

# **Dynamics of India-Korea Trade and Investment Relations**



**Rajiv Kumar**

**Pravakar Sahoo**

**Durgesh Kumar Rai**

# An Outline

- Introduction
- Macro economic structure and trends: India and Korea
- India and Korea in world trade
- Bilateral merchandise trade
- Analysis of Merchandise trade
- Trade in services
- Investment relations
- Trade and Investment barriers
- Areas of future cooperation



# Economies of India and Korea

- Presently, Asia has become growth centre of the world economy. Within the Asia India and South Korea are 3rd and 4th largest economies.
- Due to its outward oriented economic policy, adopted about 4 decades back, Korea has become one of the most integrated economies with global economy. Today, it is one among most advanced economies in the world.
- With beginning of economic liberalisation, in early 1990s, the pace of economic growth in India has increased tremendously. The economy has exhibited a growth rate of over seven percent during last five years.
- Today India is among the fastest growing economies in the world. And will be 3<sup>rd</sup> largest economy by 2050.
- Its integration with global economy is continuously rising. Its share in world trade has continuously been increasing during post economic reform years.
- To sustain the growth momentum India is actively engaged in various regional and bilateral economic agreements, including with Korea.



# Structure of Economy and Growth Trends: India

Sector	Growth Rates (Percent)							Share in GDP (As percent)						
	01	02	03	2004	2005	2006	2007 (1)	2001	2002	2003	2004	2005	2006	2007 (e)
<b>Agricul.</b>	6.3	-7.2	10.0	0.0	6.0	2.7	4.5	23.2	20.9	20.9	18.8	18.3	17.5	17.8
<b>Industry</b>	2.7	7.1	7.6	9.5	9.6	10.6	8.5	25.3	26.4	26.2	27.5	27.6	27.9	29.4
<b>Manufac.</b>	2.5	6.8	6.6	8.7	9.1	12.3		15.0	15.3	15.3	15.9	16.0	16.3	
<b>Services</b>	7.2	7.4	8.4	9.7	9.8	11.2	10.8	51.5	52.7	52.9	53.7	54.1	54.6	52.8
<b>GDP</b>	5.2	3.7	8.4	8.3	9.2	9.2	9.0	100	100	100	100	100	100	100

Source: WDI 2008 and World Fact Book



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## Structure of Economy and Growth Trends: Korea

Sector	Growth Rates							Share in GDP						
	01	02	03	2004	2005	2006	2007 (e)	2001	2002	2003	2004	2005	2006	2007 (e)
<b>Agricul.</b>	1.12	-3.5	-5.26	9.16	0.14	-2.6		4.5	4.1	3.4	3.8	3.8	3.3	3.2
<b>Indust</b>	3.14	6.45	6.06	8.81	5.66	4.99		39.2	38.5	40.3	39.1	40.7	39.6	39.6
<b>Manufa.</b>	2.16	7.6	5.52	11.1	7.0	8.39		27.6	26.9	28.4	26.4	28.6	27.8	
<b>Services</b>	4.84	7.84	1.55	1.92	3.02	4.16		56.3	57.5	56.3	57.2	55.6	57.2	57.2
<b>GDP</b>	3.84	6.97	3.1	4.73	3.9	4.99	4.9	100	100	100	100	100	100	100

Source: WDI 2008, World Fact book



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# India-Korea in the World Economy

Indicators	India					South Korea				
	1991	2001	2005	2006	2007	1991	2001	2005	2006	2007
Share in World Merchandise Exports	0.5	0.7	1.0	1.0	1.1	2.1	2.4	2.7	2.7	2.7
Share in World Merchandise Imports	0.6	0.8	1.3	1.4	1.5	2.3	2.2	2.4	2.5	2.5
Share in World Services Exports	0.6	1.1	2.2	2.7	2.5 (1)	1.1	1.9	1.8	1.8	1.9 (1)
Share in World Services Imports	0.7	1.3	2.0	2.3	1.5 (1)	1.3	2.1	2.4	2.6	2.8 (1)

Source: UNCTAD

Note (1): Estimated figures



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# India-Korea in the World Economy

Indicators	India				Korea			
	1991	2001	2005	2006	1991	2001	2005	2006
Exports (goods & services) as % GDP	8.5	12.7	20.3	22.9	26.3	37.8	42.2	43.2
Imports(goods & services) as % GDP	8.5	13.6	23.2	25.8	28.9	35.5	39.9	42.1
External balance (goods & services) as % GDP	0.00	-0.89	-2.96	-2.83	-2.66	2.29	2.36	1.10
FDI (net inflow) as % GDP	0.03	1.14	0.83	1.91	0.38	0.73	0.80	0.41

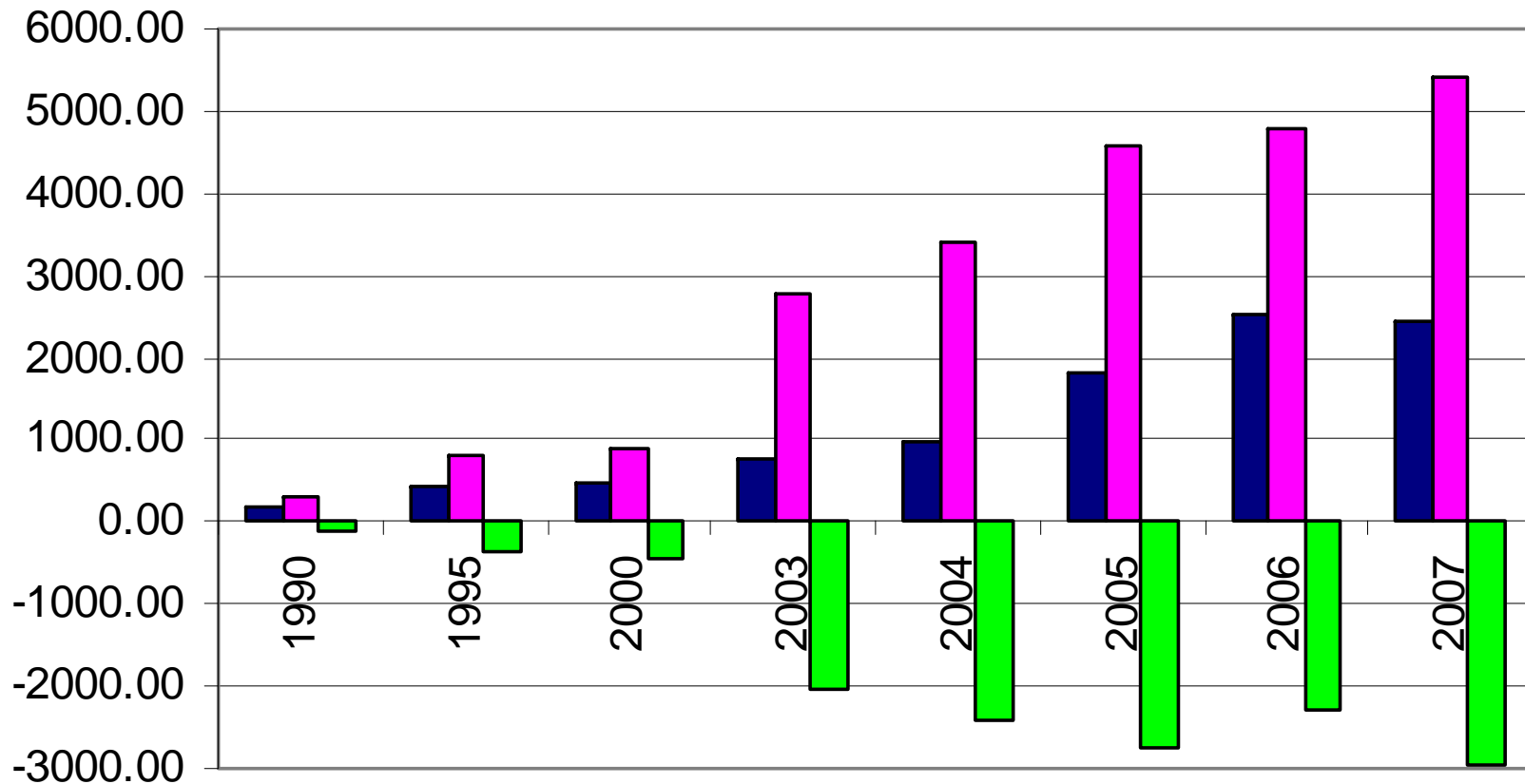
Source: WDI 2008



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# India-Korea Bilateral Trade (Merchandise)

Indian Exports to and Imports from Korea (Milion US\$)



Source: WITS Database

■ Export ■ Import ■ Trade Balance



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# India's top 10 export commodities to Korea

Rk	2007	2000	1995	1990
1	Mineral fuels, oils & product of th (27.6)	Cotton.(28.65)	Cotton.(20.51)	Ores, slag and ash.(40.07)
2	Ores, slag and ash. (12.9)	Residues & waste from the food indust; prepr a(10.22)	Residues & waste from the food indust; prepr a(18.97)	Cotton.( 17.40)
3	Organic chemicals .(9.2)	Organic chemicals.(7.82)	Ores, slag and ash.(10.84)	Organic chemicals.( 7.66)
4	Residues & waste from the food indu (7.9)	Ores, slag and ash.(6.97)	Organic chemicals.(10.20)	Aluminium and articles thereof.( 4.39)
5	Iron and steel. (7.5)	Iron and steel.(5.53)	Iron and steel.(6.66)	Tanning/dyeing extract; tannins & derivs; pigm(3.90)
6	Cotton. (7.4)	Cereals(5.28)	Cereals(3.61)	Iron and steel.( 3.82)
7	Natural/cultured pearls, prec stone (5.2)	Raw hides and skins (other than furskins) and(3.47)	Tanning/dyeing extract; tannins & derivs; pigm(3.34)	Raw hides and skins (other than furskins) and(3.45)
8	Nuclear reactors, boilers, mchy & m (3.8)	Aluminium and articles thereof.(2.53)	Electrical mchy equip parts thereof; sound rec(2.03)	Salt; sulphur; earth & ston; plastering mat; l(3.05)
9	Articles of iron or steel. (1.8)	Tanning/dyeing extract; tannins & derivs; pigm(2.31)	Nuclear reactors, boilers, mchy & mech applian(1.63)	Beverages, spirits and vinegar.( 2.48)
10	Vehicles o/t railw/tramw roll-stock (1.4)	Electrical mchy equip parts thereof; sound rec(2.29)	Miscellaneous chemical products.(1.61)	Electrical mchy equip parts thereof; sound rec(1.76)



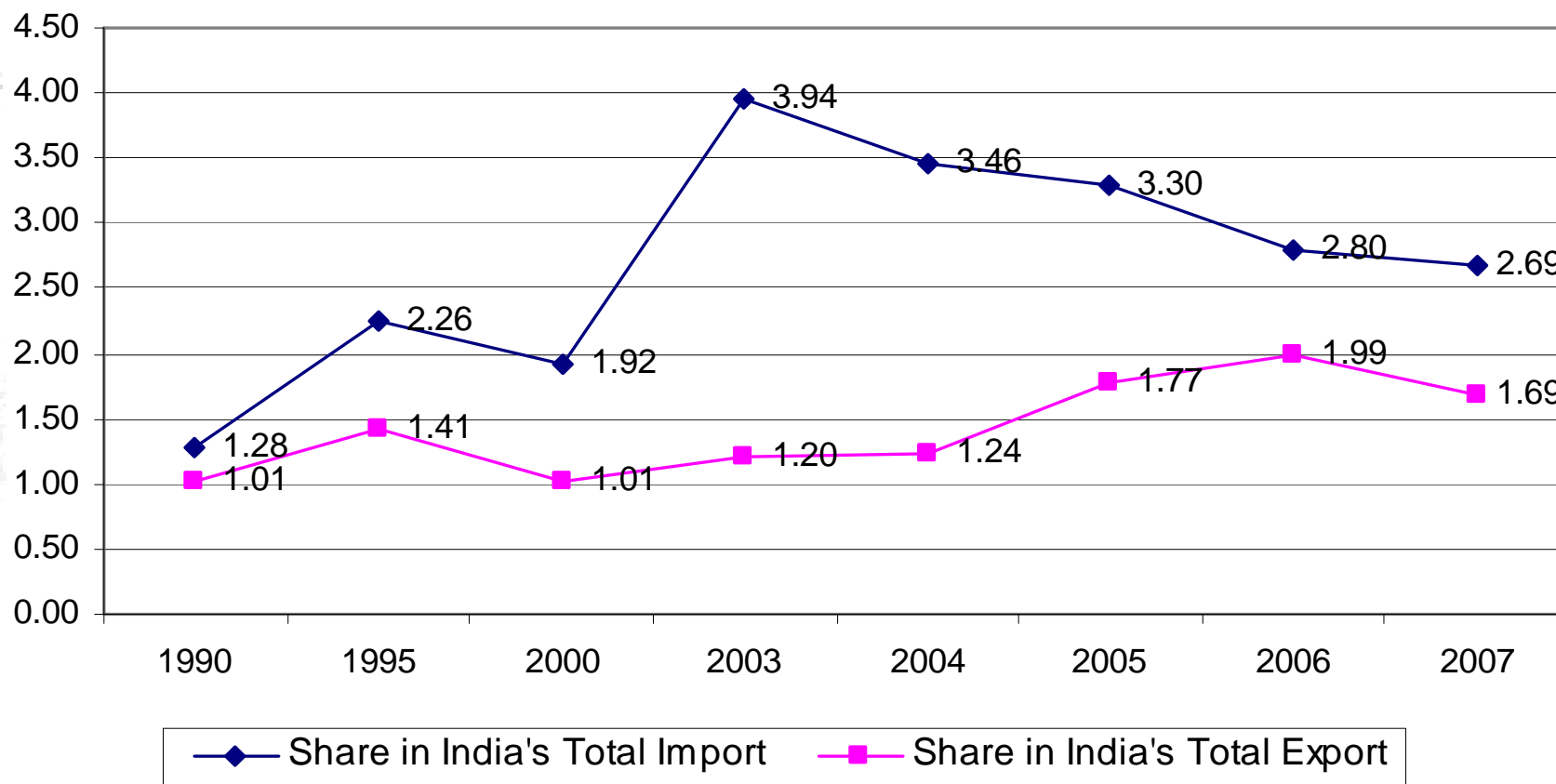
# India's top 10 Import commodities from Korea

Rank	2007	2000	1995	1990
1	Nuclear reactors, boilers, mchy & m (20.8)	Nuclear reactors, boilers, mchy & mech applian(18.39)	Plastics and articles thereof.(17.90)	Plastics and articles thereof.(17.91)
2	Electrical mchy equip parts thereof (15.9)	Electrical mchy equip parts thereof; sound rec(16.69)	Organic chemicals.(15.27)	Iron and steel.16.48)
3	Iron and steel. (14.6)	99 (14.48)	Nuclear reactors, boilers, mchy & mech applian(12.07)	Man-made filaments.(8.89)
4	Vehicles o/t railw/tramw roll-stock (8.9)	Iron and steel.(7.43)	99 (8.79)	Nuclear reactors, boilers, mchy & mech applian(8.84)
5	Mineral fuels, oils & product of th (8.4)	Plastics and articles thereof.(7.28)	Electrical mchy equip parts thereof; sound rec(7.76)	Electrical mchy equip parts thereof; sound rec(7.01)
6	Plastics and articles thereof. (5.0)	Organic chemicals.(5.66)	Iron and steel.(5.93)	Organic chemicals.(5.83)
7	Articles of iron or steel. (4.9)	Man-made filaments.(3.79)	Copper and articles thereof.(5.01)	Man-made staple fibres.(4.31)
8	Organic chemicals. (4.0)	Optical, photo, cine, meas, checking, precision(2.99)	Man-made staple fibres.(4.47)	Articles of iron or steel.(3.70)
9	Rubber ad articles thereof. (2.8)	Paper & paperboard; art of paper pulp, paper/p(2.47)	Vehicles o/t railw/tramw roll-stock, pts & acc(4.33)	Zinc and articles thereof.(3.17)
10	Optical, photo, cine, meas, checkin (2.1)	Rubber and articles thereof.(1.81)	Man-made filaments.(2.54)	Wool, fine/coarse animal hair, horsehair yarn(2.98)



# Korea Share in India's Trade

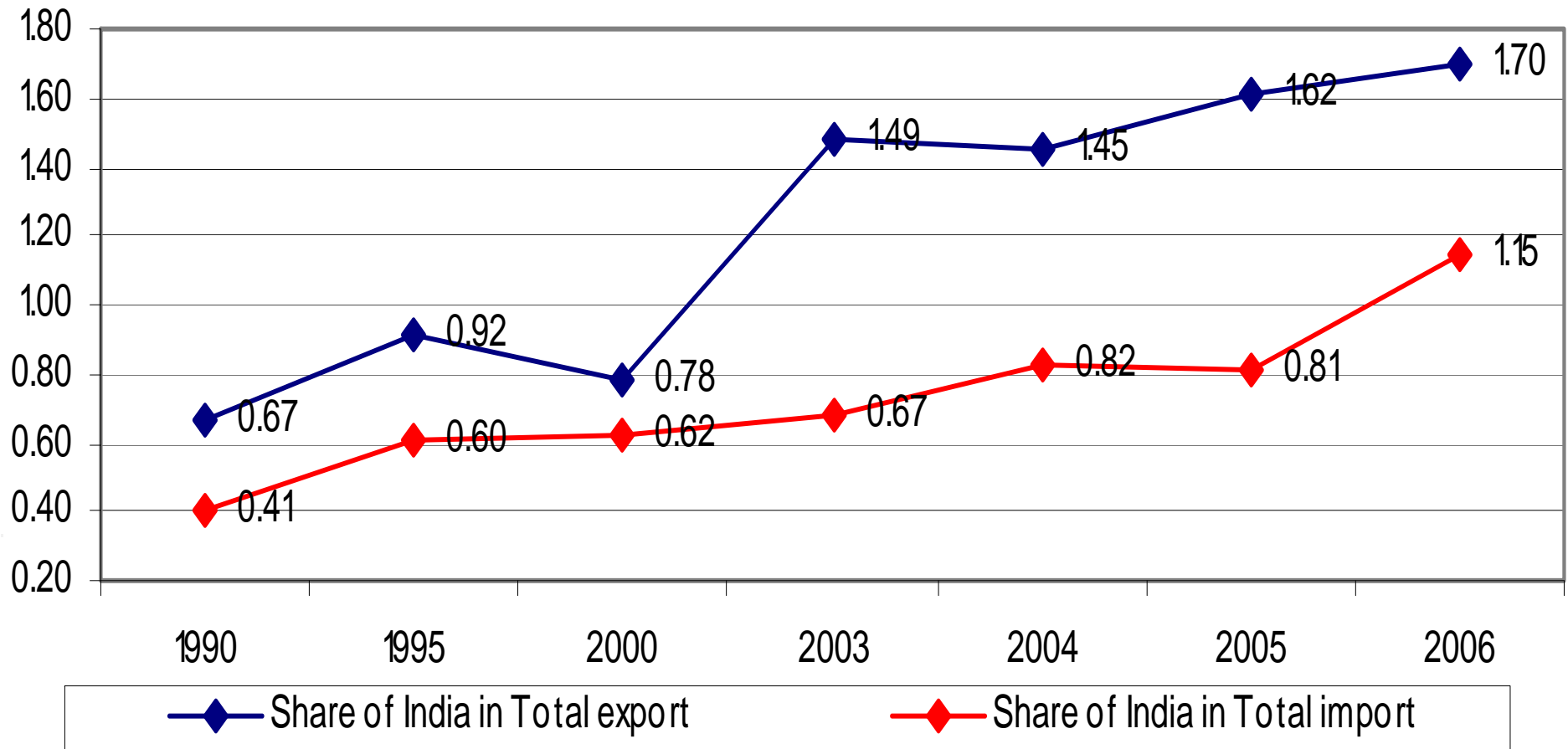
## Korea's Importance in India's External Trade



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# India Share in Korea's Trade

## Importance of India in Korea's Trade



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# India's IRCA

Number and share (in total exports) of the products with  $RCA > 1$

Year		1996-98	2005-07
Number of products	2 digit	39 (74.65)	42 (67.34)
	4 digit	311 (81.48)	440 (82.06)
	6 digit	1224 (86.86)	2024 (93.41)



# Korea's IRCA

## Number of the products with RCA>1

Year		1996-98	2005-06
Number of products	2 digit	26 (65.1)	20 (70.71)
	4 digit	246 (80.28)	205 (83.59)
	6 digit	870 (82.87)	797 (86.32)



# India's Bilateral RCA with Korea

Number and share (in total exports to Korea) of the products with  $RCA > 1$

Year		1996-98	2005-06
Number of products	2 digit	27 (86.61)	26 (89.89)
	4 digit	227 (93.76)	182 (90.22)
	6 digit	673(96.65)	668 (94.44)



# Korea's Bilateral RCA with India

Number and share (in total exports to India) of the products with  $RCA > 1$ :

Year		1996-98	2005-06
Number of products	2 digit	23 (63.43)	24 (85.75)
	4 digit	221 (86.08)	196 (87.78)
	6 digit	707 (91.83)	655 (92.09)



## India's IRCA in top 10 exporting commodities (2 digit)

1996-98				2005-07			
HSC ode	Product Description	Share in total exp	RCA	HS Code	Product Description	Share in total exp	RCA
71	Natural/cultured pearls, prec stone	15.66	<b>7.99</b>	27	Mineral fuels, oils & product of th	14.22	<b>0.99</b>
62	Art of apparel & clothing access, n	8.56	<b>4.85</b>	71	Natural/cultured pearls, prec stone	13.71	<b>6.02</b>
52	Cotton.	7.36	<b>11.43</b>	29	Organic chemicals.	4.57	<b>1.92</b>
10	Cereals	3.47	<b>4.51</b>	62	Art of apparel & clothing access, n	4.35	<b>3.01</b>
29	Organic chemicals.	3.30	<b>1.29</b>	84	Nuclear reactors, boilers, mchy & m	4.10	<b>0.34</b>
03	Fish & crustacean, mollusc & other	3.29	<b>5.28</b>	72	Iron and steel.	4.08	<b>1.30</b>
61	Art of apparel & clothing access,	3.27	<b>2.46</b>	26	Ores, slag and ash.	4.07	<b>4.32</b>
84	Nuclear reactors, boilers, mchy & m	3.12	<b>0.20</b>	85	Electrical mchy equip parts thereof	3.05	<b>0.19</b>
85	Electrical mchy equip parts thereof	2.52	<b>0.18</b>	52	Cotton.	3.01	<b>5.80</b>
42	Articles of leather; saddlery/harne	2.51	<b>5.85</b>	87	Vehicles o/t railw/tramw roll-stock	2.99	<b>0.41</b>



## Korea's IRCA in top 10 exporting commodities (2 digit)

1996-98				2005-06			
HS Code	Product Description	Average Share in total exp	Average RCA	HS Code	Product Description	Average Share in total exp	Average RCA
85	Electrical mchy equip parts thereof	25.37	1.85	85	Electrical mchy equip parts thereof	27.30	1.92
84	Nuclear reactors, boilers, mchy & m	10.26	0.64	84	Nuclear reactors, boilers, mchy & m	13.28	0.95
87	Vehicles o/t railw/tramw roll-stock	8.91	0.86	87	Vehicles o/t railw/tramw roll-stock	13.14	1.46
89	Ships, boats and floating structure	5.45	6.96	89	Ships, boats and floating structure	6.33	8.82
71	Natural/cultured pearls, prec stone	5.15	2.63	27	Mineral fuels, oils & product of th	5.98	0.45
54	Man-made filaments.	4.40	7.27	90	Optical, photo, cine, meas, checkin	4.94	1.51
39	Plastics and articles thereof.	4.13	1.25	39	Plastics and articles thereof.	4.87	1.44
72	Iron and steel.	4.01	1.73	72	Iron and steel.	4.40	1.55
27	Mineral fuels, oils & product of th	3.46	0.66	29	Organic chemicals.	3.81	1.43
29	Organic chemicals.	2.43	0.95	73	Articles of iron or steel.	1.68	0.94



## India's Bilateral RCA with Korea in top 10 exporting goods

1996-98				2005-06			
HS Code	Product Description	Average Share in total exp	Average RCA	HS Code	Product Description	Average Share in total exp	Average RCA
52	Cotton.	25.04	33.81	27	Mineral fuels, oils & product of th	31.55	1.72
23	Residues & waste from the food indu	20.02	51.48	26	Ores, slag and ash.	12.99	5.60
29	Organic chemicals.	11.30	2.92	52	Cotton.	10.10	20.69
26	Ores, slag and ash.	8.18	6.48	23	Residues & waste from the food indu	6.91	23.10
72	Iron and steel.	6.30	1.38	29	Organic chemicals.	6.90	1.76
32	Tanning/dyeing extract; tannins &	3.89	4.85	72	Iron and steel.	6.57	1.05
84	Nuclear reactors, boilers, mchy & m	2.28	0.13	71	Natural/cultured pearls, prec stone	3.21	3.96
76	Aluminium and articles thereof.	1.79	1.40	84	Nuclear reactors, boilers, mchy & m	2.65	0.21
85	Electrical mchy equip parts thereof	1.56	0.08	87	Vehicles o/t railw/tramw roll-stock	2.26	1.10
30	Pharmaceutical products.	1.50	3.39	74	Copper and articles thereof.	1.77	1.00



# Korea's Bilateral RCA with India in top 10 exporting goods

1996-98				2005-06			
HS Code	Product Description	Average Share in total exp	Average RCA	HS Code	Product Description	Average Share in total exp	Average RCA
84	Nuclear reactors, boilers, mchy & m	20.42	0.90	85	Electrical mchy equip parts thereof	30.64	2.98
29	Organic chemicals.	12.48	2.27	84	Nuclear reactors, boilers, mchy & m	16.47	1.19
39	Plastics and articles thereof.	11.30	4.60	87	Vehicles o/t railw/tramw roll-stock	10.29	6.63
85	Electrical mchy equip parts thereof	8.69	0.89	72	Iron and steel.	9.71	2.44
89	Ships, boats and floating structure	8.45	13.29	27	Mineral fuels, oils & product of th	6.44	0.31
72	Iron and steel.	6.90	1.82	39	Plastics and articles thereof.	5.25	2.33
87	Vehicles o/t railw/tramw roll-stock	5.64	3.07	29	Organic chemicals.	2.57	0.63
73	Articles of iron or steel.	5.09	2.39	89	Ships, boats and floating structure	2.11	7.54
74	Copper and articles thereof.	3.32	2.69	48	Paper & paperboard; art of paper pu	1.84	2.16
54	Man-made filaments.	2.34	8.09	73	Articles of iron or steel.	1.83	1.27



# Intra-Industry Trade Between India and Korea

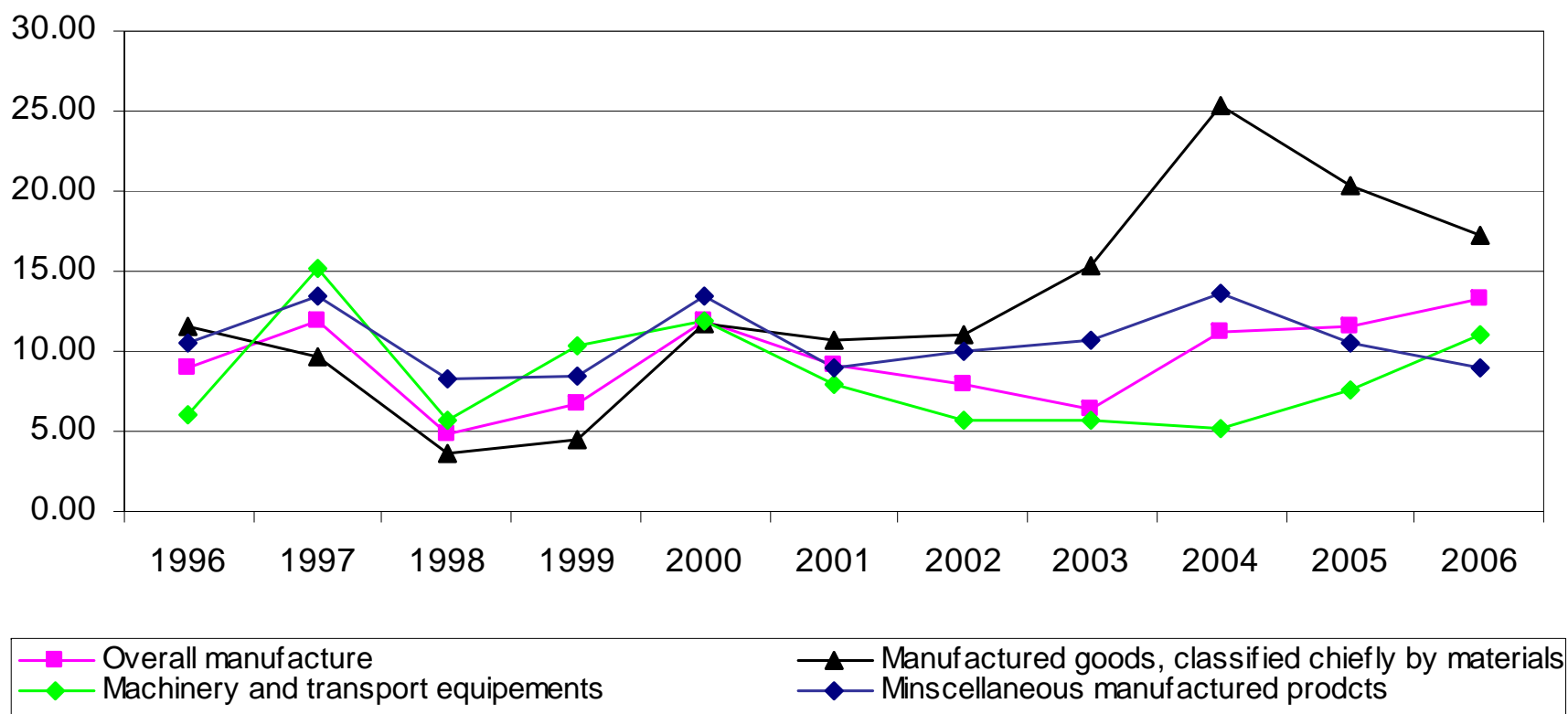
## India's Intra-Industry Trade Index with Korea in Different Sectors:

Sector	1996	2000	2002	2003	2004	2005	2006
Food and Live Animals	0.61	1.71	2.78	5.45	2.59	3.50	1.76
Beverages and Tobacco	0.00	0.00	5.38	0.88	0.24	0.04	5.79
Crudematerials,inedible except fules	24.50	28.96	25.61	30.16	17.55	14.88	15.39
Minral fuls, lbricnts and rlted mtrials	1.97	6.20	2.92	5.00	1.87	0.37	72.18
Animal and vegetable oils	17.31	2.88	10.25	51.98	19.96	20.36	10.46
Chemical and related products	<b>38.74</b>	<b>57.36</b>	<b>55.15</b>	<b>41.71</b>	<b>49.76</b>	<b>53.94</b>	<b>61.72</b>
Mnfctrd goods, clsfd chiefly by materials	59.88	57.64	48.05	61.48	58.54	47.48	43.72
Mchinry and trnsprt equipements	<b>10.04</b>	<b>12.16</b>	<b>6.36</b>	<b>3.06</b>	<b>5.71</b>	<b>7.62</b>	<b>11.45</b>
Mslaneous mnufactured prodcts	<b>33.13</b>	<b>25.93</b>	<b>16.10</b>	<b>15.85</b>	<b>17.61</b>	<b>15.39</b>	<b>30.42</b>
Commodities and transactions not classified elsewhere in the SITC	7.31	5.92	16.12	21.84	48.53	34.23	4.31



# Intra-Industry Trade Between India and Korea cont.....

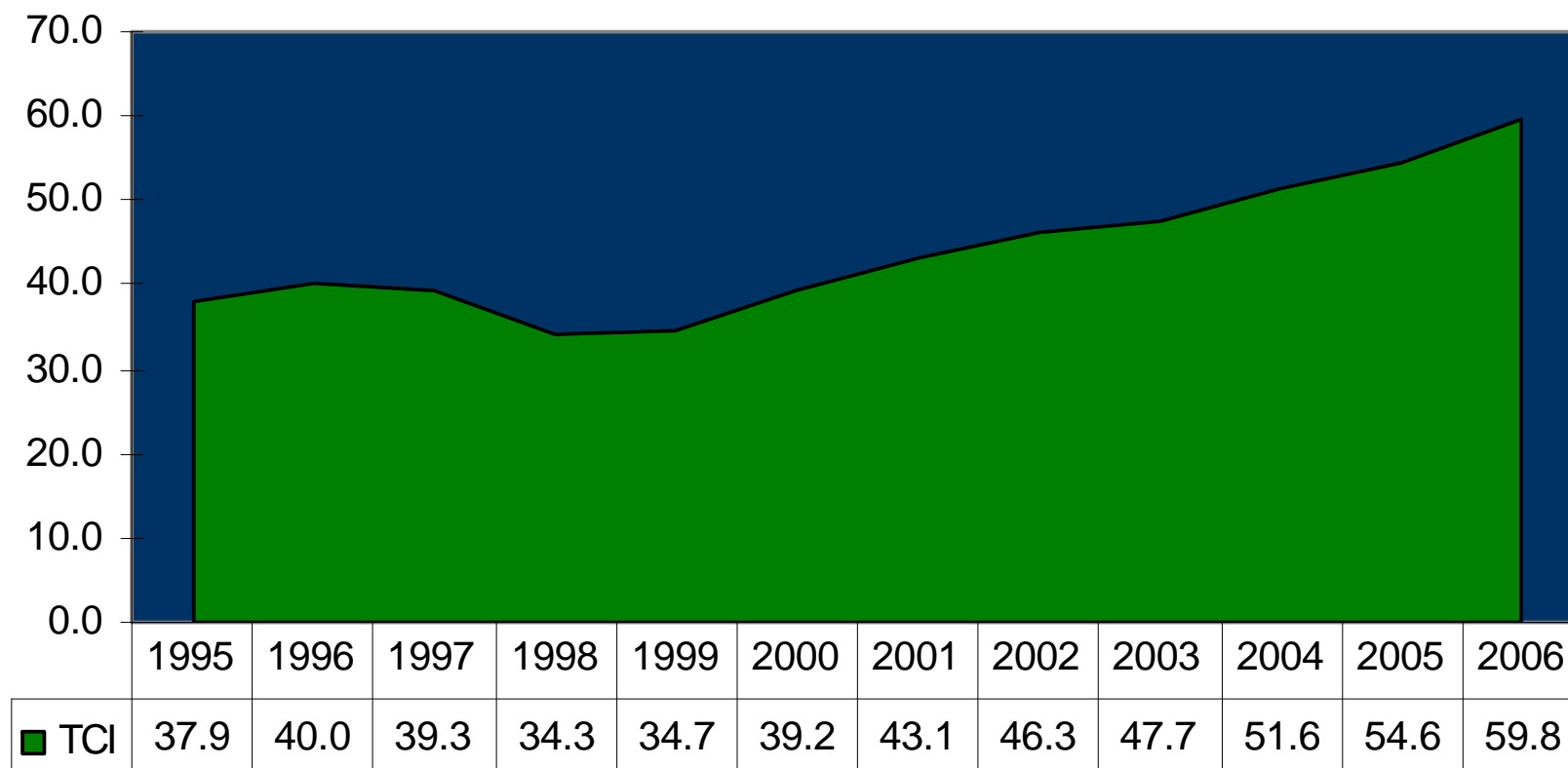
## Intra-Industry Trade in Manufacturing



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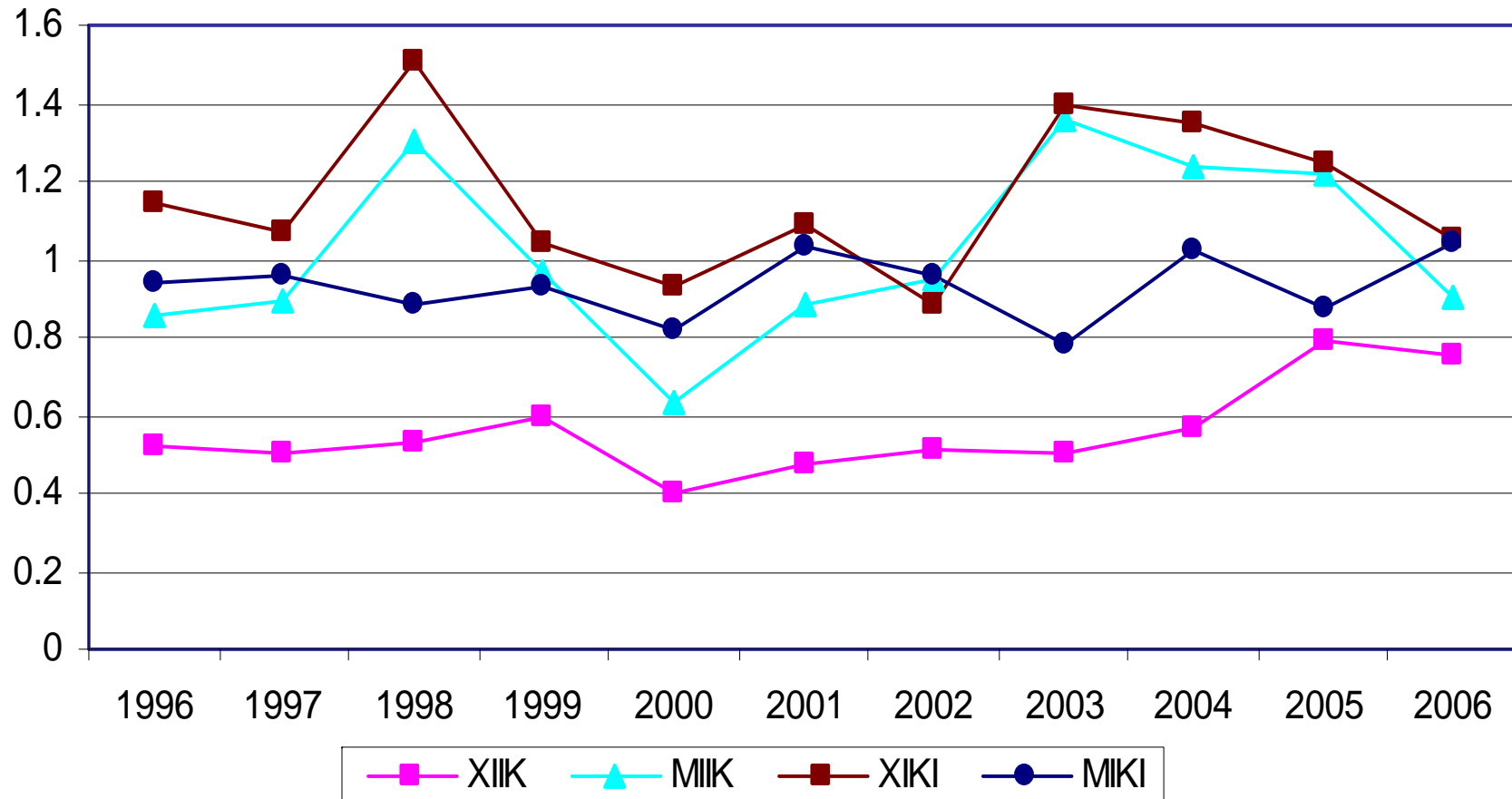
# Trade Complementarity between India and Korea

## India's TCI with Korea



# Trade Intensity between India and Korea

## Export and Import Intensity Indexes of India and Korea with Eachother



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## Trade in Services: India and Korea conti.....

		2000	2001	2002	2003	2004	2005	2006	2007
<b>World Exports (US\$ billion)</b>		1478.4	1481.8	1593.8	1829.3	2209.9	2473.4	2777.9	3291.5
<b>Exports (US\$ billion)</b>	India	16.0	16.8	19.1	23.1	37.2	54.4	72.8	89.7
	Korea	29.7	28.1	27.3	31.7	40.5	43.7	48.3	61.5
<b>RoG (y-o-y) of exports (%)</b>	India	-	5.0	13.7	20.9	61.0	46.2	33.8	23.2
	Korea		-5.4	-2.8	16.1	27.8	7.9	10.5	27.3
<b>Share in World Exports (%)</b>	India	1.1	1.1	1.2	1.3	1.7	2.2	2.6	2.7
	Korea	2.0	1.9	1.7	1.7	1.8	1.8	1.7	1.9

**Source:** International Trade Statistics, WTO, various issues.



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# Trade in Services: Structure of Exports

	Services Exports (\$ billion)			Transport			Travel			Others Services		
				As % of Services			As % of Services			As % of Services		
	1990	1996	2006	1990	1996	2006	1990	1996	2006	1990	1996	2006
<b>World</b>	863,472	1,34,7537	2,830,333	28.4	25.50	23.22	34.9	32.49	27.6 2	38.5	-	-
<b>India</b>	4624.9	7238.4	75354.2	20.8	27.5	10.1	33.7	39.1	11.9	45.6	33.4	78.0
<b>South Korea</b>	9636.9	23412.3	51873.4	33.0	37.4	49.8	32.8	20.8	10.3	34.2	41.7	39.9

Source: UNCTAD, Handbook of Statistics, 2008



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## Summary of the Trade Analysis

- The export and import compositions for both the countries have undergone changes in recent years, particularly in last 5 years.
- RCA analysis explains both horizontal and vertical export diversification for India.
- Natural & cultured pearls and Mineral products are the top exporting commodities from India in recent years.
- Some new products like organic chemicals, nuclear reactors etc exhibit high comparative advantages and also share in total exports during last one decade. However, India is losing its advantages and share in cotton.
- Some of top exports to Korea with high BRCA value are Mineral fuels, Ore, lags and ash. Cotton etc.



## Summary of the Trade Analysis cont.....

- For Korea, the number of products being exported, at 2, 4 and 6 digit levels, with comparative advantage has been decreasing ( $RCA > 1$ ) but their share in total exports to the world and to India has increased that explains Korea is specializing in few products.
- Some of the top exports with high value of RCAs to India and World markets are: electrical machinery, ship-boats-floating structures, vehicles etc.
- In most of the top export commodities, the value of BRCA have been higher than IRCA. This indicates that Korean have high comparative advantage in in Indian Market than in the rest of the world.
- Both the countries have been improving their share and competitiveness in certain similar commodities such as steel, organic chemicals, natural/cultured pearls, mineral fuels etc. We also find high intra-industry trade in these products.



# Summary of the Trade Analysis cont.....

- The IIT analysis reveals high and growing degree of intra-industry trade in product groups like chemicals and manufactured goods.
- TCI continues to rise explaining complementarity in trade and prospect for successful trade agreements.
- Exports intensity reveals India's exports to Korea is below the world on average where Korea's exports to India is above world average.
- India's import intensity shows high fluctuations but Korean imports from India have been equivalent to its average imports from world.
- Due to increasing share in GDP and tradability, services have become prominent in export basket of many countries including India and Korea.
- In 2007, India was the 9th largest exporter and 13th largest importer of commercial services in the world. On the other hand Korea was 18th largest exporter and 11th largest importer in the world.



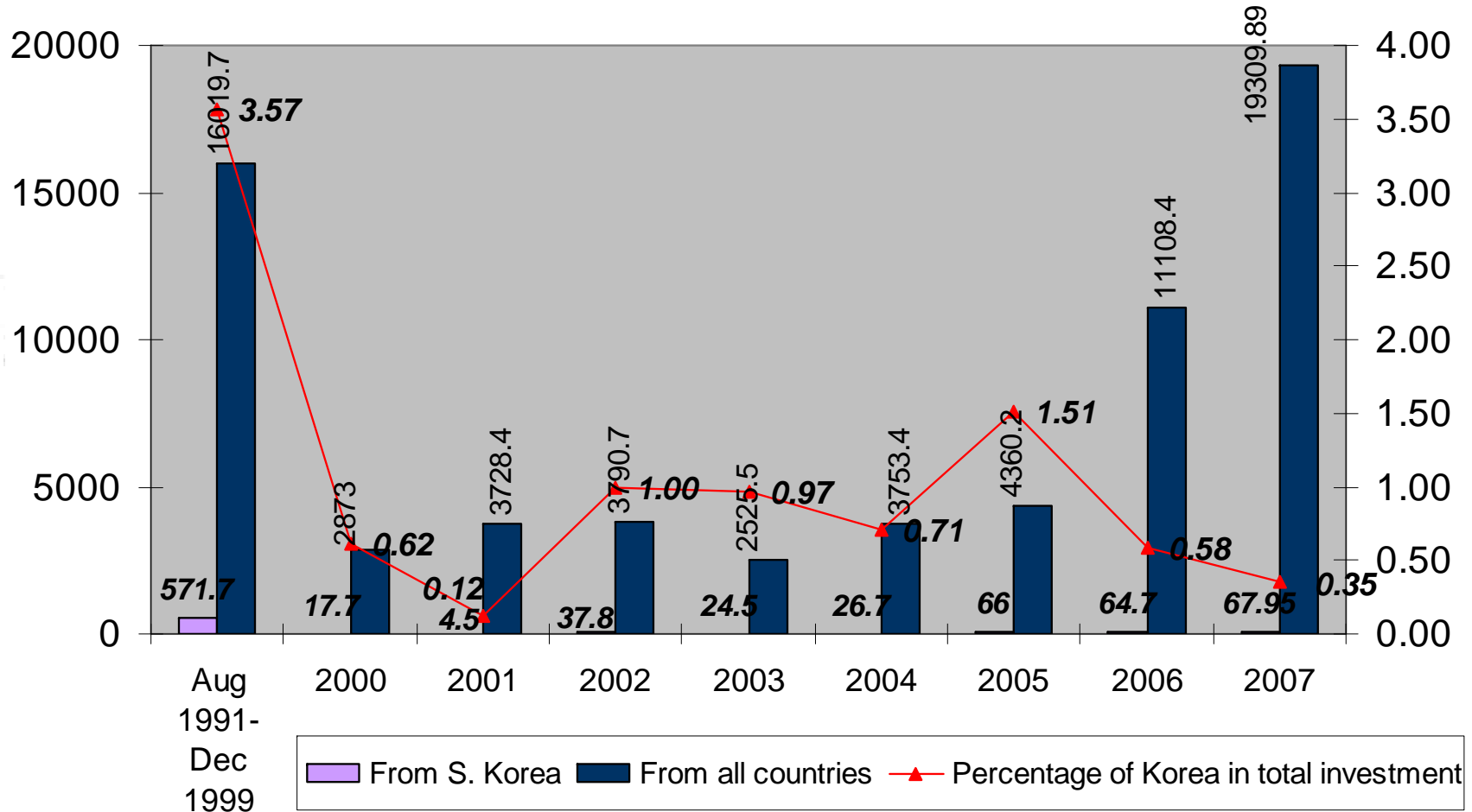
# India-Korea Investment Relations

- South Korea ranks 9th in the actual Cumulative FDI inflows into India and it ranks 5th in FDI approvals
- Many Korean companies such as LG, Samsung and Hyundai started entering into the Indian market and have become household names.



# India-Korea Investment Relations

Year wise FDI inflow in India (Amount in US \$ million)



# India-Korea Investment Relations Conti.....

## Top Sectors Attracting FDI from Korea

FDI Inflows			FDI Approvals	
Rank	Sector	% in Total	Sector	% in Total
1	Electrical equipments	41.49	Transportation Indu.	38.16
2	Metallurgical Indu.	26.13	Fuels (Power & oil refinery)	32.46
3	Food processing	9.81	Electrical equipments	10.62
4	Transportation Indu.	6.69	Chemicals	6.09
5	Industrial Machinery	1.69	Commercial, Office & Household Equip.	3.94



# Trade and Investment Barriers: India

## Trade Barriers in India

- According to the WTO, India is one among the countries with highest tariff rates though applied tariff rate (16.4 percent in 2005) is far below the average bound rate (34.9 percent).
- Korea's top exports such as Vehicles, rail, and tram (weighted rate of 18.8 % with maximum rate of 100%) and Iron and steel (weighted average 20%) face high tariff rates.
- India's high tariff rates in agriculture affects exports of Korean products like cuttle fish.
- Complex tariff structure, multiple exemptions and Lack of official publication in India require extensive documentation and time.



## Trade and Investment Barriers: India conti.....

- Non-transparency and unpredictability in unofficial policy. For instance, unofficial policies of revising edible oil reference prices once every two weeks.
- Some products can be imported from only designated ports. For example, motor vehicles.
- Imports of certain products, like electrical appliances are subject to license from Bureau of Indian Standards (BIS). For this BIS needs to first inspect the production facility and then give the license to the exporter. According to some foreign companies, licensing and inspection cost imposed on them is very high.



# Trade and Investment Barriers: India conti.....

## Investment Barriers

- Still ceiling on foreign ownership in sectors like retail, agriculture, and railways etc .
- Government's stringent and nontransparent regulations which include acquisition of land, hiring and labour management, credit retrieval, local financing, Customs and clearance procedure and Visa related problems
- Other barriers include political interventions, poor infrastructure, increase in production cost, labour disputes and implementation of technical regulations and standards.
- Concerns regarding India's notification process for amendments of certain regulations without providing an opportunity for prior public comment, as required by WTO obligations.
- India's enforcement efforts against copy right piracy are weak.



# Trade and Investment Barriers: India conti.....

## Barriers in Services trade

- Non-transparency and biasness in government procurement practices and procedures, tax holidays to exporters in export oriented units and Special Economic Zones (SEZs), ambiguity in India's patent law regarding the scope of patentable inventions.
- Nationality or residency requirements
- Cumbersome bureaucratic procedure and Biasness in award of projects
- Compulsory registration with local specific service provider associations
- Lack of fear of government action and a clogged judicial system where cases can linger for several years.



# Trade and Investment Barriers: Korea

## Barrier to Trade in Goods

- Korea maintains high tariffs on several products including agricultural and fishery products, which are of India's interest. Use of adjustment tariffs and compound taxes on some agricultural, fishery and plywood products.
- India's top exports such as art of apparel & clothing access (weighted average on 25.9 %) and Lac; gums, resins & other vegetable face high tariff rates in Korea
- Tariffs on Textile and apparel products such as man made fibers and yarns, many fabrics is relatively high



## Trade and Investment Barriers: Korea conti.....

- Korea has established tariff-rate quotas (TRQs) to provide minimum access to previously closed markets, or to maintain pre-Uruguay round access. Over-quota tariff rates are prohibitive and very high. For instance, barely is subject to an over-quota tariff rate of 324 percent; malting barely, 513 percent; potatoes and potato preparations more than 304 percent, etc.
- Burdensome standards, technical regulations and conformity assessment procedures. These barriers mainly restrict the exports of food items that are of India's interest.
- All imported functional cosmetics are subject to an import review process by the Korean Pharmaceutical Trade Association (KPTA) which includes competitor manufacturers. ;
- Non-transparent and rigid labeling requirements with frequent changes.



# Trade and Investment Barriers: Korea conti.....

## Barriers in Services Trade

- Screen and broadcast quotas for domestic films. Restrictions on voice-overs, (dubbing) and local advertising or foreign re-transmission channels.
- Lack of transparency in regulatory system and mechanism to raise concerns regarding same and market access issues in financial sector.
- Prohibition on foreign satellite service providers from selling services directly to end users.
- High threshold for procurement of construction services by sub-central and government enterprises, government assistance to targeted industries, like semiconductor industry through its industrial policies.
- Other barriers include Weak legal regime to protect intellectual property and data protection; Issues related to its Copyright Act and burdensome and detailed product information requirements to get registration and certificates.



# Area's of Future Cooperation

- **Cooperation in IT sector:** strong hardware industry in Korea and India is world recognized for software industry
- **Science and Technology:** India is endowed with well educated S&T personal and Korea has resources
- **Pharmaceutical Industry:** India has both R&D facilities and human capital to leverage upon. On the other hand, Korea is focusing on R&D in pharmaceutical sector
- **Broadcasting:** India is well recognized for its content. Korea is specialized in drama, digital and mobile broadcasting technologies.
- **Tourism:** strong ancient historical and cultural linkages- Buddhism
- **Construction and Related Services:** India requires both capital and technology, Korea has reputed construction companies with strong technological capability.
- **Human Resource Development:** Share of productive age group in India is rising, Korea: aging population
- **Healthcare**





*Thank You*



Indian Council For Research On International Economic Relations