



SOUTH KOREA'S INDO-PACIFIC STRATEGY, ATMANIRBHAR BHARAT, AND THE IPEF: CONVERGENCE AND COMMONALITY

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For some time now, the existing multilateral networks, such as those of the United Nations (UN), have been largely ineffective in providing good global governance and helping create resilience, especially among emerging and developing economies. The latest example that highlights the inefficacy of the current system is the collapse of the Black Sea grain deal despite genuine UN efforts.¹ As a result, the world order is experiencing a precarious transition. This has necessitated countries across the world to create newer cooperative multilateral mechanisms that are in tune with the times and can potentially give rise to a resilient strategic landscape, such as providing favourable conditions for economic security.

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The US-initiated Indo-Pacific Economic Framework for Prosperity (IPEF), which was launched in May 2022, representing about 40 per cent of the world's gross domestic product (GDP), is one such negotiation platform. Founded with 12 members, it now has 14 members, namely the United States, Japan, Australia, New Zealand, South Korea, India, Fiji, and seven Association of Southeast Asian Nations (ASEAN) countries. Notably, it is not a traditional trade deal and does not offer tariff or market access negotiations but focuses on creating sustainable (e.g., worker-centric trade) architecture.²

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topmost priority is to mitigate economic insecurity and harness the strengths of the Indo-Pacific as the world's economic engine by creating a zone of economic cooperation. Its four key pillars, trade (I), supply chains (II), clean economy (III), and fair economy (IV), aim to strengthen the transformation in each of these sectors to give momentum to global economic growth.

South Korea and India, both part of the founding members, and Asian economic powerhouses, are essential to the IPEF fold. On the other hand, the IPEF and what it offers could be pivotal for their respective global ambitions (e.g., globally competitive *Atmanirbhar Bharat*, self-reliant India, and Korea's Global Pivotal State) and regional strategies that have found growing congruence. But could the IPEF emerge as a 'forum of convergence and expansion' for India-South Korea strategic cooperation?

Ascertaining India-South Korea Economic Convergence

The surging economic relationship between South Korea and India is the key driving factor providing momentum to bilateral growth. In 2022, India-South Korea trade reached an all-time high of US \$27.8 billion, growing by 17.3 per cent from US \$23.7 billion in 2021.³ It is higher than Japan's bilateral trade with India, which totalled US \$21.96 billion during the financial year 2022-23.⁴ However, it pales compared to the India-China trade, which increased by 8.47 per cent year on year, reaching US \$136.26 billion.⁵ China is also South Korea's top trading partner, with over US \$300 billion in bilateral trade.⁶ But in the last year, reports have highlighted that South Korea's overdependence on China has been dipping: Korean exports to China have steadily declined from 26.8 per cent in 2018 to 22.8 per cent in 2022.⁷

On the positive side, India along with countries like the United States, Vietnam, and Australia are emerging as one of the top export destinations for South Korea.⁸ India showed positive trends in five categories of Korean exports: petrochemicals, steel, displays, secondary batteries, and plastic products.⁹ On the other hand, major exported items from India to Korea include petroleum and aluminium products.¹⁰ These goods trade lacuna highlight the immense potential that exists for growth in various sectors, from renewables to agricultural goods, in the coming years. If this trend continues or is enhanced, the goal to increase bilateral trade to US \$50 billion by 2030, as agreed in 2018, might just as well get realized. Notably, this onward trend in economic ties is not an abrupt phenomenon. During the 50 years of their diplomatic relationship, trade and investment have received a fillip since 2009, when a Joint Task Force was established to conclude the Comprehensive Economic Partnership Agreement (CEPA), which came into effect in 2010, the same year India and Korea became strategic partners.¹¹

This was boosted during Prime Minister Modi's visit to Seoul in 2015 as the two sides became 'special strategic partners.' Moreover, after the Modi-Moon Jae-in summit in 2018, the convergence between the Act East Policy (AEP) and the New Southern Policy

(NSP and later NSP Plus) gave hope for a greater economic-strategic connection. This was done via initiatives such as ‘Korea Plus,’ which facilitated Korean investments in India, or the ‘K-New Deal,’ which focused on diplomatic outreach for diversifying trade options.¹² Yet several gaps exist, most prominent being the lack of an updated CEPA for which forward-looking and outcome-oriented negotiations are ongoing. India’s share in Korea’s global trade is still weak, nearly 1.9 per cent in 2021, and a yawning lack of push in regional cooperation initiatives to achieve common aims such as economic growth and regional integration.¹³

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The Yoon Suk Yeol administration seems aware of this challenge to catapult relations, especially as India is showing great economic resurgence despite global concerns (e.g., rising violence due to majoritarianism or systemic challenges, including bureaucratic red tape). President Yoon has amplified the already burgeoning sentiment toward India by including India as one of the top priorities in its Indo-Pacific strategy document. He has also highlighted the strength of high-level meetings and the alignment with India’s Indo-Pacific interests and visions (e.g., Security and Growth for All in the Region [SAGAR] and Indo-Pacific Ocean Initiative) to boost security, as well as initiatives like *Atmanirbhar Bharat* to enable technology-centred joint production.

Be it Foreign Minister Jin Park’s India visit, the fifth Korea-India Foreign Policy and Security Dialogue, or the Modi-Yoon bilateral meeting at the G7 sidelines, the intent toward providing fresh impetus to the economic security-centred bilateral to help expand the strategic reach and cooperation is evident on both sides.¹⁴ Multilateral and multilateral cooperation, such as within the IPEF, are part of this overall agenda.

Inside IPEF: Exploring Common Denominators

India’s decision to join the IPEF as a founding member in 2022 not only heralded its entry into a regional trade-focused architecture but also provided encouraging signs for multifaceted cooperation with Indo-Pacific partner states, such as Japan and South Korea. Importantly, the IPEF is also the only multilateral economic platform that brings South Korea and India together, neither state is part of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), although Korea has been looking to foster conditions for joining the CPTPP.¹⁵ Naturally, a forum with such unique traits encourages expectations of new opportunities for both economic growth and regional integration.

At the same time, India has opted out of Pillar I (trade), for which it remains an observer while being an active participant in the other pillars. For the trade-focused IPEF, India’s absence in a core pillar has been seen as a hiccup, not yet a hindrance; moreover, there are encouraging reports that India is looking to negotiate its stance after reviewing

the details, looking for better market access, and ensuring that its domestic industry is not negatively impacted.¹⁶ At the same time, some have argued that India's entry into the IPEF was probably helped by "the absence of market access negotiations," that is, no expectation of negotiating its tariff reductions.¹⁷

For South Korea, the IPEF is a platform to advance its multilateral aims, be they the objectives of physical and digital connectivity or trade facilitation to boost economic cooperation via the markets in 13 countries. It is also an opportunity to take a leadership role in shaping rules "with the aim to produce meaningful outcomes" in the rapidly evolving Indo-Pacific region.¹⁸ For both India and South Korea, the IPEF is another tool to enhance their AEP-NSP confluence and fulfil their shared interests in achieving a peaceful and prosperous Indo-Pacific. Their respective strategies align well with the IPEF's objectives of promoting transparent and sustainable trade, digitalization, supply chain resilience, and connectivity while ensuring responsible governance by being active participants in this rewriting of rules.

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The China Conundrum

South Korea and India also share a common outlook on the IPEF in that they shy away from projecting the IPEF as an American economic mechanism to reduce China's clout in the Indo-Pacific and balance out Beijing's influence, a commonly held perception. Both India and South Korea have continually stressed the principle of inclusivity and officially aim for regional cooperation without explicitly excluding China, their top trading partner, which they can hardly afford to keep at a distance.¹⁹

However, despite their emphasis on inclusion and maintaining bilateral ties with China, the IPEF will undoubtedly be used by the two partners as a ground to reduce their dependence on Beijing. One of the key reasons for both India and Korea joining the forum was to mitigate the disruptions caused by global overdependence on China during the COVID-19 pandemic. The swift, 'substantial' conclusion of the negotiations of a 'first-of-its-kind' IPEF Supply Chain Agreement in mid-2023 highlights that the regional countries are universally committed to accelerating efforts to diversify and stabilise supply chains.²⁰ As the IPEF's first concrete result just a year after launch, the initiative seems to be moving in a constructive direction amid domestic reservations in

the US.²¹

Areas of Special Interest

The technology sector offers promising opportunities for collaboration between the two nations. South Korea's strong manufacturing capabilities and advanced technological expertise can be combined with India's efforts to develop domestic production capabilities. For this purpose, joint ventures, technology transfers, and research and development collaborations within the IPEF could be boosted. Yoon envisions South Korea becoming a 'semiconductor superpower' supported by government investments, to avoid being left behind in a fast-evolving sector dominated by Taiwanese firms and facing stiff competition from China.²² The IPEF can help enhance mutual cooperation by boosting the various partners' capabilities through a veritable semiconductor ecosystem.²³ For the two partners, India, which is aiming to fast-track its manufacturing capacities in semiconductors, can utilize South Korea's long-standing manufacturing expertise on a bigger scale than just bilaterally.

The digital economy presents another avenue for cooperation, leveraging India's growing digital prowess and South Korea's advanced digital infrastructure. Regular consultations, business forums, joint working groups, and policy dialogue can facilitate ongoing cooperation, allowing both parties to identify areas of mutual benefit and foster a thriving partnership within the IPEF framework.

In turn, this cooperation under the IPEF can then help India and South Korea build stronger bilateral trade and economic contacts by improving access for Indian and South Korean businesses to each other's markets. By collaborating within the IPEF, the two countries can work together to create a system that is beneficial to them, potentially enhancing regional and bilateral economic exchanges, even though the IPEF does not currently include market access negotiations. Building connectivity and infrastructure development, such as better transport networks and logistics, will further improve the efficacy of bilateral trade and ameliorate the movement of goods and people between India and South Korea. Business networking and partnerships through summits and forums organised under the IPEF will provide valuable opportunities to grow contacts and foster new collaborations.

The IPEF will undoubtedly contribute to India's economic growth as well as its resilience in the event of an economic crisis, which will also benefit South Korea as its interconnectedness grows.²⁴ Moreover, South Korea's active efforts to achieve results under the IPEF, as demonstrated by a recent public-private meeting held to further the new supply chain agreement, signify Seoul's commitment and a future beneficial economic relationship with India.²⁵

Policy Prompts

- India and South Korea could potentially figure out multifaceted ways to partner with IPEF members that are at the forefront of building regional economic-security architecture, like Australia, Japan, and the US, to possibly jointly invest in third countries to increase chances for global equitable growth.
- They could also effectively cooperate on financing climate action in the Indo-Pacific as well as in promoting public access to digitalization through, say, India's Unified Payments Interface (UPI) to expand the digital economy.
- New Delhi will need to employ smart strategies with the Korean companies interested in coming to India and investing. The approach should not only be to encourage people to come and invest in India but also to create an atmosphere on the operational aspects to stay aware of India's rules and regulations in order to avoid meeting any future administrative and bureaucratic difficulties and hurdles. Regular corporate summits and meetings to create market awareness are necessary measures that must be planned to inject a new level of confidence into the business communities in South Korea that are already viewing India through a new strategic lens as a promising future power to cooperate with. Such an endeavour will only help boost strategic confidence, both bilaterally and regionally, between South Korea and India.

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