

Two-way Trade Targeted to Touch \$ 10 billion

Korea can help India emerge as a manufacturing hub



Hyo Choon Yoon

If there is one country, whose products have a high market visibility besides being very popular with the consumers, it is Korea. The very mention of the name conjures up in one's mind, images of Samsung mobiles, LG washing machines and Hyundai cars. Of course, the Asian Tiger manufacturers many more products. **Hyo Choon Yoon**, Director General, Korea Trade-Investment Promotion Agency, sharply identifies what India, at this juncture of economic progress needs most. The country's manufacturing industry needs support. And Yoon is confident that Korea can provide it.

Could you trace the history of trade relations between India and Korea?

The trade relation between India and Korea goes back to 1960s'. Its been more than 40 years since we have been trading with India. However, some major changes in trading relations had taken place in the late 90s. By which time three major Korean companies, LG, Hyundai Motors and Samsung Electronics had forayed into the Indian market. Presently, LG holds the number one position in the white goods market, while, Hyundai is the number two brand in the automobile sector. As a result of this, we have been able to lap up a sizeable amount of the increase in investments since the late 90s. So, the trade volume between India and Korea stands at \$6 billion until 2nd Jan 2005. Out of which Korea's export to India accounts for \$4.1 billion and import of \$1.9 billion. Which means, in comparison to the trade last year, an increase of 25.4 per cent has been recorded in Korea's export to India and 13.5 per cent increase in Korea's import from India.

So, according to the last year's projection,

\$ 6.6 billion will be the total trade by the end of this financial year. India is Korea's 11th export market, while Korea is India's 26th export market. The export items from Korea include motors, mobile phones and industrial goods. Korean exports mainly are technology intensive items. India's exports include food, agro and fishery products. I expect the trade volume to reach \$10 billion in the next five years. We should a the Closer Economic Partnership Arrangement (CEPA) with India. This includes the exchange of labour, and service industry. I expect it to happen by end of this year. Hyundai motors has its factory in Chennai and they are the highest taxpayers in Tamil Nadu. They have a great production capacity, which was 2.5 lakh units per annum which has now escalated to 4 lakh units per annum. So, it means trade is going to be doubled.

What are the emerging areas of trade between India and Korea?

These days more and more factories are emerging in India. Industrial-based materials can be supplied by Korea. Up





until now the main stream of trade has been investment-based items. It has been my observation that the Indian manufacturing industry has not been performing that well, which the Indian government has assessed and is now focusing on it. And Korea can be a manufacturing support for India.

Could you name a few of the success stories of the Korean companies?

The success of the Korean companies lies in the fact that they have not entered into any collaborative efforts such as joint ventures like LG, Samsung and Hyundai and have progressed on their own. There is some shortcomings on the part of Korean and Indian businessmen which have to be addressed. Posco, the Korean steel giant has made major investments to the tune of \$15 billion in the Indian state of Orissa. If the investment increases further, Korea will be the largest investor in India. The production capacity of its steel plant will then go up to five million tones.

So, what in essence is the Korean Business all about?



Aggressive management and delivering in time in spite of the difficulties faced.

How many Korean companies have invested in India?

There are more than 50 Korean companies that have invested in India. More than half are suppliers to the big three companies - LG, Samsung and Hyundai. The others are doing their own business in automobiles and electronics. Air conditioners require a lot of spare parts. Presently, the core parts of air conditioners come from Korea, although, there are also some Indian companies who manufacture it in India. So, the industry has a lot of scope to grow.

How has been your experience of working in India?



I came to India in 2003. I started of being the Director for our office in Chennai. After spending nine months there, we shifted the office to Mumbai. We come under the Ministry of Commerce in Korea promoting trade and two-way investments. From the Indian side there has been good investments from Tata Motors in Korea. The move to come to Mumbai was my initiative. This is my third position. I have served four years in Romania and three years in Hong Kong in my previous assignments.

What do you expect from the Trade Commissioners Forum (TCF)?

We all are in the same boat and we have the same destination. The difference lies in our activities. But I eagerly participate in all the meetings of the TCF. Last year we were there at the Pune Expo. It is a unique exposition. So, I have lot of expectation from the TCF. ■