One Belt One Road and Indo-Korea Economic Cooperation

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Outline

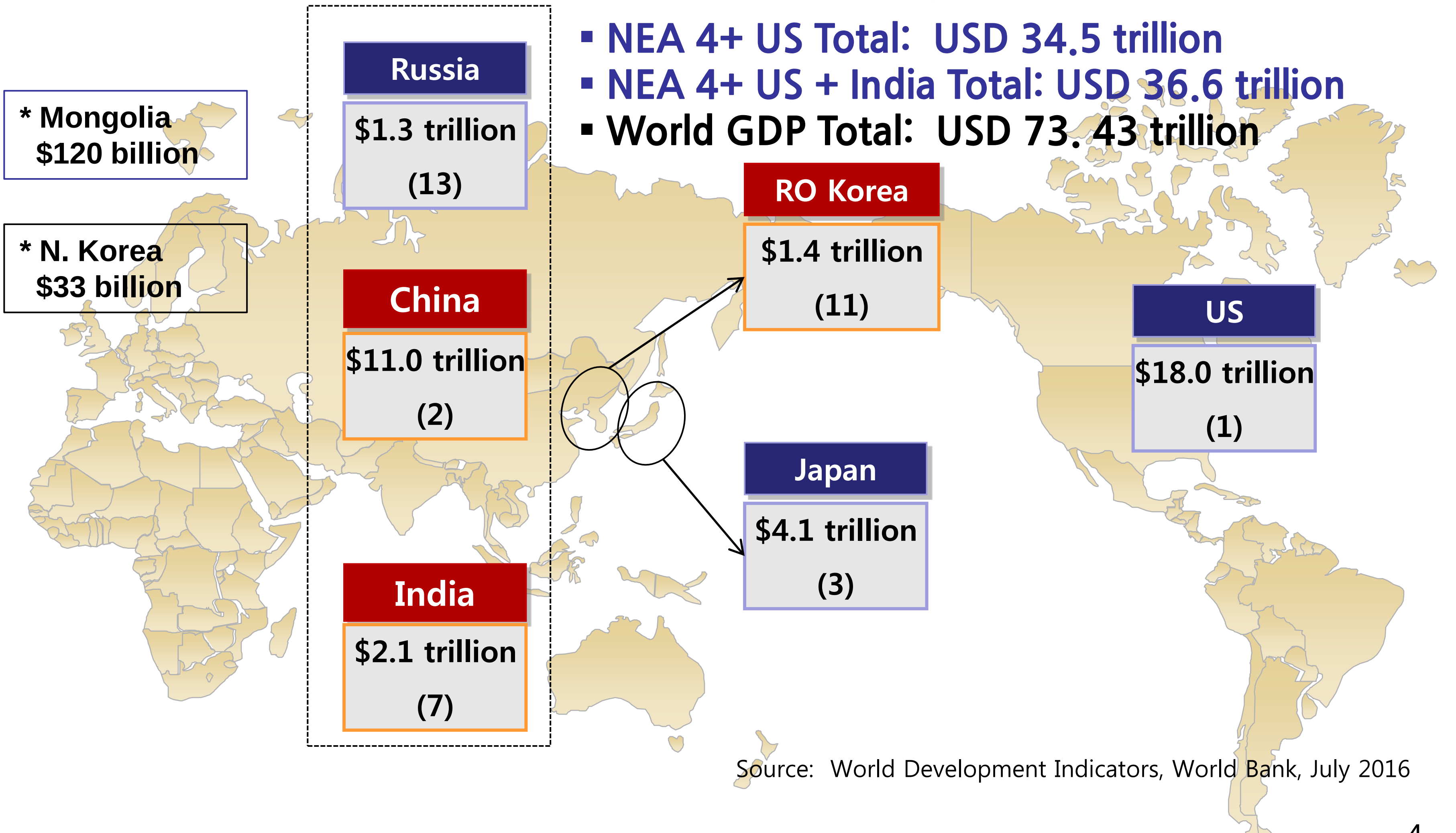
Ⅰ	India and Korea in Asian Economy
Ⅱ	One Belt One Road : Korean Perspective
Ⅲ	Implications for Indo-Korean Cooperation

I	India and Korea in Asian Economy
II	One Belt One Road : Korean Perspective
III	Implications for Indo-Korean Cooperation

Ⅰ. India and Korea in Asian Economy

Major Asia-Pacific Economies in the World (2015) * nominal basis

- NEA 4+ US Total: USD 34.5 trillion
- NEA 4+ US + India Total: USD 36.6 trillion
- World GDP Total: USD 73. 43 trillion



Source: World Development Indicators, World Bank, July 2016

Ⅰ. India and Korea in Asian Economy

Shifting the global economic center of gravity towards Asia: Trade

World's Top 10 exporters, merchandise

Rank	Country	Total($bn)	
		2014	**2015**
1	**China**	2,342	**2,275**
2	USA	1,620	1,505
3	Germany	1,507	1,329
4	**Japan**	683	**625**
5	Netherlands	582	567
6	**Korea, R. O**	528	**527**
7	**Hong Kong, China**		**511**
8	France	572	506
9	United Kingdom	497	460
10	Italy	524	459

World's Top 10 importers, merchandise

Rank	Country	Total ($bn)	
		2014	**2015**
1	USA	2,412	2,308
2	**China**	1,959	**1,682**
3	Germany	1,215	1,050
4	**Japan**	822	**648**
5	United Kingdom	--	626
6	France	-	573
7	**Hong Kong, China**	525	**559**
8	Netherlands	587	506
9	**Korea**	525	**436**
10	Canada	475	436

India: the 19th largest exporter($267bn) and 13th largest importer($329bn) in 2015

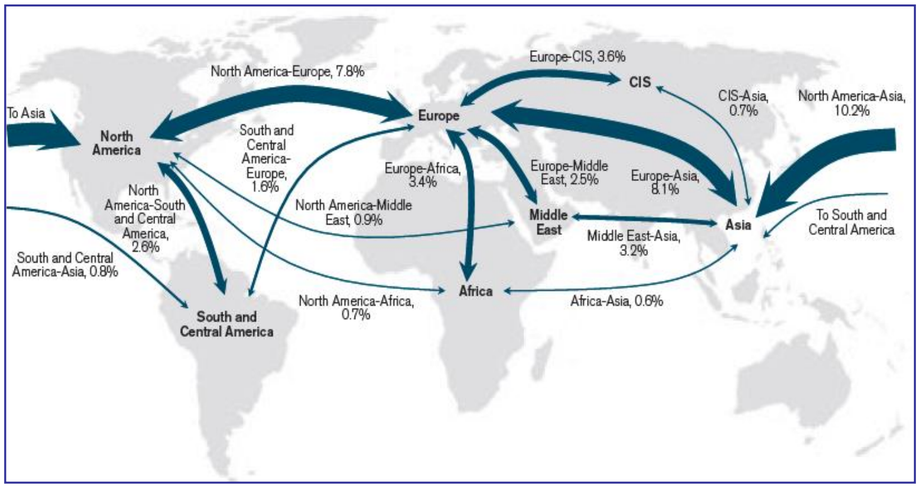
Ⅰ. India and Korea in Asian Economy

I. Asia in World Economy

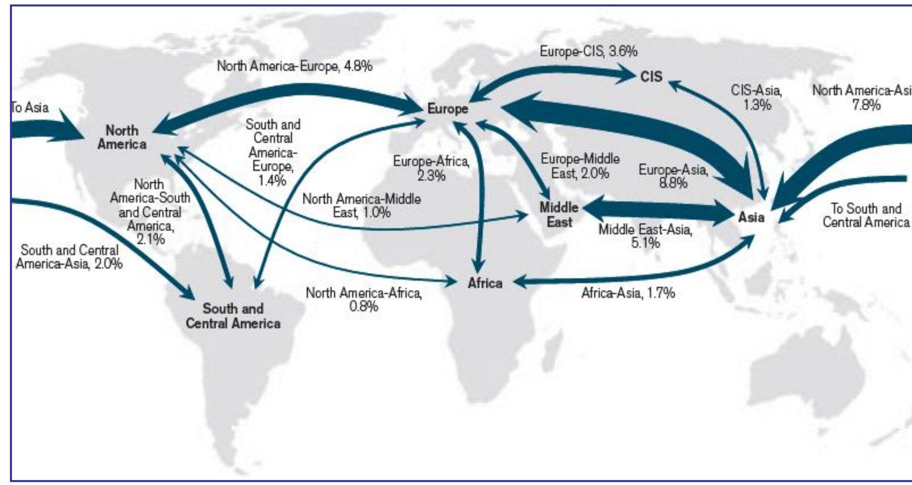
Shifting the global economic center of gravity towards Asia: Trade flows

■ **From '09 to '29, Asia-linked trade flows are projected to increase more than 3.6 times**

Regional Share of World Trade, 1990



Regional Share of World Trade, 2011



Inter-regional	1990		2011
N.A -Asia	10.2%		7.8% (-2.4)
Euro-Asia	8.1%		8.8% (+0.7)
M.East-Asia	3.2%		5.1% (+1.9)
Africa-Asia	0.6%		1.7% (+1.1)

Ⅰ. India and Korea in Asian Economy

Growth of the Middle Class & Urbanization

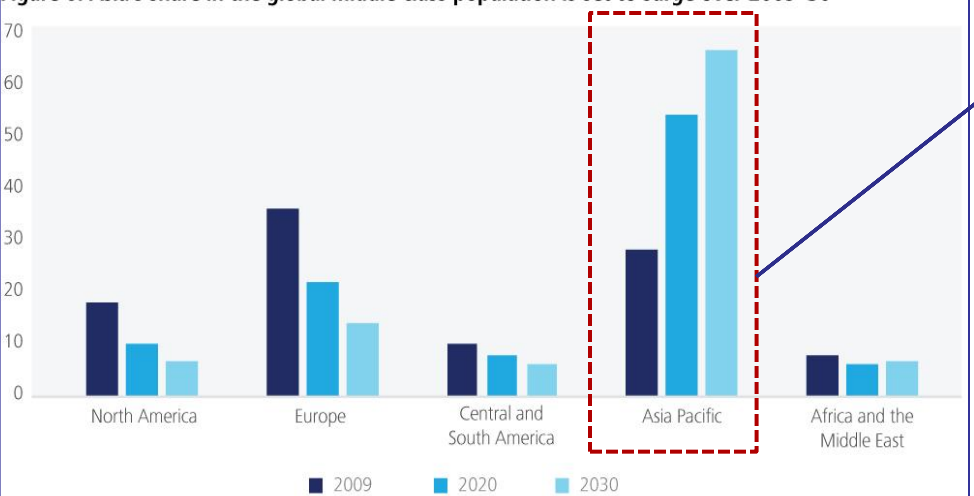
- **"Intra-Asia is far bigger than we previously thought"** - Tim Wickman, CEO, Maersk Group's MCC Transport Unit

  - led by swelling middle classes, continuing economic growth, ability to continue exports at competitive prices

- **Annual economic growth rate: 5.5~6.5% range & Intra-Asia trade, focused around China, will remain the single-largest trading region** (HIS, 2015)

Asia's share in the global middle class 2030

Figure 6. Asia's share in the global middle class population is set to surge over 2009–30



Source: Brookings Institute, OECD, Deloitte Services LP economic analysis. Graphic: Deloitte University Press | DUPress.com

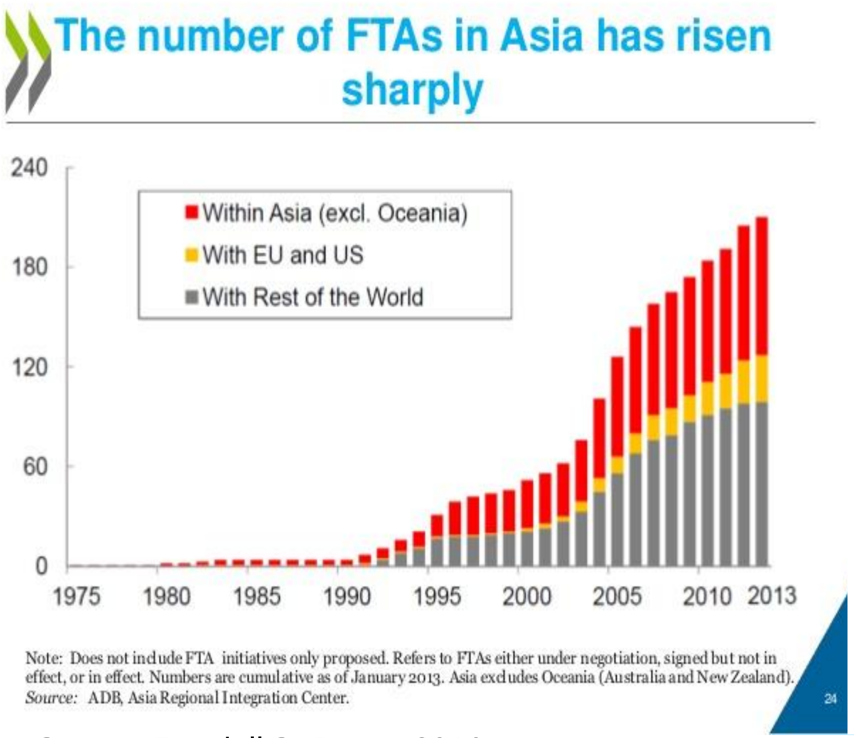
- By 2030, the middle class population in Asia-Pacific region: rise over 60%
- By 2050, India will add 404 mil urban dwellers, China 292 mil.

Source: Btookings Institute, OECD, Deloitte Services, 2015

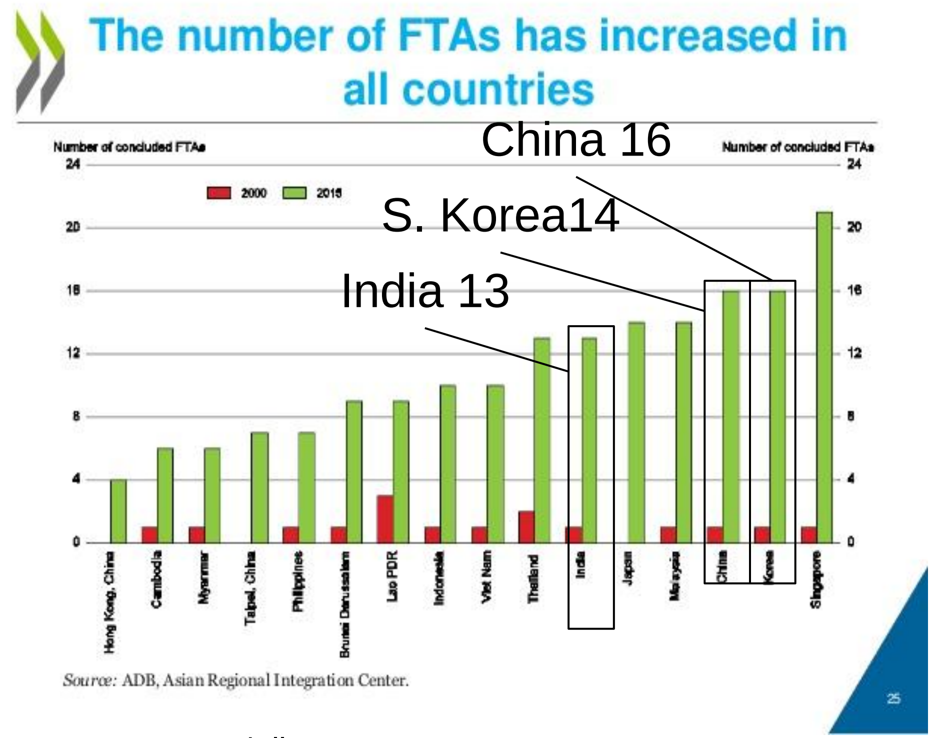
Ⅰ. India and Korea in Asian Economy

Prospects of Intra-Asia Trade: Proliferation of FTAs & Integration

- **Asia has 61 FTAs at present, playing a role as a catalyst for economic integration worldwide**
- **Singapore, S. Korea, China, and India are leading countries in Asia**



Source: Randall S. Jones, 2016

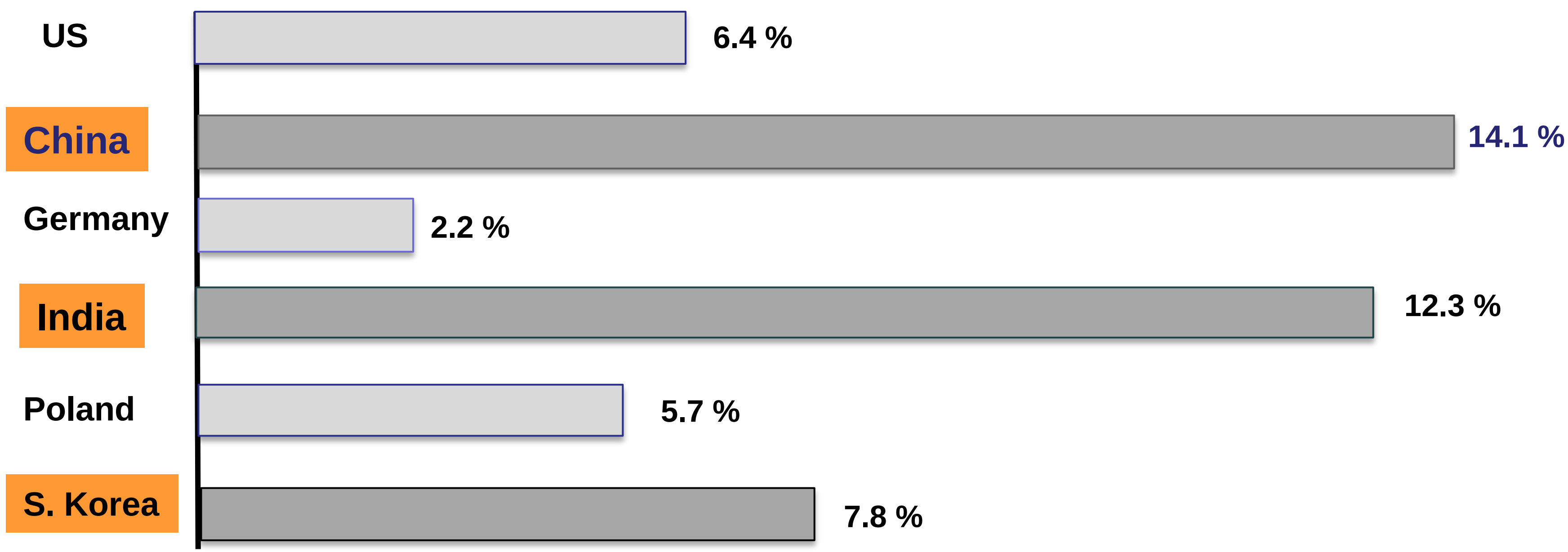


Source: Randall S. Jones, 2016

Prospects of Logistics Market Size in Asia

- The Asia-Pacific's contracts Logistics market is still growing at a faster rate than other regions
- China & India is expected to lead the growth, respectively with 14.1%, and 12.3%

Contract logistics market size per country. CAGR: '13-'17(%)



SOURCE: TI GLOBAL CONTRACT LOGISTICS 2013

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II. One Belt One Road: Korean Perspective

Economic interdependence: with China & other NEA countries

■ **China is No. 1 trade partner for S. Korea : '15, over 300 billion $ (estimated)**

■ **Trade between China & S. Korea is tracing that of China & Japan**

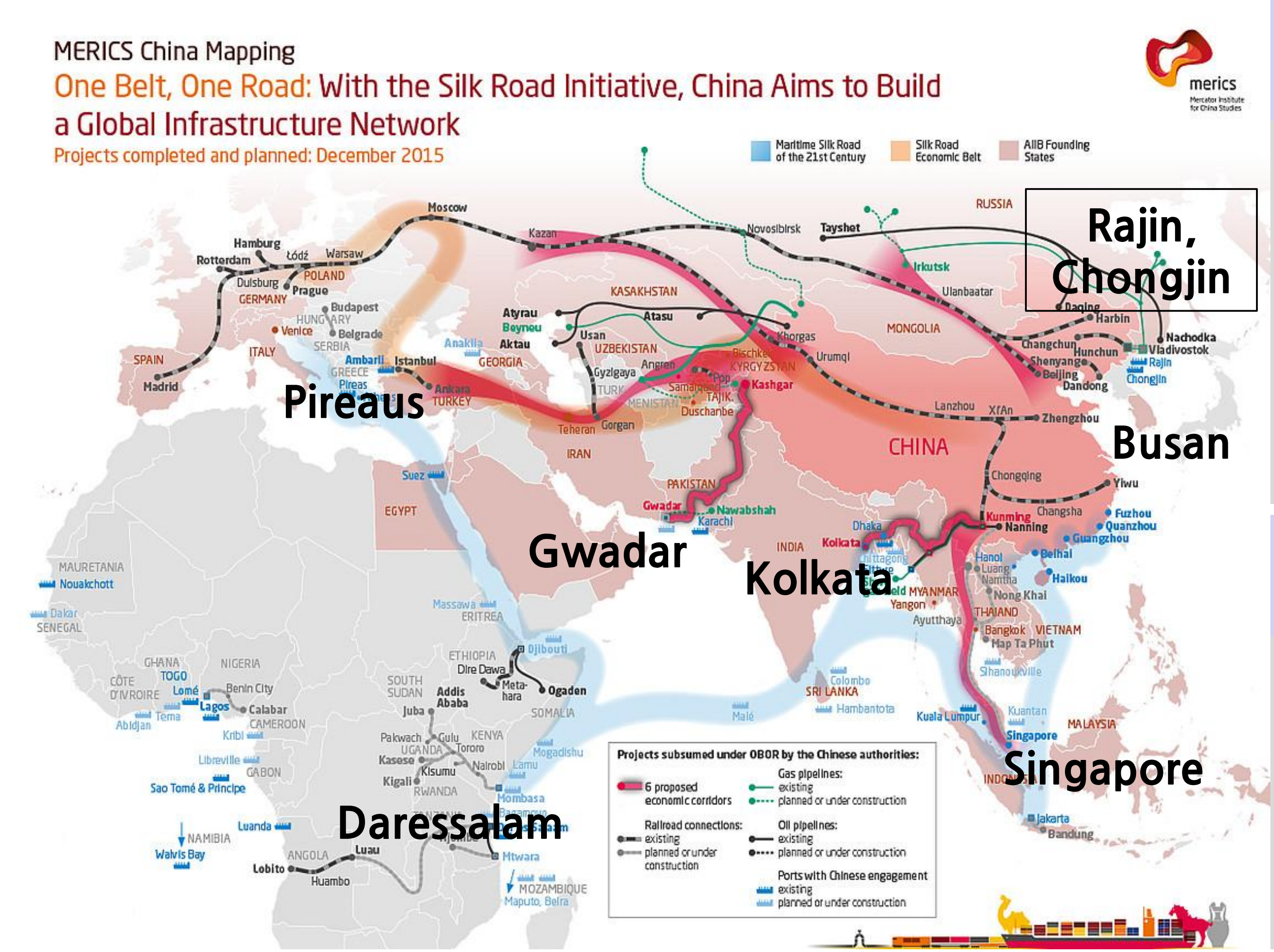
Bilateral trade volume among NEA countries

	China	Japan	Russia
S. Korea	$275 billion ('15) **China is No.1 for S. Korea** **S. Korea is No. 4 for China**	$85 billion ('15) S. Korea is No. 3 trader for Japan Japan is No. 5 export destination for S. Korea	$16 billion ('15) '14: 25.8 billion (- 38%)
China	-	$343.7 billion('14) China is No. 2 export destination for Japan	$95.3 billion('14) For 10 years, 6 times increased '15: 64.8 billion
Japan	-	-	$35 billion('14) '15: expected to be decreased by 30%

Source: KITA

II. One Belt One Road: Korean Perspective

Outline for understanding (1)



6 Economic Corridors

1. C-M-R EC
2. NELB EC
3. C-CA/SA EC
4. C-Indochina EC
5. C-Pakistan EC
6. Bangladesh-C-I-Myanmar EC

Infrastructure In common

- Rail(+H.S. R),
- Shipping&Ports,
- Pipelines,
- Electricity
- SEZs & Industrial Parks
- Others

II. One Belt One Road(OBOR) : Korean Perspective

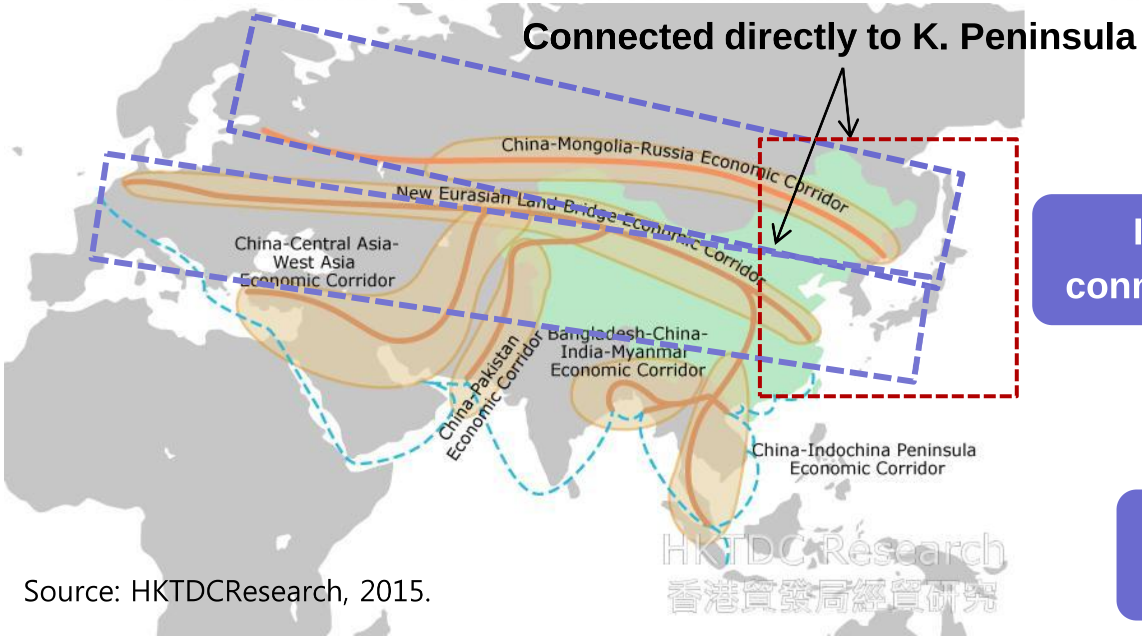
Outline for Understanding (2)

■ **Building six economic corridors through economic integration**

- **Aims to sustain China's economic growth through international cooperation**
- Accounts for 63% of world population (about 4.4 billion), 29% of world economy(about $ 21 trillion), 23.9% of global trade

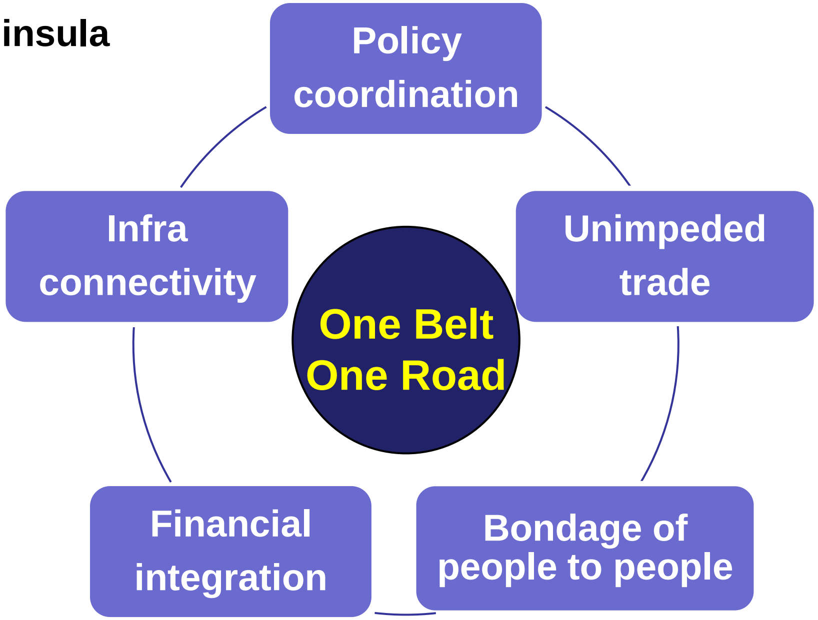
■ **Supported by AIIB's funding of $ 80 billion~1 trillion** (plus Silkroad fund, BRICs Development Bank)

OBOR & its 6 Economic Corridors



Source: HKTDCResearch, 2015.

Five leverages for OBOR



Ⅱ. One Belt One Road: Korean Perspective

S. Korea's Eurasia Initiative

■ **In Oct. 2013, President Park proposed**

■ **In Dec. 2014, S. Korean government approved it as a national proposal :** "United" "Creative" & "Peaceful" Eurasia

Vision, Goal, and Direction of Eurasia Initiative

Vision	**New era of Eurasia with co-prosperity** Transport/logistics Network · Digital Network · Korean Wave Network
Goal	**Promoting regional investments, open economic integration**
Direction	**Clarifying cooperation objectives, programs & projects** Selection and concentration, issue linkages

Four main areas for international cooperation

Transport/Logistics	Energy & resources	Industries & trade	Agriculture & fisheries

II. One Belt One Road: Korean Perspective

- Common ground or mutual interests-

■ **In terms of components**, **fostering transport/logistics infra connectivity, energy/resources, industries&trade will be major mutual interests**

■ **In terms of geographic ranges,** **NEA, ASEAN, Russian FarEast&China's Northeast become main priority (land & sea)**

common ground shared between OBOR & E. I.

Economic cooperation networks	Building cooperation regional bases	Fostering cooperation foundation
• multi transport/logistics networks • ultra-high speed communication networks	• Central Asia, Russia, Mongolia etc. • North Korea, Russian FE • ASEAN countries	• promoting trade & FDIs • improvement of business environment • improvement information accessibility

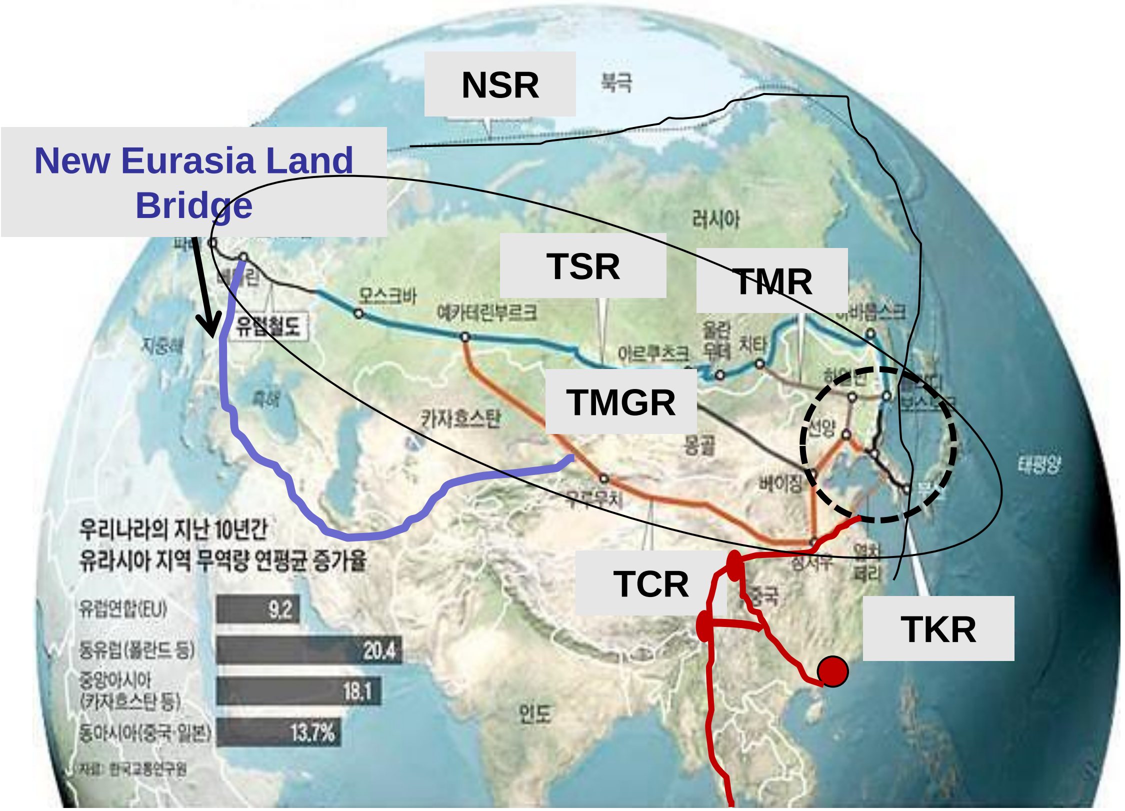
Ⅱ. One Belt One Road: Korean Perspective

Cooperation with "One Belt" : or towards the North

■ **Transport infrastructure: connection of railway networks**

- TKR-TSR connection, Busan-Rajin-Khasan intermodal connection, Hunchun logistics center..etc **: SRX**

■ **Energy & resource cooperation**



Source : ChosunBiz, April, 28. 2014.

Possible Joint Projects

- Railway connection
- Port-to-port & port-railway/road connectivity (intermodality)
- Port hinterland development, inland logistics centers
- Joint industrial park construction
- Cooperation with China, Russia for improving NSR accessibility & its commercialization

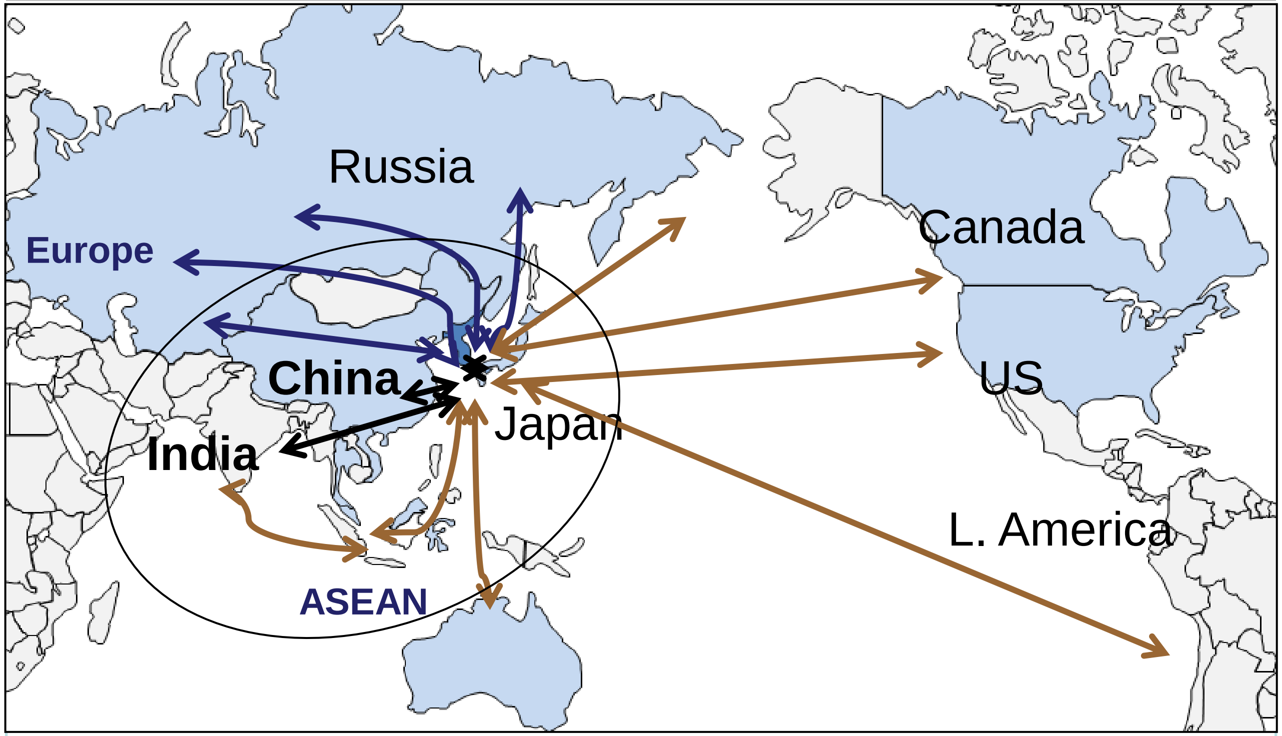
II. One Belt One Road: Korean Perspective

Cooperation for "One Road": or towards the South

■ **OBOR's maritime direction of interests for economic integration is coincided with that of S. Korea**

- ASEAN, Middle East, Africa to the West, and Pacific toward South and East

Korea as logistics hub between Land and Sea beyond NEA



Possible Joint Projects

- Port & terminal development
- Hinterland (intermodality)
- Logistics center
- SEZs&Industrial Parks
- Development of intra-Asia trade routes at regional & sub-regional level
- Production networks etc.

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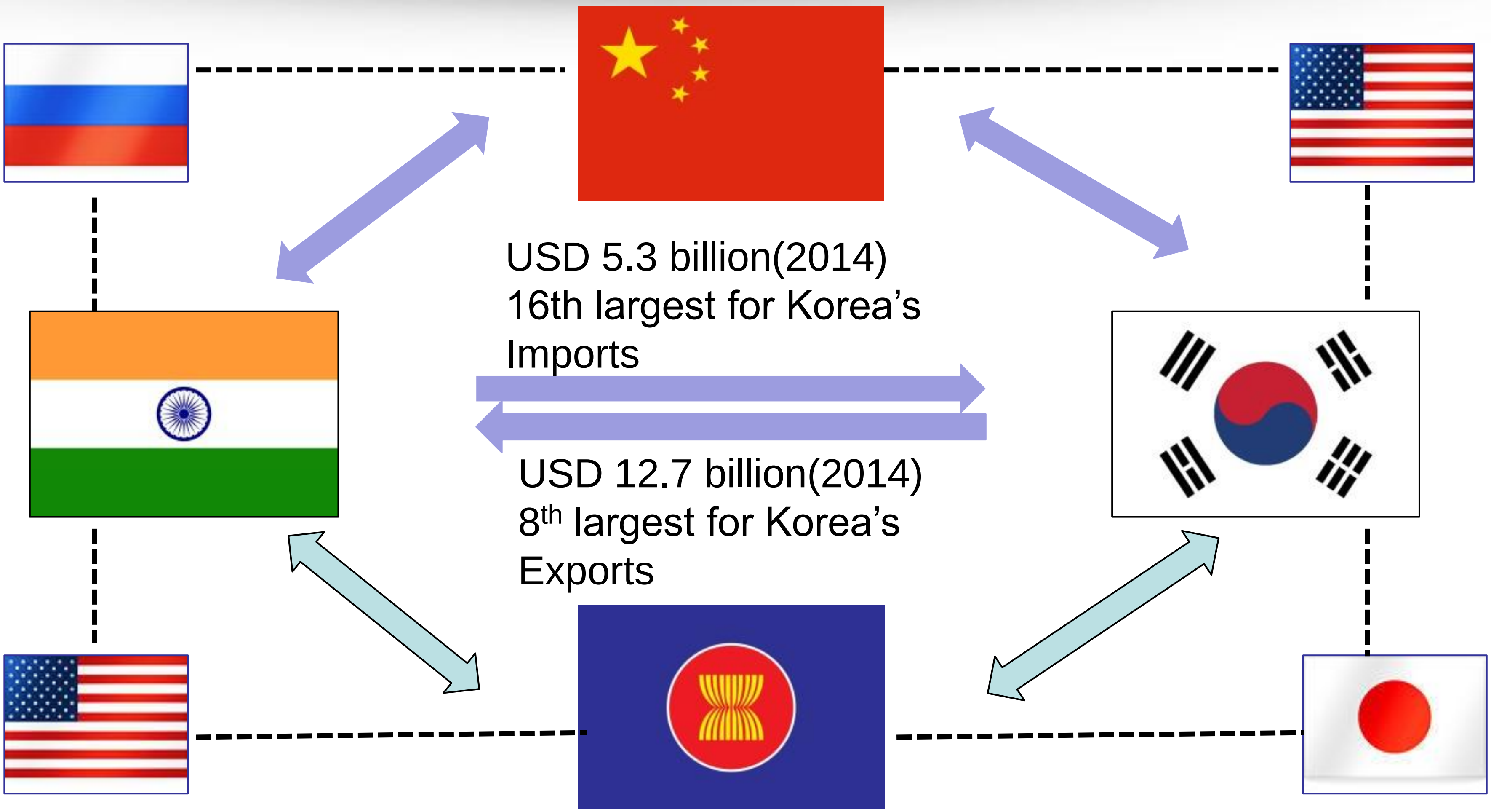
III. Implications for Indo-Korea Cooperation

Indo-Korea Economic Partnership & their multi-bilateral relations



III. Implications for Indo-Korea Cooperation

Indo-Korea CEPA

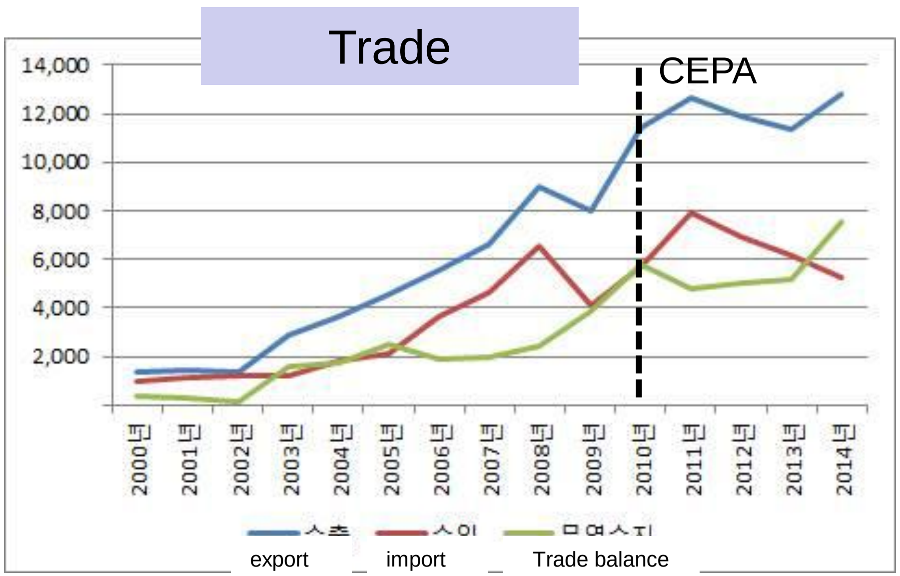
■ **In effect: 2010. 1.1. (**the 5th following Chile, Singapore, EFTA, and ASEAN)

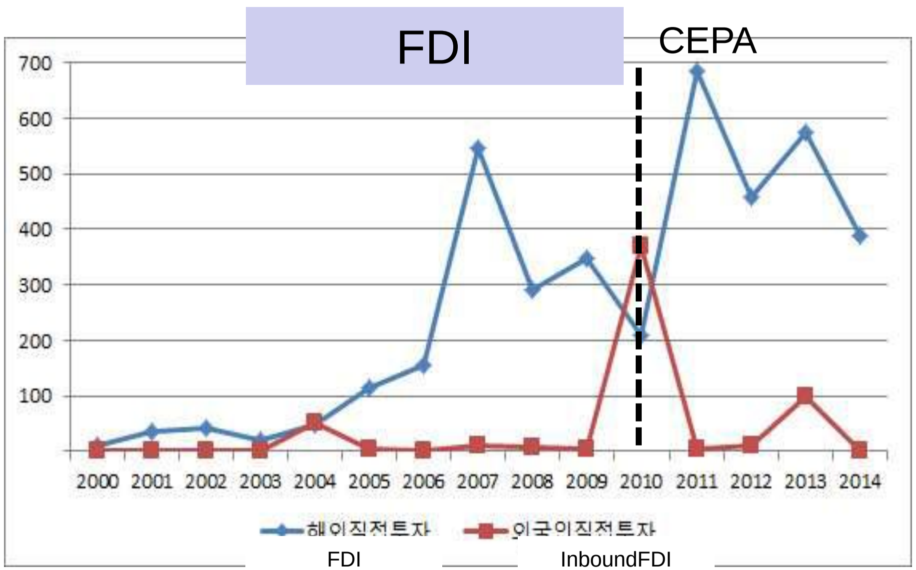
- **India is the 2nd largest country in terms of population// BRICS**

■ **Performance: export growth rate: 9.8% (need to be improved)**

- **Effect on Exp : 2011~2014, increased by 31.5 % annually**
- **Effect on Imp : 2011~2014, increased by 16% annually**

Effects of Indo-Korea CEPA





Source: stat.kita.net

Source: MOTIE:

III. Implications for Indo-Korea Cooperation

Indo-Korea CEPA : major exp/imp. Industries (2014)

Five major exports goods

rank	2006~2010		2011~2014	
	goods	rate	goods	rate
1	Steel plates	14.5 %	Gold, silver, platium	24.8%
2	Auto parts	12.5 %	Synthetic resins	23.8%
3	Ship, ocean plants	11.8 %	Wireless Com. devices	19.2%
4	Synthetic resins	9.4 %	Petro-chemicals	17.4%
5	Air conditioners	5.1 %	Semi-conductor	15.1%

Major imports Industry

Industry	Recent changes
Chemical, rubber, plastic	Stably maintained largest portion by more than 60%
Textile, fabric	Steadily increased ('10: 6.75%)
Food Processing	Gradually decreased ('10: 3.4%)
Steel	Gradually decreased but maintained high rates ('10: 8.6%)
Non-ferrous	Rapidly increased ('08: 0.6% '10: 6.6%)

III. Implications for Indo-Korea Cooperation

Indo-Korea Cooperation: Industries and SEZs

- **Based on "Special Strategic Partnership" agreed in May 2015.**
  - Make in India + Manufacturing Industry 3.0
- **Accelerating industrial competitiveness by mutual cooperation**

Major Investments from Korea

Lotte Conf.(1)

Lotte Conf.(2)

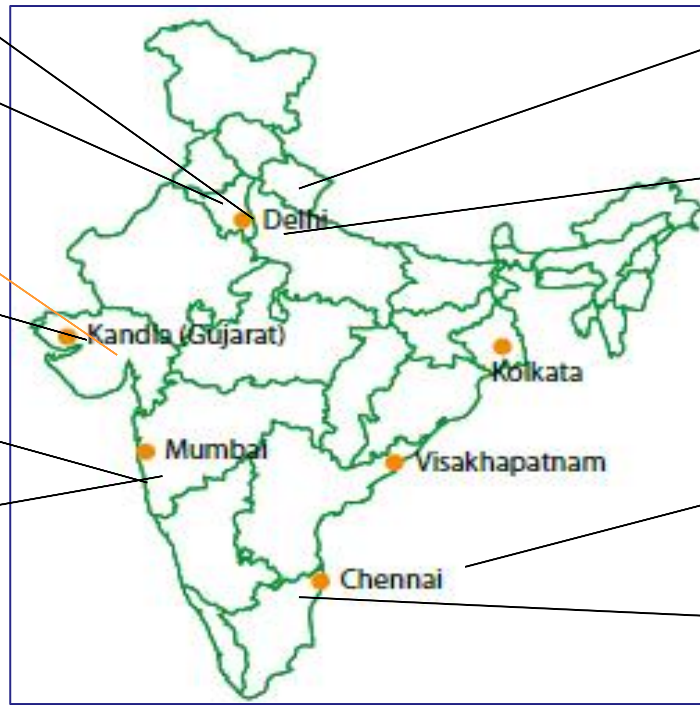
Hyundai Motor ?

Kia Motor

Hyosung T&D

LG

* Pune, Maharashtra



Samsung

Smart phone

LG

* Noida & Greater Noida

Hyundai Motor

(1,2 plants)

Samsung

Ⅲ. Implications for Indo-Korea Cooperation

Indo-Korea Cooperation: Infrastructure

■ **Port development & Operations**

- India's ports suffer from serious throughput capacity shortage// congestion

■ **Sagarmala Project**

- In April 2016, S. Korea proposed the participation

- For removing congestion go JNPT & Mumbai Ports
- Indian Gvnt decided to develop a multi-cargo port
- USD 3.3 billion$

Sagarmala Project

- Gateway for Northeast& BCIM EC
- Redevelopment
- Traffic growth rate : 7%
- Port facility needs to be improved

III. Implications for Indo-Korea Cooperation

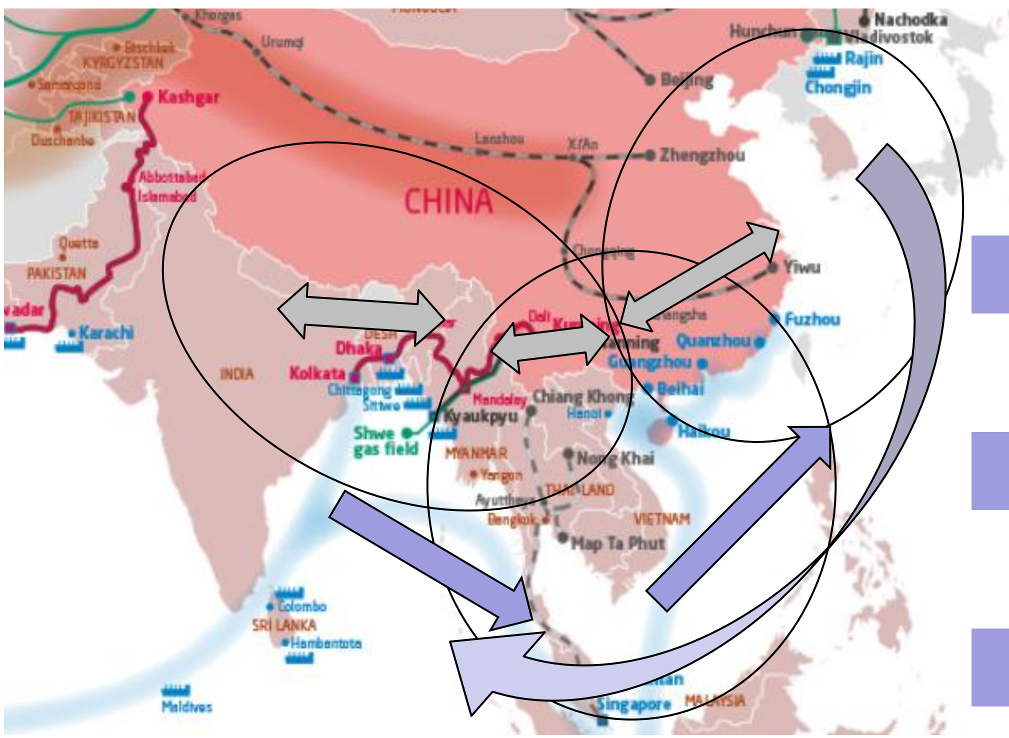
Indo-Korea Cooperation: BCIM EC & greater economic connectivity

■ **BCIM EC's range: from Kolkata to Kunming (1,500km)**

- World largest economic belt (2.8billion, 40% of world population

■ **India's "Look East" Policy +ASEAN+ Korea's ASEAN Policy**

- Economic interaction with Korea, China & Japan would make it possible the "Asian EC"



Greater Economic Integration & Expansion of Asia Value Chain

B-C-I-M EC

+

China- Indochina EC

+

21st Century Maritime Silk road

Thank you for attention

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