

Seminar Report

December 22, 2015

The Academy of Korean Studies (AKS)

The Academy of Korean Studies was established to revitalize the field of Korean Studies by conducting in-depth research and offering education on related subjects. AKS is also engaged in cooperation and exchange activities with academic institutions in Korea and abroad and conducts programs and projects aimed at improving the international community's understanding of Korean culture.

European Center for International Political Economy (ECIPE)

The European Center for International Political Economy is an independent and non-profit policy research think tank dedicated to trade policy and other international economic policy issues of importance to Europe. It aims to foster a "culture of evaluation" – largely lacking in Europe – so that better public awareness and understanding of complex issues in concrete situations can lead to intelligent discussion and improved policies.

The Korean Cultural Center in Brussels

The Korean Cultural Center in Brussels introduces Korean culture, art, history, and society to Belgians as well as to a wider audience of Europeans. It is equipped with various resources to offer an experience of Korean culture through sponsored events and exhibitions touching upon a variety of topics.

First Seminar

ECIPE

EUROPEAN CENTRE
FOR INTERNATIONAL
POLITICAL ECONOMY



한국학중앙연구원
THE ACADEMY OF KOREAN STUDIES

KSPS
Korean Studies Promotion Service

Cultural Industries: Pivoting to Asia? December 7, 2015

Venue: Korean Cultural Center
Rue de la Régence, 4, Brussels, Belgium

Introduction 14:00-14:15

- Welcome Address: Mr. Jinwon Lee, Director, Korean Cultural Center
- Introductory Remarks: Prof. Patrick Messerlin, ECIPE and Sciences Po Paris

Session 1. 14:15- 15:45. Cultural Industries: European Challenges

The discussions on the Single Digital Market are revealing, bit by bit, the challenges that the European cultural industries will be facing in the coming years. What will be required is a global perspective centered on all these issues in order to take on decisions that will be both economically sound and friendly to culture.

Moderator: Hwy-Chang Moon, Seoul National University

Speakers:

- Julia Reda, Member of the European Parliament: a political perspective
- David Sweeney, Sweeney Consulting: a business perspective
- Gillian Doyle, University of Glasgow: an academic perspective

Coffee break: 15:45-16:00

Session 2. 16:00-17:30. Korea's Experience and Europe

The Asian Financial Crisis of 1998 pushed Korea toward the digital age much earlier, faster, and deeper than any other country in the world. Far from creating a decline, this huge shock has induced Korean cultural industries to innovate and to prosper, while spurring a huge interest around the world for its culture. The Korean experience offers to Europe a rich source of inspiration in which it can overcome its own challenges.

Moderator: Patrice Chazerand, DIGITALEUROPE

Speakers:

- Sébastien Miroudot, AKS Lab: Trade in cultural industries
- Patrick Messerlin, ECIPE and Sciences Po Paris: Economics of K-pop
- Jimmyn Parc, Seoul National University and Sciences Po Paris: K-pop singers' revenues and success of Korean TV-dramas
- Kyuchan Kim, Korea Culture & Tourism Institute: The Korean cultural industries and China

ECIPE-AKS Project: Cultural Industries in the World: Korea, the "Game Changer"

The last decade has witnessed the largely unexpected rise in the world of "Hallyu" or the "Korean Wave" of successful movies, TV dramas, and pop music. This project seeks to analyze the emergence, successes, and challenges of Hallyu within an international context, and to assess the role of Korea as a game changer in the world cultural industries. It will adopt a multi-disciplinary approach centered on business economics, economics, and media, and it plans to bring together scholars and private and public decision-makers. The project aims to contribute to world cultural diversity that will result in "cultural excellence," rather than "cultural exception." By the same token, it wants to create or expand the desire in Europe, Korea, and East Asia to learn about each other's present and future cultures.

This project is run by an international team consisting of five scholars (Patrick Messerlin, Hwy-Chang Moon, Sébastien Miroudot, Kyuchan Kim, and Jimmyn Parc). It is funded by the Academy of Korean Studies for five years and was launched in September 2015.

Session 1. Cultural Industries: European Challenges

[moderated by **Hwy-Chang Moon**, Professor, Seoul National University]

Julia REDA Member of the European Parliament, Germany



Since the Reda Report on copyright reform was adopted in the summer of 2015 by the European Parliament, we have witnessed an intense debate in Europe on what elements from the report the Commission should adopt. We were largely successful in avoiding the adoption of some very bad ideas in the Report, such as criminalising the hyperlink. But vested interest have stricken back. One of the key issues in our Report is the right to access content across borders or ending geo-blocking. The Commission has initially shown some positive response to this by proposing to lift geo-blocking for temporary travel, but its current position may be less firm. Another controversial issue is the proposal that media companies should be compensated by search engines and news portals. Although it was rejected by our Report, the Commission may seek to enforce this copyright despite the fact that its current operation in Germany and Spain has yielded few benefits for media companies. On the other hand, I am pleased that the Commission has responded positively to enforcing digital rights for consumers and supporting the education exception toward cross-border teaching.

David SWEENEY CEO, Entertainment Lawyer, and Advocate, Sweeney Consulting



The Digital Single Market (DSM) is the European Commission's plan to harmonise various aspects of EU law in order to encourage online trade in Europe, reduce regulatory barriers between Member States, and boost its digital economy. The reported goal is that in a few years' time there will be a single online market where it will be easy to sell to a consumer in Spain as it is in Sweden, where harmonised rates of transaction-based taxes exist between different Member States and where a slow internet connection is a thing of the past. Also, through increased competition digital content and services will supposedly be more widely available to consumers than ever before. The areas that the Commission has marked for reform are numerous but the most "active" at the moment for IP and tech is the Cross-border Consumer Rules, Copyright, a Commission investigation into the role of Online Platforms and Geo-blocking. Other areas for reform include VAT, the SatCab Directive, and the Audiovisual Media Services Directive. Two additional DSM-related initiatives with implications for IP, games, and tech include negotiations for a "Telecoms Single Market" which have already been concluded as well as the completion of negotiations for a General Data Protection Regulation. DSM could have big implications content industries like music and films which have used IP rights to develop business models based on restrictive territorial licensing practices and to combat piracy. Whilst box office revenue is stronger than ever, the Commission has put Geo-blocking and Portability in its sights – two essential components for territorial business models that can result in the segmentation of markets. Whilst the DSM is a welcome initiative, some industries such as games have already developed single dingle markets of their own. Unnecessary regulation must therefore not be a part of the DSM - otherwise business will be driven away from using digital business models and Europe's digital sector will fail to thrive.

Gillian DOYLE Professor, University of Glasgow



The audiovisual sector is a significant component of the economy in terms of wealth creation and employment. Alongside this, audiovisual industries play an important cultural role too. But European based film and TV content producers seeking to maximise the value of their Intellectual Property Rights assets and policy-makers focused on supporting indigenous audiovisual content making businesses are confronted by complex challenges related to the long-standing dominance of international trade by U.S. suppliers and to emerging technological and market changes. Despite the emergence of some strong regional markets for audiovisual production, patterns of international trade generally tend to reflect the distinctive economic characteristics of this sector which favour sizeable vertically integrated players in major language areas. The emergence of globalized platforms for distribution, while creating opportunities, are also a site for conflicting impulses related to policy-making which make it difficult for the EU to implement any unified vision or policy prescription for development of Europe's cultural industries. Thus, cultural and audiovisual industries and policy-makers face key challenges related to protecting diversity, competing successfully in international markets; adapting to changing technology, and achieving a policy environment that is conducive to the objectives of our cultural industries, both economic and non-economic.

Session 2. Korea's Experience and Europe

[Moderated by **Patrice Chazerand**, Director, DIGITALEUROPE]

Sébastien MIROUDOT Researcher, AKS Lab



Cultural industries can be defined as those dedicated to the creation, production, and distribution of goods and services that are cultural in nature and usually protected by intellectual property rights. There is an on-going debate on the list of goods and services that fall under this definition and bringing together culture and economic activities can be contentious. There is however evidence that cultural industries are increasingly inserted into international trade. Finding internationally comparable evidence on exports and imports of cultural industries is challenging as product classifications do not generally capture well the relevant products. Leaving aside these limitations, data highlight the importance of trade in cultural products and its increase in the last decade. But the annual growth rates are generally lower than the average growth of world trade, indicating that there might be barriers to trade. The OECD Services Trade Restrictiveness Index (STRI) provides detailed information on these barriers for three audiovisual sectors (broadcasting, motion pictures, sound recording).

Another stylised fact is the rise of Asia as an exporter and importer of cultural products. Korea in particular became an important exporter of audio-visual services. As it has been observed for other goods and services, cultural industries rely more and more on global value chains. While the debate on trade in cultural industries often focuses on the access of consumers to final products, many foreign inputs are used in the production of domestic cultural goods and services. The film industry for example has all the characteristics of a global value chain with many players from different countries involved. More attention should be given to trade in intermediate goods and services within cultural industries.

Patrick MESSERLIN Professor Emeritus, Sciences Po Paris



The current European debate on cultural industries and the Single Digital Market has been dominated by the transatlantic dimension. Europeans are discussing endlessly whether they should fight the U.S. tech giants or benefit from them. They do not see that Asia's economic powerhouses are fast becoming cultural engines as well. No Asian country better illustrates these ongoing changes than Korea. Today Korea's cinema and music industries have caught up with their European equivalents, such as the French industries—the result of an average annual growth rate five times higher in Korea than in France. K-pop groups fare very well, even compared with U.S. or UK superstars. These results present us with two important implications for action. First, innovative business strategies are what counts most. The most successful K-pop performers are associated with two very small Korean entertainment firms with no support from the government. Second, "protective" policies are costly. Korean policies tend to be friendlier to consumers and at the same time to innovative producers. Korean law has no provision imposing a private copy regime, hence it does not generate the excessive rents for performers that such a regime nurtures. As a result, it spurs future creativity more than it rewards past achievements. This is one of the most crucial conditions toward generating a vibrant, hence attractive culture.

For the rest of the presentation, please see the ECIPE website: <http://ecipe.org/blog/cultural-industries-europe-look-east/>.

Jimmy PARC Researcher Associate and Lecturer, Seoul National University and Sciences Po Paris



Today, Korea's cultural power has expanded, and it enjoys a rich and vibrant cultural industry. That suggests that one can extract very useful implications from Korea's experience for Europe's further cultural development and diversity. There are three important implications. First, the Korean music industry did not wrestle with digitization, but embraced it. Through this "technovation," K-pop fans all over the world can easily access the music produced, and idol groups try to meet the needs of their fans from around the world. Second, business activities are the core factor. Competition-oriented business activities (or strategies) induce more efficient resource allocation for improved results. In order to meet market needs, they can find better alternatives to strict regulations for addressing issues, such as Intellectual Property Rights (IPRs). Last but not least, IPRs that balance more efficiently the interests of both consumers and producers do not harm creativity and income. Open competition and easy dissemination via globalization can enhance creativity and artists' incomes, as shown in the Korean case.

For the rest of the presentation, please see the ECIPE website: <http://ecipe.org/blog/wrestling-with-or-embracing-digitalization/>.

Kyuchan KIM Associate research fellow, Korea Culture & Tourism Institute



China is seeking to unite its people while on the other it looks to rebuild the Chinese global order. As is well known, China has been on course toward becoming a superpower with its large human resources and rapid economic rise that will match the position of the United States. However, this rapid rise still has some limitations in terms of its socio-cultural impact. In order to overcome a lack of contents and resources there is a strong desire for foreign television formats, co-production, and investment. In this regard, Korea is well positioned as its cultural similarities with China makes it a great partner to work with. European countries and the United States are no exception in this situation. Thus, the Korean content market has witnessed a recent wave of Chinese direct investment.

The rise of China's soft power on the world stage is reminiscent of debates on "cultural imperialism" in 1960s and 1970s. However there is something different taking place from what used to appear in those previous debates. No one might want the China dream to be a nightmare. Thus cooperative research is needed in order to achieve the China dream together.

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Future Events

This program will organize at least two regional seminars per year (September 2015-August 2020), alternatively in Seoul (or in East Asia) and in Brussels (or in other European cities). It will also organize three annual international conferences in 2017, 2018 and 2020. Seminars will address more focused topics than conferences. The events aim to offer opportunities to discuss business strategies and public policies among the widest range of private and public decision-makers involved in cultural industries (cinema, music, and TV) in Europe and Korea/Asia.

Tentative schedule and topics of the events

Classification	Title	Location	Date
International Conference 1	Diffusion of and Reaction to Hallyu	In Seoul	2017
International Conference 2	Lessons from Korea for Europe in Cultural Policies	In Europe	2018
International Conference 3	Korea, a Game Changer in the Cultural Industry	In Seoul	2019
Seminar 1	Launching Seminar: Cultural Industries: Pivoting to Asia?	Brussels	Dec. 7, 2015
Seminar 2	Current Status of Asian Cultural Industries	In Asia (Seoul)	2016 1/2
Seminar 3	Broadcasting Services: Challenges in Europe and Asia	In Europe (Paris)	2016 2/2
Seminar 4	Asian Cinema Policies	In Asia (Hong Kong)	2017 1/2
Seminar 5	European Cinema Policies: Preliminary Lesson from Korea	In Europe (Stockholm)	2017 2/2
Seminar 6	K-pop vs. J-pop	In Asia (Seoul)	2018 1/2
Seminar 7	Common Challenges of European and Asian Pop Music	In Europe (London)	2018 2/2
Seminar 8	Work Progress Evaluation 1	In Asia (Seoul)	2019 1/2
Seminar 9	Final Assessment and Further Studies 1	In Europe (Brussels)	2019 2/2
Seminar 10	Final Assessment and Further Studies 2	In Seoul	2020 1/2

* 1/2 means the first half of the year and 2/2 means the last half.

** Event in shadow means "completed."

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