

## General Studies – 2; Topic: India and its neighbourhood- relations

### India-South Korea Relations

#### 1) Introduction

- South Korean President Moon Jae-in's visits to India and Singapore underscore his "New Southern Policy" (NSP), which gives priority to deepening bilateral relations with the Asean economies and India.
- The policy aim to invest greater resources in countries that previously were not on South Korea's priority list.

#### 2) Background

- Independent India played an interesting role in the Korean Peninsula in the immediate aftermath of the Second World War.
- India was also among the few countries that maintained diplomatic relations with the North and South during the Cold War.
- As India opened up its economy in the early 1990s, South Korea became an important participant in India's economic rejuvenation.

#### 3) Why India is important for South-Korea

- With new issues cropping up in ties with China and America, export-driven South Korea must find new markets.
- South Korea's economic growth has slowed, presenting it with important challenges.
- Moon's India visit was part of his effort to tide over such challenges.
- South Korea is targeting economies with the greatest growth potential like India.
- South Korea is too heavily dependent on China's market. So diversification is essential for South Korea.
- Moon sees India as central to NSP's success.
- Need cooperation for development in third countries, like capacity building programmes in Afghanistan.

#### 4) Significance of Moon's visit to India

- President Moon's India visit marks the 45th anniversary of establishment of bilateral diplomatic ties.
- Moon's visit offers the possibility of strengthening India's role and relevance to the Korean Peninsula.
- India and South Korea signed 11 agreements, including in the areas of trade, cultural and scientific and technological cooperation.
- India and South Korea agreed to upgrade their Comprehensive Economic Partnership Agreement (CEPA) and strengthen the Special Strategic Partnership.
- A joint declaration titled "A Vision for People, Prosperity, Peace and our Future" was issued.
- Both sides agreed to partner with each other to secure mutual economic growth and contribute to global economic development.
- Prime Minister Modi and South Korea's President Moon Jae-In inaugurated world's largest mobile factory' in Noida, Uttar Pradesh.

#### 5) Other Countries looking towards South

- Japan under Shinzo Abe has pursued a "southward advance" economic strategy.

- Taiwan's new "Southbound Policy" is driven by the same economic rationale, and seeks similar strategic objectives, as Moon's NSP.
- China too has a southern policy, which goes by the official name of "One Belt, One Road".
- Australia, which is looking at Southeast Asia and India, in part to mitigate its China-related risks.

### 6) Bilateral relations

- Bilateral relations between India and South Korea, officially known as the Republic of Korea, were established in 1962 and upgraded to Ambassador-level in 1973.
- South Korea's open market policies found resonance with India's economic liberalization, and its 'look east policy' and 'act east policy'.
- The relations has become truly multidimensional, spurred by a significant convergence of interests, mutual goodwill and high level exchanges
- During PM Modi's visit to ROK in May 2015, the sides elevated the ties to 'Special Strategic Partnership'.

### 7) Commercial relations

- Economic engagement constitutes the core of our relations.
- Trade and economic relations between India and South Korea gathered momentum after the implementation of CEPA in 2010.
- A civil nuclear cooperation agreement was signed in 2011.
- Indian exports to South Korea stood at \$2.91 billion and imports from there stood at \$8.71 billion, as at the end of July 2017.
- Korean majors like Samsung, LG, Hyundai and Kia have invested over \$5 billion in India.

### 8) Cultural relations

- India and South Korea established a Indian Cultural Centre (ICC) in Seoul in April 2011.
- In order to boost people-to-people relations and travel between the two countries, India extended the visa-on-arrival (VoA) facility.
- Exchange of youth delegations between India and RoK has been taking place on an annual basis for several years now.

### 9) Concerns / Challenges

- Despite the formal announcement of a strategic partnership a decade ago, Delhi and Seoul have struggled to impart some real content into it.
- For India, which has begun to adopt the notion of an Indo-Pacific, Korea has not been at top of its regional priorities in Asia.
- Prosperity brought by globalisation to Asia over the recent decades is under stress.

### 10) Way Forward

- There is an urgent need to strengthen economic partnership.
- As a trade war unfolds between US and China, Delhi and Seoul need to liberalise their own bilateral trade relations.
- The two sides also need to focus on expanding bilateral security and defence cooperation and working together with other countries to promote a stable Asian balance of power system.
- Delhi and Seoul should focus on building flexible middle power coalitions in Asia to limit the impact of the current volatility in the relations between US and China.
- The business community of both countries must leverage opportunities arising from complementarities between the two economies to enhance investment, to promote joint ventures, and to work towards the goal of raising bilateral trade to \$50 billion by 2030".