

The Relations between Korea and India

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Overview

● Diplomatic Relations:

Diplomatic relations established on December 10, 1973.

- Korean Consulate opened in New Delhi in April 1962.
- Indian Consulate began service in Korea in October 1968.

● Trade Volumes in 2003:

Korea exported \$2.9 billion worth of merchandise to India and imported \$1.2 billion, posting a surplus of \$1.7 billion.

- Trade volumes: \$2.1 billion (1999); \$2.3 billion (2000); \$2.5 billion (2001); \$2.6 billion (2002); \$4.2 billion (2003).
- Korea was the ninth-largest trading partner for India, which in turn was the 19th largest partner for Korea in 2003.
- Among Korea's trading partners, India was the 13th largest purchaser of Korean merchandise and the 27th-largest exporter to Korea in 2003.

● Investment Levels (aggregate as of December 2003)

As of December 2003, some 170 Korean companies are doing business in India, with investments reaching \$2.6 billion, the fifth largest amount after investments by the United States, Mauritius, Britain and Japan.

● Summit-level Visits

Former Indian Prime Minister Narasimha Rao visited Korea in September 1993.

Former Korean President Kim Young-sam paid a visit to India in February 1996.

● **Number of Korean residents in India**

A total of 2,652 Koreans (as of January 1, 2004), including government officials, state-run enterprise employees, business representatives, self-employed individuals, and students, are residing in locations like Delhi, Chennai, Mumbai, Bangalore, Pune, and Calcutta and others.

● **People-to-People Exchange (2003)**

Korean visitors to India: 15,437 (2000); 18,186 (2001); 19,461 (2002); 26,202 (2003).

Indian travelers to Korea: 27,392 (2000); 24,201 (2001); 29,138 (2002); 27,440 (2003).

● **Relations with North Korea**

India maintains diplomatic relations with both Koreas concurrently.

- The incumbent North Korean ambassador to India, Moon Seong-mo, has presented credentials to the current Indian government in May 2004.
- No prime minister-level Indian leader has ever visited North Korea.

Based on its “Look East” policy and pragmatic line of diplomacy, India places greater diplomatic priority on its relationship with South Korea than with North Korea.

- India-North Korea trade volumes (2002 and 2003)

*Indian exports to North Korea: \$183 million

*Indian imports from North Korea: \$4.7 million

❖ *Korean-Indian Relations in Ancient History*

- **Old Korean tales tell the following legendary story about Queen Huh of the Kaya Kingdom (A.D. 42-532)** (as described in the Kaya Kingdom section of “Samguk yusa,” or “The Heritage History of the Three Kingdoms,” 1280).

King Kim Suro, the progenitor of Koreans surnamed Kim (the Kimhae faction), was looking for a bride when a 16-year-old princess from the “Ahyuta-nation” (presumably transliterated from the capital of the ancient Indian kingdom Kosala, “Ayodhia”) arrived at a “southwestern costal area” of the Korean peninsula, identifying herself as Huh Hwang-ok in the year of A.D. 48. The princess introduced herself as a bride who had come to marry King Kim Suro of the Kaya Kingdom under her father’s instructions. The king took her as his queen.

The tales have it that the king and queen lived happily married for some 140 years, giving birth to ten sons and two daughters. Their second and third sons adopted the surname of their mother, Huh, thus becoming the male progenitors of Huh-surnamed Koreans descending from the same Kimhae faction.

The “double-fish” design pattern discovered inside the Mausoleum of King Kim Suro is considered the signature pattern of the ancient Korean kingdom of Kaya, but this same pattern is also found in many ornaments in central India.

Kimhae City has been sponsoring King Kim Suro Festivals in April every year since 1961, during which musical events and other activities (like the reenactment of the king’s wedding procession) take place to mark the founding legends of the kingdom as well as the tales about the king and his marriage to Queen Huh.

In 1999, Kimhae City and the Indian city of Ayoda (modern-time “Ayuta” nation) became sister cities. In 2002, a monument marking the birth of Queen Huh was erected in that city, with the funds provided by the Korean government.

- **Trade through the Silk Road**

Significant exchanges have also taken place through the Silk Road during the fifth and sixth centuries, especially in arts, architecture technology, costumes, and musical skills and instruments, thus creating a unique “Silk Road culture.”

Luxury goods owned by the aristocrats of Korean Silla Kingdom (57 BC-A.D. 935), such as wool products, incense (spices), glass ornaments, peacock feathers, silk prod-

ucts, and jewelry, were funneled into Korea from Southwest Asia through India and the Silk Road. So, Koreans at the time endeared India as a utopia, full of rare jewels, ornaments and other luxury products.

● Introduction of Buddhism

Among ancient Korean kingdoms, the Kaya Kingdom alone had a Buddhism-based founding legend.

- Buddhism of the Kaya Kingdom spread through Princess Myo-gyun, a daughter of Queen Huh, to Kyushu, Japan, around A.D. 200, some 250 years earlier than the introduction of Buddhism to Japan by the Baekje Kingdom (18 B.C.-A.D. 660).

Indian monk, Marananta, left the Chinese Eastern Chin (A.D. 317-419), across sea, and arrived at the Baekje Kingdom in 384 to introduce Buddhism there.

- In 526, a monk of the Baekje Kingdom, Gyum-ik, learned Sanskrit at Sang-gana Temple in central India and studied Buddhist teachings. He subsequently returned to the Korean kingdom, accompanied by an Indian Buddhist monk, Baedalda-samjang.

Hecho (704-787), a monk from the Silla Kingdom, left for India to study Buddhism around the year of 722. Based on his four years of traveling around the Indian regions of Kashmir, Afghanistan, and Central Asia, the monk authored “Wang-oh-cheon-chuk-guk-jeon (The Journal of My Trips to India).”

- The journal, “Wang-oh-cheon-chuk-guk-jeon,” was found near “Cheon-bul-dong” (The Valley of Thousand Buddha Statues) in Dunhwang, a northwestern region of China in 1908. Even today, the journal enjoys international reputation for its historic value as it contains important records about the political and economic systems as well as culture, custom and other aspects of 8th-century India.
- In addition to Hecho, a good number of Silla-period monks, including Hyuntae, studied Buddhist teachings in India.

● Relations between Korea and India in Modern Times

The famous Indian poet/thinker Rabindranath Tagore (1861-1941) sent a poem to Choi Nam-sun (who drafted the Korean Declaration of Independence in 1919) entitled, “The Song of the Defeated,” before the March 1, 1919 Independence Movement rallies

broke out, in which he sympathized with the Korean predicaments under Japanese colonial rule. Also, in 1929, through another poem of his, “The Beacon of the East,” Tagore praised Koreans for their courage to rise up against colonialism on the occasion of the non-violent March 1 Independence Movement.

- Tagore, the first Asian Nobel laureate for literature, held a sharply critical view of Japanese imperialism, showing personal sympathies for Koreans going through hardships under Japanese rule.

The March 1 Independence Movement rallies in Korea apparently had an impact on the people of Punjab Province, India, inspiring them to start their own independence movement rallies.

- The Indian rallies left about 400 dead and 2,000 wounded as a result of shootings by British troops. The event, however, just like the March 1 rallies did for Koreans, marked the beginning of what was to become a nation-wide Indian independence struggle against the British rule.

The Indian ambassador to the United Nations, K.P.S. Menon, who served as chairman of the United Nations Temporary Commission on Korea (UNTCOK) in 1948, supported Korea in her efforts to achieve full-fledged independence (during the chaotic years following Korea’s liberation in 1945 from Japanese rule). He emphasized the importance of realizing peaceful unification of the two Koreas in a way that would be unfettered by the interests of major powers involved in Korean affairs at the time.

In dealing with post-Korean War (1950-53) issues, Indian delegates also played important roles, helping implement measures to resolve POW matters through the Neutral Nations Supervisory Commission (NNSC).

- India dispatched medical support units to Korea during the Korean War.

During the years following the Korean Armistice, Korea initially followed a pro-Western foreign policy. Since the 1960s, however, the country began to diversify her diplomacy, reaching out to non-aligned neutral nations.

- Much of her efforts, however, were hampered by the pro-North Korean (or, "neutral") stance of the non-aligned nations.

In 1972, Korea declared a new set of diplomatic doctrines known as the “6.23 (June 23rd) Foreign Policy for Peaceful Reunification,” designed to expand diplomatic relations with third-world countries.

The following year, in 1973, the Indian government announced a concurrent opening of diplomatic relations with both Koreas.

Economic and Trade Relations

● Trade

In 2003, Korea posted \$2.85 billion in exports to India, an increase of 106.1 percent from the previous year, while recording \$1.23 billion in imports, a reduction of 1.3 percent, also from 2002. For the first time, the two countries' total trade volume hovered above \$4 billion, a significant increase from their \$2.1-2.6 billion level in 1999.

- The \$4-billion trade volume in 2003 marked an increase of 55.2 percent from 2002, when the amount of trade stood at \$2.63 billion.

Trade partnership (2003)

- India was Korea's 13th-largest export market and 27th-largest source of import.
- * Korean trade with India takes up 1.1 percent of Korea's total trade activities with foreign trading partners; exportation and importation to and from India comprising 1.5 percent and 0.7 percent, respectively, of Korea's total import and export.
- Major export items: mobile communication equipment, automobile parts, vessel/maritime rescue-operation equipment and parts, airplanes and parts, and sheet metal.
- Major import items: petroleum products, natural fiber yarns, vegetation, iron ore and other ferrous minerals.
- Korea was India's 22nd-largest export and 9th-largest import market.

Korea and India aim at expanding their bilateral trade to a \$10 billion-a-year level within five years under an agreement reached at a second Korea-Indian foreign ministers' committee meeting, held in December 2003.

● Investments

A group of Korean conglomerates, including Daewoo Motors, Hyundai Motors, LG Electronics, and Samsung Electronics, began in earnest to advance into the Indian market in the mid-1990s. From 1991 through November 2003, their investments have risen to \$2.65 billion according to the amount approved by the Indian government, the fifth-largest FDI (foreign direct investment) after the United States, Mauritius, Britain, and Japan. (The actual amount of Korean investments made thus far stood at \$650 million,

the 7th largest in the FDI ranking.)

Although Korean investments remained at meager levels for the past three years, major Korean companies began to significantly expand their businesses in India from 2003, exemplary cases being Hyundai Motors, LG Electronics, Samsung Electronics, and Lotte Confectionery, which have either undertaken major production facility expansion projects or taken over local businesses. Their large amounts of investments are under way.

Indian investments in Korea stood at a mere \$6 million (the amount induced through the Korean government) during the 1962-2003 period. Earlier this year, however, a contract was signed for the Indian carmaker TATA to take over Daewoo Motors' Kunsan factory (at the cost of \$102 million), paving the road for the prospect of greater investments in Korea by Indian conglomerates and top ranking IT companies.

● Contract Status for Plant-Construction and Shipbuilding Projects

The aggregate contracts Korean companies won in India for plant-construction and shipbuilding projects in India, covering the 1982-2002 period, amounted to \$5.27 billion (for 52 projects, \$2.03 billion for shipbuilding projects not included). The amount takes up 3 percent of all the contracts Korea secured for plant construction projects around the world during the same period, in the amount of \$173.3 billion. India is now the 7th largest export market for the Korean plant-construction sector.

India also emerged as a major export market for Korea's shipbuilding industry, as India is one of the world's largest purchasers of oil tankers and LNG ships, due to its heavy reliance on crude oil and natural gas imports.

Korean shipbuilders won a total of \$2.03 billion in shipbuilding contracts in India between early 1980s through the first half of 2004.

- Hyundai Heavy Industries (\$1.06 billion for 30 ships); Daewoo Shipbuilding & Marine Engineering (\$620 million for 16 ships); Samsung Heavy Industries (\$170 million); Hanjin Heavy Industries (\$90 million for three ships); Samho Heavy Industries (\$90 million for 2 ships).
- During the January-June period of 2004, \$250 million worth of contracts (for five ships -- two for Hyundai, one for Hanjin and two for Samho) were signed.

● Korean Government Organizations and Civilian Businesses in India

KOTRA (Korea Trade-Investment Promotion Agency), a state-run organization, is operating regional offices in New Delhi, Chennai, and Mumbai; The Export and Import Bank of Korea has opened a branch office in New Delhi in August 2004.

Some 103 Korean civilian companies are doing business in New Delhi (43 companies), Chennai (35), Mumbai (16), Bangalore (7), and Pune (2).

Asiana Airlines and Korean Air (KAL) are providing flight services for routes to and from New Delhi and Mumbai.

● Major Areas of Business and Cooperation

• Electronics

- Samsung and LG Electronics are enjoying a combined market share of 30 percent in India; they plan to further expand the market share, up to 40 percent, in the near future.
- * The popularity of Korean products in India has been so high that Indians are reportedly hoping to “turn on an LG air-conditioner at night, pick up a Samsung cell phone on the way to work, and drive to workplace on a Hyundai automobile.”
- * Electronic goods made by LG and Samsung have become the favorites of Indian brides-to-be.

• Automobile

- Hyundai and Kia Motors together sold 500,000 automobiles in India between 1996 and 2003. During 2004, the carmakers hope to expand their current production capacity from 150,000 to 250,000 automobiles a year. Currently, their joint market share of 20 percent ranks second among carmakers in India.

• Construction

- Samsung Group, in a consortium with local Indian companies, is participating in Indian subway construction projects; Hyundai Heavy Industries has also taken part in major road-repair projects in India.

- Information Technology (IT)
 - Samsung Electronics opened a digital TV research institute in India in July 2003.
 - Dongbu Information, a Korean IT company, has teamed up with Satium, the largest IT corporation of India, for IT-related, joint outsourcing projects.
- Cooperation between Economic Organizations
 - The Federation of Korean Industries (FKI) and the Confederation of Indian Industry (CII) held a “Korea-India Economic Summit” conference in December 2003, agreeing to expand bilateral Korean-Indian economic cooperation into the areas of electronics, automobile, construction, infrastructure, information technology (IT) and BT technology.