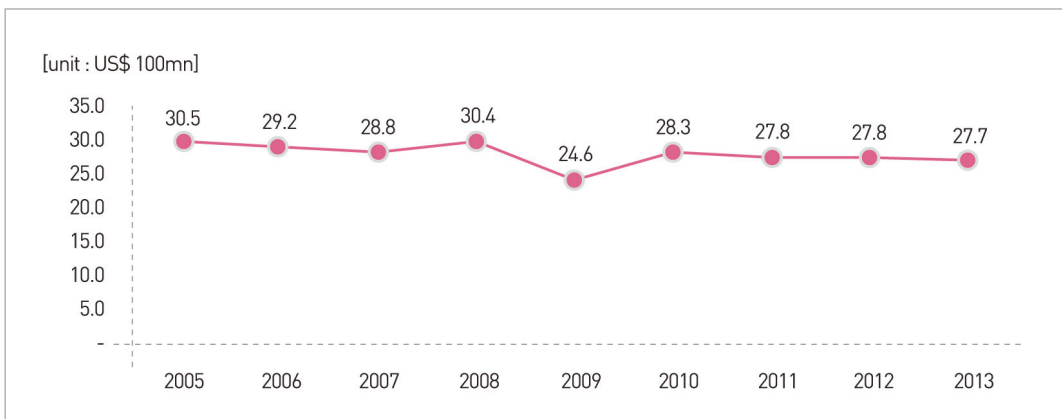
| Broadcasting and Telecommunications Device Imports



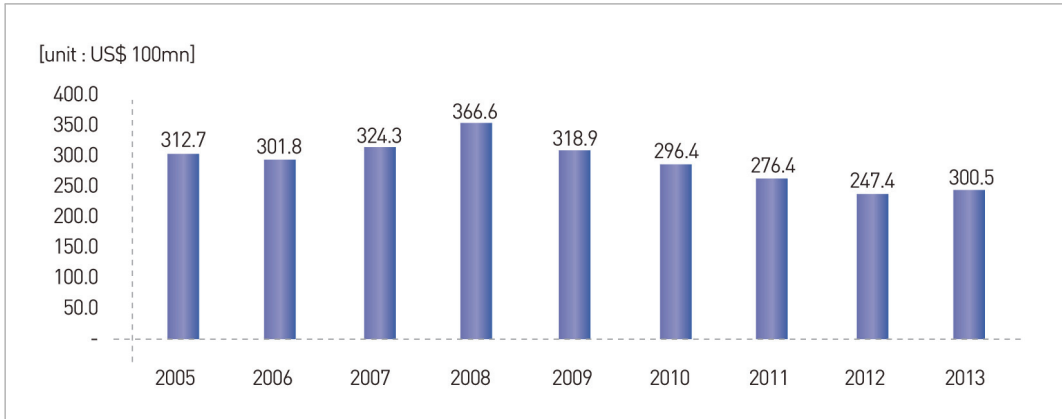
| Telecommunications Device Imports



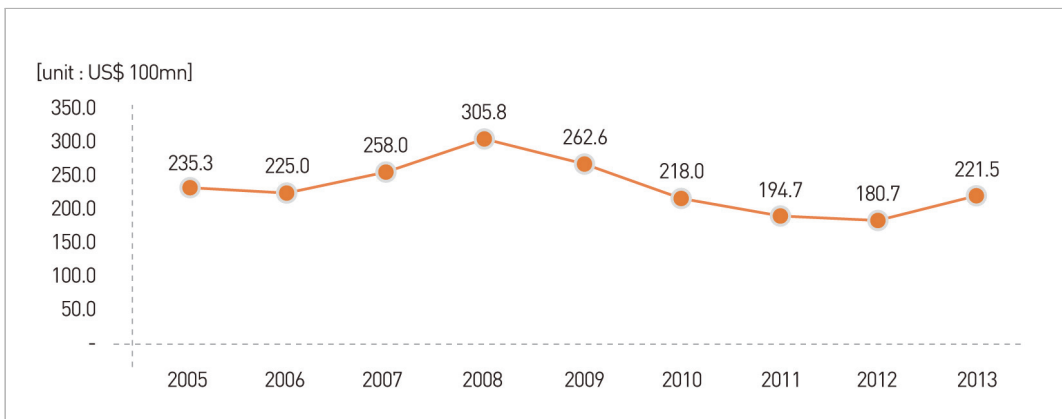
| Broadcasting Device Imports



| Broadcasting and Telecommunications Device Trade Balance



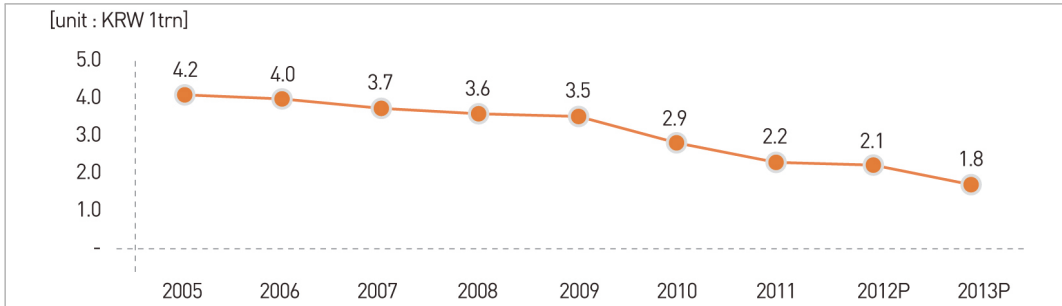
| Telecommunications Device Trade Balance



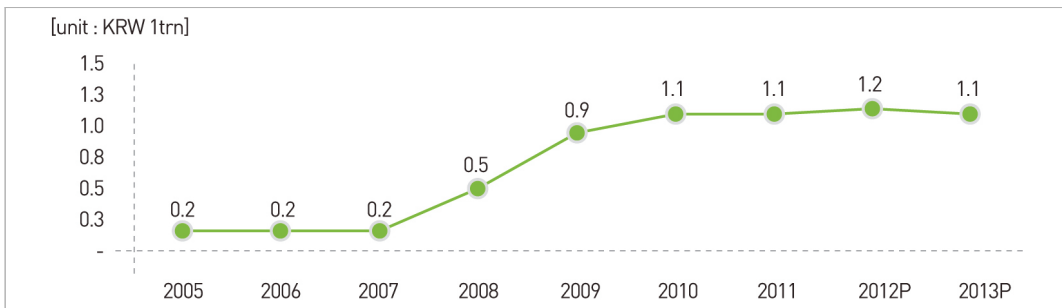
| Broadcasting Device Trade Balance



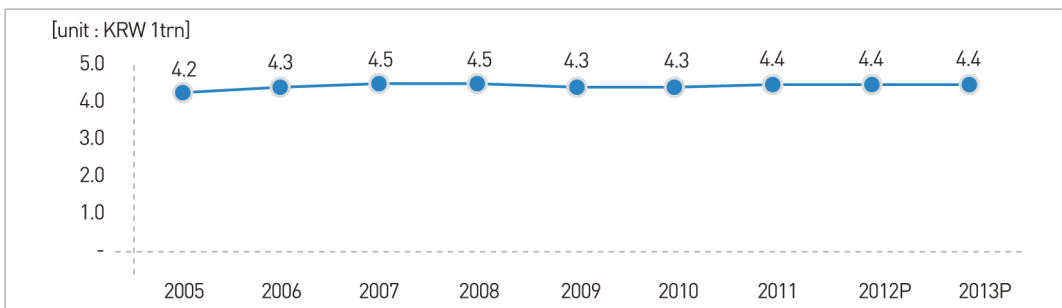
Local Telephone Service Revenue



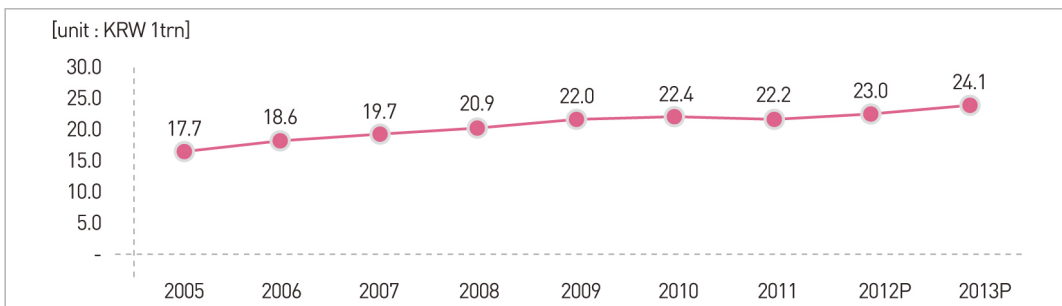
Internet Telephone Service Revenue



Broadband Internet Access Service Revenue

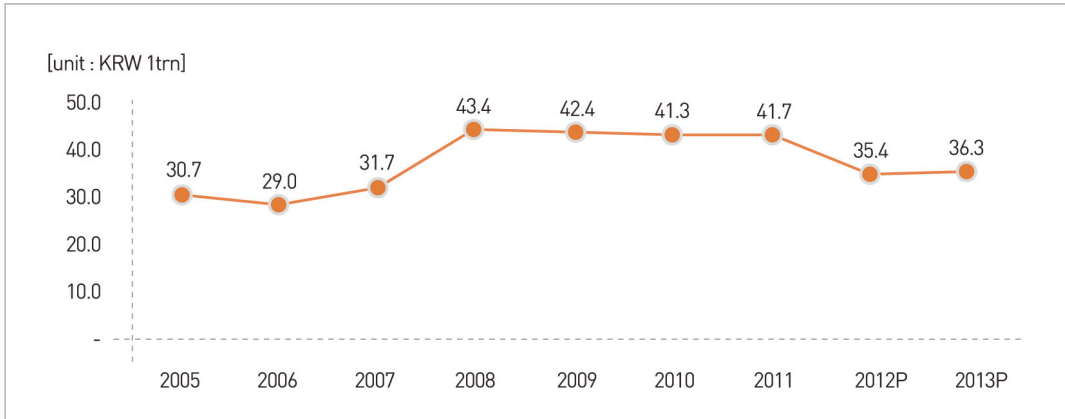


Mobile Service Revenue

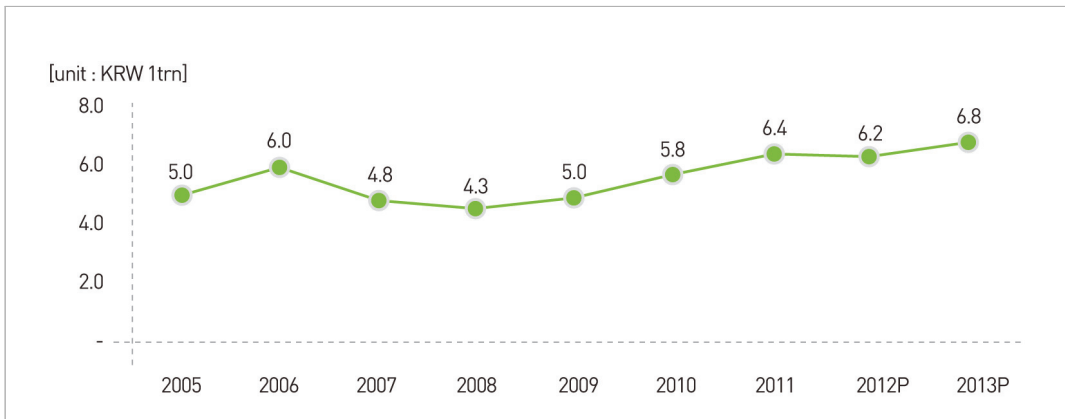


※ The wireless network connection charge has been excluded from mobile service revenue

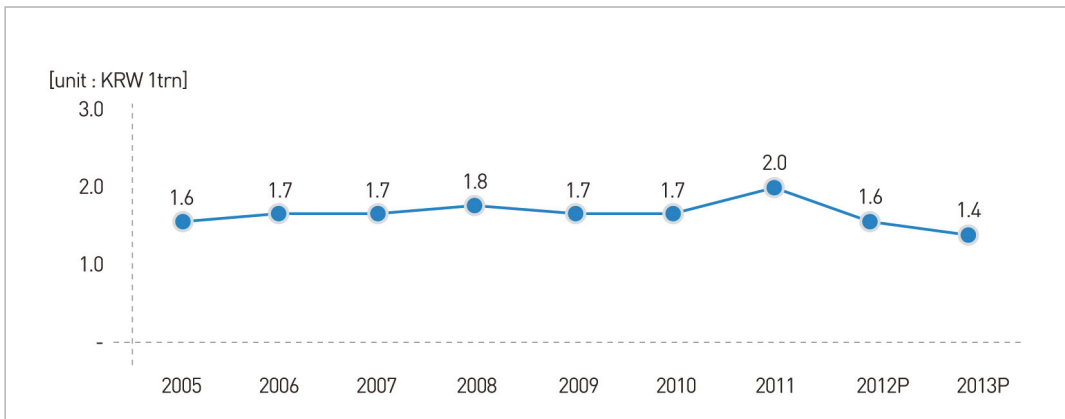
| Portable Device Sales



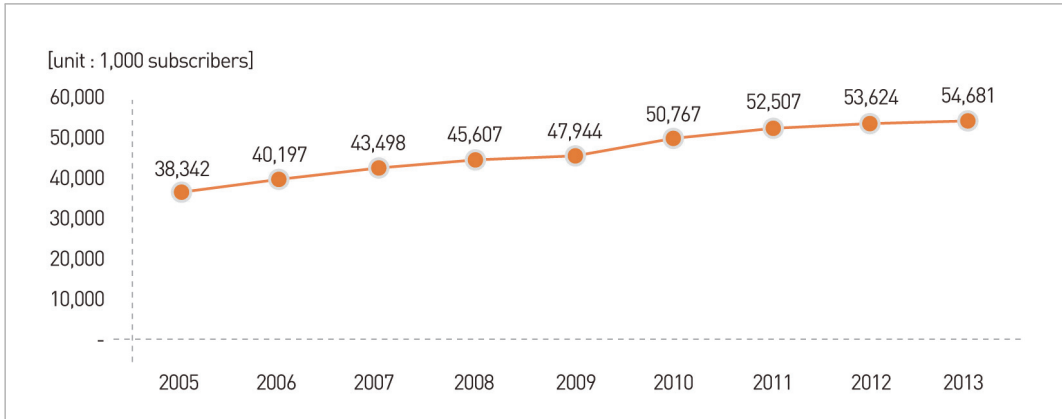
| DTV Sales



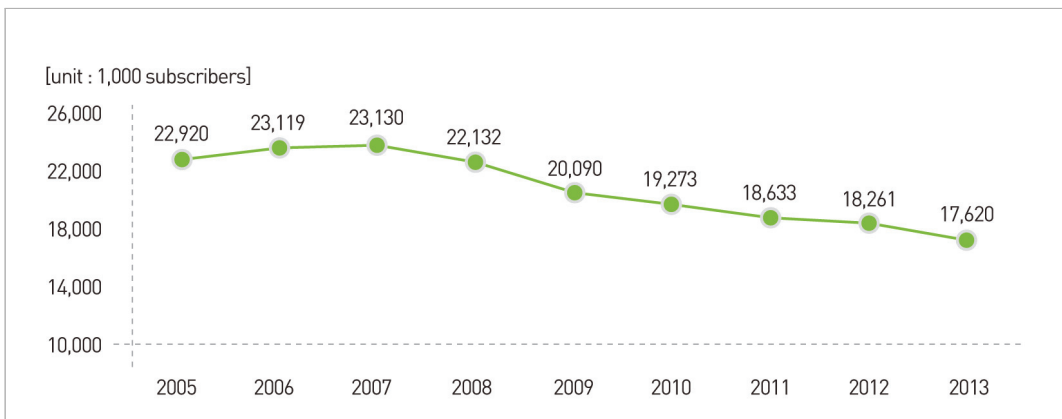
| Number of Mobile Subscribers



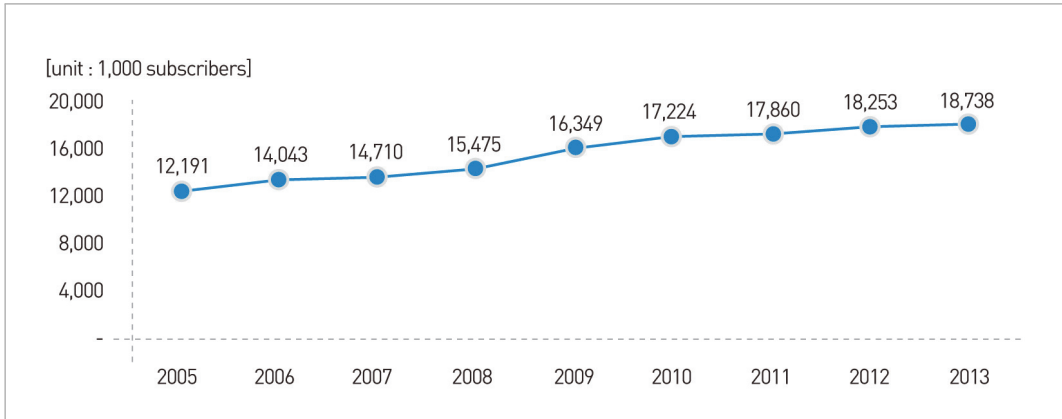
| Number of Local Telephone Subscribers



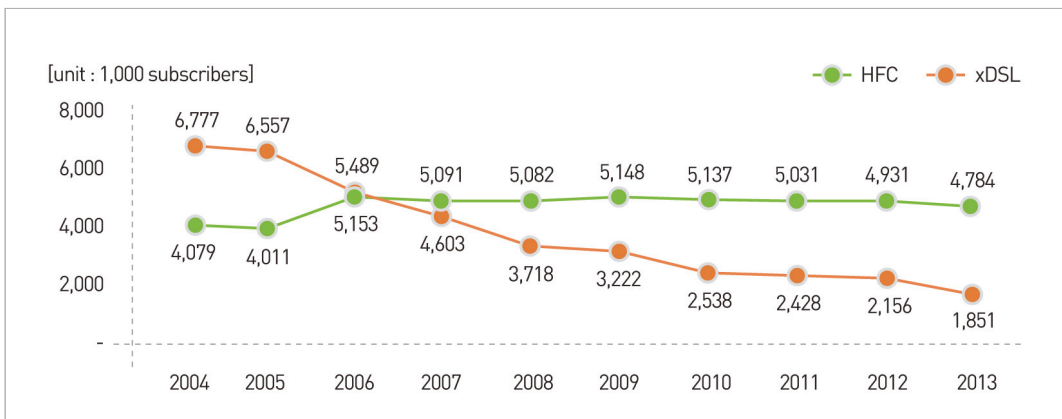
| Number of Broadband Internet Subscribers



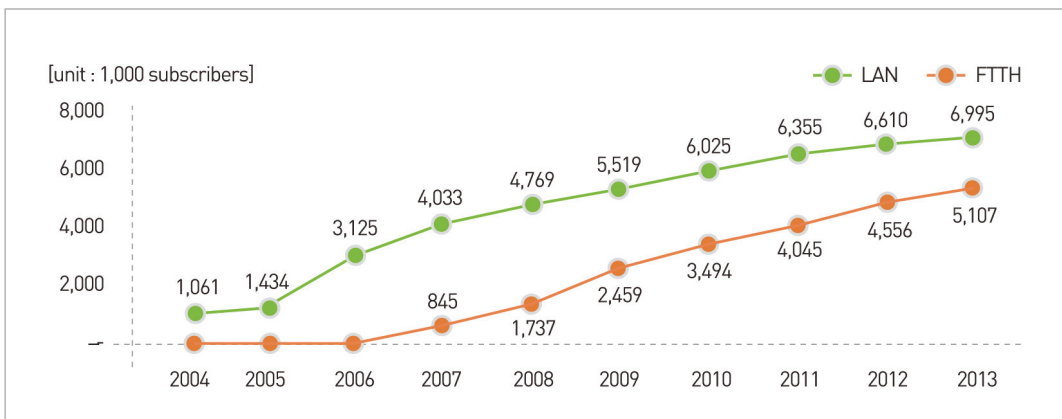
| Number of Broadband Internet Subscribers



| Number of Broadband Internet (xDSL, HFC) Subscribers



| Number of Broadband Internet (LAN, FTTH) Subscribers



KOREA COMMUNICATIONS COMMISSION ANNUAL REPORT 2013

Date of Publishing June 2014

Publisher	Korea Communications Commission 47 Gwanmun-ro, Gwacheon-si, Gyeonggi-do, 427-700, Republic of Korea
Tel	Main Number: 1335 (no need local number)
E-mail	webmaster@kcc.go.kr
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