China Courts a More Confident North Korea

Xi Jinping's North Korea visit aimed to pull Kim back toward Beijing, but it exposed a more confident leader now playing China and Russia off each other.

By Robert King

June 25, 2026

Chinese President Xi Jinping (right) and North Korean leader Kim Jong Un chat in Pyongyang, June 2019 | Source: North Korean state media

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Chinese President Xi Jinping visited North Korea this month to try to pull the Kim Jong Un regime back toward Beijing at a moment when Pyongyang has been leaning conspicuously toward Moscow. The visit also showed how much the relationship has changed. The formerly cautious and inexperienced Kim, who once sought Xi's advice before meeting with U.S. President Donald Trump, is now a confident leader managing both Beijing and Moscow to his own advantage. That is an unwelcome reminder for Washington and Seoul, whose policy toward North Korea still assumes that pressure works and that others can be enlisted to apply it.

Although Kim and Xi became leaders of their respective countries around the same time, their first in-person meeting did not occur until March 2018, over five years after both had come to power. It is clear that Kim sought advice from Xi because the North Korean leader had very limited experience dealing directly with senior government officials of major countries, particularly those that were considered hostile. In fact, Kim's first meeting with a foreign leader outside of North Korea since becoming supreme leader was the March 2018 meeting with Xi in Beijing. That meeting took place ten days after Trump announced that he would meet with Kim in

Singapore. The first meeting was followed by a series of meetings between Kim and Xi, which were closely related to the high-level summits involving the United States and South Korea.

Following the earlier pattern, Kim again traveled to Beijing to consult with Xi in January 2019, a month before the Hanoi summit with Trump. Five months after that failed meeting and just days after Trump met with Kim for about an hour at the inter-Korean border, Xi met Kim yet again during a two-day visit to Pyongyang. This was the first state visit by Xi to North Korea and the first such visit by a Chinese leader in fourteen years. The pomp and ceremony were effusive and widely reported in both countries.

Kim in Beijing, Xi in Pyongyang

The first five summits between Kim and Xi in 2018 and 2019 seemingly involved the former seeking advice on how to deal with the United States and what to say to Trump. Kim had little prior governing experience when he assumed power in North Korea, whereas Xi was over thirty years older and had held several leading party and government positions before becoming the leader of China.

But the last two Kim-Xi meetings in September 2025 and June 2026 have a different feel. Kim seemed much more self-confident in the last two meetings, while Xi seemed more wary of the direction of Kim's international actions. Kim traveled to Beijing in September 2025 for festivities marking the eightieth anniversary of the end of World War II. U.S. media paid special attention to Kim and Russian President Vladimir Putin's attendance at the ceremony, as the Chinese protocol list of foreign guests for the event placed Putin first and Kim second. Xi, Kim, and Putin were together on several occasions during the anniversary festivities in Beijing; most conspicuously, the three were together on the reviewing stand for the massive parade.

Chinese President Xi Jinping (third from left), flanked by Russia's Vladimir Putin and North Korea's Kim Jong Un, September 2025 | Source: Russian presidential office

Since the beginning of Russia's war against Ukraine in February 2022, there has been a subtle but clear shift in the relationship between Russia and North Korea. Russia expected to quickly seize significant areas of Ukraine (possibly all of the country), but stiff Ukrainian resistance has prevented Russia from achieving most of its goals. As a result, Russia has come to depend heavily on North Korean military equipment and, more recently, the direct involvement and support of North Korean troops to seize and hold territory in Ukraine.

Russia's urgent need for North Korean aid to bolster its faltering invasion appears to have boosted Kim's confidence, with ramifications for ties with China and for inter-Korean politics. Xi's June 2026 state visit to Pyongyang was the latest occasion for the Chinese leader to bolster ties with North Korea at a time when Russia has been showing particular gratitude to Kim for his help.

China has a much stronger interest in and closer historical ties with North Korea than

Russia does. North Korea shares borders with both China and Russia, but the difference in the length of their shared borders is significant. China and North Korea share a border of 840 miles, which, for comparison, is greater than the distance from New York City to Chicago. Russia and North Korea, on the other hand, share a land border of just over 10 miles.

The Chinese-North Korean border is economically important to both countries. The Chinese port city of Dandong has a population of about two million, and the North Korean port city of Sinuiju is located on the opposite bank of the Yalu River, with a recently completed bridge to facilitate traffic and commerce. Some 40 percent of North Korea's exports go to or through the port of Dandong. The short border with Russia is a backwater in sharp contrast. The nearest Russian port or city of any size to the North Korean border is Vladivostok, with a population of 300,000, located some ninety miles from the border.

Further, China has almost two million ethnic Koreans who live in and are citizens of China, and they are an important presence in China's northeast. In the aftermath of

World War II, Chinese "volunteers" played a particularly important role in supporting North Korea during the Korean War. At that same time, military forces of the United States and a number of UN member countries made significant contributions in supporting South Korea and preventing it from being overrun by North Korean and Chinese troops. North Korean workers are employed legally in northeast China through mutual agreement and to mutual benefit. The Chinese economy has flourished while North Korea's economy has struggled, and Chinese economic links have been particularly important in bolstering North Korea.

Chinese President Xi Jinping waves to the crowd during a visit to Pyongyang, North Korea, June 2019 | Source: North Korean state media

A Balancing Act

Kim Jong Un appears to be carefully balancing his relationship between his two allies, but it is also clear that Beijing is concerned that Pyongyang may be leaning a bit too far toward Moscow. But it also appears that Kim understands the differences between Beijing and Moscow.

Immediately after returning from the festivities with Xi and Putin in Beijing, Kim sent a congratulatory message to Putin on June 12, Russia's national holiday marking the adoption of the Declaration of State Sovereignty of the Russian Soviet Federative Socialist Republic in 1990, creating the current Russian Federation. In his message to Putin, Kim pledged North Korea's unwavering support for Russia and said that the friendship of the two countries is "further strengthened into sincere and devoted relations of comradely trust and alliance, opening a new chapter of history." The message was prominently published on the front page of North Korea's official party newspaper. It seems clear that his effusive language was intended to show Moscow that Xi's high-level visit had not diminished Kim's appreciation for Putin's gratitude for North Korean aid in the Ukraine war.

Days after Xi's recent visit to North Korea, Kim sent a "congratulatory message and flower basket" for Xi's seventy-third birthday, wishing him "good health and greater success in leading the cause of socialist construction in China." The gesture was unusual. Kim had previously marked only Xi's milestone birthdays—the sixtieth, sixty-fifth, and seventieth, the last in 2023—and the timing drew questions at a South Korean Ministry of Unification briefing, where an official said sending flowers on a non-milestone birthday "is presumed to reflect the close relations between North Korea and China."

Conclusion

China's willingness to court Kim reflects its own interests as much as his. A stable North Korea on China's border serves as a buffer, sustains the struggling economy of China's northeast, and keeps the country from being shut out of any settlement on the Korean Peninsula. For decades, that calculation worked in China's favor because North Korea had nowhere else to turn. Russia has changed that by offering Kim military technology, hard currency, and other goodies outside the sanctions regime. The material balance has not moved—China still accounts for nearly all of the North's official trade—but what has moved is Kim's leverage and, with it, the limits of what either patron can ask of him. The same confidence that lets Kim play Beijing against Moscow has only hardened his posture toward Washington and Seoul, as he now feels less vulnerable.

Robert King is a Non-Resident Distinguished Fellow at the Korea Economic Institute of America (KEI). The views expressed here are the author's alone.

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The Path Forward for Alliance Modernization and Redesigning the U.S.-South Korea Alliance

South Korea stands out as perhaps the strongest candidate for a "model ally" in the U.S. alliance restructuring effort.

In Hyo Seol

July 1, 2026

U.S. Army Col. Edward H. Cho, commander of U.S. Army Garrison Yongsan-Casey, greets ROK Army Lt. Gen. Eo Chang-jun, commander of Capital Defense Command, at Yongsan Garrison in Seoul, March 2026 | Source: U.S. Army via Cpl. Gi Won Lee

Executive Summary

The concept of "alliance modernization" has emerged as the defining framework for the restructuring of the U.S.-South Korea alliance under U.S. President Donald Trump's second term. The publication of the U.S. *National Security Strategy* (NSS) in November 2025 and the *National Defense Strategy* (NDS) in January 2026, combined with the outbreak of the Iran war in February 2026, has transformed alliance modernization from an abstract policy concept into an urgent operational reality. This article analyzes the strategic logic underlying the transformation, assesses its risks and opportunities for both the United States and South Korea, and identifies the structural convergence of military interests that can serve as the foundation for a stable and mutually beneficial alliance redesign.

The central argument is that alliance modernization need not signify a contraction of the U.S. commitment to South Korea's security. Rather, it can be understood as a redistribution of roles on a foundation of converging military interests—a foundation that is more durable than the transactional logic of burden sharing. The double contingency and double nuclear contingency analyses developed in this paper demonstrate that Korean Peninsula deterrence is structurally linked to the broader U.S. Indo-Pacific strategy, providing both sides with compelling, self-interested reasons to sustain and deepen their alliance commitments even as the operational architecture undergoes significant transformation.

Background

The Strategic Logic of Alliance Modernization

Alliance modernization under Trump's second term is qualitatively different from the burden-sharing debates of his first. Whereas the first term focused on financial contributions and the threat of force withdrawal, the second term integrates theater-level operational concepts, force posture logic, and military deployment architecture into a comprehensive redesign framework. The 2025 NSS and 2026 NDS articulate a new principle: the United States will no longer defend everything simultaneously. Allies are assigned "primary responsibility" for their individual and regional collective defense, while

Washington commits to providing "critical but more limited support."

At the military-strategic level, this shift reflects the growing sophistication of China's anti-access/area-denial (A2/AD) capabilities, which have rendered large, fixed forward-deployed assets increasingly vulnerable to precision strike. The envisioned response involves redistributing forces from within the first island chain to more survivable positions along the second island chain—a fundamental shift from deterrence by overwhelming force to deterrence by denial.

The Iran War as Catalyst

The Iran war, initiated on February 28, 2026 under Operation Epic Fury, has dramatically accelerated the practical implementation of alliance modernization. The redeployment of Terminal High Altitude Area Defense (THAAD) components and Patriot missile interceptors from the Korean Peninsula to the Middle East has transformed what was previously an abstract contingency—U.S. forces being redirected from the peninsula during a crisis elsewhere—into an operational reality. This constitutes a scaled-down preview of what could occur during a future U.S.-China confrontation or Taiwan contingency, when demands on U.S. military resources would be vastly greater.

The Iran war has exposed four critical dynamics: the operational reality of United States Forces Korea (USFK) asset redeployment; the vulnerability of forward-deployed fixed assets to low-cost threats; the intensification of the simultaneity problem, which potentially creates opportunities for North Korean opportunism; and the urgent need for joint deliberation rather than ad hoc crisis management.

Risks of Alliance Modernization

Alliance modernization carries significant risks that demand careful management. First, the coercive negotiating style of the Trump administration—leveraging deliberate strategic uncertainty as a bargaining tool—intensifies abandonment and entrapment anxieties simultaneously, creating volatile alliance dynamics in which rational expectations become difficult to sustain and misperception becomes more likely. Second, force posture restructuring, operational control (OPCON) transfer, changes to extended deterrence arrangements, and command modifications are complex matters that require intensive expert deliberation that has not yet begun in earnest. Third, any perceived U.S. withdrawal risks triggering the "Acheson Line" framing in South Korean public opinion—the historical memory that exclusion from the U.S. defense perimeter contributed to North Korea's miscalculation and led to the Korean War. Fourth, reductions in USFK presence risk being misread as the erosion of the U.S. nuclear umbrella.

Structural Opportunities: The Double Contingency Logic

South Korea stands out as perhaps the strongest candidate for a "model ally" in the U.S. alliance restructuring effort. With annual defense expenditures ranking ninth in the world, a defense industrial base in the global top ten, and a defense spending ratio of approximately 2.6 percent of GDP, South Korea possesses the material foundation for assuming greater defense responsibility. A successful U.S.-South Korea alliance modernization would serve as a proof of concept for the broader U.S. global alliance restructuring strategy.

The most consequential structural opportunity lies in the convergence of national security interests created by the double contingency problem. The risk of a dual contingency—a Taiwan Strait crisis and a Korean Peninsula crisis occurring simultaneously or in close succession—has grown substantially. Maintaining deterrence on the Korean Peninsula is essential to achieving the highest-priority U.S. strategic objective in the Indo-Pacific: preventing a Chinese fait accompli against Taiwan. If deterrence on the peninsula fails, the United States would be forced to contend with two simultaneous fronts, drastically complicating its ability to concentrate on the Taiwan contingency.

When nuclear dimensions are added, the strategic logic becomes even more compelling. In a simultaneous Taiwan-Korea crisis, both China and North Korea could employ the threat of tactical nuclear weapon use—as Russia has done during its war in Ukraine—to deter U.S. intervention. Should nuclear deterrence fail on the Korean Peninsula, even a limited North Korean nuclear use would lower the global threshold for nuclear employment. Maintaining credible extended deterrence on the Korean Peninsula is therefore not merely a South Korean interest; it is integral to the viability of U.S. strategy for defending Taiwan and, more broadly, to the preservation of the global nuclear order.

Watch Dr. In Hyo Seol in conversation with Ellen Kim, KEI Senior Fellow and Director of Academic Affairs.

Policy Recommendations

– The specific content and operational conditions of OPCON transfer and “critical but more limited support” must be concretized, institutionalized, and empirically demonstrated through combined exercises and tabletop simulations. What assets will the United States commit to providing, under what conditions, and through what mechanisms? These questions must be answered in advance through rigorous joint planning—

not left to ad hoc negotiation during a crisis.

– Seoul and Washington should immediately launch structured expert-level deliberations on the operational details of alliance modernization, proceeding in parallel with the political and institutional process. The most dangerous moments in alliance management are not policy disagreements but misunderstandings about intentions—precisely the condition that the absence of substantive expert dialogue creates.

– The bilateral Nuclear Consultative Group (NCG) should be strengthened and expanded to address the new scenarios created by alliance modernization, including the conditions under which peninsula-based assets may be redirected to other contingencies. Nuclear consultation, crisis communication, and escalation management mechanisms must be reinforced, not attenuated, as part of the modernization process.

– Both countries should invest in joint research programs that bring together military, academic, and policy experts to develop shared analytical frameworks for understanding the transformed alliance. The ultimate test of alliance modernization will be whether experts from both sides can identify with sufficient precision and persuasiveness the specific points at which the strategic and military interests of the two nations converge—and demonstrate convincingly that strengthening the alliance serves the national interests of both countries regardless of changes in government or shifts in policy.

– Alliance modernization must be publicly framed as adaptation and resilience, not retreat. Concrete demonstrations of continued deterrence capability—through exercises, deployments, and technological innovation in missile defense and unmanned systems—are essential for maintaining public confidence on both sides of the Pacific.

Conclusion

Trust is the most valuable asset of any alliance, and the U.S.-South Korea alliance has accumulated more than seven decades-worth of institutional capital. The task of alliance modernization is to leverage this accumulated trust capital for the expansion of future interest convergence, not to squander it through hasty or poorly considered changes.

The double contingency and double nuclear contingency analyses developed in this paper demonstrate that maintaining deterrence on the Korean Peninsula is structurally linked to the viability of broader U.S. Indo-Pacific strategy. This convergence of interests provides a durable foundation for alliance modernization that transcends the transactional logic of burden sharing and survives the fluctuations of any single administration. The critical requirement is for expert communities in both countries to identify, articulate, and institutionalize this structural linkage before the pace of change outstrips the capacity to plan a deliberate, well-managed transition.

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Pathways to Cooperation for South Korea's Successful Nuclear-Powered Submarine

South Korea's debate over acquiring a conventionally armed, nuclear-powered attack submarine (SSN) has entered a more serious phase.

Jihoon Yu

July 2, 2026

The ROKS Shin Chae-ho submarine, April 2024 | Source: Korea Defense Acquisition Program Administration

Executive Summary

South Korea's debate over acquiring a conventionally armed, nuclear-powered attack submarine (SSN) has entered a more serious phase. What was once treated mainly as a long-term strategic ambition is now being discussed as a real policy issue. Recent U.S.-South Korea summit diplomacy has reinforced that shift. According to South Korean briefings, the two presidents discussed South Korea's need for a nuclear-powered submarine capability given changing security conditions and agreed to continue follow-on consultations. Later statements also identified nuclear cooperation, nuclear-powered submarines, and shipbuilding as areas for follow-up implementation.

That does not mean the issue is close to resolution. It is not. Legal restrictions, nonproliferation concerns, export controls, alliance politics, and industrial bottlenecks all remain serious obstacles. Still, the issue is no longer theoretical. It now sits squarely within the broader question of how Seoul and Washington manage the alliance. The key issue is no longer whether South Korea can justify an SSN in strategic terms; the harder question is whether it can build a pathway that the United States sees as politically acceptable, legally workable, technologically manageable, and strategically stabilizing. Because any South Korean SSN program would be inseparable from the U.S.-South Korea alliance, success will depend less on one dramatic decision than on careful sequencing, institutional preparation, and disciplined diplomacy.

Background

South Korea's maritime environment is becoming more demanding. North Korea continues to expand its missile arsenal, deepen its undersea ambitions, and harden its military posture. At the same time, the wider Indo-Pacific is becoming more contested, with greater pressure on sea lines of communication and increasing demand for persistent, survivable, long-range undersea operations. In that context, the attraction of an SSN is easy to understand. Even advanced conventional submarines have clear limits on their endurance, speed, and sustained operational flexibility. An SSN, by contrast, would offer greater mobility, survivability, and mission persistence. For Seoul, that matters not only in a Korean Peninsula contingency, but also in broader alliance missions involving anti-submarine warfare, sea-lane protection, undersea domain awareness, and maritime defense.

Still, U.S. policymakers should not evaluate a South Korean SSN proposal primarily through the lens of prestige, autonomy, or regional symbolism. The more relevant question for Washington is whether such a capability would strengthen the alliance in ways that are strategically useful, legally manageable, and nonproliferation-responsible. A South Korean SSN is more defensible from a U.S. perspective if it remains conventionally armed, clearly defensive, and tied to concrete alliance missions: strengthening combined deterrence, improving undersea burden-sharing in Northeast Asia, protecting critical maritime approaches, and supporting the security of sea lines of communication. This matters because Washington's policy environment is restrictive. Any South Korean SSN effort would face nonproliferation concerns, export control rules, alliance equity questions, and pressure on the U.S. submarine industrial base. For American decision-makers, the issue should not be whether Seoul wants an SSN, but whether a carefully sequenced pathway could serve U.S. strategic interests while reinforcing alliance credibility and nonproliferation discipline.

Watch Dr. Jihoon Yu in conversation with Ellen Kim, KEI Senior Fellow and Director of Academic Affairs.

Policy Recommendations

1. Keep the SSN case narrow, conventional, and alliance-focused

Seoul should define the mission of a future SSN carefully and avoid letting the concept become politically inflated. The strongest case is one centered on deterrence against North Korean threats, anti-submarine warfare, maritime surveillance, protection of sea lines of communication, and support for the maritime commons with allies. It should reject rhetoric suggesting that an SSN is a stepping stone to nuclear weapons, a shortcut to latent nuclear status, or a symbol of national prestige. Strategic restraint is not weakness, it is likely the only way to make the program politically defensible in Washington and manageable in the region.

2. Use the existing U.S.-South Korea nuclear framework to build trust before asking for more

Seoul should not dismiss the bilateral nuclear cooperation framework simply because it was designed for civilian use. In practice, it can help build the habits Washington will want to see before entertaining more sensitive cooperation: transparency, regulatory confidence, technical dialogue, safeguards consultation, export control compliance, and nuclear safety culture. South Korea should use existing mechanisms to deepen cooperation in spent fuel management, technical exchanges, human resource training, and oversight practices. None of these steps would authorize a South Korean SSN program. But they would address a central U.S. concern: that Seoul might ask for the end state before building the trust needed to sustain it.

3. Present South Korean participation as part of the solution to U.S. industrial strain

The immediate U.S. obstacle is not political indifference, but capacity. Washington's submarine and maritime industrial base is under pressure from workforce shortages, maintenance delays, and production bottlenecks. Seoul should therefore present itself not as a claimant on scarce U.S. capacity, but as a contributor to allied maritime resilience. Early areas for cooperation include non-nuclear maintenance and overhaul support, digital shipyard cooperation, workforce training, additive manufacturing, and supply chain resilience. This changes the political logic of the discussion. Instead of appearing as a state asking for exceptional treatment, South Korea can present itself as helping to strengthen the industrial base on which allied maritime power depends.

4. Build the human and institutional base before focusing on platforms

A credible SSN pathway depends on more than technology. It requires trained naval officers, engineers, regulators, shipyard workers, logisticians, and policymakers with the discipline needed for naval nuclear propulsion. South Korea should therefore invest first in people and institutions through structured training, educational exchanges, embedded personnel programs, and serious domestic interagency preparation. This is politically easier to begin than platform-level cooperation, but it is also more important in the long run. In programs of this sensitivity, the real bottleneck is often not hardware but trust in the people and institutions that will manage it.

5. Start with sustainment rather than immediate indigenous construction

A more realistic starting point is sustainment, not immediate platform acquisition. In alliance politics, trust is often built through maintenance, logistics, repair planning, infrastructure support, and lifecycle management long before it is built through the most sensitive technology transfers. If South Korea can develop a credible record of helping solve real undersea readiness problems, later requests for deeper cooperation will be easier to defend in Washington. A sustainment-first approach also avoids making the entire project hostage to the hardest question at the beginning. It is slower, but much more plausible.

6. Build political support in Washington through sustained U.S.-South Korea engagement

A successful South Korean SSN pathway will require more than executive-level agreement between Seoul and Washington. It will also require sustained engagement among U.S. and South Korean stakeholders who share an interest in strengthening the alliance and making any long-term SSN pathway politically credible, legally workable, and strategically useful. Congress, think tanks, naval communities, industrial stakeholders, and the wider nonproliferation policy community will all shape whether such a proposal can move forward.

For U.S. policymakers, the central task is to assess whether a South Korean SSN pathway can answer several difficult questions: Why would an SSN provide alliance value beyond advanced conventional submarines? How would safeguards and nonproliferation concerns be addressed? How would U.S. industry benefit rather than be further burdened? How should the process be sequenced to reduce political, legal, and technical risks? Without persuasive answers to these questions, even a strategically sound proposal is likely to stall. In Washington, major alliance policy changes usually become possible only after the political groundwork has been carefully prepared.

7. Avoid the mistakes most likely to trigger resistance

A South Korean SSN pathway should avoid the framing choices most likely to trigger resistance in Washington. It should not be presented as an immediate request for access to an AUKUS-style model, nor as an abrupt sovereign leap unsupported by institutional preparation. It should also take seriously how much export controls, industrial security, classification rules, and compliance culture will matter in any future discussion. Even if the military case for a South Korean SSN becomes stronger, U.S. support will still depend on whether the pathway appears politically disciplined, nonproliferation-responsible, legally manageable, and industrially useful. In alliance politics, legitimacy must be built as carefully as capability.

Conclusion

If South Korea eventually acquires an SSN capability, it is unlikely to happen through one dramatic political decision or by copying another country's model. It will depend on whether South Korea can persuade the United States that helping South Korea move in that direction would strengthen the alliance, reinforce nonproliferation discipline, contribute to Indo-Pacific maritime stability, and support rather than burden the U.S. industrial base. Recent summit-level discussion has made the issue more politically salient and has opened space for follow-on consultation, but it has not yet made the hard questions disappear.

For that reason, a slower, alliance-focused, and institutionally grounded approach is more realistic. Seoul should not begin with the most sensitive request. It should begin by building the confidence that makes a later request easier to support. That entails strategic restraint, serious preparation, industrial usefulness, and disciplined messaging. If South Korea takes that route, U.S. cooperation will still be difficult, but it will look less like a political leap and more like the next logical step in an alliance that has already done the hard groundwork.

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Korea Policy Volume 4 Issue 1 – Full Version

The papers in Vol. 4, Issue 1 exemplify the breadth and depth of policy issues relevant to Korea and the U.S.-Korea alliance.

June 30, 2026

The papers in Vol. 4, Issue 1 exemplify the breadth and depth of policy issues relevant to Korea and the U.S.-Korea alliance. They are original pieces written exclusively for this issue over the last six months. KEI distributes the final publication to individuals in governments, the private sector, policy institutes, and educational communities around the world, and features the digital publication on the KEI website for the broader public.

Contributions in this issue fall under the theme: The U.S.-South Korea Joint Fact Sheet: A Roadmap for the Future of the Alliance. The first section explores U.S.-South Korea alliance modernization in new strategic frontiers by examining key issues in the U.S.-South Korea Joint Fact Sheet, such as alliance deterrence posture and transition of wartime operational control, and bilateral cooperation in the defense industry, nuclear-powered submarines, and the cyber domain. The second section focuses on alliance adaptation to an era of transformation. It revisits past and present issues in the alliance and proposes innovative ideas for South Korea's future economic development, the U.S.-South Korea civil nuclear partnership, and export controls on AI infrastructure.

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How Lee Jae Myung Bought South Korea Diplomatic Space, Time, and Leverage

In his first year, South Korea's president foreign policy bought time and leverage by accommodating Washington while steadying ties with Beijing and Tokyo.

By Scott Snyder

June 29, 2026

U.S. President Donald Trump (left) hosts his South Korean counterpart Lee Jae Myung at the Oval Office, August 2025 | Source: The White House

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In his first year as president, Lee Jae Myung bought South Korea time and leverage by accommodating the United States while strengthening South Korea's relations with its major power neighbors. This approach will require constant vigilance as well as agility, foresight, and instincts for managing potentially rapid shifts in an increasingly dangerous neighborhood and uncertain expectations from the Donald Trump administration.

President Lee's first task was to manage the Trump administration's efforts to rebalance global trade on its own terms and redistribute security responsibilities onto the shoulders of allies amid major shifts in the regional and global order. In response, the Lee administration sought to stabilize relations with the United States, maintain South Korea's international competitiveness in critical economic sectors, and stabilize relationships with its neighbors, China and Japan, through self-described "pragmatic diplomacy."

While it is premature to make a full assessment of the effectiveness of these initiatives, it is possible to conclude that South Korea has actively adapted to new geopolitical realities by preserving maneuvering space amid global developments largely adverse to the country's national interests.

President Lee's first demonstration of pragmatic diplomacy was stabilizing the U.S.-South Korea relationship by cultivating a positive relationship with President Trump. This meant stabilizing the bilateral trade and investment relationship in response to U.S. global trade rebalancing priorities. Given South Korea's need to ensure that its economic and trade competitiveness was not disadvantaged by Trump-induced changes in global trade, senior officials from South Korea's new administration maintained near-constant communication with U.S. counterparts to ensure equivalence with evolving European and Japanese trade negotiations with the United States.

Although South Korea lost hard-won advantages from prior Korea-U.S. Free Trade Agreement negotiations, the Lee administration inked an initial understanding with President Trump that, for the moment, locked in South Korea's baseline tariff at the same level as those of Europe and Japan.

The trade and investment framework set up a critical Oval Office meeting between Presidents Trump and Lee at the end of August 2025. Despite fears that President Lee might get caught in a “Zelensky moment,” Lee seemingly developed a rapport with Trump by praising his past work on North Korea. Trump is a “peacemaker,” Lee said, and he himself was a “pacemaker” who would support the resumption of U.S.-North Korea summitry.

But critical details of the trade and investment framework remained unsettled for weeks as South Korea digested and debated U.S. requests for up to USD 350 billion of investments. While this amount compared favorably to Japan’s USD 550 billion pledge to the United States, South Korea secured new pledges that investments be commercially viable and that South Korea’s annual investment in the United States under the framework be capped at USD 20 billion per year.

The two sides concluded a detailed framework during President Trump’s second meeting with President Lee on the sidelines of the Asia-Pacific Economic Cooperation (APEC) summit in Gyeongju in October 2025. Many of Seoul’s commitments are not pure concessions, however. The USD 150 billion shipbuilding pledge, along with investments in critical minerals, energy, semiconductors, and AI, falls in sectors where South Korea sees commercial upside, positioning itself as a technology supplier with an equity stake in the U.S. market.

The second Trump-Lee summit also yielded significant progress under the rubric of "alliance modernization," through which the Lee administration has pursued autonomous self-defense while redefining the scope and responsibilities within the alliance to deter growing threats from both China and North Korea. Specifically, the accompanying Joint Fact Sheet outlined a pathway for the United States to support "the process that will lead to the ROK's civil uranium enrichment and spent fuel reprocessing for peaceful uses" and approval for South Korea to build "nuclear-powered attack submarines" and to work with South Korea to source enriched uranium necessary to power them.

Lee has also held reciprocal summits with Japan, meeting Prime Minister Sanae Takaichi four times in roughly six months, including respective hometown visits to

Nara in January and Andong in May 2026. Given the history of friction between South Korean progressive and Japanese conservative leaders, the cadence is itself a welcome surprise. At the same time, Lee has stabilized the South Korea-China relationship from the clear tensions that arose during the Yoon Suk Yeol administration by restoring South Korea's rhetorical support for Beijing's "One China" policy while retaining language adopted by past South Korean and U.S. presidents endorsing the "peaceful resolution of cross-Strait issues and opposed unilateral changes to the status quo."

A missing piece of the Lee administration's foreign policy following one year in power is the future of South Korea-Russia relations. Russia's war against Ukraine and its support from North Korea on the battlefield are the primary obstacles to deeper ties. Presumably, South Korea's policy toward Russia is complicated by the reality that there is no clearly discernible pragmatic option. Yet Pyongyang's relationship with Moscow may be the geopolitical development that generates the greatest threat to South Korea's security by giving North Korean leader Kim

Jong Un the impression that he has more room to escalate tensions on the peninsula.

On balance, the Lee administration's most significant foreign policy accomplishment against the backdrop of an uncertain and adverse geostrategic environment is its success in buying time and building leverage. Given mounting uncertainties and rising geopolitical risks emanating from multiple sources, this approach is understandable and arguably prudent. South Korea is no longer defenseless against the machinations of surrounding major powers—a combination of pragmatism, agility, wisdom, and foresight is required to manage the challenges ahead.

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Scott Snyder is President and CEO of the Korea Economic Institute of America and author of South Korea at the Crossroads: Autonomy and Alliance in an Era of Rival Powers. The opinions expressed here are his own and do not reflect those of KEI.

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How Trump's Approach to Dealmaking Could Shape North Korea Talks

Tariff and trade deals, efforts to end the war in Ukraine, and negotiations with Iran all give hints of what negotiations with North Korea may look like.

By Troy Stangarone

June 30, 2026

President Donald Trump in the Oval Office, June 2026 | Source: The White House via Molly Riley

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Ever since U.S. President Donald Trump won his first term as president, some observers have hoped that his unconventional approach could lead to a breakthrough with North Korea. But after more than five years in office across two terms, the record of Trump's negotiating style suggests any future talks could create more opportunities for Pyongyang than progress toward resolving the nuclear issue.

During Trump's first term, the administration largely followed a conventional foreign policy approach, even if Trump's willingness to meet with Kim Jong Un was unconventional. The administration appointed Stephen Biegun as special envoy, and he built a team to manage negotiations with Pyongyang.

Ultimately, it was North Korea's approach to the talks that contributed to the failures in Hanoi. By pushing nearly every decision to the Trump-Kim meeting, Pyongyang entered the summit with no assurances of success and miscalculated by presenting Trump with a proposal he could not accept.

Trump's second term, however, is not a continuation of the first, and it creates vulnerabilities that North Korea can exploit. The administration is less constrained by traditional policymaking structures. Trump's chief of staff, Susie Wiles, has said that her job is not to restrain Trump but to facilitate his agenda. As a result, the administration's approach to foreign policy has become more personalized and less process-driven than in prior administrations.

Less than two years into his second term, three major sets of negotiations demonstrate the shift in Trump's approach: the trade deals precipitated by the administration's increased tariffs, the administration's efforts to end the war in Ukraine, and its negotiations with Iran before the war and now to reach a permanent peace. Each case suggests that a desire for quick results, minimal process, and limited expertise has constrained the administration's negotiating capacity.

Take the trade negotiations. The administration prioritized speed over legality, imposing tariffs under two trade laws that courts have ruled were improperly used. That speed pushed countries to negotiate, but the absence of a clear legal framework has left the administration seeking to reverse-engineer its tariffs to preserve the trade deals.

Despite Trump's claims of being a master dealmaker, the trade deals have largely ended up where one would expect based on the leverage of the individual parties. Countries with limited leverage, such as Indonesia, agreed to detailed commitments. The text of the U.S.-Indonesia trade deal runs forty-five pages. For South Korea, Japan, and the European Union, which had more leverage, shorter agreements were concluded that deferred key details. China, meanwhile, used its own leverage over the supply chains of critical minerals to negotiate Trump to a draw.

These agreements highlight the limits of Trump's approach when dealing with countries that have leverage and are less dependent on the United States. They also show the risks of moving too quickly without a structured process.

North Korea's leverage has grown since Trump and Kim met in Hanoi. Pyongyang has further advanced its nuclear weapons program while deepening its relationship with Russia, a partnership that is weakening sanctions and providing economic and security benefits. Its lack of economic ties with the United States reduces Washington's coercive power. This leaves North Korea in a stronger position than U.S. allies to resist pressure, and it is more likely to exploit the absence of a clear negotiating plan.

The administration's approach to Ukraine further illustrates the pitfalls of a personalized style. During the campaign, Trump claimed he could end the war in a single day. Setting aside his tendency toward exaggeration, the process put in place was flawed. Steve Witkoff, a longtime business associate of Trump's, was tasked with leading negotiations with Russia. Lacking expertise on the conflict, he proved ineffective, while U.S. pressure focused more on Ukraine than on Russia. The war continues with no resolution in sight.

A similar pattern emerged with Iran. Prior to the war, Witkoff and Trump's son-in-law, Jared Kushner, engaged Tehran in talks over its nuclear program, despite lacking the technical and diplomatic expertise required for high-stakes nuclear negotiations. This lack of technical expertise may have contributed to the decision to begin the war.

Since the war began, Trump has repeatedly claimed it would be over quickly, despite realities on the ground. He has also claimed success in securing a pledge by Iran not to develop nuclear weapons, something Tehran has done repeatedly in the past and committed to in writing as part of the nuclear agreement with the Obama administration.

Presumably, North Korea has learned from the failure of Hanoi and overemphasizing direct Trump-Kim talks. To prevent another public breakdown, it will likely try to lock in significant details before any summit. But without a return to a more traditional U.S. negotiating process, Pyongyang could exploit talks with less prepared negotiators. Pyongyang could also take advantage of Trump's desire to oversell accomplishments.

These factors suggest that without a significantly different approach, any renewed talks between the Trump administration and North Korea are unlikely to achieve significant results.

This article originally appeared under the title "Dangers of process-light diplomacy *with North Korea" in The Korea Times on June 14, 2026.*

Troy Stangarone is a Visiting Senior Fellow at the Korea Economic Institute of America (KEI) and Non-Resident Fellow with the Carnegie Mellon Institute for Strategy and Technology. All views expressed are the author's alone.

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How the U.S.-South Korea Joint Fact Sheet Lays the Future of the Alliance

2026 will likely go down as an unusually significant test of the U.S.-South Korea alliance.

Gilbert Rozman

July 1, 2026

President Donald Trump receives the Grand Order of Mugunghwa from South Korean President Lee Jae Myung at the Gyeongju National Museum, October 2025 | Source: The White House via Daniel Torok

This issue of *Korea Policy* details recommendations for implementing the policy goals set forth in the U.S.-South Korea Joint Fact Sheet reaffirming the Korea Strategic Trade and Investment Deal approved at the summit between U.S. President Donald Trump and South Korean President Lee Jae Myung on October 29, 2025. There are two key sections: 1) new frontiers of cooperation between the two countries to include modernization of the security relationship, defense industrial cooperation, nuclear submarines, and cybersecurity; and 2) adapting the alliance amid global transformation on South Korea’s economic development strategy, civil nuclear cooperation, and AI export controls. For compelling reasons explained in the seven articles, the state of the alliance hinges on the successful implementation of these policy goals.

Why is 2026 likely to go down as an unusually significant test of the U.S.-South Korea alliance? At least four reasons deserve close attention. First, it is well-known that South Korea stands on the front line of an increasingly bipolar Northeast Asia, with tensions exacerbated since 2022 as international peace and stability are being shaken. The issues raised in this issue reflect this deteriorating environment. Second, technological change has come to the fore as never before since the advent of nuclear weapons. One article after another cites the urgency of responding to these challenges. Third, the Trump factor must not be overlooked, given his penchant for unilateral action and pressure. Authors do not shy away from mentioning it. Finally, South Korea has emerged as a vital powerhouse for U.S. security and economic transformation. Its critical role emerges repeatedly in the recommendations for alliance transformation for the sake of both states and of the world.

Modernizing U.S.-South Korea Alliance for New Strategic Frontiers

The four articles on new frontiers of cooperation highlight growing opportunities and risks for the U.S.-South Korea alliance. Reviewing past negotiations and agreements, they point to unfinished business and rapidly changing circumstances. Further delay would pose unprecedented risks.

Section One's articles clarify South Korean thinking at this critical juncture in the alliance. Together, they identify new opportunities resulting from the Joint Fact Sheet and warn of accelerating risks if agenda items are not implemented. The first article calls for deepening U.S.-South Korea coordination on crisis-management mechanisms, political and diplomatic signaling, and China policy to modernize the alliance and contribute to a more sustainable deterrence posture. The second article argues that multi-domain, high-technology hybrid war demands a qualitative change in U.S.-South Korea defense industry cooperation. The third article explores how South Korea can strengthen its position when requesting the future development of more advanced nuclear-powered submarines (SSNs) by becoming a reliable U.S. partner in submarine maintenance, logistics support, infrastructure hosting, repair planning, and lifecycle services. The fourth article proposes a South Korean national cybersecurity strategy that aligns with U.S. priorities and serves as an anchor for alliance cooperation, reinforcing U.S. commitments to South Korea's defense and leveraging both countries' resources to strengthen private-sector investment in cybersecurity and foster cyber policy innovation.

In "The Path Forward for Alliance Modernization and Redesigning the U.S.-

South Korea Alliance," In Hyo Seol warns that despite talk of alliance modernization, neither government has articulated an official definition, implementation plan, or transition roadmap. It notes that the Iran war is acting as a powerful catalyst for accelerating changes to the alliance posture and force deployment in the Indo-Pacific, elevating the discourse on alliance restructuring from an abstract strategic discussion to a concrete, lived reality for expert communities and the broader publics of both nations. Yet, modernizing the alliance entails formidable challenges. Unlike past iterations of burden-sharing discussions, which implied a negotiated redistribution of costs within a broadly unchanged framework, the Trump administration's new interpretation of burden-shifting entails a structural reallocation of responsibility. Allies are expected not merely to pay more but to assume fundamentally different roles—as primary defenders of their own territory, while the United States repositions itself as an enabler and backstop rather than a frontline protector.

The new division of labor portends changes to virtually every dimension of the combined defense posture. Successful modernization would serve as proof of concept for the broader U.S. global alliance restructuring strategy. Conversely, if South Korea—the most capable and best-prepared ally—fails to navigate modernization successfully, the signal sent to other U.S. allies would be deeply damaging. Failure to fundamentally update the alliance would be perilous, warns Seol.

Seol's chapter addresses the need to respond to the systematic application of "America First" principles to alliance restructuring. Strategic flexibility demands a fundamentally different kind of alliance management—based on joint planning and institutional preparation rather than post-hoc diplomatic accommodation. Structural changes could lead to a narrative of retreat, as the public in both countries loses confidence in the alliance and leaders face pressure to hedge against its decline. Among the risks are the coercive negotiating style characteristic of the Trump administration, given that South Korean public opinion on the alliance—while broadly positive—is sensitive to perceptions of unequal treatment and can rapidly shift when the alliance appears to impose costs without corresponding benefits. Also at risk is the prospect that adjustments to United States Forces Korea (USFK) and its physical presence on the Korean Peninsula will be misread as a weakening of extended deterrence. To minimize such risks, Seol calls for expert-level consultations.

In "The Future of U.S.-South Korea Defense Industry Cooperation on AI and Cybersecurity,"Eunho Kang emphasizes that "multi-domain, high-technology hybrid war," in which conventional warfare, cyber warfare, information warfare, electronic warfare, and space warfare unfold simultaneously on a single integrated battlespace, is now a concrete reality on the battlefield. North Korea is rapidly accumulating real combat experience with advanced technologies such as drones and electronic warfare. Meanwhile, South Korea faces internal demographic constraints, and externally, the United States is demanding not only increased defense burden-sharing but also voluntary contributions from its allies. Kang's article offers recommendations for U.S.-South Korea cooperation in physical AI and cybersecurity—applying these domains to defense shipbuilding.

Multi-domain, high-technology hybrid warfare demands a fundamental shift in South Korea's force buildup and a qualitative change in U.S.-South Korea defense industry cooperation. The allies need a model of cooperation that combines U.S. advanced AI design capabilities with South Korea's world-class manufacturing base—and the two countries should apply this model to the defense shipbuilding sector. As land, sea, and air domains are integrated with space, cyber, and electronic warfare into a single battlespace, inferiority in any one domain translates into paralysis of the entire operation. The boundary between peacetime and wartime has collapsed. Hybrid warfare integrates conventional warfare, irregular warfare, cyber warfare, information warfare, and economic coercion. Warfare has become a war of attrition. In addition, software supply-chain contamination is a major threat, as is North Korea's evolving conventional forces and real-world experience.

The alliance is being redefined as a structure in which each country maintains a certain level of independent deterrence and response capability and operates in a complementary manner, building an integrated command-and-control system that connects land, sea, and air weapon systems with space, sensors, and command communications. The South Korean armed forces should reorganize around unmanned systems by applying physical AI technology and enabling manned-unmanned teaming, autonomous operation, and robotic/AI pilots. South Korea's role in enhancing U.S.-South Korea defense cooperation will thus become more important moving forward.

Kang highlights that the shipbuilding industry is the optimal showcase for the future of U.S.-South Korea defense cooperation—one that simultaneously demands collaboration in physical AI and cybersecurity. South Korea's strengths make partnering with it an irreplaceable option in rebuilding the U.S. shipbuilding industry. Defense shipbuilding cooperation goes beyond simple industrial cooperation; it serves as a powerful model of security cooperation that embeds alliance trust in industry and technology. Successful cooperation in this sector is expected to rapidly spread to other areas, such as aviation and ground weapons.

In “Pathways to Cooperation for South Korea’s Successful Nuclear-Powered Submarine Acquisition,” Jihoon Yu identifies the legal, political, and technological barriers to South Korea’s successful acquisition of nuclear submarines. Failure in this endeavor, launched through Trump’s October 2025 approval, could deepen distrust in Washington, raise concerns regarding proliferation, and damage bilateral relations. Nonproliferation commitments, export control rules, alliance equity concerns, and the strain on the U.S. submarine-industrial base all weigh heavily on the issue. Yu recommends a phased strategy, grounded in a clear alliance-centered rationale, a legally sound, nonproliferation-centric framework, an industrial and human-capital compact that also benefits the United States, a gradual and transparent approach to sustainment and fuel cycle issues, and a broader diplomatic narrative that presents a South Korean SSN as a stabilizing and defensive contribution to regional maritime security. A disciplined approach will be far more credible than one that appears designed to maximize fuel cycle freedom. The more Seoul presents itself as the ally pursuing the most nonproliferation-compatible route, the easier it becomes to justify engagement.

Yu, however, worries that South Korea may not handle the SSN negotiations well, which could deepen mistrust in Washington, raise nonproliferation concerns, and leave U.S. officials with the impression that Seoul is asking for the most sensitive form of support before demonstrating the political discipline and institutional preparation such support would require. Thus, the most promising path is gradual, alliance-centered, and institutionally serious. Seoul should begin the process by demonstrating restraint, nonproliferation responsibility, industrial usefulness, workforce commitment, and diplomatic maturity. Yu urges South Korea to anchor the SSN debate in combined deterrence rather than prestige, maritime burden-sharing rather than autonomy theatrics, safeguards-compatible discipline rather than ambiguity, and long-term alliance trust rather than short-term political pressure. Succeeding in SSN acquisition will test the alliance, but successful implementation will expand alliance cooperation to a new frontier.

In "Enhancing Strategic Alignment in Cyberspace Within the U.S.-South Korea Alliance," Sebastian Garciaobserves that cybersecurity requires constant adaptation and agility to remain ahead of the latest threat capabilities. Technological disruptions, including the emergence of AI, and new geopolitical developments, such as the strengthening of North Korea-Russia ties, only shorten time horizons. Garcia'sarticle proposes a South Korean national cybersecurity strategy that aligns with U.S. priorities, serving as a new anchor of alliance cooperation and stability, reinforcing credible U.S. commitments to South Korea's defense, and leveraging both countries' resources to strengthen private-sector investment in cybersecurity and foster cyber policy innovation. South Korea should work with the United States to seek alternative means of fostering shared interests between the public and private sectors without enacting stringent regulations that the United States will not countenance. This means formulating a new cybersecurity agenda to foster the development of a robust cyber insurance market, expand talent recruitment pipelines for the cyber policy and legal workforces, and deepen South Korea-Europe defense industrial partnerships in AI-enabled cyber capability research and development.

Central to the alliance's defense posture in cyberspace is deterring the North Korean cyber threat, which has grown bolder and more sophisticated over the past decade. Its use of cyber operations as a tool of intelligence gathering and irregular warfare poses significant security threats. Garcia warns against moves that could undermine the U.S. strategic shift toward deregulation and recommends increasing public-private partnerships to maintain the U.S. technological advantage in cyberspace. The challenge is to demonstrate that South Korea is not a free rider in cyberspace but a proactive contributor to bolstering its own and other U.S. allies' cyber capabilities. While divergent methods for shaping public-private cooperation and an increased U.S. demand for burden-sharing in cyber defense could be points of contention, this moment yields an opportunity for renewed alignment, including deterrence of a bolder, more sophisticated North Korean cyber threat.

Alliance Adaptation to an Era of Transformation

The common theme across Section Two's articles is the application and impact of advanced technology, which present new opportunities for coordination. However, challenges include an unsustainable South Korean approach to economic development; shifts in U.S. political and commercial thinking on spent fuel recycling and implications for South Korea; and risk management for high-performance AI systems through infrastructure governance and joint export controls. The authors address these urgent needs with bold proposals.

In "South Korea's New External Economic Development Strategy,"Taeho Bark and Dongchul Kwakwarn that given U.S. prioritization of domestic production over foreign investment and international trade, South Korea needs a new external economic development strategy. Bark and Kwak argue that the global trade environment has been uprooted; states are pursuing unilateral and discretionary industrial and trade policies aimed at maximizing or protecting national interests. Forced, along with others, to conclude agreements requiring large-scale investments in the United States, South Korea must recognize that expanded exports and high-standard free trade agreements (FTAs) are insufficient. The authors call for leveraging overseas foreign direct investment (FDI) to enhance domestic industrial competitiveness, expand exports, create jobs, and minimize the risks of industrial hollowing-out. Optimism rests on the fact that South Korean firms possess world-class manufacturing capabilities in advanced technologies and core industries and that its large firms already have strong global competitiveness.

Bark and Kwak propose three pillars of South Korea's new external economic development strategy: 1) Expand exports linked to overseas investment by firms; 2) Lead in research and development (R&D) of advanced technology while continuously developing new technologies, attracting world-class foreign firms; and 3) Strengthen the international competitiveness of small and medium-sized enterprises (SMEs). In doing so, South Korea can overcome the challenges of the global trade environment and advance toward a more mature and resilient advanced economy.

For the first pillar, South Korea should transition from primarily producing final goods to becoming a global hub for exporting intermediate goods in advanced manufacturing, thereby supporting national strategic industries. Committed to investing USD 20 billion annually in the United States over the next decade, along with a USD 100 billion investment in U.S. shipbuilding, the South Korean government should consult closely with South Korean firms and communicate with the U.S. government to ensure these investments serve mutual interests.

For the second pillar, R&D should be clearly defined as enhancing capabilities to develop new technologies, manufacturing products based on those technologies, and assessing their commercial viability. Systems must ensure a seamless transition from laboratory research to pilot testing, initial production, and eventually, mass production. South Korea should establish R&D-manufacturing clusters in strategic industries and attract leading foreign firms to establish R&D bases domestically by offering world-class standards in research autonomy, compensation, long-term visa options, and family settlement.

The third pillar would capitalize on the relocation of foreign firms from China to ASEAN countries and India, while prioritizing the mitigation of barriers faced by South Korean SMEs, such as information gaps, financial constraints, and weak overseas networks. The government should provide structured education and training programs for SME employees covering macro-level changes in the global trade environment, geopolitical risks, the AI-driven technological transition, and supply-chain disruptions, as well as practical knowledge related to overseas markets, international contracts, negotiations, and local management. SMEs should stop viewing overseas investment and exports as high risk.

In "Rethinking the U.S.-South Korea 123 Agreement in a New Strategic Era," Kayla Orta cites geopolitical shifts in the global civil nuclear market, changing regional security dynamics, rising global energy demand driven by AI, next-generation technologies, and the increased market shares of Chinese and Russian firms as central motivations for capitalizing on the momentum in the United States and South Korea for new nuclear energy policies. Together, the two allies should respond by updating and expanding their 2015 123 Agreement, the author proposes. Near-term opportunities should focus on 1) AI-driven nuclear industry revitalization, 2) traditional and advanced nuclear fuel supplies, and 3) spent fuel management and long-term storage strategies. Industry leaders should not be left out in the planning for a revised framework. For both Washington and Seoul, nuclear energy policy is gaining new momentum; engagement presents a critical opportunity to expand the presence of both countries in global markets while also reinforcing high standards for nuclear safety, security, and nonproliferation.

Orta's article points to a rising sense of urgency in South Korea that the cooperation framework is not currently meeting its intended goals, and that the U.S.-South Korea civil nuclear relationship remains locked in a cycle of frustration. Points of national security interest—including nuclear fuel import dependencies and limitations in spent fuel waste storage—have strained U.S.-South Korea civil nuclear cooperation. The prolonged hiatus of the High-Level Bilateral Commission has remained a source of frustration for the South Korean government. Another source of concern is that Chinese and Russian state-backed firms have captured significant market shares through competitive financing and rapid-deployment nuclear export packages. The 123 framework needs to be quickly updated.

In "Redefining National Security Governance Through Access and Compute: U.S.-South Korea Export Controls on AI Infrastructure," ChangHee Kim explores how the rules for AI chip exports are in flux. In March 2026, the U.S. Department of Commerce drafted rules that would require licenses for virtually all AI chip exports, potentially conditioning transfers of more than 200,000 chips on recipient countries agreeing to build AI data centers in the United States. In South Korea, the AI Basic Act entered into force on January 22, 2026, establishing risk-management obligations for high-performance AI systems, with phased enforcement beginning in 2027. The government also began distributing the first tranche of a ten-thousand-unit national graphics processing unit (GPU) pool in March 2026.

Parallel policy imperatives—U.S. efforts to maintain technological leadership and South Korea's ambitions to secure AI infrastructure capacity—create both opportunities for alignment and governance gaps. Given that AI infrastructure is no longer transferred primarily through the movement of hardware, export control regimes need to move beyond a perspective centered on physical equipment and technical documentation and consider computation and access as core units of control. What is needed is coordination on new AI infrastructure governance, redefining AI data centers as "borderless strategic assets" controlled through access rights—an alliance-based governance model built on compute quotas, Zero Trust, and real-time access control systems.

In place of export control systems structured around the cross-border movement of tangible items and technical documents, technology transfer in a borderless AI infrastructure environment is determined by who can access which compute resources and data, and with what entitlements. Specifically, Kim 1) shows that technology transfer in AI data centers is shifting from physical movement to access entitlement structures; 2) identifies a growing misalignment between data protection law, which has already codified access-based transfer concepts, and export control law, which remains physical and act-based; 3) proposes compute quota as a new policy control concept; and 4) links functional weaponization of AI directly to export and access control debates.

The center of gravity of national security risk is shifting from “What has moved?” to “Who can access which compute resources?” As AI data centers become more sophisticated, Kim argues that export control systems should be redesigned so that access entitlement structures, rather than physical borders, become the core unit of control. Compute quota—the combination of usage time, number of devices used in parallel, and intensity of workloads that yields functional capability—should become the object of control. U.S.-

South Korea joint export control is emerging as a realistic alternative. This is not simply a matter of tightening existing rules, but of redesigning alliance-based national security governance by introducing access and compute as new units of control.

Conclusion

In the spring of 2026, a whirlwind of diplomacy centered on China and Iran diverted attention from the U.S.-South Korea alliance. Chinese President Xi Jinping hosted President Trump and Russian President Vladimir Putin before traveling to Pyongyang for a summit with North Korean leader Kim Jong Un. Trump's statements and posts took all the oxygen out of the room, leaving little room to focus on the alliance. Still, with little fanfare, the United States and South Korea continued exploring new frontiers of cooperation and adaptation for the alliance. The AI revolution accelerated these discussions, especially as its application to warfare, as seen in Ukraine and Iran, grew more compelling.

For the issues raised in this volume, a series of questions come to the forefront. 1)

Would the "constructive strategic stability" Trump and Xi touted at their summit impact U.S. policy toward South Korea? 2) Would Xi's closer embrace of Kim reverberate in actions that would impact the U.S.-South Korea alliance? 3) Would the way the Iran war appeared to end with a memorandum of understanding affect Trump's foreign policy agenda? and 4) Would the United States pivot back to alliance-building in East Asia at a time when its alliance system was suffering unprecedented disruption? Answers are unlikely to come before the new rounds of diplomacy planned for the fall of 2026. Uncertainty clouds the initiatives discussed in what follows.

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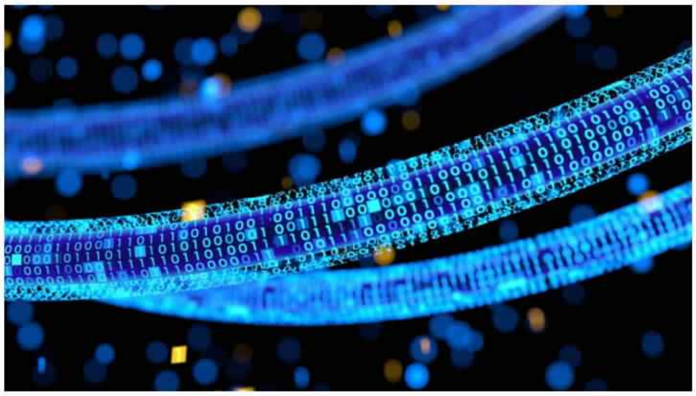
Enhancing Strategic Alignment in Cyberspace Within the U.S.-South Korea Alliance

The two allies should align cyber strategies to strengthen combined defense and keep their technological edge.

Sebastian Garcia

July 2, 2026



An illustration of digital data transfer, May 2025 | Source: Shutterstock

Executive Summary

The United States and South Korea both began 2026 with announcements that the respective governments would soon

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release new, comprehensive national cybersecurity strategies. Following a year of rising cyberattacks against both public and private entities and changes in political leadership, the two countries have recognized the need to update their cyberspace policies to better reflect the changing geopolitical security environment and domestic political priorities.

With the release of the U.S. national cybersecurity strategy in March 2026, the Donald Trump administration aligned its cyberspace posture with the same "America First" principles that guided the formulation of its 2025 National Security Strategy and 2026 National Defense Strategy. This new strategy's emphasis on enhancing offensive capabilities, deregulating cybersecurity compliance to foster innovation, and ensuring fair cost distributions with allies may give some trepidation to South Korea as it formulates its own strategy.

On the other hand, opportunities arise from the seeming alignment of the allies on strategic priorities, such as building talent pipelines and sustaining technological superiority in artificial intelligence (AI) and other emerging technologies. A South

Korean national cybersecurity strategy that actively aligns with U.S. priorities can serve as a new anchor for alliance cooperation and stability, reinforcing credible U.S. commitments to South Korea's defense and leveraging both countries' resources to strengthen private investments in cybersecurity and foster cyber policy innovation.

Considering these significant shifts in cyber policy at a time of proliferating cyber threats and heightened geopolitical tensions, the United States and South Korea should more proactively align their cybersecurity strategies to avoid points of friction, bolster the alliance's combined cyber defense posture, and maintain their technological advantage in cyber warfare.

Background

President Trump's *Cyber Strategy for America* takes a far narrower view of national security priorities in cyberspace than previous iterations of U.S. cybersecurity strategy, as evidenced by its far shorter length. What the new strategy does not mention is just as notable as what it does, as there is no description of state actors that pose significant cyber threats to

U.S. interests within the document, including North Korea. However, the strategy makes clear that the United States maintains a robust offensive posture in cyberspace to identify and shut down threats from cybercriminals and other adversaries. Other priorities include modernizing and securing networks and critical infrastructure, unleashing private-sector innovation in cybersecurity and emerging technologies, and constructing a robust U.S. cyber workforce through new talent pipelines.

The Lee Jae Myung administration is still finalizing its new national cybersecurity strategy, which will be released within the year. Whether the Lee administration's cybersecurity strategy continues the trend of the previous government's policy shift toward pursuing more offensive cyber capabilities to detect and neutralize North Korean threats or follows the U.S. example of scaling back its naming and shaming of North Korea remains to be seen. What is certain is that President Lee seeks to expand South Korea's strategic thinking to encompass his ambitious agenda of establishing South Korea's status as an "AI Powerhouse" in the cyber domain and tightening private-sector regulations. It is the regulatory pillar of Lee's cyber agenda that most directly contravenes the U.S. strategic shift toward deregulation and increased public-private partnerships to maintain the U.S. technological advantage in cyberspace.

As the allies' cybersecurity strategies undergo considerable changes, the threat posed by North Korea's cyber operations continues to intensify. Year over year, the pace and scope of North Korean cyberattacks continues to increase, the vectors of attack diversifying from hacking vulnerable software and critical infrastructure to sophisticated fraud schemes where North Koreans gain employment as remote IT workers for foreign firms, generating revenue for the regime and stealing sensitive corporate information from the inside. North Korean officials use stolen cryptocurrency assets and laundered fiat currency to procure military equipment and raw materials like copper, in violation of international sanctions law. A UN Panel of Experts report in 2024 estimated that around 40 percent of North Korea's ballistic missile and weapons of mass destruction (WMD) program was funded through illicit cyber theft operations, emphasizing the importance of decreasing North Korean cryptocurrency and ransomware heists for U.S.-South Korea deterrence and non-proliferation strategy.

Watch Mr. Sebastian Garcia in conversation with Ellen Kim, KEI Senior Fellow and Director of Academic Affairs.

Policy Recommendations

The United States and South Korea can best align their cybersecurity strategies through cooperation in the following key policy areas:

1. **Quantifying risk, cost, and policy efficacy: T**he United States and South Korea should collaborate to construct a framework for demonstrating the negative externalities imposed by North Korean and other threat actors' cybercrime on private-sector profits to

align the private sector's priorities with those of national security-oriented governments. One model to emulate is Singapore's Cyber Risk Management (CyRiM) project, a joint public-private-academia initiative to facilitate private investment in cybersecurity insurance by quantifying cyber risks and the costs of cyberattacks and creating a calculator for accurate insurance premiums.

2. **Developing the non-technical cybersecurity workforce:** New generations of cybersecurity policy and cyberlaw talent who understand the rapidly advancing corpus of domestic cybersecurity laws and international policy debates will be integral to advancing cyber norms agreed upon by the United States and South Korea. The United States and South Korea may collaborate to develop cybersecurity competition and gaming initiatives to engage student communities as well as foster educational and public-private partnerships that rapidly upskill workers and share talent across

different spheres of the cyber policy environment.

3. **Integrating South Korea into multilateral cybersecurity networks:** South Korea's cybersecurity strategy should continue to prioritize expanding cyber defense cooperation with like-minded liberal democratic allies, especially as its ambitions to become a significant developer of advanced dual-use and AI-enabled weapons systems can expand the country's market share in the European defense industry. South Korea stepping up to fill the critical gaps in European cyber and AI warfare defenses and develop broader cyber threat intelligence sharing between U.S. allies will cement its status as a model ally committed to burden-sharing and collective defense.

Conclusion

Cybersecurity is a field that requires constant adaptation and agility to remain ahead of the latest threat capabilities; tools and strategies considered industry standards and top-of-the-line can become outdated liabilities within the year.

Technological disruptions like the emergence of AI and quantum computing, and new geopolitical developments like the strengthening of North Korea-Russia ties, only shorten these time horizons and add to the uncertainty of whether a given cybersecurity strategy is working. However, the U.S.-South Korea alliance has proven resilient and highly adaptive over more than seven decades of geopolitical upheaval and breakthroughs in military capabilities and technology. So long as the allies maintain institutionalized, regularized coordination on cyber policy and cyber defense and accept that their cybersecurity strategies will need to remain flexible frameworks rather than rigid plans, they will successfully safeguard their cyber domains from North Korean and other cyber adversaries.

George Sebastian Garcia is Program Officer and Internship Coordinator at the Korea Economic Institute of America (KEI). The views expressed are the author's alone.

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Press Release: KEI Publishes Korea Policy Vol. 4, Issue 1 on the U.S.-Korea Joint Fact Sheet

The Korea Economic Institute of America (KEI) is pleased to issue Vol. 4, Issue 1 of its flagship journal, Korea Policy.

July 1, 2026 · 3 min read

By The Korea Economic Institute of America (KEI)

July 1, 2026

The Korea Economic Institute of America (KEI) is pleased to issue Vol. 4, Issue 1 of its new flagship journal, *Korea Policy*. Our online journal carries forward the objective and spirit of KEI's previous publications, the Academic Paper Series' (APS) *On Korea* publication, and the *Joint U.S.-Korea Academic Studies* publication. Like our previous publications, *Korea Policy* identifies and explores the array of security, economic, and political issues and policy trends related to Korea and the U.S.-Korea alliance. The journal offers academically rigorous and policy-relevant research.

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Korea Policy papers are written by academic scholars and policy experts from the United States, South Korea, and around the globe. The objective is to provide opportunities for recognized specialists and new voices to present fresh research and innovative thinking on Korea, the region, and related international issues. Each issue covers a broad, unifying theme and is arranged into two sections of articles. Before publication, working papers of these articles are presented as part of our *Korea Policy* series at KEI's office in Washington, DC.

The papers in Vol. 4, Issue 1 exemplify the breadth and depth of policy issues relevant to the U.S.-Korea alliance. They are original pieces written exclusively for this issue over the last six months. KEI distributes the final publication to government officials, the private sector, policy institutes, and educational institutions around the world, and features the digital publication on the KEI website for the broader public.

Contributions in this issue fall under the theme, *The U.S.-South Korea Joint Fact Sheet: A Roadmap for the Future of the Alliance*. The first section examines alliance modernization across new strategic frontiers, taking up the core issues raised in the Joint Fact Sheet: deterrence posture and the transition of wartime operational control, defense industrial cooperation, nuclear-powered submarine acquisition, and the cyber domain. The second section turns to alliance adaptation in an era of transformation, revisiting Korea's external economic strategy, the future of the U.S.-Korea civil nuclear partnership under the 123 Agreement, and export controls on AI infrastructure.

For over forty years, KEI has produced objective and informative analyses and highlighted important policy research on Korea. We hope you find this volume of *Korea Policy* to be a useful contribution.

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Iran's Bargaining Card That North Korea Never Had

The recently signed MOU between the United States and Iran could prompt North Korea to acquire new bargaining chips for future nuclear negotiations.

By Ellen Kim

July 2, 2026

President Donald Trump signs a Memorandum of Understanding between the United States and Iran, June 17, 2026 | Source: The White House

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Last week, the United States and Iran concluded a memorandum of understanding (MOU), ending nearly four months of conflict and bringing the two countries back to the negotiating table. The fourteen-point MOU includes provisions such as U.S. sanctions relief for Iran, permission for Iranian oil exports, the release of frozen Iranian assets, and the creation of a USD 300 billion reconstruction fund for Iran. These conditions show that economic assistance and sanctions relief in exchange for limits on or the abandonment of a nuclear program—a familiar formula used repeatedly in past negotiations with North Korea—form the basis of the broader framework of the agreement. This approach is not fundamentally different from the negotiating formula used in the Joint Comprehensive Plan of Action (JCPOA), a 2015 U.S.-Iran nuclear deal concluded under the Barack Obama administration.

What distinguishes this U.S.-Iran MOU from past North Korean nuclear negotiations and the JCPOA, however, is the decisive role that reopening the Strait of Hormuz played in reaching the agreement. As the blockade of the Strait of Hormuz dragged on, the U.S. oil industry warned in late May that oil inventories were heading toward "really, really low levels" and that, in the worst-case scenario, spot prices for Brent crude could surge to USD 150–160 per barrel. With the Donald Trump administration and congressional Republicans facing midterm elections in November, it appears that a short-term fix was unavoidable to prevent a sharp, inopportune rise in global oil prices and inflation at home. Ultimately, the United States made the swift reopening of the Strait of Hormuz its top priority. Rather than immediately resolving the details of other outstanding issues, Washington deferred them to follow-up working-level talks while offering a range of economic incentives to bring Tehran back to the negotiating table.

For its part, Iran allowed the return of International Atomic Energy Agency (IAEA) inspectors and used its status as an oil-producing country and the strategic value of the Strait of Hormuz as bargaining leverage. In doing so,
Tehran secureda temporary sixty-day waiver on sanctions related to oil exports. The fact that Iran obtained temporary, front-loaded sanctions relief even before substantive negotiations on its nuclear

program had begun demonstrates the bargaining power of its strategic assets.

Of course, it is still too early to be optimistic that this MOU will lead to a final agreement. Substantive negotiations over Iran's nuclear program have yet to start, and the United States and Iran are already expressing nuanced differences over the issue of accepting IAEA inspectors—an issue they had reportedly agreed on. In addition, the risks that could derail the negotiations are far from minor, including the ongoing armed conflict between Israel and Lebanon, the permitted use of frozen assets, and the domestic political situations in both countries.

How, then, might North Korea perceive the ongoing U.S.-Iran negotiations? Currently, North Korea has firmly rejected denuclearization talks and is consolidating its status as a nuclear-armed state by advancing and diversifying its nuclear capabilities. The country also appears to feel little need for sanctions relief as it continues to deepen its ties with China and Russia. However, North Korea will likely closely watch Iran's ability to secure front-loaded sanctions relief not by possessing nuclear weapons, but instead by leveraging its oil and the Strait of Hormuz as strategic assets. Even though North Korea lacks such strategic assets, this case could prompt the country to consider acquiring new forms of bargaining leverage for future negotiations with the United States. Consequently, the United States and South Korea must closely analyze and prepare for the possibility that North Korea may present new bargaining chips in the future.

This article was originally published in Korean in *Hankook Ilbo* on June 27.

Ellen Kim is Senior Fellow and Director of Academic Affairs at the Korea Economic Institute of America (KEI). The views expressed here are the author's alone.

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