

Dr. Brian Yecies  
Senior Lecturer, Media and Cultural Studies  
Faculty of Arts, University of Wollongong  
Wollongong, NSW, 2522, Australia  
Tel: 61-2-4221-4076 Fax: 61-2-4221-5341  
brian\_yecies@uow.edu.au

**Panel Title:** Interfacing with Hallyuwood Down Under: Transnational Cultural Flows of Korean Cinema in Australia

**Paper Title:** “Interfacing Transnational Cultural Flows and the Rising Korean Cinematiger”

**Abstract**

This paper sets the context for the panel on “Interfacing with Hallyuwood Down Under: Transnational Cultural Flows of Korean Cinema in Australia” by examining the political-economic exchanges between South Korea and the U.S. prior to and during the liberalization of the Korean cinema in the mid-to-late 1980s. Archive materials obtained through the U.S. Freedom of Information Act are used to show how the Motion Picture Association of America (MPAA) influenced this development and encouraged the Korean film industry to interface with the world – albeit in different ways than the MPAA expected and with different results. Reaching a peak of success in 2005 in terms of domestic market share and exports, the South Korean cinema has become the ‘gold mine’ that the MPAA had been attempting to cultivate for more than seventy-five years. Combined with the other papers, this panel aims to present significant insights into the intersections of the global and the local flows of Korean cinema.<sup>1</sup>

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<sup>1</sup> An earlier version of this work appears as “Parleying Culture against Trade: Hollywood’s Affairs with Korea’s Screen Quotas” in *Korea Observer* Vol. 38, No. 1 (Spring 2007): 1-32. The author thanks Kim Hyae-joon (KOFIC) and Ben Goldsmith from the Australian Film Television and Radio School (AFTRS) for their suggestions on previous drafts. The Asia Research Fund and Korea Foundation have provided crucial research funding for this work in progress. Ned Comstock at the USC Cinema/Television Library, Joy Kim at the USC Korean Heritage/East Asian Library, Barbara Hall at the Margaret Herrick Library–Academy of Motion Picture Arts and Sciences, as well as archivists at the USC Warner Bros. Archives–School of Cinema-Television and the UCLA Arts Special Collections provided invaluable assistance with their materials.

It is well known that since the late 1990s, Korea's national film industry has experienced unprecedented expansion at home and has attracted critical acclaim abroad. The Korean cinema has become one of the driving forces behind the spread of Korean popular culture, better known as *Hallyu/Han Ryu* or the 'Korean wave'. At the start of this 'golden-age' the local film industry began adopting global business models, such as the high concept, big budget, special effects and marketing campaigns in order to expand, and to resist Hollywood's worldwide dominance. Maintaining the lion's share of the domestic exhibition market with a stringent screen quota and a sharp increase in exports has been critical to this success. By international standards the dominance of Korean films in its own market is an extraordinary cultural triumph that few countries have ever achieved.<sup>2</sup> However, since 2006 the industry's momentum – measured by more than domestic market share – has been slowing. A reduction in exports abroad and a decrement in the Screen Quota System (hereafter SQS) at home has contributed to this downturn.<sup>3</sup> According to the Korean Film Council (hereafter KOFIC), in 2006 total revenues generated from exports shrank to \$24 million U.S. dollars while the number of exported films increased slightly, demonstrating that the Korean cinema remains popular around the globe, but with reduced profits.<sup>4</sup>

For decades the U.S. has been demanding that Korea relax its film import restrictions. The U.S. Department of State on behalf of the U.S. film industry, that is, the MPAA, has been urging Korea to enable a similar number of Hollywood films to be screened as in neighboring Japan and Taiwan. Between 1980 and 1986 (inclusive), a mere average of thirty-two foreign (primarily U.S.) feature films per year was imported. Flash-forward to 1996 and the number of foreign (again primarily U.S.) films reached 405.<sup>5</sup> This paper examines how this opening came about and analyzes its impact on the South Korean cinema's latest 'golden-age', which reached a peak of success in 2005. Press releases, trade articles, congressional archive materials, and correspondence between the MPAA, Office of U.S. Trade Representative (USTR) and U.S. Department of State provide new understandings of how the U.S. film industry has interfaced with Korea and influenced the liberalization of its local film market. Ironically, as the MPAA's relentless negotiations pointed to South Korea as a 'gold mine', and filmmakers, policy strategists, cultural diversity advocates, academics and general audiences began to see the Korean cinema, and cinemagoing in general, in a different light. Hollywood's fierce attraction to and interactions with South Korea helped to raise a 'cinematiger' (my term) from its slumber partly by flooding the country with a brood of American films – all while the democratic movement was sweeping through civil society. Despite fears of what is considered by cultural diversity advocates as an American threat to

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<sup>2</sup> In 1991, 21.2 per cent of all films screened in Korea were locally-made films while in 2005, the figure rose to an astounding 59 per cent. In 2005 this success had flowed to the export market with the total value of exports reaching almost \$76 million U.S. dollars, ten times more than that of 2000. After steadily rising by the end of 2006, the domestic market share of Korean films reached a record high of 63.8 per cent. *Korean Cinema 2000*, 265; *Korean Cinema 2007*, 495.

<sup>3</sup> The contemporary Korean SQS originates from the 1966 Motion Picture Law (MPL) promulgated by the Park Chung-hee government. The MPL required every cinema to exhibit domestic films for a minimum of 90 days each year, guaranteeing screen time, but not box-office performance. In the mid-1980s, the SQS was set at 146 days per year. However, in January 2006, the Roh Moo-hyun government halved the SQS to 73 days, as this study shows, under immense pressure from the US.

<sup>4</sup> *Korean Cinema 2007*, 492-498.

<sup>5</sup> *Korean Cinema 1989*, 8; *Korean Cinema 2000*, 265.

national culture, the South Korean film industry (a.k.a. ‘Hallyuwood’ – the fusion of Hollywood and *Hallyu*) began its rise to local and global fame.

Briefly speaking, Hollywood films have enjoyed numerous periods of domination in Korea. Between the mid-1920s and mid-1930s, the big Hollywood studios and distributors overwhelmingly dominated the Korean market with thousands of silent films and talkies. These were managed from their direct distribution offices in Seoul.<sup>6</sup> Yet, the so-called party for Hollywood films ended around 1937 when Japanese authorities began snuffing them out during the escalation of the Pacific War (Yecies 2005). Immediately after World War II, an alliance of the largest U.S. producer-distributors formed an export arm of the MPAA (called the Motion Picture Export Association – hereafter MPEA), which aimed to increase foreign revenues, to counter foreign trade barriers, and to globalize American ideology and American-made products. U.S.-occupied countries such as Germany, Japan and Korea fell under the MPEA’s central gaze, and a new chapter for facilitating cultural flows out of the U.S. had begun. In the U.S. Army occupation period (USAMGIK), Hollywood films began interfacing with the local market in a dominating way. But, by March 1949, only six months after the end of the USAMGIK and the formal establishment of the Republic of Korea, Hollywood’s stronghold in Korea once again began slipping away. Korean President Syngman Rhee sympathized with the view that Hollywood films were largely inappropriate for Korean audiences because objectionable kissing scenes and the portrayal of strong, independent women had gone uncensored by the U.S. authorities.

Throughout the 1960s, the MPEA via the U.S. Department of State monitored Korean trade regulations with sharp interest. Korea was one of 70 markets that MPEA member companies had their eyes on, and one of 117 countries where American films were shown. Jack Valenti, a key figure in this history, became the President of the MPEA and MPAA in 1966, the same year that Korea’s Screen Quota System was born. It was Valenti’s job to lobby various arms of the U.S. government to annihilate import barriers to the U.S. film industry as part of larger trade agreements with other countries.<sup>7</sup> In Korea’s case, the MPEA wanted to topple robust trade barriers, which in 1965 allowed only 53 imported films.<sup>8</sup> Without question, this limited interface with or reduction in exhibited Hollywood films positively impacted on the Korean film industry because it created a space in the mid-1950s and late 1960s for the production

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<sup>6</sup> Direct distribution is an arrangement enabling foreign film distributors to operate local branch offices overseas. Agents of the film company maintain these branches, circumventing the need to negotiate favorable fees and contract terms with local importers and cinema owners who then become disempowered because they lose, among other things, the ability to determine royalty payments. Conducting business in this way causes fear among local film industries and cultural diversity advocates because of the potential loss of control over one’s domestic market. Between 1926 and around 1937 and again during the USAMGIK period, Hollywood (MPEA member) companies enjoyed direct distribution privileges, but after Syngman Rhee became President they had to wait almost forty years to regain these rights.

<sup>7</sup> During his 38-year reign as President of the MPAA-MPEA (1966-2004), Valenti created a mini State Department that utilized 700 foreign offices and over 16,000 employees throughout the world. Few other industries in the U.S. systematically have equipped themselves with the same level of foreign intelligence, negotiating directly with high-ranking government, non-government and film industry leaders.

<sup>8</sup> In addition, the MPEA was fixed on smashing the monopoly of film importation and control of print rental prices held by a small number of dealers – government-licensed production companies in the Korean Film Producers Association.

and exhibition of more domestic films or what has been called an “efflorescence of cinematic creativity” (McHugh and Abelmann 2005, 2). At its peak in 1969, as reported by the Korean Motion Picture Promotion Corporation (KMPPC 1977, 156), 173 million tickets to films released in this single year were sold.<sup>9</sup> Ironically, as suggested elsewhere in Chung (2005), it was the celebration and recirculation of the tropes found in a small number of the then contemporary Hollywood narratives that inspired Korean golden melodrama classics such as You Hyun-mok’s *Obaltan* (a.k.a. *Stray Bullet*, 1960). Based on the success of this and other Korean films, the Korean government remained adamant about resisting a larger flow of U.S. films.

Throughout the 1970s, the small number of U.S. films that were allowed into Korea were first imported to offices in Japan and then inefficiently re-negotiated by Korean middlemen. In other words, Korean importers were unable to deal directly with MPEA member companies. An MPEA office in Seoul potentially would have solved this challenge by streamlining the distribution process and offering importers lower print rental prices. At least this was what the MPEA had promised the Korean government and film industry as a reward if the domestic market were to be liberalized. The MPEA has also promised to provide advanced technical training to local filmmakers, which since around 1970 had been experiencing a so-called dark-age in terms of declining box office revenues and the number of annual quality films produced. An increase in the number of imported U.S. films was seen by the MPEA as one of the best ways to re-inspire competition and facilitate a renaissance of the Korean cinema. Nevertheless, the Korean government preferred to maintain a limited interface with Hollywood distributors and their films.

During General Chun Doo-hwan’s military rule (1980-1988), Korea advanced its cultural approach to film by renewing efforts to uplift and to protect the arts as a national policy. As Yim (2002) observes, this forged a new cultural identity for the nation. One might say that this new identity was defined against the transnational cultural flows that were prevented from entering the country. In 1981 the number of required screening days for domestic films was set to a minimum of 165 days – Korea’s highest quota to that date. U.S. film distributors’ frustration was elevated to a new peak, forcing a turning point to occur within the larger US-Korea trade relations.

By making the restriction of U.S. films an issue of blocking economic trade, the MPEA aligned its campaign with the U.S. government’s counter-trade restrictive policies.<sup>10</sup> Korea was now on the MPEA’s hit list, which jeopardized bilateral trade talks between U.S. and Korea. The Chun government took notice. In July 1984, *Screen International* reported that

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<sup>9</sup> This astounding figure at the time was equal to an average of 5.6 screenings per capita, or five times as many instances as seen in 1998 and double that of average attendance per capita in 2004, which is close to the peak of success for the Korean cinema’s latest golden age (*Korean Cinema 2007*, 495).

<sup>10</sup> On 11 September 1985, the MPEA stepped up the fight against Korea’s restrictive film policy by filing a formal complaint with the USTR under Section 301 of the U.S. Trade Act (*San Francisco Chronicle* 1985). This procedure was invoked in situations in which a foreign policy or practice restricted U.S. commerce, giving the U.S. President power to penalize any country failing to open or to liberalize its markets for U.S. commodities. The USTR, which develops trade policies between the U.S. and foreign nations, welcomed MPEA’s claims of ‘unreasonable’ and ‘discriminatory’ limitations on film distribution because its core job was to open world markets for U.S. goods and services.

the Korean government was terminating its film import quota (while also liberalizing the domestic production system).<sup>11</sup> Lifting the foreign film embargo meant that the floodgates for U.S. films would now be opened, thus increasing the ‘very good’ business that Hollywood had been enjoying in Japan since the early post-WWII period. Chun’s government was about to change the face of cinema in Korea, which between 1975 and 1984 had imported an average of only 33 foreign films per year.<sup>12</sup> In return, Korea expected to benefit from lower tariffs for exported Korean autos, computer parts, and telecommunications equipment when they entered the U.S. However, despite congenial intentions, this round of negotiations failed to produce a positive outcome for the MPEA, which simply wanted to interface with the Korean film market on a deeper level.<sup>13</sup> The Korean film market was one of the world’s fastest-developing film markets, predicted to yield upwards of 40 million U.S. dollars in rental billings (Park with Segers 1988). In any case, the giant MPEA and U.S. government’s economic approach to films as goods was weakened before the much smaller Korean government and film industry’s view of film as national culture.<sup>14</sup>

Throughout the mid-to-late 1980s, Valenti spoke at numerous U.S. congressional hearings because he literally wanted to knock some sense into the Korean government, hitting it ‘...across the head with a 2 by 4’, that is, with a wooden plank (Valenti 1986, 1003).<sup>15</sup> According to Valenti: ‘Unless something is turned around to make sure that the old phrase ‘no pain, no gain’ must be an instruction given to foreign countries that if they persist in hedge rowing their borders, they are going to have some injury that they are not going to like’ (Valenti 1986, 1004). Once again, film industry workers, policy makers, cultural diversity advocates, academics and the general public in Korea were reminded that Hollywood saw

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<sup>11</sup> The report also simultaneously increased Korea’s chances of maintaining ‘Normal Trade Relations’ (NTR) status (formerly known as Most Favored-Nation status) with the US.

<sup>12</sup> Throughout the 1980s the Performance Ethics Committee (PEC), Korea’s primary censorship organization, hindered the distribution of Hollywood films because it mandated that only one foreign film could be censored at any given time. This was a key method to maintain centralized control over the flow of foreign media content. MPEA complaints were also directed at the PEC’s practice of taking 2-3 months to approve a foreign film – clearly a long and drawn-out process.

<sup>13</sup> In November 1985 the Ministry of Culture and Information proposed to increase the maximum number of screening days for foreign films from an all-time low of 200 days to upwards of 245 days per year. It also promised that U.S. film companies could open direct distribution offices and service cinemas, TV stations and videotape rental businesses without restraint. If and when approved, this increase in the number of screening days (i.e. a reduction of the SQS’s protection of domestic films), coupled with an increased number of Hollywood film imports, would push the industry in a host of new directions. However, in late 1986 the Korean legislature aborted these liberal plans, thus safeguarding the domestic film industry for a little while longer by not yielding to MPEA demands.

<sup>14</sup> For years a majority of UNESCO member states have embraced an intangible notion of culture and the need for strong national cultural policy to protect it, while the U.S. has moved in the opposite direction arguing against the need for a country other than the U.S. to protect its locally-produced cultural goods.

<sup>15</sup> Since the MPEA’s formation in 1945, representatives of the U.S. film industry have appeared frequently before the U.S. Congress to speak against international trade blockades. In their testimony MPEA President Eric Johnston and Jack Valenti after him presented dramatic life and death (or at least haemorrhaging) scenarios from which the American film, and potentially all industries, might suffer.

Korea as a ‘potential sleeping giant for extracting license fees for Indie English language films’ (Hollinger 1988a). In addition, the 40,000 U.S. troops stationed in Korea were considered a sizeable, captive audience for American films (*Variety* 1987b).

A big break for Hollywood films came at a time when new prospects for contemporary art and transnational cultural exchange was opened by President Chun’s Ministry of Culture and Information. In the lead-up to the 1988 Seoul Olympics, increased government spending on arts and culture grew by leaps and bounds, which diverted attention from the military dictatorship and created an improved image of Chun’s regime in ways similar to those used by China in promising greater press freedoms for the Beijing Olympics. An open window for the direct distribution of U.S. films in Korea – closed since the Park Chung-hee *coup d'état* in 1961 – was potentially about to be forced wide open. At the same time, Korean government and film industry representatives no longer agreed on a single approach to protect the domestic market and to limit imports. As discussed below, the MPEA would soon exploit these internal incongruities.

In order to maintain preferential trade status and probably to appear pro-American, the newly-elected President Roh Tae-woo government (1988-1993) granted Hollywood distributors an unprecedented opening that had been closed tightly for decades. Film quota restrictions were reduced, and censorship measures limiting the number of films and film prints were removed.<sup>16</sup> MPEA member companies could now open branch offices in Seoul and directly distribute Hollywood films.<sup>17</sup> Irreversible floodgates for change had been opened as a brood of Hollywood films entered the market. The Korean cinema’s expansion from the outside in was perceived as a hostile foray that would soon encounter aggressive resistance. The onslaught of U.S. films, one could argue, also partly inspired a local film boom, or what we now call South Korea’s ‘golden-age’ of contemporary cinema.

In September 1988, purposely around the time of the Olympics and shortly after UIP opened its direct-distribution office, hundreds of directors, producers, distributors, stars, cultural protection advocates, literary groups, opposition government party members, academics and film students picketed in front of Seoul cinemas screening Paramount’s *Fatal Attraction* (1987). Red signs screamed: ‘Yankee, go home’ and ‘Down With American Movies’, drawing a frenzy of media attention to this directly-distributed U.S. film (Park with Segers 1988). Protests called for a boycott of *Fatal Attraction*, a violent thriller involving adultery, and other directly-distributed American films because they were seen as a cultural invasion and a threat to Korea’s national film industry.<sup>18</sup> Strikers used this heated interface as an excuse to release snakes in two cinemas screening *Fatal Attraction*, hoping to scare away

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<sup>16</sup> However, the Ministry of Culture maintained the integrity of the SQS, mandating that every cinema screen domestic films for a minimum of 106 days a year or 29 percent of total screening days.

<sup>17</sup> Twentieth Century Fox and United International Pictures (UIP) – a collaboration between Universal, Paramount and MGM/United Artists – were the first distributors to set up shop.

<sup>18</sup> This was the first of many highly-organized events designed to attract the world’s attention, and there was no better time to speak than during the Olympics, which was broadcast to millions and millions of homes. For staunch supporters of Korea’s film industry, there was fear U.S. pictures would dominate the market because in 1985 only 30 foreign films were imported, while in 1988 the figure radically increased five-fold to 176. Of dire concern was the prospect of Korea’s film industry falling into the death grip of U.S. companies that would suck all profits and possibly creativity out of the country.

patrons who might not agree with the protest or understand its ramifications (Farhi 1988; Kramer 1988). Back in the U.S. Valenti saw the boycott threats and the cries to close American film distribution offices as some kind of anti-Korean government and anti-American activity (*Associated Press* 1988; MPEA 1988).<sup>19</sup> In the end, protests failed to get the U.S. distribution offices closed, but the movie business exploded. What these protests couldn't see at the time was how the Roh government's open door policy for Hollywood imports would eventually facilitate a new type of transnational cultural exchange that would impact positively on the whole of the film industry and the export of Korean film and culture in general.

For most of the 1990s, as the number of imported films increased dramatically and a new golden-age of Hollywood in Korea had begun, audiences attending domestic films spiralled downward. Yet, this was only the quiet before the storm. Although the number of cinemas was declining (from 507 in 1998 to 373 in 1999), the actual number of screens was on the rise (from 507 in 1998 to 588 in 1999). Numbers of cinemagoers were on the rise too, totalling 50 million for 1998 and growing to more than 54 million a year later (*Korean Cinema* 2007, 495). Unexpectedly in the immediate wake of the 1997 IMF relief loan crisis, Kang Je-gyu's blockbuster *Shiri* (1999) achieved extraordinary success, exceeding \$25 million at the box office and outselling *Titanic* to become the then-top-selling Korean film of all time.<sup>20</sup> In addition to the increased number of high-quality and big-budget imported films, new training opportunities for aspiring filmmakers at home and abroad as well as increased government and private funding contributed to the Korean film industry's expansion. Before all eyes, the Korean cinema began rising on its tiger's paws to never-before-seen heights. By April 2000, Hollywood distributors were reportedly learning lessons from the Korean film industry and releasing U.S. films at times that avoided vigorous competition from Korean blockbusters (Segers 2000). The time was ripe for the production and exhibition of more domestic films.

In fairness to the MPAA, during his March 1999 visit Valenti proposed to facilitate a 'renaissance' for the Korean cinema, which he believed was in crisis. Valenti was happy to bring to the negotiation table a series of training workshops and deals worth \$500 million U.S. dollars in U.S. and Australian investments for new multiplexes. These were critical factors for further developing the film industry because, at the time, Korea was significantly under-screened with only one screen for nearly every theatre for most of the 1990s. After 1999 the total number of screens began to outnumber theatres as single-screen venues were demolished in order to build new multiplexes. The total number of seats in cinemas has climbed steadily each year, reaching more than 350,000 in 2006 (*Korean Cinema* 2007, 497). Rather than let foreign companies service this screen expansion alone, Korean chains such as

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<sup>19</sup> To retaliate, Valenti immediately lodged a new round of complaints of 'unfair' trade with the USTR, once again accusing Korea of hindering the distribution of Hollywood films, thus preventing the U.S. film and television industry maintaining its \$1.2 billion a year balance of trade surplus (cited in Valenti 1986, 989).

<sup>20</sup> In March 1999, Valenti accompanied the U.S. Secretary of Commerce and other industry leaders to Seoul on a business development mission. Archive documents reveal that Valenti used obsolete statistics about the Korean film industry's productivity (or lack thereof) to convince the Kim Dae-jung government (1998-2003) that the SQS was damaging the Korean film industry. The U.S. had inaccurately believed the SQS had been dragging-down numbers of cinemagoers, cinemas and box office receipts. However, in reality, there was no crisis.

Megabox, Lotte Cinema and CJ-CGV joined in the project with joint venture capital from overseas. Indeed, the renaissance had come, but on Korean terms and in a Korean way.

### Conclusion

The long-term and complex interface between the U.S. and Korean governments and their film industries has been based on divergent understandings of the exhibition market. The U.S. position has revolved around an economic imperative to dominate the transnational flow of films as ‘goods’. In response, the Korean government and film industry – though not always seeing eye-to-eye – have attempted to maintain autonomy and a nationalistic imperative over the control of transnational cultural flows. Despite relevant fears, U.S. free trade policy has not squashed Korea’s film industry but boosted it, until it began transforming (and perhaps losing steam in certain directions) after 2005. Recasting this history in light of this boom and unknown future of the Korean film industry is significant because it challenges conventional understandings of Hollywood’s global influence and Korea’s negotiating abilities regarding cultural matters.<sup>21</sup> Clearly, this is a story in constant flux.

As a conclusion, this paper raises five overlapping key points that stem from the ways in which Hollywood and South Korea have interfaced with each other, thus in part enabling the contemporary South Korean cinema to globalize. First, the MPAA through its relentless negotiations undoubtedly assisted in bringing free competition to Korea – that is, with a little help on the inside. Since 1961, the bulk of formally-registered producer-distributors had chased lucrative foreign import licenses, which the government issued on a quota basis. In order to survive by circumventing strict regulations, this production cartel often traded import licenses illegitimately on the so-called black market to non-approved importers.<sup>22</sup> In tandem with MPAA demands – or perhaps in spite of – truly free competition finally began to emerge in 1985, enabling a surge of new producers and directors to profit in different ways from the liberalization of the industry.

Second, Korean film people and other cultural diversity advocates experienced an epiphany about what could be accomplished without the heavy hand of government. As the first civilian President since 1960 Kim Young-sam (1993-1998) initiated a wave of social, cultural, political and economic reforms. Large parts of the Korean film industry began testing the waters with new self-governing initiatives, including the revitalization of the SQS. In 1993, the Screen Quota Watch Group (later known as the Coalition for Cultural Diversity in Moving Images, CDMI) began calculating the total number of screening days for domestic films and actively interfacing with cultural organizations around the world.<sup>23</sup> What keeps the

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<sup>21</sup> Other countries such as Mexico and Taiwan, which have surrendered their screen quota restrictions, have witnessed a sharp decline in their domestic film industries. For example, in the late 1980s, prior to the Mexican government signing the North American Free Trade Agreement (NAFTA in 1994), the number of Mexican films reached about 100 per year. Yet, after joining NAFTA, the U.S. required Mexico to reduce its film import quotas, resulting in the apparent decimation of the local production industry. The number of films produced between 1995 and 2002 ranged from 14 to 27 – with a record low of 10 in 1998. See Kim (2003: 89).

<sup>22</sup> In fact, this was seen to be a major concern of the MPAA throughout the 1960s (*Variety* 1966, 143).

<sup>23</sup> CDMI was formed in reaction to some exhibitors that were refusing to screen the required number of domestic films because of the larger profits promised by screening imported films. The group had emerged at a time when other countries such as France were mounting fervent

CDMI and others going is the belief that bilateral negotiations concerning a nation's economy are inappropriate places to hold audiovisual industry quotas and protectionist cultural policies accountable as trade barriers to Hollywood films.

Third, in 1996 the Korean Constitutional Court ruled censorship, that is, the cutting of a film by the government-appointed review board called the Performance Ethics Committee (PEC), was unconstitutional. Before 1985 all Korean film companies had to be registered with the government, scripts had to be approved in the pre-production stage by the government, and all domestic and foreign films had to be examined by the PEC, which had maintained these snipping powers since its formation in 1976. However, because of these censorship changes in 1996 filmmakers began exploring a new self-consciousness and freedom of expression. Censorship was now largely considered as a thing of Korea's past semi-democratic and authoritarian rule governments (Kim Hyae-joon 2002). The flow of U.S. and other foreign films as well as the production and distribution of domestic films, benefited from this change.

Fourth, the MPEA/MPAA's long-term strategy of obliging the USTR to hold SQS restrictions as a core bargaining chip in larger bilateral trade talks did not produce the desired effect as quickly or as easily as initially thought. Nor did U.S. industry sources appreciate or reveal a full awareness of Korea's various industrial and creative periods that were achieved, from the 'golden' eras of silent cinema in the late 1920s and early 1930s to the melodramas in the mid-to-late 1950s and 1960s and the new wave of critical realism films of the 1980s. In early 1999 even Jack Valenti missed the beginnings of the contemporary Korean cinema's rise when he visited Seoul. Certainly, in each of these creative periods, it was partly the exposure to Hollywood films that inspired Korean filmmakers.

Finally, with the onslaught of foreign films since the late 1980s, new cinemas had to be built and a whole new generation of moviegoers was born. In the last decade, with local and foreign investment, the number of screens grew by 326 percent (from 577 in 1995 to 1880 in 2006) in order to meet the demand for local (protected by the SQS) and foreign films.<sup>24</sup> It was this new generation of cinemagoers that became a crucial variable in the consumption and popularization of Korean films in their own domestic market. The huge Korean Diaspora, not to mention all of the non-Korea fans around the world, also contributed to elevated consumption levels at least initially through video rentals and DVD sales at ethnic grocery shops.

The transnational swell of Hollywood films in Korea encouraged the birth of a new generation of millions of cinemagoers among a host of other variables that led to the roaring success of the contemporary Korean cinema. Along the way, the MPEA saw the Korean cinema as a highly-lucrative market – a point the Korean film industry and millions of Koreans began seeing for themselves after the box office smash *Shiri*. Yet, Hollywood's influential role in the domestic market was not a *fait accompli*, and the so-called gold mine

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opposition to incorporate 'audiovisual industries' in GATT and World Trade Organization (WTO) negotiations.

<sup>24</sup> In January 2006, only three months after the drafting of the Convention on the Protection and Promotion of the Diversity of Cultural Expression at the October 2005 General Conference of UNESCO meeting in Paris, the Roh Moo-hyun government (2003 to present) halved the SQS from 146 to 73 days per year after 40 years of pressure from the US. Immediately the maximum number of screenings of foreign films was raised from 210 to 292 days per year. The long-term effects of this decision have yet to be seen.

had its share of challenges and obstacles, including the acquisition of screen time due to ongoing limitations of the SQS, building of additional and more modern (expensive) cinemas and high import duties, to name a few. Well into 2008, the Korean cinema has continued to experience significant internal restructuring as part of its larger historical continuum of development, including new labor laws, creative solutions to piracy and illegal downloading, expanded funding for diverse types of filmmaking and film exhibition, and the active pursuit of international co-productions. Whilst this timeline of development at the time of writing remains in flux, revisiting the antecedents of the contemporary Korean cinema's boom offers a new understanding of the pivotal role Hollywood has played and is still playing in Korea and its long-term impact on the flow and growth of film culture.

Australia is one of the markets where Korean film exports have made a mark. In the next paper, Ae-Gyung Shim will investigate the reception of South Korea's contemporary cinema in Australia. She will focus on the unique distribution and reception factors surrounding Bong Joon-ho's monster movie *The Host* (2006) as well as other popular films, providing significant insights into the intersections of the global and the local.

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