

## Policies and Incentives

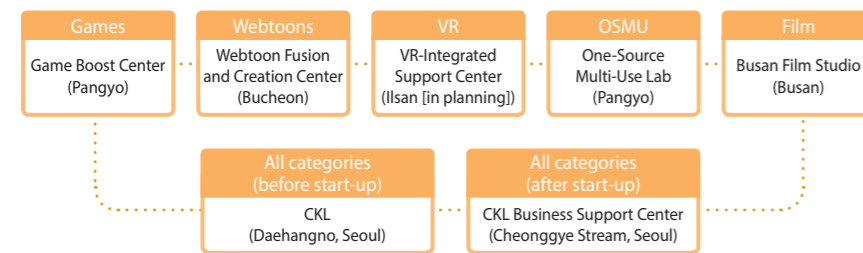
### Establishing a Foundation for Incubating Cultural Content Startups

The Content Korea Lab (CKL) Planning Center supports prospective creators and entrepreneurs to start and plan new businesses.

The CKL Business Support Center provides start-ups with support for relocating, manufacturing, commercialization, and distribution.

In addition, government support is also available for the establishment and promotion of startup incubating centers for different categories, such as games, webtoons, and VR-based content.

Major Incubating Centers for Cultural Contents Startups



### Incentives for Investing in Cultural Content

The Korea Fund of Funds (KFoF), managed by Korea Venture Investment Corp., was established by the government to provide a supply of financial investment for cultural content production funds, reducing risk and facilitating greater autonomy through indirect investment.

The Completion Warrant System allows a financial institution to vouch for the completion and delivery of content products to the distributor.

Content value assessment helps cultural content businesses and projects to receive financial support. The government provides services that assesses the intangible value of culture content.

Support for global content funds that invest in global projects for overseas markets.

The government offers fair trade and dispute mediation services through the Content Dispute Resolution Committee.

## Success Case

### Huace Media's investment in *Descendants of the Sun*

Huace Media, based in Zhejiang, China, acquired 15% of NEW's shares and became the second largest shareholder.

While on air in China, *Descendants of the Sun*, in which Huace Media had invested and participated in the stages of planning and production, the number of views in China exceeded 100 million per episode. About 4 billion views had accumulated by the final episode, allowing Huace Media to retrieve more than the amount it invested.

# KOTRA WORLD WIDE

As Korea's Trade-Investment Promotion Agency, KOTRA has 127 overseas offices and 10 headquarters worldwide.

\* Invest Korea(IK), Korea's national investment promotion agency, was established as part of KOTRA to support the foreign businesses in Korea.



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KOREA'S LEADING INDUSTRIES

# CULTURAL CONTENT





# 01

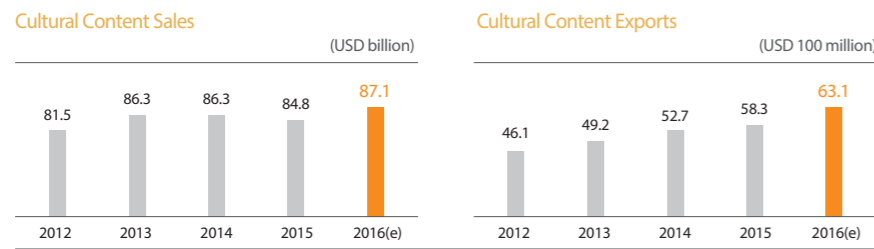
## Korea's Cultural Content Industry

### Significant Growth on Sales

The Korean cultural content industry has witnessed significant growth in the past five years, with sales expanding at an annual average rate of 5.7% and exports by 8.3%.

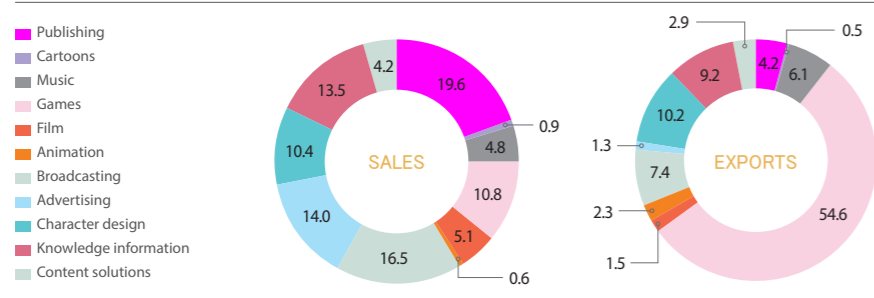
Traditional forms of cultural content, such as publishing (19.6%) and broadcasting (16.5%), accounted for the highest proportion of sales volume. Digital content, such as video games (54.6%), accounted for the largest share of exports.

In particular, as popular Korean culture, including music, continues to expand its influence in Asia, Europe and South America, businesses in the industry are expected to enjoy further growth in the years to come.



Source : Korea Creative Content Agency (KOCCA)

### Breakdown of Cultural Industry Sales and Exports by Sector (%)



Source : Korea Creative Content Agency, 2016

# 02

## Competitiveness

### Korea's Status in Major Global Cultural Content Markets

Korea maintains a significant presence in the global cultural content industry, its ranking ranging from 4th to 13th place depending on the form of content.

In particular, Korea leads the world in online games.

\* Nexus: The Kingdom of the Winds, Lineage, and other MMORPGs (massive multiplayer online role-playing games) developed by Korean game companies have become global hits.

Global Cultural Content Industry Breakdown

(USD million, %)

Classification	World	US	Japan	UK	Germany	France	Korea		
							Scale	Ranking	Proportion
Games	65,736	14,241	8,663	4,967	2,672	3,257	6,985	4	10.6
Film	88,274	31,118	6,745	6,088	3,798	3,812	2,967	9	3.4
Music	47,415	15,077	5,041	4,110	4,316	1,817	780	11	1.6
Publishing	372,881	97,904	39,425	17,032	30,469	17,847	8,912	8	2.47
Broadcasting	445,410	182,188	24,819	19,947	25,892	14,576	6,638	13	1.5

Source : Content industry major statistics, PWC and KOCCA

### Expanding Support for Cultural Content

The emphasis on human interaction with technology makes cultural content a representative field of the fourth industrial revolution.

The Korean government first recognized the cultural content industry as a future growth engine in the late 1990s, and has since continued to support its development, and further deregulate foreign investment.

\* Designated as a "major industry for the 21st century" (Ministry of Culture and Sports, 1997), a "key industry for the 21st century" (President Kim Dae-jung's inauguration speech in 1998), and a "next-generation growth engine industry" (Ministry of Finance and Economy, 2003).

### Global Test Bed for Cultural Content

Korea boasts a diversity of cultural content platforms based on world-class ICT infrastructure, including various media devices that use the latest technology.

A global test bed for new cultural content, Korea is often the country of choice for Hollywood movies to hold world premiere.

# 03

## Industry Clusters

More than 90% of cultural content businesses are located in the capital area, because consumers, human resources, as well as manufacturing and distribution facilities are also concentrated in Seoul and the neighboring areas.

Government policies designed to attract cultural businesses to specific regions are influencing the geographical distribution of cultural content industries.

Film and game companies are concentrated in Busan, broadcasting in Goyang, and animation in Bucheon and Chuncheon. However, location is a relatively low priority as the cultural content industry is characteristically based on creativity and imagination.

To maximize synergy by gathering similar businesses in one location, the government is establishing industrial complexes, as well as promotional districts and facilities specifically targeted for the cultural content industry.

- Tenant companies are eligible for various exemptions, as well as license and tax benefits under the Framework Act on the Promotion of Cultural Industries.
- Gwangju Metropolitan City is a designated "cultural industry investment promotion district" under the Special Act on Creating a Hub for Asian Culture.



### Cultural Industry Cluster Components

