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THE PENINSULA

[Policy Brief] US-South Korea Defense Industrial Cooperation: Drivers, Developments, and Tasks Ahead

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Author: Bo Ram Kwon

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This policy brief offers a concise summary and set of recommendations from a longer paper, featured in the Fall/Winter issue of KEI's flagship journal Korea Policy. The full paper can be found [here](#) and the entire Korea Policy issue [here](#).

Executive Summary

Defense industrial cooperation between the United States and South Korea is deeply rooted in the bilateral security alliance and has evolved over time. The United States has prioritized allied cooperation and tapped into the appreciable national capacities and defense industrial bases of its allies and partners. Yet, the United States and South Korea have nuanced approaches to allied cooperation regarding the defense industry and related technology. For the United States, pursuing cooperation with South Korea and increasing cooperation among allies are important as *means* to realize its global strategy and win in strategic competition with adversaries. From a South Korean perspective, enhancing defense industrial cooperation with the United States is not only a means to deepen the alliance relationship but also an *end* in itself. Namely, Seoul seeks to strengthen its own defense industrial base and defense capabilities, which in totality determines competence. It anticipates reforming its defense industry base practices, lifting caps on existing methods of defense cooperation with the United States, and increasing access to the US market. The 2024 US National Defense Industrial Strategy (NDIS) aims to create a

modernized defense ecosystem that harnesses cooperation among the government, industries, and their counterparts in ally and partner states. This is expected to have a significant impact on South Korea's future defense and acquisition policy, as well as institutional arrangements. This paper reviews recent developments and identifies challenges in allied defense industrial cooperation to offer policy recommendations.

Background

Coupled with geopolitical structural factors, South Korea's advanced defense industry, strategic alignment, and proactive defense policies have served as the key drivers of defense industrial cooperation between the United States and South Korea.

The United States appears intent on keeping its hegemonic status as the most formidable military power but realizes that commanding primacy in all theaters and sectors is near impossible. Thus, it seeks to harness coalitional power through a lattice-like network of security and industrial partnerships. In fact, the strategic intent to strengthen its control and influence over existing alliances and new partnerships is the driving force behind moving from the traditional hub-and-spokes model to a production web-like model.

In this context, the United States published its first National Defense Industrial Strategy. It aims to create a modernized defense ecosystem that can produce arms more rapidly and sufficiently by strengthening cooperation across all US agencies, alongside the private industry, and with allies and partners. At the core is the realization that national military power depends on economic and industrial capacity. Eight actions are proposed to achieve resilient supply chains where the US government plays a substantive role. These include (1) investing in extra capacity and managing inventory and stockpile planning, (2) diversifying its supplier base and using data analytics to improve sub-tier visibility, (3) improving the foreign military sales (FMS) process, and (4) enhancing industrial cybersecurity.

The NDIS aims to support the 2022 National Defense Strategy (NDS) that deepens integration across domains, within US forces, and with allies and partners. Hence, there are both direct and indirect implications for South Korea. First, if the FMS process is improved, it will directly enhance Seoul's timely supply of arms and efficient follow-up of military support, perhaps opening up opportunities for co-development and co-production. Second, the NDIS can catalyze changes within South Korea's defense industrial base. The suggested self-diagnosing strategies can help identify and remedy weaknesses in South Korea's defense supply chain. It can stimulate the enhancement of the rapid acquisition system and apply it to both defense software and hardware. A Korean version of the US Defense Innovation Unit can be established, and conventional practices such as the lowest-cost bidder contracting method can be changed.

Policy Recommendations and Implementation

There are several recommendations for strengthening defense industrial cooperation between the United States and South Korea.

- Defense industrial cooperation should continue to deepen while considering each other's nuanced approaches.

- South Korea should identify the vulnerabilities of its defense industrial base by undertaking a rigorous review of its dependencies on foreign countries for core defense materials and technologies. Follow-up plans should be made to remedy these weaknesses, establishing mandated agencies if necessary.
- Close consultations should be held regularly on multiple levels among the ROK Ministry of National Defense (MND), Defense Acquisition Program Administration (DAPA), and ROK Ministry of Trade, Industry and Energy (MOTIE), as well as with US counterparts. Meetings can be tedious, but keeping in contact matters in pursuing common interests and working out differences.
- South Korea should focus on mobilizing existing and new minilateral security platforms to diversify defense industrial cooperation with like-minded states on sub-state levels. Taking the initiative by setting the agenda is key. Building bilateral and minilateral ties with NATO members and their firms is a promising option. Participating in AUKUS Pillar Two is another.
- South Korea should explore opportunities for co-development in advanced technologies based on common demands with the United States and like-minded states. Collaboration with the United States on naval and aviation maintenance, repairs, and operations (MRO) services should be expanded and sustained for the long term. Trilateral security cooperation between the United States, South Korea, and Japan could offer a useful platform for sustained lower-level cooperation as well as coordinating MRO practices with the United States.

Conclusion

South Korea's defense industry serves multiple purposes. It helps to create a more responsive global defense ecosystem as a US ally. However, its primary aim is to support its own armed forces in deterring North Korea, grow its self-reliant defense industry, and expand its arms export portfolio into advanced technologies. Despite positive developments in recent years, the desire to work more closely with the United States on advanced defense technology and to create inroads into the US defense market may not be readily fulfilled.

Dr. Bo Ram Kwon is a Research Fellow at the Korea Institute for Defense Analyses (KIDA). The views expressed here are the author's alone.

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