South Korea- India Relations and Look East Policy

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Abstract:
The Look East policy offers tremendous scope for improvement in the close engagement between India and South Korea. The expanded version of India’s Look East policy encompasses countries such as Japan, South Korea, etc. As such both sides attaches significant importance to their bilateral relations. There witnessed a paradigm shift in India’s relations with South Korea from a stage of benign neglect to that of constructive engagement. Such a shift in its approach is an attempt to assert India’s role and power in collaboration with the developed countries of the world to establish its place commensurate with its size, population and civilization in the changing global world order. The relations between the two sides have gained momentum in the Post-Cold War scenario in general and in particular after the turn of the 21st century. South Korea’s Ambassador Lee Joon-gyu has very rightly pointed out the fact that, “Korea and India began to factor each other’s importance in their strategic calculus only recently.”1 India’s ambassador to South Korea Vishnu Prakash noted that ‘The relationship is firmly anchored in a commonality of mutual interests and outlook. Ours is a problem-free and friendly relationship. We do not have any strategic differences. That can be said about very few countries. We have similar outlooks, similar interests and similar challenges.’

Key Words: Act-East, ASEAN, Asia-Pacific, Cold War, Korean Peninsula, Look-East Policy,

Introduction
The Look East policy represents India’s efforts to cultivate extensive economic and strategic relations with the nations locating in the Eastern part of the world in a bid to bolster her standing as a regional power. It marked a strategic shift in India’s perspective of the world. The policy offers ample opportunity for India to grow at par with other major powers of the world at the political, economic and strategic level. The policy no doubt would bridge the gap between India and South Korea thereby serving their national interests. The successive government that came to power since 1991 remains committed to lifting the LEP in an upward trajectory and even pursued it vigorously.2 The LEP assumes immense significance
for India as it could take India out of the geopolitically constraining and confining South Asian context and enable it to position itself as a key player and emerging major regional power.’ Through the LEP, India seeks to not only enhance its economic and political influence in the region, especially in Southeast Asia but also to protect from a distance its own territorial integrity and interests in South Asian region and Indian Ocean, and directly its economic interests in Asia-Pacific. Overall, the policy was introduced in an attempt to carving a place in the larger Asia-Pacific, but also to showcase India’s economic and strategic potential. The policy also underlines the geo-strategic and geo-economic significance of the region of Southeast Asia to India’s long-term national interests.

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The paper argues that the economic, security and strategic complementarities are bringing the two countries closer to each other. The paper seeks to make an analysis on the evolving strategic engagement between India and South Korea in the light of the Look East Policy. In doing so, the paper discusses the strategic, defence and economic dimension of the close engagement between the two sides.

**Look East Policy and South Korea:**

Although the initial steps for the Look East Policy was taken during the tenure of Rajiv Gandhi as the Prime Minister of India, but was given a better shape and was formulated by his successor Prime Minister Narasimha Rao. The credit for India’s foreign policy shifts
towards Southeast Asia should go to both Rajiv Gandhi and Narasimha Rao and not Rao alone. However, Narasimha Rao was instrumental for taking bold decision to give concrete directions for the reorientation of India’s policy towards the region of Southeast Asia and beyond thereby showing the way for restoring close relations with the ASEAN nations.\textsuperscript{7} During his landmark visit to Singapore in 1994, former Indian Prime Minister, Narasimha Rao has declared India’s willingness to take a ‘sizeable jump’ and shifts its policy towards the Asia-Pacific. While delivering a lecture at the prestigious Institute of Southeast Asian Studies, he said that, ‘The potential for India’s partnership with this nucleus organisation (ASEAN) in the Asia-Pacific is immeasurable.’ He further declared that the Asia-Pacific would be the ‘springboard for India’s leap’ into the global market and expressed India’s desire to play a meaningful role in the Asia-Pacific.\textsuperscript{8} Later on, he admitted during an interview conducted by the Far Eastern Economic Review in 1995 that his government was implementing the LEP. He said that ‘India and Indian business is now ‘looking East’ and in policy terms is ready for a new and productive partnership.’\textsuperscript{9} 

The scope of the Look East policy has been expanded beyond the Southeast Asian countries to place greater emphasis on the East Asian states of China, Japan and Korea. Since the LEP was born out of necessity to address the challenges brought about by the changed world order. There exists a political, economic and strategic rationale behind the much-needed LEP. The policy is not guided by economic interests alone but has a much broader interests encompassing politico-strategic interests of a burgeoning India vis-à-vis emerging geo-political configuration. The policy evolved out of the need to developing stable political, economic and strategic relations in the changing global scenario and the need to forge stronger ties with the countries of Southeast Asia.\textsuperscript{10} 

The policy was developed and enacted during the tenure of Prime Minister P.V. Narasimha Rao, but has been rigorously pursued by the successive administrations of Atal Bihari Vajpayee, Manmohan Singh and Narendra Modi. The significant feature of the Look East Policy lies in the fact that there is a domestic political and public-consensus on it and no party has ever questioned the desirability of closer engagement with Southeast-Asia.\textsuperscript{11} The coming to office in May 2014 of the National Democratic Alliance government led by Narendra Modi has signaled a move away from just looking east to acting east. It also reflects seriousness on the part of the present government about the further progress of the policy. The present Government has decided to emphasize the implementation aspect by adding “Acting East”. The decision is taken in light of the realisation that although many plans and
policies have been formulated, their execution has been less than satisfactory.12 Under the so-called Look East policy, India will need to give special focus to developing closer relations with South Korea and a comprehensive strategy should be designed, which must go beyond the Comprehensive Economic Partnership Agreement (CEPA).13

**Political Dimension of India-South Korea Relations:**

In recent years there emerged sound political understanding between the two sides, which can be reflected in the upswing in the multi-dimension engagement between the two. Both sides shared commitment to values of democracy, open society and liberal international economic order. During last year visit by the Prime Minister of our country, Narendra Modi at the invitation of H.E. Mme. Park Geun-hye, President of the Republic of Korea (ROK) on May 2015, both sides have agreed to further strengthened the foundation of the ROK-India Special Strategic Partnership. The two leaders resolved to add new substance, speed and content in the partnership in a wide range of areas including foreign affairs, defense, trade and investment, science and technology, culture and people-to-people exchanges and regional cooperation to take the bilateral relations to a qualitatively higher level.

In the present global scenario, India sees the ROK as an indispensable partner in its ‘Act East’ strategy. Both sides have developed an understanding to bringing peace, stability and security in the Asia Pacific Region.14 The establishment of strategic partnership between the two countries reflects common desire on their part for a stronger bilateral relationship in all areas of mutual interest. It also envisages their roles in the regional and international affairs so as to protect and promote their common interests.

**Defence and Strategic Dimension of India-South Korea Relations**

Defence and Strategic dimension has become an important aspect of the evolving relations between India and South Korea. This aspect has gained prominence after the conclusion of the strategic partnership agreement between the two sides in 2010. However, the foundation for bilateral defence cooperation was laid in 2005 when both countries signed a Memorandum of Understanding (MoU) on cooperation in defence, industry and logistics. Another MoU followed this in March 2006 on cooperation between the coast guards of the two countries.15

With gaining political understanding, both sides have developed understanding on strategic issues of concerns to both. ROK’s Foreign Minister Lee Joung-binn during his visit to India in August 2000, stated that ‘India and South Korea are now fully conscious of the new security linkages between the subcontinent and the Korean peninsula. There have been
disturbing reports, over recent years, of nuclear and missile cooperation between Pakistan and North Korea.’ He further said that both India and the ROK are already moving to strengthen cooperation ‘for mutual reinforcement of peace and stability between our respective regions.’ To further boost the strategic ties, both sides have in October 2004 agreed to hold an annual foreign policy and security dialogue titled ‘Long-term Cooperative Partnership for Peace and Prosperity.’ The dialogue will be ‘broad-based and covered, inter alia, regional and international security issues, bilateral, defence and service-to service exchanges and counterterrorism.’ It will be held alternately in India and the ROK beginning from the year 2005. Besides, they have agreed to promote cooperation in matters pertaining to safety and security of international maritime traffic. The strategic interest of both countries converge in securing sea lanes through the Indian Ocean and its choke points that holds the key to meeting increasing energy demand. They also agreed to promote cooperation between their navies, coast guards and related agencies in areas like anti-piracy and search and rescue operations. Given the fact that both sides have no conflict of interests, enhancing defence and military cooperation can put both countries in a win-win situation and thereby bolster their standing in regional and international forums.

**Economic Dimension of India-South Korea Relations:**

Economic and trade relations holds immense prospects for India and South Korea. Since India and South Korea are the third and fourth largest economies in Asia behind China and Japan. Under the so-called Look East Policy, India has made significant effort toward intensifying economic relations with East Asian countries. The trade and economic relations between India and Republic of Korea (Korea) have gathered momentum in recent years with bilateral trade reaching a substantial figure of US$17.57 billion in 2013. India is the 15th largest trade partner of Korea. The increase in merchandise trade between the two countries has been attributed to the changing demand structures and comparative advantages of both the economies in different sectors.

Bilateral Comprehensive Economic Cooperation Agreement (CEPA) has spurred the process. Korea and India signed the Comprehensive Economic Partnership Agreement in Seoul on 7 August 2009 and was operationalized with effect from 1 January 2010. It has a significant consequence on the trade relations. On the very first year of operation of CEPA in 2010, the bilateral trade between India and Korea increased by 40 per cent to over US $17.57 billion. Indian exports rose by 37 per cent in 2010 while Korean exports increased by 42.7 per cent. In the 2nd year of implementation, i.e., by the end of 2011, the bilateral trade reached $ 20.57 billion recording a growth of 20.28 per cent.
India’s share in Korea’s global trade is relatively low. In 2002 it was 0.83 per cent, which rose to 1.63 per cent in 2013, a significant increase though considerable scope still exists. India's contribution in Korea’s global imports increased from 0.78 per cent in 2001 to 1.2 percent in 2013. In 2013, India was Korea’s 18th biggest source for imports while India was its 9th biggest export market. India is now 15th largest overall trading partner of Korea. Korea’s trade surplus increased from US$ 1.98 billion in 2007 to about US$ 5.2 billion in 2013. In the last four decades, pattern of Korean exports has undergone significant transformation. Exports moved up the value chain from primary goods to light industrial products, to heavy industrial and to high-tech and knowledge-based products. One barrier that India faces is Korea’s restrictive policy towards import of primary agricultural products such as fruits and vegetables. These matters are being discussed in the annual CEPA review meetings. There is also a need for diversification of the export products which at present are driven overwhelmingly by petrochemical products, mainly Naphtha, which accounts for more than half of India’s total exports to Korea.

Major items of India’s export to Korea are mineral fuels/oil distillates (mainly naphtha), cereals, iron and steel. Naphtha has emerged as the most important single item of India’s export to Korea. Its share had increased from 26 per cent in 2002 to 42.3 percent in 2013. Basic materials comprise the bulk of our exports, around 74 per cent of total exports. While India’s major items of imports from Korea are automobile parts, telecommunication equipment, hot rolled iron products, and petroleum refined products, base lubricating oils, nuclear reactors, mechanical appliances, electrical machinery & parts and iron & steel products. By product, exports of mobile communication devices, such as smart phones, jumped 21.2 per cent from a year earlier in 2013 with shipments of home appliances and semiconductors surging 16.8 per cent and 13.3 per cent on-year, respectively. Shipments of petroleum products and ships dropped 5.9 per cent and 6.3 per cent on-year, respectively, with exports of steel products plunging 11.9 percent.21

It can be observed that there lacked consistencies in the import and export which is then reflected in the trade turnover. The balance of trade is in favour of Korea. Korea is doing much better and there is scope for India to improve its export intensity with Korea. Nevertheless, the current size of trade volume between the two countries is relatively low compared to the size and structural complementarities of the two economies. Much more needs to be done to improve the present level of trade engagement between the two. 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.22

Conclusion

Bilateral relations started way back in 1973 when the two countries established the diplomatic ties, but very little progress could be seen as a result of Cold War bipolar politics. The relations between India and South Korea have moved from decades of estrangement to a constructive engagement in recent years. The upsurge in the close engagement between India and South Korea post Cold War period has to be seen in the context of ‘Look East’ Policy. India at present enjoys multi-dimension relations with South Korea embracing political, economic and security aspects. With gaining political understanding, relations between the two have been elevated to a strategic partnership in January 2010. With this, the present level of defence and security cooperation between the two needs is not in pace with the way in which economic cooperation have developed. The relationship is likely to develop further as part of profound changes occurring in the Asian strategic order.23 India and South Korea will need to engage in a dialogue at the political, economic and strategic level whereby they can discuss on certain issues and concerns. The relationship has every potential to flourish on multi-dimensional aspects in the 21st century.

References


5 South Korea’s Ambassador Lee Joon-gyu statement quoted in David Scott, “India-South Korea Strategic Convergence and Security-Defense Cooperation: A Useful Relationship


7 This comment has been quoted from Malla V.S. Vara Prasad, “India and ASEAN Region Since 1991: Towards Positive Interdependence”, Ph.D Thesis Submitted to the Centre for South, Central, South-East Asian & South-West Pacific Studies, School of International Studies, Jawaharlal Nehru University, New Delhi, 2002, p. 48.


12 This views has been taken from the comment by Ambassador Skand Tayal as moderator during the session on ‘Road and Maritime Connectivity: Vital Elements for Economic Growth’, in an International Relations Conference on a topic entitled, ‘India’s Look East - Act East Policy: A Bridge to the Asian Neighbourhood’, organized by the Symbiosis Institute of International Studies with the generous support of the Public Diplomacy Division of Ministry of External Affairs, Government of India, on 13-14 December 2014 at the Symbiosis International University Campus, Pune, India, p. 32.


16 Ibid., p. 23.

17 Ibid., pp. 23-24.

18 Ibid., p. 34.


20 Ibid., p. 5.

