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INDIA AND SOUTH KOREA: TRADE SCENARIO

President Lee Jae Myung is on a three-day visit to New Delhi, marking the first South Korean presidential state visit to India in eight years. The visit marks a strategic inflection point in bilateral economic relations, given the eight-year gap since the last presidential visit and the presence of a large business delegation. There is a clear intent from both governments to take the partnership from a transactional trade relationship to a more structured, investment-led economic collaboration. The announcement to scale bilateral trade to USD 50 billion by 2030, alongside the creation of a ministerial-level economic cooperation committee, reflects a shift towards institutionalising engagement and accelerating decision-making.

- The first presidential visit in eight years indicates renewed political and economic prioritisation
- Strong private-sector alignment with a delegation of ~200 business leaders
- Ambitious growth target to nearly double trade from USD 26.9 billion (in FY2025) to USD 50 billion by 2030
- Faster policy coordination and execution through a ministerial-level committee

From a business and industry perspective, the visit is important due to its forward-looking sectoral focus and emphasis on enabling frameworks for investment.

Cooperation in high-growth and strategic sectors such as semiconductors, clean energy, shipbuilding, defence, and critical minerals aligns with global supply chain realignments and both countries' industrial priorities. Measures such as fast-tracking the upgrade of the Economic Partnership Agreement (CEPA) signed in 2009, easing non-tariff barriers, and establishing a South Korea-specific industrial enclave with plug-and-play infrastructure are expected to strengthen further market access and lower operational barriers for South Korean firms already operating in India, including Samsung Electronics, LG Electronics, Hyundai Motor Company, and POSCO, among others.

Crucially, the visit comes at a time when bilateral trade trends make a case for structural correction and diversification. Trade has remained relatively stagnant, with India's exports to South Korea declining and the trade deficit widening significantly. Hence, there is a need to move beyond traditional trade flows towards investment-driven growth, value chain integration, and export diversification. The outcomes of the visit, particularly around market access, regulatory simplification, and sectoral collaboration, are therefore critical to rebalancing trade and unlocking long-term economic value for both economies.

> **"This visit of the President of Korea to India, after a gap of eight years, is of great significance. Democratic values, a market economy, and respect for the rule of law are deeply embedded in the DNA of both our nations. We also share a common outlook on the Indo-Pacific region. On the basis of these shared principles, our relationship has become more dynamic and wide-ranging over the past decade. And today, with President Lee's visit, we are set to transform this trusted partnership into a futuristic partnership. From chips to ships, from talent to technology, and from environment to energy, we will realize new opportunities for cooperation across all sectors. Together, we will ensure the progress and prosperity of both our nations."**
>
> Shri. Narendra Modi, Hon'ble Prime Minister of India

Strategic and Diplomatic

- Elevate and deepen the Special Strategic Partnership across trade, technology, and security
- Commit to working together in “concrete ways” for prosperity, peace, and progress
- Institutionalise engagement through annual summits (bilateral or on sidelines of global events)
- Adopt a Joint Strategic Vision (2026–2030) with 25 outcomes
- Launch an Industrial Cooperation Committee led by industry ministers
- Expand ministerial dialogues and coordination across finance, science, and technology

Economic and Trade

- Set a target to increase bilateral trade to USD 50 billion by 2030
- Fast-track upgrade of CEPA (CEPA 2.0) to address non-tariff barriers and improve trade balance
- Establish a Korean Industrial Township in India to support Korean SMEs
- Launch the India–Korea Financial Forum
- Initiate an Economic Security Dialogue

Industry and Infrastructure

- Adopt a Comprehensive Framework for Shipbuilding, Shipping, and Maritime Logistics
- Develop a large greenfield shipyard in southern India (HD Korea Shipbuilding and Offshore Engineering + India support)
- Focus on block fabrication facilities and dry dock infrastructure

Technology and Digital

- Launch the India–Korea Digital Bridge (AI + semiconductors/manufacturing collaboration)
- Sign MoU for integration of digital payment systems (NPCI International + Korean counterpart)

Defence and Security

- Reinvigorate the 2020 MoU on Defence Industry Cooperation
- Use K9-Vajra JV model to expand into other defence platforms (e.g., air defence)
- Launch Korea–India Defence Accelerator (KIND-X)
- Agree to hold Defence and Foreign Affairs 2+2 Dialogue (vice-minister level)

Space Cooperation

- Form a Joint Working Group between ISRO and KASA
- Conduct and continue engagement through India–ROK Space collaboration initiatives
- Indo-Pacific and geopolitics
- Reaffirm commitment to a free, open, rules-based Indo-Pacific
- South Korea to join the Indo-Pacific Oceans Initiative (IPOI)

People, Business, and Engagement

- Strengthen business-to-business collaboration via forums and delegations
- Encourage expansion of South Korean companies’ presence in India

Cultural and Long-term Engagement

- Plan a Year of India–Korea Friendship (2028–29)

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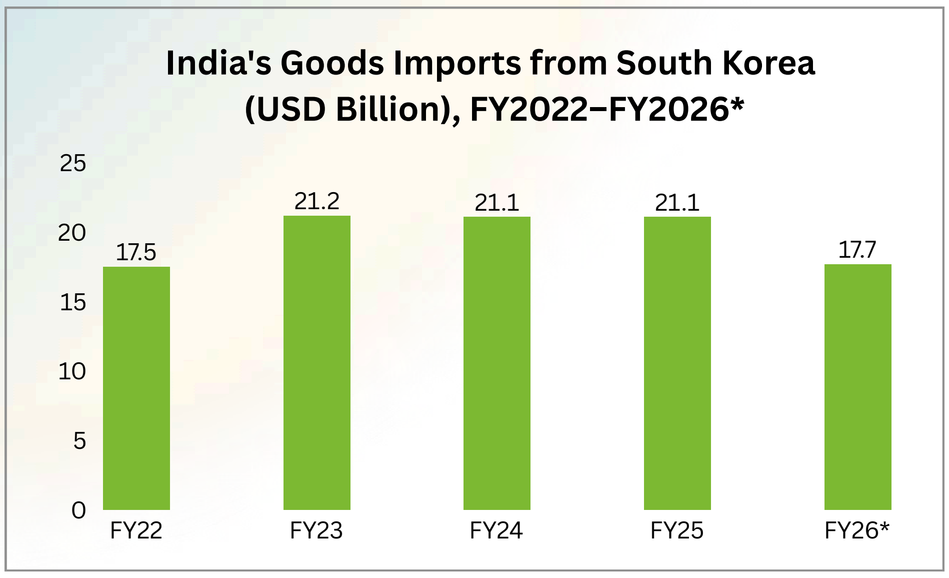
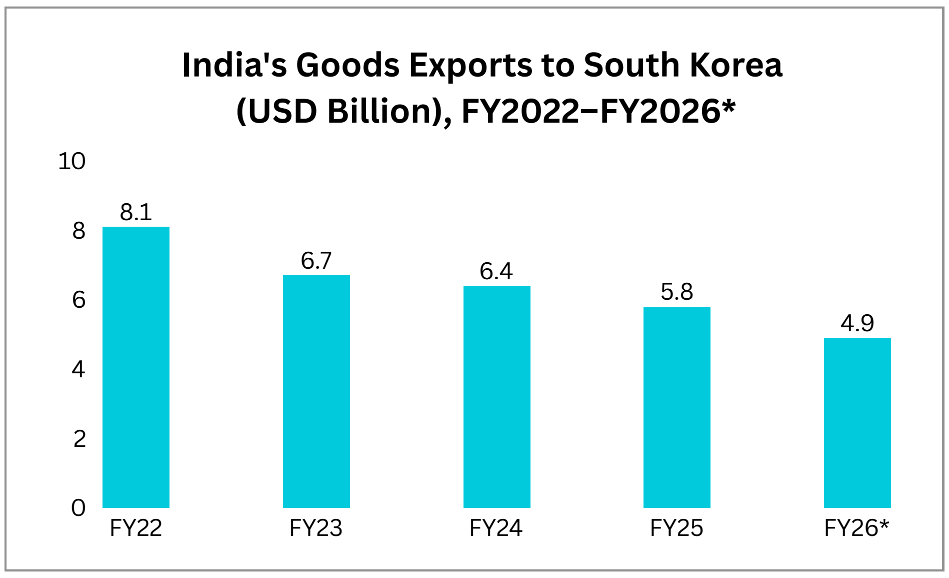
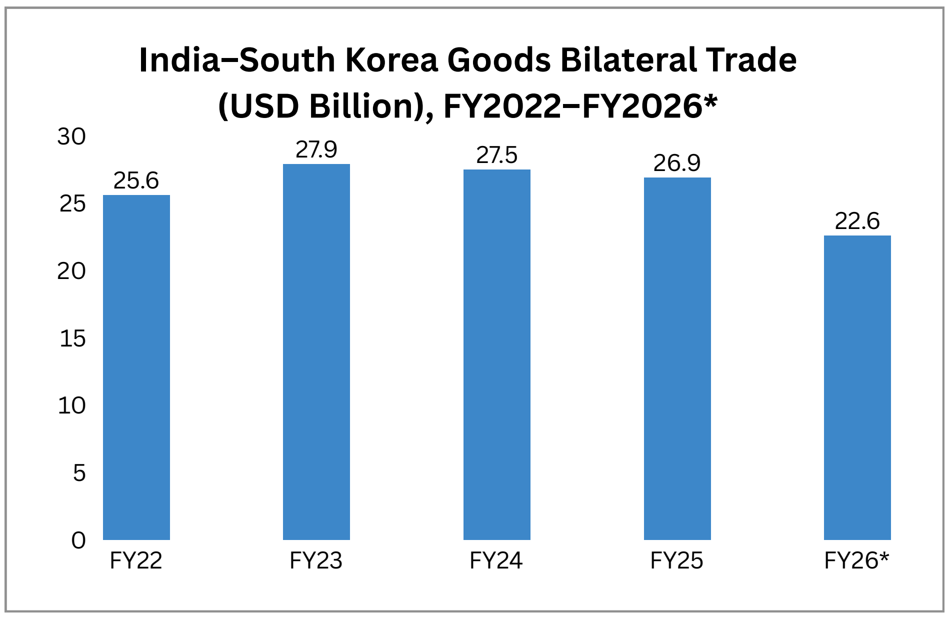
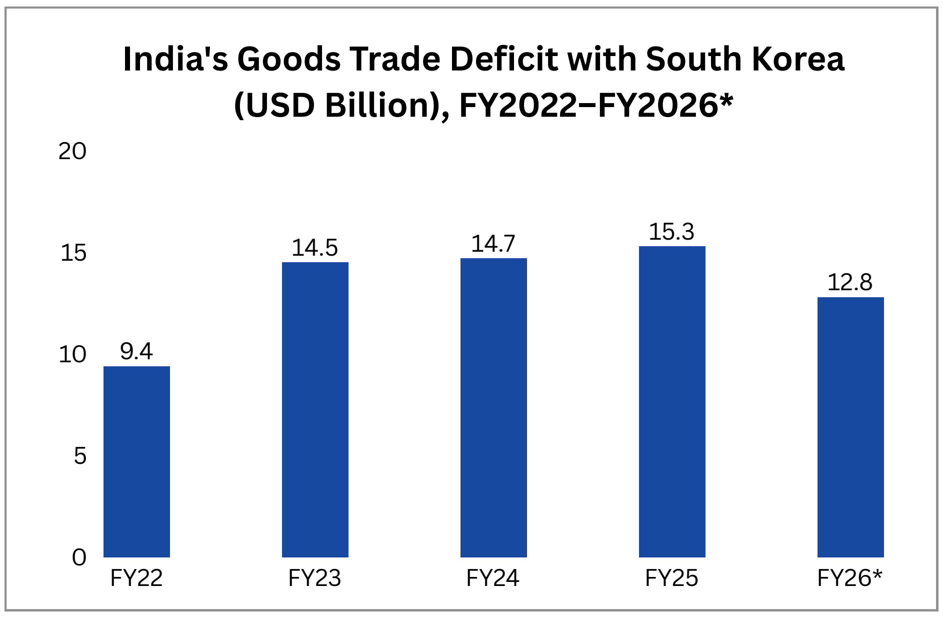
India–South Korea Goods Trade









*All data for FY2026 is for the period April–January 2026. Note: Total goods trade refers to exports plus imports; trade deficit refers to imports minus exports. All figures are rounded off to the nearest decimal. Source: Directorate General of Foreign Trade, Ministry of Commerce and Industry.

According to an analysis by Rubix Data Sciences:

- India's **goods imports** from South Korea have stagnated at USD 21 billion between FY2022 and FY2025. For the 10-month period of FY2026 (April 2025–January 2026), India's goods imports stood at USD 17.7 billion, showing flat growth (1% decline) compared to the corresponding period of the previous year.
- The value of India's **goods exports** to South Korea has consistently declined from USD 8.1 billion in FY2022 to USD 5.8 billion in FY2025, a 11% CAGR drop. For the 10-month period of FY2026 (April 2025–January 2026), India's goods exports stood at USD 4.9 billion, having grown by 4.3% compared to the corresponding period of the previous year.
- India's **goods trade deficit** with South Korea has widened by more than 1.6 times from USD 9.4 billion in FY2022 to USD 15.3 billion in FY2025.
- Total **goods bilateral trade** has been range-bound between USD 25 billion and USD 28 billion from FY2022 to FY2025.

Product-wise Analysis

Major Products Exported by India to South Korea			Major Products Imported by India from South Korea		
Product	**Share in FY2022**	**Share in FY2026***	**Product**	**Share in FY2022**	**Share in FY2026***
Petroleum products	27%	13%	Electrical integrated circuits	7%	15%
Turbo jets	0%	12%	Petroleum products	8%	6%
Unwrought aluminium	19%	8%	Auto parts	5%	4%
Unwrought lead	4%	6%	Flat rolled steel	4%	4%
Ferro alloys	3%	5%	Alloy steel sheets	4%	3%
Others	47%	56%	Others	72%	68%
Total	100%	100%	Total	100%	100%

Note: *All data for FY2026 is for the period April–January 2026. 4-digit HS codes have been considered for the analysis. Source: Ministry of Commerce and Industry, Government of India.

Imports: Shift towards high-tech inputs, led by rising semiconductor dependence

India's imports from South Korea show a clear transition towards higher-value, technology-intensive goods, even though the overall basket remains broadly diversified. Electrical integrated circuits have emerged as the fastest-growing import category, increasing from 7% in FY2022 to 15% in FY2026, reflecting India's rising dependence on advanced semiconductor components for electronics and industrial manufacturing. This aligns with the strong presence of firms like Samsung Electronics in India's electronics ecosystem and the broader expansion of India's smartphone and consumer electronics production base. At the same time, traditional imports such as petroleum products, auto parts, and steel-related items have either declined or remained stagnant in share, indicating gradual substitution, local sourcing improvements, or diversified global procurement. However, the "Others" category still accounts for a dominant 68%, suggesting a highly fragmented import structure and continued scope for value-chain consolidation and deeper sectoral tracking.

Exports: Commodity-led exports persist, with gradual diversification into advanced sectors

On the export side, India's shipments to South Korea remain relatively concentrated in a few commodity- and intermediate-goods categories, though there are signs of diversification. Petroleum products, despite declining from 27% to 13%, continue to be the single largest export category, reinforcing India's role as a refined energy supplier. A notable structural shift is the sharp rise in turbojet exports from 0% to 12%, suggesting a growing integration of India in aerospace and engineering value chains. Export of metals such as unwrought aluminium and lead, along with ferro alloys, also reflects India's strength in resource-based and intermediate industrial goods. However, the decline in overall export share concentration and the rise of the "Others" category to 56% show that India's export base is fragmented and has found limited penetration into high-value South Korean industrial supply chains. Thus, India will need to strive for deeper manufacturing linkages and improved market access under evolving trade frameworks.