



India- South Korea Trade Talks

For Prelims: Location of South Korea, Comprehensive Economic Partnership Agreement (CEPA), Free Trade Agreements, FTAs of India with other countries.

For Mains: Significance of India- South Korea CECA, India-South Korea Relations

Why in News

Recently, the Trade Minister of South Korea held discussions with the Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles.



Key Points

- **CEPA Up-gradation:**
 - Both countries agreed to impart fresh momentum to the discussions on **Comprehensive Economic Partnership Agreement (CEPA) up-gradation** negotiations and also promote extensive B2B (business-to-business) interactions on trade and investment between the Industry leaders of the two countries.
- **Bilateral Trade Target:**
 - India and South Korea set a **bilateral trade target of USD50 billion before 2030**,

which was agreed at the summit meeting in 2018.

- This regular negotiations shall be a forum to discuss the difficulties of the business community from both countries and emerging trade-related issues including [supply chain resilience](#).
- Agreed to **boost bilateral trade between India and Korea** to achieve growth in a fair and balanced manner to the mutual advantage of both sides.
 - Indian players have been facing difficulties in exporting their products in Korea in sectors such as steel, engineering, and agri products due to stringent regulatory issues in Korea.
 - The **trade deficit** has increased from USD5 billion in 2008-09 to USD8 billion in 2020-21.

Comprehensive Economic Partnership Agreement

▪ About:

- It is a kind of **free trade pact** which covers negotiation on the trade in services and investment, and other areas of economic partnership. It may even consider negotiation on areas such as trade facilitation and customs cooperation, competition, and [Intellectual Property Rights](#).
- Partnership agreements or cooperation agreements are more comprehensive than [Free Trade Agreements](#).
- CEPA also looks into the regulatory aspect of trade and encompasses an agreement covering the regulatory issues.

▪ India's CEPAs:

- India has **signed CEPAs with South Korea and Japan**.
- In 2021, India and the United Arab Emirates (UAE) formally launched negotiations on the India-UAE [CEPA](#).
- India is also looking to advance a CEPA with Bangladesh.

India-South Korea Relations

▪ Political:

- During the Korean War (1950- 53), **India played a major role in a cease-fire agreement** signed between both the warring sides (North Korea and South Korea) and the ceasefire was declared on 27th July 1953.
- In May 2015, the bilateral relationship was upgraded to '**special strategic partnership**'.
- India has a major role to play in **South Korea's Southern Policy** under which Korea is looking at expanding relations beyond its immediate region.
- Similarly, South Korea is a major player in India's [Act East Policy](#) under which India aims to promote economic cooperation, cultural ties and develop strategic relationships with countries in the Asia-Pacific.

▪ Trade Relations:

- The trade and economic relations between India and South Korea have gathered momentum in recent years with **annual bilateral trade reaching USD21.5 billion in 2018**, crossing the USD20 billion mark for the first time.
- Bilateral trade in January-December 2020 was recorded at **USD16.9 billion**.
- The bilateral **Comprehensive Economic Cooperation Agreement (CEPA)**, set in place since 2010, has spurred trade and investments both ways.
- To facilitate investment from Korea, India has launched a "**Korea Plus**" **facilitation cell** under '**Invest India**' to guide, assist and handhold investors.
- South Korea's total [foreign direct investment](#) to India up to September 2020 was about USD6.94 billion and is one of the key investors in India.

▪ Defence:

- In 2005, the two sides signed an **agreement to cooperate in defence and logistics** and another Memorandum of Understanding (MoU) on cooperation between the two Coast Guards in 2006 .

- So far, the Indian and South Korean Coast Guards have conducted five exercises with an aim to enhance interoperability.
- The most recent of these exercises was held off the coast of Chennai, named **Sahyog-Hyeoblyeog 2018** .
 - Sahyog - Hyeoblyeog is part of a proposed establishment of a MoU between the two **Coast Guards to improve [maritime security in the Indian Ocean Region](#)**.
- In May 2021, the Indian Defence Minister and his South Korean counterpart inaugurated the **[India-Korea Friendship Park](#)** in a ceremony at the Delhi Cantonment.
 - The park was **built to commemorate the contribution of the Indian peacekeeping force** during the Korean war of 1950-53.
- **Cultural:**
 - Korean Buddhist Monk Hyecho or Hong Jiao visited India from 723 to 729 AD and wrote the travelogue "**Pilgrimage to the five kingdoms of India**" which gives a vivid account of Indian culture, politics & society.
 - Nobel Laureate **Rabindranath Tagore** had composed a short but evocative poem - 'Lamp of the East' - in 1929 about Korea's glorious past and its promising bright future.
 - To further enhance cultural exchanges between India and Korea, **Indian Cultural Centres (ICC)** were established in Seoul in April 2011 and in Busan in December 2013.
 - Earlier, on the banks of the Sarayu in Ayodhya, the **Ram Katha Park** has been renovated which will be renamed as **[Queen Heo Hwang-ok memorial park](#)**. The Korean queen is believed to have had Indian roots.
- **Multilateral Platforms Shared by Both the Countries:**
 - **[United Nations](#)**
 - **[World Trade Organisation](#)**
 - **[ASEAN Plus](#)**
 - **[East Asia Summit \(EAS\)](#)**
 - **[G-20](#)**

Way Forward

- India and South Korea relations have **made great strides in recent years** and have become truly multidimensional, spurred by a significant convergence of interests, mutual goodwill and high-level exchanges.
- However, there is **massive scope to expand ties between India and South Korea** and make it a unique relationship in Asia.
- **Political will and new imagination in diverse areas** such as cultural relations, building on people-to-people contacts, harnessing democracy and liberal values, and cementing civilisational connections is the need of the hour to nurture the relations between these two nations.

[Source: PIB](#)