Abstract

The article clarifies the cause of the changes of the Korean cultural policy with a special focus on the screen quota system. As a starting point of the discussion, it documents the way in which the screen quota system has been maintained or developed under neoliberal globalisation. Korea has been one of few countries that have resisted Hollywood’s hegemony over the decades with some success. The article then examines how the UNESCO has reaffirmed the right of sovereign states to maintain and implement polices that protect and promote cultural expression in order to investigate whether the UNESCO convention has provided legal protections to local culture and cultural sovereignty. Finally, the paper discusses why the Korean government has initiated the rapid policy change in the screen quota in relation to the U.S. pressure. The key question will be the role of the nation-state in the process of the changing cultural politics in the UNESCO convention era.

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Introduction

The Convention on the Protection and Promotion of the Diversity of Cultural Expressions reaffirms the sovereign rights of States to maintain, adopt, and implement policies and measures that they deem appropriate for the protection of the diversity of cultural expressions on their territory (UNESCO 2005, 6).

The Korean screen quota system was an example of a cultural policy which maintained cultural sovereignty and diversity over the past several decades. Under this system, Korean films were shown in movie theatres for a determined period of time, giving Koreans the opportunity to see films rooted in their own culture and experience, and enabling Korean cinema to rapidly grow. In the face of neoliberal globalisation, which emphasises market liberalisation and deregulation throughout the world, Korea has maintained the fundamental structure of the screen quota system, which substantially contributed to the development of the Korean film industry. Korea has been one of few countries to resist Hollywood’s hegemony over the decades with some success (Min et al 2003, 149).

However, the Korean government, which up until recently was a strong supporter of the screen quota system, unexpectedly changed its fundamental cultural policy. Since July 2006, the Korean government has reduced the screen quota duration from 146 days to 73 days a year, despite fierce opposition from filmmakers and activists. This policy change supposedly came about as a result of outside pressure, specifically in relation to bilateral trade negotiations with the United States, who made cutting the quota a precondition for starting talks towards a U.S.-Korea Free Trade Agreement (FTA), which came into being in April 2007. While many countries have ratified the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions on a priority basis, which recognises the distinctive nature of cultural goods and services and affirms the sovereign right of countries to apply policies in support of cultural diversity, the Korean government made a bold move in the opposite direction. This unexpected policy change raises the fundamental question as to whether Korea, as a nation-state, has given up its critical role in protecting cultural sovereignty and identity (such as national traditions and nationalism in the film sector) as well as its role as a regulator and supporter of the Korean cultural industry amid expansive globalisation.

This paper examines the set of social relations and the interplay of power between Hollywood and the nation-state, in relation to the commercial interests of Hollywood and critical political ideology and between the economics and the politics in relation to cultural diversity with the case of the screen quota system (Fung 2006). As a starting point for discussion, this article documents the way in which the screen quota system has been maintained or developed under neoliberal globalisation in Korea. It then examines how UNESCO has reaffirmed the right of sovereign states to maintain and implement polices that protect and promote cultural expression, in order to investigate whether the convention has provided legal protects to local culture and cultural sovereignty. The key question will be to assess the role of the nation-state in the process of the changing cultural politics in the UNESCO convention era. Finally, the paper discusses why the Korean government bowed to American pressures to undertake such a substantive policy change in the screen quota system.
The Role of the Nation-state amid Neoliberal Globalisation

The rapid change in Korean cultural policy regarding the screen quota system is closely related to the development of neoliberal globalisation. Since the Kim Young Sam government (1993-1998) began to adapt the country’s globalisation trend to better survive in a new world of infinite global competition in late 1994, Korea has been in the midst of a process of globalisation, wherein the world’s economy, polity, and culture are becoming a connected and interactive whole (Giddens 1991; Shome and Hegde 2002).

The focal point of this paper in terms of the globalisation process is to deal with the way in which the process of globalisation has influenced the role of the nation-state and culture. Both cultural products, such as film, music and television programs and cultural processes, specifically capital investment and production in developing countries, one of the most significant discourses in the globalisation theory, will be looked at. As is well known, several theorists argue that globalisation brings about the weakening of state power as a meaningful unit in the participation in the global economy of today’s borderless world (Featherstone 1990; Morley and Robins 1995; Ohmae 1995). Stig Hjarvard (2003) and Anthony Giddens (1999) also argue that economic and political globalisation has resulted in the decreasing role of domestic culture and cultural identity in non-Western countries.

A globalisation of culture, however, is a more complex connectivity. Several media scholars (Sánchez Ruiz 2001; Sreberny et al 1997) point out that the nation-state and domestic media in many countries have sustained their roles in national culture. While not all local companies and nation-states are well equipped for this task, many countries and local capitals have the potential to challenge transnational corporations (TNCs) and compete in the global market (Wu and Chan 2007). For them, globalisation is a contradictory phenomenon, made up of both the process of globalisation, such as the persistence of the nation-state, multi-culturality, and localism, as national culture includes national outlook, which can not be easily dominated by foreign forces (Chan 2005). In other words, domestic forces such as national governments and corporations still play significant roles in the formation of cultural policy to protect cultural sovereignty, even when the nation-state is overshadowed by neoliberal transnational phenomena (Maxwell 1995, xxviii). This article aims to contribute to the ongoing debate of the changing role of the nation-state in domestic culture and cultural sovereignty amid globalisation by looking at the case of the Korean screen quota system.

This study uses a political economy approach to map out the relationship between the United States and Korean cinemas. This perspective seeks to explicate how culture, symbol and ideology are closely connected to the strategies of transnational media corporations within the framework of globalisation (Fung 2006, 3). Furthermore, this contextualisation is very useful as it provides a process for connecting the text to the social and historical conditions from which it originated. In other words, this paper emphasises contextualisation, focusing on the mode of production and the relationship between the film industry and government cultural policies in relation to the screen quota system.
Historical Overview of the Screen Quota System

The screen quota system is seen as an integral feature of the domestic film industry, and is considered a safety net for the recent growth in the Korean film industry. While it is not easy to assess exactly how the screen quota system has affected the recent revival and growth of Korean cinema, one cannot possibly understand Korea’s film businesses without taking into account the impact of this system.

In 1966, the Korean government revised Motion Picture Law enacted 1962 to include a screen quota system in order to industrialise the Korean cinema, both systematically and legally. When this quota was first introduced, it dictated that local theatres had to screen domestic movies on 90 of the total number of days that they were open for business (Kim 1999). Furthermore, this system was designed to prevent theatres from only showing well-received foreign movies and squeezing out domestic films (Motion Picture Law, Article 28). However, during the golden age of the Korean films in the 1960s and 1970s there was no need to compel local theatres because they were screening more national films anyway. During this period, the number of annual film productions increased from 15 in 1955 to 108 in 1959 and to 229 in 1969, and local films attracted both domestic and foreign audiences. The screen quota turned out to be a non-issue (Jin 2008).

By the end of the 1970s, the screen quota needed intensifying, due to the recession in the Korean film industry, which was caused in part by the rapid rise of the TV era as well as growing American demand for market liberalisation. In 1985, the government revised the quota system again, and domestic films were to be screened 146 days per year (Kim 1999). This quota became vulnerable to attack beginning in the mid-1980s when the Korean cinema was targeted by the U.S., which wanted to dominate the market. The American government and major Hollywood studios demanded that Korea open its up film market. Since 1983, the U.S. Trade Representatives (USTR) has used Section 301 of the Trade Act of 1974, which is antidumping charges against the Korean exports, to open Korean markets of insurance, tobacco, wine, and film, and to protect the U.S. intellectual property rights in Korea (Sakong 1993, 130-31).

To delay U.S. pressures on the manufacturing sector while resolving the trade disputes, the Roh Tae Woo regime (1988-1993) allowed for direct distribution of foreign films in 1988 as part of its market liberalisation plan to appease foreign players (Jin 2006). In their typical business style, Hollywood took advantage of its economically superior position to push for the opening of Korea’s movie markets, leaving it completely exposed to the tide of indiscriminate and infinite competition (Kim 2006, 17).

Hollywood has achieved an astonishing growth in penetration of films and capital in Korea as in many other countries due to direct distribution right of Hollywood films beginning in 1988. Since Hollywood movies have come to dominate the Korean exhibition and video markets, the market share of domestic films recorded its lowest level of 15.9% in 1993 (Korean Film Council: KOFIC 2003). Due to its geographically limited language and culture, a nation like Korea would inevitably be sensitive to external forces, regardless of whether these are desirable (Søndergaard 2003). The domestic cinema was extremely dependent on, and influenced by, the Hollywood majors. Up until the 1990s there had not been substantial capital to produce quality movies comparable to Hollywood, and the domestic
market was vulnerable to foreign capital and films. Against this backdrop, the screen quota was imperative to promote the Korean cinema and protect it from Hollywood dominance. Indeed, in the midst of Hollywood’s increasing control, the screen quota system worked as a fortress to sustain the Korean cinema in the late 1990s and early twenty-first century. The Korean film industry believed that it could protect domestic films from Hollywood with a strong screen quota system. While not an ultimate method of preserving the film market, the quota worked as a protective means to keep the market from foreign major film producers and distributors (Lee and Bae 2004).

Since the late 1990s, the structure of the screen quota changed amid the Bilateral Investment Treaty (BIT) talks between the Korean and United States governments, as the U.S. demanded that Korea reduce or delete the system. This strong U.S. influence manifested itself in June 1996, when the Korean government established the Motion Picture Promotion Ordinance, which allowed local governments to have up to 40 days leeway to use at their discretion. The Ordinance states that the local governments can reduce the number of mandatory screening days for Korean films to 126 in large cities and 106 in small cities, down from the fixed 146 (Motion Picture Promotion Ordinance, Article 13). This has fundamentally changed the screen quota system as it led to the increase in foreign films on national screens. The Korean government has stated that it revised the quota system to promote the film industry as one of the strategic industries in the twenty-first century. However, it was obvious that the government made changes mainly in order to comply with the World Trade Organization (WTO) system, which emphasises free trade across the board, including cultural sectors (Lee 1996). The government believed that quota regulation should be removed in order to make Korean films more competitive (globally and locally) and appease foreign pressure for opening up the market. With this fundamental change of the screen quota system in 1996, Korea then imported 483 foreign films, making it the largest film importing country in the world at that year (Hwang 1998).

There were massive demonstrations organised by film directors, actors, college students, and several civil organisations, all of whom considered these changes to be a sign of the abolition of the screen quota. The main issue was how to maintain cultural diversity and sovereignty, as there was the fear that the abandonment of the quota system would eventually lead to a total loss of domestic film and its cultural uniqueness (Joong-Ang Ilbo 2002).

Meanwhile, the United States government and major Hollywood studios further tried to completely abolish the screen quota system over the past several years. According to the Foreign Affairs and Trade Ministry of Korea, the U.S. government insisted at a working-level investment meeting held in Washington D.C. June 21-22, 1998 that Korea’s screen quota violates the bilateral investment treaty between the two countries (Hwang 1998). The Motion Picture Association of America (MPAA) has also campaigned to end the screen quota. Between 1998 and 1999, the Korean government attempted to reduce the maximum days a Korean theatre must run local movies to 92 days per year, down from 146 (without discretion), but later backed down in the face of strong opposition from the local business. The U.S. had reportedly demanded a reduction of the screen quota to 60 days (Kang 1999). The Kim Dae Jung government (1998-2003) at first seemed to listen to the U.S. demand, but had to make a pledge to keep the protective measure, because it could
not ignore the pressures from civil social movements and organisations as well as film directors, actors, and critics (Jin 2008).

However, concerns surrounding the screen quota have changed greatly due to the swift growth of the Korean cinema since the late 1990s. After ten consecutive year of growth, the Korean theatrical market ended 2006 with 163 million admissions and $1.04 billion in receipts (Kim and Do 2007). The annual market share of domestic films also climbed to as high as 63.8% in 2006, which is a major growth for the national cinema in the face of the Hollywood’s growing global control. This positive news for the Korean film industry is not very comforting to Hollywood or the American government, who are attempting to reverse this trend by again attacking the Korean quota system (which will be discussed in detail later). Their efforts benefit from the fact that the formerly near-unanimous support for the quota among the Korean populace had begun to wane with the phenomenal growth in the domestic movie industry (Frater and Paquet 2006).

Under these circumstances, in March 2006 the Korean government passed a bill to halve the screen quota for domestic movies from 146 days to 73 days effective in July in the same year, meaning that only 20% of local theatres’ schedule would be set aside for homemade films. The government very much wanted to resolve this issue, as Washington had since 2003 urged Korea to reduce the quota before the two sides met at the negotiation table for the BIT signing. Christopher Hill, the U.S. Ambassador to Korea, warned that Korea could not have the screen quota and a free trade agreement at the same time (Lee 2005). At the FTA in early 2007, the U.S.’s biggest BIT since the North American Tree Trade Agreement (NAFTA), Korea failed to get concessions from the U.S. and therefore the reduced screen quota for Korean movies cannot be restored even if the domestic movie industry faces difficulties (Choe 2007; Kim 2007). The United States told Korean FTA negotiators that Hollywood has major concerns about Seoul’s strategy to gain concessions for the screen quota, and the Korean government accepted this without hesitation (Kim 2006).

First implemented in 1966, the 40-years of screen quotas have been given much credit for the current Korean film boom, which began in 1998. However, it could no longer protect and preserve the domestic film industry anymore from foreign competition, particularly Hollywood. These new developments are likely to boost the fortunes of American movies in Korea, the world’s fifth biggest box office market, behind the U.S., Japan, the U.K., and France (Frater and Paquet 2006). Korean cinema must now find its own way to boost and/or maintain the current boon of the Korean film industry, as the new screen quota no longer offers the same sense of security.

UNESCO’s Cultural Coup d’état against Neoliberal Globalisation

Korea’s unexpected change in cultural policy towards screen quotas has generated international concern as it happened during the UNESCO convention. Since Korea is one of few countries that have successfully resisted Hollywood’s hegemony, the reduction of the screen quota has been a shock to many countries and cultural policy makers who support the UNESCO convention. In order to investigate the interplay of power between the commercial interests of Hollywood and critical
political ideology, as well as between economics and politics in relation to cultural diversity, it is critical to understand the context of the UNESCO convention.

A short history of the 2005 UNESCO convention begins in 2001. Just before the opening of the World Trade Organization (WTO) talks at Doha in November of 2001 (and shortly after the terrorist attack on the World Trade Center in New York City that September), the General Conference of UNESCO gave unanimous approval to a new universal Declaration on Cultural Diversity (UNESCO 2001). As a precursor to the 2005 UNESCO convention, the Declaration signalled a new way of thinking about the role of culture and cultural diversity, as it requires a commitment to “human rights and fundamental freedoms” (Article 4 and 5). With this, cultural expression and support for cultural diversity could no longer be considered merely optional extras in rich societies and expanded beyond existing definitions of set forth by art and entertainment. Rather, culture now involves “an ethical imperative, inseparable from respect for human dignity” (Article 4). Early in 2003, ministers of culture and their representatives from several countries, including Argentina, Belgium, Canada, France, Italy, Sweden, and Switzerland, met in Paris to discuss the creation of a legally binding Convention that would ensure the world a diversity of cultural expression (International Network on Cultural Policy: INCP 2003; Magder 2004). UNESCO finally reached its agreement in 2005.

Since the replacement of the General Agreement of Tariffs and Trade (GATT) by the WTO in 1995 and the increasing tensions around the WTO’s actions, there has been a tendency for countries to enter into bi-lateral (one-to-one) and not multi-lateral talks. For small countries, this has been a difficult process and UNESCO wanted to offer the promise of legal protection for national cultural initiatives that might otherwise be seen to contravene the principles of unrestricted trade (Harvey and Tongue 2006, 224-25). In 2005, UNESCO initiated a full implementation of cultural rights, which meant that as vectors of identity, values, and meaning, cultural goods and services must not be treated as mere commodities or consumer goods (Klaussmann 2005). Member states of UNESCO voted to protect their film industries against creeping globalisation, or more succinctly, Hollywood. The vote, a Franco-Canadian initiative, was passed by 149 states: Only Israel and the United States, which had recently joined UNESCO after a 19-year absence, opposed it. This UNESCO convention gives member states the right to act against what they view as encroachment on their cultural diversity in the reality of an increasingly interconnected world (Harvey and Tongue 2006).

What member states wanted was to be able to shield their cultures from the free-trade rules of the WTO. A majority of countries around the world have backed the convention as it gives them the right to subsidise domestic film industries and restrict foreign music and content on their radio and television stations in the name of preserving and promoting cultural diversity. They also acknowledge that WTO and international trade agreements, such as the BIT and free trade agreements, have threatened the idea of screen quotas. At the WTO’s Doha Round of negotiations, some developed countries were demanding that the screen quota be repealed (Yang 2005). France and Canada, as initiators of the convention, clearly indicate the Americanisation of culture as homogenisation. They argue that “the eight leading Hollywood studios share 85% of the world market – the homogenisation of culture; thereafter America’s popular culture is a threat to the human rights of
non-Americans” (Post 2005, 17). In this regard, Liza Frulla, Minister of Canadian Heritage, claims “in affecting cultural diversity, globalization is changing our traditional concepts of national identity and sovereignty” (Post 2005).

This measure passed at a time of growing fear in many countries that the world’s increasing economic interdependence, known as globalisation, would bring a surge of foreign products across their borders that could wipe out local cultural heritage (Moore 2005). The UNESCO convention on cultural diversity intended to allow sovereign countries to protect, promote or subsidise their cultural productions despite rulings by international trade tribunals (Fraser 2005b). This makes culture an exception, which is to say that it is not regulated by market forces, but rather artists are promoted and supported by the state (Klaussmann 2005).

Interestingly enough, UNESCO is the same organisation that former U.S. president Ronald Reagan pulled his country out of in 1984, citing its anti-Americanism, politicisation of cultural issues, and bureaucratic money-wasting activities. At the time, the United States opposed the McBride Commission Report, which intended to legitimise the movement towards the establishment of a New World Information and Communication Order (NWICO), arguing that it sought to give control of mass media to Southern governments (Thussu 2006). With the retreat of the U.S. from UNESCO, the global communication system began to deteriorate as the Third World unity, including UNESCO and NWICO, rapidly lost their place in the global media system (Jin 2008). However, in recent years there has been a rapprochement between UNESCO and the United States; as several countries began to discuss the convention, President George W. Bush announced the American return to UNESCO. On September 12, 2002, in a speech in the UN General Assembly, President Bush said, “as a symbol of our commitment to human dignity, the U.S. will return to UNESCO” (Murphy 2003).

While the U.S. expressed its intention to come back to the agency “as a spirit of reconciliation,” it is obvious what that government wanted was to hinder the UNESCO convention from the inside. American officials have stated that measures arranged by UNESCO member countries could be used to unfairly obstruct the flow of ideas, goods and services across borders (Moore 2005). Given that films and music are among the U.S.’s largest exports—the foreign box-office take for American movies was $16 billion in 2004, they could not support UNESCO. The United States has consistently fought any guarantees for films that might put any restrictions on Hollywood, as well as opposing any subsidies for film production, arguing that UNESCO does not have the authority to enact the convention, and that it would interfere with the free flow of ideas (Williams 2005).

Furthermore, the American government has conducted an international diplomatic campaign against the convention, with Secretary of State Condoleezza Rice, sending letters to foreign ministers, and U.S. ambassadors in an attempt to undermine its validity (Fraser 2005a). Secretary Rice expressed deep concern about the UNESCO convention, calling for postponement of its adoption and warning that it “will only undermine UNESCO’s image and sow confusion and conflict rather than cooperation” (Riding 2005a). In fact, one of the central themes of American foreign policy since World War II has been to expand a network of global trade. As the core of a liberalised trade regime, the U.S. can press its capital advantages to maximum effect (Jihong and Kraus 2000, 423). In recent years, this strategy has emphasised
the importance of information-based products, making the State Department an active agent on behalf of such industries as computer software, insurance, banking and entertainment. The film industry had long been important to this strategy, but has gained even more importance of late (Miller et al 2001).

Nevertheless, the United States effort as a nation-state to hinder the UNESCO convention has failed. Due to the heavy pressure from the U.S. government, many people were doubtful of a successful adoption of the convention. However, in this case nation-states under UNESCO obtain a surprising victory against the U.S. As Vincent Mosco points out,

> it is interesting to observe that the Canadian and [French] cultural nationalist lobby won an important victory by leading an international coalition that resisted strong corporate and U.S. government pressure and passed the UNESCO convention. This demonstrates that while neoliberalism continues to drive policy, it is by no means inevitable that it will win on every case (Mosco 2006, 16).

UNESCO as an international cultural agency supported by individual nation-states against neoliberal globalisation has succeeded in a coup d’état.

After losing its grip to deter the UNESCO convention, the U.S. government has focused on FTA with individual countries, and Korea became the first target. Forced bilateral pressure on behalf of augmented corporate freedom to invest in and use [telecommunications] networks began to be exerted by the U.S. Trade Representative and the Department of Commerce, as well as by private trade associations and individual transnational companies beginning in the 1980s (Schiller 2007). Through the FTA, the United States was attempting to nullify the UNESCO convention. By emphasising its neoliberal economic and cultural policies, the U.S. wanted to not only lower the trade barrier but also to loosen the international links among countries through individual FTA. As Gary Neil, the International Network for Cultural Diversity (INCD)’s part-time director, claims;

> it is obvious that the Korean government’s decision to slash the screen quota was made under pressure from the U.S. as a pre-condition for starting negotiations with them. This decision comes only three months after the international community signed the new UNESCO convention (Kim and Jeon 2006).

The U.S. has targeted Korea in order to utilise this agreement not only to expand its role in Korea but also to weaken European countries’ cultural industries, including France. With president Roh’s political future looking shaky, the Korean government very much wanted a strong finish in their FTA with the United States, and was willing to sacrifice cultural sovereignty in return for its economic imperatives in the midst of the new UNESCO convention era.

**Korea’s Anti-cultural Coup d’état and Crisis in National Sovereignty**

The screen quota system is in operation in dozens of countries around the world, including France, Hungary, Italy, Brazil, Mexico, Spain, and Korea. It is regarded as a cultural exception in various international trade agreements even though it goes against the principle of national treatment, which prohibits discrimination
between locally produced and imported goods (Terra Media 2007; Cajueiro 2007). This reasoning is based on the assumption that films are both cultural products and content products that differ from many other goods or products (Lee and Bae 2004). Since the dominance of the American films in the international film trade may threaten a countries’ cultural identity and domestic film industry, Korean cinema, along with several other countries have argued that the film sector should be an exception in terms of free trade to product local films. The Coalition for Cultural Diversity in Moving Images (CDMI), a local group seeking to enforce the screen quota system, points out that the screen quota has functioned as an appropriate institutional mechanism to protect the Korean film industry from the U.S. film distribution since 1993 (CDMI 2000).

However, the screen quota system has been one of the most controversial issues in the BIT talks between the Korean and U.S. governments as the U.S. has made attempts to abolish it beginning in the late 1990s. During the process, American and Korean governments have come up against severe protests from several parts of the society, flaring up in the late 1990s and again between 2004 and 2007. As noted, the Korean government was moving to reduce the maximum number of days Korean film must be shown in theatres in the late 1990s. A campaign by the MPAA to end the quota in the late 1990s as part of the Korean-American BIT talks inspired rallies, protests and a nationwide petition drive from several sectors of society, including college students, film actors and directors, as well as the National Assembly. Indication by the Korean government that it is willing to reform the system as a means of moving negotiations forward was denounced by quota defenders, who stand firm against any compromise (Jin 2008). The Emergency Committee to Protect the Screen Quota System, which was organised by Korean producers and performers, issued a statement in October 1999 at the Pusan International Film Festival proclaiming: “The Korean film industry cannot be a bargaining scapegoat” (Schilling 1999).

Political parties also made strong statements to support the screen quota, and thereafter cultural sovereignty. The National Assembly adopted a resolution urging the government to keep the screen quota system in December 1998 and December 2000, respectively. The Committee of Culture-Tourism in the National Assembly adopted a resolution in December 1998 that stated that upon the government’s move to limit or remove the screen quota under U.S. pressure, the Assembly urges the government to maintain the existing formula until local films secure 40% of market (Kim 1998). This second resolution was passed unanimously by The National Assembly in December 2000 who emphasised the exceptional treatment of the audio-visual industry, including the film sector, in trade negotiations with the U.S. Even the ruling National Congress for New Politics (NCNP) urged the government not to negotiate or compromise on the screen quota in its ongoing dealings with the U.S. in relation to the Korea-U.S. Investment Agreement in 1998 (Korea Times 1998).

Meanwhile, the Ministry of Culture and Tourism has consistently expressed the opinion that the screen quota is essential to maintaining cultural sovereignty (Dong-A Ilbo 2002). That is to say that the Ministry did not want to change the screen quota system as films should be excluded from the free trade principle. They believe that protecting the Korean film industry is tantamount to maintaining Korea’s cultural identity. In the neoliberal era, characterised by shrinkage of the role of the government, Korea has one of the most protectionist film policies in the world, as
exemplified by its screen quota. Partly due to the massive rally from several parts of the society along with the national congress, the Korean government has had no choice but to maintain the current screen quota. The rallies along with political decisions made in the late 1990s became one of the most successful civic movements in sustaining cultural sovereignty amid rampant neoliberal globalisation.

During the Roh Moo-Hyun government (2003-2008), however, the situation has dramatically changed, and the U.S. dictated reduction in screen quotas has finally come to fruition. When the Korean government announced its decision to reduce the screen quota to 73 days in 2006, there were once again huge demonstrations; however, this did nothing to sustain the screen quota. This was not only due to severe pressure from the U.S. government, but also due to severe demand from domestic capitals, including auto makers (Hyundai and Kia) and semi-conductor producers (Samsung), emphasising the WTO-driven free market economy. As noted, the U.S. government, backed by Hollywood, has strongly demanded that Korea should delete or reduce the screen quota as a prerequisite of FTA. In the midst of Hollywood’s current spate of Box Office blues due to declining revenues in recent years (6.4% down in the first half of 2005 compared to 2004) Hollywood, through the U.S. government, wanted to expand its penetration into the Korean film industry (CBS news 2005). In a massive rally held in early 2006, however, film directors and actors claimed,

*the screen quota cuts will lead to a flood of Hollywood pictures into the domestic movie market, denouncing the government for trying to accelerate negotiations with the U.S. on a bilateral trade agreement at the expense of the local film industry’s interests* (Kim, Y. 2006).

Filmmakers were convinced that a smaller quota would eventually lead to a self-destruction of the Korean cinema, as had happened in Mexico, which neared meltdown after government support was withdrawn as part of NAFTA (Lee and Bae 2004). In addition to the massive rallies, top movie actors, and directors were continued their series of one-man demonstrations against the government decision to cut back the screen quota in 2006. As part of the rally, actor Choi Min-Sik visited the Ministry of Culture and Tourism to return the Okgwan medal, a prize he received for his outstanding performance in Chan-wook Park’s *Oldboy* (2003), a film that earned the runner-up Grand Prize of the July at the Cannes Film Festival in 2004. After returning his medal, Choi claimed, “I strongly denounce the government for its decision to give up its sovereign cultural right... It is absolutely a betrayal and self-destroying action” (Kim, Y. 2006). Yang Ki-hwan of the CDMI also stresses that despite WTO standards, cultural products should not be negotiated on the same level as other industrial items (*Korea Herald* 2006). They point out that the Korean film industry is still unable to stand on its own feet, as is still in the process of fixing a number of structural problems.

Of course, there were some proponents for the decrease in the screen quota. In particular, domestic-based transnational corporations such as Samsung, Hyundai, and LG tenaciously demanded that the government resolve the screen quota issue in order to facilitate the FTA. The nation’s five leading business organisations, including the Federation of Koran Industries (FKI), backed by these big conglomerates asked their call on the government to cut the screen quota in 2004 in order to remove the deadlock on the BIT between the two countries. They argued that “the
global competitiveness of the local film industry could be improved through full-scale competition with foreign films” (Seo 2004). As such, some parts of the Korean society, including the exhibition sector (which is in part owned by big corporations such as CJ and Lotte), the screen quota was one of the main obstacles impeding the trade talks with the U.S., thus local government has increasingly voiced stronger support for a reduction. In 2005, Finance-Economy Minister Han Duck-soo as an advocate of free trade argued:

We support this choice [to halve the screen quota] for a myriad of reasons with the foremost being that Korean films are now equally competitive as foreign ones. Another is the pressing need to embrace the global trade liberalization trend (Lee 2005).

The Finance Ministry opposed the Ministry of Culture and Tourism and made clear in a statement that the foreign movie distributors have not been able to establish a dominant position in the domestic movie market thanks to the rapid growth of the Korean cinema. They argue that the local movie industry is now strong enough to compete with foreign movies without the protective system, and that it is time to reduce the screen quota. In addition, many experts expect the UNESCO convention to have little impact on what is already a globalised market for cultural products, such as India’s Bollywood, Japanese animation movies, and Brazilian and Mexican television soap operas, have a place alongside Hollywood blockbusters (Riding 2005a).

Of course, the most significant decision came from President Roh Moo-Hyun himself. Due to his left-oriented political philosophy, many Korean people expected that he would protect the Korean cinema from the U.S. pressure. However, his cultural policy emphasising neoliberal globalisation has been very different from previous presidents, who protected cultural sovereignty partially by maintaining the screen quota system. His original idea for the screen quota system was similar to previous governments. For instance, in 2003, in a meeting with filmmakers and actors, President Roh stated, “if the Korean cinema insist on the current form of the screen quota system, the government will not enforce the revision of the screen quota” (Baek 2003). However, a year later, in his meeting with Korean-U.S. corporations, he clearly mentioned that the government was willing to resolve the screen quota system to attract foreign investment in other businesses (Seoul Shinmun 2004).

This fundamental change in his cultural policy proves that his emphasis on the neoliberal reform of the Korean economy and society, and his intention to sacrifice the screen quota in return for FTA.

The Roh government has consistently pursued an American-Korean BIT contract as he considered the FTA as one of the most significant political achievements in his term. As a strong supporter of neoliberal globalisation, the FTA was imperative for his government because he believed that the FTA would resolve several political and social issues, including high youth unemployment and rising housing cost thanks to the increase in the exports of manufacturing goods to the U.S. President Roh considered the protest by college students, movie makers and actors, and film critics trying to maintain the screen quota system as a barrier to the deal. His political attitude towards the FTA has been expressed in his address to the Nation after the FTA on April 2, 2007:
there are no other sectors that will deteriorate any further than now, basically, an FTA is not a matter of politics or ideology. It is a matter of survival. It should not be handled with nationalistic emotions or political calculations (Roh 2007).

Regardless of strong pressure from the United States, previous governments had protected cultural identity and sovereignty as essential parts of competitiveness of the state within a global society. Although the Kim Young Sam government set the globalisation policy in 1994 and reshaped its cultural policy towards enhancement of international cultural exchange (Yim 2002), the Kim government did not sacrifice the Korean cinema. The Kim Dae Jung government even supported the film industry with its financial resources while maintaining the screen quota. The Kim Dae Jung government funded $125 million for promoting Korean cinema between 1999 and 2003 (Dong-A Ilbo 2002). However, the Roh government has finally given up on Korea’s unique cultural policy and almost fully liberalised the Korean film industry in return for the FTA.

Like the case of NAFTA, this agreement is backed by large corporations such as Samsung, Hyundai, and LG, whose major concerns are their exports of autos, semi-conductors, TV screens, and telecommunications equipment, and was opposed by millions of workers and unions, small business owners, environmentalists, and human rights advocates in both countries. There is no doubt that the government has removed the fundamental measure for protecting cultural sovereignty due to its economic imperative, and cultural identity is not a major priority for cultural policy makers in the Roh government. Increasing pressure from the U.S. government, rising demand from domestic-based TNCs, and domestic political considerations worked together to make the Korean cinema as a scapegoat. The Korean government has deemed films to be commodities, which goes greatly against what the UNESCO convention emphasised. A few filmmakers therefore called government decision as (anti)cultural coup d’état, because the Korean government has acted contrary to what the UNESCO convention reaffirmed.

In sum, the UNESCO convention has seemed to offer the promise of legal protection for national cultural initiatives for small countries (Harvey and Tongue 2006). About ten countries after the UNESCO convention were also reportedly discussing the possibility of implementing their own screen quota systems all the while the Korean government has sacrificed its screen quota amid BIT with the U.S. (Hendrix 2006). People believe that American dominance faces some new political challenges, as the general endorsement of a UNESCO convention in favor of protecting cultural diversity constitutes one counter-thrust by the international community (Schiller 2007, 135). However, the Korean government was not able to protect its cultural diversity mainly due to the powerful U.S. pressure along with the Roh’s non-philosophical cultural policy. The Roh government has abandoned the most successful cultural policy in protecting national cinema in a very undemocratic way – no public forum, no debates in the national congress, nor discussion with the film world – which is called anti-cultural coup d’état by Korean civic groups as well as global civic activists.
Conclusions

With the wave of liberalisation and unfettered market access gaining greater momentum under neoliberal globalisation, there is increasing pressure to treat cultural assets as general commodities under the framework of free trade. In the midst of massive pressure from the U.S., UNESCO has adopted the convention in order to prevent the tragic loss of cultures and to open the way to coexistence and mutual exchange of culture. However, the Korean government has given up its unique cultural policy due to its integration into the global market as part of its neoliberal globalisation orientation.

This changing policy has rapidly influenced Korean cinema. In June 2007, just one year after the government reduced the quota, CGV, one of the largest exhibition companies with 378 screens, showed only 2 Korean films (Mirang and Hwangjiny) while screening 8 foreign films, including Shrek the Third, Pirates of the Caribbean, and Ocean’s 13 (all 2007) on the majority of its screens. The market share of domestic films was recorded at only 21.6% for April 2007. In addition, taking advantage of the reduced screen quota, Transformers, an action adventure movie, had its junket in Seoul, Korea in June 2007. It is the first time a major Hollywood film held its opening press event in Korea because “Korea is a huge emerging world market in cinema,” as Director Michael Bay put it (Lee 2007).

It is premature to predict the long-term effects of the new screen quota as only a year has passed. However, as these examples above clearly prove, Korean cinema now confirms that a smaller quota will eventually lead to the downfall of the Korean film industry. Indeed, some precedents have demonstrated the negative impact of neoliberal cultural policies on domestic film industries in several countries, including Mexico and Canada. The screen quota of Mexico was mostly discontinued starting in January 1993 (CDMI 2000), in accordance with NAFTA. As part of that agreement, Mexico reduced its numbers, dropping from a level of a 50% quota for Mexican films in 1993, down to 10% by 2003. As a result of this new cultural policy, Mexican cinema almost collapsed. The number of movies produced in Mexico annually plummeted from 100 in 1992, down to only 14 in 2003 (Park 2003). Since the abolition of the screen quota in 1993, when the Mexican government signed the BIT with the U.S. following the peso crisis, the film industry in Mexico proceeded to collapse over the next three years (Kim 2000).

Canada, another victim of NAFTA, also suffered from neoliberal globalisation. Due to the massive influence of Hollywood, the market share for domestic films was recorded at only 1.4% in 2002 (Oh 2003). In June 2007, the New York-based investment house Goldman Sachs attempted to buy one of the largest Canadian film companies, Motion Picture Distribution (MPD), a deal which would be one of the largest in the history of Canadian entertainment. In response to these events, Atom Egoyan, Canadian director of such films as Exotica (1994) and The Sweet Hereafter (1997) said,

We’ll end up with a bunch of new America companies who do nothing but distribute and send money back home, who don’t get involved with Canadian films, or do so rarely…the whole infrastructure will be damaged. And actually speaking, we’ll become another [U.S.] state, because there is no incentive to continue to develop a domestic industry or a distinct alternative to the American system (Macdonald 2007).
In contrast to this dour outlook is France, Europe’s only thriving movie industry, due largely to the screen quota: Hollywood accounts for about 65% of the French box office, compares with 90% elsewhere in Europe (Riding 2005b). As such, with the new screen quota, the present status of Korean films would not be possible to sustain its market, never mind cultural sovereignty. In this regard, it is worth documenting one report for the Department of Foreign Affairs and International Trade in Canada,

Culture is the heart of a nation. As countries become more economically integrated, nations need strong domestic cultures and cultural expression to maintain their sovereignty and sense of identity.... Cultural industries shape our society, develop our understanding of one another and give us a sense of pride in who we are as a nation (SAGIT 1999, 1).

Whether one is a globalist or not, one must concede that the Korean cinema has changed and developed, influenced by not only the U.S. government and TNCs but also the Korean government and local activists. The national and regional processes emphasising cultural sovereignty have substantially influenced cultural policies in the case of the screen quota system. Regardless of its support or reduction of the screen quota, the role of the nation-state is implemented as it is witnessed in Korea. As Dan Schiller claims (1999, 2) “national governments played a key role in the media sector because unremitting political intervention was paradoxically necessary to actualize something approaching a free-market regime in the media sector.” Ellen Wood also points out (2002), nation-states remain crucial to the project of commodification, within the unfolding context, of capitalist transnationalisation. Globalisation has extended capital’s purely economic powers far beyond the range of any single nation state. This means that global capital requires many nation-states to perform the administrative and coercive functions to sustain the system of property and provide the kind of day-to-day regularity, predictability, and legal order that capitalism needs more than any other social form. Therefore, the global political economy is administered by a global system of multiple states and local sovereignties, structured in a complex relationship of domination and subordination (Wood 2002; Schiller 2007, 136-37).

Even so, the American government as a nation-state backed by Hollywood has underwritten a vital role in the reduction of the screen quota. The U.S. government also tried to block the UNESCO convention, although it failed. As such, the nation-state has played a key role even in the liberalisation process, as a major feature of the emergence of modern society has been the central role played by the nation-state in the 1970s and the early 1980s. As Sánchez-Ruiz (2001, 86) clearly argued, “globalization has not completely substituted or overridden national states and regions,” although it appears to be an overpowering, inexorable process to the one global unit.

References:


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