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ROK-US POLICY BRIEF

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US-ROK RELATIONS

AFTER THE GYEONGJU SUMMIT

BY WANG HWI LEE



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경주 정상회담 이후의 한·미 관계

WANG HWI LEE

PROFESSOR, AJOU UNIVERSITY

November 2025

Better than Expected

In 2025, South Korea and the U.S. underwent significant political shifts, with each country welcoming new leadership: President Donald J. Trump in January and President Lee Jae-myung in June. Despite President Trump's sharp policy contrast with the previous administration and the Lee administration's struggle with domestic turmoil after martial law, both governments faced initial uncertainty in foreign relations. The Gyeongju Summit was the perfect opportunity to remove the uncertainty.

Given their contrasting backgrounds—Lee as a self-made human rights lawyer and Trump as a wealthy businessman—the prospect for close cooperation seemed dim, fueling expectations of challenges in U.S.-ROK relations due to [differing party policies](#).

[Criticizing the trade deficit](#) with South Korea, President Trump imposed a 25% reciprocal tariff on the country. Trump complained that South Korea was not paying enough in defense cost-sharing and demanded an increase in defense spending. “[We protect them from North Korea and others, but they \[South Korea\] don’t pay us anything, and I said, ‘This is crazy.’](#)” Even more surprising was that Trump boasted of being closer to the North

트럼프 대통령의 전임 정부와의 뚜렷한
정책 차이에도 불구하고, 그리고 계엄
이후 이재명 정부가 국내 혼란으로
어려움을 겪었음에도, 양국 정부는 외교
관계에서 초기 불확실성에 직면했다.
경주 정상회담은 이러한 불확실성을
제거할 완벽한 기회였다

Korean leader than to the South Korean leader. [“North Korea’s very serious nuclear power—I got along with him \[Kim Jong-un\] very well.”](#)

Since the Lee Jae-myung administration took office, South Korea-U.S. relations have been more stable than expected. President Lee’s [pragmatic diplomacy centered on national interest](#) reduced uncertainty in U.S. policy by continuing the Yoon Seok-Yeol administration’s policy of strengthening the South Korea-US alliance and South Korea-U.S.-Japan cooperation. By visiting Japan before his visit to the U.S., President Lee dispelled U.S. concerns about South Korea-Japan relations.

At the first summit in August, President Lee suggested a roadmap to transform the South Korea-U.S. alliance into [a future-oriented, comprehensive strategic alliance](#). This alliance is based on three pillars: security, economy, and advanced technology. The military alliance seeks peace and denuclearization on the Korean Peninsula. The economic alliance enhances Korea’s investment in the U.S., which is the leading destination for greenfield investments. Finally, the advanced technology alliance expands cooperation in shipbuilding, AI, semiconductors, quantum computing, and [nuclear energy](#).

Tough Tariff Negotiations

In tariff negotiations, President Lee largely accommodated U.S. demands. On July 30th, the U.S. agreed to lower reciprocal tariffs from 25% to 15%, and South Korea agreed to invest \$350 billion in the U.S. (\$200 billion in high-tech industries and \$150 billion in the shipbuilding industry). [By calling himself a peacemaker and praising Trump as a peacemaker, President Lee flattered President Trump's quest for a U.S.-North Korea summit.](#) Thanks to these efforts, the first summit, held in Washington, D.C., on August 25th, concluded without any blunder.

**정상회담에서 가장 중요한 이견은
한국의 투자 방식, 투자 일정, 그리고
수익 배분 구조에 관한 것이었다**

The most important point of disagreement at the summit was South Korea’s investment method, timeline, and profit-sharing arrangements. The U.S. initially demanded a large upfront payment of \$350 billion during President Trump’s second term.

Large cash installments place a substantial burden on South Korea’s foreign exchange market, which might pose risks to market stability. \$350 billion is equivalent to approximately 18.7% of Korea’s nominal GDP in 2024 and approximately 84% of its foreign exchange reserves as of October 2025.

South Korea [emphasizes](#) that the \$350 billion investment package is financially viable, profitable, and aligned with national interests—not merely a political gesture. The investments must be directed toward “commercially reasonable” projects that guarantee sufficient recovery of funds and acceptable risk-return profiles for Korea.

**한국은 3,500 억 달러 규모의 투자 패키지가
단순한 정치적 제스처가 아니라, 재정적으로
실행 가능하고 수익성이 있으며 국익에
부합하는 계획임을 강조하고 있다**

To stabilize foreign exchange markets, South Korea proposed a mix of equity, loans, and guarantees. However, [President Trump publicly mentioned an "upfront" payment to the U.S. government.](#) To ensure foreign

exchange market stability, South Korea requested a currency swap with the U.S. When the U.S. declined, President Lee proposed a ten-year installment payment of \$200 billion. President Trump accepted this request at the October 30 summit, effectively resolving the controversy surrounding the investment package

Nuclear-Powered Submarines: An Unexpected Scene Stealer

In security negotiations, South Korea has obtained many concessions from the U.S. South Korea has long pursued the development of weapons systems capable of defending against a North Korean nuclear attack. At the summit, President Lee requested [U.S. nuclear fuel support for South Korea's planned nuclear-powered submarines](#). Because the U.S. had never directly provided nuclear fuel overseas, it was expected that President Trump would reject Lee's proposal. However, President Trump's abrupt acceptance of this proposal the day after the summit created an opportunity for a significant upgrade in South Korea-U.S. cooperation in the shipbuilding industry. South Korea also secured [U.S. government approval for expanding its authority to enrich uranium and reprocess spent nuclear fuel](#).

**정상회담 다음 날 트럼프 대통령이
이 제안(핵연료 지원)을 전격적으로
수용한 것은 한·미 조선산업 협력을
크게 업그레이드할 기회를
만들어냈다**

By specifying investment methods and reviewing U.S. laws and regulations related to nuclear-powered submarines, the two countries' security and economic cooperation have entered a stable trajectory. However, By the fact that it took 16 days for the fact sheet outlining the agreements to be released, future working-level negotiations are unlikely to proceed smoothly.

Supplying nuclear fuel for nuclear-powered submarines requires prior resolution of legal and regulatory issues, such as the [U.S.-Republic of Korea \(R.O.K.\) Agreement for Peaceful Nuclear Cooperation](#) (the so-called “123 Agreement”) and nuclear material export controls. [Nonproliferation advocates](#) opposing the transfer of nuclear technology in the U.S. government and Congress could delay negotiations by imposing conditions on South Korea's participation in U.S. training and operations outside the Korean Peninsula.

There were no specifics regarding which country would build nuclear-powered submarines. Trump wanted the submarine to be built at [Hanwha Philly Shipyard](#). But South Korea wants to build them domestically. There was also no mention of how nuclear fuel would be supplied. For the U.S. to directly export enriched uranium to South Korean companies, relevant regulations, including the “123 Agreement,” would need to be amended.

The transfer of wartime operational control (OPCON), which has been discussed since 2005, is also a highly complex matter. The transfer requires a three-stage military capability assessment and verification jointly established by South Korea and the U.S.: Initial Operational Capability (IOC), Full Operational Capability (FOC), and Full Mission Capability (FMC). The Lee administration has set a goal of completing all procedures within its term. Having completed the first stage of the assessment in 2019, the two countries agreed at the summit and the [ROK-U.S. Security Consultative Meeting \(SCM\)](#) to conduct the second stage of the verification process for the transfer in 2026. Passing both the second and third stages within the four years is a daunting challenge.

The [modernization of the South Korea-U.S. alliance](#) also has the potential to heighten tensions between the two countries. The U.S. seeks to expand its strategic flexibility to allow U.S. troops stationed in Korea to intervene in Taiwan in the event of a crisis. Conversely, South Korea maintains a very passive stance on deploying U.S. troops overseas, fearing a North Korean invasion threat and [a Chinese backlash](#).

**한·미 동맹의 현대화는 양국 간
긴장을 고조시킬 가능성도 있다**

China and North Korea as a Hindrance

President Lee mentioned China when releasing the fact sheet. "[Even though the U.S. is in conflict and confrontation with China in many areas, it also cooperates where possible. The government will steadfastly continue dialogue with China to advance bilateral relations and pave the way for peace on the Korean Peninsula.](#)" This statement is interpreted as an attempt to allay China's concerns about nuclear-powered submarines and the Taiwan Strait issue. If the modernization of the ROK-U.S. alliance accelerates, China is

**한미동맹의 현대화가 가속될 경우,
중국은 사드 배치 이후 도입했던 제재와
유사한 조치를 취할 가능성이 높다**

likely to introduce sanctions like those imposed after the THAAD deployment. To prevent such troubles, President Lee emphasized his stance of not provoking China.

China has been taking measures to restrain the strengthening of the South Korea-U.S. alliance. [On October 14, the Chinese Ministry of Commerce banned business with five U.S. subsidiaries of Hanwha Ocean,](#) claiming they had violated China's sovereignty, security, and development interests by cooperating and supporting relevant U.S. government investigations. [After the Trump-Xi summit in Busan, these sanctions were suspended for one year.](#) Because the sanctions were suspended, rather than revoked, Korean shipbuilders participating in the MASGA (Make American Shipbuilding Great Again) project are now directly exposed to potential Chinese sanctions.

China's response to South Korea's plan to acquire nuclear-powered submarines has been negative. South Korea maintains that its nuclear submarines will be conventionally armed and are intended to enhance deterrence primarily against North Korean threats, not to escalate regional arms races. But [China views the U.S. provision of nuclear submarine fuel to South Korea as potentially violating nonproliferation principles](#). Furthermore, China has publicly expressed worries that South Korea's nuclear powered submarine plans would shift the nature of the South Korea-U.S. alliance.

Finally, Korea-US security-related agreements may raise DPRK threat perceptions. President Trump, who was asked by President Lee to act as a peacemaker during the August summit, attempted to meet with Chairman Kim Jong-un during his visit to South Korea, but the meeting never took place. Instead, before President Trump's visit, Chairman Kim [dispatched](#) Foreign Minister Choi Son-hui to Moscow to meet with President Vladimir Putin and even launched a cruise missile.

North Korea has responded largely cynically and critically to [President Lee's END initiative \(Exchange, Normalization, Denuclearization\)](#). North Korea enshrined its nuclear weapons policy in its constitution in 2023.

Chairman Kim Jong-un seeks recognition as a nuclear state. In other words, North Korea [will not accept denuclearization](#) as a negotiable issue.

Outlook for Next Year

South Korea-U.S. relations are expected to remain relatively stable for a while. However, the relationship could fluctuate when President Trump visits China next April. If the U.S. and China reach a compromise to end their tariff war, South Korea can work with satisfy both sides. Otherwise, South Korea will be a shrimp between two big whales. The U.S. will pressure South Korea to participate more actively in countering China, while China will threaten sanctions against South Korea if it joins the U.S.-led anti-China front. Under these circumstances, it will be difficult for President Lee to maintain a balance between the U.S. and China.

트럼프 대통령이 북한을 핵보유국으로 공식 인정할 경우, 이재명 대통령의 END 구상은 불가피하게 수정되어야 한다. 또한 트럼프 대통령이 북한의 요구를 수용하여 한·미 연합군사훈련을 중단한다면, 한미동맹의 현대화는 제약을 받을 것이다

President Trump wants to have a summit meeting with Chairman Kim Jong-un. If President Trump accepts some of Chairman Kim's demands to facilitate this summit, President Lee will find himself in an awkward position. If President Trump formally recognizes North Korea as a nuclear state, President Lee's END initiative will inevitably

have to be revised. If President Trump accepts North Korea's demand to suspend joint military exercises between South Korea and the U.S., the modernization of the South Korea-U.S. alliance will be hindered. Criticism from the opposition party, which opposes improved relations with North Korea, will further embarrass President Lee.

South Korea-Japan relations may also be heading toward a difficult situation. Prime Minister Sanae Takaichi's hawkish policy toward China is escalating tensions in Northeast Asia. [Prime Minister Takaichi asserted that Japan could exercise its right to collective self-defense in the event of an emergency in Taiwan. China fiercely criticized her assertion.](#) If Sino-Japanese relations deteriorate, China's counterweight to the South Korea-U.S.-Japan cooperation will intensify. Under such circumstances, [anti-Japanese sentiment in Korea](#) will likely hinder President Lee's efforts to improve relations with Japan.

The ROK-US Policy Brief is a joint publication between the Seoul National University Institute for Peace and Unification Studies (IPUS) and The George Washington University Institute for Korean Studies (GWIKS) dedicated to exploring current Korea-related policy matters within regional and global contexts.

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