

Aktdetaljer

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Titel: (KTOA) Memorandum of Korean telecom operators on Danish non-paper(Korea case)
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Dear Minister Lars Aagaard,

I work for Korea Telecommunications Operators Association (KTOA), I'm in charge of external cooperation at KTOA.

And I'm writing to you on behalf of the Korea Telecommunications Operators to correct the inaccurate information about South Korea that was presented in the non-paper submitted by the Danish authorities to the European Commission's public consultation on the future of the electronic communications sector and its infrastructure.

(<https://www.ft.dk/samling/20222/almde/KEF/bilag/264/index.htm>).

I hope that the situation in the Korean telecommunications market will be corrected. See the attachment for more details.

Please let me know if you have any questions.

Best regards

Inmok Cho.

Memorandum

DATE : May 16, 2023

TO : The Danish Ministry of Climate, Energy and Utilities

FROM : Korea Telecommunications Operations Association

RE : KTOA memorandum on Danish non-paper(Korea case)

We are writing to you on behalf of the Korea Telecommunications Operators to correct the inaccurate information about South Korea that was presented in the non-paper submitted by the Danish authorities to the European Commission's public consultation on the future of the electronic communications sector and its infrastructure.

(<https://www.ft.dk/samling/20222/almdel/KEF/bilag/264/index.htm>).

As the representative of Korea's telecommunications network operators since 1996, KTOA contributes to developing policies that drive innovative and high-quality services for Korean consumers and businesses.

The following statement in the document is misleading: "In South Korea, the only country to have experimented with a "fair share" system, the contribution requirement has led to OTTs closing their cache servers in the country, leading to lesser quality of service for consumers." We would like to clarify that this statement misrepresents the situation in Korea.

① **"In South Korea, the only country to have experimented with a "fair share" system."**

The Republic of Korea is a market economy in all respects as is required by its accession to the Organization for Economic Cooperation and Development (OECD) in 1996.¹ The concept

¹AGREEMENT ON THE INVITATION TO THE REPUBLIC OF KOREA TO ACCEDE TO THE CONVENTION ON THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT.

of “fair share” does not exist in law in the Republic of Korea, nor for that matter does it appear to exist in European Law. The European Union’s Declaration on Digital Rights and Principles does not describe “fair share” but rather “fair and proportionate contribution.”² As such the Republic of Korea being a market economy operates with market principles in all domains, including internet markets.

The Europe telecommunications and internet markets are governed with a series of national state and EU level rules. In the Republic of Korea, on the other hand, the internet is governed by the Telecommunications Business Act. Internet service providers (ISPs) charge fees to content and application providers (CAPs) and content delivery networks (CDNs) for using their networks, but these fees are determined by market forces. Under the Korean Telecommunications Business Act, internet service providers (ISPs) are classified as common carriers. This means that they are required to provide equal access to all users, regardless of their size or location. Users include individuals, companies, content and application providers (CAPs), and content delivery networks (CDNs).

When an ISP receives a fee from a CAP or CDN, it is negotiated autonomously. This means that the two parties agree on a price without government interference. Mandatory payments are only exchanged between ISPs that have networks.

② **“the contribution requirement has led to OTTs closing their cache servers in the country, leading to lesser quality of service for consumers.”**

Organization for Economic Cooperation and Development (1996).

<https://www.oecd.org/legal/OECD%20Korea%20Accession%20Agreement.pdf>

² EU Declaration of Digital Rights and Principles. Chapter II “Solidarity and Inclusion” describes the goal of “developing adequate frameworks so that all market actors benefiting from the digital transformation assume their social responsibilities and make a fair and proportionate contribution to the costs of public goods, services and infrastructures, for the benefit of all people living in the EU.” <https://digital-strategy.ec.europa.eu/en/library/european-declaration-digital-rights-and-principles> Accessed May 13, 2023.

In Korea, CAPs and CDNs also trade with ISPs through autonomous negotiations. Claims that CAPs stopped using OTT providers' cache servers due to fees and reduced service quality are completely false. Recently, the International Telecommunication Union (ITU), an ICT organization under the UN, has announced the comprehensive ranking by country through the ICT Development Index (IDI). South Korea ranked 2nd among global countries in 2017, overwhelming major comparators with 100% LTE coverage, 98% national mobile phone penetration, 100% Internet-connected households, and 98% personal Internet usage in 2021.

Moreover, during the coronavirus pandemic, Europe decided to reduce service quality,³ but Korea continued to provide the same or higher quality than before in that time. OTT operators could also offer products with different rates based on picture quality. For example, Netflix offers SD, HD, and UHD quality services in South Korea and charges different prices for each quality. Cache servers have not been withdrawn from South Korea, and there have been no complaints (Voice of the customer) about quality.

In short, the fair share systems in Korea and the European Union are some different. In Korea, the system is based on autonomous negotiations between ISPs and CAPs and CDNs. However, there are only two CAPs in South Korea that refuse to pay for network usage to ISPs, and so, seven bills have been submitted to force them to pay for their network usage. In the European Union, the system is more regulated by the government

³Hadas Gold, CNN.com "Netflix and YouTube are slowing down in Europe to keep the internet from breaking." <https://edition.cnn.com/2020/03/19/tech/netflix-internet-overload-eu/index.html>. March 20, 2020