Country Report (Rep. of Korea)

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Status of Korean Animation Industry
and Some Important Animation Policies of Korean Government

I. Quick Facts and Statistics on Korean Animation Industry (as of December 2006)¹

- Total revenue of Korean animation industry: about 288 million USD
- Number of animation production companies: 260
- Number of animation-related college departments nationwide: 184
- Number of graduates with animation-related major in 2006: 5,016
- Number of international animation festivals: 4
  1) SICAF(Seoul International Cartoon & Animation Festival): May
  2) PISAF(Puchon International Student Animation Festival): November
  3) Chunchon International Anitown Festival: September
  4) Indie-AniFest(Korean Independent Animation Film Festival): September
- Number of newly produced animations in 2006: 31 TV animation series, 3 animation films for theatre, more than 300 non-commercial animations(by students and independent directors)
- How much did Korean Animation earn in the global market in 2006? 66 million USD (OEM: 60%, licensing: 24%)
- Regulations for promoting animation industry: Quota for domestic animation and quota for newly produced domestic animation under the Korean Broadcasting Act

II. Some Important Animation Policies of Korean Government

A. Quota for Domestic Animation and for Newly Produced Domestic Animation

The quota for domestic animation and for newly produced domestic animation² is one of the most important Korean Government’s policies to promote the animation industry. Unlike the quota for domestic animation, the quota for newly produced animation is not very common.

¹ Source: Korean Animation Industry 2007(Ministry of Culture and Tourism, 2007)
² Both quotas are based on the Korean Broadcasting Act. The quota for domestic animation varies from 35 percent to 45 depending on types of broadcasting, etc. The quota for newly produced domestic animation is 1 percent of total annual airtime of a broadcasting station, which applies only to ground wave broadcasts.
The purpose of this system is to provide the Korean animation industry with Opportunities to promote newly produced domestic animations through television networks in Korea. When it was first introduces in July 2005 through the Korean Broadcasting Act, it was expected that the quota could play a very positive role in Increasing newly produced creative domestic animations and facilitating investment in the animation industry by broadcasting companies among others.

Korean domestic animation companies heavily rely on broadcasting when they recoup the production expenses because they have a very limited market in Korea. The history of broadcasting of the goods in Korea plays a crucial role as well when companies plan overseas sales and foreign investments.

It has been 3 years since the introduction of the newly produced animation’s quota. In 2007 the Korean government did research on the effect of the quota. The result was in line with the original expectations³. For a more reliable analysis, the Korean Government is preparing another research on the effect of the quota this year. One of The focuses of this year’s research will be about the possibility to extend the quota to the cable channels specialising in animations, for example cable channels more than 90 percent of whose total airtime consists of animations. The research will also deal with the balance of interest between the animation industry and broadcasting industry.

B. Government’s Financial Assistance and Animation-Specialist Fund

Lack of investment in the Korean animation industry is another big issue. Unlike movies and games, animations have a longer cycle for recouping the investment. Until now animation has not been a very attractive investment subject for venture capitalists in Korea. Under this situation the government’s financial assistance schemes were necessary to sustain the creative animation industry. Nevertheless, from a long-term perspective, direct assistance provided by the government is not very desirable.

Fortunately, during the past few years, Korean animation companies started to receive significant foreign investments. Most of those foreign investments were realised in the form of co-production of TV animation series.³ Some of the investments have been very successful.⁴ The Korean Government expects that those success stories can continue and that Korean venture capitalists will increase investment in Korean animations winding up with

³ The co-production partners include France, UK, Spain and USA.
⁴ For example, ‘Pororo,’ which received 10 million USD investment from Goldman Sachs Group, made a big hit in the global animation market for preschoolers, selling in more than 50 countries.
tremendous profits in the near future. This can make it possible for the Korean animation industry to produce more culture-oriented and diverse animations for Koreans and all the people in the world.