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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 through both 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, a proposed new trade and economic arrangement.

The increased U.S.-ROK alignment was on display in April 2023, when 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.

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." Since the collapse of Trump's diplomatic engagement with North Korean leader Kim Jong-un in 2019, however, 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.

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. In 2021 the allies terminated a 1979 agreement that limited the range of ROK ballistic missiles to 800 kilometers (497 miles).

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 shown caution in his 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. He also has indicated interest in joining the vaccine, climate change, and emerging technology working groups established by the Quadrilateral Security Dialogue (or “Quad”), a group comprising Australia, India, Japan, and the United States that PRC officials criticized as a U.S.-led “anti-China alliance.” PRC officials reportedly have said if ROK policy trends continue, Beijing will curtail cooperation with Seoul on North Korea.

ROK-Japan relations are perennially 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, Tokyo and Seoul took steps to reverse this trend in 2022 and 2023, including three bilateral heads-of-state meetings (the first since 2019), multiple ROK-Japan-U.S. summits, expanded trilateral military exercises, and an agreement to share data on DPRK missiles in real time. 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. Although relations have markedly improved, distrust over historical issues remains a source of tension between the two U.S. allies.

Since Russia’s February 2022 invasion of Ukraine, South Korea has imposed sanctions against Russia and provided Ukraine with over \$200 million 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 planned to send 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. Autos and auto parts accounted for one-quarter of U.S. imports (\$33.6 billion). In 2021, the stock of South Korean FDI in the United States was \$72.5 billion, up 14.9% from 2020, and U.S. FDI to South Korea was \$38.1 billion. Over 80,000 workers in the United States were employed by ROK multinational firms in 2020. In 2022, ROK companies pledged \$25 billion in new investment in key industries including electric vehicles (EVs), semiconductors, and biotechnology.

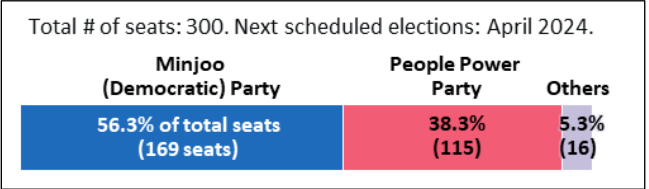
The KORUS FTA has been the centerpiece of U.S.-South Korea trade and investment relations since its entry into force in 2012. Most U.S. business groups support the agreement, highlighting market access improvements in South Korea and a more robust mechanism for dispute resolution. The Trump Administration 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.

South Korea had raised concerns over tax credit and federal funding requirements in P.L. 117-169, commonly called the Inflation Reduction Act, and P.L. 117-167, commonly called the CHIPS and Science Act, for EVs and semiconductor-related activities. The South Korean government has stated that it will continue working with the United States to address these concerns. 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%. These factors limit Yoon’s flexibility in implementing his policy choices.

Figure 1. South Korea’s National Assembly



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

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