

NEWSLETTER | JUN - OCT 2024

# NAMASTE KOREA

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## FOREWORD

Welcome to the second edition of the “Namaste Korea” newsletter. This newsletter provides an overview of the latest business/trade news and developments in Indian law, industry and practice which are relevant to Korean businesses and other organizations with India-related interests.

Continuing with past trajectory, bilateral relations between the Republic of Korea and India have remained robust, including with respect to (i) in-person bilateral talks between Indian Prime Minister Narendra Modi and Korean President Yoon Suk Yeol on the sidelines of the G7 Summit in Hiroshima, Japan in May 2023; and (ii) President Yoon’s visit to India in September 2023 to attend the G20 Summit in New Delhi – on the sidelines of which Prime Minister Modi and President Yoon had a bilateral meeting to review progress and enhance India-Korea relations in connection with diverse areas of the ‘Special Strategic Partnership’ spanning trade and investment, defence production, semiconductors and EV battery technology. *Read more [here](#).*

Ministerial delegations from several Indian states visited South Korea to explore business tie-ups, including from the state of Karnataka in July 2024 pursuant to which several Korean companies announced investment and expansion plans in India, including in tools manufacturing, gaming, FMCG, the automotive and auto component sectors, gas distribution infrastructure,

energy solutions, electronics, environmental equipment, battery storage, and testing facilities. *Read more [here](#) and [here](#).*

On the investment front, Korea is the 13th largest investor in India, with an aggregate investment of almost USD6 billion between April 2000 and June 2024. Metallurgy, automobiles, electronics, machine tools, hospitals and diagnostic centers have been among the main sectors to attract investment from Korea. *Read more [here](#).*

In October 2024, Prime Minister Modi attended the ASEAN-India and East Asia summits held in Laos. Pursuant to India's 'Act East Policy', India aims to (i) enhance its Comprehensive Strategic Partnership with ASEAN, (ii) discuss challenges in the Indo-Pacific region, and (iii) engage in bilateral meetings. *Read more [here](#).*

We hope that you find the information in Namaste Korea of interest, and we thank you for taking the time to review this newsletter. If you would like to subscribe to this newsletter, *please click [here](#).*

# TRADE & BUSINESS UPDATES

- On September 23, 2024, Ministers from 14 partner countries of the Indo-Pacific Economic Framework for Prosperity (“**IPEF**”), which includes the Republic of Korea and India, attended the third Ministerial meeting to focus on Pillars II (Supply Chain Resilience), III (Clean Economy) and IV (Fair Economy) of the IPEF. In September 2024, India signed agreements on Pillars III (Clean Economy) and IV (Fair Economy) which are in force from October 11, 2024, and the IPEF Overarching Agreement which is in force from October 12, 2024. The IPEF partners agreed that the Ministers will continue to monitor the progress made. *Read more [here](#) and [here](#).*
- At the 21st ASEAN-India Economic Ministers’ Meeting (“**EMM**”) in Laos between September 20 and 21, 2024, India’s Minister of Commerce and Industry met the Korean Minister for Trade, Industry and Energy to discuss (i) bilateral trade relations, (ii) progress in negotiations for upgrading the India-Korea Comprehensive Economic Partnership Agreement (“**CEPA**”), (iii) promoting inclusive investments in India, and (iv) addressing non-tariff barriers, market access and trade deficit. *Read more [here](#) and [here](#).*
- A Track 1.5 Biopharmaceutical Supply Chain Consortium called the “Bio-5” was launched in June 2024 with key industry and government stakeholders from the United States, India, the Republic of Korea, Japan and the European Commission to enhance resilience and foster cooperation in supply chains for active pharmaceutical ingredients and key starting materials, as well as to foster high-impact R&D collaboration. *Read more [here](#) and [here](#).*

# TRADE & BUSINESS UPDATES

- In October 2024, the U.S. International Development Finance Corporation (USIDFC), the Japan Bank for International Cooperation (JBIC) and the Export-Import Bank of Korea (EIBK) announced the launch of the Digital Infrastructure Growth Initiative for India Framework (DiGi Framework) – a new framework in collaboration with the Indian private sector to support digital infrastructure deals in India, including projects in the information and communications technology (ICT) sector such as 5G, Open RAN, submarine cables, optical fiber networks, telecom towers, data centers, smart city, e-commerce, AI, and quantum technology. *Read more [here](#).*
- On the ongoing CEPA negotiations, India and Korea exchanged request lists for tariff cuts and greater market access for certain products that are currently under the ‘negative list’ (no customs duty concessions are granted for goods under such list). While Korean negotiators have requested for market access to sectors like automobiles, textiles, chemicals and petrochemicals, India has sought greater access to the Korean steel, rice, shrimp and clothing markets, respectively. CEPA between India and Korea was signed in 2009 and came into force in 2010. Since the CEPA, India’s exports to Korea have gone up from USD3.7 billion in 2010-11 to USD6.4 billion in 2023-24. *Read more [here](#), [here](#) and [here](#).*
- The customs departments of India and South Korea have started sharing bills of lading between them to help promote ease of doing business between exporters and importers in the two countries. *Read more [here](#).*
- In July 2024, the Embassy of India in Seoul organized a seminar on ‘India-ROK Defence Industry Cooperation’ in collaboration with the Korea Defence Industry Association and others, which was attended by several Korean and Indian defence companies. South Korea can benefit from India’s liberalized defence sector and partner with local defence manufacturers through JVs and technology transfers, including for the purpose of exporting products to emerging markets. *Read more [here](#) and [here](#).*

# TRADE & BUSINESS UPDATES

- In August 2024, officials from 'Invest UP' and the Infrastructure & Industrial Development Commissioner's office held a high-level meeting with a Korean business delegation for the purpose of facilitating investments from South Korea into the Indian state of Uttar Pradesh, including in sectors such as infrastructure, power, real estate, media, food processing and tourism. The meeting was attended by representatives from (i) the Herald Media Group, a prominent South Korean conglomerate engaged in the media, education and lifestyle sectors, and (ii) the Daewoo Global Business Group. *Read more [here](#).*
- India is seeking investments and technology transfers to develop shipbuilding and repair clusters with the aim of bolstering India's share in the global shipbuilding market (where India currently holds less than 1%) as well as the country's maritime supply chain. India is looking to draw in major global shipbuilding players like South Korea's Hanwha Ocean Co. Ltd and Samsung Heavy Industries, along with Japan's Mitsubishi Shipbuilding Co. Ltd and Mitsui Engineering and Shipbuilding. *Read more [here](#), [here](#) and [here](#).*
- The Confederation of Indian Industry ("CII"), Puducherry organized a seminar on economic cooperation with South Korea in September 2024 for the purpose of introducing Korean government agencies to policies, industries and suitable sectors for doing business in the union territory of Puducherry. The seminar was attended by the Embassy of the Republic of Korea, the Korea Trade-Investment Promotion Agency, the Korea SMEs & Startups Agency, 'Korea Plus', and others. 'Korea Plus' is a bilateral initiative between India and Korea to promote, facilitate and retain Korean investments in India, acting as the first reference point for Korean investors in India. *Read more [here](#), [here](#) and [here](#).*

# TRADE & BUSINESS UPDATES

- The Korea Industry Expo (KoINDEX) 2024, an international exhibition focusing on the Indian market with the aim to create a platform for Korean companies to expand globally and explore opportunities in India, will be held in New Delhi in November 2024, along with an industry-specific exhibition organized by the CII. *Read more [here](#).*
- The Korea Tourism Organization India under the Korean Ministry of Culture, Sports and Tourism organized the Korea Travel Fiesta and the Korea Tourism Roadshow in New Delhi in October 2024 to promote cultural exchange and offer networking opportunities to business partners, including for beauty brands, destination management companies and airlines. *Read more [here](#) and [here](#).*

# FMCG, FINANCIAL SERVICES & GAMING

- In September 2024, Korea Investment Management announced that it will launch two active exchange-traded funds (ETFs) targeting the Indian market to focus on growth sectors in India – ACE India Consumer Power Active and ACE India Market Representative BIG5 Group Active. While ACE India Consumer Power Active will invest in 15 companies across consumer discretionary sectors (including home appliances, automobiles and healthcare), ACE India Market Representative BIG5 Group Active will focus on five major Indian conglomerates – Tata, Reliance, Adani, L&T and Bajaj. *Read more [here](#).*
- In October 2024, leading Korean brokerage firm Mirae Asset announced that the number of retail client accounts in its India operations had more than doubled in eight months to cross 2 million, up from 1 million accounts in February 2024. Subject to approval from Indian regulators, Mirae Asset is expected to finalize by the end of 2024 the acquisition of Sharekhan, an Indian brokerage firm, along with certain affiliate entities for USD360 million. *Read more [here](#) and [here](#).*
- Major Korean confectionery companies, such as Lotte Wellfood and Orion Holdings, have expanded their manufacturing capabilities and product offerings in India. Orion seeks to prioritize India as its new key export destination, expanding its snack and pie production lines, as well as its existing manufacturing plant in the state of Rajasthan. *Read more [here](#), [here](#) and [here](#).*
- In August 2024, Lotte Wellfood announced its decision to merge its Indian subsidiaries, Lotte India and Havmor Ice Cream, for the purpose of establishing an integrated entity – ‘One India’. The merger was approved by the boards of

# FMCG, FINANCIAL SERVICES & GAMING

both Lotte India and Havmor in July 2024 and is expected to be completed by the second half of this year, with One India set to launch in early 2025. Lotte Wellfood will also set up a new ice-cream production facility for Havmor with an investment of INR4 billion in Pune, Maharashtra to expand its reach in the west to the south-central regions of India. The new manufacturing facility, expected to be operational this year, will be the Lotte's first Korean technology-based facility in India and its biggest ice cream plant in the world. *Read more [here](#) and [here](#).*

- Korean gaming company Krafton intends to set up an R&D facility in India by 2026 to develop games suited to Indian culture, while seeking educational support from the government and Indian enterprises to promote the online gaming ecosystem in the country. Krafton has invested USD160 million in Indian startups since 2021 and plans to invest an additional USD150 million over the next two-three years through partnerships, acquisitions and startup incubation. *Read more [here](#).*

# AUTOMOTIVE & MANUFACTURING

- Hyundai Motor India's IPO in October 2024 was India's largest IPO. Hyundai Motor India operates as the Indian subsidiary of Korea's Hyundai Motor Group. India is the third largest market for the Hyundai Motor Group (after the US and Korea). Hyundai is the first carmaker to list on Indian exchanges since Maruti Suzuki's IPO in 2003. With investments of INR320 billion planned over the next 10 years, Hyundai Motor India plans to use its IPO proceeds to invest in new products, future technology and R&D capabilities. *Read more [here](#), [here](#) and [here](#).*
- Kia India, the Indian subsidiary of the Korean automobile company Kia Motors, which seeks to acquire a significant foothold in the Indian EV market, is looking to launch its first made-in-India, mass market battery-driven EV by 2025. This affordable EV is poised to be built completely in India, developed and designed specifically for the domestic market, and will be initially sold only in India. In addition, Kia India launched the electric SUV EV9 and premium Carnival Limousine in October 2024. *Read more [here](#), [here](#) and [here](#).*
- In July 2024, South Korea-based YG-1, a global company in precision tooling, announced plans to invest USD150 million for the creation of an R&D centre and a state-of-the-art Korean language learning and training center in the state of Karnataka, where it already operates a manufacturing facility. *Read more [here](#).*
- South Korea-based HyVision, which supplies camera module inspection equipment to Hon Hai Precision Industry (Foxconn), signed an MoU to invest INR400 million in Devanahalli near Kempegowda International Airport in Bengaluru for the purpose of establishing a new camera inspection machine

# AUTOMOTIVE & MANUFACTURING

plant near the Indian Foxconn facility. Earlier, Foxconn had acquired 300 acres of land for a manufacturing facility in the Information Technology Investment Region (ITIR) at Doddaballapur, the headquarters of Bangalore Rural district, in the state of Karnataka. *[Read more here.](#)*

# TECHNOLOGY, TELECOM & SEMICONDUCTORS

- In September 2024, Vodafone Idea, India's third-largest telecom operator, announced that it would receive telecom network equipment worth about USD3.6 billion from Samsung Electronics, Nokia and Ericsson over the next three years. Samsung will supply 4G and 5G equipment worth approximately one trillion won to Vodafone Idea. Although Samsung has not supplied telecom equipment to Vodafone Idea before, it has been providing equipment to Vodafone Idea's competitor, Bharti Airtel. *Read more [here](#) and [here](#).*
- Samsung India's manufacturing facility in Sriperumbudur, in the Indian state of Tamil Nadu, experienced labor unrest in September 2024. Several employees at this facility staged protests while demanding, among other things, recognition for their newly formed labor union. The workers' strike ended in October 2024. The Sriperumbudur facility manufactures washing machines, refrigerators and TVs. Samsung India's second facility in Uttar Pradesh which manufactures smart phones has not experienced any labor unrest. *Read more [here](#) and [here](#).*
- As of September 2024, while the India Semiconductor Mission ("ISM") has approved five semiconductor units that will each receive subsidies from both central and state governments, certain others are in the pipeline – including a joint venture between ASIP (Advanced System in Package Technologies) and Korea's APACT Limited, which had applied to the ISM for the purpose of establishing a USD120 million Outsourced Semiconductor Assembly and Testing ("OSAT") facility in Hyderabad. Pending approval from the ISM, this OSAT facility is anticipated to commence operations by 2025 with a team of 100 professionals. *Read more [here](#).*

# TECHNOLOGY, TELECOM & SEMICONDUCTORS

- In June 2024, TagHive Inc., a Samsung-funded edtech company with headquarters in South Korea and an office in India, announced the launch of SaathiLM, an AI-driven learning and teaching assistant. *Read more [here](#).*
- In October 2024, ILJIN Electronics (India) signed a 70:30 JV agreement with Korea Circuit Co. to establish a new company in India focused on the production and manufacturing of semiconductor substrates. *Read more [here](#).*

# OTHER PUBLICATIONS BY THE FIRM

- For an overview of opportunities under the IPEF, *see our note [here](#)*.
- For a discussion on voluntary delisting in India, *see our note [here](#)*.
- For an overview on preparing for compliance under India's new data protection regime, *see our note [here](#)*.
- For an analysis of coerced voting with respect to controlling shareholders influencing the votes of public shareholders, *see our note [here](#)*.
- For an analysis of front running trade, *see our note [here](#)*.
- For a discussion on navigating succession in business transfers on a slump sale basis, *see our note [here](#)*.
- For an analysis of the difference between 'reference to' and 'incorporation of' an arbitration clause, *see our note [here](#)*.
- For discussions on investing in AI in India, *see our notes [here](#), [here](#) and [here](#)*.
- For an overview of the framework under the Securities and Exchange Board of India (SEBI) for disclosure of key performance indicators (KPIs) in offer documents, *see our note [here](#)*.
- For an overview of the Direct Tax Vivad se Vishwas Scheme, 2024 (pursuant to which eligible taxpayers can settle pending tax disputes by paying a portion of their tax arrears), *see our note [here](#)*.
- For a quarterly roundup of regulatory updates on renewable energy and EVs in India, *see our note [here](#)*.

- For a discussion on the need for listed companies to have a comprehensive policy on related party transactions pursuant to recent SEBI scrutiny, *see our note [here](#).*
- For a discussion on considerations related to climate change and ESG in the context of ambitious AI development, *see our note [here](#).*
- For an analysis of the implications of India's new data protection law on internal investigations, *see our note [here](#).*
- For a discussion related to tax implications on share buy-backs pursuant to recent legislative amendments, *see our note [here](#).*
- For a discussion on FDI in India from bordering countries, *see our note [here](#).*
- For a discussion on cross-border share swaps, *see our note [here](#).*
- For a discussion on SEBI enforcement actions against mutual funds pursuant to recently amended regulations, *see our note [here](#).*
- For an overview of the regulatory landscape for green hydrogen in India, *see our note [here](#).*
- For a discussion on NBFC obligations related to fraud risk management pursuant to recent changes by India's central bank, *see our note [here](#).*
- For an overview of key changes to the Competition Act, 2002 pursuant to amendments introduced to the Indian merger control regime, *see our note [here](#).*
- For a discussion on rights and remedies for Indian ports and terminals, *see our note [here](#).*
- For an analysis of the impact of a recent Supreme Court decision which clarified the chargeability of stamp duty on concession agreements in India, *see our note [here](#).*
- For an overview of the regulatory compliance calendar for different categories of AIFs under Indian law, *see our notes [here](#), [here](#) and [here](#).*

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