

NEW MEDIA POLICY: A COMPARATIVE PERSPECTIVE ON MALAYSIA AND KOREA

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ABSTRACT

This article focuses on external factors and pressure on the Korean and Malaysian media policy and its impacts towards their cultural industry, comparatively. Since World War II, the US has promoted free trade by continuous efforts to lower tariffs mostly through the GATT. However, such market liberalization with major trade partners fell short of US expectations and cheap imported products, such as Korean personal computers rushing into the US market in the 1980s. With ongoing trade deficits deepening, the US government finally started to demand comprehensive sanctions against unfair trade practices of foreign countries and enacted the Trade Act of 1974, which contains the well-known Section 301. The US promoted trade liberalization in media and cultural industry through the WTO and incorporated Section 301 in the WTO binding law and regulations. Thus, this paper discusses economic, social and political reasons why nations regulate to safeguard cultural industries in the WTO era. In addition to generating employment and revenue, cultural industries contribute to a sense of national and community well-being. It has been argued that cultural products are different from other consumer goods because they reflect the intrinsic values and characteristics of the societies that create them. Cultural protection measures are based on an assumption that local industries foster local creativity and indigenous talent which may otherwise have no expression. Such expression enriches the cultural life of the nation as a whole reflecting and contributing to people's perceptions of their identity, character and culture. Audiovisual products are important media for cultural expression and have a powerful influence on the cultural and social life in many countries. Broadcast media generally, and television in particular, provide major outlets for audiovisual products. As such they are often the focus for cultural policies and safeguards.

Keywords: *industrialization, neo-classical, protectionism, internationalization, modernization*

INTRODUCTION

Korea started her economic growth in the early 1960s and many economists and policy-makers considered it the typical model of export-oriented industrialization. As a result of this growth, powerful industries were established and indeed many developing economies have derived some lessons from the Korean experience. Korea was cited as a typical success case of economic development in the developing world.

There have been two dominant debates surrounding the study of development: modernization versus dependency theory, and neoclassical versus developmental state models of industrialization (Simone & Feraru, 1995). The rapid economic growth and industrialization of the East Asian capitalist nations such as Korea have been used to challenge the dependency argument that development in the periphery is unlikely, the neoclassical view that state intervention in the economy creates distortions and waste, and the assertion of the modernization theory that the transformation of a traditional culture is a prerequisite for industrialization. Korea with strong state leadership of the economy forms the basis for the developmental state paradigm (Clark, 1998: 491–492).

The Western writers commonly wrote that the Korean state characterized by bureaucratic-authoritarianism. Scholars such as Cumings (1984) and Haggard and Kaufman (1995) regard Korea's case as one of political leadership by a military bureaucratic-authoritarianism regime, which reflected a structural transformation from the stage of import-substitution industrialization to that of the deepening of the productive structure or an outward-looking export-oriented policy. The history of bureaucratic-authoritarianism in Korea dates back to 1948 when the founding President Rhee Syng-Man maintained a significant degree of executive autonomy, aided by extensive resources in the hands of the bureaucracy. These included Japanese properties and influence over the distribution of American aid (Simone & Feraru, 1995: 142). After that, Korea had an extended period of authoritarian rule under Park Chung-Hee and Chun Doo-Hwan during which strong executives enjoyed substantial discretionary authority and dominated legislatures and judiciaries (Cheng, Haggard & Khan, 1996: 11).

In particular, besides consolidating the economic planning structure, Park's regime launched a number of reforms designed to improve bureaucratic performance. In implementing their plans, they needed a powerful instrument for economic control and planning. For example, Park's regime established "the Economic Planning Board" to perform the Five Year Development Plans.

However, Korea's policy-making process in the 1990s seemed different from that of the 1980s. State policy decisions have been mainly based on the relations between three players: President, bureaucrats and private sector (mainly *chaebol*). During the period of 1970s-1980s, the three players' relationships and accountability were clearly distinct. The president had stronger leadership than other players whilst the relationships between government and private sector were dominated by the government.

Another important characteristic of Korea is the paternalistic government-business relationship. This also derives from the traditional special relationship between the government and society as a whole. The history of the cozy relationship between the government and business can be traced back to the old legacy of

Japanese colonial administration (1910-1945), which worked closely with the Japanese large companies, *Zaibatsu*.

However, it is worth noting that the *chaebols* have consistently pursued their independence and autonomy from the government over the past 30 years. During these years, it had been commonly accepted that government's relationship with business was dominated by the strong government. In due course, it has been argued that the changing balance between the state and the *chaebol* has developed from dominance to symbiosis.

Malaysia, on the other hand, adopted the Westminster model of government at independence and has a constitutional monarchy, ruled by the Yang di-Pertuan Agong as the head of the state. The executive branch of Malaysian government is the administrative branch which controls the various state agencies. The executives can be divided into three parts: the head of the state, the political executive and the bureaucracy. Malaysia is a multiracial country but UMNO dominates the political system. It has a comprehensive, whole-of-government approach to development. The approach is coordinated by the Economic Planning Unit (EPU), with participation from all relevant agencies. The EPU plans and designs the development program in Malaysia through the 5 year Malaysia Plan, of which the latest is the 9th Malaysia Plan.

The broadcast industry in Malaysia began with the introduction of the wireless set by British in 1921 to facilitate their businesses in the region. This mode of broadcast was the main form of communication throughout Malaysia until radio was eventually introduced in the 1940s. The broadcast industry was actually formalized with the formation of "Radio Malaya" on 1st April 1946 by the British to rally support for the Union Jack's return after the Second World War. TV was first introduced on 28th December 1963 and was merged with radio on 11th October 1969. RTM monopoly of the broadcast industry came to an end in 1985 when the government issued license to TV3, the first private TV. This was followed by three more terrestrial private TV, i.e, NTV7, Channel 9 and 8TV. Recently, NTV7 was consolidated under the wing of Media Prima, the biggest media player in Malaysia which controls TV3, Channel 9 and 8TV. ASTRO was given a 20 year exclusive right to broadcast commercial satellite TV programs in Malaysia. MiTV and Fine TV were introduced in 2005 using wireless broadband telecast and high-speed interactive access via ADSL.

US STRUCTURAL POWER AND ITS IMPACT ON MALAYSIA AND KOREA MEDIA POLICY

In the post-war period, US trade policy has centered on the creation and perpetuation of liberal trade regime. Although all aspects of the liberal regime were never incorporated into international trade relations, the US has promoted this liberal ideology. With US economic and political power in relative decline, and with American producers facing competition at home as well as abroad, however, some argue that the US should no longer be interested in providing the collective goods necessary to keep international trade liberal (refer to Gilpin and Krasner's argument). In fact, today, the US commitment to multilateralism is less clear. Across a wide range of issue areas such as international trade, the US has taken to formulating its

national interests narrowly and pursuing its goal unilaterally or bilaterally (Patrick, 2000). In this regard, Goldstein (1986) argued that although there has been a growing contention that the US is reducing protectionism, no empirical evidence validates this contention. In other words, if we look at the trade trends since 1980s, it is not difficult to identify the US trade policy toward protectionism, using on the one hand a multilateral and on the other hand a bilateral strategy.

Firstly, since World War II, the US has promoted free trade by continuous efforts to lower tariffs mostly through the GATT. However, such market liberalisation with major trade partners fell short of US expectations and cheap imported products, such as Korean personal computers rushing into the US market in the 1980s. With ongoing trade deficits deepening, the US government finally started to demand comprehensive sanctions against unfair trade practices of foreign countries and enacted the Trade Act of 1974, which contains the well-known Section 301.

During the 1980s, its protectionist movement gave birth to Omnibus Trade and Competitiveness Act of 1988, which encompasses "Super 301," "Special 301," and "Telecommunications 301". This in turn developed into the Uruguay Round Agreement Act of 1994 for domestic legislation of what had been negotiated in the Uruguay Round (Park, 1999). Since then the US government has continued to make full use of either Article 301 or the WTO dispute settlement procedure to maximise its national interest. As the unilateral trade measures are retaliatory in nature, they are likely to clash with the norms and the dispute settlement system of the WTO. Regarding this, Noland (2000) points out that the development of the WTO and its improved dispute settlement system contrasted to its old unilateral strategies. He adds that although under domestic law the US retained its various trade retaliatory measures (Section 301, Special 301, and so on), the unilateral use of these measures would certainly not withstand a WTO challenge.

However, unlike Noland's argument, it is not difficult to see how Article 301, which allows the US to impose harsh unilateral sanctions against trade partners, has been used as a valuable tool to position the US on a more advantageous footing in bilateral trade negotiations. The US has been dependent upon the dispute settlement body of the WTO more than any other country since its inception in 1995. Grinols (1999) shows that the US is a major user of the WTO dispute settlement process. In the WTO era, the US was complainant in 54.5 percent of completed cases (12 of 22 cases). Since the US was the defendant in another 22.7 percent of the adopted panel reports (5 of 22 cases), the US was involved in fully 77.3 percent of the completed WTO cases (see table 1). Since the US government revived the Super 301 trade law on 26 January 1999, it was expected that the US would step up pressure on the other countries to further open their markets to American goods.

Secondly, there is also a concern that US legislation on establishing effective competition in telecommunications markets still allows discrimination against potential foreign competitors. The US still keeps restriction on the provision of one-way satellite transmission of Direct to Home (DTH), Direct Broadcast Satellite (DBS) and digital audio services, following the exemption to the MFN principle taken by the US at the very last moment of the GATS negotiations on basic telecommunications services in 1994 (Satcoms Insider, 2000). Another example of protectionism is the open entry standard implemented by the FCC. To sum up, these examples seem to be parts of the overall trade strategy of the US in which the US

government has used its structural power to establish an international economic order that benefits its interests since the Second World War.

Table 1
Participation of the US in the Panel Process (GATT/WTO)

| Period Name | Period | Total Reports | US-Complainant % of All Cases | US-Defendant % of All Cases |
|----------------------------|--------------------------|---------------|-------------------------------|-----------------------------|
| Pre-Sec 301 | 1 Jan 1948 – 31 Dec 1975 | 27 | 14.8% | 18.5% |
| Post-Sec 301 | 1 Jan 1975 – 31 Dec 1985 | 31 | 41.9% | 19.4% |
| Uruguay Round | 1 Jan 1986 – 31 Dec 1994 | 43 | 30.2% | 39.5% |
| WTO (Completed Panels) | 1 Jan 1995 – 31 Dec 1999 | 22 | 54.5% | 22.7% |
| GATT (Totals) | 1 Jan 1948 – 31 Dec 1994 | 101 | 28 (0.6) | 27.7% |
| WTO (Still-Achieve Panels) | 1 Jan 1995 – 31 Dec 1999 | 22 | 9 (3.9) | 40.9% |

Source: Adapted from Grinols, 1999.

During the Uruguay Round, no trade liberalising commitments were made in around eighty percent of the US industry's foreign markets for audiovisual services. There was an absence of extensive commitments in broadcasting services by all countries in the Asia-Pacific region, except New Zealand. Australia and Indonesia made no commitments in relation to audiovisual services. The commitments of the other countries were confined to a narrow range of audiovisual services. Australia and Malaysia also listed most favoured nation exemptions, avoiding the requirement that they give equal treatment to all their trading partners.

The Uruguay Round resulted in the negotiation of the GATS and the establishment of the World Trade Organisation to administer the expanded trade system. This was the first time that trade in services, including audiovisual services, was brought within the ambit of the multilateral trade rules.

The aims of the next GATS round and those to follow are to add new services not previously listed under the commitments and remove trade limiting measures in services where commitments have been made. However, because of the agreed mechanism of making sector specific offers and commitments, countries that have not scheduled any commitments in relation to audiovisual services, like Australia and Indonesia, are not obliged to accede to demands to do so. These countries reserve

their right to impose new or more burdensome measures that may have a trade limiting effect without penalty. Countries that have already included audiovisual services in schedules will be expected to undertake further liberalisation of markets for these services. Countries that do not have cultural safeguards in place are likely to be especially vulnerable to pressures to schedule their audiovisual services sectors and commit to maintain open markets to foreign suppliers and products.

TRADE, GLOBALIZATION AND THE AUDIOVISUAL SERVICES SECTOR

Audiovisual services and broadcasting regulations in particular, were highly contentious during the last Uruguay Round of negotiations under the General Agreement on Tariffs and Trade (GATT). The negotiations between the US and European Community (EC) over the audiovisual services sector were one of the key remaining differences preventing a settlement on services. EC member states, particularly France, and other countries including Canada, India, and Australia were opposed to US demands for liberalised trade in audiovisual services. In September 1993, more than four thousand European intellectuals, artists and producers published a petition for “cultural works” to be excluded from the multilateral trade negotiations in order to protect national industries and cultures from being overwhelmed by foreign products (Tomlinson, 1997).

The US argued that movies and television programs were commercial products just like any others. The US contended that the EC’s local content rules for television, which provide that a majority of transmission time is reserved for European works, unfairly imposed a market access barrier to US audiovisual products and cost US producers potential export income. The US with other countries including Japan pressured the EC to commit to dismantling the local content rules.

Neither side succeeded in its arguments. The EC did not make any commitments regarding market access in the audiovisual services sector, but failed to have a “cultural exception” for audiovisual services declared for future multilateral trade negotiations. The US production industry was dissatisfied with the outcome and the failure of the Uruguay Round to obtain market access and national treatment commitments in over 80 percent of the US industry’s foreign markets for audiovisual services (Potential Impact on the US Economy and Industries of the GATT Uruguay Round Agreements, 1994).

RESULTS OF THE URUGUAY ROUND FOR AUDIOVISUAL SERVICES

The global dynamics of broadcasting coupled with new technologies, is likely to drive even stronger demands for open international trade and the removal of domestic safeguard measures. Free trade proponents argue that liberalising audiovisual markets leads to more competitive audiovisual industries. In particular, they argue that countries limit much needed foreign investment and the adoption of new technologies by restricting the movement of natural persons and investments. With the emergence of a global media market, some governments and media companies are also arguing for the need to liberalise domestic audiovisual markets, with a particular focus on dismantling foreign ownership and control rules.

Internationalisation of the market also has important implications for local content. Expanding numbers of channels and new delivery services are creating a growing demand for content. In an environment that lacks local programming, broadcasters are increasingly dependent on imported programs to fill airtime. The US is in a strong position to benefit from this increased demand. American cultural products already have an overwhelming presence in world audiovisual markets, reflected in large trade imbalances between the US and most other countries. There is a fear that the large and growing amount of US products threatens cultural diversity and will eventually homogenise the world's cultures.

However, it is possible that in recognising the strategic importance of fostering strong creative industries, countries can enhance their cultural resilience and benefit from globalisation by enriching the diversity that it promises. But, depending on the commitments that countries make under trade agreements like GATS, the options governments have to nurture their audiovisual services sectors can be limited. While opening markets and removing regulations can stimulate growth and development in the audiovisual services sector, in any trade negotiations, a balance will need to be struck between these benefits and maintaining the flexibility to impose domestic regulations in the interests of local communities and local industries. It may be that some level of regulatory intervention is considered necessary to maximise the benefits a country's audiovisual services sector reaps from globalisation, especially with the radical changes being wrought by new technologies to traditional operating environments.

However, there are economic, social and political reasons why nations regulate to safeguard cultural industries. In addition to generating employment and revenue, cultural industries also contribute to a sense of national and community well-being. It has been argued that cultural products are different from other consumer goods because they reflect the intrinsic values and characteristics of the societies that create them. A symposium of experts on culture, the market and globalisation organised by UNESCO agreed that cultural goods were different because they were "vehicles of the imagination" (Cultural Goods and Globalization: Promoting Diversity, 1999).

Cultural protection measures are based on an assumption that local industries foster local creativity and indigenous talent which may otherwise have no expression. Such expression enriches the cultural life of the nation as a whole reflecting and contributing to people's perceptions of their identity, character and culture. Audiovisual products are important media for cultural expression, and have a powerful influence on the cultural and social life in many countries. Broadcast media generally, and television in particular, provide major outlets for audiovisual products. As such they are often the focus for cultural policies and safeguards.

In Indonesia, for example, broadcasting is seen as a means of "developing and preserving the nation's culture" and building national unity, with an important contribution to make "to living as a society, a people and a nation" (Draft Elucidation of Law of the Republic of Indonesia on Broadcasting, 1997). In Malaysia, television has been described as a tool of the government for "inculcating a feeling of unity in a multi-racial society" (Rahim, 1997: 32).

INTERNATIONAL MARKET PRESSURES ON LOCAL AUDIOVISUAL SERVICES INDUSTRIES

The operation of international markets and the commercial strength of major producing countries can result in the displacement of local product and threaten the viability of a country's audiovisual services sector. Film and television producers typically recoup most, if not all their production costs in their home markets, with large rich markets supporting high value productions. However, the costs of reproduction are marginal and there is a strong incentive for international trade as an export sale is worthwhile at any price that covers the small cost of supplying a print. This means that large wealthy producer countries like the US with almost one hundred million television households, can sell high budget programs in other countries (or secondary markets) at very low cost. With programs being sold internationally at a fraction of the actual cost of producing them in their home market and well below the cost of locally made programs, it is very difficult for local programs to compete (*See Owen & Wildman, 1992*).

Unequal competition in secondary markets for audiovisual products and services is sometimes likened to dumping in product markets. In the US, for example, drama programs typically cost US\$ 1.2 million per hour to produce. Programs are sold to US networks for US\$ 800,000 per hour, and subsequently sold around the world at whatever price the secondary market will bear. While Australia pays arguably the highest per capita amount for US product, a top-rating US drama still only costs Australian broadcasters A\$ 30,000 to A\$ 70,000 an hour. This is far less than the price broadcasters must pay for Australian drama programs. These prices range from a relatively low cost for series and serials (approximately A\$ 50,000 to A\$ 200,000 per hour) to considerably higher licence fees (approximately A\$ 200,000 to A\$ 400,000 an hour) for adult telemovies and mini-series which have high levels of government subsidy. In Malaysia the average cost of producing a 30-minute local program is around US\$ 20,000 compared with a 30-minute American program which can sell in Malaysia for US\$ 1,500 (*Singh, 1998*).

The economics of international audiovisual markets mean that generally, audiovisual products flow from large wealthy domestic markets to smaller ones, with the result that American products dominate the world's film and television program trade. It has been estimated that the US accounts for at least seventy-five percent of all television program exports and the current account balance of the broader US entertainment industry is second only to that of aerospace (*Hoskins, Finn, & McFayden, 1996*).

THE CULTURAL DISCOUNT OF IMPORTED PROGRAMS

Many countries have responded to these international market pressures by introducing measures to safeguard and promote their local film and television sectors. One of the objectives of Malaysia's regulatory framework, for example, is "growing and nurturing local content" (*Logo and website of Malaysian Communications and Multimedia Commission Launched*). However, other countries, such as Japan do not have specific content objectives for broadcasting. Less than 10 percent of programming on Japan's six major television networks is foreign-sourced (*Television Business international Yearbook, 1998*). This low figure

appears to be the result of market demand for Japanese language locally produced material, which reflects the fact that imported programs generally have a “cultural discount” in terms of their popularity with local audiences. Cultural differences tend to limit the appeal of foreign programs particularly because of language differences. However, even in Asia, the recent massive increase in the number of broadcasting channels has meant a rising ratio of foreign programs in non-indigenous languages with American products tending to dominate (Oto & Shindo, 1997).

On the other hand, programs from countries with similar cultural heritages and languages are likely to have greater cultural appeal to local audiences than other foreign programs. The close cultural affinity that Australia has with other English speaking countries means that Australia is more vulnerable to the displacement of local programs by programs from countries like the US and UK.

CULTURAL SUPPORT MEASURES IN THE AUDIOVISUAL SERVICES SECTOR

Achieving cultural objectives in the screen media requires a strong domestic film and television production sector. Measures used by countries to safeguard and promote this sector include content regulations; foreign ownership and control limitations; and direct and indirect government support. These measures aim to promote and enhance national culture and are usually underpinned by the preference of local communities for domestically produced programming. Following is an outline of the measures that the seven countries included in this paper have in place.

Content Regulations

Content regulation, especially for television, is an important part of cultural policy in many countries. Content regulation can ensure that local programs, as expressions of a country’s unique cultural identity, have a place on television and are accessible to the community. Content regulation can also foster the development of domestic production industries which create local programs.

Local content regulations for television typically restrict how much and at what times foreign programming can be shown by broadcasters, by prescribing a certain percentage of local programming within the total amount of broadcast time. South Korea introduced local content requirements and cinema screen quotas for locally produced films, or limited the number of foreign films that can be imported with policies and regulations concerning imported films.

Legislation in South Korea limits imported programs on terrestrial television to 20 percent of weekly broadcasts. On cable channels, foreign sports, science, and documentary programs are limited to no more than 50 percent of airtime and all other types of foreign programming, including movies, are limited to a quota of 30 percent. New broadcasting legislation under consideration in South Korea is expected to continue quotas for the broadcast of domestically produced programming for terrestrial, cable and satellite television, including quotas for specific program categories. South Korea also has laws which require cinemas to screen local films for at least 106 days of the year.

In Malaysia, 60 percent of television programming is required to originate from local production companies owned by ethnic Malays, with this quota increasing to 80 percent by the year 2000 (Rahim, 1997: 32). Malaysia has explicit requirements

regarding the language used in programs broadcast on television and radio. Selective dubbing of foreign programs is permitted for special programs which are deemed to have a positive impact on the preservation of the nation's culture. Other foreign language programs must be dubbed in Bahasa Melayu or English with subtitles. In South Korea, cable television companies must translate programming into South Korean.

Restrictions on Foreign Advertisements

It appears that Malaysia has regulations promoting the broadcast of locally produced advertising. Eighty percent of advertising content must be of local origin (produced in Malaysia and by Malaysians) and commercials are expected to be socially responsible and contribute to a united multi-ethnic society (Rahim, 1997: 17). Even so, the US has highlighted domestic laws, particularly in South Korea, which it believes impede trade in advertising product (Foreign Trade Barriers in South Korea, 1998). Priority is also to be given to accepting and broadcasting commercials placed by national companies which are members of the national advertising association (Draft Elucidation of Law of the Republic of Indonesia on Broadcasting, 1997).

Foreign Ownership and Control Restrictions

Many countries have restrictions on foreign ownership, and many set limits on foreign investment in broadcast media, especially in television. Countries prohibit foreign ownership and limit foreign investment to ensure their citizens have effective control over broadcasting services. These restrictions reflect concerns about the potential for foreign owners to exert political influence via broadcast media and the implications that this may have for a country's national security. There are also concerns about cultural dominance by foreign interests and the need to safeguard and support domestic cultural industries. It is argued that reserving ownership for a country's nationals will tend to facilitate local expertise in broadcasting, with local owners more likely to employ local staff. This in turn is said to contribute to the development of a local creative infrastructure and the representation of local views in the media.

In Malaysia, foreign investment in terrestrial broadcasting is prohibited. However, there is no restriction on cross-ownership in the telecommunications sector and satellite TV. Likewise, we can see that the Maxis mobile operator (biggest in the country) also owns ASTRO, Malaysia's satellite TV. In South Korea, the government has decided to open the media sector to foreign capital in the hope of, "not only bring(ing) more funds to the media sector but ... also increas(ing) its overall competitiveness." A law has been passed to allow foreign investment in the newspaper and magazine sector, with plans for a bill to allow overseas investors up to 49 percent shareholdings in cable stations. A senior member of the ruling party was reported as saying that "...with the nation entering into a global competition era, we can no longer cling to old practices of protecting certain sectors in the economy" (*South Korea Times*, 20 Dec. 1998).

Tax Incentives and Government Subsidies

Population size and wealth can limit the extent to which local producers are able to recoup production costs in their domestic markets. Government assistance in

the form of tax incentives and subsidies goes some way to addressing the limited capacity of domestic markets to support the development and production of film and television products.

In Malaysia, the Government has established FINAS and the Ministry of Culture, Arts and Heritage and a number of measures which support the audiovisual services industry and promote a diverse range of screen products. These measures include subsidies administered through various agencies, support for training, and indirect support through taxation concessions for investment in particular program formats. Assistance is directed toward the more vulnerable and expensive formats including feature films, mini-series, telemovies, children's programs and documentaries. Tax concessions are also designed to encourage private investment in films. South Korea has government policies to promote cultural industries including terrestrial and cable television programs, film and animation production. The Cultural Industry Promotion Act provides for tax incentives and subsidies to promote these activities.

Cultural Measures Identified as Trade Barriers

Although countries may have safeguards to prevent erosion of their cultural identity, such measures can be considered inappropriate and protectionist by other countries seeking unrestricted access to their markets. The US, for example, opposes cultural safeguard measures like those discussed in this paper, and argues that they are trade barriers (Holden, 1996). As discussed, US products dominate world trade in the audiovisual services sector and its contribution to trade receipts in the overall US economy is second only to that of aerospace. Foreign markets have made up about half of all sales by US film and television producers for the last few decades and the US regards any limits on its ability to export programming, including cultural protection measures, as a serious trade issue (Sinclair, 1996). For example, the US Trade Representative issued a statement "deplor(ing)" the introduction of television program quotas in Europe as "blatantly protectionist and unjustifiable" and "an enemy of free trade (*Communications Daily*, 13 Oct. 1989).

In 1996, the Asia-Pacific trading partners of the US accounted for US\$ 287 million or 8 percent of US audiovisual services exports. Within this group, Australia was by far the largest trading partner, accounting for US\$ 181 million, or 63 percent, of US sales to the region (General Agreement on Trade in Services: Examination of Schedules of Commitments Submitted by Asia-Pacific Trading Partners, 1997). According to US industry representatives, the economies of the Asia-Pacific region are a large and growing market for US film entertainment, with increasing penetration of television sets and video recorders permitting wider distribution of audiovisual products.

The Office of the US Trade Representative (USTR) is responsible for developing and coordinating US international trade policy, and directing trade negotiations with other countries. In its annual reports, the USTR highlights measures in particular countries that it believes are barriers to trade in audiovisual services. Following are examples of measures the USTR has noted in several countries including South Korea. It is likely that these and similar measures in other countries will be the focus of pressures to liberalise audiovisual services in the next round of multilateral trade negotiations.

The USTR noted some of the issues and barriers to audiovisual trade and there will be further pressure from the United States to remove them:

- pre-censorship “quality check” procedures which entail fees, and entertainment taxes;
- the annual ceiling charges applied to remittances by all foreign film producers;
- prohibition on foreign ownership of the media, preventing even joint ventures;
- restriction of foreign equity investment;
- requiring local incorporation of companies;
- requiring local uplink of satellite signals;
- requiring local licensing of programs and channels;
- cross-media ownership restrictions;
- spectrum auctions; and
- program standards (National Trade Estimate Report on Foreign Barriers, 1998).

In South Korea, the USTR concluded that the following restrictions severely limit the market for foreign programming:

- restrictions on foreign advertisers as a result of regulations imposed by the South Korean Broadcasting Advertising Corporation;
- requirement that domestic films be shown in cinemas a minimum of 106 days per year;
- requirements of the cinema law covering the registration of film industry participants, imports and exports, and film censorship;
- restrictions on foreign activities in the audiovisual sector including limits on the broadcast of imported programs on terrestrial and cable television; and
- requirement for cable television programming to be translated into Korean (Foreign Trade Barriers in South Korea, 1998).

South Korea and Malaysia made specific liberalisation commitments for certain services. The commitments bind these countries to adopt no new measures or import rules more restrictive than current laws (Audiovisual Services: A Background Note by the Secretariat, 1998). Malaysia made commitments in films and videos with a limited offer in broadcasting services covering only cross-border transmission from abroad up to 20 percent of total screening time. A most favoured nation exemption allows Malaysia to impose different investment measures on foreign firms. South Korea undertook commitments in motion picture and videotape production and distribution, and sound recording services. South Korea will reduce the quota for the number of days domestic movies must be screened in local movie theatres. The move follows a requirement from Washington that the quota be reduced in order to begin free trade negotiations with Seoul.

CONCLUSION

US products dominate world trade in the audiovisual services sector. Foreign markets have made up about half of all sales by US film and television producers for the last few decades and the US regards any limits on the ability of US firms to export programming, including cultural protection measures, as a serious trade issue.

Despite Korea's performance in the field of media and telecommunications, the sectors faced challenges from outside since the late 1980s. For example, Korea's economic growth started to cause serious trade conflict with other countries, particularly the US. And, despite government diversification efforts from the late 1970s, Korea's vulnerability became all greater because of its technological dependence on a small number of source countries, particularly Japan and the US. Domestically, Korea went through a sudden change towards democracy in politics as well as liberalized market-oriented principles in the economic sector. Under these circumstances, it was notable that the Korean government decided to expand media sectors and telecommunications facilities rapidly, unlike the low priority given to media and telecommunications sectors in most developing countries. Overall, Korea's media policy during the 1980s can be characterized as a government-driven policy towards liberalization, competition was introduced only in databank and computer power services in that period.

The external pressure exerted on Korea to accelerate its liberalization process over the past decade illustrates the continued relevance of what we may call a "realist" understanding of globalization. However, the Korean government has pursued liberalization and deregulation mainly because of US pressure. The government has reformed every sector of the media and telecommunication industry by abolishing laws and regulations that are inconsistent with international norms and has prompted competition in the industry. As a result, regulations and restrictions on media industry, especially the cultural industry in Korea, are significantly deregulated, and consequently the sector is becoming more liberalized. However, Korea will face greater pressure from the United States through the WTO mechanism. Korea will have to maintain the Korean Wave in order to compensate the diminishing hours through the new screen quota or otherwise face the US Special 301.

Despite the fact that Malaysia has been very liberal in the cultural industry, it still has to face the challenge of the WTO's wrath. Issues like advertising regulations, cultural measures taken as trade barriers, and cross-media ownership will still dominate.

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