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# US-ROK POLICY BRIEF

2025-Apr. ISSUE 8

TOWARD A PRAGMATIC ALLIANCE:  
SEIZING STRATEGIC OPPORTUNITIES  
IN TRUMP'S SECOND TERM

BY ANTHONY B. KIM



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Anthony B. Kim is the Jay Kingham Research Fellow in International Economic Affairs, Editor of the Index of Economic Freedom, and Manager of Global Engagement, Margaret Thatcher Center for Freedom. Previously, Kim had served as Deputy Chief of Staff to Dr. Edwin J. Feulner, founder of the Heritage Foundation.

Focusing on policies related to economic freedom, entrepreneurship, and investment in various countries around the world, Kim researches international economic issues. As an editor, Kim also manages the production of The Heritage Foundation's annual Index of Economic Freedom. The Index, a widely respected policy guidebook, tracks the march of economic freedom around the world by measuring 12 freedoms—from property rights to entrepreneurship—in 186 countries.

After a decade of publication, Heritage executives in 2007 decided changes were needed to make the Index more accessible to more readers—from policymakers to investors around the globe. As a leading Heritage expert who grade the listed countries, Kim helped oversee and implement those changes.

Kim's commentary and opinion pieces have been published by The Wall Street Journal's Asia edition, The New York Post, The Washington Times, National Review Online and the Korea Herald, among others. He has been quoted in major U.S. and international media, among them Financial Times, Associated Press, Agence France-Presse, Fox Business News, and Voice of America. Kim won Heritage's prestigious Drs. W. Glenn and Rita Ricardo Campbell Award, which goes to the employee who makes "an outstanding contribution to the analysis and promotion of a free society."

Before joining Heritage in 2001, Kim studied Economics at Rutgers University in New Brunswick, New Jersey. He holds a master's degree in International Trade and Investment Policy from the Elliott School of International Affairs at the George Washington University.



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# TOWARD A PRAGMATIC ALLIANCE: SEIZING STRATEGIC OPPORTUNITIES IN TRUMP'S SECOND TERM

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THE HERITAGE FOUNDATION

April 2025

During the first in-person bilateral talks with South Korean Foreign Minister Cho Tae-yul in February, U.S. Secretary of State Marco Rubio [underscored](#) the "enduring defense and economic ties," which have been firmly anchored in the dynamic, time-tested relationship between the two long-standing allies. America's top diplomat unambiguously [highlighted](#) "the need to continue to advance economic cooperation in line with President Trump's agenda."

Secretary Rubio's remarks are further testament to South Korea's indispensable role as a proven U.S. partner, particularly as the U.S. under Trump 2.0 intends to practice "[peace through strength](#)" foreign policy. Indeed, it is not an exaggeration that the Republic of Korea (South Korea) is one of the best examples of an ally putting its security and economic partnerships with the United States into real, practical action. Time and time again, South Korea has proven to be a reliable and capable U.S. ally.

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and practicality of the alliance. To that end, Trump 2.0 presents seemingly challenging yet unique strategic opportunities for South Korea.

It is thus in the clear interest of Seoul and Washington to build on that steadfastness and bolster the pivotal partnership in pragmatic ways, particularly through greater strategic clarity and cooperative commercial diplomacy initiatives that will enhance the resilience

## **Trump 2.0—Organized Chaos?**

South Korea is confronted with an [increasingly complex](#) geoeconomic environment marked by rising global tensions, supply chain vulnerabilities, and shifting trade dynamics. These lingering and intensifying external factors risk national and regional security, economic competitiveness, and internal political dynamics. Economic

security has emerged as a defining issue of the era of Trump, necessitating more holistic, synchronized endeavors and actions across government agencies, businesses, and civil society.

In that evolving context of geopolitical uncertainty, it is undeniable that a series of swift and bold policy proposals and reconfigurations pursued and adopted by the second Trump administration since January 20 has (predictably) increased the level of frustration and uneasiness in South Korea about Trump 2.0. In fact, the rather [panicky](#) mood about Trump's return and [policy actions](#) thus far has been further exacerbated by the fact that South Korea has been undergoing its own political uncertainty triggered by the country's president since December 3, 2024.

To be sure, there will always be some level of trepidation about how to deal with Trump. However, overreaction is something for policymakers in Seoul and anywhere else to avoid. We should remember that the circumstances and context surrounding Trump 2.0 are starkly different from the first Trump administration. The unmistakable political victory won by Trump in the elections on November 5, 2024 and the accompanying Republican majorities in the Senate and House of Representatives empowered Trump with the chance to govern with greater decisiveness and efficacy. In addition, the second Trump presidency has moved swiftly to assemble a cohesive cabinet and White House staff with more experience than in Trump's first term.

Unlike his first presidency, therefore, Trump 2.0 seems to be a much-better organized, far less chaotic administration in pursuing and implementing its policy agenda. In other words, Trump's second presidency has shown a higher degree of discipline and effectiveness than many critics and pundits have warned in terms of doing what he said his second administration would do.

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## Opportunities for South Korea Under Trump 2.0: Harnessing Strategic Synergy

Navigating the emboldened Trump 2.0 and engaging with it effectively requires policymakers in Seoul to step up their game proactively, expand the framework for interaction, and be prudent yet clear-sighted about how to advance the two long-time allies' national interests together and thus the alliance as pragmatically as possible. South Korea may thus need to be more strategically flexible, particularly in terms of securing lasting, long-term practical gains and solidifying the partnerships with the United States that can and should go beyond Trump 2.0.

**That unique advantage can and will provide constructive and practical incentives to make Trump's explicit emphasis on "reciprocity" better and more strategically applicable to the ever-evolving multifunctional South Korea-U.S. alliance in a broader context of burden sharing**

Fortunately, South Korea has a number of key assets and technological capabilities that the United States under Trump 2.0 needs at this critical geoeconomic juncture. That unique advantage can and will provide constructive and practical incentives to make Trump's explicit emphasis on

“reciprocity” better and more strategically applicable to the ever-evolving multifunctional South Korea-U.S. alliance in a broader context of burden sharing.

South Korea has become one of the most competitive economies in the world, and notably transformed itself from a security consumer to America’s capable and reliable [security partner](#) that can play a pivotal role in a broader context beyond the U.S.-South Korea security theater. This unique alliance has been buttressed by a track record of supporting mutual interests across the Pacific while overcoming challenges and adapting to ever-changing global economic and security environments.

It is notable that on February 21, 2025, President Trump issued the [America First Investment Policy](#) (AFIP) memorandum, confirming the longstanding view that “economic security is national security.” Outlining core principles and objectives, the policy memo states that “welcoming foreign investment and strengthening the United States’ world-leading private and public capital markets will be a key part of America’s Golden Age.” The presidential memo further underlines that “we will make it easier for our overseas allies to support United States jobs, United States innovators, and United States economic growth with their capital.”

The policy change signaled through the AFIP memorandum has made it clear that reciprocity is back in style, especially in Trump’s fashion. Reciprocity is a catchphrase hatched in Trump’s first term, and it is more institutionalized in his recent executive orders that are related to America’s trade and economic interactions with the rest of the world. The unmistakable focus of Trump’s reciprocity is on attracting greater investment at home by America’s willing economic and security partners.

South Korea and the United States have [prospered](#) from vibrant trade and investment engagements. Looking ahead, the bilateral relationship is likely to be influenced and shaped by circumstances related to Washington’s orientation, changing economic order, supply chain, and technology. The key question is how we collectively adapt and recalibrate the cooperative efforts of the South Korea-U.S. pragmatic economic partnership to expand cooperation in both the public and the private domain. In this evolving yet focused policy environment, there are a number of Trump 2.0 engagement options Seoul should consider and sharpen up.

Making renewed and strategic efforts to maximize the utility of the Korea-U.S. Free Trade Agreement, commonly known as the KORUS FTA, should not be neglected. Enhancing dynamic entrepreneurial engagements in the framework of the KORUS FTA, particularly to reconfigure and enhance supply chain security, is critical for the future economic resilience and prosperity of the two long-time allies.

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The KORUS FTA, which was successfully and amicably renegotiated and upgraded during President Trump’s first term, in 2017 and 2018, is much more than a trade pact that has significantly reduced both tariff and non-tariff barriers between the two economies across the Pacific. The renewed KORUS FTA can be a greater strategic vehicle that amplifies the critical linkages and interactions between economic security and national security in a spirit of putting partnership into concrete joint economic action for innovation and greater entrepreneurial dynamism under Trump 2.0, particularly concerning South Korea’s numerous leading medium sized companies that are critical to high-tech and defense supply chains.

However, and perhaps more essentially, Seoul should formulate a more proactive operational approach of “joint investor and co-developer” when South Korea deals with the second Trump administration, not just

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Pursuing a bilateral strategic defense industry development and production ecosystem can and will strengthen economic security partnerships between the two like-minded and willing partners. South Korea has a unique practical dividend of its mutual defense treaty with the United States that was signed in 1953. Thanks to that critical treaty

which has been the backbone of the alliance between the two countries, South Korea has been able to [build very capable military and industrial sectors](#).

By taking more practical advantage of allied defense production in the critical areas like shipbuilding, the United States would reach maintenance and production targets faster and more efficiently. Moreover, the United States under Trump 2.0 could also attract greater defense-related direct investment into the United States, as intended with the AFIP memorandum.

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This represents a win-win joint dividend of the decades-long of mutual defense treaty that can clearly put into practice leveraging the interplay between economic security and national security, especially in a broader frame of strategic burden sharing.

From another standpoint of the “joint investor and co-developer” approach, Washington and Seoul should develop a forward-looking bilateral strategic energy trade initiative to ensure that no artificial barriers impede the development of a durable energy partnership. This will be particularly important for the deployment of commercial nuclear energy, wherein the United States should work very closely with South Korea given its track record of exporting affordable commercial nuclear power plants. This partnership should also include collaboration on advanced nuclear reactors and used fuel management technologies.

Policymakers in Seoul should also highlight South Korea’s readiness, not just willingness, to deepen interaction with the North Atlantic Treaty Organization (NATO). South Korea is [designated](#) a “Major non-NATO ally” by the United States. Forging greater pragmatic cooperation between willing allies necessitates forward-looking engagement and fine-tuning the trajectory of the alliance. South Korea has become NATO’s [trusted, capable partner](#), too.

It is in the interest of Washington to welcome such inter-regional cooperation. South Korea is well positioned to be a critical force multiplier for NATO in terms of boosting forward defense capacities. From a broader strategic foreign policy perspective, South Korea would be a uniquely capable partner particularly to the U.S. and the Central and Eastern European countries in launching and operationalizing large-scale infrastructure projects perhaps in collaboration with the U.S. International Development Finance Corporation, which can be linked to the eventual reconstruction of Ukraine.

**It is encouraging to observe that South Korea proactively plans to assist Ukraine's economic reconstruction and recovery process through post-war strategic infrastructure initiatives**

It is encouraging to observe that South Korea proactively [plans](#) to assist Ukraine's economic reconstruction and recovery process through post-war strategic infrastructure initiatives. As ceasefire negotiations for the Ukraine-Russia war gain momentum, South Korea intends to

begin mapping out Ukraine's economic restoration plan starting at the end of this year. The aim is to help Ukraine establish a foundation for domestic corporations to secure large-scale infrastructure projects when the reconstruction efforts embark, particularly through the Economic Innovation Partnership Program (EIPP) by South Korea's Ministry of Economy and Finance.

The EIPP is designed for long-term policy advisory engagements that function as a cooperation platform for planning large-scale infrastructure projects and supporting institutional improvements. Especially in terms of carrying out [EIPP](#) projects in practice and more tactically, the [Korea Overseas Infrastructure & Urban Development Corporation](#), known as [KIND](#), will likely play a vital role. KIND has supported South Korean companies in the fields of feasibility studies, planning, bankability, and project financing among other key services through policy-oriented funding options including the [Korea City Network](#) funding since its establishment in 2018. This specialized agency deserves greater attention so that it can maximize its intended strategic utility in identifying and realizing targeted, high-value overseas infrastructure projects. [KIND](#) has a notable track record, but it can achieve far more with greater empowerment and diplomatic reinforcement of its capacity and knowhow.

To that strategic end, Seoul should also consider establishing an Overseas Security Assistance (OSA) framework, which would provide more targeted assistance to foreign countries seeking to bolster their defense capabilities. The OSA should include financial aid, equipment, technical assistance, and other forms of pragmatic support. In particular, the primary

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focus of South Korea's possible OSA should be given to strategic dual-use infrastructure projects that can serve both civilian and military purposes. Such projects can and should be designed to enhance both economic and national security capabilities related to transportation, energy, and communication infrastructures that will in turn generate greater economic growth, efficiency, and security.

## **South Korea: America's Capable, Trusted Security and Business Partner**

The continuously evolving South Korea-U.S. partnership stands as testament to the power of pragmatically strategic alliances in navigating a challenging geopolitical and economic landscape. During his November 2017 trip to Seoul, President Trump [pointed out](#), "As true partners, we have remained faithful friends through periods of challenge and opportunity." He further underscored, "And that's what we have now, great opportunity. We will continue to support each other in the years ahead."

Despite too much noise and too many distractions, South Korea and the United States have been able to

preserve a critical alliance—economically and strategically indispensable partnerships. Indeed, there are tactical opportunities for the two long-time allies to work together more practically. For more than seven decades, the U.S.-ROK alliance has played an indispensable role in promoting peace, economic prosperity, and security in the Indo-Pacific region and beyond. South Korea's relationship with the United States has been well institutionalized, rooted in shared values, people-to-people ties, and cutting-edge business cooperation, perhaps far stronger than skeptics may argue.

Now is the time for Seoul to prepare to seize further opportunities by carefully connecting geo-economic dots, building on that steadfastness, and propelling the time-tested alliance to new heights under Trump 2.0.

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*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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