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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 South Korea. The economic relationship is bolstered by the U.S.-South Korea Free Trade Agreement (KORUS FTA), implemented in 2012. In 2024, 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 and Indo-Pacific policies, the U.S.-ROK alliance, and U.S.-ROK trade and investment flows.

On June 3, 2025, South Koreans elected Minjoo (Democratic) Party (DP) leader Lee Jae-myung as president. The snap election occurred two months after South Korea's Constitutional Court upheld the impeachment of former President Yoon Suk Yeol, whom the National Assembly impeached in December following his short-lived declaration of martial law. Lee entered office on June 4 with his DP in firm control of the National Assembly (**Figure 1**). His term is slated to end in June 2030. (South Korean presidents are limited to one five-year term.)

Figure 1. South Korea's National Assembly

Total # of seats: 300. Next scheduled elections: April 2028.			
Minjoo (Democratic) Party	People Power Party	Rebuilding Korea Party	Others
56.7% of total seats (170 seats)	36.0% (108)	4.0% (12)	3.3% (10)

Source: National Assembly website, accessed March 20, 2025.

Note: President Lee belongs to the Democratic Party.

During his two-and-a-half years in office, Yoon expanded and deepened cooperation with the United States, particularly in the Indo-Pacific. He and then-President Joseph Biden forged closer cooperation on North Korea policy, including via bilateral and trilateral (with Japan) military exercises. Although Lee and the DP generally advocate maintaining a strong U.S.-ROK alliance, historically they have placed more emphasis on engaging with North Korea, advocate a more accommodating stance toward China, and are more wary of improving relations with Japan compared to Yoon and the conservative People Power Party (PPP). Since early 2025, Lee has moderated some of these positions. In his inaugural address, he pledged to "strengthen the ROK-U.S. alliance," "solidify trilateral cooperation with Japan," "pursue peace on the Korean Peninsula through dialogue and cooperation," and

"approach relations with neighboring countries from the perspective of national interest and practicality."

Lee will be navigating challenges in the U.S.-South Korea relationship. President Donald Trump's tariff actions likely will negatively affect the ROK's export-oriented economy. The Trump Administration is emphasizing the role of U.S. forces in South Korea (USFK) in the United States' broader Indo-Pacific strategy, a potential complication to Lee's stated desire to avoid "unnecessarily antagonizing" Beijing. Additionally, many South Korean experts express concern that President Trump may bypass Seoul in developing his North Korea policy. Meanwhile, North Korea is increasing its military capabilities and China has become increasingly assertive in disputed waters off South Korea's coast.

North Korea Policy

Since the breakdown of nuclear diplomacy between President Trump and North Korean leader Kim Jong-un in 2019, North Korea has refused virtually any substantive contact with the United States or South Korea. North Korea has continued to develop and expand its nuclear weapons stockpile and regularly conducts flight tests of its growing missile arsenal. 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. Kim also has boosted relations with 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 say 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.

Presidents Biden and Yoon developed a joint approach to North Korea that heavily emphasized deterrence, in contrast to the emphasis on diplomacy pursued by Yoon's predecessor, Moon Jae-in (in office 2017-2022). Among other steps, Biden and Yoon expanded the scope and scale of combined military exercises, including with Japan. The second Trump Administration has said its goal remains North Korea's "complete denuclearization." President Trump has spoken of restarting diplomacy with Kim.

U.S.-South Korea Alliance

The U.S.-ROK alliance experienced strain during the first Trump Administration, 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. To date during the second Trump Administration, the allies have continued combined and joint military exercises, and Defense Secretary Pete Hegseth and his ROK counterpart reaffirmed the importance of "a strong combined U.S.-ROK defense posture." The

issue of potential troop withdrawals may reemerge. According to one press report, denied by U.S. officials, the Trump Administration is considering moving around 4,500 U.S. troops from South Korea to other Indo-Pacific locations. Related issues are how prepared the United States and South Korea are to handle simultaneous crises on and off the Korean Peninsula, and what the procedures are for redeploying USFK for other regional contingencies, including those involving Taiwan.

In November 2024, the two allies concluded a new agreement to defray the cost of stationing U.S. troops in South Korea, covering the 2026-2030 period. South Korea agreed to increase its 2025 payment by 8.3% (to roughly \$1.19 billion) in 2026, with future annual increases tied to South Korea's consumer price index and capped at 5%. During the first Trump Administration, cost-sharing talks collapsed, leading to a months-long lapse in an agreement and the furlough of about 4,500 Koreans who worked on U.S. bases. The Biden Administration concluded an agreement in 2021. South Korea has paid \$9.7 billion—over 90% 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 the evolving threat landscape. Since 2006, the two sides 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, but it remains unclear when the transition would occur.

South Korea's Regional Relations

China. For at least 20 years, China has been South Korea's largest trading partner and among its largest destinations for foreign direct investment (FDI). For these and other reasons, ROK leaders generally seek constructive relations with China. 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. U.S. and ROK analysts debate the roles, if any, U.S. troops based in Korea might play in a Taiwan contingency. In the Yellow Sea, China's construction of structures in the overlapping exclusive economic zone (EEZ) claimed by both countries may violate a 2001 agreement between the PRC and ROK governments and is raising ROK concerns about China's intended use of the structures.

Japan. ROK-Japan relations often 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. From March 2023-January 2025, there were more than eight 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 the establishment of a

trilateral secretariat. Secretary of State Marco Rubio has held two trilateral meetings with his ROK and Japanese counterparts. Although ROK-Japan relations have markedly improved since 2023, distrust lingers.

U.S.-South Korea Economic Relations

U.S. goods and services exports to South Korea totaled \$93.4 billion in 2024, and imports totaled \$148.9 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. The United States is the largest destination for South Korean FDI and, in 2023, South Korea was the fourth-largest source of new FDI in the United States, with almost \$5 million out of \$8 million of new FDI in manufacturing.

The KORUS FTA has been the centerpiece of bilateral trade and investment relations since its entry into force in 2012. The agreement has eliminated virtually all tariffs on imports from the other country. The first Trump Administration negotiated limited modifications to the KORUS FTA, effective 2019, to address some implementation concerns. On April 2, 2025, President Trump issued an executive order imposing 10% tariffs on imports from most trading partners effective April 5, including South Korea, as well as a country-specific rate of 25% on South Korean products. On April 9, the President paused the country-specific rates for 90 days. Both the 10% and 25% tariffs do not apply to certain goods, including those already facing or potentially facing other U.S. tariffs, such as automotive products, semiconductors, steel, and aluminum (see below). President Trump's tariff actions may violate U.S. obligations under the KORUS FTA. The actions are also being challenged in U.S. courts. The United States and South Korea are negotiating on various trade issues, including the bilateral trade balance and non-tariff trade barriers.

President Trump's criticism of the Inflation Reduction Act (P.L. 117-169) and the CHIPS and Science Act (P.L. 117-167) has introduced uncertainty for South Korean companies, which had benefited from both laws after committing substantial investments into the motor vehicle and semiconductor industries in the United States.

Other U.S. Trade Actions. In March 2025, President Trump eliminated all country exemptions and product exclusions to the tariffs on steel imports he imposed in 2018. At the time, South Korea, the fourth-largest source of U.S. steel imports in 2024 (\$2.9 billion), had negotiated a tariff exemption that capped imports of South Korean steel at 70% of average 2015-2017 levels. In April 2025, President Trump implemented a 25% tariff on passenger vehicles, light trucks, and certain automobile parts. In 2024, motor vehicles and parts accounted for 37% of U.S. imports from South Korea. Since March 2025, the Trump Administration has initiated trade investigations into several sectors that may affect major South Korean industries and their supply chains, including copper, semiconductors, pharmaceuticals, and critical minerals. Effective June 4, President Trump raised tariffs on steel from 25% to 50%.

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