



THE PENINSULA

The Historical and Institutional Foundations of Socioeconomic Linkages between the U.S. and South Korea

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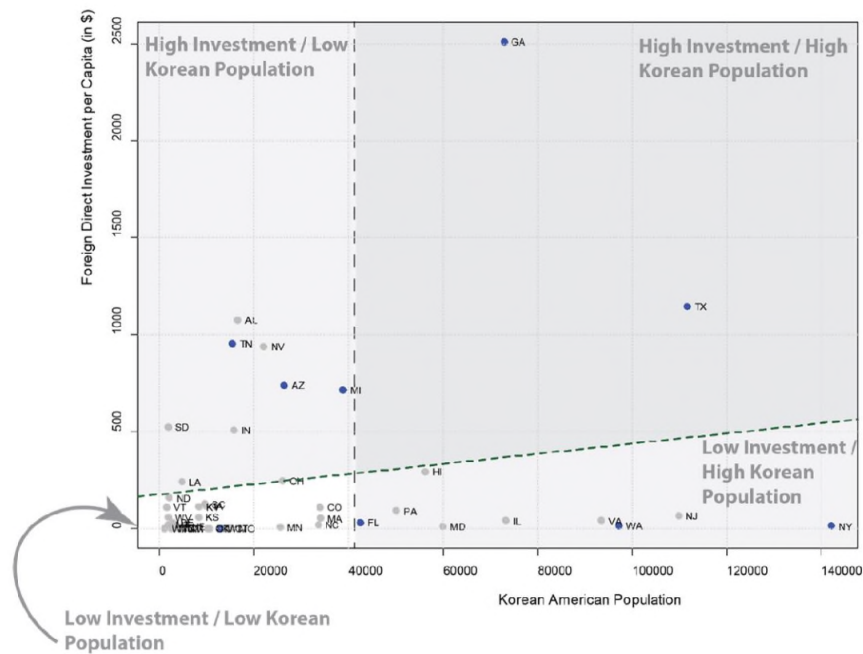
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Category: Economics



Amid all the talk of tariffs and investments in the United States, numerous reports and analyses have pointed to the benefits of deep socioeconomic linkages between the United States and South Korea. As President Donald Trump noted as early as 2019, “Hyundai, Samsung, CJ, Doosan, and SK Group... have created more than 50,000 brand new jobs in the United States.” In a recent report, the Korea International Trade Association (KITA) states that Korean businesses contributed USD 19.6 billion to the U.S. economy in 2021, with an average salary of USD 104,000 per worker. Other observers have noted that South Korean companies accounted for 14 percent of U.S. jobs created in 2023, and such investments have been steadily growing at about USD 114 billion over the last three years. Aside from Korean multinational corporations that generate some of the highest revenues through robust employment of workers across the United States, the Korean-American population tends to be one of the most productive communities with high personal and household income, business ownership, and income growth. One study by economist Marcus Noland shows that second-generation Korean Americans have per capita income that is 40 percent higher than the U.S. average.

Figure 1. Greenfield Investment and Ethnic Korean Population in U.S. States



While these numbers are certainly notable, the distribution of these connections has varied across states. Take, for instance, an assessment of the Korean greenfield investment and Korean-American populations at the state level. Using data from the [East West Center](#) and the [Census Bureau](#), we can see that states such as Georgia and Texas have relatively high South Korean investments and ethnic Korean populations, while Arizona, Michigan, and Tennessee have relatively high levels of South Korean investment but lower numbers of ethnic Koreans. Florida, New York, and Washington are relatively low on Korean investments but have relatively higher numbers of ethnic Korean residents. Arkansas and Wisconsin lack both Korean investment and ethnic Koreans.

Flow of People

An understanding of both history and institutions helps explain the origin of these patterns. With respect to the varied distribution of the Korean-American population, Boston University's [Korean Diaspora Project](#) mentions three waves of Korean immigration to the United States dating back to 1903. The first wave (1903–1928) began with the influx of Korean immigrants who were recruited to work in Hawaii's sugar plantations and as "picture brides" during the early twentieth century, largely driven by Hawaii's annexation in 1898 and the passage of the Chinese Exclusion Act in 1882. This wave ended when Congress passed the Immigration Act of 1924, or the Oriental/Asian Exclusion Act, which banned all Asian immigration to the United States.

The second wave (1950–1964) began with the passage of the Immigration and Nationality Act of 1952, or the McCarran and Walter Act, which nullified the Immigration Act of 1924 and allowed Asian immigrants to be eligible for citizenship. With the onset of the Korean War, as many as 15,000 Koreans immigrated to the United States. The War Brides Act in 1945 also allowed Korean wives of U.S. servicemen to become naturalized citizens, and many Korean orphans were [adopted by American families](#). Perhaps it was only natural, therefore, that many Korean Americans from this period [established their roots](#) in areas

with military bases, such as Fort Gregg-Adams in Virginia or Fort Hood in Texas. Students, businessmen, and intellectuals also welcomed immigrants setting up enclaves in major cities as they sought jobs and other economic opportunities.

The third wave (1965–present) began with the passage of the Immigration and Nationality Act in 1965, which revoked national quotas, leading to a surge in skilled Korean immigrants. By 1987, annual immigration peaked at 36,000. With the growth of the South Korean economy, immigration has somewhat decreased, but Koreans are now seeking areas like Georgia and Washington in search of better job opportunities and lower cost of living compared to traditional urban hubs like Los Angeles and New York City.

Flow of Capital

This fact is further buttressed by the data on investment, which shows certain states like Georgia and Texas emerging as the preferred destination for Korean corporate business investments over states like New York and California. There are several reasons for this. Georgia and Texas offer robust tax incentives, subsidies, and support for foreign investors that other states do not. For instance, the Georgia Department of Economic Development has actively worked to attract Korean firms by offering customized assistance and incentives. Texas provides a business-friendly tax environment with no corporate income tax, making it attractive for large-scale investments.

Georgia's world-class logistics infrastructure, including the two deepwater ports in Brunswick and Savannah (the largest single-terminal container facility in North America) and Hartsfield-Jackson Atlanta International Airport, make it an attractive base for establishing global manufacturing operations. Texas benefits from its proximity to global markets, extensive transportation networks, and direct flights between Seoul and the Dallas Fort Worth International Airport.

Both states also align with key industries targeted by Korean companies. Georgia has become a hub for electric vehicles and batteries, with major investments from Hyundai, Kia, SK Innovation, and LG Energy Solution. Similarly, in June 2023, Texas Governor Greg Abbott signed the Texas CHIPS Act into law to leverage Texas's investments in electronics and semiconductors. Texas has also been the central hub for energy and telecommunications dating back to the earlier part of the twentieth century, with companies like Texaco, Valero, ConocoPhillips, Texas Instruments, and Collins Radio all tracing their genesis to the state.

Both states have also tailored their workforce development programs to meet the needs of Korean companies, ensuring a pipeline of skilled labor for manufacturing and high-tech industries while offering relatively low costs for land, operations, and labor compared to states like New York or New Jersey.

Conclusion

Together, the above data shows that the representation of Korean business and cultural interests in the United States have both historical and institutional roots. In a newly released report, KEI utilizes the above data to show how American attitudes and perceptions about Korean businesses are shaped and colored by Korea's visibility along these dimensions.

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