



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 South Korea. The economic relationship is bolstered by the U.S.-South Korea Free Trade Agreement (KORUS FTA), implemented in 2012. In 2023, 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.-ROK trade and investment flows.

ROK 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 U.S. partner in the Indo-Pacific. U.S. President Joseph Biden and Yoon have forged 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.

The increased U.S.-ROK alignment was on display during April 2023, when Biden hosted Yoon for a State Visit and Yoon spoke to a Joint Meeting of Congress. To address increased South Korean concerns about the credibility of the U.S. commitment to ROK security, Biden and Yoon issued "the Washington Declaration" on extended deterrence. In the document, the United States agreed to expand consultations with South Korea on the use of U.S. nuclear weapons on the Korean 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 the ROK public supports developing indigenous nuclear weapons. In August 2023, Biden hosted Yoon and the prime minister of Japan at Camp David, the three countries' first-ever standalone summit meeting. The leaders announced a set of unprecedented initiatives for trilateral consultation and collaboration. In 2024, the three countries have deepened and expanded their cooperation.

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 then-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.) The two allies also 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.

Tensions on the Korean Peninsula have increased since 2021. In the ensuing period, North Korea has test-launched more than 80 missiles, including multiple tests of intercontinental ballistic missiles (ICBMs), which are capable of delivering nuclear warheads. Analysts are concerned that North Korea may conduct its seventh nuclear weapons test. Kim has pledged to "exponentially increase" North Korea's nuclear weapons stockpile and said he will "never" denuclearize. In 2023, North Korea declared that South Korea is a "hostile state" rather than one inhabited by "fellow countrymen," and in 2024 warned of possible military actions in the waters surrounding the Korean Peninsula. North Korean leader Kim Jong-un also has boosted relations with both Russia and China, including forging a new strategic partnership with Moscow that includes a mutual defense pledge in the event either country is attacked. Analysts worry that possible Russian transfers of advanced military technology, in addition to China's increased economic and diplomatic support, could boost North Korea's military capabilities and embolden Kim to conduct aggressive diplomatic, military, or other actions.

In August 2024, Yoon announced a new vision of Korean reunification. Previous administrations stated peaceful coexistence or reconciliation were preparatory stages for reunification. In contrast, Yoon dropped references to these stages, instead articulating a vision of a "unified Republic of Korea" that seems to imply South Korea should absorb North Korea. He also promised to more aggressively try to improve human rights in North Korea. Yoon said domestic critics of his North Korea policy are "anti-freedom, anti-unification" forces peddling "false propaganda."

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 October 2024, the two sides reached a cost-sharing agreement, which reportedly will cover the 2026-2030 period. South Korea agreed to increase its payments by 8.3% (to roughly \$1.13 billion) in 2026, with future annual increases tied to South Korea's consumer price index and capped at 5%. During the Trump Administration, cost-sharing talks collapsed, leading to a months-long lapse in the agreement and the furlough of about 4,500 Koreans who worked on U.S. bases until the Biden Administration concluded a new agreement in early 2021. South Korea also has paid \$9.7 billion—about 94% of total costs—to construct new U.S. military 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.

South Korea's Regional Relations

China. For at least 20 years, China has been South Korea's largest trading partner and second-largest destination for foreign direct investment (FDI). In 2023, China fell out of South Korea's top five FDI destinations. Beijing occasionally has imposed retaliatory measures on South Korean companies for ROK government policy choices. South Korean opinion polls show strong negative attitudes toward China. Even as Yoon has sought constructive relations with China, he has pushed back against PRC criticism of South Korea's expansion of its military posture and its security cooperation with the United States and Japan. Yoon and PRC leader Xi Jinping have not met, despite ROK overtures.

Japan. 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 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. Since March 2023, there have been nine ROK-Japan heads-of-state meetings, multiple ROK-Japan-U.S. summits, expanded trilateral military exercises, a new trilateral mechanism to share real time data on DPRK missiles, a trilateral "Commitment to Consult" on regional conflicts and challenges, and a pledge to establish a trilateral secretariat by the end of 2024. Although ROK-Japan relations have markedly improved, distrust lingers.

Russia and Ukraine. Since Russia's February 2022 full invasion of Ukraine, South Korea has sanctioned Russia, provided humanitarian aid to Ukraine, and backfilled U.S. and Polish weapons stockpiles. However, South Korea has been reluctant to provide lethal military equipment directly to Ukraine. Expanded Russia-DPRK ties, particularly evidence that North Korea has sent thousands of troops to

Russia, possibly to help in Ukraine, are prompting South Korea to review this policy. Russian President Vladimir Putin has said Russia might send weapons to North Korea if Seoul provides lethal arms to Ukraine.

U.S.-South Korea Economic Relations

U.S. goods and services exports to South Korea totaled \$91.3 billion in 2023, and imports totaled \$132.0 billion. In 2023, the stock of South Korean FDI in the United States was \$76.7 billion and U.S. FDI to South Korea was \$35.6 billion. Over 88,000 workers in the United States were employed by ROK multinational firms in 2021. Since 2021, ROK companies reportedly have announced at least \$140 billion in new investment in key industries including electric vehicles (EVs), semiconductors, and biotechnology.

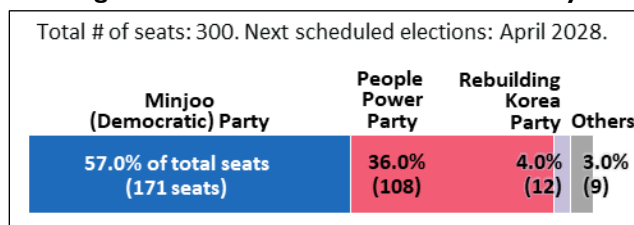
The KORUS FTA has been the centerpiece of U.S.-South Korea trade and investment relations since its entry into force in 2012. Most U.S. business groups support the agreement, highlighting market access improvements in South Korea and a more robust mechanism for dispute resolution. The Trump Administration negotiated limited modifications to the KORUS FTA, which took effect in 2019, to address some implementation concerns. South Korea's participation in the U.S.-led, 14-country Indo-Pacific Economic Framework for Prosperity (IPEF) may provide an opportunity to further enhance economic ties, including on digital trade issues.

The Biden and Yoon administrations agreed to strengthen the bilateral economic security partnership and have taken steps to ameliorate frictions in some areas. 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 was elected in March 2022 by a margin of less than 1% and is constitutionally limited to one five-year term. He is contending with a National Assembly firmly controlled by the opposition Minjoo Party and with public approval ratings generally well below 40%.

Figure 1. South Korea's National Assembly



Source: National Assembly website, accessed June 6, 2024. President Yoon belongs to the People Power Party.

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