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COMPARATIVE ANALYSIS OF THE CURRENT ACCOUNTS OF CHINA, INDIA, AND SOUTH KOREA AMID UNCERTAINTY (2019–2024)

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In an era marked by global economic uncertainty, the current accounts of major Asian economies – China, India, and South Korea – have exhibited divergent trends, reflecting their distinct economic structures, trade dependencies, and policy responses. The years from 2019 to 2024 were shaped by a series of unprecedented disruptions, including the COVID-19 pandemic, supply chain upheavals, commodity price volatility, and shifting geopolitical dynamics. Among the most significant developments was Russia's full-scale invasion of Ukraine in 2022, which not only triggered a global energy and food crisis but also intensified inflationary pressures and disrupted international trade and investment flows.

This comparative analysis explores how China, India, and South Korea have navigated these turbulent years, examining the evolution of their current account balances in response to both global shocks and regional challenges. The war in Ukraine, in particular, has influenced these countries in different ways, depending on their geopolitical stances, trade relations, and energy dependencies. By investigating key indicators such as trade in goods and services, primary and secondary income flows, and external economic policy measures, the study aims to uncover the underlying resilience and vulnerabilities of each economy. This insight is essential for understanding broader regional dynamics in Asia and anticipating future shifts in the global economic balance.

Table 1

Current Accounts of China, India, and South Korea in 2019–2024, in billions of USD

Indicators	Country	2019	2020	2021	2022	2023	2024
Current Account	China	102910	248836	352886	443374	263382	423919
	India	-29763	32730	-33422	-79051	-31962	-32428
	Korea	59676	75902	85228	25829	32822	99043
Trade Balance	China	392993	511103	562706	665049	594041	767976
	India	-157678	-95450	-176721	-267188	-245473	-279237
	Korea	79812	80605	75731	15620	37658	100127
Balance of Services	China	-261149	-152530	-101212	-87440	-208466	-229018
	India	84226	87108	102681	132527	159143	178202
	Korea	-26845	-14670	-5287	-7253	-26824	-23702
Primary Income Balance	China	-39184	-118192	-124476	-154370	-133691	-130029
	India	-29378	-32045	-37620	-41709	-47540	-52102
	Korea	12856	13487	19445	20347	26249	26619
Secondary Income Balance	China	10250	8455	15868	20135	11497	14990
	India	73067	73117	78237	97319	101907	120708
	Korea	-6147	-3519	-4661	-2885	-4261	-4002

Source: [1-3].

The results of the analysis of the data in Table 1 indicate that the current account positions of China, India, and South Korea over 2019–2024 illustrate markedly different macroeconomic trajectories. China consistently maintained a strong surplus, peaking at 443,4 bln USD in 2022, before a slight moderation. South Korea also posted persistent positive balances, though on a more moderate scale. In contrast, India demonstrated structural current account deficits, with the exception of a temporary surplus in 2020 (32,7 bln USD) during pandemic-induced import contraction.

These dynamics reflect varying degrees of external sector resilience and differing economic responses to global shocks such as the COVID-19 pandemic and the Russia–Ukraine war. China and Korea appear more export-competitive and less dependent on external capital, while India's negative balances reveal systemic trade and income asymmetries.

China's trade surplus expanded from 392,9 bln USD in 2019 to 767,9 bln USD in 2024, underscoring the country's robust export capacity and subdued import growth. This trend intensified during global instability, particularly in 2022–2024, when global supply chain realignments favored Chinese manufacturing.

South Korea displayed a volatile trade balance, with a sharp dip to 15,6 bln USD in 2022, likely driven by energy price spikes and declining semiconductor exports, followed by a strong recovery to 100,1 bln USD in 2024. India, by contrast, faced a consistently high trade deficit, reaching 279,2 bln USD in 2024, due to persistent reliance on imported energy and capital goods amid insufficient export growth.

India's services surplus steadily increased from 84,2 bln USD in 2019 to 178,2 bln USD in 2024, reflecting its global leadership in IT and business process outsourcing. This component became a major offsetting factor for its trade deficit and partially stabilized the current account.

China, in contrast, maintained a large and persistent services deficit, although it narrowed significantly in the early 2020s (from -261,1 bln USD in 2019 to -87,4 bln USD in 2022), before widening again in 2023–2024. South Korea's services balance remained mildly negative, fluctuating around -23 to -26 bln USD, indicating limited global competitiveness in this domain.

China recorded deepening primary income deficits, with net outflows growing from -39,2 bln USD in 2019 to -130,0 bln USD in 2024. This trend reflects increasing payments on foreign investments and repatriated profits, signaling the burden of China's growing outward financial integration.

India similarly posted steady primary income deficits, growing from -29,4 bln USD to -52,1 bln USD, tied to FDI income repatriation and interest payments. In contrast, South Korea exhibited positive primary income balances throughout, reaching 26,6 bln USD in 2024, demonstrating effective returns on foreign assets and relatively moderate external liabilities.

India's secondary income balance, primarily remittance inflows, was a major stabilizer, growing from 73,1 bln USD in 2019 to 120,7 bln USD in 2024. These inflows helped narrow the current account deficit and illustrate India's strong diaspora-linked economic resilience.

China also benefited from modest remittance inflows, averaging 10–20 bln USD annually, while South Korea experienced small but persistent outflows, around -4,0 to -6,1 bln USD, likely due to foreign worker remittances and overseas aid.

Conclusions. The comparative dynamics of the current accounts of China, India, and South Korea between 2019 and 2024 reveal fundamental structural differences:

1. China emerged as a global surplus economy, with dominant trade performance overshadowing deficits in services and primary income. Its current account remains a central pillar of macroeconomic strength, even amid geopolitical tensions and external shocks.
2. India demonstrated a structurally imbalanced current account, with large trade and income deficits mitigated only partially by strong services exports and remittance inflows. These patterns underscore India's ongoing vulnerability to external shocks, especially in energy and capital flows.

3. South Korea occupied an intermediate position, characterized by a moderate but resilient surplus. Its fluctuating trade balance and weak services sector were offset by favorable investment income, indicating a balanced but externally sensitive economic structure.

Based on the results of the conducted research, the data confirm that under conditions of prolonged global uncertainty – particularly exacerbated by the geopolitical and economic repercussions of the Russia–Ukraine war – the sustainability of external economic positions in emerging and advanced economies is fundamentally dependent on structural competitiveness, sectoral diversification, and the ability to strategically integrate into global value chains. These factors collectively determine the resilience of national economies to external shocks and their capacity to maintain current account stability over time.

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