

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCIS DATED 29-11-2023

INDIA- KOREA RP BILATERAL TRADE RELATION

INTRODUCTION & BRIEF ECONOMIC ACCOUNT

The Republic of Korea forms the southern part of the Korean peninsula, in eastern Asia. To the north, separated by a frontier, which roughly follows the 38th parallel, is the country's only neighbour, the Democratic People's Republic of Korea (North Korea). To the west is the Yellow Sea, to the south is the East China Sea, and to the east is the Sea of Japan. As estimated for 2023 total population of Korea PR is 51,966,948. The unit of currency is the won (KRW).

2. As per IMF's Article IV Consultation Report of 2023, "Like many other advanced economies, South Korea has faced challenges from inflation and a growth slowdown. Growth declined from mid-2022, as global demand for electronics waned and domestic demand weakened, but has started to recover in recent quarters. Headline inflation has declined significantly after peaking in mid-2022, though core inflation has remained stickier. Pockets of financial sector vulnerability have emerged amid higher interest rates and declining housing prices. Swift policy measures have helped to stabilize financial and housing markets, and financial risks, while having increased, appear to remain manageable".

FOREIGN TRADE

3. The major merchandise trading partners of Korea RP are China, U.S., Vietnam, Hong Kong and Japan. Major five exportable goods of Korea RP include, Integrated Circuit., Cars and Vehicle parts, Refined Petroleum, Office Machinery and Ships. On the other hand major five imports include Crude oil, Integrated Circuit., Natural Gas, Refined Petroleum and Photo Lab Equipment's (**Source CIA World Fact Book**).

4. Korea RP's total exports in 2018 were of the order of US\$ 604,807 million and subsequently declined for two consecutive years to US\$ 542,172 million in 2019 and US\$ 512,419 million in 2020 and has steeply increased to US\$ 644,373 million in 2021 & and US\$ 683,551 million in 2022. During the period from 2018 to 2022, the annual average compound rate of growth of exports was 3.11%.

5. Korea RP's total imports in 2018 were of the order of US\$ 535,183 million and subsequently declined for two consecutive years to US\$ 503,263 million in 2019 and US\$ 467,591 million in 2020 and has steeply increased to US\$ 615,073 million in 2021 & US\$ 731,361 million in 2022. During the period from 2018 to 2022, the annual average compound rate of growth of Imports was 8.12%.

A snapshot of Korea RP's overall Trade Statistics is presented in **Annexure-II [Table 1: Figure 1]**

BILATERAL TRADE WITH INDIA

Merchandise Trade

Korea RP has been India's one of regular trading partners. Indo- Korea RP total volume of bilateral trade in FY 2018-19 was of the order of Rs.150,134.37 crores. It has increased to Rs.223,914.06 crores in FY 2022-23. The annual compound growth rate of volume of trade during the period from 2018-19 to 2022-23 has been of the order of 10.51%.

2. It is evident from the available figures that between 2018-19 and 2022-23 India has always faced a deficit Balance of Trade with Korea RP. Exports from India to Korea RP increased stupendously in 2021-22 followed by a deceleration in 2022-23. On the other front, imports from Korea RP to India have increased quite significantly in 2021-22 & 2022-23 and these dynamics on export & import fronts have impacted the total volume of trade which has widened tremendously in 2022-23.

A snapshot of India's trade statistics w.r.t. Korea RP is presented in **Annexure-II [Table 2: Figure 2]** .

3. Additionally, **from Tables 3 & 4 presented at Annexure-II below** the following are stated:
- a. Petroleum Products, Aluminum & products made of Aluminum and Iron & Steel consistently occupies the top three slots in India's exports to Korea RP.
 - b. Iron and Steel, Electronic Components and Plastic Raw Materials are the three major commodities in India's imports list from Korea RP.

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Table 1. Korea: Select Economic Indicators (2021-24)					
				Projection	
		2021	2022	2023	2024
Real GDP (percent change)		4.3	2.6	1.4	2.2
	Total domestic demand	3.7	2.7	1.9	1.9
	Final domestic demand	3.8	2.6	1.5	1.9
	Consumption	4.1	4.1	1.7	1.9
	Gross fixed investment	3.2	-0.5	1.1	2.1
	Stock building 1/	-0.1	0.2	-0.1	0.0
	Net foreign balance 1/	0.6	0.2	-0.1	0.0
Nominal GDP (in trillions of won)		2,080	2,162	2,230	2,345
Saving and investment (in percent of GDP)					
	Gross national saving	36.8	34.5	34.0	34.0
	Gross domestic investment	32.3	33.2	32.7	31.4
	Current account balance	4.7	1.8	1.3	2.6
Prices (percent change)					
	CPI inflation (end of period)	3.7	5.0	3.2	2.0
	CPI inflation (average)	2.5	5.1	3.6	2.4
	Core inflation (average)	1.4	3.6	3.5	2.4
	GDP deflator	2.8	1.3	1.7	2.9
	Real effective exchange rate	0.1	-5.4
Trade (percent change)					
	Export volume	10.7	3.6	2.5	3.5
	Import volume	12.6	4.3	0.0	3.0
	Terms of trade	-2.8	-7.4	-2.3	5.0
Consolidated central government (in percent of GDP)					
	Revenue	25.7	27.1	23.9	23.9
	Expenditure	25.7	28.7	24.9	24.6
	Net lending (+) / borrowing (-)	0.0	-1.6	-1.0	-0.7
	Overall balance	-1.5	-3.0	-1.8	-1.7
	Excluding Social Security Funds	-4.4	-5.2	-3.9	-3.7
	Central government debt	45.1	47.8	49.3	50.6
Money and credit (end of period)					
	Overnight call rate	1.4	3.4
	Three-year AA- corporate bond yield	2.4	5.2
	M3 growth	11.3	6.9
Balance of payments (in billions of U.S. dollars)					
	Exports, f.o.b.	649.5	690.5	643.3	704.4
	Imports, f.o.b.	573.7	675.4	628.3	652.1
	Current account balance	85.2	29.8	22.2	47.2
	Gross international reserves (end of period) 2/	458.3	418.4	416.2	441.8
	In percent of short-term debt (residual maturity)	209.8	190.4	189.5	202.5
External debt (in billions of U.S. dollars)					
	Total external debt (in percent of GDP)	34.7	39.7	39.4	39.3

1/Contribution to GDP growth. 2/ Excludes gold.

Sources: Korean authorities; and IMF staff estimates and projections. [IMF Executive Board Concludes 2023 Article IV Consultation with Republic of Korea November 16, 2023].

TABLE – 1
KOREA RP'S TOTAL EXPORTS, IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2018 TO 2022

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018	604807		535183		11,39,990		69624
2019	542172	-10.36	503263	-5.96	10,45,435	-8.29	38909
2020	512419	-5.49	467591	-7.09	9,80,010	-6.26	44828
2021	644373	25.75	615073	31.54	12,59,446	28.51	29300
2022	683551	6.08	731361	18.91	14,14,912	12.34	-47810
Annual Compound Growth Rate		3.11		8.12		5.55	

NOTE: Figures relate to calendar year (January to December)

SOURCE: UN COMTRADE PUBLICATION

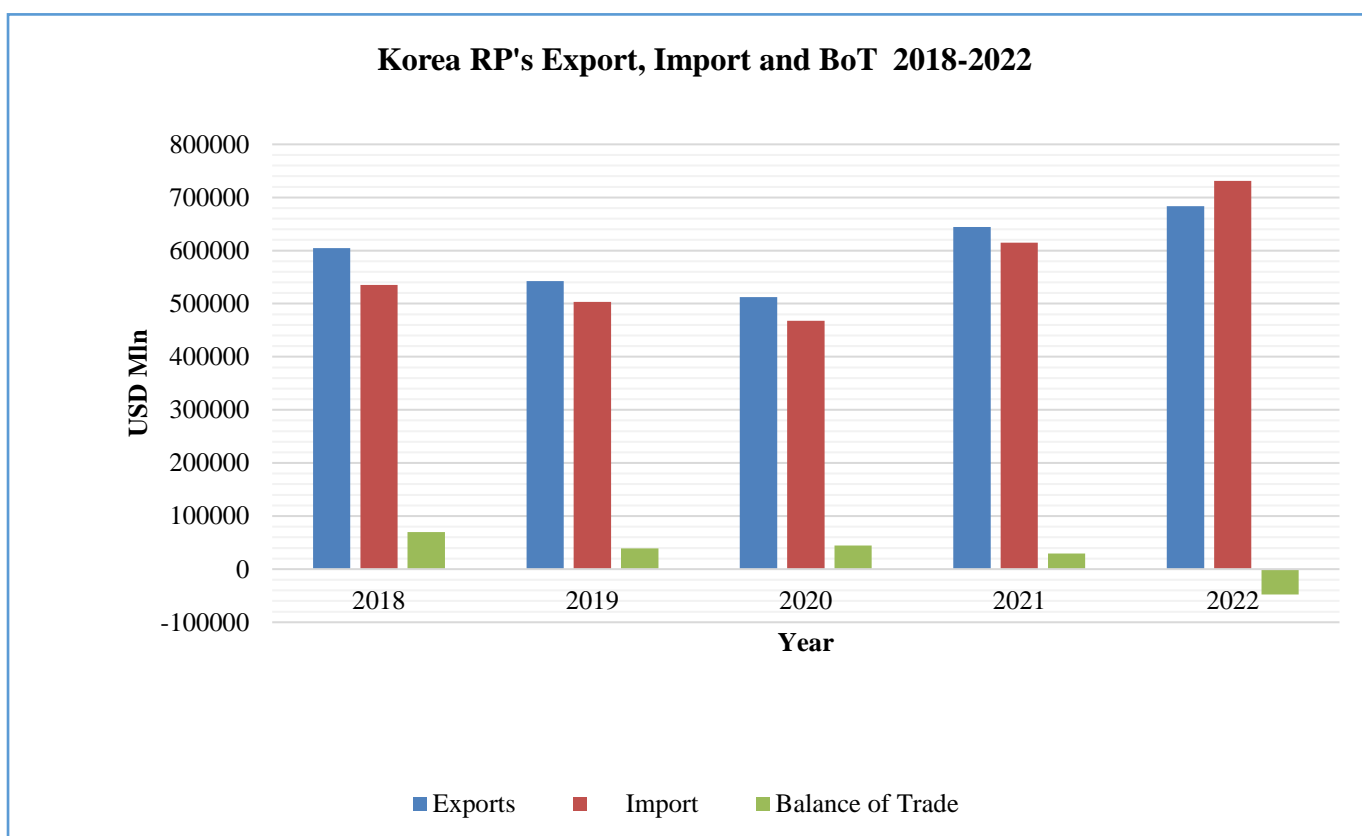


TABLE – 2
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. KOREA RP
FY 2018-2019 to 2022-2023

(Value in Rs. Crores)							
Year	Exports from India to Korea RP	Percentage Growth in Exports	Imports from Korea RP to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018-19	32880.55		117253.82		150134.37		-84373.27
2019-20	34341.50	4.44	110882.40	-5.43	145223.90	-3.27	-76540.90
2020-21	34687.52	1.01	94476.01	-14.80	129163.53	-11.06	-59788.49
2021-22	60353.49	73.99	130299.35	37.92	190652.84	47.61	-69945.86
2022-23	53282.25	-11.72	170631.81	30.95	223914.06	17.45	-117349.56
Annual Compound Growth Rate		12.83		9.83		10.51	

NOTE : Figures relate to Financial Year April to March

SOURCE : DGCI&S, M/oC&I

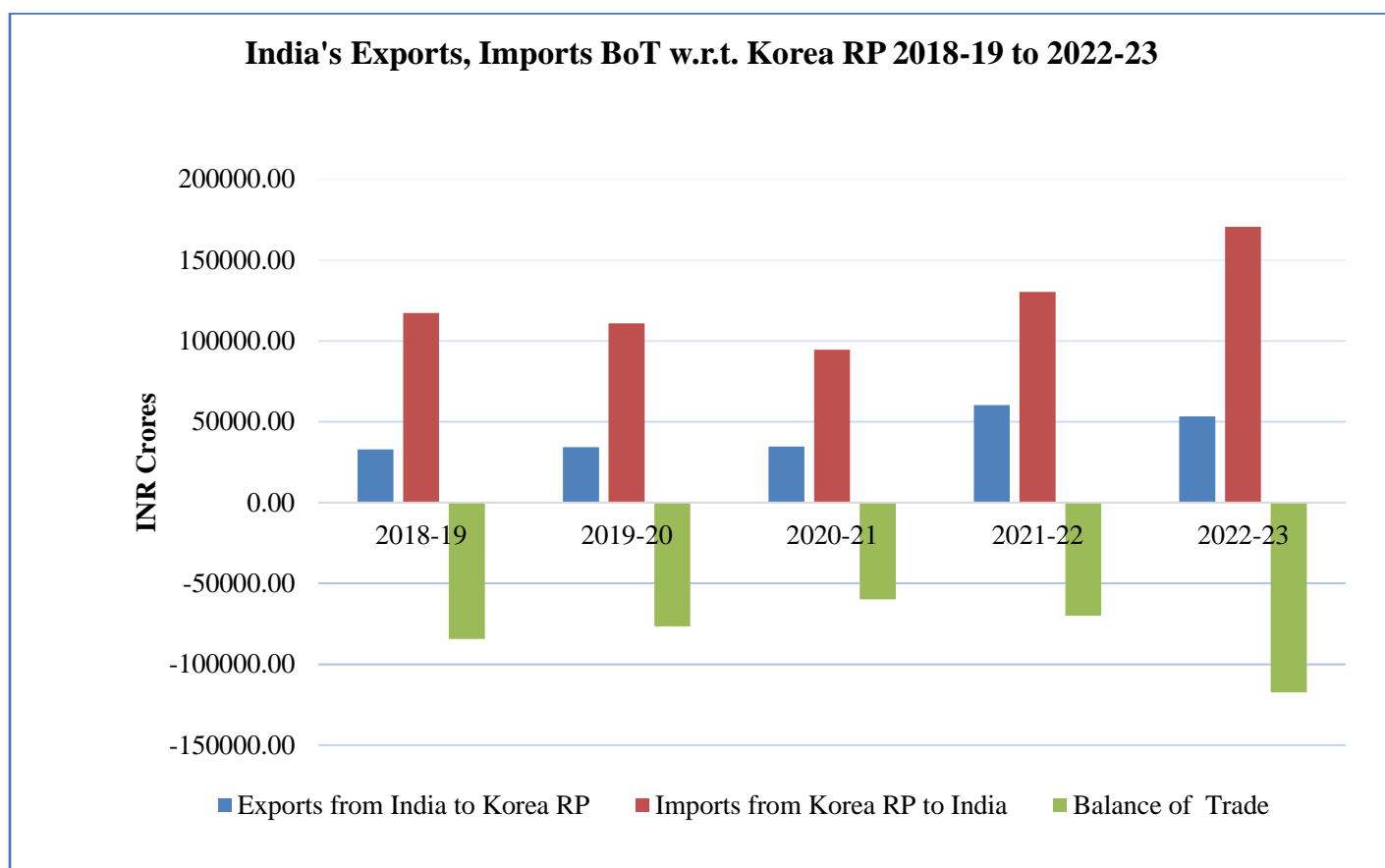


TABLE -3
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO KOREA RP
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES

(Value in Rs. Crores)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Petroleum Products	6360.50	7557.47	5794.92	19020.72	16051.17	18.82	-23.32	228.23	-15.61
	Share in total export	19.34	22.01	16.71	31.52	30.12				
2	Aluminium, Products Of Aluminium	3667.98	6525.72	7990.54	11332.98	7417.12	77.91	22.45	41.83	-34.55
	Share in total export	11.16	19.00	23.04	18.78	13.92				
3	Iron & Steel	3135.73	2012.28	1753.44	4529.18	2430.90	-35.83	-12.86	158.30	-46.33
	Share in total export	9.54	5.86	5.05	7.50	4.56				
4	Organic Chemicals	1249.91	1196.35	1150.25	1786.55	2208.32	-4.29	-3.85	55.32	23.61
	Share in total export	3.80	3.48	3.32	2.96	4.14				
5	Lead And Products Made Of Lead	1108.01	794.06	980.32	2362.54	1771.57	-28.33	23.46	141.00	-25.01
	Share in total export	3.37	2.31	2.83	3.91	3.32				
6	Oil Meals	1018.26	1052.97	1084.95	1290.03	1761.44	3.41	3.04	18.90	36.54
	Share in total export	3.10	3.07	3.13	2.14	3.31				
7	Residual Chemicals And Allied Prods.	736.60	941.80	1100.35	1320.28	1757.90	27.86	16.83	19.99	33.15
	Share in total export	2.24	2.74	3.17	2.19	3.30				
8	Wheat				526.39	1197.88				127.57
	Share in total export	0.00	0.00	0.00	0.87	2.25				
9	Bulk Drugs, Drugs Intermediates	601.22	627.28	689.52	659.39	1015.66	4.33	9.92	-4.37	54.03
	Share in total export	1.83	1.83	1.99	1.09	1.91				
10	Auto Components/ Parts	403.71	472.94	570.73	741.40	980.11	17.15	20.68	29.90	32.20
	Share in total export	1.23	1.38	1.65	1.23	1.84				
	Total export to KOREA RP	32880.55	34341.50	34687.52	60353.49	53282.25	4.44	1.01	73.99	-11.72

NOTE: Figures relate to each Financial Year, April to March.

SOURCE: DGCIS&S, M/o C&I

TABLE – 4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO KOREA RP
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES

(Value in Rs. Crores)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
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	Share in total export	9.54	5.86	5.05	7.50	4.56				
4	Organic Chemicals	1249.91	1196.35	1150.25	1786.55	2208.32	-4.29	-3.85	55.32	23.61
	Share in total export	3.80	3.48	3.32	2.96	4.14				
5	Lead And Products Made Of Lead	1108.01	794.06	980.32	2362.54	1771.57	-28.33	23.46	141.00	-25.01
	Share in total export	3.37	2.31	2.83	3.91	3.32				
6	Oil Meals	1018.26	1052.97	1084.95	1290.03	1761.44	3.41	3.04	18.90	36.54
	Share in total export	3.10	3.07	3.13	2.14	3.31				
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NOTE: Figures relate to each Financial Year (April to March).

SOURCE: DGCIS, M/o C&I