



# U.S.-South Korea Bilateral Trade Relations

South Korea (or the Republic of Korea, ROK), a U.S. ally since 1953, is one of the United States’ most important economic partners in Asia. It is the eighth-largest U.S. goods trading partner and a major source of inbound and destination for outbound U.S. foreign direct investment (FDI). The U.S.-South Korea Free Trade Agreement (KORUS FTA) entered into force in March 2012 and has become the second-largest U.S. FTA by trade flows, after the U.S.-Mexico-Canada Agreement (USMCA).

Under the Biden Administration, the United States and South Korea committed to increasing economic security cooperation in semiconductors, artificial intelligence, biotechnology, and other industries. While the Trump Administration has affirmed similar objectives, including through the October 2025 U.S.-ROK Technology Prosperity Deal, various U.S. tariff actions on key South Korean exports and further potential actions have brought uncertainty to the bilateral relationship. In November 2025, the U.S. and ROK governments released details of the U.S.-Korea Strategic Trade and Investment Deal, which reduced some U.S. tariffs and included a \$350 billion investment commitment from South Korea (see below).

It is unclear if the trade and investment agreement would be considered a formal modification to the KORUS FTA, which was approved by Congress (P.L. 112-41), or a separate agreement altogether. Congress may monitor the implementation of the 2025 agreement and also consider passing legislation approving or disapproving the agreement, or setting other terms related to its implementation.

## The KORUS FTA

The United States and South Korea originally negotiated KORUS to enhance economic ties and strengthen the alliance relationship. The FTA reduced and, in most cases, eliminated tariff and nontariff barriers (NTBs) between the two parties on manufactured goods, agricultural products, and services. It also provided rules and disciplines on investment, intellectual property rights (IPR), and other issues; commitments to maintain certain labor and environmental standards; and mechanisms for resolving disputes. In 2018, the first Trump Administration negotiated amendments related to U.S. auto exports, U.S. tariffs on light trucks, and certain rules, including on investment. The changes were implemented without action by Congress. The KORUS FTA-implementing legislation provides the President authority to modify the U.S. FTA tariff schedule.

Views on KORUS and its outcomes are mixed. Proponents argue the FTA has expanded trade (including U.S. exports), investment, competition, and consumer choice in both countries; increased protection for U.S. IPR in South Korea;

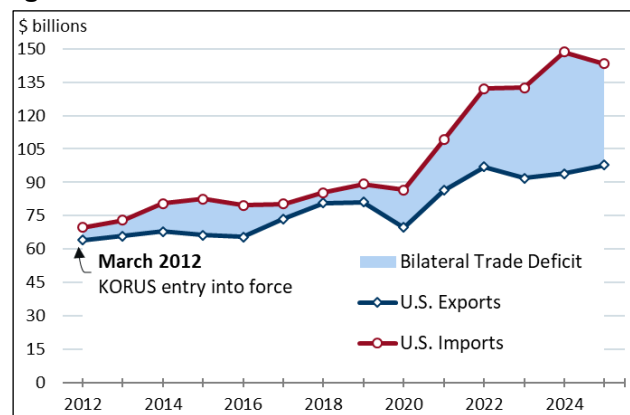
and improved transparency in South Korea’s regulatory process. Others have argued that the agreement’s impact has not met expectations in some respects, pointing, for example, to an increase in the U.S. trade deficit with South Korea and remaining NTBs, particularly for digital trade and services. The two countries continue to use FTA consultative mechanisms to address implementation issues.

South Korea has been active in regional trade agreements that do not include the United States, such as the 15-member Regional Comprehensive Economic Partnership (RCEP), which includes China, Japan, and 10 members of the Association of Southeast Asian Nations (ASEAN), among others. South Korea joined the four-nation Digital Economic Partnership Agreement (DEPA) in 2024 and has initiated domestic procedures for potential application to the 12-nation Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

## Trade and Investment Patterns

In 2025, total U.S.-South Korea trade in goods and services was \$241.2 billion (with \$97.9 billion in U.S. exports and \$143.4 billion in U.S. imports). The U.S. trade deficit with South Korea fluctuated in the early years after KORUS took effect and has steadily increased since 2018 (Figure 1). In 2025, the deficit for goods trade was \$56.8 billion, \$10 billion less than 2024. The United States had an \$11.3 billion surplus in services trade.

Figure 1. U.S. Total Trade with South Korea



Source: CRS with data from the Bureau of Economic Analysis.

South Korean FDI stock in the United States more than doubled, to \$92.1 billion, between 2015 and 2024. U.S. FDI stock in South Korea remained relatively constant over the same period, reaching \$36.4 billion in 2024.

## Select Sectors and Related Trade Issues

### Agriculture

The United States ran a \$7.9 billion agricultural trade surplus with South Korea in 2025. South Korea’s

agriculture sector generally is highly protected—its applied tariffs in agricultural products average 57% for non-FTA countries—but through KORUS, almost two-thirds of U.S. agricultural exports received duty-free treatment upon entry into force. Tariffs and import quotas on most other agricultural goods were phased out by 2021. Phased elimination of South Korea’s 40% tariff on beef by 2026 has significantly boosted market access for U.S. producers. U.S. beef exports to South Korea, the top agricultural export in 2025, doubled over the past decade. Other top agricultural exports also increased: pork (+83%), corn (+114%), prepared foods (+59%), and wheat (+125%).

### Automotive

Automotive goods accounted for roughly 31% of U.S. goods imports from South Korea in 2025. Under KORUS, the United States eliminated its 2.5% passenger vehicle tariff in 2016. The 25% U.S. tariff on light trucks, which was originally scheduled to phase out by 2021, was extended to 2041 under the 2018 modifications. South Korea’s 10% light truck tariff was immediately eliminated, and its 8% passenger vehicle import tariff was eliminated in 2016. Under KORUS, bilateral tariffs on virtually all auto parts immediately dropped to zero. From 2011 to 2024, auto and parts trade tripled, with U.S. exports to South Korea reaching \$2.6 billion and U.S. imports hitting \$49.5 billion. South Korean automakers also have increased investments in the United States to expand their U.S. manufacturing capacity. In 2025, President Trump imposed 25% tariffs on U.S. imports of automobiles and certain parts under Section 232 of the Trade Expansion Act of 1962. In November 2025, the United States lowered the Section 232 auto tariffs for Korea to 15% (see below).

### Digital Trade

U.S. policymakers, including some Members of Congress, have characterized South Korea’s digital trade policies as NTBs to trade for U.S. companies. The KORUS FTA does not address digital trade barriers to the extent of newer U.S. trade agreements; some policy experts have proposed adopting USMCA’s relatively more extensive digital trade provisions. Some South Korean digital trade barriers, as described by the U.S. government, include proposed network usage fees and digital services competition policy, as well as restricted access to export of location-based data.

In February 2026, the House Judiciary Committee launched an inquiry into the ROK government’s investigation of Coupang, Inc., an e-commerce company headquartered in Seattle, WA, that primarily operates in South Korea. Coupang reported a data breach in November 2025, which prompted several South Korean regulators and the National Assembly to launch investigations into the breach. The U.S. Trade Representative (USTR) reportedly is preparing to launch broad unfair trade practices investigations under Section 301 of the Trade Act of 1974 and is likely to include South Korea’s digital trade policies.

### U.S. Tariff Actions and Negotiations

In November 2025, the two countries released details on the U.S.-Korea Strategic Trade and Investment Deal. The agreement addressed U.S. tariff actions imposed in 2025, South Korean investment commitments, agricultural and

digital trade NTBs, and more. Under the agreement, certain sectoral tariffs imposed under Section 232 of the Trade Expansion Act were lowered to 15% for South Korea, including for autos, timber, lumber, and aircraft products. The deal also set sector-specific limits on future tariffs for pharmaceuticals and semiconductors subject to future negotiations, such as the global 25% tariff on certain semiconductor imports imposed in January 2026. Section 232 tariffs on steel and aluminum imports remain at 50%. South Korea is a top source of U.S. steel imports and had negotiated an import quota in lieu of Section 232 tariffs first imposed by the Trump Administration in 2018; that quota was terminated in 2025.

Additionally, the November 2025 agreement lowered from 25% to 15% the country-specific “reciprocal” tariff that President Trump imposed in April 2025 on most South Korean goods under Executive Order (E.O.) 14257. On February 20, 2026, President Trump ended tariffs imposed under E.O. 14257 in response to a Supreme Court ruling, and imposed a temporary global 10% tariff under Section 122 of the Trade Act of 1974, scheduled to expire in July 2026.

The November 2025 agreement included a memorandum of understanding (MOU) committing South Korea to invest, as approved by the U.S. President, \$150 billion in the U.S. shipbuilding industry and \$200 billion in U.S. industries considered to “advance economic and national security interests.” South Korea is not expected to invest more than \$20 billion in a calendar year. In January 2026, President Trump criticized the ROK government’s speed at implementing its investment commitments and stated his intentions to raise tariffs on South Korean exports to 25%. The higher tariff rate had not been implemented as of early March 2026.

The U.S. and ROK governments were scheduled to hold a KORUS joint committee meeting in December 2025 to finalize NTB commitments, among other things. USTR reportedly canceled the meeting due to concerns over South Korea’s investigation into Coupang and broader digital trade policies. The meeting has yet to be rescheduled.

### Issues for Congress

Congress may conduct oversight of the KORUS FTA implementation as well as consider whether or not to codify and direct the executive branch to consult Congress on the implementation of the 2025 agreement. Some questions Congress may consider when conducting oversight include

- How will the President determine which U.S. industries receive South Korean investment? What processes exist, if any, for the public and Congress to provide input and oversight of the investments?
- If the 2025 agreement is to be considered as a standalone agreement from the KORUS FTA, how will the executive branch monitor implementation of the agreement? What should the congressional role be in executive-led trade agreements?

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