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Jessie Je on U.S. Tariff Policy and Korean Corporate Strategy

KEI Senior Fellow and Director for External Engagement Hyun Jung "Jessie" Je on the durability of U.S. tariff policy.

September 21, 2026 · 1 min read

By Hyun Jung “Jessie” Je

KEI Senior Fellow and Director for External Engagement Hyun Jung “Jessie” Je was quoted in Edaily on the durability of U.S. tariff policy, and on how Korean companies engage the U.S. policy process as Section 232 and Section 301 actions continue.

Read the full article, “트럼프 관세 발표 뒤엔 늦다…韓, 정책라인 사전 소통창구 찾아야,” published September 21, 2026, by clicking here. The article is in Korean.

Please email communications@keia.org to speak with Hyun Jung “Jessie” Je and/or other KEI experts.

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The Midterms Will Not Change Trump's Approach Toward North Korea

Donald Trump is North Korea's best chance of reaching a deal with the United States, even if the Democratic Party retakes control of Congress.

By Troy Stangarone

September 15, 2026

President Donald Trump holds a rally in Georgia, July 2026 | Source: The White House

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With U.S. President Donald Trump pushing for a meeting with North Korean leader Kim Jong Un, speculation has grown that the two countries could resume nuclear talks, with the U.S. midterm elections seen as a key inflection point. For Trump, negotiations are an opportunity to secure a foreign policy win amid the challenges of the Iran war. North Korea, meanwhile, has historically waited until after elections to read the proverbial tea leaves and assess where its advantages lie—but these common assessments misread the current political circumstances.

Despite conventional wisdom, there is little political upside for Trump in meeting Kim before the elections. Simply put, Americans do not vote on foreign policy. Over the last half century, foreign policy has resonated in elections only when the United States faced a major crisis, such as the Iran hostage situation in 1980 or the early period after 9/11, during the war on terror.

While foreign policy has influenced at least a third of elections over the past half century, voters generally pay more attention to failures than successes. Domestic policy affects Americans' daily lives, and as former House Speaker Tip

O'Neill famously noted, "All politics is local." The state of the economy, access to health care and education are among the issues Americans typically prioritize at the ballot box.

Foreign policy success without domestic policy success has limited electoral value. In 1991, George H. W. Bush expelled Iraqi forces from Kuwait with a broad international coalition in Operation Desert Storm. His approval rating soared to 89 percent—yet barely a year later, he lost the 1992 presidential election to Bill Clinton due to the recession of 1990–1991, broken promises on taxes and a perceived indifference to public needs.

Bush is not the only leader to suffer defeat despite foreign policy achievements. Winston Churchill guided the United Kingdom through the Second World War, yet his Conservative Party immediately lost to Labour in the postwar election. British voters prioritized domestic economic needs over Churchill's wartime leadership. This pattern is common in democracies.

If foreign policy plays a role in the upcoming midterm elections, it will be due to the failures of the Iran war and how it has raised prices for consumers. Polling suggests that the top issues for voters are the current state of the economy and affordability. In a Pew Research poll, foreign policy is only the top concern for 4 percent of voters. If another issue is going to break through, it will be voter concerns regarding artificial intelligence and the development of data centers.

Under normal circumstances, North Korea might wait until after the elections to determine whether Trump has been weakened. If North Korea views the elections as a barometer of Trump's influence, however, it is misreading the current state of U.S. politics.

For more than a decade, Democrats and moderate Republicans have waited for Trump's influence to wane as the administration is rocked by one scandal after another. While there was a brief period after the 2021 attempted insurrection when it appeared his hold over the Republican Party might fade, he has largely held on to control. With a recent Financial Times poll showing Trump's approval rating at a low of 33 percent, along with other polls also putting it in the 30s, he has shown resilience in the face of declining approval.

Unlike prior presidents, Trump rarely changes course when his popularity declines.

The real issue for talks with North Korea comes from how the political dynamics will shift if Democrats retake control of the House and Senate. Trump would still largely have a free hand in foreign policy. The Hanoi summit did not fail because the Democrats took control of the House in the 2018 elections. Trump would still have a relatively free hand to cut a deal with Kim as long as North Korea did not require the United States to have the Senate ratify the agreement.

The more significant question is whether the Trump administration will be bogged down in investigations if the Democrats retake the House. This is a likely event that North Korea should factor into its calculations: Trump's political capital may not change, but his administration's bandwidth might. That would call for engaging in talks sooner rather than later.

Trump is North Korea's best chance of reaching a deal with the United States. A reasonable deal struck by Trump is likely to hold because Republicans will not want to be seen as unraveling his legacy and Democrats will have higher priorities should they take the White House in 2028. The midterm elections are largely irrelevant for talks with North Korea. The only question is, does Pyongyang understand that?

This article was originally published in *Korea Times* on September 14.

Troy Stangarone is Visiting Senior Fellow at the Korea Economic Institute of America (KEI). The views expressed here are the author's alone.

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Jessie Je on South Korea’s First Project Under the $350 Billion Investment Pact

Jessie Je tells Reuters that Seoul's Texas power plant selection is a first step, but the $350 billion pact will be judged on results.

September 22, 2026 · 1 min read

By Hyun Jung “Jessie” Je

KEI Senior Fellow and Director for External Engagement Hyun Jung “Jessie” Je spoke with Reuters about South Korea’s selection of a Texas gas-fired power plant as the first project under the $350 billion U.S. investment package.

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"The announcement of the first project would be a meaningful initial step," she says.

Read the full article, "South Korea confirms first project under $350 billion US investment pact despite viability concerns," published September 21, 2026, by clicking here.

Please email communications@keia.org to speak with Hyun Jung "Jessie" Je and/or other KEI experts.

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Why South Korea Is Giving 51 Million People Unlimited AI

In December 2026, 51 million people will get a free chatbot with no usage limits, running on Korean models. No other country has attempted anything close

By Henry Haggard

September 9, 2026

South Korean President Lee Jae Myung in San Francisco, July 2026 | Source: The Blue House

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Before the end of this year, every resident of South Korea will have free and unmetered access to a general-purpose AI chatbot and a public service agent built on domestic models. The capacity to evaluate how those systems affect hiring, credit, and public services remains to be built, and it is the part of the plan where cooperation with the United States would matter most.

Korean President Lee Jae Myung set these plans in motion at the San Francisco AI Summit in July as part of his vision to transform Korea into an AI powerhouse, second only to the United States and China. His vision for achieving this goal rests on three pillars: Korea as an irreplaceable node in the AI supply chain through its dominance in memory chips; Korea as a testbed that adopts AI faster and more broadly than any other country; and Korea as a country that spreads AI's benefits. In what he called the "San Francisco AI Declaration," Lee said Korea would show the world how to integrate AI across industries and daily life, grounded in human-centered values.

The vehicle would be "AI for All": AI access for every citizen, adoption across government services, and a second growth engine—in AI models, applications, and robotics—alongside the chips of Samsung and SK Hynix.

"AI for All" is the most ambitious industrial policy bet Seoul has made in a generation. President Lee has backed a handful of domestic consortia to build a sovereign Korean model, and during the summit, the presidential office announced semiconductor supply and production partnerships between U.S. and Korean firms worth a combined USD 950 billion over five years. Korea is building AI data center capacity in the multiple-gigawatt range. But more than these investments, the centerpiece of the plan is a promise to offer general-purpose AI chatbots and public service agents, with no usage limits, to all 51 million residents in the country. Lee is betting on AI the way past presidents bet on shipbuilding, chips, and cars. If it works, Korea would join the United States and China as one of the handful of countries in control of their AI destiny, with homegrown models for a technology that will shape its economy, labor market, and national security.

Alongside this bet, Korea has also legislated ahead of its peers. The National Assembly passed the AI Basic Act in December 2024, which took full effect in January 2026, making Korea the first country in the world with a comprehensive AI law fully in force. Korea established an AI Safety Institute (AISI), and the legislation sets a compute threshold that designates high-performance systems for additional safety duties and imposes risk management obligations across ten "high-impact" domains, including energy, healthcare, hiring, public services, and nuclear operations. The European Union, whose 2024 AI Act was the first comprehensive AI law adopted worldwide, has since deferred its high-risk obligations until December 2027. The United States has no horizontal AI law at all. Measured by what is actually in force, Korea leads, and it is developing a policy approach that could demonstrate how AI prosperity and safety can be built together.

The Bet on AI

The bet on "AI for All" is about more than access to AI models and personal agents. Access is the part a government can deliver by decision—select the operators, supply the graphics processing units (GPUs), and open the service. Whether people gain from AI is decided elsewhere, in what the technology does to their work and the decisions made on their behalf.

The same ideas are being raised here in the United States. In an August 2026 essay, Meta CEO Mark Zuckerberg argued that the central risk in AI is the concentration of control, and that the answer is a capable personal agent in the hands of everyone rather than a system that automates people out of work. Korea has reached a similar conclusion by a different route and has acted on it through public policy. Both approaches rely on the assumption that providing widespread access to the technology is key to distributing the benefits of AI. With this in mind, the more the United States and Korea, including their companies, cooperate and coordinate to expand AI access, the greater the benefits will be shared across both nations. This argument only holds if AI is developed responsibly and safely, which includes world-class AI evaluation capacity and research.

Currently, the evaluation capacity of AI technologies sits with AISI. It represents the country in the International Network of AI Safety Institutes, leads a safety consortium of some two dozen industry and academic bodies, and runs a dual-use task force on chemical, biological, radiological, and nuclear risk. AISI's mission and mandate are critical, and questions about its resourcing are now being debated. The 2027 budget, approved by the presidential cabinet on September 1, raises the Ministry of Science and ICT's AI spending by 84 percent to USD 6.3 billion (KRW 9.4 trillion) and doubles the line for AI safety technology development to USD 10 million (KRW 15.2 billion). The National Assembly decides whether that ratio matches the program it is meant to protect. More political and financial capital invested in AISI, and closer coordination between AISI and U.S.-based safety institutes and incubators, would augment and accelerate Korea's strong legislative move toward global leadership in safety practice.

Alongside AISI, Korea could emulate the safety and research centers now attracting significant investment elsewhere by establishing a research hub of its own, enabling Korea to develop and disseminate world-leading expertise on economic disruption, alignment, and other risks that AI creates or exacerbates. The foundations already exist. Seoul's city government, in conjunction with some of the country's leading universities, runs an AI hub in southeast Seoul, and Korea's convening record, from the AI Seoul Summit and its Seoul Declaration to hosting the Responsible Artificial Intelligence in the Military Domain (REAIM) summit in 2024, is as strong as any in the region. A world-class hub would underpin Korea's stated leadership through "AI for All" and its Group of Twenty (G20) presidency in 2028, where President Lee has already argued that AI must deliver fair opportunity to every nation.

Best case, the development of the hub is supported, guided, and financed by the Korean private sector with assistance from U.S. incubators, companies, and NGOs.

Conclusion

In December 2026, 51 million people will get a free chatbot with no usage limits, running on Korean models. No other government has attempted anything close, and Korea will almost certainly deliver it on time. President Lee has staked his term on it. The country has an industrial base supplying the memory that the rest of the world's AI runs on and soft power that carries weight in international policy, grounded in its relationship with the United

States. Those are the foundations of a country that can champion an AI initiative that is both ambitious and equitable.

Henry Haggard is Senior Visiting Fellow at KEI. The views expressed are the author's alone.

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What Japan's 2026 Defense White Paper Says About South Korea

Japan's 2026 defense white paper indicates that the country is looking to supplement the U.S.-Japan alliance with expanded partnerships, and South Korea should take advantage of emerging new opportunities for cooperation.

By Terrence Matsuo

September 16, 2026

South Korean Minister of National Defense Ahn Gyu-back and Japanese Minister of Defense Shinjiro Koizumi hold a bilateral meeting in Seoul, June 2026 | Source: Japanese Ministry of Defense

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Japan will rewrite three core security documents before the end of the year, and its 2026 defense white paper, released August 4, is the last public preview of what the revisions will say about South Korea. Tokyo sees a region growing more dangerous and Pyongyang's missile programs as a continuing threat. It also wants more defense partners than the United States alone, especially for what Minister of Defense Shinjiro Koizumi calls a "new way of warfare." South Korea is an obvious candidate for ongoing and greater defense cooperation.

Japan's annual white paper lays out the country's core national security challenges and outlines how it will work to overcome them. In the English-language translation of his foreword, Defense Minister Koizumi said that "it is imperative that Japan further reinforce and transform its defense capabilities with a stronger sense of urgency and crisis than ever before." Under the leadership of South Korean President Lee Jae Myung and Japanese Prime Minister Sanae Takaichi, relations between South Korea and Japan are on an upswing. The Japanese white paper shows that the two countries still have new areas of cooperation to pursue.

The white paper's description of the Korean Peninsula shows that Japan views it as a major area of concern. Stability on the peninsula "is an exceedingly significant problem not just for our country, but the peace and stability of the entire East Asia region." Japan also warned that North Korea is "pursuing operationalization of long-range cruise missiles designed to carry a nuclear warhead." These illicit North Korean technologies are an existential threat to Japanese security and, along with the abduction of citizens by North Korean agents, will remain a priority for Japanese policymakers.

Meanwhile, "South Korea is an important neighboring country that [Japan] should cooperate with as a partnership to address various challenges in international society," says the white paper, noting that the two countries share an interest in cooperating against North Korean nuclear weapons development, counterterrorism, and natural disaster response, among other pressing challenges. To deepen cooperation, the white paper notes high-level exchanges between South Korea and Japan, both at the senior level and between specific services. It also highlights major joint exercises done with South Korea under the trilateral partnership with the United States. "The importance of Japan-Korea coordination is becoming more important," the white paper says.

At the same time, Japan says it is looking to expand its security cooperation with like-minded states. The white paper says the U.S.-Japan alliance remains the foundation of Japan's national security policy, but the country will also "proactively promote diverse and multi-layered defense cooperation and exchanges." The goal of these initiatives will be the "implementation of systematic frameworks of defense material and technology transfer arrangements such as including reciprocal access agreements and acquisition and cross-servicing agreements."

South Korea should similarly consider deepening relations with Japan to supplement the U.S.-South Korea alliance. One short-term way to do this is through port calls by Japanese Maritime Self-Defense Force (JMSDF) ships. Although the Japanese Ministry of Defense held over five "high-level exchanges" with South

Korea, there were no recorded port calls made by the JMSDF in South Korea. To be sure, Japanese personnel have trained with South Korean colleagues in military exercises like Freedom Edge to promote military readiness, but as a type of people-to-people exchange, port calls can allow sailors on both sides to develop personal, informal relationships that can help insulate the bilateral relationship. The last publicized port call by a Japanese ship was back in May 2023, when the JS *Hamagiri* participated in the Eastern Endeavor 23 exercises in Busan. Colonial legacies and disagreements over their resonance and impact, including views of the rising sun in the JMSDF's naval ensign, have contributed to fewer port calls than may otherwise occur. These historical issues remain sensitive in South Korea, but may become less of an obstacle over time if the political environment improves and relations at the top remain warm and friendly.

In addition to strengthening individual relations, South Korea may also consider broader agreements with Japan that expand interoperability and reduce obstacles to sharing defense materiel. Reciprocal access agreements (RAAs) govern the activities of one state's defense personnel while in the jurisdiction of another, with the goal of enhancing cooperation and coordination. Japan inked its first RAA with Australia in 2022 and another with the Philippines in 2024. An acquisition and cross-servicing agreement (ACSA) is defined by the U.S. Department of Defense as an agreement that "allows for reciprocal provision of logistic support, supplies, and services on a reimbursement basis," and makes it easier for states to obtain, transport, and pay for the necessary equipment in the event of a crisis. South Korea and Japan have signed ACSAs with other states, but the two do not have an agreement of their own. As defense cooperation between Seoul and Tokyo continues to deepen, these types of agreements support greater interoperability that will be necessary during a crisis.

Finally, Japan's white paper suggests that jointly developing defense technology with South Korea is another area of opportunity. Defense Minister Koizumi says that a "new way of warfare" is emerging, pointing to Russia's invasion of Ukraine and that states are preparing "mass employment of unmanned assets, as well as getting ready for prolonged conflicts, bringing accelerated changes to the security environment in a wide range of domains." To address this changing environment, the white paper says Japan must support defense technology innovation in both the private and public sectors. Drone/anti-drone warfare is one possible area of cooperation, given North Korea's growing experience via its involvement in Ukraine.

Space and related technologies are another area where experts have long advocated cooperation between South Korea and Japan. The white paper states that authorities will reorganize the Japanese Air Self-Defense Forces to include space—in support, South Korea should step up its cooperation with the U.S. Space Force. Sharing views on reforming their respective air forces to include the space domain could be an area for deeper cooperation.

White papers and similar documents do not necessarily dictate policy, but they do offer insight into how policymakers think and what they prioritize. Japan's most recent white paper indicates that Japan views its regional security environment as deteriorating and continues to have concerns about North Korea. It also shows that Japan is looking to supplement the U.S.-Japan alliance with expanded partnerships and cooperation with like-minded states, especially to deal with the "new way of warfare." As an important neighbor with shared interests and values, South Korea should take advantage of this mindset and look for ways to deepen its relationship with Japan. While these may face the usual difficulties, neither South Korea nor Japan should let the past derail cooperation in the present and ensure a safe and prosperous future.

Terrence Matsuo is Nonresident Fellow at the Korea Economic Institute of America (KEI). The views expressed here are the author's alone.

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Home > Economy & Trade > Kansas City's Competitive Edge for South Korean Investors

Kansas City's Competitive Edge for South Korean Investors

The Kansas City metro has the contracted power, the nuclear partners, and the engineering depth foreign investors look for.

By Arius Derr

September 21, 2026

Kansas City at night, September 2022 | Source: Shutterstock

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On the evening of June 24, 1950, Harry Truman was at home in Independence, Missouri, when Secretary of State Dean Acheson telephoned to say North Korean forces had crossed the thirty-eighth parallel. What began that night was a war, and then an alliance that has since become as much economic as military.

Nearly eight decades later, the United States and South Korea are negotiating their alliance in U.S. dollars. Korea has pledged USD 350 billion to American projects and may name the first one this month, reportedly a gas plant in Texas built to supply AI data centers. And Kansas City, some twenty minutes from where Truman took the call, is well positioned to support the next phase of U.S.-South Korea economic cooperation.

The Case for Kansas City

From July 21 to 23, a delegation from the Korea Economic Institute of America (KEI), the U.S. Department of State, and the South Korean Embassy visited Kansas City in Missouri and Kansas as part of KEI's Future of Korea program. In public forums and closed sessions with economic and business leaders, the delegation engaged in candid assessments about the advantages of and challenges facing foreign direct investment (FDI).

Throughout the conversations, several sectors emerged as comparative advantages for Kansas City and the wider region in Missouri and Kansas, from civilian nuclear power to animal health to aviation in nearby Wichita. Evergy, a U.S. utility company headquartered in the city, recently stated that it has signed several large-load service agreements, most of them with data centers, and expects retail sales to grow 7 to 8 percent a year through 2030. Google is building a second data center campus in Kansas City's Northland neighborhood, and at least eight hyperscale data centers are confirmed across the metro area. Data centers need enormous amounts of electricity, and utilities must convince policymakers that current and future demand is real before they can build. A signed contract with a company like Google is about as convincing as it gets. That is the opportunity for Korea in Kansas City. Every new power plant needs transformers, turbine components, and grid equipment, and Korean manufacturers are positioning themselves to supply a bigger portion of that market from factories in the United States.

A second point of attraction is nuclear energy cooperation, with Korean partners already involved. TerraPower signed an agreement with Evergy and the Kansas Department of Commerce in September 2025 to explore siting a 345-megawatt Natrium reactor within the utility's service territory in Kansas. In August 2026, TerraPower named Hyundai Engineering and Construction as its engineering, procurement, and construction contractor for up to eight Natrium reactors, attaching completion, price, and performance guarantees. HD Hyundai aims to build capacity for two to three primary components per year, including reactor vessels. The Export-Import Bank of Korea is reportedly eager to support these projects, and TerraPower signed a separate term sheet with SK Innovation to develop Korea's first commercial Natrium plant. Kansas has also hosted the groundbreaking for a demonstration reactor sited a mile underground in Parsons, though its route to selling power commercially remains unsettled.

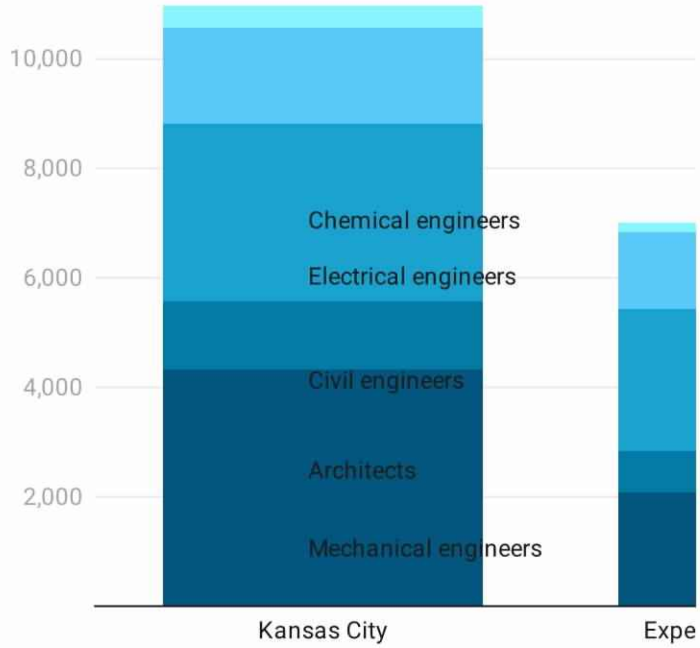
Should either Kansas or Missouri land a Natrium reactor—Kansas City straddles both across state lines—a Korean firm may build it, Korean factories may supply its major components, and a Korean bank may help finance it. All this could proceed separately from the U.S.-South Korea investment memorandum of understanding (MOU), which outlines a formal process involving numerous federal agencies and committees. Instead, Kansas City is attracting conventional commercial investment through supply chains Korean companies already have momentum in.

Built for the Future

The city's engineering workforce is both deep and comparatively inexpensive. Korean engineering and construction firms that build in the United States hire and subcontract locally, which makes the depth of a region's engineering workforce a critical factor for determining project costs. Kansas City has one of the deepest such pools in the country. The metro is home to more mechanical, civil, and electrical engineers than its size would suggest, according to the Bureau of Labor Statistics (Figure 1 below).

Figure 1: Kansas City Has More Engineers Than Its Size Would Predict

Selected engineering occupations, actual employment against the national rate, May 2025



Kansas City-based companies also rank among the top design firms across the country. Burns & McDonnell ranked seventh on Engineering News-Record's 2026 list of the top 500 design firms and has been the top-ranked power industry firm in the country for eleven consecutive years. Black & Veatch and HNTB also placed in the top twenty. Three of the twenty largest design firms in the United States are headquartered in one metro, which is not true of any comparably sized region. Two hours east, the University of Missouri has engaged the Korea Atomic Energy Research Institute, Hyundai

Engineering, and others in a consortium to design and license a twenty-megawatt research reactor, the largest capital project in the university's history at an estimated cost above USD 1 billion. Its existing ten-megawatt reactor is the most powerful university research reactor in the United States and the only domestic producer of four medical isotopes used in cancer treatment.

Meanwhile, Panasonic's USD 4 billion electric vehicle battery plant in nearby De Soto is proof the region can absorb a modern, highly advanced project of that size. In January 2025, a senior decision-maker at the Korea Trade-Investment Promotion Agency raised the idea of an industrial park dedicated to Korean firms, and Kansas Lieutenant Governor David Toland indicated the state would support one near the Panasonic site, according to the Korean-American Society of Greater Kansas City. The metro also sits at the center of the U.S.-Mexico-Canada Agreement (USMCA) rail and trucking corridor, and more rail freight tonnage moves through the city than anywhere else in America. This matters to any firm, Korean or otherwise, that serves or operates within the USMCA trade market.

Animal health sciences is another area that Kansas City leads, possessing the "world's largest concentration of animal health assets," according to the Kansas City Area Development Council. Companies in the Kansas City area account for about a third of all sales in the global health market, valued at an estimated USD 19 billion in 2026. This overlaps with recent traction in Korea's private sector and suggests opportunities for investments in bespoke industries with regional advantages. For example, Seoul-based Yuyu Pharma capitalized a U.S. holding company with USD 4.5 million in November 2025 to build two companion animal ventures, one of which is developing medicine and supplements for cats and dogs. Its first product reached American consumers some six months later. Korean firms poured USD 114 billion into the U.S. economy between 2021 and 2024 and supported hundreds of thousands of jobs, and this was before the investment MOU existed. In other words, whether or not Kansas City can attract a portion of the USD 350 billion investment package should not dissuade local leaders from pursuing Korean private sector relationships.

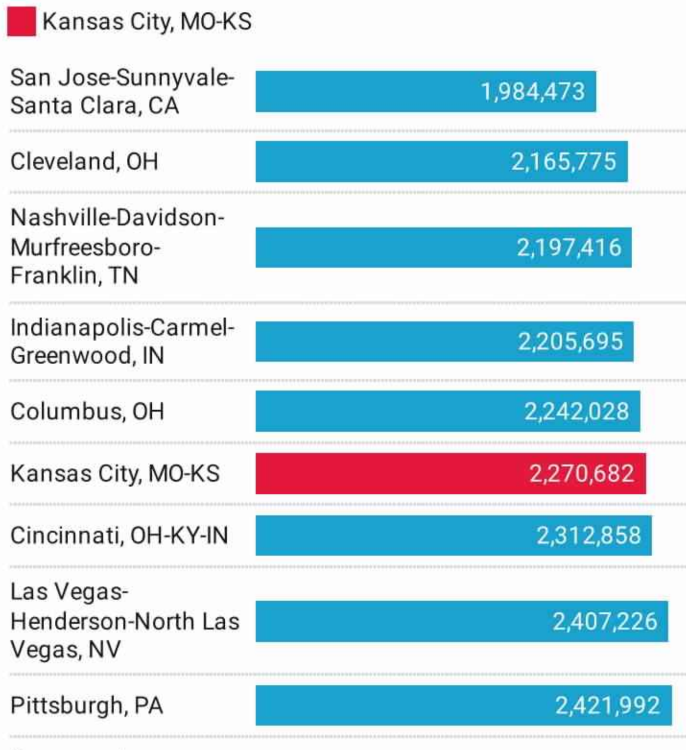
The Constraints

A chicken-and-egg problem in attracting greater Korean FDI is the absence of a Korean corporate community in Kansas City. Korean firms have historically sited where Korean institutional life already exists —Hyundai's USD 7.6 billion electric vehicle plant near Savannah, Georgia, the state's largest ever foreign investment, was preceded by Kia's West Point car factory and an SK battery plant in Commerce, along with their suppliers. The Kansas City area has a modest Korean-American community concentrated in Overland Park and no significant Korean corporate footprint. As a result, Korean business leaders know Georgia, Texas, Michigan, and Tennessee because Korean firms already operate there, but not necessarily Kansas or Missouri.

That is a recognition problem rather than a size problem. Figure 2 shows Kansas City is the thirty-first largest metropolitan area in the country, home to nearly 2.3 million people. Kansas City's labor force expanded at a 4.4 percent annualized pace through

August 2025, faster than the national rate and faster than nearby metros like Dallas and Denver.

Figure 2: Kansas City is the 31st-largest Metro Area in the United States



Another constraint is geography. While there are many positives associated with its location, the Kansas City metro straddles two states, and in the decade before 2019, Kansas and Missouri spent an estimated USD 335 million in incentives moving roughly 12,000 jobs back and forth without adding any. Competition between states is ordinarily healthy and is a large part of why American federalism produces responsive business climates. But Kansas and Missouri compete for firms already inside a single labor market. Just this year, Kansas approved a USD 125 million package to bring Lockton's headquarters across the state line to Leawood. A foreign investor evaluating the region encounters two governors, two legislatures, and two incentive regimes where a competing metro presents one.

Conclusion

Kansas City offers Korean firms contracted power, a nuclear project with Korean partners already attached, three of the country's twenty largest design firms, and an unparalleled cluster of animal health infrastructure. For now, obstacles include an unfamiliar name to Korean firms and two state governments competing over a single labor market. Private sector attachments to the nuclear buildout, the growing salience of U.S.-Korea trade for American consumers, and a state government already willing to set aside land for Korean firms will help make the region better known in Seoul.

Arius Derr is Director of Communications at KEI. The views expressed are the author's alone.

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Delayed 2025 Human Rights Report Again Downplays North Korea's Egregious Human Rights Violations

The publication of the U.S. Department of State's annual human rights report is seven months delayed this year, and it will likely tone down or omit criticisms of North Korea's human rights conditions and political system.

By Robert King

September 17, 2026

The U.S. Department of State building, November 2025 / Source: Shutterstock

The *Country Reports on Human Rights Practices* is a series of official reports published annually by the U.S. Department of State on almost all countries in the world. First published in the late 1970s, the report has expanded in scope to include all UN member countries and a few non-UN member countries as well. The United States does not have diplomatic relations with North Korea, but North Korea is a member of the United Nations. As such, the State Department has included a report on North Korea since it issued the first *Country Reports*. However, not only is the report delayed by almost seven months this year, but it will likely dedicate fewer pages to North Korea than in the past and tone down or omit criticisms of the country's human rights conditions and political system.

The country reports have become a generally accurate country-by-country "report card" on human rights covering dictatorships and democracies, friendly allies and hostile enemies. The most recent reports were released on August 12, 2025, covering the calendar year of 2024 and 198 countries. The reports discuss adherence to internationally recognized human rights under the Universal Declaration of Human Rights, which was adopted by the United Nations in 1948 with strong support from the United States.

Under U.S. law, the State Department is to issue the human rights report annually on or before February 25. In practice, during recent decades, publication of the reports has often been delayed until March and, in a few cases, even April. The most recent report was finally released on August 12, 2025, almost six months after the deadline.

During Donald Trump's first term as president, the annual human rights reports followed that traditional schedule. The report for 2017 was published on April 20, 2018; the report for 2018 was published on March 13, 2019; the report for 2019 was published on March 11, 2020; and the report for 2020 appeared on March 30, 2021.

As with prior reports, the most recent report does not compare countries or rank them based on the severity of documented human rights abuses. The original intention was for these reports to be factually accurate and not politically adjusted to reflect the status of relations between the United States and individual countries. The 2024 report (the last year of the Joe Biden administration) was released after Trump's return to the White House in January 2025.

The report on North Korea in the first report released during the second Trump administration was half the length of the previous year's publication, which was issued by the Biden administration, and some country reports were cut even more. The report on Israel, for example, was cut by 93.5 percent; the report on the West Bank and Gaza was cut by 89.3 percent; and the report on Hungary was cut by 75.6 percent.

The North Korean human rights report for 2024 is significantly shorter than any of the four annual reports published during Trump's first term. The North Korean report for 2023 (published in April 2024 during the Biden presidency) was fifty-three pages long, and the 2024 report (published in August 2025 during the second Trump term) was only twenty-five pages. In addition to being half the length of the previous year's report, the 2024 report "significantly reduced the amount of reporting on the regime and omitted criticism of Pyongyang's political system," according to a South Korean analysis. The 2024 report made no mention of the Kim family's seventy-five-year authoritarian grip on North Korea.

The report for 2025 should have been made public in February 2026—some seven months ago.

Marco Rubio's Record on North Korean Human Rights

Born in the United States of Cuban parents, U.S. Secretary of State Marco Rubio was a senator whose foreign policy priorities were strongly anti-totalitarian and pro-democracy. As a senior member of the Senate Committee on Foreign Relations, Rubio was a leading advocate for human rights in North Korea. In 2017, he introduced the Senate version of the North Korean Human Rights Reauthorization Act, during Trump's first term. The House and Senate approved the legislation, and Trump signed it into law in 2018.

In 2023, when the legislation came up for reauthorization again during the Biden presidency, Rubio reintroduced it in the Senate. The Senate adopted the Rubio-sponsored legislation by a unanimous voice vote, but the House adopted another version of the bill, and the two failed to reconcile the minor differences before Congress adjourned in 2024. As a senator, Rubio considered North Korean human rights an important issue.

Secretary of State Rubio's Pivot on North Korea and Human Rights

For over a year and a half as secretary of state, however, Rubio has done little to support human rights in North Korea. Under the Biden administration, the Senate confirmed a career State Department official as an ambassador-ranked special envoy for North Korean human rights. When Rubio assumed the position of secretary of state, the special envoy (who was not a political appointee but a career civil service employee at the State Department) was transferred to another position in the department. The post of special envoy for North Korean human rights was not filled, and there is no indication that a special envoy will be appointed in the near future.

As secretary of state, Rubio has taken several actions inconsistent with the positions he took as a U.S. senator and certainly inconsistent with the views of many of his Senate colleagues who voted to confirm him as secretary. One of the most destructive efforts was the "reorganization" of the State Department's Bureau of Democracy, Human Rights, and Labor, which involved eliminating most offices in the bureau and slashing staff, in some areas cutting 80 percent of office positions. In addition to personnel cuts, the State Department has cut hundreds of millions of dollars appropriated to support global democracy and human rights programs. Under Rubio's leadership, among other cuts, the State Department *Country Reports on Human Rights Practices* stopped reporting on violence, criminalization, and abuses based on sexual orientation and gender identity.

In May 2025, after serving as secretary of state for five months, Rubio appeared at a hearing before the Senate Foreign Relations Committee.
The exchange between Rubio and Senator Chris Van Hollen (D-MA), former Senate colleagues and both members of the

Foreign Relations Committee, was particularly sharp and impassioned. Van Hollen told Rubio, “I have to tell you directly and personally that I regret voting for you for Secretary of State.” Rubio fired back, “Your regret for voting for me confirms I’m doing a good job.”

Nowhere is this de-emphasis of the State Department’s human rights agenda under Rubio’s leadership more visible than in the changes made to the country reports. A careful analysis and extensive reporting on the 2024 report indicate noteworthy changes in the human rights report on North Korea in particular. The latest report cited “credible reports of ‘significant’ human rights issues in the North, including arbitrary or unlawful killings; disappearances; torture or cruel, inhuman, or degrading treatment or punishment; involuntary or coercive medical or psychological practices; and arbitrary arrest or detention.” Such language has been commonly used in the past, but “the sharp reduction of pages dedicated to North Korea this year was notable.” The analysis also omitted criticism of the North Korean political system, which the report had included in the past.

An NPR analysis of the 2024 country reports, which appeared the day it was publicly released in August 2025, reported that the State Department's "long-awaited reports on international human rights... drastically reduce the types of government repression and abuse that the United States under President Trump deems worthy of criticism." Some international human rights groups expressed concern that the second Trump administration has "increas[ed] authoritarian practices" and that its policies have led to a "devastating erosion of human rights."

This inordinate delay in publishing the annual human rights report suggests chaos and confusion in the reorganized and disorganized State Department. As Trump continues to court Kim Jong Un for a summit meeting before the end of this year, however, the lack of even a watered-down human rights report may help his quest.

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

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North Korean Traders Are Quietly Engaging Chinese Capitalists

Bringing in Chinese money while keeping out Chinese cultural influence is far harder in practice than it sounds. The same is true of Chinese capitalism.

By William Brown

September 8, 2026

The China-North Korea Friendship Bridge across the Yalu River, January 2017 | Source: Shutterstock

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North Korea's won has lost roughly four-fifths of its value against the dollar in two years, and its trade deficit with China ran near USD 860 million in the first half of 2026 alone. Kim Jong Un's answer remains self-reliance. But unconfirmed reports from the defector community describe something else happening at the border—North Korean traders working with Chinese capital and imported machinery to add value to their exports. If that is real, it is the opposite of self-reliance and the most consequential development in the North Korean economy.

This presents a difficult choice for the regime. Combined with continued strong dollarization and use of yuan, private sales to China can raise productivity and incomes sharply, improving living standards and slowing inflation. But it robs the regime of its ability to direct employment, investment, and production in a long-failing socialist system. Opening to traffic of a long-delayed modern highway bridge across the Yalu River—it was completed with Chinese money in 2014, but North Korea has dragged its feet on finishing access roads—may be a bellwether of such change, but it has not happened yet.

Trade With China Rises Sharply

Media reports of soaring trade between North Korea and China are somewhat exaggerated, as many fail to note the huge North Korean deficit and rising prices. North Korean imports increased 13 percent to USD 1.18 billion in the first half of 2026 compared to the first half of 2025, according to Chinese data, but the level is still far below the pre-2016 sanctions era. North Korean exports are reported to have jumped 56 percent but to only USD 324 million, leaving a large USD 859 million first-half deficit, according to Chinese customs data.

More tellingly is the composition of the trade. Reported North Korean imports are largely consumer goods such as meat, fish, textiles, furniture, and other items likely sold in markets. Cereal imports were small, and no machinery imports were recorded. Reported North Korea's exports to China jumped by nearly USD 100 million in the first half of 2026, but much of this may have been due to tungsten shipments, a critical raw material with defense industry applications. A Chinese policy that centralizes control over the tungsten chain has opened the door to this unsanctioned item. Both North and South Korea have very large reserves, and Pyongyang is the first to take advantage. One of the world's largest such mines is being opened in South Korea, possibly putting a crimp in soaring prices.

Financing the Gap

There is a longstanding question of how Pyongyang finances its huge trade deficit, although transactions with Moscow are likely helping, as is illicit cyber activity. But this boost apparently isn't enough to offset the import deficit, as the won has continued to plummet—down from about 15,000 won per dollar two years ago to 67,000 as of this writing, according to unconfirmed *Daily NK* data.

And with the drop in the won, domestic prices have soared. *Asia Press*, for instance, reports that rice prices in early August were 37,000 won per kilogram, up from 13,000 two years ago, citing unconfirmed data points. Other prices have reportedly risen similarly in won terms, although much less in dollar or yuan terms, confirming the deterioration of the won currency.

An Obvious But Untried Solution

Self-reliance has been a mainstay of North Korea's economic planning for decades, but became particularly apt under Kim Jong Un after international sanctions severely limited international trade channels in 2016 and 2017. The sanctions program, designed to compel disarmament, has seemingly been met with continued trade in illicit goods by China and, more recently, Russia's willingness to buy North Korean military products and pay Kim for soldiers to help sustain its invasion of Ukraine. Further North Korea-Russia trade may continue along a new bridge under construction linking the two countries' narrow land border. If China continues to allow its businesses to sell machinery and technology, and if Kim continues to look the other way, allowing North Korea firms to engage in this private activity, trade may flourish and the two economies can begin to integrate along the border.

The result of such integration across two widely divergent economies—one largely market- and money-based, and the other still, at least in theory, planned and rationed —can be a large productivity boost for the North Koreans and for businesses in China's economically lagging northeast provinces.

Chinese firms can take advantage of very low wages in North Korea, and North Korean firms can take advantage of relatively cheap and abundant Chinese capital. This is opposite to self-reliance, however, and Pyongyang could interpret this sort of economic vibrancy as a direct challenge.

Conclusion

Border trade promises higher North Korean income and slows inflation, which the won's collapse makes urgent. It also puts money, machinery, and Chinese managers inside an economy built on the premise that the state directs all three. Bringing in Chinese money while keeping out Chinese cultural influence is far harder in practice than it sounds. The same is true of Chinese capitalism.

William Brown is a Distinguished Non-Resident Fellow at KEI. Due to a secrecy agreement with his former employer, CIA, he has cleared this text with its Publication Review Board which finds no issues of concern. This clearance does not suggest any endorsement or fact checking by the government.

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