

From Historical Ties to Shared Future: Strengthening Korea-India Cooperation for Growth and Sustainability



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While the United States, China, Japan, and other established economic and cultural partners traditionally dominate the discourse when considering Korea's international relations, a vast potential for collaboration lies untapped with India. This South Asian nation, with the world's largest population and impressive economic growth, holds great promise for future engagement despite the current limitations in economic, cultural, and diplomatic interactions.

Despite the current lack of familiarity due to historical factors like geographic distance and different cultural spheres, the historical ties between Korea and India stretch back almost 2,000 years. These connections, marked by exchanges through Buddhism and early governmental interactions, provide a foundation for a strong partnership. This shared history, coupled with the establishment of official diplomatic relations in 1962, serves as a starting point for building a deeper and more comprehensive relationship.

Since then, the two nations have progressively strengthened their relationship through leadership visits that foster understanding between key decision-makers. Especially, strategic partnership signed in 2010, represents a commitment by both nations to work together on a wider range of issues and to take their cooperation to another level.

The primary driver of this strategic shift lies in Korea's economic reliance on foreign demand. Traditionally, the US and China served as major consumers of Korean goods and services, fostering a strong economic relationship with these nations. However, recent challenges, including the escalating US-China conflict and China's economic rise, require Korea to diversify its economic partnerships to mitigate risks and explore new opportunities. Here, India emerges as a promising alternative market with great potential, offering access to a large and growing consumer base for Korean goods and services.

However, forging a robust partnership requires overcoming existing barriers. One key aspect is to strengthen manufacturing-oriented cooperation. While India actively promotes domestic production through incentives to bolster its own manufacturing sector, it also presents challenges to Korean companies due to complex investment policies. These policies often involve extensive paperwork and bureaucratic hurdles, making the process of entry and establishment time-consuming and resource-intensive. Additionally, limited infrastructure, such as inadequate transportation networks and power supplies, can create logistical challenges for Korean companies operating in India. Non-tariff barriers, such as quotas and technical regulations, can also impede the smooth flow of goods and services between the two countries. To bridge this gap, effective policy reforms aimed at streamlining investment procedures, infrastructure improvements, and revision of the Korea-India CEPA (Comprehensive Economic Partnership Agreement) are essential steps. The CEPA revision should focus on further opening markets by reducing tariffs and trade barriers, enhancing investment-related cooperation to create a more favorable environment for Korean companies, and facilitating smoother trade and investment flow by simplifying customs procedures and regulations.

Beyond manufacturing, the burgeoning India's services sector offers exciting opportunities for Korea. This sector, which encompasses diverse industries like transportation, finance, and education, is experiencing rapid growth fueled by India's economic expansion. However, Korean service companies, primarily those already established in India, face challenges due to the lack of local networks. Building strong relationships with local businesses and understanding the nuances of the Indian market are critical for success. Therefore, fostering collaboration between existing Korean manufacturers with established networks and service companies operating in India can bridge this gap, allowing Korean service companies to leverage the existing

market presence and connections of their manufacturing counterparts. Additionally, strengthening institutional frameworks for corporate support and talent exchange will be crucial for facilitating Korean companies' entry into the Indian service market. This could involve establishing joint business councils, organizing trade missions, and promoting collaboration on educational exchange programs to foster mutual understanding and equip future professionals with the skills necessary to navigate the complexities of the Korean and Indian markets.

Finally, the fight against air pollution and the shared goal of achieving carbon neutrality create unique opportunities for collaboration in the renewable energy sector. India, which faces severe air pollution problems, is actively pursuing a transition from fossil fuels to cleaner energy sources. This aligns perfectly with Korea's expertise in solar power technology and its commitment to achieving carbon neutrality. However, limited overseas experience, particularly in navigating the regulatory environment and establishing business partnerships in new markets, hinders the entry of Korean renewable energy companies into the Indian market. Establishing strong government-level dialogues, involving relevant ministries and industry representatives, can facilitate knowledge sharing and address regulatory hurdles. Additionally, developing robust institutional frameworks, such as joint research and development initiatives and dedicated investment funds for renewable energy projects, can pave the way for joint carbon reduction initiatives. These collaborative efforts will not only contribute to cleaner air and a sustainable future for both nations but also position them as leaders in the global transition to renewable energy.

In conclusion, while historical ties and strategic goals provide a strong foundation, realizing the full potential of the Korea-India partnership will require a concerted effort. By recognizing and addressing existing challenges, fostering cooperation across diverse sectors, and leveraging combined expertise, this partnership has the potential to unlock significant economic and environmental benefits, not only for the two nations but also for the global community as a whole. By working together, Korea and India can build a partnership that contributes to shared prosperity and a more sustainable future. **KIEP**