THE CURRENT STATUS OF BROADBAND IN KOREA

- 81% Internet users
- 97% of households have Internet connection
- 100% mobile phone penetration rates
- 40% smartphone penetration
THE CURRENT STATUS OF BROADBAND IN KOREA

- The world’s most advanced economy in ICT
- The first country where more than 55% of households are using FTTH/B connections
- World’s fastest Internet speeds

What's behind its rapid growth of broadband internet? Can regulation cure all?
THE CURRENT STATUS OF BROADBAND IN KOREA

- The world’s most advanced economy in information and communication technologies (ICT)
- One of the most wired countries in the world
- The fastest internet speeds in the world
- The world highest mobile broadband penetration of 91%
- 97% of households have internet connection
- 81% of internet users
- 100% mobile phone penetration rates
- 40% smartphone penetration
- The first country where more than 55% of households are using FTTH/B connections
OVERVIEW OF TOPIC

- THE CURRENT STATUS OF BROADBAND IN KOREA
- CONTRIBUTING FACTORS TO BROADBAND GROWTH
  - GOVERNMENT’S ROLE
  - MARKET COMPETITION
  - SOCIOCULTURAL FACTORS
- PROBLEMS CAUSED BY INTERNET
- GOVERNMENT REGULATION
- RECOMMENDATION
GOVERNMENT INVOLVEMENT IN TELECOMMUNICATIONS DEVELOPMENT

- **1981**
  - GOVERNMENT MONOPOLY
  - “Information welfare society project” to provide universal service to rural and urban areas

- **1991**
  - GOVERNMENT-OWNED CORPORATION MONOPOLY
  - Shifted from monopoly towards competition

- **2002**
  - BROADBAND REVOLUTION
  - Managed competition
GOVERNMENT INVOLVEMENT IN TELECOMMUNICATIONS DEVELOPMENT

2004-
- Construction of a BcN began
- Integrated networks and services to a total of 35.01 million subscribers nationwide

2009-
- GIGA KOREA PROJECT
- To realize a smart Korea by the year 2020
- Aims to bring gigabit Internet connection to households by 2013
FTTx RATE IS GROWING

Internet Access Type of Households
(multiple response)

- XDSL: 71.3%
- FTTx: 31.3%
- Cable: 24.1%
- WiFi LAN: 12.4%
- Broadband: 1.7%
GOVERNMENT’S ROLE

- Korean government played a pivotal role in promoting broadband growth
- Initiated many projects
- Carried out various policies

- Failed to contemplate side effects of internet proliferation
- Hardware oriented unbalanced growth
UNBALANCED GROWTH

- Hardware & Facilities-focused Policies
- Software Industry - the weakest link in telecommunications sector
  - most software work is subcontracted
  - price is decided by the labor costs of the programmers (based on academic degrees & experience)
- Samsung’s vulnerability shocked Korea when its software was put up against Apple Iphone
AFTERMATH OF APPLE PHENOMENON

- “World Best Software” program by Ministry of Knowledge Economy
- $868.9 million government funding into the local software industry & 160,000 new jobs to be created
- Korea’s Software Policy – Promotion by ‘Regulation’

- COMPETITIVENESS OF THE SOFTWARE SHOULD BE STRENGTHENED THROUGH DEREGULATION AND GLOBALIZATION
Deregulation & Market Competition

- Deregulation ➔ Companies’ active participation
- Facilities- & Services-based Competition accelerated high-speed internet infrastructure
- To maintain a competitive advantage, flat-rate price plans were introduced

➔ Data Demand Increased & Consumer Behavior Changed
ILLEGAL CONSUMER BEHAVIOR

- P2P and webhards have encouraged illegal file sharing
  - 32.5% of the entire illegal online downloads market via webhards amounted to $1.3 billion
- P2P and webhards are
  - blamed for causing the spike in data demand &
  - widespread piracy on the Internet

➡️ legal measures have been taken to combat the circulation of illegal contents
WEBHARD REGISTRATION

- Classified as ‘Supplementary Communications Business’
- Easily escaped from crackdowns
- Revised law requires webhard to register
In order to be able to register,

- A company has to prove that it:
  
  i) has taken the necessary technological measures to cut off illegal forwarding of the copyright work;

  ii) has the necessary personnel and facilities to conduct such a business (2 monitors to monitors contents 24 hours a day);

  iii) financial stability of the business;

  iv) and other requirements as prescribed by Presidential Decree.

- KCC can revoke a webhard’s registration when it was found to have repeatedly violated copyright
Online game and *PC bangs* played an important role in the growth of broadband penetration ➔ GAME ADDICTION

- Korea’s obsession for education helped boost Internet usage
- Tech-savvy Koreans

“[I]F YOU ARE SUCCESSFUL IN THE KOREAN MARKET, SUCCESS IS ALMOST GUARANTEED ELSEWHERE IN THE WORLD.”
14.3% of the country’s teen population exhibited symptoms of Internet addiction

A middle-school teen strangled his mother to death; a compulsive game player’s death; a couple let their three-month-old infant starve to death

The Korean National Assembly passed a controversial bill restricting access to online games for anyone under the age of 16 from midnight to 6 a.m.
GAME SHUTDOWN

- Violation of the Cinderella law - max 2 years imprisonment or a $10,000 fine

PROTECTION OF MINOR V. FREEDOM OF SPEECH & PRESS

- All games are rated and classified General, 12+, 15+, and 19+ according to the Game Industry Promotion Act
- The law prohibits playing ‘legal’ online games at night regardless of places and devices - whether at home with their own PCs or handheld device, or in ‘PC bangs’
CONSTITUTIONAL CHALLENGES

1. Overbroad Restriction imposing a substantial restraint on circulation of lawful contents

2. Violates the Principle of Equality - too many exemptions

3. Violates a minor’s constitutional right to pursue happiness (the right to pursue values and freedom of action)

4. The measure does not separate the public sphere from the private sphere, invading the home.
GOVERNMENT APPROACH

- ‘big government’ approach to Internet regulation
- Expanding government’s control over the Internet
- Internet content regulation – SNS Review Division established
- Monitoring requirements imposed on ISPs
- Real-name registration system
- Game shutdown law
Governmental measures have two sides;
- can lead technological innovation by policy support
- if not accommodate changes in technological development, such support becomes regulation

Most of Internet regulations are being challenged on legal grounds

Self-regulation in the Right Direction is Better Than a Decisive Law Going the Wrong Way
Unfair treatment
Government intervention in the Internet evolution or Internet freedom must be rejected.

Restricting freedom on the Internet presents far reaching consequences.

The role of the government is to help shaping the course of Internet evolution by providing guidance.
THANK YOU
Internet Usage Rate for the students is almost 100%,
housewives is 66.45%