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A NEW ERA FOR TRADE:
POLITICAL TURMOIL, TARIFFS, AND
A CHANGING U.S.-SOUTH KOREA
RELATIONSHIP

BY TAMI OVERBY



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Tami Overby is a Partner at DGA-Albright Stonebridge Group, a founding member of DGA Group, and is based in Washington, D.C. She draws on more than three decades of experience working in Asia to advise clients on investment and trade issues in South Korea and across the region.

Ms. Overby most recently served as Senior Director at McLarty Associates. Previously, she was Senior Vice President for Asia and President of the U.S.-Korea Business Council at the U.S. Chamber of Commerce. In the latter role, she represented U.S. businesses during negotiation of the Trans-Pacific Partnership (TPP), directed the Chamber's work with the Asia-Pacific Economic Cooperation (APEC), and helped companies navigate market access and investment issues throughout the region.

Earlier in her career, Ms. Overby spent 14 years as President of the American Chamber of Commerce in Korea, where she helped grow the bilateral trade relationship and supported the completion and ratification of the U.S.-Korea Free Trade Agreement. She currently sits on the boards of the Korea Society and the U.S.-Asia Institute and is on the Advisory Council of the Korea Economic Institute.

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In late 2024, South Korea descended into political turmoil after President Yoon Suk Yeol declared martial law amid growing protests and perceived security threats. His controversial move, widely condemned at home and abroad, was seen as a direct violation of South Korea's democratic norms. The National Assembly moved quickly to impeach him, and the Constitutional Court upheld the decision, formally removing Yoon from office. This upheaval left South Korea politically vulnerable at a moment when the United States, under President Donald Trump's newly begun second term, was escalating a broad, aggressive realignment of global trade relations.

Donald Trump's long-standing belief that the United States has been unfairly treated in global trade shaped his approach immediately upon returning to office. Throughout his career, Trump has pointed to America's persistent trade deficits as proof that foreign nations were exploiting the openness of the U.S. economy. Since his inauguration on January 20, 2025, Trump has moved aggressively to correct what he views as systematic abuses. Within weeks, his administration launched a sweeping series of tariffs targeting not only rivals like China but traditional allies, including South Korea.

By March 12, the United States had implemented a 25% tariff on foreign steel and aluminum. Then, on March 26, Trump unveiled a 25% tariff on all imported automobiles, with 25% on auto parts scheduled to go into effect May 3. On April 2, President Trump announced a broad round of reciprocal tariffs, with 25% for Korean imports, only to be paused a few days later to allow bilateral negotiations.

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To organize what risked becoming chaotic global trade disputes, Trump's administration introduced the "Trump Roadmap," which defined the boundaries of negotiation into five clear categories: tariffs and quotas; non-tariff barriers and regulations; digital trade; rules of origin; and economic security. This framework sought to

streamline discussions and concentrate U.S. leverage, ensuring that negotiations remained tightly focused and favorable to American interests.

Notably, America's top three trading partners—Mexico, Canada, and China—were excluded from these negotiations. Mexico and Canada were spared because they were not subjected to new reciprocal tariffs as they had their own negotiations. China, meanwhile, would also be handled through a separate “special track” focused on decoupling key industries from Chinese influence. As a result, nations like South Korea, Japan, India, Australia and the UK faced a stark choice: renegotiate their terms with Washington individually or risk economic punishment.

Reciprocity as Strategy

The overarching strategy behind these moves was crafted by Treasury Secretary Scott Bessent. His “Reciprocity Framework” emphasized bilateral realignment over multilateralism, tactical use of tariffs to restore U.S. industrial leadership in sectors such as semiconductors and shipbuilding, and an

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explicit linkage between trade concessions and broader political cooperation. Trade, under this new order, was no longer merely an economic matter; it was deeply tied to security policy and national loyalty.

Crucially, the U.S. is now treating all countries—friends, allies, adversaries, and enemies—equally stringently. Under the Trump administration's view, no nation is exempt from contributing to the effort to reduce American trade deficits. All partners are expected to address non-tariff barriers (NTBs), commit to significant purchases of U.S. goods and services, and make public investment announcements inside the United States. This headline stance has undercut any presumption of preferential treatment based on alliances, friendships or free trade agreements.

The 10% baseline reciprocal tariffs are increasingly seen not just as negotiation tactics but as semi-permanent tools for raising revenue. While reciprocity is framed as fairness, it is also a mechanism for leverage in one-on-one negotiations. Sectoral tariffs, meanwhile, aim at reshoring—specifically to incentivize the return of strategic manufacturing to U.S. soil.

Adapting to Trump: Diplomacy in the Age of Tactical Tariffs

They have looked to Mexican President Claudia Sheinbaum's three-prong strategy for dealing with Trump

In responding to Trump's aggressive tactics, many governments sought a blueprint for successful engagement. Increasingly, they have looked to Mexican President Claudia Sheinbaum's three-prong strategy for

dealing with Trump: first, assert your sovereignty politely while showing Trump personal respect; second, offer minor concessions, ideally things already planned or agreed to; and third, allow Trump to claim victory, recognizing that optics often matter more to him than substantive outcomes. Mexico's early success in

maintaining stable trade relations with the U.S. under this method has made it a widely studied example for other nations.

South Korea's first major test under this new paradigm came during the U.S.-South Korea talks on April 24, 2025. Acting President Han Duck-soo, a seasoned diplomat and technocrat, and his team designed the strategy for the South Korean delegation. Han's approach was pragmatic: make targeted economic concessions to secure critical protections for South Korea's high-value industries, particularly autos and semiconductors.

In the talks, South Korea agreed to discuss lower tariffs on U.S. agricultural imports, including beef, and pledged to enhance shipbuilding collaboration to help America revitalize its shipbuilding industry.

Most countries confronted with the new tariffs have opted for negotiation rather than retaliation. South Korea, Japan, the United Kingdom, Australia, and Vietnam have all entered talks based on the Trump Roadmap framework. Only a few nations—namely China, Canada, EU and India—have announced intentions to retaliate with tariffs of their own, focusing on American agricultural and technology exports. However, these threats have so far been limited in scale, reflecting the global community's preference to avoid direct economic conflict with Washington.

Trust Deficit

Yet beneath the surface, a more fundamental concern has emerged: the credibility of the United States as a negotiating partner. Critics across the globe have begun to ask why any country should trust future agreements with Washington, given that Trump already renegotiated major trade deals such as the USMCA and KORUS. The perception is growing that even formal, ratified agreements are subject to abrupt revision or abandonment—casting doubt on the value of diplomatic compromise with the U.S.

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While then-Acting President Han's approach secured short-term stability, it has drawn sharp criticism from South Korea's progressive political factions. Progressives argue that Han's concessions risk deepening South Korea's economic dependence on the United States and undermining the country's ability to act independently in foreign affairs. They fear that aligning too closely with Washington could alienate key partners in China and Europe, leading to a form of diplomatic isolation. Furthermore, critics warn that acceding to U.S. demands under pressure sets a dangerous precedent, weakening South Korea's hard-won democratic and sovereign status.

South Korea's Balancing Act: Between Alliance and Autonomy

The consequences of the U.S.-South Korea trade talks extend beyond bilateral relations; they represent a broader shift in the global trade environment. Trust and mutual benefit—long the foundations of international trade—are being replaced by leverage, unilateralism, and national interest calculations. Trade agreements are no longer seen solely as economic instruments but as integral parts of national security strategies. For the United

For allies like South Korea, however, the environment demands a delicate balancing act: maintaining critical alliances while safeguarding national sovereignty and diversifying economic partnerships

States, the current environment offers an opportunity to reclaim leadership in industries critical to future economic security. For allies like South Korea, however, the environment demands a delicate balancing act: maintaining critical alliances while safeguarding national sovereignty and diversifying economic partnerships.

Looking forward, South Korea will need to be nimble and strategic. Diversifying trade relationships, strengthening ties with Europe, ASEAN, and India, and reinforcing domestic industries will be essential to mitigating risks. Then-Acting President Han Duck-soo has, for now, stabilized the country's position with the United States. However, the price of that stability is high, and South Korea's ability to navigate this volatile new order without sacrificing its independence and prosperity remains one of the most critical challenges it faces in the years ahead.

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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