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THE PENINSULA

10 Issues to Watch for on the Korean Peninsula in 2024

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South Korea's reproachment with Japan and North Korea's embrace of Russia significantly shaped events on the Korean Peninsula in 2023 and both promise to have a substantial impact on events in the coming year.

After years of declining relations, South Korea took the initiative to mend ties with Japan by proposing a path for resolving the lingering dispute over legal cases for compensation from Japan's use of Korean forced labor during World War II. This diplomatic breakthrough helped to set the stage for the Camp David summit and the deepening of trilateral relations between the United States, South Korea, and Japan.

While the United States, South Korea, and Japan moved to strengthen cooperation in 2023, North Korea took advantage of Russia's need for artillery to prosecute its war in Ukraine. Since a September summit between Kim Jong-un and Vladimir Putin, North Korea has sent Russia significant amounts of armaments in expected exchange for military technology that will help the regime advance its own weapons programs. Closer ties to Russia also provide Kim Jong-un with an alternative to improving relations with the United States and South Korea.

With that in mind, here are 10 issues related to South Korea's relations with Japan, South Korean investment in the United States, technology, deepening ties between Moscow and Pyongyang, and elections in both the United States and South Korea that will have an impact on the Korean Peninsula in 2024:

The US Presidential Election

In November 2024, Americans will go to the polls to elect the president of the United States. With the prospect of former President Donald Trump returning to the White House, this election could hold more significance for the Korean Peninsula than previous US presidential elections.

While the reelection of Joe Biden would mean stability in US-Korea relations, the return of Trump to the White House would raise questions for the alliance and the economic relationship. Not only did Trump surprise Seoul during his first term by unilaterally announcing reduced military exercises after meeting with Kim Jong-un and pushing for significant burden sharing increases, but according to former Defense Secretary Mark Esper, Trump proposed a complete withdrawal of U.S. troops from Korea. A second Trump administration could again look to significantly change or end the U.S. military relationship with South Korea.

The economic relationship could also face challenges. During Trump's first term he considered withdrawing from the KORUS FTA and ultimately renegotiated the agreement. The Trump administration also limited the entry of South Korean steel products into the United States for purported reasons of national security. In a second term, Trump officials have indicated they would look to repeal the Inflation Reduction Act, which has helped spur significant investment in the United States by South Korean firms. Trump could also place South Korean semiconductor investments in China at risk should he revoke the validated end user status that allows Samsung and SK Hynix to import advance semiconductor equipment into China to upgrade and maintain their facilities.

There would also be implications for North Korea. While Trump has denied reports that he would give up attempts to denuclearize North Korea, the direct negotiations with Kim Jong-un during his first term suggest a Trump administration is more likely to take a different approach to North Korea than a second Biden administration.

South Korean National Assembly Elections

South Korea's National Assembly election, held on April 10, will determine which party will control the legislative body. The opposition Democratic Party (DP) currently holds the majority with 167 seats, while the ruling People Power Party (PPP) holds 112 of the 300 seats.

The political climate in South Korea has been contentious and divisive, with numerous new parties and coalitions, making the next election more uncertain than past years.

Both the People Power Party and the Democratic Party face internal erosion with their key officials, namely Lee Jun-seok and Lee Nakyon, leaving and forming their own parties. It will be a challenge for both PPP and DP to re-establish support both internally and externally.

The third parties will also face challenges as they try to establish their own presence and gather public support. Depending on how much appeal and support each faction can solidify in the coming months, South Korea will either continue to have a dominant two-party system or move towards a multi-party system.

In addition to strategically placing the right candidates in the right districts, swing voters, particularly those in their 20s and 30s, and voter turnout will play significant roles in the upcoming election.

Should the PPP fail to regain a majority in the National Assembly or gain seats, the election result will also be seen as a barometer of the South Korean public's sentiment towards President Yoon Suk Yeol, and potentially weaken his political standing for rest of his term.

North Korea's Ambitious Weapons Development Plans

North Korea's intention to launch three new military spy satellites – alongside other notable 2024 plans and pronouncements – has negative implications for peace and security on the Korean Peninsula and is a harbinger of deeper Pyongyang-Moscow ties. Pyongyang has made clear it has no intention to curtail its drive to upgrade its space and military capabilities. Additionally, Kim Jong-un reaffirmed strengthening the country's nuclear arsenal is the top policy priority for the year, building upon a constitutional amendment enshrining such a policy in 2023 and its 2022 nuclear law stating its nuclear status is “irreversible.” Kim also outrightly stated what North Korean discourse in 2023 had already signaled, namely, that Pyongyang no longer consider South Korea a counterpart for reconciliation and unification and that unification was not possible; instead calling for war preparations and to “accelerate preparations for the great event of putting the entire territory of South Korea under our control.” Setting aside whether such rhetoric indicates an intention to initiate conflict in 2024, Pyongyang will need continued assistance to achieve its stated goals. It remains unclear whether Russia has provided concrete technological assistance to North Korea for satellites or otherwise. Yet the plans above – and Kim's vow to “expand and develop the relations of strategic cooperation with the anti-imperialist independent countries and dynamically wage the anti-imperialist joint action and struggle on an international scale” — shows North Korea expects such assistance. It remains to be seen, however, if such expectations will be met and, if not, how that might alter Pyongyang's 2024 plans and behavior.

The Erosion of UN Sanctions on North Korea from the Ukraine War

Russia and China have always been flexible in the enforcement of UN sanctions on North Korea, but Russia's invasion of Ukraine has eroded sanctions to a much more significant degree than at any point in the past. Due to its need for artillery to sustain its forces, Russia has turned to North Korea as a supplier of artillery shells and short-range ballistic missiles. The export of these weapons by North Korea violates UN prohibitions originating in UNSCR 1718 and expanded by UNSCR 1874 “to all arms and related materiel.” States also have an obligation under these resolutions to ensure that their nationals are not transporting these weapons.

While it is less clear the specific type of aid the Russia is providing to North Korea, Russia is suspected of providing North Korea technical assistance for the launch vehicle related to its successful satellite launch. This would violate sanctions related to the suspension of scientific and technical cooperation without prior notice or approval by the UN under UNSCR 2321 and prohibitions under UNSCR 2270 against providing technical training or advice related to ballistic missile technology “even if characterized as a satellite launch or space launch vehicle.” With Russia and North Korea actively violating provisions of UN sanctions related to weapons technology, one issue to watch will be how much further Russia will assist North Korea in sanctions violations and whether China loosens its enforcement as well.

Whether South Korea and Japan Can Maintain Improved Relations

In 2023, South Korea and Japan revitalized bilateral relations, but the year ahead presents challenges for sustaining improved relations.

On the Japanese side of the ledger, Prime Minister Kishida continues to occupy a precarious political position. National broadcaster NHK found in a December poll that the Kishida administration has a 23 percent approval rating. One of the causes for this lack of public support is a financial scandal in the ruling Liberal Democratic Party, which has resulted in the ouster of several high-level government officials and pushed Prime Minister Kishida to resign as the head of his own faction. The opposition parties remain in disarray, meaning it will be difficult for them to push out Prime Minister Kishida, but it could eat up bandwidth in Tokyo that could be focused on managing relations with Seoul.

President Yoon has electoral issues to deal with in 2024 with National Assembly elections scheduled for early April. The president may not be on the ballot, but his party will, and they already are a minority in the legislative body. Commentators warn that the conservatives will have an uphill battle. The editorial board at the Korea JoongAng Ilbo cited a Gallup Korea poll that found 51 percent of respondents would vote for the progressives in the next election, compared to 35 percent for the president's party. The board warned that this could leave the People Power Party with fewer than a third of seats in the National Assembly, meaning they could not prevent an impeachment of the president or control the agenda. Like his counterpart in Tokyo, President Yoon may have too many issues to manage on the domestic front that some diplomatic fruits are left to wither on the vine.

Progress on Trilateral Cooperation

Commentators in Washington, DC were quick to extol the success of the trilateral summit at Camp David. However, implementing commitments – or building “momentum and inertia” as National Security Advisor Jake Sullivan put it – had yet to begin. Since then, it has. For example, when it comes to military and security commitments, the three countries have held maritime interdiction and counter-piracy drills (not held since 2016-17), established a multiyear plan for three-way military training exercises, fully activated a trilateral system to share North Korean missile info in real time, and held the first meeting of the U.S.-Japan-Republic of Korea (ROK) Trilateral Diplomatic Working Group to counter cyber threats from North Korea. In the year ahead, progress in trilateral cooperation will revolve around sustaining such activities but also developing newer forms of cooperation, such as: the first trilateral meetings between commerce and industry ministers and finance ministers; economic security dialogues and the pilot Supply Chain Early Warning System (EWS); coordination on development finance; collaboration on monitoring and setting standards for emerging technologies; and standing up a new trilateral Indo-Pacific Dialogue. However, many of these areas extend beyond the trilateral framework and must be nested within broader minilaterals (e.g., IPEF) and involve European partners as well. It potentially helps that all three countries are on the UN Security Council, with Tokyo and Seoul overlapping as non-permanent members in 2024. Nonetheless, meetings and consultations surrounding the various issues above are about process. Process is important, but concrete outcomes are more so. However, given the potentially disruptive effects of the April National Assembly election in South Korea and the U.S. Presidential Election in November, the process and long-term potential of trilateral cooperation may be shaped by more by the ballot box than officials tasked to deepen it.

South Korea's UN Security Council Term*

On January 1, 2024, South Korea began a two-year term as an elected member of the United Nations Security Council, joining Japan to represent the Asia-Pacific region among the ten non-permanent members. This is the third time South Korea has served on the Security Council, the previous terms being 1996-97 and 2013-14. The main responsibilities of the Security Council are to recommend solutions to disputes, to authorize force and impose sanctions, and to address threats to international peace and security.

Although the veto powers of the United States, China, and Russia have stymied the Security Council from acting on the Ukraine war, Gaza conflict, or from imposing any new sanctions on Iran or North Korea, South Korea will benefit from being on the Security Council. Its membership increases South Korea's global presence and influence and provides a platform for sharing Korea's views on regional stability and strengthening multilateralism, and on global issues such as climate change, non-proliferation, and cyber security.

For this term specifically, South Korea will be in an influential position to advance its interest in the gap between developed and developing nations, and during 2024, the one year it shares Security Council membership with Japan, will have an opportunity to step up policy coordination between Korea and Japan.

Third Summit for Democracy in Seoul, March 2024

South Korea will host the third Summit for Democracy (S4D) in March 2024. The summit—an international gathering of government, private sector, and civil society leaders—was initially convened by the United States in December 2021 to highlight the role of democracies in addressing global challenges and combating authoritarianism. South Korea has also served as co-host of the second summit in March 2023 along with the United States, Costa Rica, the Netherlands, and Republic of Zambia.

Hosting the S4D is significant for South Korea as it underlines its growing leadership in the Indo-Pacific, especially that pertaining to safeguarding democratic values and human rights. As the summit's third host, South Korea has been deemed a “global leader” in promoting governmental transparency abroad, and its democratic institutions a “beacon of strength in the Indo-Pacific.”

More importantly, the summit has paved the way for further deliberation among participating parties. The first summit resulted in the establishment of the Presidential Initiative for Democratic Renewal, which highlighted the role of the United States in strengthening democracy and human rights. The second summit then led to the Summit for Democracy Declaration, which saw an endorsement of over 70 governments in defending democratic values including human rights and rule of law.

Building on such an endorsement, South Korea, under the theme of the third summit, “Democracy for Future Generations,” looks forward to guiding group-led discussions on a more contemporary form of democracy. Following the Ministry of Foreign Affairs' first preparatory meeting ahead of the summit in December 2023, South Korea highlighted that the summit will include discussions on artificial intelligence (AI), as well as those involving participation from the global youth.

Opening of the Hyundai Motor Group EV Plant in Georgia

With the Inflation Reduction Act (IRA)'s Clean Vehicle tax credit requiring final assembly of electric vehicles (EVs) to take place in North America, the opening of Hyundai Motor Group's \$7.6 billion EV Metaplant outside Savannah, Georgia sometime around Q4 of this year will be one of the biggest events to follow in 2024. Some three hundred thousand EVs are expected to come out of the plant annually, as are the batteries to power them—constructed through a manufacturing partnership with LG Energy Solution. The addition of Kia's West Point, Georgia assembly plant beginning production of their EV9 model on U.S. soil in Q2 2024, will accordingly allow both plants to provide Hyundai, Kia, and Genesis EVs with eligibility for the IRA's \$7,500 clean vehicle credit. And while this will provide thousands of jobs in manufacturing and construction to the surrounding areas, getting new plants or assembly lines running requires highly trained workers. That process can be exponentially aided by allowing advanced expertise to come in from Korea. That's what the Partner with Korea Act introduced in Congress last year aims to do by providing fifteen thousand visas a year to meet the United States' need for skilled expertise. As Korean companies comprise more than one-third of the battery, clean energy, and vehicle manufacturing investments in the IRA, its passage will be a critical driver in ensuring the United States' green energy transition.

South Korea's Central Bank Digital Currency Pilots

In Q4 of 2024, the Bank of Korea and other financial authorities in South Korea will run a pilot program for a retail central bank digital currency (CBDC) with 100,000 South Koreans. A retail CBDC is a government-backed digital currency that is used by consumers and businesses for transactions. Unlike normal currency, a retail CBDC can be used to limit the purpose of the currency for select purposes such as grants childcare, or as currency to be used as an economic stimulus during an economic crisis. The Q4 pilot will test the feasibility and effectiveness of a CBDC.

In addition to the retail CBDC pilot, the Bank of Korea and other Korean financial authorities are undertaking a wholesale CBDC pilot in cooperation with the Bank for International Settlements. That pilot will test the use of a CBDC between the Bank of Korea and financial institutions. This pilot program is expected to provide insights into the technology needed, the economic architecture required of a CBDC, and policy issues that need to be addressed to make a wholesale CBDC viable.

Both of these CBDC pilots will build on previous CBDC pilot programs begun in 2021. While the Bank of Korea is not committed to introducing a CBDC, the pilots are necessary to determine the feasibility of a future CBDC. The Bank of Korea is expected to continue researching this issue due to the potential financial instability that stablecoins could produce in the absence of alternative CBDCs.

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*AI assisted with the drafting of this blurb.

