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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).

Although the Trump Administration aims to increase economic security cooperation with South Korea in semiconductors, artificial intelligence, biotechnology, and other strategic industries, 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 United States and South Korea announced 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). In 2026, the United States has expressed dissatisfaction over South Korea's implementation of its investment commitments and concerns over South Korea's regulatory practices that affect U.S. companies operating in the country.

It is unclear if the 2025 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 KORUS FTA and the 2025 agreement and 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 overall 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 U.S. tariffs.

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

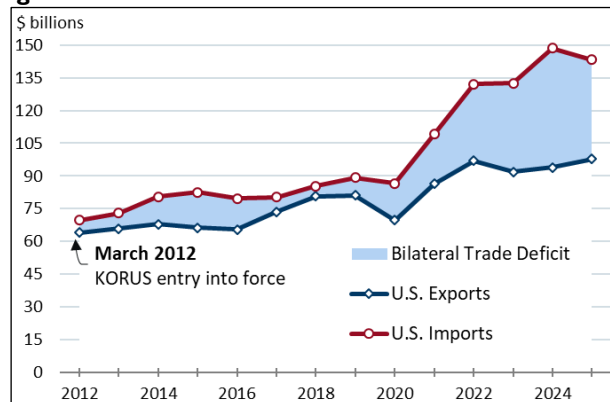
process. Others have argued that the FTA's impact has not met expectations in some respects, pointing, for example, to an increase in the U.S. trade deficit with South Korea and remaining NTBs, particularly for digital trade and services. The two countries continue to use FTA consultative mechanisms 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 \$241.6 billion (with \$99.1 billion in U.S. exports and \$142.5 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 U.S. deficit with South Korea for goods trade was \$56.8 billion, \$10 billion less than 2024. The United States had a \$13.3 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 \$95.2 billion, between 2015 and 2025. U.S. FDI stock in South Korea remained relatively constant over the same period, reaching \$37.4 billion in 2025.

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 tariff on beef from 40% to 0% 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 2025, auto and parts trade tripled, with U.S. exports to South Korea reaching \$2.6 billion and U.S. imports hitting \$42.5 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 and Nontariff Barriers

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 July 2026, the House Judiciary Committee released an interim report after initiating an inquiry into the ROK government's investigation of Coupang, Inc., a U.S.-based e-commerce company 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 investigate the company. The House report found South Korea's regulatory practices and proposed policies to be discriminatory towards U.S. businesses. South Korea has argued that its investigations are nondiscriminatory and follow domestic laws and procedures. The U.S. Trade Representative (USTR) received a petition to investigate South Korea's regulatory practices related to Coupang under Section 301 of the Trade Act of 1974 in January 2026. USTR has not initiated an investigation.

U.S. Tariff Actions and Negotiations

In November 2025, the two countries announced the U.S.-Korea Strategic Trade and Investment Deal. The agreement addressed certain U.S. tariff actions imposed since 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 and pharmaceuticals. The deal also capped future Section 232 tariffs on semiconductors subject to negotiations. Section 232 tariffs on most 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 in 2018; that quota was terminated in 2025.

Additionally, the November 2025 agreement lowered from 25% to 15% the country-specific tariff that President Trump proposed in April 2025 on most South Korean goods under Executive Order (EO) 14257. On February 20, 2026, President Trump lifted tariffs imposed under EO 14257 in response to a Supreme Court ruling, and imposed a temporary global 10% tariff under Section 122 of the Trade Act of 1974, which expired in July 2026. On July 23, the Trump Administration imposed a 12.5% tariff on most South Korean goods following a Section 301 investigation related to South Korea's failure to impose and effectively enforce a prohibition on the importation of goods produced with forced labor. South Korea is also subject to another Section 301 investigation related to structural excess capacity, which may result in additional tariffs. South Korean officials have sought confirmation from the United States that additional Section 301 tariffs would not exceed the 15% agreed in the November 2025 agreement.

Under the November 2025 agreement, South Korea committed to investing \$350 billion into the United States; \$150 billion is earmarked for the U.S. shipbuilding industry and \$200 billion for U.S. industries considered to "advance economic and national security interests." All projects will be approved by the U.S. President, and South Korea is not expected to invest more than \$20 billion in a calendar year. U.S. dissatisfaction over South Korea's speed of implementation of its investment commitments have increased bilateral tensions. South Korea, expected to announce the first investments in September, has raised concerns over potential costs and commercial viability. The projects reportedly in negotiation include a gas-fired power project in Texas, construction of eight nuclear reactors, and potentially a liquefied natural gas project in Alaska.

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 and U.S. tariffs. 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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