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South Korea: Background and U.S. Relations

Overview

South Korea (officially the Republic of Korea, or ROK) is one of the United States' most important strategic and economic partners in Asia. The U.S.-ROK Mutual Defense Treaty, signed in 1953 at the end of the Korean War, commits the United States to help South Korea defend itself, particularly from North Korea (officially the Democratic People's Republic of Korea, or DPRK). Approximately 28,500 U.S. troops are based in the ROK. The economic relationship is bolstered by the U.S.-South Korea Free Trade Agreement (KORUS FTA), implemented in 2012. In 2022, South Korea was the United States' seventh-largest trading partner (goods and services trade combined), and the United States was South Korea's second-largest trading partner, behind the People's Republic of China (PRC, or China). Over the past decade, congressional interest in U.S.-ROK relations often has focused on U.S.-ROK cooperation on North Korea, Indo-Pacific policies, the U.S.-ROK alliance, and U.S.-South Korea trade and investment flows.

South Korean President Yoon Suk-yeol, in office since May 2022, is seeking to transform South Korea into a "global pivotal state" by raising its profile beyond the Korean Peninsula and becoming a more active partner in the United States' Indo-Pacific strategy. Yoon issued South Korea's first-ever Indo-Pacific strategy in 2022. U.S. President Joseph Biden and Yoon have capitalized on greater U.S.-ROK strategic alignment by forging closer cooperation on North Korea policy, including through bilateral and trilateral (with Japan) military exercises. They also have committed to strengthening economic security in line with U.S. efforts to promote technological development and supply chain resiliency. South Korea is one of 14 negotiating partners in the U.S.-led Indo-Pacific Economic Framework for Prosperity (IPEF) initiative.

The increased U.S.-ROK alignment was on display during 2023. In April 2023, Biden hosted Yoon for a State Visit. During his visit, Yoon became the 7th ROK president to address a Joint Meeting of Congress, and the first to do so since 2013. Biden and Yoon issued a broad joint statement proclaiming a "global comprehensive strategic alliance." To address increased South Korean concerns about the credibility of the U.S. commitment to ROK security, they also issued "the Washington Declaration" on extended deterrence. In the document, the United States agrees to expand consultations with South Korea on the use of U.S. nuclear weapons on the Korean Peninsula and to "enhance the regular visibility of strategic assets," including nuclear-capable weapons systems, deployed to the Peninsula. South Korea restated its commitment not to develop nuclear weapons. Since the late 2010s, as North Korea has advanced its nuclear and missile capabilities, opinion polls have shown strong support from the ROK public to build independent nuclear weapons. In August 2023, Biden

hosted Yoon and Japanese Prime Minister Kishida Fumio at Camp David, the three countries' first-ever standalone summit meeting, and announced a set of unprecedented initiatives for trilateral consultation and collaboration that U.S. Administrations have sought for years.

North Korea Policy Coordination

Historically, North Korea has been the dominant strategic concern in the U.S.-ROK relationship. Whereas the previous ROK government emphasized diplomacy with North Korea, Yoon and Biden have emphasized deterrence. They have reactivated high-level consultations on extended deterrence under the U.S. nuclear umbrella and expanded the scope and scale of combined military exercises (including with Japan), which President Donald Trump and Yoon's predecessor had curtailed. The United States has increased deployments of strategic assets—such as nuclear-armed submarines—to South Korea, introduced new unilateral sanctions designations on North Korea, and proposed new DPRK sanctions measures in the United Nations. (China and Russia vetoed the attempt.)

Alongside these steps, the two allies have offered Pyongyang unconditional humanitarian assistance, and Yoon has pledged large-scale economic assistance if North Korea "embarks on a genuine and substantive process for denuclearization." Biden Administration officials say they have reached out to North Korea, offering to meet "without preconditions." Pyongyang largely has ignored U.S. and South Korean outreach. If negotiations restart, the Administration appears to envision offering some sanctions relief in exchange for steps toward denuclearization.

Since the start of 2022, North Korea has test-launched more than 80 missiles, including multiple tests of intercontinental ballistic missiles (ICBMs), which are capable of delivering nuclear warheads, and has boosted relations with Russia and China. Analysts are concerned that North Korea may conduct its seventh nuclear weapons test, which would be the first since September 2017. In 2022, Kim pledged to "exponentially increase" North Korea's nuclear weapons stockpile, said he will "never" denuclearize, and promulgated a law expanding the conditions under which North Korea would use nuclear weapons to include non-nuclear attacks and situations that threaten the regime's survival. Pyongyang continues to evade sanctions and conduct illicit activities to raise funds. In 2023, North Korea-Russia cooperation expanded, including Pyongyang's sales of weapons to Moscow.

U.S.-South Korea Security Issues

The Biden Administration has worked to repair and expand the alliance, which had been strained under Trump, prompting the 115th and 116th Congresses to impose conditions (via National Defense Authorization Acts) on the

President’s power to withdraw U.S. troops from South Korea. In 2021, the Biden Administration concluded a cost-sharing negotiation with South Korea—an earlier agreement had expired in 2019—that boosted South Korea’s contribution to alliance costs by 13.9%. The ROK traditionally has paid for about 50% (over \$800 million annually) of the total non-personnel costs of the U.S. military presence. U.S. forces in South Korea also have consolidated their bases, in part to return land to the ROK. South Korea has paid \$9.7 billion—about 94% of total costs—to construct new facilities such as Camp Humphreys, the largest overseas U.S. base.

Washington and Seoul have adapted the alliance to recognize South Korea’s increased military capabilities and desire for greater autonomy. Since 2006, they have been preparing to transfer wartime operational control (OPCON) to a binational command led by an ROK general with a U.S. deputy. Currently, ROK forces would be under a binational command led by a U.S. general in wartime. The two sides have established conditions and benchmarks to demonstrate that the ROK can assume wartime OPCON, including improved ROK capabilities and a conducive security environment on the Peninsula.

South Korea’s Regional Relations

For years, China has been South Korea’s largest trading partner and second-largest destination for foreign direct investment (FDI). In the past, Beijing has imposed retaliatory economic measures on South Korean companies for Seoul’s foreign policy choices. South Korean opinion polls show strong negative attitudes toward China. Even as Yoon has sought to maintain constructive relations with China, he has pushed back against PRC criticism of the ROK’s expansion of its military posture and its security cooperation with the United States and Japan. Yoon reportedly has called Taiwan a “global issue” and said China is the source of increased cross-Strait tensions. PRC officials reportedly have said if ROK policy trends continue, Beijing will curtail cooperation with Seoul on North Korea.

Traditionally, ROK-Japan relations are fraught because of sensitive legacy issues from Japan’s colonization of the Korean Peninsula from 1910 to 1945. In 2018 and 2019, a series of actions and retaliatory countermeasures by both governments involving trade, security, and history-related controversies caused relations to plummet, eroding U.S.-ROK-Japan policy coordination. With encouragement from the Biden Administration, Seoul and Tokyo reversed this trend in 2022 and 2023. In March 2023, the Yoon government removed a major source of friction by arranging for an ROK foundation to compensate the families of South Koreans forced to work by Japanese companies during the colonial period, instead of insisting the companies pay the victims, as the ROK Supreme Court had ruled. In 2023, there were seven ROK-Japan heads-of-state meetings (the first since 2019), multiple ROK-Japan-U.S. summits, expanded trilateral military exercises, a new trilateral mechanism to share real time data on DPRK missiles, and a trilateral “Commitment to Consult” on regional conflicts and challenges. Although ROK-Japan relations have markedly improved, distrust over historical issues lingers.

Since Russia’s February 2022 invasion of Ukraine, South Korea has imposed sanctions against Russia. It has provided

Ukraine over \$200 million and has pledged \$300 million more in humanitarian aid and nonlethal equipment. Poland has signed contracts to purchase over \$3 billion in South Korean arms to replace equipment sent to assist Ukraine, and in the spring of 2023 South Korea reportedly began transferring hundreds of thousands of artillery rounds to the United States, which reportedly sent them to Ukraine.

U.S.-South Korea Economic Relations

U.S. goods and services exports to South Korea totaled \$95.5 billion in 2022, and imports totaled \$132.0 billion. In 2022, the stock of South Korean FDI in the United States was \$74.7 billion and U.S. FDI to South Korea was \$36.6 billion. Over 88,000 workers in the United States were employed by ROK multinational firms in 2021. Since 2021, ROK companies have reportedly announced at least \$100 billion in new investment in key industries including electric vehicles (EVs), semiconductors, and biotechnology.

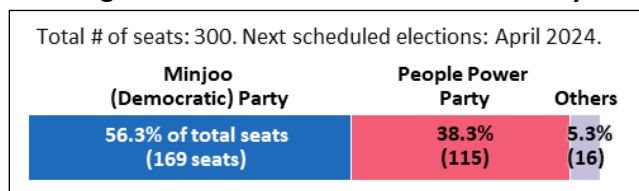
The KORUS FTA has been the centerpiece of U.S.-South Korea trade and investment relations since its entry into force in 2012. Most U.S. business groups support the agreement, highlighting market access improvements in South Korea and a more robust mechanism for dispute resolution. The Trump Administration negotiated limited modifications to the KORUS FTA, which took effect in 2019, to address some implementation concerns. South Korea’s participation in the IPEF initiative may provide an opportunity to further enhance economic ties, including on digital trade issues, a priority area for both countries.

The Biden and Yoon administrations agreed to strengthen the bilateral economic security partnership and have cooperated in addressing certain issues. Specifically, South Korean concerns over EV tax credits and federal funding requirements for semiconductor-related activities in the Inflation Reduction Act (P.L. 117-169) and the CHIPS and Science Act (P.L. 117-167) seemed to have been largely resolved. South Korean chipmakers, subject to U.S. export controls, received an indefinite waiver from the Department of Commerce in October 2023 that allows them to send certain equipment to their semiconductor facilities in China. Trump-era import restrictions on ROK steel, aluminum, and solar products remain in effect.

South Korean Politics

Yoon, who won election by a margin of less than 1%, is contending with a National Assembly firmly controlled by the opposition Minjoo Party (see **Figure 1**) and with public approval ratings generally below 40%.

Figure 1. South Korea’s National Assembly



Source: National Assembly website, accessed April 5, 2023.

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