



# 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). The alliance also helps the United States promote its interests in East Asia and around the globe, including by deploying ROK troops to U.S.-led military conflicts in the Middle East. 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). In 2020, South Korea was the United States’ seventh-largest trading partner, and the United States was South Korea’s second-largest trading partner, behind China.

In May 2021, President Joseph Biden and ROK President Moon Jae-in met in Washington, DC. During their summit, Biden and Moon discussed North Korea policy, stated their shared values on many issues pertaining to China, and terminated an agreement that had restricted ROK ballistic missile development. They also announced a Coronavirus Disease 2019 (COVID-19) vaccine partnership; a U.S. pledge to vaccinate 550,000 South Korean troops who work closely with U.S. military forces; investments in the United States by ROK technology companies in key sectors; and expanded cooperation on critical technologies, climate change, energy, cyber-security, global health, and space. Moon also met with several Members of Congress.

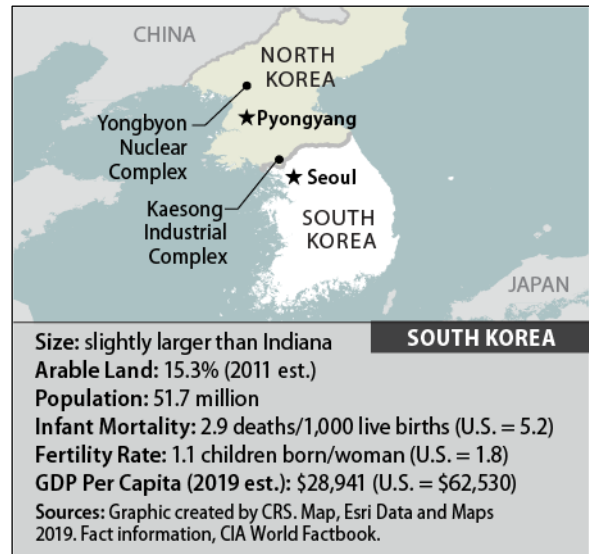
## North Korea Policy Coordination

North Korea is the dominant strategic concern in the U.S.-South Korea relationship. Moon has championed U.S.-North Korea talks, which he views as critical to preventing military conflict and to realizing his goal of establishing a durable peace on the Korean Peninsula. Since early 2019, Pyongyang largely has ignored U.S. and South Korean outreach and has severed all overt inter-Korean communication channels.

In April 2021, the Biden Administration announced it had completed a review of DPRK policy, and that it will pursue a “calibrated, practical approach that is open to and will explore diplomacy with North Korea” to achieve eventually the “complete denuclearization of the Korean Peninsula” even as U.S. and international sanctions remain in place. The approach appears to envision an incremental process of offering partial sanctions relief in exchange for partial steps toward denuclearization. Moon has welcomed the policy review’s results. Administration officials say they have reached out to North Korea, and that “the ball is in [Pyongyang’s] court.” The Administration has not

explained how its approach might persuade the DPRK to come to the negotiating table or make concessions.

At their 2021 summit, Biden and Moon stated their belief that 2018 U.S.-North Korea and South Korea-North Korea agreements negotiated by Moon and former President Donald Trump could form the basis for denuclearization and achieving “permanent peace” on the Korean Peninsula. Biden expressed support for inter-Korean dialogue and appointed a part-time Special Representative for North Korea policy. Both presidents reiterated support for full implementation of U.N. sanctions.



In the near term, some analysts worry DPRK leader Kim Jong-un will abandon his three-and-a-half-year-old unilateral moratorium on nuclear tests and long-range ballistic missile tests. North Korea has continued to test short- and medium-range missiles and to conduct cyberattacks around the globe. U.N. and U.S. sanctions remain in place, officially barring nearly all of North Korea’s typical exports and many of its imports. The sanctions severely limit cooperation activities that the Moon government favors.

## U.S.-South Korea Security Issues

The U.S.-ROK alliance showed signs of strain in the past several years, as President Trump was openly skeptical of the value of the alliance and requested steep increases in funds from South Korea to offset the cost of hosting U.S. troops on the Peninsula. In its first two months in office, the Biden Administration concluded a cost-sharing negotiation with South Korea that boosted South Korea’s contribution by 13.9%. South Korea traditionally has paid for about 50% (over \$800 million annually) of the total non-personnel costs of the U.S. military presence, according to congressional testimony by U.S. military officials.

Washington and Seoul have adapted their alliance to recognize South Korea's increased capabilities and desire for greater autonomy. For over a decade, they have been preparing to transfer wartime operational control (OPCON) to a binational command led by an ROK general with a U.S. deputy. Under the existing arrangement, South Korean soldiers would be under a binational command led by a U.S. general in the event of war. In peacetime, the ROK military is responsible for national security. The two sides have established conditions and benchmarks to demonstrate that the ROK can assume wartime OPCON, including improved ROK capabilities to lead combined forces and counter the DPRK nuclear and missile threat, and a security environment on the Peninsula conducive to a transfer. Additionally, U.S. forces in the ROK have consolidated their presence, in part to return land to South Korea. South Korea has paid \$9.7 billion—about 94% of total costs—to construct new facilities such as the recently opened Camp Humphreys, the largest overseas U.S. base. Another example of alliance adaptation is the May 2021 decision to terminate the bilateral Missile Guidelines agreement, originally signed in 1979, which limited the range of South Korean ballistic missiles to 800 km (497 miles).

### South Korea's Regional Relations

Because of North Korea's economic dependence on China, South Korea calibrates its DPRK policy with an eye on Beijing's relations with Pyongyang. China is South Korea's largest trading partner and destination for foreign direct investment (FDI), and Beijing has punished ROK companies when it disagrees with Seoul's policy decisions. For these and other reasons, South Korea generally tries to avoid antagonizing China. An exception was Seoul's 2016 decision to deploy a U.S. missile defense system in the ROK. China responded by enacting measures that have cost ROK companies billions of dollars. Moon's government has taken an ambiguous stance on whether to cooperate with the Quadilateral Security Dialogue ("the Quad"), a cooperative forum that includes Australia, India, Japan, and the United States. Seoul's participation in Quad activities may be more likely after the Biden Administration dropped the previous U.S. framing of the group as anti-China and led the creation of new Quad initiatives on COVID-19 vaccine distribution, climate change, and critical technologies. The Biden-Moon May 2021 joint statement contained China-relevant phrases, including an agreement to "oppose all activities that undermine, destabilize, or threaten the rules-based international order" and references to "freedom of navigation and overflight in the South China Sea and beyond" and "the importance of preserving peace and stability in the Taiwan Strait."

ROK-Japan relations are perennially fraught because of sensitive historical issues from Japan's colonization of the Korean Peninsula from 1910 to 1945. Since 2018, a series of actions and retaliatory countermeasures by both governments involving trade, security, and history-related controversies have caused South Korea-Japan relations to plummet, eroding U.S.-ROK-Japan policy coordination. To reverse this trend, the Biden Administration has emphasized the importance of trilateral cooperation and has convened multiple high-level trilateral meetings.

### South Korea's COVID-19 Response

South Korea has largely contained COVID-19, without resorting to lockdowns. As of May 19, 2021, the country reported around 130,000 cumulative cases and around 1,900 deaths. Less than 3% of the population, however, was fully vaccinated by that date. Under the May 2021 U.S.-ROK vaccine partnership, South Korean biopharmaceutical companies will mass produce and globally distribute U.S.-developed vaccines. U.S. vaccine developers will invest in ROK-based production facilities.

### U.S.-South Korea Economic Relations

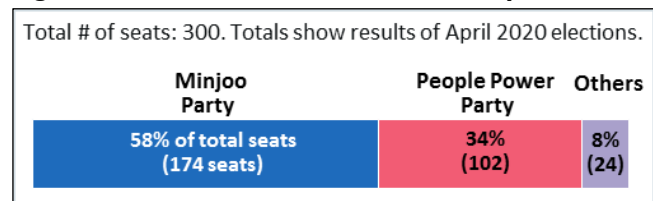
The South Korean economy contracted by 1% in 2020, outperforming many countries during the pandemic. It benefitted both from success in containing its outbreak and strong global demand for semiconductors, a top export. From 2019 to 2020, U.S. goods and services exports to the ROK decreased by \$12.0 billion (-15%) to \$69.5 billion, in large part due to pandemic-related challenges (South Korean spending on U.S. travel services fell by \$4.6 billion). U.S. imports from South Korea appear to have been less affected by the pandemic, decreasing by \$2.3 billion (-3%) to \$86.6 billion. Autos and parts remain the top U.S. import from South Korea (\$24.4 billion in 2020). In 2019 (latest available), the stock of South Korean FDI in the United States was \$61.8 billion, and U.S. FDI to South Korea was \$39.1 billion. At the recent summit, South Korean companies announced promises of \$25 billion in new U.S. investment in coming years with a focus on bilateral cooperation in key technologies including electric vehicle batteries, semiconductors, and artificial intelligence.

In 2018, at the Trump Administration's request, South Korea agreed to limited modifications to the KORUS FTA, including a delay until 2041 in reductions to U.S. light truck tariffs. Trump Administration import restrictions on South Korean products, including steel, aluminum, washing machines, and solar products remain in effect, but President Biden has stated interest in working with allies to address the global overcapacity issues that led to the restrictions.

### South Korean Politics

Moon, elected in 2017, belongs to the Minjoo (Democratic) Party, which has a commanding majority in the National Assembly. Moon's popularity has fallen in 2021 due to complaints such as soaring housing prices. The next presidential election is scheduled for March 2022. ROK presidents are limited to one five-year term.

**Figure 1. South Korea's National Assembly**



Source: National Assembly website, accessed February 1, 2021.

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