



# US-Korea Free Trade Agreement Broadcasting Equipment & Services



## New Opportunities

- Nearly 95% of consumer and industrial products will become duty-free within the first three years after implementation
- Korea is a \$1 trillion economy and the 7th largest U.S. trading partner
- Korea is a highly advanced, tech-oriented economy that can utilize and generate significant demand for state of the art technologies
- Korean fascination with the "American Lifestyle" continues to draw interest and attention among Korean consumers

Korea agreed to make significant improvements concerning treatment of broadcasting and audiovisual services, including by allowing within three years 100% foreign ownership of program providers by U.S. firms, reducing quotas on animation and film, increasing allowable content from a single country, and locking in current content quotas in other areas.

## Industry Trends

The surge of investment in new broadcasting services represents important opportunities for U.S. program providers (PPs). Korea currently has four terrestrial TV networks, 83 satellite TV channels, and approximately 70 cable TV channels. After the launch of digital satellite and digital cable TV services, the total number of Korea's satellite and cable channels is expected to reach approximately 200 over the next three years. Also, the number of subscribers to the satellite and expanded cable TV services is projected to increase dramatically and will create great demand for foreign programming. Currently, U.S. programming accounts for approximately 70 percent of all imported programming. With the popularity of U.S. programming in Korea and the enormous projected increase in channels, U.S. PPs are well positioned to expand rapidly in Korea's growing market. As of March 2006, there were about 200 registered PPs in Korea. Among this number, approximately 70 PPs are responsible for the majority of activity in the market, providing programming both to satellite and cable TV channels. Although digital broadcasting equipment for terrestrial TV services is forecast to remain the largest market segment through 2010, Korea's launch of digital satellite and digital cable TV broadcasts will continue to bolster strong market demand over the next three years.

KDB, the platform operator for satellite TV in Korea, has projected purchases of USD 100 million worth of digital broadcasting systems equipment, an average of USD 14.5 million annually. However, the investment plan will be contingent upon increases in the numbers of subscribers. Also KT and Hanaro are looking to launch and aggressively promote digital video services (or IPTV) over ADSL, VDSL, and Fiber to the Home (FTTH) networks. This may take longer to execute due to regulatory restrictions, but the threat of an integrated product bundle will clearly be a challenge to cable. As a result, SOs are increasingly focusing their efforts on deploying digital set-top-boxes in volume, bundled with both Internet and, in the future, VoIP services.

## Business Tools

The US Commercial Service is ready to help your company enter and expand in the dynamic Korean market.

We can help you:

- ✓ Research market potential
- ✓ Locate and arrange appointments with qualified buyers and distributors
- ✓ Advise on intellectual property rights, regulatory hurdles, and government contracts
- ✓ Provide you with essential company background information that will help you make more informed decisions
- ✓ Launch your product in Korea with a promotional or technical seminar

## Key Contact

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