

India-South Korea Relations: A New Beginning

Pranamita Baruah

January 29, 2014

India and South Korea enjoy warm and friendly relations. However despite its strong economic foundation, the relationship has so far failed to realize its full potential. South Korean President Park Geun-hye's recent visit to India was hoped to rectify that situation and add depth to the bilateral relations. In fact, Indian Prime Minister Manmohan Singh, after his meeting with President Park on January 16, 2014, averred that her visit would enable to impart further substance, greater content and new momentum to the 'Strategic Partnership'.

President Park four-day state visit was accompanied by a high level delegation which included the foreign, trade, ICT and science ministers. During the visit, both Park and Manmohan Singh presented the following three elements as a common vision: stronger high level political cooperation, open economic and trade environment and deeper cultural understanding. In order to implement the common vision, they agreed to set the following policy directions: strengthening bilateral strategic communication channels in the political and security field; consolidating the institutional framework for economic cooperation and creating more favourable conditions for further expansion of trade and investment; deepening mutual understanding by expanding cultural exchanges and people-to-people interactions and last but not the least, closely cooperating with each other as partners on the regional and international stages to address common challenges of mankind so as to usher in a new era of prosperity for the international community. Both the countries signed nine pacts, including the Agreement on the Protection of Classified Military Information, the MoU on Joint applied research, the conclusion of negotiations for revision of the existing Double Taxation Avoidance Convention, etc. Both sides are hoping that this would not only intensify the bilateral relationship but also open up new opportunities for engagement.

One of the major focus of Park's visit was to discuss about the final clearance for the multi billion dollar POSCO Steel Plant and the Port project in Odisha, which is one of the major South Korean ventures in India. In 2005, the project was initially proposed to be set up in the coastal town of Jagatsinghpur (Odisha). Not much progress could be achieved due to several factors like environmental clearance, delay in land procurement and popular protest. However just few weeks ahead of Park's visit, the Ministry of Environment and Forests gave the go ahead for the POSCO plant. The Odisha government too has managed to provide about 2700 acres of land and instead of setting up a 12 million tones per annum steel plant (as proposed originally), it has been decided that the project would go ahead with 8 million tones. India has assured South Korea that grant of mining concession for the project is at an advanced stage and so the project could finally move ahead.

Both the leaders agreed that sustaining trade growth and expanding economic exchanges are vital for a stronger India-South Korea relation. Over the years, the relationship has witnessed tremendous growth in the economic sector. The enforcement of the Comprehensive Economic Partnership Agreement (CEPA) in 2010 has helped in boosting trade relations from \$12 billion in 2008 to \$20 billion in 2011. It is projected to reach \$40 billion by 2015. While taking advantage of the domestic market in India, South Korean firms (Hyundai, Samsung, LG, etc) have performed quite well here. Although India has maintained by and large a restrictive investment environment for foreign investors, it is significantly relaxed in the case of South Korean firms pursuant to the CEPA. During Park's visit, the two countries announced the conclusion of negotiations for the revision of the present Double Taxation Avoidance Convention. They also agreed to establish a Joint Trade and Investment Promotion Committee at the cabinet level. The two sides also agreed to establish a CEOs Forum comprising of captains of the industry and commerce from both sides to provide new ideas for deepening bilateral economic ties. They even explored the possibility of setting up a Korean Industrial Park in the state of Rajasthan. As South Korea is one of the few countries which have been able to maintain a trade surplus with China, India is hoping that the proposed park could provide a fillip to its industry suffering from slow growth in exports and subsequently help the industrial sector to get integrated in the global supply chain.

As far as political and security ties are concerned, India-South Korea relations have been steadily forging ahead. During Park's visit, the two sides emphasized on enhancing political interaction through mutual visits, including parliamentarians and high-level officials from central as well as provincial governments. They also underlined the need to expand the current bilateral security consultations. As for defense cooperation, in recent years, both the countries have not only conducted joint naval exercises, but also working together on defense R&D and anti-piracy operations in the Gulf of Aden. During Park's visit, the two countries concluded an Agreement on the Protection of Classified Military Information which would boost defence engagement. They have not only agreed to hold annual interactions between their two national security structures, but also to launch a Cyber Affairs Dialogue. India is also now strongly considering purchase of South Korean minesweepers.

Civilian uses of space have opened up new avenues for engagement. South Korea has an ambitious space programme and it has been looking for international partners. India's cost-effective space launches are attractive to Seoul, particularly after the recent success of *Chandrayaan* and GSLV launches. Both the countries signed the implementing agreement between the Indian Space Research Organization and the Korea Aerospace Research Institute for cooperation in the peaceful uses of outer space. The two countries also agreed to increase collaboration in the peaceful uses of space science and technology. While appreciating the contribution of the Science and Technology Cooperation Fund worth \$10 million towards joint research projects since 2011, the two countries agreed to create an additional fund of \$10 million (with a contribution of \$5 million by each side) to promote joint mega projects. Moreover they have inked a MoU on Joint Applied Research and Development Programme in Science and Technology. The two countries also agreed to establish the India-ROK ICT Policy Forum to discuss cooperation on software and information security. As far as implementation of the New Delhi-Seoul civil nuclear deal (2011) is concerned, the India has assured Seoul that it would take up the latter's proposal for setting up nuclear plants as and when India starts working on phase II of those projects.

India-South Korea relations have come a long way since the establishment of their diplomatic relationship in 1973. Throughout the Cold War, the ideological differences largely deterred the two countries from realizing the full potential of the relationship. The growing economic

interaction since India's economic liberalization pushed both to explore the possibility of cooperation in areas of mutual interest. Of course India's growing emphasis on its 'Look East Policy' and South Korea's 'New Asia Diplomatic Initiative' has helped elevate the relationship to one of 'strategic partnership.' In the coming years, the two can expand their sphere of cooperation in areas like intelligence sharing, infrastructure development projects (e.g., shipping). At the multilateral level, they can even explore the possibility of cooperation with countries like Japan in sectors like maritime security, counter terrorism, drug trafficking, climate change, UNPKOs, humanitarian assistance and disaster relief activities, etc.

Views expressed are of the author and do not necessarily reflect the views of the IDSA or of the Government of India.