

Mission Statement  
Cable Television Trade Mission to South Korea  
June 3-5, 2009

## **MISSION DESCRIPTION**

The United States Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service is organizing a Trade Mission to Seoul, South Korea, June 3-5, 2009. The mission will provide an excellent venue for U.S. companies to promote their television programming content, and broadcasting equipment and services. The Korea Cable TV Association (KCTA), a pillar in the Korean broadcasting industry, and made up of over 100 network providers, has requested this trade mission be held in conjunction with their annual KCTA Trade Show, where a majority of the Korean network providers will be present and looking to purchase program content and broadcasting equipment. The participating U.S. companies will meet with Korean Cable TV system operators, program providers, and terrestrial TV and Internet protocol television (IPTV) service providers during the course of the show.

## **COMMERCIAL SETTINGS**

Korea's economy has recently moved away from a centrally planned, government-directed investment model toward a more market-oriented system. Korea's economic performance over the past 4 years has remained stable, at or above 4%, and currently is at 2%-3%. Korea is the United States' seventh-largest trading partner, ranking ahead of larger economies such as France, Italy, and India.

The Korean cable industry's many subsectors present considerable potential for growth and export opportunities. Korean cable television, launched in 1995, currently has an audience of over 12 million households. To date, 103 cable system operators (SOs) are transmitting cable TV content throughout the country. Digital terrestrial TV was introduced in 2001, with expectations of nationwide coverage by 2010. Digital cable TV services were launched in 2004, when the Korean National Assembly revised the broadcasting law, also allowing for increased foreign investment in Korean SOs and program providers. This investment will speed up the deployment of digital cable TV, which in turn means increased opportunities for equipment suppliers and program providers.

Korean cable TV SOs and program providers are now focused on digitizing most of their broadcasting facilities. After the introduction of direct-to-home (DTH) services in 2000, the Korea Digital Satellite Broadcasting consortium acquired the necessary license and launched pay TV services via its DTH satellite platform, SkyLife, whose subscribers number more than 1.96 million.

The Korean cable industry is now discovering that programming content is severely lacking, with providers often limited to showing amateur videos. Also driving the development of improved digital content are new and potentially exclusive channels, basic and premium tier channels, plus on-demand content from domestic and foreign program suppliers. The business of digital programming and content is made highly attractive by significant competition from cable, the rise in DTH services, the advent of IPTV, a projection that the digital TV universe will be almost all-pay by 2015, and major gains in consumer purchases of digital set-top-boxes (STBs).

Open IPTV will also try to join the industry in the near future. IPTV service will trigger strong demand for U.S.-based digital online content, a market estimated to have reached USD 180 million this year. The Korean Communications Commission is open to selecting more IPTV service providers that meet standards for technological expertise and business management, boosting opportunities for U.S. companies. The shortage of quality content for the growing new service platforms represents additional opportunities for already popular U.S. content providers, who are currently contributing 70% of Korea's

foreign programming content. Best prospects for imported programming are in the areas of movies, sports, animation, drama and documentaries.

Market demand for U.S.-based mobile digital content is expected to grow by approximately 7% to 8% annually over the next several years, driven by digital multimedia broadcasting (DMB) service providers. Since December 2005, terrestrial providers have moved into DMB, which allows viewers to watch TV via a cell phone. The market for terrestrial DMB service is forecast to reach USD 730 million by 2010, while that of satellite DMB service is expected to grow to USD 640 million. Currently, the United States has only a 25% share of this market, but its share of the digital content market is at 80% and growing.

The market for TV broadcasting equipment and services also continues to grow. Although equipment is currently being procured primarily for terrestrial TV broadcasting, demand for digital equipment for cable and satellite TV services is forecast to be very strong over the next three to five years. Spending among the multi-station operators has increased opportunities for suppliers of digital equipment for terrestrial broadcasting. U.S. suppliers of a wide range of broadcasting equipment will continue to enjoy significant competitive advantages in technology and price. There are also no major market access barriers for broadcasting equipment, and most categories of equipment enter Korea with an 8% duty based on cost-insurance-freight (c.i.f.) value.

The telecom and broadcasting industries are transitioning into a new arena by combining each other's technologies in the IPTV services market, which is expected to grow at an average annual rate of 8%-9% until 2012, when it is projected to reach four million subscribers and collect USD one billion in revenue. Acknowledging that the existing Internet network does not have the capacity to manage the data traffic potentially generated by IPTV services, Korea's largest Internet service provider, KT, has embarked upon an ambitious program to connect every household in Korea with fiber-to-home services at a cost of USD one billion. There are currently 12.7 million Internet using households in Korea, representing about 88% of total households in Korea.

## **MISSION GOALS**

The Cable Television Trade Mission to South Korea is designed to give U.S. firms excellent opportunities to promote their television broadcasting content, equipment and services to Korea's broadcasting industry. Mission participants will gain direct industry access through prearranged business-to-business appointments and networking events. They will also receive the most current information on the Korean market and available U.S. Government trade financing programs.

## **MISSION SCENARIO**

The mission will take place in conjunction with the 2009 Korea Cable TV Association Trade Show in Seoul, South Korea. The mission will include one-on-one business matchmaking appointments with prospective agents, distributors, and end-users; updates on major projects; Embassy briefings on doing business in Korea; and networking receptions. Activities may also include site visits and meetings with local government officials, as appropriate. The U.S. and Foreign Commercial Service in Seoul will continue to maintain a presence at the KCTA Trade Show on Saturday, June 6, and will assist any mission members wishing to remain to take advantage of visitor traffic at the show. This assistance is offered to the delegation at no additional cost. In addition, the timing of the mission will permit interested companies to attend a major industry event in China, the Shanghai TV Festival (STVF), June 8-12, 2009, should they wish to extend their stay in Asia.

## PROPOSED TIMETABLE

<i>Tuesday</i> <i>June 2, 2009</i>	Arrival in Seoul, South Korea Informal no-host dinner with U.S. Commercial Service staff
<i>Wednesday</i> <i>June 3, 2009</i>	Morning: Briefings by U.S. Embassy staff and local U.S. business executives Afternoon: One-on-one business appointments at KCTA Trade Show Evening: Networking reception
<i>Thursday</i> <i>June 4, 2009</i>	One-on-one business appointments at KCTA Trade Show
<i>Friday</i> <i>June 5, 2009</i>	Morning: One-on-one business appointments at KCTA Trade Show Afternoon: Walk the show floor / Mission concludes
<i>Saturday</i> <i>June 6, 2009</i>	Bonus day for companies to spend at show on their own, or depart Korea

## PARTICIPATION REQUIREMENTS

All parties interested in participating in the Cable Television Trade Mission to Korea must complete and submit an application package for consideration by the Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 6 and maximum of 10 companies will be selected to participate in the mission from the applicant pool. U.S. companies already doing business in Korea as well as U.S. companies seeking to enter the Korean market for the first time may apply.

### *Fees and Expenses:*

After a company has been selected to participate in the mission, a payment to the Department of Commerce in the form of a participation fee is required. The participation fee will be \$3,565 for a large firm and \$2,375 for a small or medium-sized enterprise (SME).<sup>\*</sup> The fee for each additional firm representative (large firm or SME) is \$350. Expenses for travel, lodging, most meals, and incidentals will be the responsibility of each mission participant. Access to the KCTA trade show will be complimentary for participants.

### *Conditions for Participation:*

- An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the Department of Commerce receives an incomplete application, the application may be rejected, additional information may be requested, or the lack of information may be taken into account when evaluating the application.
- Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and contain at least 51% U.S. content of the value of the finished product or service.

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<sup>\*</sup> An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see [http://www.sba.gov/services/contracting\\_opportunities/sizestandardsttopics/index.html](http://www.sba.gov/services/contracting_opportunities/sizestandardsttopics/index.html)). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

***Selection Criteria for Participation:*** Selection will be based on the following criteria:

- Suitability of the company's products or services in the Korean market and target sectors
- Applicant's potential for business in Korea, including likelihood of exports resulting from the mission
- Consistency of the applicant's goals and objectives with the stated scope of the trade mission

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

## **TIMEFRAME FOR RECRUITMENT AND APPLICATIONS**

Mission recruitment will be conducted in an open and public manner, and on a first come first serve basis. Outreach will include publication in the Federal Register, posting on the Commerce Department trade mission calendar (<http://www.ita.doc.gov/doctm/tmcal.html>) and other Internet web sites, press releases to general and trade media, direct mail, broadcast fax, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows. The International Trade Administration will explore and welcome outreach assistance from other interested organizations, including other U.S. Government agencies.

Recruitment for the mission will begin immediately and will close on April 24, 2009. Applications are available on-line on the mission website at <http://www.export.gov/ICTkoreamission>. They can also be obtained by contacting the Mission Project Officer listed below. Applications received after April 24, 2009, will be considered only if space and scheduling constraints permit.

## **CONTACT:**

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