

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGC&S

INDIA- KOREA RP BILATERAL TRADE RELATION

INTRODUCTION& BRIEF ECONOMIC ACCOUNT

1. 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 RP is 51,966,948. The unit of currency is the won (KRW).

2. South Korea's massive investment in education has taken the country from mass illiteracy to a major international technological powerhouse. The country's national economy benefits from a highly skilled workforce and is among the most educated countries in the world with one of the highest percentages of its citizens holding a tertiary education degree. As per IMF Executive Board 2024 Article IV Consultation with Republic of Korea February 6, 2025, the Korean economy is expected to be in broad balance in 2025, with growth reaching potential and inflation near target. Real GDP growth was estimated to have reached 2.2 percent in 2024, supported by strong exports despite relatively weak domestic demand. As domestic demand strengthens gradually and export growth normalizes, growth is expected to moderate toward the trend of about 2 percent in 2025. Inflation declined to 1.9 percent in December 2024, reflecting the unwinding of global supply chain frictions, lower global oil prices, and the restrictive monetary policy setting. It is projected to stay close to the Bank of Korea's target of 2 percent in 2025 as output gap closes. The current account surplus significantly improved in 2024 driven by recovering global semiconductor demand. It is expected to normalize in 2025 as export growth moderates and import growth picks up in light of strengthening domestic demand.

A snapshot of Korea RP's selected economic indicators is as under

TABLE- 1

Korea: Selected Economic Indicators 2022 - 2025				
			Projection	
	2022	2023	2024	2025
Real GDP (percent change)	2.7	1.4	2.2	2.0
Total domestic demand	2.8	1.4	0.8	1.5
Final domestic demand	2.8	1.6	0.9	1.5
Consumption	4.2	1.6	1.3	1.7
Gross fixed investment	-0.2	1.4	0.0	1.0
Stock building 1/	0.5	0.0	-0.7	0.0
Net foreign balance 1/	0.1	0.2	1.2	0.7
Nominal GDP (in trillions of won)	2,324	2,401	2,532	2,640
Saving and investment (in percent of GDP)				
Gross national saving	34.4	34.2	34.5	34.9
Gross domestic investment	33.3	32.3	30.3	31.3
Current account balance	1.4	1.9	4.2	3.6
Prices (percent change)				
CPI inflation (end of period)	5.0	3.2	1.9	2.0
CPI inflation (average)	5.1	3.6	2.3	2.0
Core inflation (average)	3.6	3.4	2.2	2.0
GDP deflator	1.8	1.9	3.1	2.2

Real effective exchange rate	-5.3	2.3
Trade (percent change)				
Export volume	1.8	1.0	6.2	4.0
Import volume	4.4	-3.9	2.6	2.8
Consolidated central government (in percent of GDP)				
Revenue	25.2	22.5	22.3	22.9
Expenditure	26.7	23.2	22.9	23.2
Net lending (+) / borrowing (-)	-1.5	-0.7	-0.6	-0.3
Overall balance	-2.8	-1.5	-1.5	-1.2
Excluding Social Security Funds	-5.0	-3.6	-3.6	-3.2
Central government debt	44.5	45.5	46.8	48.1
Money and credit (end of period)				
Overnight call rate	3.4	3.9	3.3	...
Three-year AA- corporate bond yield	5.2	3.9	3.3	...
M3 growth	4.1	4.2
Balance of payments (in billions of U.S. dollars)				
Exports, f.o.b.	694.3	645.0	709.9	744.5
Imports, f.o.b.	678.7	611.0	619.8	663.8
Current account balance	25.8	35.5	79.1	68.7
Gross international reserves (end of period) 2/	418.4	415.4	411.1	409.4
In percent of short-term debt (residual maturity)	184.0	214.1	212.4	209.0
External debt				
Total external debt (in percent of GDP)	39.7	36.6	37.3	38.7
Sources: Korean authorities; and IMF staff estimates and projections.				
1/ Contribution to GDP growth.				
2/ Excludes gold.				

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Korea Rp are China, United States, Vietnam, Japan and Hong Kong. On the other hand four major import partners of Korea Rp are China, United States, Japan, and Saudi Arabia. Major five exported goods of Korea Rp are i) Monolithic integrated circuits, digital, (ii) Petroleum oils, etc, (excl. crude); preparation, (iii) Transmission apparatus, for radioteleph incorpo, (iv) Automobiles with reciprocating piston engine and (v) Automobiles nes including gas turbine powered. On the other hand major five imported goods of Korea Rp are ((i) Petroleum oils and oils obtained from bituminous, (ii) Monolithic integrated circuits, digital, (iii) Natural gas, liquefied, (iv) Petroleum oils, etc, (excl. crude); preparation and (v) Bituminous coal, not agglomerated.

4. Korea Rp's total exports in 2020 were of the order of USD 512,419 million. It was USD 683,127 million in 2024 with a positive growth of 25.75% in 2021 in comparison with 2020. During the period from 2020 to 2024, the annual average compound rate of growth of exports was 7.45%.

5. Korea Rp's total imports in 2020 were of the order of USD 467,591 million and which was USD 631,727 million in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of Imports was 7.81%.

6. Korea Rp had an overall mixed Balance of Trade with India, trade surplus in 2020, 2021 and 2024 and trade deficit in 2022 and 2023. During the period from 2020 to 2024, the annual average compound rate of growth of total volume of trade was 7.62%.

A snapshot of Korea RP’s overall Trade Statistics is presented in [Table 2 & Figure 1](#)

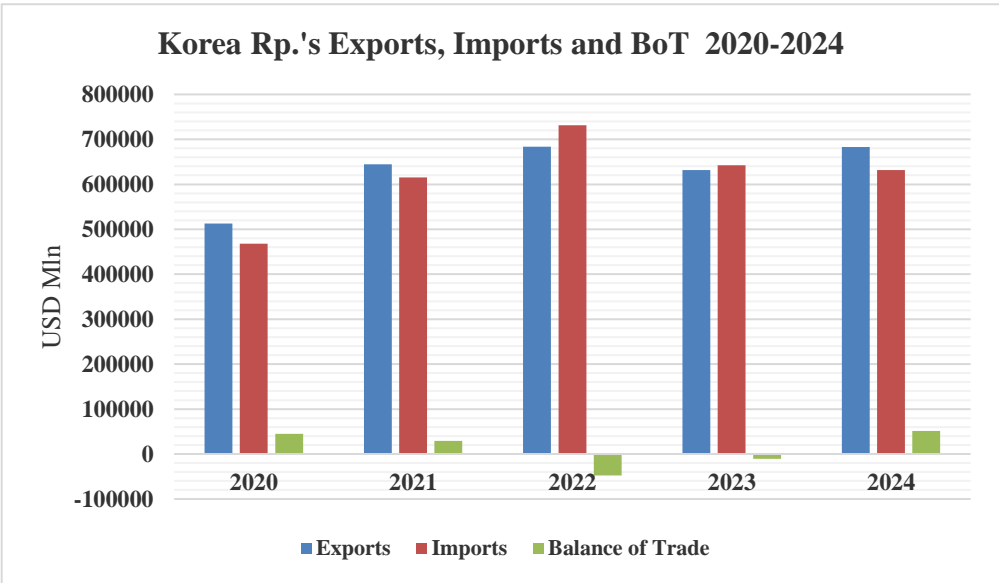
TABLE - 2

KOREA RP'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE
AND BALANCE OF TRADE BETWEEN 2020 TO 2024

(Figures in USD Million)							
Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020	512419		467591		9,80,010		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
2023	631804	-7.57	642550	-12.14	12,74,354	-9.93	-10746
2024	683127	8.12	631727	-1.68	13,14,854	3.18	51400
Annual Compound Growth Rate		7.45			7.81	7.62	

NOTE : Figures relate to calendar year (January to December)
SOURCE : UN COMTRADE PUBLICATION

Figure - 1



BILATERAL TRADE WITH INDIA

Merchandise Trade

7. Korea RP has been India's one of regular trading partners. Indo- Korea RP total volume of bilateral trade in FY 2020-21 was of the order of USD 17,458.29 millions. It increased to USD 29,393.51 millions in FY 2024-25. The annual compound growth rate of volume of trade during the period from 2020-21 to 2024-25 has been of the order of 13.91 %. It is evident from the available figures that between 2020-21 and 2024-25 India has always faced a deficit Balance of Trade with Korea Rp

8. It is seen from the available figures that between 2020-21 and 2024-25, exports from India to Korea RP increased by 72.57% in 2021-22 followed by a decline of 17.69 % in 2022-23 compared to the respective previous FYs. The annual average compound rate of growth of Exports was 5.57%. On the other hand, imports from Korea Rp's to India remarkably increased by 36.83% in FY 2021-22 over FY 2020-21 levels. During the period from 2020-21 to 2024-25, the annual average compound rate of growth of imports was 16.56%.

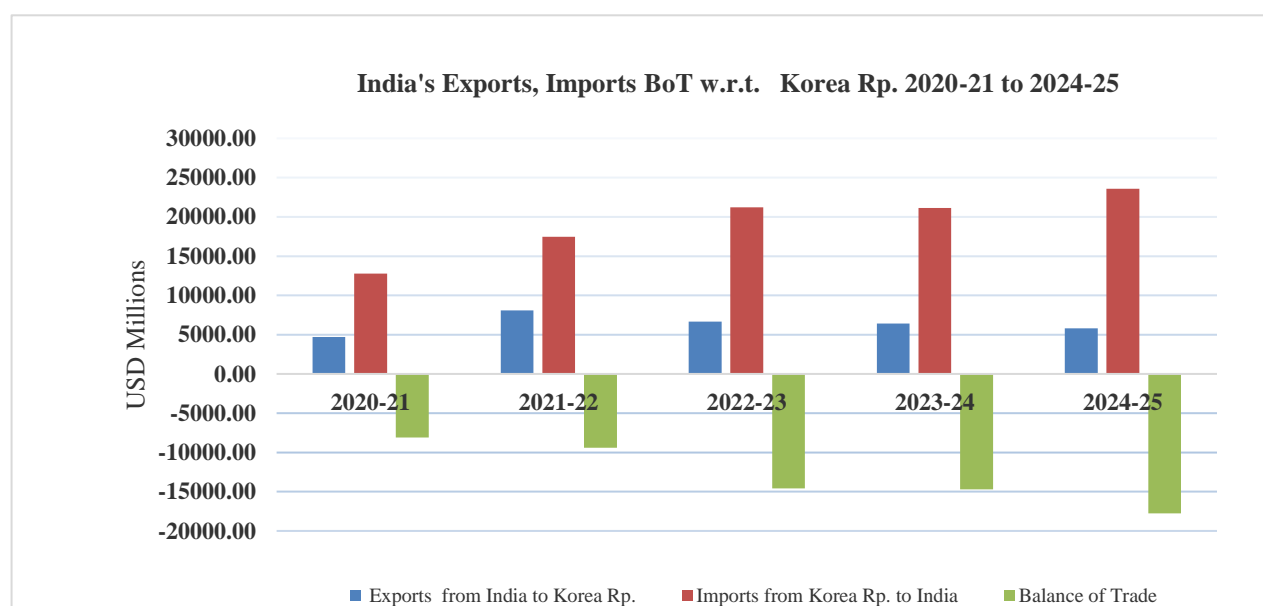
A snapshot of India's trade statistics w.r.t. Korea RP is presented in [Table 3 & Figure 2](#) .

TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. KOREA RP
FY 2020-21 to 2024-25

(Value in USD Million)							
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
2020-21	4685.32		12772.97		17458.29		-8087.65
2021-22	8085.56	72.57	17477.20	36.83	25562.76	46.42	-9391.64
2022-23	6654.95	-17.69	21227.32	21.46	27882.27	9.07	-14572.37
2023-24	6417.14	-3.57	21136.11	-0.43	27553.25	-1.18	-14718.97
2024-25	5819.53	-9.31	23573.98	11.53	29393.51	6.68	-17754.45
Annual Compound Growth Rate							
		5.57		16.56		13.91	

NOTE : Figures relate to Financial Year (April to March)
SOURCE : DGCI&S, M/o C&I

FIGURE - 2



9. Additionally, from Tables 4 & 5 presented below the following are stated:
- Petroleum Products, Electric Machinery And Equipments and Aluminium, Products Of Aluminium** are top three items in India's exports list to Korea Rp in the year 2024-25. Petroleum Products occupying the bulk share of 16.56 % in FY 2024-25.
 - Electronics Components, Iron And Steel, and Petroleum Products** are the three major commodities in India's imports list from Korea Rp in the year 2024-25, Electronic Components occupying the bulk share of 13.98% in FY 2024-25.

TABLE -4**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO KOREA RP
2020-21 TO 2024-25 AND THEIR GROWTH RATES****(Value in USD Million)**

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	Petroleum Products	787.30	2542.02	2007.05	1408.44	963.96	222.88	-	-29.83	-31.56
	Share in total export	16.80	31.44	30.16	21.95	16.56				
2	Electric Machinery And Equipments	36.49	67.16	65.79	480.45	383.88	84.05	-2.04	630.28	-20.10
	Share in total export	0.78	0.83	0.99	7.49	6.60				
3	Aluminium, Products Of Aluminium	1074.31	1519.05	925.48	914.61	585.67	41.40	-	-1.17	-35.97
	Share in total export	22.93	18.79	13.91	14.25	10.06				
4	Iron And Steel	236.63	608.11	303.91	464.61	393.09	156.99	-	52.88	-15.39
	Share in total export	5.05	7.52	4.57	7.24	6.75				
5	Organic Chemicals	155.40	239.83	274.72	254.21	304.60	54.33	14.55	-7.47	19.82
	Share in total export	3.32	2.97	4.13	3.96	5.23				
6	Lead And Products Of Lead	132.33	316.61	220.83	211.24	277.83	139.26	-	-4.34	31.52
	Share in total export	2.82	3.92	3.32	3.29	4.77				
7	Residual Chemicals And Allied Products	148.36	176.90	218.79	235.85	240.35	19.24	23.68	7.80	1.91
	Share in total export	3.17	2.19	3.29	3.68	4.13				
8	Oil Meals	146.32	172.96	220.40	197.09	153.25	18.21	27.43	-10.58	-22.24
	Share in total export	3.12	2.14	3.31	3.07	2.63				
9	Bulk Drugs, Drugs Intermediates	92.70	88.44	126.29	150.96	140.02	-4.60	42.80	19.53	-7.25
	Share in total export	1.98	1.09	1.90	2.35	2.41				
10	Auto Components/ Parts	77.24	99.50	121.84	114.81	110.31	28.82	22.45	-5.77	-3.92
	Share in total export	1.65	1.23	1.83	1.79	1.90				
	Total exports to Korea RP	4685.32	8085.56	6654.95	6417.14	5819.53	72.57	-	-3.57	-9.31

NOTE : Figures relate to each Financial Year (April to March)**SOURCE : DGCI&S, M/o C&I**

TABLE -5

**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM KOREA RP
2020-21 TO 2024-25 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Import					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	Electronics Components	1160.17	1755.26	2532.20	2515.17	3295.04	51.29	44.26	-0.67	31.01
	Share in total import	9.08	10.04	11.93	11.90	13.98				
2	Iron And Steel	1677.48	2573.03	2809.78	2741.88	2588.46	53.39	9.20	-2.42	-5.60
	Share in total import	13.13	14.72	13.24	12.97	10.98				
3	Petroleum Products	602.08	1320.96	975.00	952.28	1998.41	119.40	26.19	-2.33	109.86
	Share in total import	4.71	7.56	4.59	4.51	8.48				
4	Plastic Raw Materials	1248.38	2038.69	1989.83	1967.30	1998.41	63.31	-2.40	-1.13	1.58
	Share in total import	9.77	11.66	9.37	9.31	8.48				
5	Petroleum : Crude	45.09		709.09	2367.87	1928.55	100.00		233.93	-18.55
	Share in total import	0.35		3.34	11.20	8.18				
6	Organic Chemicals	645.62	1126.00	1180.22	1262.70	1286.11	74.41	4.82	6.99	1.85
	Share in total import	5.05	6.44	5.56	5.97	5.46				
7	Auto Components/Parts	800.07	891.91	1051.22	952.36	787.53	11.48	17.86	-9.40	-17.31
	Share in total import	6.26	5.10	4.95	4.51	3.34				
8	Indl. Machinery For Dairy Etc.	493.48	521.31	643.82	553.05	694.15	5.64	23.50	-14.10	25.51
	Share in total import	3.86	2.98	3.03	2.62	2.94				
9	Telecom Instruments	495.50	488.12	539.74	519.17	672.55	-1.49	10.58	-3.81	29.54
	Share in total import	3.88	2.79	2.54	2.46	2.85				
10	Electric Machinery And Equipments	344.74	382.85	432.30	487.97	514.47	11.05	12.92	12.88	5.43
	Share in total import	2.70	2.19	2.04	2.31	2.18				
	Total import from KOREA RP	12772.97	17477.20	21227.32	21136.11	23573.98	36.83	21.46	-0.43	11.53

NOTE : Figures relate to each Financial Year (April to March)

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

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