

CSL-KSOE Shipbuilding Alliance: A Turning Point for India-South Korea Cooperation

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A Strategic Beginning

On July 04, Cochin Shipyard Limited (CSL) [signed](#) a comprehensive MoU with South Korea's HD Korea Shipbuilding & Offshore Engineering Co. Ltd. (KSOE). The MoU marks the first direct institutional engagement between India's CSL, and South Korea's KSOE, which is a subsidiary of HD Hyundai.

CSL is India's largest state-owned shipbuilder and KSOE is a global leader in shipbuilding and marine engineering. Through the MoU, both [aim](#) for long-term cooperation in "joint exploration of newbuilding opportunities in India and abroad, sharing of technical expertise, identification of initiatives to enhance productivity, joint efforts to upskill and strengthen workforce, and exploration of potential collaboration in other shipbuilding-related projects."

While still at an early stage, the recent MoU between India and South Korea goes beyond a purely commercial arrangement. It holds the potential to make the India-Korea bilateral ties truly strategic by focusing on long-term cooperation, technology sharing, and joint global opportunities.

Gaps in India-South Korea Ties

India and South Korea have shared a 'Special Strategic Partnership' since 2015. However, the strategic engagement in the relationship [remains](#) relatively weak and underdeveloped, particularly in domains of economy, defense, and diplomacy, raising questions about the 'special' nature of the partnership.

For instance, India-South Korea signed the Comprehensive Economic Partnership Agreement (CEPA) in 2009. Yet over a decade later, the CEPA upgradation remains stalled despite repeated negotiations since 2015. Under CEPA, both initially set a goal of [achieving](#) USD 30 billion in bilateral trade by 2014. However, by 2018-19, trade volumes [hovered](#) around USD 21 billion only, and India's trade deficit with South Korea [widened](#) significantly, crossing USD 14 billion by FY 2024.

In terms of diplomatic engagement, there have been no prime ministerial and presidential bilateral visits since 2019. Even in 2023, which marked the 50th anniversary of India-South Korea diplomatic relations, there was no dedicated or commemorative summit. Instead, PM Modi and (now impeached) President Yoon Suk Yeol interacted briefly on the sidelines of the G20 summit in New Delhi. South Korea was also a latecomer in articulating its Indo-Pacific Strategy (IPS). When it was finally unveiled in December 2022, India only received limited mention, whereas ASEAN was framed as the central pillar of South Korea's engagement in the Indo-Pacific.

South Korea's engagement with India is widely seen through a

transactional lens. For example, previous India-South Korea agreements in defense has been criticized for being driven by short-term commercial interest with limited tech transfer or joint exports. Past projects like the minesweepers deal [collapsed](#) due to pricing issues over sharing design and technical knowhow and refusal to accept Indian norms of intellectual property rights. Furthermore, despite the K9 Vajra deal success, *Hanwha* has been hesitant in allowing India exporting rights.

These abovementioned cases reflect underlying gaps in India-South Korea relations. The two seems to be struggling with political transactional costs and lack of sustained attention.

Turning point

Nonetheless, the recent shipbuilding alliance appears to mark a turning point in India-South Korea bilateral relations. Most importantly, the shipbuilding partnership now paves the way for joint shipbuilding orders in both the Indian and international market, an area where South Korea has traditionally been hesitant to engage with India.

The July 4 MoU is also being [equated](#) to the Maruti Suzuki model that transformed India's automobile industry, as it emphasizes knowledge sharing and technical support.

At least at its inception, the MoU signals long-term cooperation, which has often lacked continuity in India-South Korea relations. Scholars and industry experts argue that India-South Korea agreements struggle for sustainability due to South Korea's reluctance to form long-term commitments with India, and India's perceived inability to offer compelling value to South Korea. However, this shipbuilding agreement addresses these issues by [combining](#) India's cost-effective manufacturing and extensive port infrastructure with South Korea's technical expertise.

The CSL-KS0E MoU is expected to overcome the political transactional costs by involving both private and government stakeholders and advancing the bilateral relationship with a long-term strategic vision. Unlike previous agreements, this agreement signals a departure from the pattern, where Korean firms engage with the Indian market primarily for short-term goals. Rather, it emphasizes co-development and long-term capacity-building, helping India in increasing its competence in the global shipbuilding market.

The MoU will also reduce India's logistical vulnerabilities, as the country still relies heavily on foreign vessels for trade. This reliance costs billions of dollars in freight payments and exposes India to supply chain risks during global disruptions. Currently, "[over 95% of India's trade](#) moves through ships but only less than 6% is carried on Indian-flagged vessels."

What's in it for South Korea?

At present, India only has less than 1% share in the global shipbuilding market. Nonetheless, India has [developed](#) visions to "break in the top 10 shipbuilding nations by 2030 and secure a place among the top 5 by 2047." The MoU [aligns](#) with India's Maritime India Vision (MIV) 2030 and the Maritime Amrit Kaal Vision 2047 for a "holistic development of India's maritime sector, ports, shipping and waterways", with a goal of developing India into a global maritime hub. To further support India's shipbuilding initiatives, the government is planning to [allocate](#) USD 2.9 billion in 2025. This push by the Indian government has been one of the key factors in attracting South Korea's interest.

India is also presenting South Korea with a strategic opportunity to expand its global shipbuilding footprint beyond East Asia. With India's long coastline ideal for shipbuilding and repairing, proximity to major global trade routes, a growing pool of skilled labor, and robust government support,

India [provides](#) South Korea a competitive manufacturing base. The MoU is significant for South Korea, as it [offers](#) early access to a major emerging and cost-effective market, especially when it is facing fierce price competition from China.

Future Prospects

Currently, the shipbuilding partnership is at a nascent stage. It is only an MoU and concrete outcomes would depend on how swiftly it is formalized through a binding contract. It does not yet specify details regarding investment, implementation, or timelines. However, the MoU posits a broad scope, including technology transfer, joint production, and workforce training, and hints at clear political intent to revitalize India-South Korea collaboration.

If successfully formalized, the MoU can serve as a template for a robust industrial tie. It lays the groundwork for future India-Korea cooperation in third-country export projects, where both have traditionally struggled due to trust deficit. The MoU also posits Cochin Shipyard as a strategic launchpad for advanced vessel production, with the possibility of technology and skill spillovers to other Indian shipyard over time.

The MoU reflects growing recognition among [Indian state enterprises](#) of the importance of collaborating with the global private sector in order to acquire advanced technology. If the pattern continues, it can open doors for strong India-South Korea cooperation in frontier areas such as space and defense manufacturing. Both countries could also emerge as norm-setters in areas like green shipbuilding and sustainable maritime practices.

Finally, shipbuilding cooperation expands the sectoral scope of India-South Korea cooperation, which has been primarily concentrated in electronics, automobiles, and consumer goods.

It also helps insulate both countries from rising global uncertainties and offers a platform to ease diplomatic friction, which emerged out of their differing stances on the Russia-Ukraine War.