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# ROK-US POLICY BRIEF

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THE COUPANG CONUNDRUM:  
FROM BILATERAL IRRITANT  
TO TRANSPACIFIC EXEMPLAR

BY HENRY HAGGARD



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# 쿠팡을 둘러싼 난제: 양자 간 마찰에서 환태평양 모델로의 전환

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The economic landscape of South Korea has been fundamentally reshaped by a single entity: Coupang. As the [largest U.S. investor in the country and its second-largest employer](#), Coupang is a logistical marvel that has redefined the "Korean speed" (ppalli-ppalli) culture for the digital age. Between Korean unicorns Kakao and Naver and the continuing world-class excellence of Samsung, Hyundai and SK, [Coupang offers a success story](#) that fits Korea like a glove and has filled a niche between the tech and manufacturing giants to become the Amazon of Korea, but at a scale and level of service that even Amazon cannot provide. U.S. investment and capital made Coupang's rise and success possible. Yet, in 2026, the corporate giant finds itself embroiled in numerous investigations and is the subject of high-level diplomatic engagement.

It should be a crowning achievement of U.S.-Korea commercial synergy and an exemplar for how the Korean domestic economy, with its dynamism and top-notch workforce, can serve as a pilot for innovation that could expand to Asia. Instead, it has devolved into a sharp bilateral irritant, threatening to destabilize trade relations and dampen investor sentiment.

**쿠팡, 한국 정부, 그리고 국회 간의 현재 긴장은 '삼중 손실(lose-lose-lose)'의 상황이다**

**이는 한·미 상업적 시너지의 대표적 성과이자, 역동성과 우수한 인적 자원을 갖춘 한국 국내 경제가 아시아로 확장 가능한 혁신의 시험장이 될 수 있음을 보여주는 모범 사례가 되어야 했다**

The current tension between Coupang, the Korean government, and the National Assembly is a "lose-lose-lose" scenario. It undermines Korea's reputation as a stable destination for foreign capital, threatens Coupang's operational freedom and its ability to serve

the Korean people, and introduces unnecessary friction into the vital U.S.-Korea security and economic alliance. To seek a possible resolution for this current impasse, we must understand the historical friction that laid the dry tinder and the 2025 data breach that acted as the spark that ignited the current tension. Only then, perhaps, can we see the path forward where Coupang is viewed not as a target, but as a blueprint for future cooperation. How did we get to the place where the largest U.S. investor in Korea, the second largest employer in Korea, generates such animus while also delivering such service?

## A History of Friction: The Growth of a Giant

Coupang's relationship with the Korean state has been tumultuous since it arrived in Korea in 2010 after it was founded by a group of Harvard Business School students. While its "[Rocket Delivery](#)" service, launched in 2014, won the hearts of consumers, its aggressive growth frequently placed it at odds with regulators and lawmakers.

Before 2025, the friction was primarily domestic and focused on three pillars:

- **Labor Practices:** The sheer scale of Coupang's fulfillment network – whose workers are not fully unionized – led to [intense scrutiny](#) over worker safety and nighttime shifts, particularly as domestic conglomerates struggled to compete with Coupang's innovative dawn delivery service. High-profile incidents involving warehouse conditions often triggered National Assembly audits.
- **Market Leadership:** As Coupang outcompeted traditional retailers, the [government faced pressure](#) to enact stricter platform regulations to ensure "fair competition" and often turned toward Europe for regulatory inspiration despite significant [concerns from the U.S. government and U.S. industry](#).
- **Regulatory Identity:** As a U.S.-headquartered company with nearly ninety percent of its profits from operations in Korea, the company occupies a regulatory gray zone that has [led to discussion](#) over whether it should be treated as a "foreign" or "domestic" conglomerate.

Despite these tensions, the company was largely viewed as a part of everyone's day-to-day life, and perhaps as a domestic regulatory challenge for the National Assembly to address. That changed in the summer of 2025.

## The Catalyst: The Summer 2025 Data Breach

In mid-2025, a data breach exposed the personal information of millions of users. While technically a cybersecurity failure, it became a political lightning rod stemming from sensitivity related to the fact that

Coupang is so integrated into most Koreans' daily lives, and from a long-simmering dispute over whether Coupang aimed to avoid Korean taxation by headquartering in the United States. The government's response represented a major departure from past precedent and was likely linked to this pre-existing disagreement.

**2025년 중반, 데이터 유출 사건으로  
수백만 명 이용자의 개인정보가 노출되었다**

Historically, while domestic giants like [SK Telecom](#) or [KT](#) faced backlash for breaches, they rarely faced the kind of comprehensive governmental attention and criminal charges now directed at Coupang. Lawmakers and regulators have characterized the breach as a "management problem" resulting from "lax oversight," which spurred different and more scrutiny than previous breaches that were caused by more "traditional" cyber attacks.

### 국회는 이 유출 사건을 지렛대로 삼아 쿠팡의 전체 사업 모델에 대한 감시를 강화했다

The National Assembly used the breach as leverage to intensify scrutiny on Coupang's entire business model. Given the fact that almost all Korean households use Coupang, all politicians found that this issue affected their constituents and became motivated to show they were investigating and seeking to protect their voters.

Within weeks, authorities formed an unprecedented set of dedicated [task forces](#) (including a cross-ministerial "Coupang Task Force" later elevated to Deputy-Prime-Minister level, an 86-member police task force, and a 32-member Labor Ministry task force), launched multi-day [search-and-seizure operations](#), and initiated large-scale ad hoc [tax and customs inspections](#). This focus highlighted the government's seeming desire to bankrupt Coupang and led to a high-stakes standoff: the government pushed for punitive fines and mandatory, costly infrastructure upgrades, while Coupang [argued](#) the measures were disproportionate and unfairly targeted a successful enterprise with foreign roots. Coupang has responded to the data breach by activating incident-response procedures to block unauthorized access, reporting the incident to law enforcement, and pledging over \$1 billion in compensation vouchers to affected users. After the incident, Coupang, working with security experts, has strengthened its security framework by implementing zero-trust architecture, enhancing employee off boarding, and adopting more rigorous data encryption standards to prevent future breaches. The company has pledged to continue working to strengthen its protections and be transparent with customers. Ongoing issues in dispute that continue to fuel the controversy include:

이러한 집중은 정부가 쿠팡을 사실상  
파산시키려는 의도를 가진 것처럼 보이게  
했으며, 고강도의 대치 상황으로 이어졌다.

- The Scale of the Breach: Officials claim this is the "largest breach in Korea's history," affecting 80% of the adult population (34 million accounts). The company claims the incident was the result of exploited internal access by a former employee that affected only 3,000 customers, whose data was stored only on the perpetrator's devices. Two [independent cybersecurity firms](#) confirmed that only low-sensitivity data (phone/email) was accessed, no financial data was compromised, no data was actually "leaked" externally (beyond the perpetrator's lone access), and there has been zero customer harm.
- The Nature of the Investigation: The ROK [government claims](#) that the investigation is not an "act of discrimination." While the actions taken by the government have been legal, the leak has been used as a pretext for [raids well beyond the normal scale and scope](#) with 11 unrelated agencies (tax, labor, customs, etc.) participating, the blocking of routine corporate transactions, and threats of business suspension and fines totaling 10–30% of global revenue. While Korean government officials claim they have not targeted Coupang, the response is objectively more comprehensive compared to more severe breaches at SK Telecom and Kakao.

## A Bilateral Irritant: Washington Steps In

By early 2026, the dispute crossed the Pacific. The political gravity was underscored by a high-profile exchange between Vice President JD Vance and Prime Minister Kim Min-seok. VP Vance [expressed](#) concern and asked that Korea not "target American tech companies," and linked Korean actions against Coupang to U.S. investment confidence in Korea. Prime Minister Kim [defended](#) the stance that Korea has taken toward Coupang, stating that Korea had conducted its investigation in a "non-discriminatory and transparent manner in the same way we would have done against any Korean company that had a data leak."

Such overt intervention is unusual. Friction between U.S. firms and Korean regulators is common (e.g., Google, Qualcomm), but high-level political intervention is generally reserved for trade agreements or national security, not data breaches. This escalation has been noted by The Chosun Daily, Korea's oldest and most influential newspaper of record. In a notable [editorial](#), the Chosun Ilbo highlighted the stark contrast between the "chopstick threats" of Korean politics—where business leaders are often publicly humiliated—and the robust protection the U.S. government provides its corporations. The editorial stated: "Whenever an issue arises, the owner... must appear before the National Assembly and grovel to appease politicians... Korea should learn from the U.S. instead of blaming it."

As the leading voice for Korea's highly educated opinion leaders, The Chosun Daily's critique signals a growing concern that the current political climate is becoming a liability for the nation's economic image. Next up, the U.S. Congress [has launched an investigation into Korea's "discrimination against American companies"](#) and held a closed-door hearing on February 23 to learn about how the Korean government is treating Coupang and other U.S. companies. Thus far, no reporting has emerged from the seven-hour hearing. The fact that Congress

**의회가 이 같은 이례적인 조치를 취했다는 사실은 한국의 투자 환경에 대한 실질적인 우려가 존재함을 보여준다**

has taken this extraordinary measure – including issuing a subpoena to Coupang for documentary evidence related to the company's interactions with the Korean government – shows that there is real concern about the investment climate in Korea.

## The Risk of Regulatory Churn

The current standoff risks having a "chilling effect" on the broader investment climate. Investors may interpret the Korean government's response as a shift toward a more nationalistic and less predictable regulatory environment. Indeed, five of Coupang's major U.S. investors have already

[filed arbitration claims](#) against the Korean government under the U.S.-Korea Free Trade Agreement (KORUS), which protects U.S. investors and companies against discriminatory acts and unfair trade practices. While KORUS may become a less effective tool for U.S. companies if President Trump continues to introduce uncertainty into the trade relationship, the arbitration claims send a chilling signal to multinational companies, potentially leading them to reassess expansion plans in favor of markets with greater regulatory stability.

**현재의 대치는 보다 광범위한 투자 환경에 '위축 효과(chilling effect)'를 초래할 위험이 있다.**

## Reimagining Coupang: An Exemplar for Collaboration

**적대감과 지속적인 격랑(Sturm und Drang)에도 불구하고, 쿠팡은 한·미 시너지의 궁극적인 성공 사례를 대표한다.**

Despite the animus and ongoing Sturm und Drang, Coupang represents the ultimate success story of U.S.-Korea synergy. It is the embodiment of what happens when U.S. capital meets Korean operational excellence.

At this stage, Coupang is much more than an e-commerce company; it is at the forefront of [AI, cloud](#), and [advanced robotics](#), all industries that are made for U.S.-Korea partnerships. If the partnership appears on shaky ground, the result could affect various future investments and potential partnerships, to the detriment of U.S. and Korean companies

Instead of an irritant, Coupang should be viewed as an exemplar for three reasons:

1. The "Hybrid" Partnership Model: Coupang demonstrated that U.S. investment, bringing scale and technological expertise, can be paired with Korea's digitally fluent workforce and consumer base.
2. Economic Utility: By pioneering "Rocket Delivery," Coupang acted as a massive job creator and a utility that introduces efficiency and [access to products](#), offers [opportunities to SMEs](#), and [reduces prices](#) through its network of suppliers to modern Korean life.
3. Exporting Success: Coupang is now taking its "Korea-proven" logistics model to [Taiwan](#) and [Japan](#). This showcases how a U.S.-Korea partnership can scale beyond national borders to capture diverse Asian markets and benefit both Korea and the United States.

## Conclusion

The Coupang standoff tests the maturity of the U.S.-Korea economic and geopolitical relationship. We got to this moment of tension through a combination of rapid growth and a series of misunderstandings about the scope of the breach by Koreans and about Korean parliamentary and law enforcement practices by some in the United States, but staying here serves no one. By shifting the narrative from punitive targeting to a recognition of mutual benefit, both Coupang and the Korean government can—and should—seek to spur a new generation of transpacific success.

**쿠팡을 둘러싼 대치는 한·미 경제 및 지정학적 관계의 성숙도를 시험하고 있다.**

Coupang's success story offers a blueprint for future ventures where U.S. capital provides the fuel and framework, while Korean talent and local knowledge execute the sophisticated operational strategies required to capture market share across diverse Asian economies. Further, the quick-to-adapt, densely populated, and digitally fluent population allows companies to quickly assess whether their endeavor could succeed. The Korean market, though small, is dynamic and can serve as a testing ground for companies and technologies of the future. To replicate the hybrid partnership model, the Coupang dispute should move from a politically charged fight pitting lawmakers and political leaders against the company and instead focus on negotiating a

resolution. Ultimately, a resolution should allow Korean legal processes to proceed and offer Coupang a chance to show the Korean people that they have addressed the issues from the 2025 incident.

*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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