



## THE PENINSULA

### **The United States and South Korea: A Vital Economic Partnership for the 21st Century**

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The U.S.-South Korea relationship has long been defined by a shared commitment to upholding security. But in recent years, it has evolved into something even more powerful: a comprehensive partnership rooted in economic strength, technological innovation, and cultural exchange.

During the Joe Biden administration, the U.S. Department of Commerce saw firsthand the remarkable expansion of the economic relationship. Nowhere was this more evident than in the surge of Korean investment in the United States, particularly in critical and emerging technologies like semiconductors, electric vehicles, and battery manufacturing. These outcomes were not accidental. They were the result of years of sustained, strategic engagement across bilateral and multilateral fora, from the U.S.-Korea Supply Chain and Commercial Dialogue to the Indo-Pacific Economic Framework and senior-level commercial delegations.

The Commerce Department did not just focus on making deals. It built enduring infrastructure for cooperation, such as the early-warning system to flag supply chain disruptions before they escalate. More importantly, the Commerce Department built trust between the two countries' governments, businesses, and people. That trust is the bedrock of shared long-term economic security.

South Korea's deepened economic presence in the United States reflects more than just market opportunity; it reflects strategic alignment. Korean firms see the United States not only as a thriving consumer base but also as a reliable, rule-of-law-based environment for innovation, advanced manufacturing, and long-term investment.

The Commerce Department worked hard to create the conditions that would allow Korean investment to thrive. Programs such as SelectUSA offered tailored support, helping companies navigate regulatory and permitting landscapes and collaborating with state and local governments to ensure Korean investors can build and scale with confidence. Transparency and open communication were central to the department's approach—whether tackling policy concerns or advancing shared industrial priorities. The results speak for themselves: over USD 140 billion in pledged investments.

Today, Korean firms are woven into the fabric of U.S. high-tech supply chains. They bring capital, advanced technical know-how, robust research and development (R&D) ecosystems, and a commitment to enduring partnerships.

Looking ahead, even with a shift in tone under the Donald Trump administration regarding allies and partners, including a move toward "energy dominance," Korean companies will continue to invest in the United States. But they will seek clarity on incentives, regulatory frameworks, and supply chain expectations. These firms are operating on timelines that span decades. What they need most is clarity and predictability. Thus, if the United States wants to remain globally competitive, it must continue to be a reliable, stable, and welcoming partner.

South Korea is not just a strategic partner—it is a peer in key technology sectors. From AI to quantum computing to advanced manufacturing, Korean firms and institutions are helping push the global innovation frontier. The United States should be leaning into this partnership, not taking it for granted. As the United States faces a number of economic and security threats, including abusive and coercive activities by adversaries and competitors, it is critical to deepen partnerships, rely on allies more effectively, and build the types of strong ecosystems that can weather volatility.

The greatest challenges ahead are not just technological—they are political and regulatory. Aligning standards, export controls, and industrial policies will require consistent, institutionalized channels for cooperation. The U.S. government needs to move beyond ad hoc conversations and invest in long-term collaboration on tech governance, workforce development, and joint R&D. If the United States and Korea are rowing in the same direction, the two countries should help set the pace for the rest of the world.

Korea has shown noteworthy alignment with the United States on safeguarding critical technologies, particularly in implementing export controls on semiconductor tools and sensitive components. Korean leaders understand that economic security and national security are deeply intertwined.

That said, implementation is never easy. It demands constant coordination and transparency to avoid unintended consequences for the two countries' industries while upholding strategic guardrails. Korea's approach has been thoughtful—balancing its commercial interests with broader security imperatives.

Every administration has the right to set its policy priorities. But the Trump administration should view these issues not as partisan but as structural. These are long-term strategies designed to protect the United States' innovation base and national security—not temporary measures.

The “small yard, high fence” approach can work—so long as the United States is clear with its allies. If the United States wants to grow its economy while protecting sensitive technologies, it needs trusted partners like South Korea at the table, not on the sidelines. The United States should double down on interoperability, trusted vendor networks, and multilateral export control regimes that keep the United States and its allies competitive, secure, and at the forefront of global innovation.

*Don Graves served as the 19th Deputy Secretary of Commerce under the Biden administration.*

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Return to the Peninsula

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