
 미래창조과학부  방송통신위원회 <small>KOREA COMMUNICATIONS COMMISSION</small>	<h2>Press Release</h2>	<a href="http://www.msip.go.kr">http://www.msip.go.kr</a>  <a href="http://www.kcc.go.kr">http://www.kcc.go.kr</a>
<b>Please publish after distribution on December 6, 2013 (Friday)</b>		
Inquiry: JB Hong, Director of the Telecoms. Policy Division, MSIP at 2110-1930 and JS Lee, Deputy Director of the same division at 2110-1933 YM Jun, Director of the Consumer Policy Coordination Division, KCC at 2110-1510 and JE Whang, Deputy Director of the same division at 2110-1516		

### Clarification of the Report under the Title of ‘Government Displayed Poor Coordination Ability at the Handset Distribution Improvement Meeting’

- The Name of the Press: SBS (8 News)
- Reported Date: December 5, 2013 (Thursday)
- The Gist of the Report
  - o SBS reported that the stakeholder meeting for the improvement of the handset distribution structure showed stark differences in the positions of the participants without reaching a concrete agreement, and the Government failed to collect the relevant stakeholders’ opinions in a sufficient manner and pushed for the enactment of the proposed bill belatedly, losing control on the matter.
- Clarification
  - o Consumer advocacy groups, handset manufacturers, three mobile operators, the budget phone association, and the distributors association participating in the meeting sympathized across the board with the need

to improve the monopolistic distribution structure centered on expensive handsets (900,000~1,000,000 won) and extreme discrimination of handset prices, with Samsung Electronics only raised issues with some of the provisions. Thus, The SBS report is never truthful. The following is summarized remarks of the participants.

- (Consumer advocacy groups: Consumers Union of Korea and YMCA Korea) The local handset market has an excessively high portion of premium phones, and the devices are priced 20~30 percent higher than in foreign countries. In addition, too big a market dominance enjoyed by Samsung renders the market de-facto monopolistic. Extreme discrimination and distortion is witnessed in the current market, as is shown in a frequent case where a next-door neighbor buys several times cheaper the next day of one’s purchase. Thus, the proposed law is imperative to lower the prices of the locally distributed handsets, improve the smartphone-oriented market structure, and create a healthy handset distribution ecosystem.
- (Manufacturers: LG Electronics and Pantech) Agree on the purpose and goal of the proposed law. Wish the position of the manufacturers will be fully considered throughout the actual implementation of the Act. Specific matters like how to deal with trade secrets may be resolved through further discussions on details.
- (Mobile operators: SKT, KT and LGU+) Support the proposed bill and regardless of business interests, it is not easy for anyone to oppose the proposed bill that aims to safeguard consumer interests (SKT). What is important is competition against service, product and quality, not against subsidies (KT). A fair and proper enforcement is necessary to prevent the solidification of the current mobile market shares as an side-effect (LGU+).

collect relevant stakeholders' opinions in a sufficient manner and pushed for the enactment of the law belatedly losing control on the matter is not true at all.

- (Korea Budget Phone Operators Association) A new law is necessary to lower the burden of households caused by high communications fees through promoting low and mid-priced handsets and budget MVNO phones.
  - (Korea Mobile Communications Distributors Association) Because of changing policies of mobile operators and manufacturers, the same model is sold at 200,000 won one day and at 800,000 won the next day, costing the mobile communications market loss of consumer confidence. A law is necessary to restore consumer confidence and protect small merchants in the mobile market.
  - o In particular, Samsung Electronics, who has persistently raised issues with the proposed law, made it clear that it is not opposing the law itself while they made suggestions on the potential concerns like leak of data, and said it hopes for a good solution to be produced that benefits all stakeholders.
  - In response, JH Kim, Director-General of the Telecommunications Policy Bureau, MSIP, explained once again that trade secrets contained in the submitted materials will not be disclosed to the public under the Official Information Disclosure Act.
  - o Most of the meeting participants agreed that the existing distribution structure needs improvements, and sympathized with the content of the law by and large. Through the continued efforts of collecting opinions of different stakeholders, the Government won the sympathy of manufacturers as well on the enactment of the law.
- ※ Opinions were received from Samsung Electronics seven times: Jun. 13 (in writing), Aug. 12, Oct. 29, Nov. 4, Nov. 14, Nov. 19, Nov. 29
- o Therefore, we announce that the report that the participants showed stark differences in their positions, and the Government failed to