



# KOREA COMPASS

TRACING THE IMPACTS OF KOREA'S ENGAGEMENTS AROUND THE WORLD

## INDIA & SOUTH KOREA: THE PROMISE OF PARTNERSHIP

▣ **Dhruva Jaishankar**, Program Officer, Asia, The German Marshall Fund of the United States

Despite their evident differences, it is not difficult to draw certain parallels between India and the Republic of Korea (ROK). The emergences of both states from decades of colonial rule after World War II were marked by tragic bifurcations, resulting in low-level conflicts that continue to this day. After many years of uncertainty about their political and economic trajectories, both countries developed into successful market democracies in a region that, until recently, was believed to be inherently hostile to both democratic rule and free markets. Both countries are also considered key partners of the United States in the years to come, but maintain complex relations with China marked by growing economic interdependence and intensifying security concerns.

These developments may have occurred independently of one another, but that does not render them irrelevant, as they provide a common ground for constructive engagement. Indeed, former Korean Prime Minister Dr. Han Seung-soo has specifically drawn attention to the fact that what distinguishes India's rise from China's is that it "has occurred under a democratic roadmap with all of the attendant bumps and hurdles that democracies have to endure."<sup>1</sup> Other aspects of India's approach to global affairs—such as its 'Look East Policy' and its burgeoning cooperation with the United States—have also reflected positively on Korean attitudes towards the country.

Ultimately, the India-ROK relationship has exceeded expectations because of the dynamic engagement between the two countries' private sectors. But despite these robust economic linkages and strong parallels in terms of security, ties between the two powers have yet to overcome their inherent limitations, including unfavorable historical and geographic circumstances. In short, building on a strong economic base, the partnership between India and South Korea presents space for much deeper and broader strategic engagement.

### HISTORICAL AND GEOGRAPHIC LIMITATIONS

The distance from South Korea to India's capital New Delhi is less than 5,000 kilometers, about the same as to Singapore and less than to Moscow or Canberra, let alone the continental United States. But the two nations—and, in particular, their governments—have long been kept apart by adverse geographical and historical forces. Korea, nestled between China, Japan, and in later years Russia, was preoccupied for much of its history with relations with those three powers. Although India enjoyed historical trade and cultural relations with the Middle East, Central Asia, Tibet, and Southeast Asia, the natural barrier of the Himalayas and Chinese suzerainty limited its direct contacts with Northeast Asia. Nonetheless, Buddhism did manage to make its way from India to Korea via China by the fourth century CE, flowering in the Goryeo period from the 10th to 14th centuries when it enjoyed state support. The 13th century Tripitaka Koreana, today one of Korea's national treasures, is a translation from Sanskrit of the Buddhist canon, and includes some rare surviving descriptions of classical Indian culture.

Colonial-era contacts color many of India's relations with the countries of Europe, south and east Africa, and China. However, Korea's self-imposed and deliberate isolation under the Choson rulers, and its rule by Japan in the early 20th century conspired to keep the two states even further apart. This meant that meaningful contacts were only established during the Korean War (1950-1953), in which India played a little known—but by no means inconsequential—role.

In a rare demonstration of its internationalist credentials, India—then a newly-independent, impoverished, and purportedly non-aligned state—agreed to send a medical mission as part of the U.S.-led United Nations efforts in Korea. As recognition,

the Indian flag today hangs along with those of other participating states in front of the War Memorial of Korea in Seoul. India's envoy to Beijing, K.M. Panikkar, also played a key role as messenger from China to the West about Beijing's intention to enter the Korean War on the side of the North. In August 1950 and again after the U.N. landing at Incheon, Panikkar received warnings from senior Chinese leaders that China would enter the war, warnings that were ultimately ignored because of questions in Washington about the Indian ambassador's reliability.<sup>2</sup> Finally, one of India's most distinguished soldiers, K.S. Thimayya, who later served as its army chief, was appointed head of the Neutral National Repatriations Commission. In that capacity he led the transfer of prisoners of war between the two sides during the Korean War, a process in which Pannikar also played a critical role in Beijing.<sup>3</sup>

After the end of the Korean War, another set of political circumstances meant a prolonging of the separation between South Korea and India, even though the two countries established consular relations in 1962 and diplomatic ties in 1973. The Cold War, during which Seoul remained firmly in the United States' camp and India remained neutral before gravitating towards the Soviet Union, made security cooperation between the two countries difficult. Both states also experienced periods of considerable political upheaval at home. And India's quest for economic self-sufficiency and its mixed economy ensured that economic and commercial relations remained negligible. But all three structural constraints collapsed in the late 1980s and early 1990s. The end of the Cold War coincided roughly with South Korea's transition to democracy and India's economic liberalization, thus opening the door to sustained collaboration.

## CURRENT ENGAGEMENTS AND COMMONALITIES

From the early 1990s on, the single most dominant aspect of the India-ROK relationship has been the role played by both countries' private sectors. Hyundai is today the second-largest automobile manufacturer in India. Over five hundred Korean companies, led by Samsung and LG, have also acquired large stakes in the Indian market, particularly in electronic appliances. Korean manufacturer ROTEM was involved in the construction of the Delhi Metro, which marked a new wave of infrastructure development in India.

Private investment—going both ways—also heralded a promising new trend. In addition to the examples listed above, Korean companies such as POSCO and INTEC opted to make major investments in India. India's largest automobile manufacturer, Tata Motors, acquired Daewoo in 2004, giving it a foothold in the Korean—and by extension, the global—market for heavy commercial vehicles. Mahindra & Mahindra's acquisition of South Korea's fourth-largest automobile manufacturer

SsangYong Motors in 2010 represents another notable example of increased Indian investment in South Korea.

India is only now becoming a major international trade player and the rapid growth rates in its trade figures is due in large part to its low base. Trade with South Korea in 2010-2011 was \$14.6 billion, a figure which represents a doubling over the preceding four years, and rather surprisingly means that it has now surpassed India's trade with Japan.<sup>4</sup> While impressive, it is important to keep in mind that this is still less than ten percent of South Korea's trade with China. Nonetheless, India's exports to South Korea have moved beyond commodities and raw materials to a wider array of industrial products, while its imports from South Korea remain primarily in the realms of machinery, transportation, and infrastructure. The Comprehensive Economic Partnership Agreement (CEPA), which took effect in 2010, is largely credited with the spike in trade, although there are concerns about Korea's growing trade surplus and the lack of diversity in the two countries' commerce.<sup>5</sup> Boosted by the apparent success of CEPA in increasing trade between the two countries, Indian Prime Minister Manmohan Singh recently set the ambitious goal of \$40 billion in bilateral trade by 2015.<sup>6</sup>



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South Korea offers India a model for rapid economic growth and human development. India's rating on the human development index is similar to South Korea's in the late 1960s.<sup>7</sup> Some Indian administrators, upon visiting South Korea, have drawn inspiration from the example of its Saemaul movement in the 1970s.<sup>8</sup> This 'new village movement' helped modernize South Korea's rural infrastructure, including roads and irrigation systems, by providing incentives for rural communities to make good use of state subsidies.

Economic and commercial relations between South Korea and India have not been without their difficulties. Facing decreasing profits and competition from low-cost manufacturers, LG, which has among the largest shares in consumer electronics in India, opted in 2010 to target India's premium consumer market, which meant consciously accepting a loss in market share over the short-term.<sup>9</sup> POSCO's proposed \$12 billion steel plant in the state of Orissa—which had promised to be among the largest single foreign investments in India—found itself at the center of a national debate, falling prey to new laws intended to protect the rights of India's indigenous forest dwellers. Some sectors in which one side or the other has inherent advantages—such as shipbuilding—also remain largely underdeveloped.<sup>10</sup>

Despite such hiccups, the rapid growth in economic ties between India and South Korea has provided a platform for intensified strategic relations. 2010 saw the first ever visit by an Indian defense minister to South Korea, when memoranda of understanding were signed to foster military exchanges.<sup>11</sup> The next year, South Korea concluded a civil nuclear cooperation agreement with India. India recently agreed to post a permanent defense attaché in its embassy in Seoul in a bid to bolster defense cooperation. Prime Minister Manmohan Singh and President Lee Myung-Bak agreed in their recent joint statement to collaborate on the Indian launch of Korean satellites.<sup>12</sup> And Korean Aerospace Industry's KT-1 was shortlisted by the Indian defense ministry as a basic trainer for its air force, marking an important step forward in potential defense trade.<sup>13</sup>

Commonalities in the security challenges and dilemmas faced by the two countries could yet allow for deeper strategic collaboration. In Pakistan and North Korea, the two countries each face a nuclear-armed revisionist adversary whose provocations threaten both stability and economic growth. The two have faced similar crises in recent years, whether the Cheonan incident and the shelling of Yeonpyeong Island in the case of South Korea, or the Kargil war and the terrorist attack on Mumbai in the case of India. Pakistan and North Korea have also enjoyed a history of clandestine exchanges of nuclear and missile technology with one another. Neither Seoul nor New Delhi has discovered the optimal balance of engagement and military competition, nor has either been able to leverage the growing disparity in power and resources in its favor or the increasing legitimacy of its position in the eyes of the international community.

Both South Korea and India must also tackle the challenge of how to deal with a rising China, a state that offers the promise of lucrative economic opportunities while remaining a latent security challenge, particularly in the maritime realm. That both Seoul and New Delhi value their strategic partnerships with Washington but desire a modicum of autonomy from the United States also compounds the room for dialogue between the two.

## PROSPECTS FOR FUTURE COLLABORATION

In light of the broad array of items on the possible agenda—covering the multifaceted economic partnership, development, strategic and scientific collaboration, and consultations on third countries and regions—what might a more productive partnership between India and South Korea look like? For one thing, it must involve both India and South Korea paying more attention to developments outside their regions. Although the two countries' economic interests have gone global, there is a danger of parochialism in the security realm

stemming from an overemphasis on each country's immediate threats. While high-level military dialogues may be a step too far for now, there is room for developing habits of political consultation on issues of common concern, such as non-proliferation or maritime security. Realistically, both parties are only likely to be comfortable with certain forms of engagement and the India-South Korea Joint Commission—chaired by the two foreign ministers—provides a starting platform for further collaboration.

Second, while economic relations are taking off from a low base, both sides must also be conscious about the limitations of their economic partnership brought about by competition with China: as a rival market in the case of India and as a low-cost supplier in the case of South Korea. Balancing and diversifying trade will also be necessary as the relationship progresses.

Finally, despite advances in economic and security ties, there is still room for far greater interactions between the two societies. Two-way visits between India and South Korea were roughly 130,000 in 2010.<sup>14</sup> Certain steps have been taken of late to increase sustained interactions, including a recent visa agreement and steps to avoid double-taxation.<sup>15</sup> Both countries have comparative advantages in terms of English but despite the efforts of the Korea Foundation and other such entities, educational linkages between them are still limited. Such ties have helped provide the strong basis for enhanced relations between India and the United States. Given the inherent challenges to bilateral cooperation, and the number of other issues competing for both countries' attentions, sustained societal interactions may be the only way to ensure that each remains a lasting priority for the other.

The elements are clearly in place for a promising partnership between India and South Korea. While both countries' leaderships and business communities have expressed their commitment to advancing the relationship, it may be time to widen the circle of stakeholders. Just as both India and South Korea have begun to publicly espouse the ideals of democracy and open markets – ideals that are inherent to Lee Myung-Bak's vision of 'Global Korea'<sup>16</sup> – good relations between the second and third largest democratic economies in Asia will almost certainly be critical to shaping the trajectories of both states and the wider region.

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## ABOUT THE AUTHOR

Dhruva Jaishankar is a Program Officer in the Asia Team at The German Marshall Fund of the United States.

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