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THE PENINSULA

Strengthening the Emerging US-India-South Korea Trilateral Relationship

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Building upon the [inauguration](#) of the US-India initiative on Critical and Emerging Technology (iCET) in January 2023 and [the US-South Korea Next Generational Critical and Emerging Technologies Dialogue](#) in December 2023, the United States, India, and South Korea participated in an inaugural trilateral technology dialogue in March 2024. Alongside these and other developments, the United States has also expanded the Minerals Security Partnership for critical minerals supply chains, included South Korea into iCET, and engaged Korean and Indian companies in its industrial policies such as the Inflation Reduction Act (IRA) and CHIPS and Science Act. As such, there are several opportunities for commercial and supply chain cooperation within this triangle that could prove beneficial for each of the three countries.

Shifting Indian and South Korean Considerations

A [recent report](#) highlighted that India now makes up 14 percent of global iPhone production. This achievement is viewed as a positive development for both India's efforts to prioritize manufacturing and US efforts to increase supply chain diversification. However, it is worth noting that before Apple's iPhone, Samsung laid the [foundation](#) in 2018 by building the world's [largest](#) mobile assembly unit in Noida, Uttar Pradesh. Fast forward to 2024, and Samsung has been expanding manufacturing at the facility with laptops. Notwithstanding skepticism and disillusionment with supply chain diversification efforts, these developments deserve greater attention.

Despite the Modi government's newfound success with the production of iPhones, it has struggled to wean the country off its dependency on China. In the most recent economic survey conducted by the government, one of the key recommendations was to foster greater foreign direct investments from China, even as the government has worked toward limiting imports from its neighbor. Notably, weeks prior to the release of this survey, news broke that Indian businesses were approaching New Delhi for approval to partner with Chinese companies. However, New Delhi may not have to count on its northern adversary, both for investments and expertise, if it maximizes the potential of the emerging trilateral relationship with the United States and South Korea.

India's protectionist turn away from Chinese goods was a targeted measure in response to the 2020 deadly border conflict. Since then, India has taken several economic measures that targeted Chinese enterprises such as TikTok and Shein and BYD's \$1 billion investment proposal, citing national security reasons. Additionally, since its rise to power in 2014, the Modi administration has embarked on an ambitious plan to increase the share of manufacturing in India's GDP. At present, the service sector makes up the majority of India's GDP. Through initiatives such as the "Make in India" initiative, the Modi administration has channeled subsidies (similar to the IRA) to sectors identified as national security priorities. In its third term in office, the Modi administration has only expanded such subsidies.

Meanwhile, South Korea's turn toward economic security and de-risking measures against China was largely economic and borne of increased US-China competition. South Korea was one of the early victims of China's economic coercion following the deployment of the US THAAD system to Korea. Although Seoul cannot afford to dismiss trade or commercial ties with Beijing, this experience made it acutely aware of the risks of overreliance on the Chinese market, giving Korean conglomerates ample reasons to participate in and benefit from US industrial policies. Furthermore, US economic security measures and export controls have complicated Korean firms' ability to maintain and expand operations within China, further incentivizing de-risking measures.

Capitalizing on both New Delhi and Seoul's friction with Beijing, Washington can play the role of a catalyst in bringing together the two countries for its own economic statecraft in the Indo-Pacific.

Expanding the Trilateral Partnership

More than a third of all investments under the IRA were made by Korean companies. Similarly, Korean chipmakers are contributing to US efforts to restore domestic manufacturing, supported by the CHIPS Act in states such as Texas and Indiana. Across various sectors in the critical and advanced technology realm, South Korean companies lead the way and, as a result, are playing a leading role in the United States' re-industrialization.

In India, Korean companies have similarly found success, often to the surprise of many analysts. Described as an overly bureaucratic and challenging market for foreign companies, the Indian market has broken the backs of the best, from Harley Davidson to Ford to McDonald's. Just as the "India fatigue" sets in, East Asian companies – Korean companies in particular – provide a sliver of hope for multinationals.

Samsung, Hyundai, LG, and several other Korean companies have found varying degrees of success in the challenging market. Besides Samsung's manufacturing unit in Uttar Pradesh, Hyundai views India as an important growth market. It has invested \$5 billion in India to date, is expected to invest an additional \$4 billion over the next decade, and recently applied for an IPO valued at over \$3 billion, making it possibly the largest in Indian IPO history.

In the context of an incipient trilateral partnership, there are several ways to expand cooperation between the three nations while serving larger geopolitical and geo-economic interests.

First, the three governments should create incentives for increased commercial and strategic joint ventures between US, Indian, and Korean conglomerates. This will assist in competing with Chinese state-backed conglomerates. For example, Hyundai and Kia have partnered with India's Exide to manufacture batteries for electric vehicles (EVs). In the semiconductor space, as India embarks on creating a robust semiconductor ecosystem, Korean companies such as Samsung and SK Hynix can play an instrumental role in the memory chip manufacturing vertical. In the United States, Korean battery manufacturer LGES is building joint-venture plants with automakers such as GM and Stellantis. In the last decade, while US companies were trailing Chinese companies, Korean battery manufacturers such as LG Energy, SK On, and Samsung – in addition to Japanese battery manufacturers such as Panasonic and Toshiba – have competed with Chinese behemoths. Similarly, Korean chip manufacturers are among the leading companies investing in new chip-manufacturing facilities in the United States.

Second, multilateral supply chain initiatives should be prioritized over multilateral trade deals. Korean companies facing restrictions in China will have an advantage in the US and Indian markets if they have preferential access to both markets for supply chain diversification. Both Washington and New Delhi lack an appetite for free trade agreements (FTAs). New Delhi has ordered the review of several FTAs signed in the recent past, including with Korea. Similarly, Washington has turned free-trade averse since the Trump era, particularly if it comes at the perceived cost of jobs at home. In lieu of bolstering existing FTAs or negotiating new ones, supply chain initiatives between the three countries present a more viable option.

Lastly, trilateral cooperation can serve as an instrument of Washington's economic statecraft in the Indo-Pacific. The partnership can pave the way for the United States to rapidly expand into emerging markets that are increasingly cornered by CATL, BYD, and other large Chinese EV makers and battery manufacturers. Unlike other US-led multilateral initiatives that do not have the buy-in of nations in the Indo-Pacific due to concerns of increasing regional securitization, this trilateral cooperation will increase competition that would subsequently lead to better quality of products and lower prices, providing regional countries with assistance on clean energy transition and advanced technologies.

Chinese companies in the advanced and critical technology space have found success across emerging and developed markets. Korean and Japanese companies face unfair competition from Chinese companies that are state-supported. As a result, they are not able to offer lower prices and at a greater scale. For example, acknowledging the advantage held by Chinese companies, Japanese automakers Honda, Nissan, and Mitsubishi recently unveiled a plan to form a coalition to successfully compete in the global EV market. To create a more equal playing field, the United States, India, and South

Korea must also join forces. The trio would not only offer emerging markets an alternative to Chinese offerings but also become the leading source for developed markets seeking an alternative to Chinese goods due to national security concerns.

Groups such as the Quad have not been widely accepted by Southeast Asian nations as virtuous or public-good delivery mechanisms. The potential for the securitization of Quad into an Asian NATO has been raised by adversaries such as China and Russia and partner nations in Southeast Asia. The US-India-South Korea trilateral, while not totally agnostic to the security situation in the Indo-Pacific, was largely conceived with the goal of expanded technological and supply chain cooperation. This form of cooperation, which is centered on the three democracies' commercial and technological interests, could help Washington sustain its primacy in critical technology trade in the Indo-Pacific. For Seoul, trilateral cooperation could give its companies a leg up in foreign markets (including India) to take on state-supported firms from China. And through the trilateral partnership, New Delhi can punch above its weight class in advanced and technological trade while circumventing its northern rival, China, for expertise and goods.

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