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How South Korea Can Cope With Volatility in Global Bond Markets

South Korea has pledged to invest hundreds of billions into to the United States at the same time its own borrowing costs have climbed to 4.5 percent.

By Randall S. Jones

September 28, 2026



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Yields on long-term government bonds have risen significantly in major economies

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during the past year. The increase in long-term yields is driven by several factors, notably inflation, fiscal burdens, and bond supply-demand dynamics. The war against Iran has driven up oil prices and inflation, while large government budget deficits and debt have raised concerns about fiscal sustainability. As these factors have made government bonds less attractive, investors demand higher returns (Figure 1). Ten-year government bond yields in the United States topped 5 percent for the first time since 2023, while in Japan, they climbed to their highest point since 1996. French and German bond yields have risen to levels not seen since 2008 and 2011, respectively.

Korea's bond market is sensitive to global macroeconomic shocks and has seen a significant rise in yields. When U.S. bond yields rise, domestic yields in Korea also tend to increase to limit capital outflows and a weaker won. Korea's ten-year government bond yield rose from 2.8 percent to 4.5 percent (171 basis points) during the past year, exceeding all Group of Seven (G7) countries (See Figure 2). In addition, yields on thirty-year government bonds, introduced in 2021, reached a record high level in August. Prolonged high

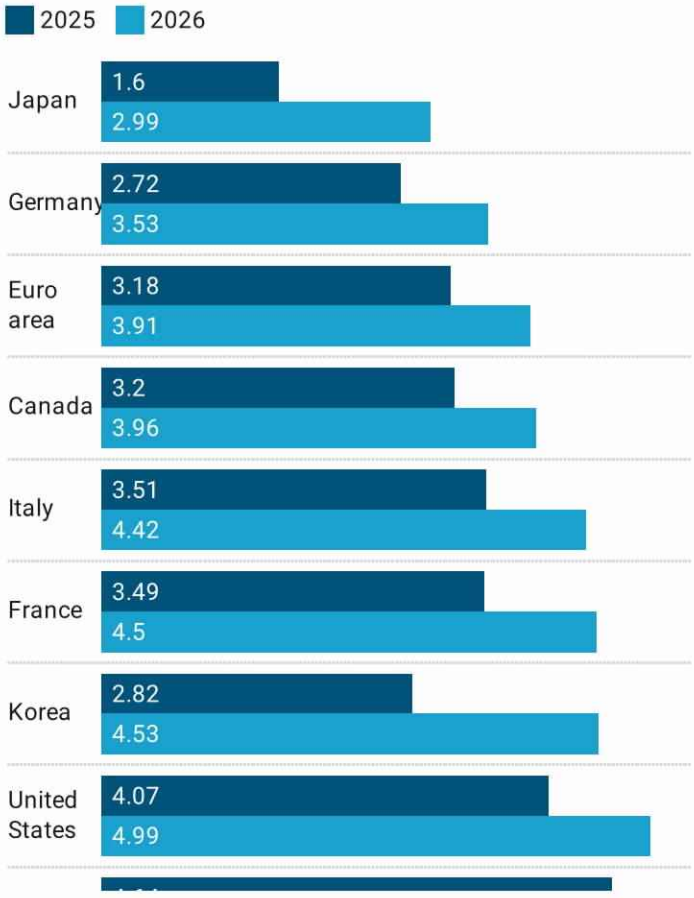
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government bond yields would raise interest costs when the government refinances maturing bonds or issues new ones.

Figure 1: Borrowing Costs Rose in Every G7 Economy Over the Past Year

10-year government bond yields (%), September 14, 2025 and September 14, 2026



Policies to Promote Stability in Korea's Government Bond Market

Interest rate hikes push short-term yields up, but they can bring long-term yields down if investors believe that the central bank's action will slow inflation. With

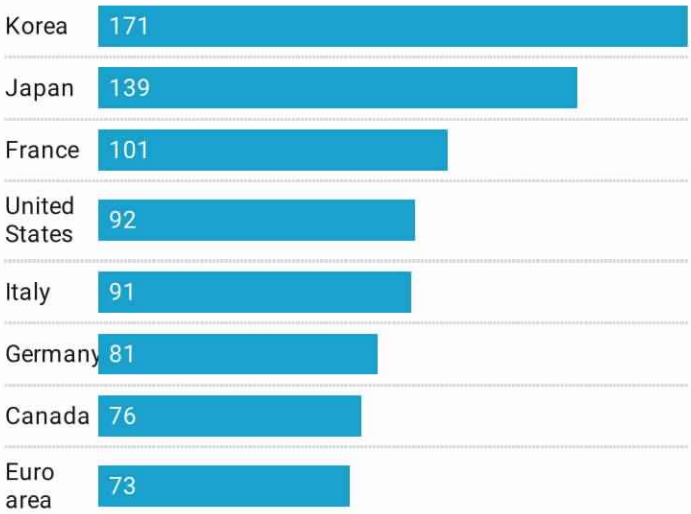
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inflation around 3 percent, well above the 2 percent target, the Bank of Korea (BOK) raised its base rate by 25 basis points in July and again in August—the first hikes in more than three years—bringing it to 3 percent. The central bank said that it will decide the timing and pace of further increases to the base rate based on economic conditions.

Figure 2: Korea's 10-Year Yield Jumped Highest in G7

10-year government bond yields (basis points), September 14, 2025 and September 14, 2026



Tighter monetary policy should be paired with measures to address growing concerns about fiscal discipline, rising national debt, and reliance on deficit bonds. Two supplementary budgets, totaling around 1 percent of GDP, boosted the government budget deficit from 1.5 percent

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in 2024 to 2.5 percent in 2025 (on a general government basis).

The Korean government expects strong GDP growth of 3.0 percent in 2026, aided by another supplementary budget of about 1 percent of GDP to cushion the impact of higher energy prices. Tax revenue during the first seven months of 2026 increased 17.8 percent year-on-year, led by corporate income tax revenue. The OECD projects that strong growth will help reduce the government budget deficit from 2.5 percent in 2025 to 2.1 percent in 2026. However, the fiscal stance is essentially neutral, as the structural government budget deficit (on a cyclically-adjusted primary basis) is projected to remain constant at 2.1 percent of GDP in 2025, 2026, and 2027 under current policies (Figure 3). The structural balance, which strips away the temporary effects of economic booms and recessions, has been in deficit since 2020.

Korea should aim for a structural budget balance. The OECD advises that “increased spending when the economy is weak, be it from automatic stabilizers or supplementary budgets, needs to be balanced by savings when the economy is strong.” Korean

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economist Cho Dong-chul recently argued that additional tax revenue generated by the semiconductor and AI boom should be used to reduce government debt. If government spending rises with additional tax revenue, the economy will overheat, putting further upward pressure on inflation, and government bond yields will continue to increase.

Figure 3: Korea's Structural Deficit Settles at ~2% of GDP

General government cyclically-adjusted primary balance, % of potential GDP; 2026–27 are projections



Achieving Fiscal Sustainability

Korea's government debt is relatively low at 48 percent of GDP, but its public social spending is projected to nearly double by 2060 as the country ages faster than any

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other. While there is scope to cut government spending in some areas, additional revenue is needed to reduce government budget deficits and ensure long-term fiscal sustainability. Korea's total tax revenue amounted to 25.3 percent of GDP in 2024, well below the OECD average of 34.1 percent (Table 1). Most of that gap is primarily due to personal income tax and taxes on goods and services, notably the value-added tax (VAT).

Table 1: Korea's Tax Revenue Trails the OECD Average

Korea's Tax Revenue (as a Percent of GDP) Was Below the OECD Average in 2024



% of GDP	Personal income tax	Corporate income tax	Soci securi contributio
Korea	5	3	
OECD average	8	4	

At 5.1 percent of GDP (Table 1), Korea's personal income tax (PIT) revenue is relatively low, reflecting its narrow base. Although the share of tax-exempt wage earners has fallen significantly during the past decade, it remains high at one-third in 2024 (Figure 4). The share of tax-exempt

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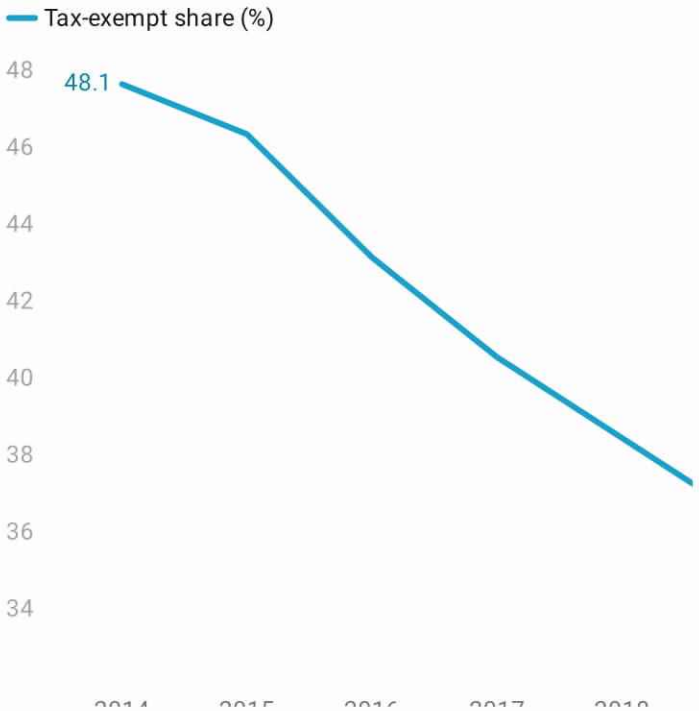
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workers is 27 percent for those earning more than the median wage (Figure 5).

The tax code provides numerous deductions, including those for personal exemptions, insurance premiums, housing funds, credit card expenses, medical costs, and education fees. Broadening the tax base would raise significant revenue while reducing inequities in the tax burden. A 2024 National Assembly Budget Office report stated that "a high rate of tax exemptions exacerbates inequities in the tax burden and weakens income tax's role in redistribution."

Figure 4: One in Three Wage Earners Pays No Income Tax

General government cyclically-adjusted primary balance, % of potential GDP; 2026–27 are projections

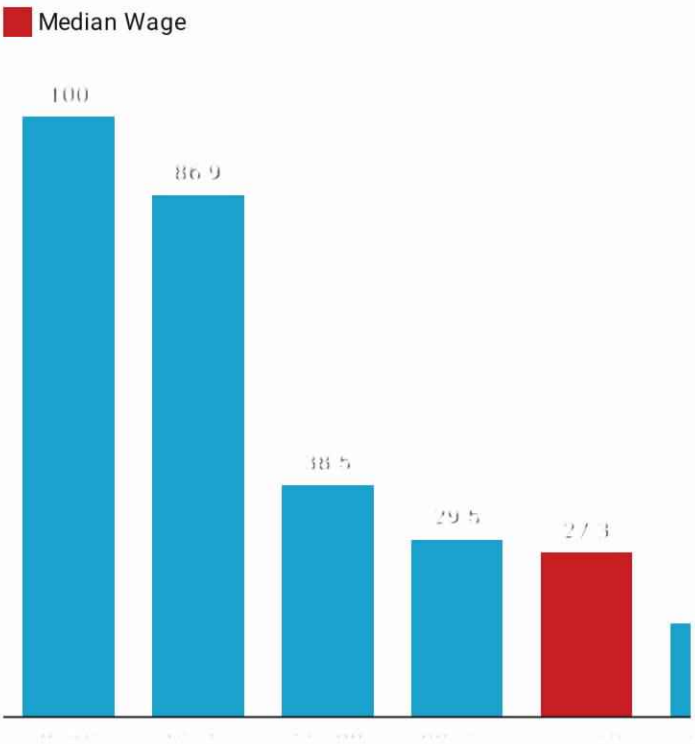


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Figure 5: Over Quarter of Median Earners Pay 0 Income Tax

Share of tax-exempt wage earners by annual income bracket (million won), 2024



Korea's taxes on goods and services, often referred to as consumption taxes, consist primarily of the VAT, which applies to all goods and services. Since its introduction in 1977, the VAT rate has remained at 10 percent, about half of the OECD average.

Consequently, VAT revenue has remained steady at only 4 percent of GDP (Figure 6). Consumption taxes have many advantages compared to other types of taxes. For a fixed amount of tax revenue, relying more on indirect taxes (notably the VAT) and less on direct taxes (income taxes on individuals and companies) has a positive impact on

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GDP, as it imposes fewer distortions on employment and investment. In addition, consumption taxes are less affected by economic fluctuations, making them a relatively stable revenue source. Another advantage of the VAT is that it is relatively simple to enforce and difficult to evade. However, given the VAT's adverse implications for income distribution, a higher VAT rate should be balanced by a greater role for personal income tax, as noted above.

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Figure 6: Relative to GDP, Korea Collects Less VAT Than Most Other OECD Countries

VAT revenue, % of GDP, 2005 and 2024 or latest year



Conclusion

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Rising yields on Korea's long-term government bonds are largely due to global macroeconomic shocks. However, Korea's above-target inflation rate and persistent government budget deficits also contribute to higher yields.

Monetary policy focused on bringing inflation down to 2 percent may help stabilize bond markets. In addition, fiscal measures to bring the budget back into balance are a priority. Ensuring long-term fiscal sustainability will likely require increased government revenue, notably by broadening the personal income tax and gradually raising the VAT.

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

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Q3 2026 U.S.-South Korea Trade and Investment Ledger

"Project Star" commits USD 22.3 billion to a gas-fired power plant in southern Texas, and "Project Power" sets a framework for up to USD 120 billion to build eight nuclear reactors across four states.

By Tom Ramage

October 1, 2026



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

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On September 30, the United States and South Korea announced the first investments under their strategic investment memorandum of understanding (MOU). “Project Star” commits USD 22.3 billion to a gas-fired power plant in southern Texas, and “Project Power” sets a framework for up to USD 120 billion to build eight nuclear reactors across four states. A decision on “Project North,” a liquefied natural gas (LNG) pipeline in Alaska, is still pending.

Equally significant were the billion-dollar-plus commitments throughout the quarter. They included tech and AI infrastructure deals born out of the San Francisco AI Summit in July, equity investments by Korean companies in U.S.-based technology and energy companies, and investment by U.S. companies in Korea to support semiconductor production and energy systems.

Defense-industrial cooperation is also expanding. On September 21, Hanwha Aerospace announced a USD 2.2 billion investment in a munitions facility in Arkansas. This followed an August announcement that Hanwha would provide K9 Mobile Howitzer prototypes for the U.S.

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Army. Earlier, in July, Hanwha Philly Shipyard was selected to build missile range instrumentation vessels for the U.S. Missile Defense Agency in support of the Golden Dome missile defense initiative, days before the Korea-U.S. Shipbuilding Partnership Center opened in Washington, DC.

The last quarter of the year will show whether this momentum in defense, energy, and technology continues, whether the Project Power reactors clear Korea's plant-by-plant commercial viability review, and whether outstanding commitments, including Project North, move from announcement to implementation.

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09/30	U.S. Department of Commerce, U.S. Department of Energy, Westinghouse Electric Company	Korea Electric Power Corporation (KEPCO), Korea Hydro & Nuclear Power (KHNP)	"Projec Power billion invest for eig large-s civil nu power $100 b for constr costs, billion contin reserv Comm viabilit Korea be cor on a p plant b
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Tom Ramage is a Fellow and Economic Policy Analyst at the Korea Economic Institute of America (KEI). The views expressed here are the author's alone.

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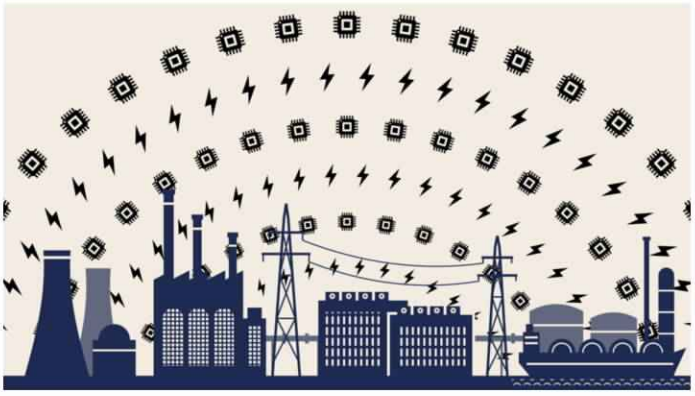
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Energy for AI Leads South Korea's U.S. Investment Pipeline

South Korea has picked a Texas gas-fired power plant as the first project under its USD 350 billion investment commitment to the United States.

By Tom Ramage

September 25, 2026



An illustration of energy supply networks and semiconductor chips | Source: Korea Economic Institute

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South Korea has picked a Texas gas-fired power plant as the first project under its USD 350 billion investment commitment to the United States. The plant, built to power AI data centers and chip fabs, appears to clear the return test Seoul applies to each project: recovering its principal plus interest at a rate tied to the U.S. Department of the Treasury's twenty-year yield. But the larger, less certain candidates behind it, including a nuclear reactor build-out and an Alaska liquefied natural gas (LNG) pipeline, may not. How quickly Korea commits funds to them may shape the contours of future tariff rates and negotiations with the United States.

Korea's Ministry of Trade, Industry and Resources (MOTIR) and Ministry of Finance and Economy (MOFE) revealed the plant investment in a report to the National Assembly on September 22, 2026. The USD 22.3 billion gas-fired power plant is planned for Encinal, some forty miles north of the U.S.-Mexico border. After the announcement, U.S. President Donald Trump and Korean President Lee Jae Myung reviewed progress on potential investments in a thirty-minute meeting on the sidelines of the UN General Assembly

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in New York, and President Trump is expected to formally announce the Texas project soon.

The report means the project has cleared Korea's domestic review, in which a MOTIR-chaired committee assesses each investment's commercial rationality, its size, and its strategic and legal implications. It does not yet have U.S. approval. Some expected confirmation during President Lee's visit to New York, but final details appear to be pending. Once President Trump announces the project, Korea has forty-five days to fund it.

Strategic Returns

The strategic investments memorandum of understanding (MOU), signed in November 2025, lists seven sectors as examples of where Korean funds may be invested. These include shipbuilding, energy, semiconductors, pharmaceuticals, critical minerals, and AI/quantum computing. Of the USD 350 billion committed toward investment, USD 150 billion is set aside for shipbuilding projects, leaving USD 200 billion for the other sectors. Separately, Korea agreed to purchase USD 100 billion of U.S. energy products such as LNG.

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Korea has reportedly floated additional investments, including a large-scale build-out of eight nuclear power plants worth more than USD 100 billion. Korea's participation in an Alaska LNG pipeline may also be a potential project, though neither Washington nor Seoul has confirmed one way or the other. The Texas plant, meanwhile, has moved into an official development framework, which will determine how it is financed, how revenue is shared, whether it is commercially viable, and its payoff timeline and return.

To clear the MOU's commercial rationality threshold, a project must be projected to recover the baseline principal plus interest over its payoff period. Specifically, it must meet a twenty-year U.S. Treasury bond yield at the time funds are raised, plus a 0.3 percent spread. The Texas plant appears to clear that bar, though not without friction. Talks stalled after the Trump administration asked Korea to raise its commitment from USD 19.8 billion to USD 25 billion, prompting additional review under the commercial rationality clause. The project moved to final negotiations at USD 22.3 billion after the Korean government estimated it would generate roughly twice

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that amount in revenue over a twenty-year period.

Additional projects may have a harder time fulfilling the MOU's commercial rationality clause. The potential LNG pipeline in Alaska is facing tough questions about scale, cost, and profitability, questions that are likely to extend to other projects. Indeed, with the commitment at USD 350 billion—or roughly 80 percent of Korea's foreign reserves—Seoul is unlikely to release money until a project's buyers, returns, and payback period are locked in. There may be little appetite to quickly commit to investments that may not yet have passed all the parameters of commercial rationality. Corporate structure and the extent of Korean firms' overall participation are other factors that will impact how deals come together. Discussions on nuclear investment, for example, reportedly remain in flux due to negotiations over a potential Korean stake in Westinghouse, whether Korean companies would lead construction, and whether the plants would use a proprietary Korean reactor design.

Korea's implementing law, the Korea-U.S. Strategic Investment Special Act, allows for exceptions in cases of "unavoidable

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reasons, such as national security or supply chain stability," with National Assembly consent. It remains unclear how these cases might realistically be determined or defined, but the exception could give greater leeway to projects that do not ordinarily meet expected investment returns. Some projects may be selected solely on their national security aspects.

Interest Rates and Financing

The bar a project must clear also depends on when Korea sends the money. The return test's interest rate is pegged to the twenty-year Treasury yield on the "day Korea raises funds," so the longer a project waits for confirmation, the more exposed it is to swings in that rate.

The rate stood at 4.69 percent when Presidents Trump and Lee signed the U.S.-Korea investment MOU in November 2025, and at 5.33 percent on September 22, 2026. Government borrowing, inflation, energy risks, and competing investment in capital markets for AI and data center financing were key drivers of this rate increase. If yields keep rising, each delay makes the commercial rationality clause harder to clear.

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A weaker won could also erode public support for such projects and slow the funding timeline. The joint fact sheet on the MOU allows Seoul to "request an adjustment in the amount and timing of the funding" to be given "due consideration" by the United States should it appear that the annual commitments cause market instability. However, Korea's USD 20 billion in annual commitments are financed by earnings on holdings of the country's roughly USD 442 billion in foreign reserves, in part to limit the impact on the exchange rate and public resources. Similarly, the USD 150 billion shipbuilding component of the USD 350 billion can be met through financing and loan guarantees to support projects, limiting its potential burden on Korean public funds.

Sector Selection

The three candidates offer some clarity on where the bulk of the USD 200 billion outside shipbuilding may go. All are energy projects.

The Texas plant is slated to supply electricity to AI data centers and semiconductor fabrication facilities, while the nuclear build-out, if selected, would add

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generating capacity for data centers as well, in line with President Trump's stated goal to quadruple U.S. nuclear power production by 2050. Korea is being embraced as an indispensable partner in the United States' AI development, including semiconductor provision and infrastructure build-out. Together, the selections suggest AI infrastructure sits near the top of Washington's priorities for the bilateral investment fund.

The Alaska pipeline, if selected, could help Korea meet its separate pledge to buy USD 100 billion in U.S. energy, as Alaska's Pacific-facing position makes Asia the likely market for most of its LNG.

All About Tariffs

Annual commitments of USD 20 billion to Korean investment projects in the United States under the MOU underpin Korea's 15 percent tariff ceiling on exports to the United States. With tariffs under the International Emergency Economic Powers Act off the table, Washington is rebuilding that rate through combined Section 301 actions.

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The first, on purported forced labor violations, took effect in July 2026 and set a tariff rate of 12.5 percent on most Korean goods. The second, on excess capacity, is still open, and its rate will likely bring the total rate to 15 percent. Korean exporters also face Section 232 tariffs on autos and auto parts, advanced chips (with exclusions), pharmaceuticals, steel, aluminum, and copper. Staying on track with the MOU investments could help Korea keep its Section 301 tariff rates no higher than those of other partners that made similar investment pledges, such as Japan or Taiwan.

Progress on the investments could also help keep potential new tariffs on digital services and semiconductors at bay. In August 2025, President Trump threatened tariffs on countries that "discriminate against American technology [companies]." Politico reported in August 2026 that the Trump administration was considering additional tariffs on semiconductors. However, U.S. Secretary of Commerce Howard Lutnick favors relief for companies that build U.S. manufacturing facilities.

Those plants may not come through the MOU. The MOU calls for a fifty-fifty split of

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project profits until the investment is paid back, and a ninety-ten U.S.- Korea split for anything beyond that. Accordingly, semiconductor companies' ability to independently raise funds through capital markets and the sensitivity of their technology may also make chip projects a less attractive investment for Korean companies to make explicitly under the terms of the MOU. Even as other MOU projects come online, Korea's chip exports may remain exposed to the broader tariffs under consideration.

The investments also bear on the security relationship. Negotiations between the two countries over U.S. requests for Korea's military commitment in the Middle East grew more strained in August 2026 after President Trump ordered a reduction in joint military drills, citing their cost, his relationship with North Korean leader Kim Jong Un, and Korea's decision not to join what Trump called the "denuclearization" of Iran. MOU investments coming online may help reduce these tensions as the two countries approach their one-year deadline for investment commitments.

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The Texas plant gives Korea its first concrete project, but the project is not final until President Trump announces it, and the money reaches the U.S. special purpose vehicle that allocates and disburses the funds.

Whether the rest of the commitment follows will become clearer as the forty-five-day funding window opens, as Washington and Seoul decide on the nuclear build-out and the Alaska pipeline, and as the Office of the United States Trade Representative sets a rate in its excess capacity investigation. Until then, tariff threats, strains in the security relationship, and unfinished trade talks will continue to weigh on the MOU as it approaches its first anniversary in November.

Tom Ramage is a Fellow and Economic Policy Analyst at the Korea Economic Institute of America (KEI). The views expressed here are the author's alone.

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What Americans Think of the U.S.-South Korea Alliance Before the Midterms

Three-quarters of Americans (75 percent) believe U.S. alliances either mostly benefit the United States (19 percent) or benefit both the United States and its allies (56 percent).

Karl Friedhoff, Nils Wollesen Osterberg, Angela Lee

October 8, 2026

American Public Attitudes on U.S. Foreign Policy and the Korean Peninsula

The 2026 Korea Economic Institute of America (KEI) survey, conducted with YouGov, finds that American support for U.S. alliances, and for the alliance with

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South Korea in particular, has held strong through a year of significant change in U.S. foreign policy. Three-quarters of Americans believe alliances benefit the United States, and Republicans have grown more likely to say so. Seven in ten Democrats and Republicans alike think the U.S.-South Korea alliance serves U.S. national security.

Opinion has shifted on threats and trade. Fewer Americans perceive China, North Korea, and Russia as critical threats than a year ago, while more view Iran as one. Trade is becoming a partisan dividing line, as Democrats and Independents increasingly favor lower tariffs and fewer Republicans do. On North Korea, Americans back diplomacy while holding firm on denuclearization.

The 2026 KEI survey, fielded with YouGov from August 21 to September 1, 2026, among 1,207 U.S. adults, is the seventh such survey KEI has run annually since 2020. It tracks American views of the world, U.S. alliances and adversaries, South Korea, trade and foreign investment, and Korean security issues. The report covers each topic in turn, comparing 2026 results with earlier years and noting where they

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diverge, across self-identified Democrats, Republicans, and Independents.

American Support for Alliances Remains Strong

Views of alliances held steady overall, with Republicans growing more positive over the past year.

- Three-quarters of Americans (75 percent) believe U.S. alliances either mostly benefit the United States (19 percent) or benefit both the United States and its allies (56 percent).
- Among Republicans, that share rose from 63 percent in 2025 to 73 percent in 2026, and the share viewing alliances as mostly benefiting the United States doubled, from 9 percent to 18 percent.

Perceived threats moved in two directions.

- The share of Americans who perceive China as a critical threat fell from 48 percent in 2025 to 37 percent in 2026, with the steepest drop among Republicans (from 65 percent to 48 percent). North Korea fell from 37

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percent to 30 percent, and Russia from 54 percent to 41 percent.

- Iran was the only country to rise, from 34 percent to 41 percent, tying Russia as the top perceived threat.
- Virtually no one considers Cuba a critical threat (3 percent). Cuba was not included in the 2025 survey.

Support for South Korea and the Alliance Holds

Support for the U.S.-South Korea alliance remains high across party lines. Majorities believe the alliance serves U.S. national security, support maintaining troops in South Korea, and favor defending South Korea if North Korea invades.

- Two-thirds of Americans (68 percent) hold favorable views of South Korea, largely unchanged since the question was first asked in 2020.
- Two-thirds (64 percent) think the U.S.-South Korea alliance is in the national security interests of the United States. There was virtually no partisan gap, with 71 percent of Democrats and 73 percent of Republicans in agreement.

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- If North Korea were to invade, 71 percent would favor using U.S. troops to defend South Korea.
- A majority (58 percent) supports South Korea's development of nuclear-powered submarines, including 56 percent of Democrats and 64 percent of Republicans.
- Seven in ten (71 percent) oppose South Korea developing a nuclear weapon.
- Food draws the most interest among South Korean cultural exports (41 percent), nearly double beauty products (21 percent). A plurality (43 percent) of Americans are interested in none of the eight items in the survey, including a majority of Republicans (52 percent) and a third of Democrats (33 percent).

Views on Trade Shift Along Party Lines

More Americans want to expand trade with the world, but fewer want more trade with major partners, including South Korea, Canada, Mexico, and Japan. Support for lower tariffs has grown among Democrats and Independents, while fewer Republicans support lowering them, especially on China. Americans have cooled on foreign

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investment in general, though perceptions of South Korean investment remain stable and positive.

- A third of Americans (30 percent) believe trade with the world should increase, up nine percentage points from 2025. Support for more trade with South Korea fell four percentage points, to 22 percent.
- More than a third (37 percent) think that imports from the rest of the world should face lower tariffs. Support for lower tariffs against South Korea grew by five percentage points year-over-year, to 38 percent.
- Views on tariffs are increasingly partisan. While fewer Republicans believe tariffs should be lower, more than half of Democrats (55 percent) think tariffs on trade with the world should be lowered, up seventeen percentage points. Support for lower tariffs on South Korean goods grew by ten percentage points to 55 percent among Democrats.
- Six in ten (60 percent) say South Korean investment benefits the U.S. economy, compared with 49 percent

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for foreign investment in general, down from 56 percent in 2025. The share who say foreign investment creates U.S. jobs fell from 54 percent to 43 percent.

Americans Back Engagement With North Korea

Americans hold strongly unfavorable views of North Korea but are open to engagement. A narrow majority supports a summit between President Donald Trump and North Korean leader Kim Jong Un, while nearly nine in ten think it is important that North Korea give up its nuclear weapons. Americans divide almost evenly on arms control, and broad majorities favor pressing North Korea to improve its human rights record and providing humanitarian assistance to its civilians.

- Nearly seven in ten Americans (68 percent) hold unfavorable views of North Korea, including 50 percent who hold very unfavorable views.
- While 18 percent support a Trump-Kim meeting with no preconditions, 16 percent support a meeting if North Korea first agrees to halt missile tests, and another 20 percent favor a

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meeting if North Korea gives up its nuclear weapons. Just 17 percent say the two should not meet under any conditions.

- Nearly nine in ten Americans (87 percent) believe it is important that North Korea give up its nuclear capabilities.
- Americans are divided on an arms control agreement, with 53 percent in favor and 47 percent opposed.
- Broad majorities support pushing for human rights improvements in North Korea (82 percent) and providing humanitarian assistance to North Korean civilians (72 percent).

Karl Friedhoff is an independent researcher. Nils Wollesen Osterberg is Fellow and Economic Policy Associate at the Korea Economic Institute of America. Angela Lee is Economic Research Intern at the Korea Economic Institute of America. All views are the authors' alone.

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South Korea's Education System Is Not Producing the Workers Its Economy Needs

Students in South Korea's education system post world-class test scores, but the race for top universities leaves firms short of skilled workers.

By Randall S. Jones

October 14, 2026



A student sits for an exam, March 2026 | Source: Shutterstock

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South Korean fifteen-year-olds placed second among developed countries on the latest Program for International Student Assessment (PISA), the OECD's test of reading, mathematics, and science, released last month. No other country has ranked in the top five each time the test has been given since 2000.

But the intense competition for places at top universities imposes costs on firms and families. Small and medium-sized enterprises struggle to hire workers with the skills they need, and youth employment trails the OECD average. Parents spend roughly 10 percent of household disposable income per child on after-school tutoring, a burden more than a quarter of them cite as a major reason for Korea's extremely low fertility rate. A greater role for technical and vocational education and training (TVET) would help address both problems.

Korea Ranks Among the Top Countries in PISA

PISA assesses the knowledge, skills, and attitudes of fifteen-year-old students to determine how well students can solve complex problems, think critically, and communicate effectively. Since 2000, it has

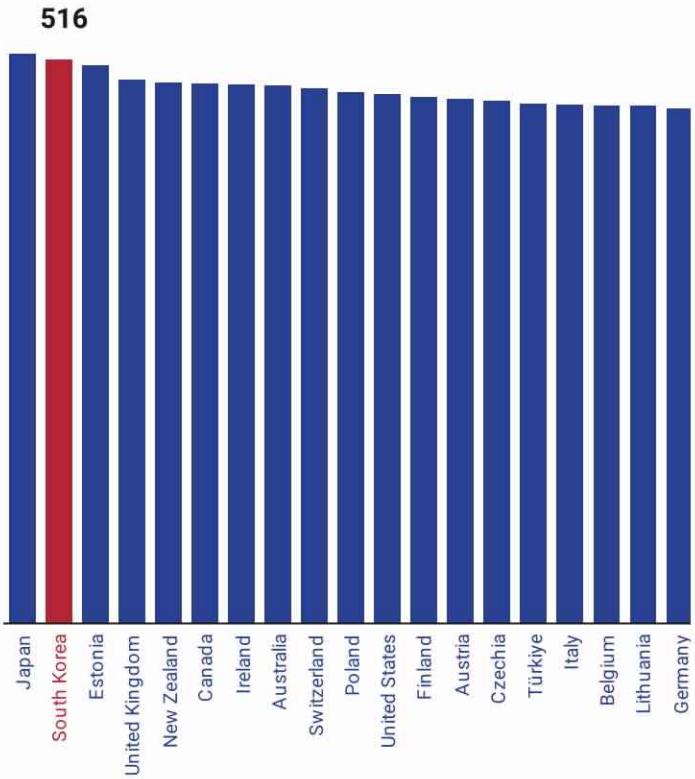
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provided insights into how well education systems prepare students for real-life challenges. In the 2025 assessment released last month, Korea ranked second among OECD countries (Figure 1) and sixth among the ninety-one countries and regions participating in PISA. Korea is the only country to rank among the top five OECD countries in each of the nine PISA assessments (Table 1), based on the average score across the three subjects tested.

Figure 1. Korean Students Rank Second in the OECD

Average score across science, mathematics, and reading, PISA 2025



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Table 1: Korea Ranks Top Five in Every PISA Since 2000

OECD countries ranked by average score across science, mathematics, and reading

Rank	2000	2003	2006	2
1	Japan	Finland	Finland	F
2	South Korea	South Korea	South Korea	S K
3	Finland	Canada	Canada	
4	Canada	Japan	New Zealand	C
5	New Zealand	New Zealand	Netherlands	N Z

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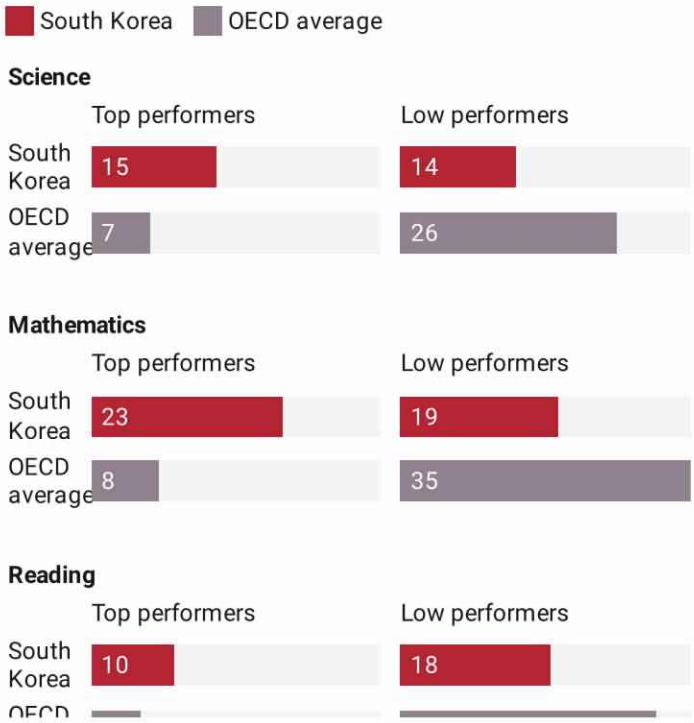
Korea also has a large share of high-performing students and a small share of low-performing students. In mathematics, 23 percent of Korean students attained Level 5 or 6, compared with the OECD average of only 8 percent (Figure 2). At these levels, students can model complex situations mathematically and select, compare, and evaluate appropriate problem-solving methods. Similarly, in science and reading, Korea has a relatively large share of high performers and a small share of low performers.

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Figure 2: Korea Has Nearly Triple the OECD Share of Top Math Students

Share of students at each end of the proficiency scale, PISA 2025 (%)



However, Korea's reading scores fell significantly in 2025, down fourteen points (Figure 3). A South Korean Ministry of Education official said that the decline "appears to be a result of increased use of digital devices like social media and declining interest in reading."

The drop in reading scores is a global phenomenon—the OECD average score fell by twenty-eight points between 2015 and 2025, which is equivalent to losing about one and a half years of formal schooling. The 2025 OECD PISA report expressed

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concern about “declining reading skills, particularly in the abilities that matter most in the AI age, including distinguishing fact from opinion, navigating ambiguity and evaluating information critically.” It also noted that high-performing students tend not to use AI, though the overall impact depends heavily on how and how often AI is used.

Figure 3: Korea's Reading Scores Fell to Record Low in 2025

Average scores of South Korean students, PISA 2000–2025



Korea’s Education System Produces Equitable Results

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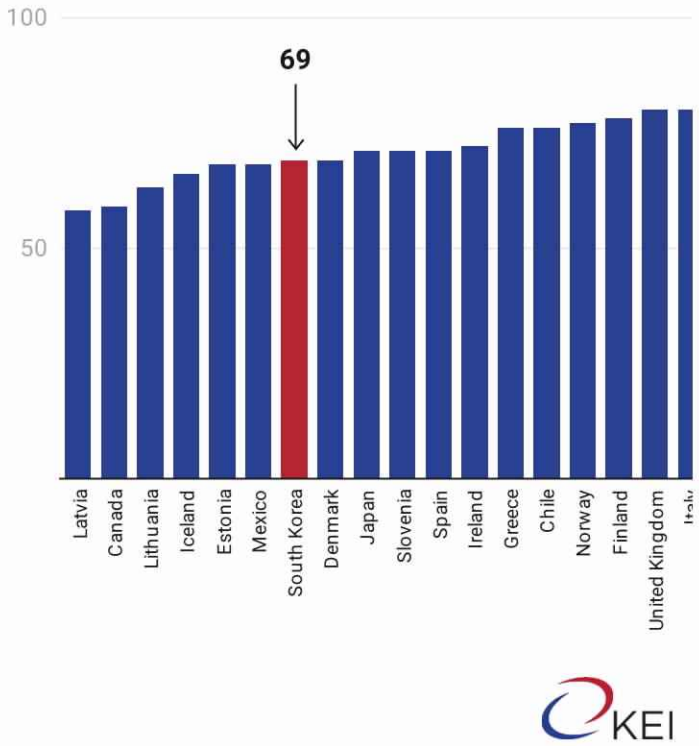
In addition to outstanding scores, Korea's PISA scores show a relatively high degree of educational equity. In 2025, students from families in the top quartile of socioeconomic status scored sixty-nine points higher in science than students in the bottom quartile, below the OECD average of eighty-five (Figure 4). Korea promotes equitable outcomes by allocating additional resources to disadvantaged areas and reducing their student-teacher ratios.

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Figure 4: Family Background Matters Less in South Korea Than in Most OECD Countries

Gap in science scores between students in the top and bottom quarters of socioeconomic status, PISA 2025, score points



The large share of government education spending on primary and secondary schools also drives Korea's outstanding PISA results. Expenditures, in terms of GDP per capita, amounted to 28 percent for both primary and secondary students in 2021, compared with the OECD average of 20 percent and 22 percent, respectively (Figure 5, Panels A and B).

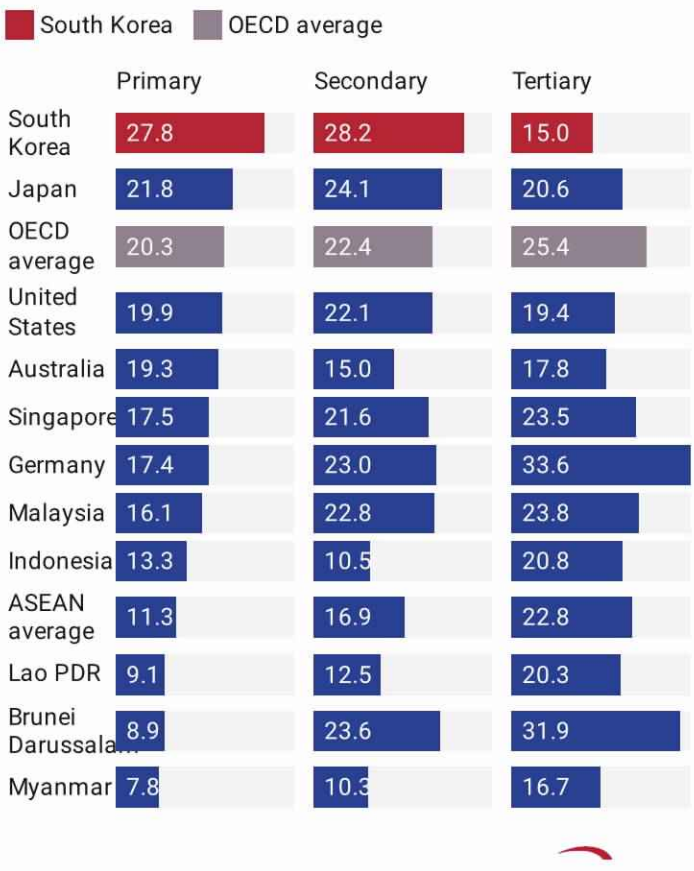
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In contrast, government outlays at the tertiary level in Korea were far below the OECD average (Panel C), reflecting the fact that around 80 percent of university students attend private institutions. Consequently, outlays per primary school student are nearly double those for tertiary students (Figure 6).

Figure 5: Korean Public Spending Favors Primary and Secondary Over Higher Education

Government expenditure per student, percent of GDP per capita, 2021 or latest available year

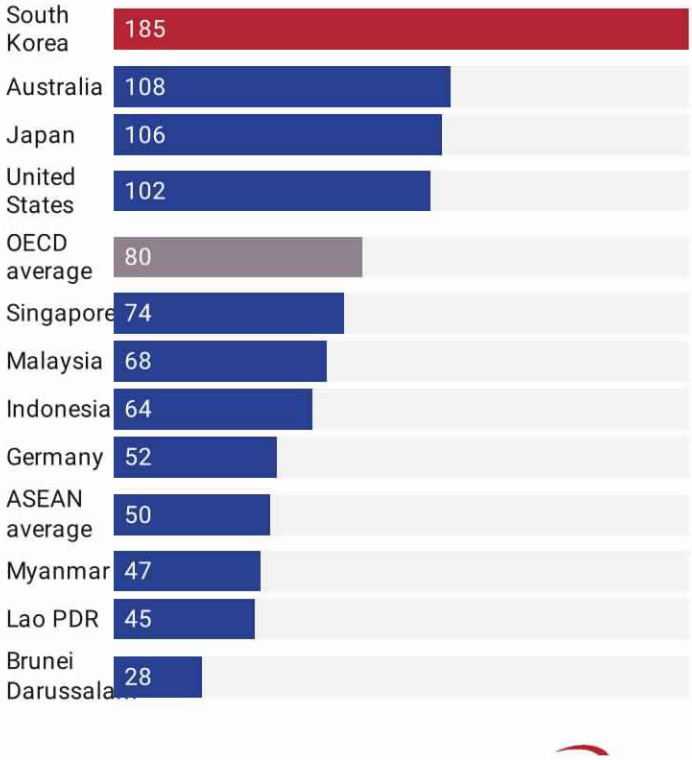


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Figure 6: Korea Spends Nearly Twice as Much per Primary Pupil as per University Student

Government spending per primary student as a percent of spending per student in higher education, 2021 or latest available year



Challenges Facing Korean Education

The emphasis on higher education and intense competition to enter highly ranked universities create several problems. With around three-quarters of high school graduates advancing to higher education, Korea faces a mismatch between graduates' skills and what firms demand. Consequently, small and medium-sized enterprises face chronic and severe labor shortages, while the youth employment rate (ages fifteen to twenty-nine) was 44 percent

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in 2021, well below the 53 percent OECD average.

This mismatch is partly due to the decline in the share of students attending vocational high schools from 42 percent in the mid-1990s to 20 percent in 2024. Moreover, around half of vocational high school students go on to tertiary education. The emphasis on tertiary education puts secondary teachers under pressure to focus on the university entrance examination rather than creativity, critical thinking, collaboration, and communication.

As in other East Asian economies, after-school education, notably in *hagwons*, is prevalent in Korea. In 2023, 78.5 percent of primary and secondary school students participated in after-school education, according to the Ministry of Education. One of the main objectives is to gain a head start in preparing for the College Scholastic Ability Test and gain admission to the top universities, which can lead to a “golden ticket”—employment in large corporations or government.

However, after-school tutoring has several negative effects. First, it tends to exacerbate socioeconomic inequalities as

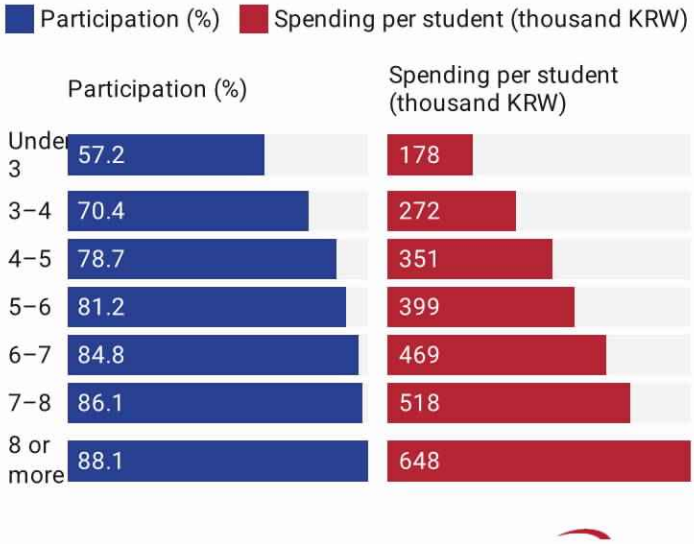
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children in higher-income families tend to receive more and higher-quality after-school education (Figure 7). Second, long study hours can harm student well-being, a multidimensional concept that looks beyond traditional economic measures, including GDP, to evaluate what truly matters in people's daily lives. Third, students may prioritize after-school education, thus reducing their engagement in school-based learning.

Figure 7: Tutoring Spending Rises Steeply With Household Income in Korea

Share of students in after-school education and average monthly spending per student, by monthly household income (million KRW), 2022



After-school education also imposes a severe financial burden on parents. Monthly average expenditure for private tutoring per student has increased since 2015, reaching

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KRW 434,000 (USD 324) (Figure 8), roughly 10 percent of average household disposable income in 2023 (Figure 7). Consequently, parents with three children could spend nearly a third of their income on after-school education.

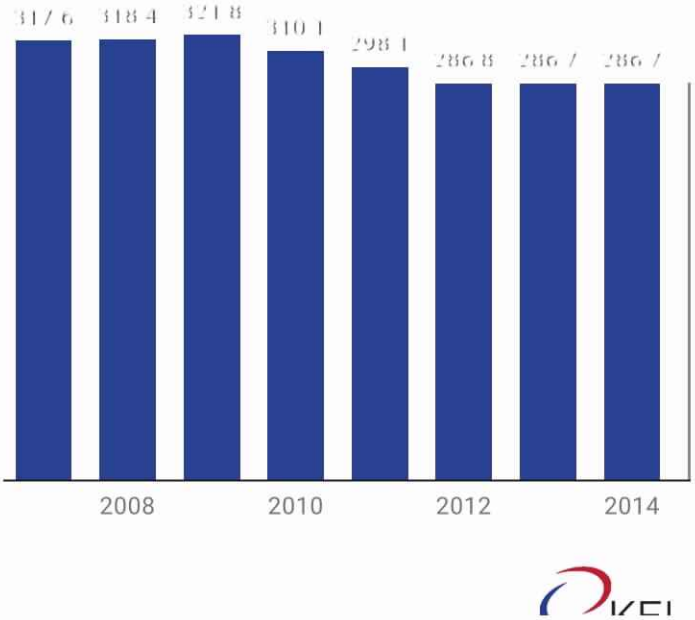
International comparisons indicate that the prevalence of after-school education is negatively associated with a country's total fertility rate. Nearly half of Korean parents say the cost of after-school education is very burdensome, and 27 percent cite it as one of the major reasons for Korea's extremely low fertility rate.

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Figure 8: Tutoring Spending per Student Is Up 51 Percent Since 2015

Average monthly spending on after-school education per student, thousand KRW at 2023 prices (adjusted for inflation)



Conclusion

Korea's education system has led to outstanding results, driven by its emphasis on primary and secondary schools. Looking forward, it must adapt to the business sector's demands for skills. Overcoming the mismatch requires convincing parents and students that admission to prestigious universities is not the only path to success. A greater role for TVET would help meet labor shortages and reduce the heavy

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financial burden that parents bear for after-school education.

Randall S. Jones 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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What the Midterms Mean for U.S.-South Korea Trade and Investment

The election brought a dramatic shift in power from Republicans to Democrats in states that host Korea's largest U.S. investments.

By Scott Snyder

November 6, 2026



The United States Capitol at night, January 2016 | Source: Shutterstock

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The U.S. midterm elections will have several impacts on the U.S.-South Korea

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relationship that go beyond the power dynamic between U.S. President Donald Trump and Congress and will play out over a longer time frame. The key questions relate to how Korea should respond to state-level power shifts in Georgia and Texas, where Korea's largest U.S. investments are concentrated; how U.S. public opposition to data centers could affect Korean energy investments; and how to adjust to the Trump administration's shortened political time frame for U.S.-Korea projects and agreements that inevitably will extend beyond 2028.

The immediate impacts on the bilateral relationship have already been widely discussed: likely opposition from a Democratic Party-led Congress to Trump's tariffs, legislative curbs on potential drawdowns for U.S. Forces Korea, and a potential shift in presidential emphasis to foreign policy, where he can act more freely from impediments imposed by the U.S. legislative branch.

However, there are several broader implications worth examining. First, the midterm election brought a dramatic shift in power from Republicans to Democrats at the state level, including in Georgia and

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Texas, which are home to Korea's largest U.S. investments—as well as Ohio, Iowa, and Nevada. While state-level political transitions have not historically had a major impact on local favorability toward foreign investment, shifts in regulatory, labor, and tax policy could affect Korean investors in these states. Additionally, these political shifts might influence the White House's thinking on where to announce prospective U.S.-Korea investment projects, such as selecting states that might host new civilian nuclear power plants under phase two of the agreement.

Second, the midterm election revealed extensive American political opposition to data center projects across the United States, with voters siding against data centers in forty out of forty-one local ballot measures in ten states, including Ohio, Kansas, Maine, and Wisconsin. But major projects contained in the U.S.-Korea investment agreement are premised on a data center-driven increase in energy demand, including the phase-one selection of a natural gas combined-cycle power plant in Encinal, Texas, intended to power chip plants and data centers. Texas Governor Greg Abbott had already paused

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approvals of new data center projects in the state during the midterm election campaign, and Governor-elect Gina Hinojosa, who unseated him, has vowed to issue a moratorium on any new data centers. NBC News exit polling showed that 76 percent of voters surveyed said they opposed the construction of data centers in their communities. Such local political opposition may influence projections of commercial feasibility for Korean-invested energy projects, potentially including the Texas power plant project.

Third, the scale of the Democratic Party's midterm victory has shortened the Trump administration's political timeline for implementing projects, raising questions regarding the long-term future of both the U.S.-Korea investment agreement and U.S. commitments under the November 2025 Joint Fact Sheet to support Korean enrichment and reprocessing of nuclear materials and provide fuel for a Korean nuclear-powered submarine. All these projects would have taken over a decade to play out, far exceeding the Trump administration's term. But with a shorter window to act on its own, the administration will leave more of those commitments to its

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successor, raising questions about the viability of commitments made between the two governments.

Korea may consider responding to this shorter political timeline by either dragging its feet or doubling down on implementing existing agreements. As part of this evaluation, one possibility is for Korea to pursue both acceleration and redirection of some investment commitments. For instance, phase two of the U.S.-Korea investment framework envisions the construction of eight nuclear reactors, two of which are Korean model reactors. The construction of civilian nuclear energy plants, a natural candidate for acceleration, is a sector that uniquely requires governmental political and financial support while opening the United States for the first time as a market for construction of Korean nuclear plants. Meanwhile, Korea has an interest in procuring American liquefied natural gas, but near-term investments in that sector might be redirected to Louisiana rather than Alaska.

Likewise, implementation of the Joint Fact Sheet's provisions on enrichment and reprocessing and fuel supply will play out long after the Trump administration leaves

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office. But the completion of civilian nuclear reactors in the United States and Korea's construction of a nuclear-powered attack submarine will carry their own momentum over the next decade, likely creating a more favorable environment for negotiations as these projects move forward.

The impact of the midterm elections on the U.S.-Korea relationship may be more far-reaching than the power dynamic between Trump and Congress over the next two years. Both sides should build mutual long-term political and economic commitments that can carry over to the next U.S. administration.

Scott Snyder is President and CEO of the Korea Economic Institute of America and author of The United States-South Korea Alliance: Why It May Fail and Why It Must Not. *The opinions expressed here are his own and do not reflect those of KEI*

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Two New Bridges Show China and Russia Competing for North Korea

That competition is likely to leave Trump the loser in his effort to meet the North Korean leader later this year.

By Robert King

October 20, 2026



The New Yalu River Bridge connecting China and North Korea, October 2026 | Source: North Korean state media

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China and Russia opened new bridges to North Korea a month apart, a sign that the

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two countries are competing for the favor of North Korean leader Kim Jong Un. The Yalu River bridge to China sat unused for more than a decade after its completion in 2014, until Russia began rewarding North Korea for its help in the war against Ukraine. Russia needs North Korean troops and North Korean-made weapons for that war, and China does not want to cede influence over its neighbor. Kim is playing the two against each other, and with both courting him, he has little reason to meet again with U.S. President Donald Trump.

Of the two, Russia depends more on North Korea. Its effort to seize territory from Ukraine has so far been largely unsuccessful, and North Korean troops are essential to keeping up the fight without adding to the pressure on a war-weary Russian public. That pressure has grown over the past year as Ukraine has increasingly made Russians feel the consequences of the war far from the front lines. Pyongyang has provided both troops and material assistance, and Moscow has rewarded it handsomely.

China's stake is different. The two countries share a border of more than 800 miles, and conditions in Northeast China matter to

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Beijing politically and economically. An erratic move by Pyongyang could create serious problems for the Chinese government, and Beijing likely worries that it will lose influence if it does not keep up with Moscow in courting Kim. As North Korea's relations with Russia have flourished, China has made a concerted effort to strengthen its own ties with Pyongyang. The Yalu River bridge was finished in 2014, but North Korea did not complete the access roads needed to reach it for more than a decade.

The competition puts Kim in the enviable position of playing Moscow against Beijing, and it is likely to leave Trump the loser in his effort to meet the North Korean leader later this year. Despite Trump's indication that a meeting is in the works, Kim has shown no sign of interest.

New Connections

The Yakov Novichenko Bridge crosses the Tumen River, which forms the eleven-mile border between North Korea and Russia. A railroad bridge across the Tumen has linked the two countries since 1959, and an earlier wooden railroad bridge was in the same place.

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Construction moved quickly. North Korea and Russia agreed to build the bridge when Russian President Vladimir Putin visited Kim in Pyongyang in June 2024, and work began less than a year later on April 30, 2025. “We are creating a reliable basis for closer cooperation between our two countries,” Russian Prime Minister Mikhail Mishustin gushed. “A road for an open and fruitful dialogue, for bringing our peoples closer, boosting the number of trips and meetings and discovering each other’s history and traditions.”

Although the bridge itself was finished in April, work crews needed an additional five months to complete the road approaches on both sides and build customs and border control facilities. The vehicle bridge was formally opened on September 7, 2026, at a major event featuring top officials from both countries. The bridge was named after Yakov Novichenko, a Soviet military officer who was seriously injured and lost an arm shielding North Korean founder Kim Il Sung from a grenade attack in the 1940s.

China is keeping pace. A month after the Yakov Novichenko Bridge opened, China and North Korea opened a new bridge across the Yalu River, which forms the

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border between the two countries. It is the second bridge linking the Chinese city of Dandong with Sinuiju, a North Korean provincial capital. On the older bridge, a single rail track and a one-lane road for trucks and cars carry an estimated 70 percent of trade-related traffic between the two countries. Closures for repairs and maintenance have become an increasing problem. Beijing and Pyongyang agreed to build a second bridge, and construction ran from 2011 to 2014. The new bridge then sat unused until October 2026, twelve years later.

As U.S. Special Envoy for North Korean Human Rights Issues, this author visited Dandong, China, on three occasions, most recently ten years ago. The bridge appeared complete, with access routes in place on the Chinese side but missing on the North Korean side. This was no secret; many others, including journalists, saw the bridge as it was. In 2025, there were signs that work was being done to prepare bridge access on the North Korean side of the structure.

There have been reports since, but no official confirmation, that the delay came from Pyongyang's failure to build its share

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of the project, possibly to press China into paying for the North Korean access roads. When the bridge was finished, China may not have wanted to pay.

However, since 2023, the relationship between China and North Korea has shifted as North Korea came to Russia's aid in the war against Ukraine. North Korea has sent both troops and material assistance, and Russia has rewarded it handsomely. As relations between North Korea and Russia have flourished, China has made a concerted effort to strengthen its own ties with Pyongyang. In October 2023, a month after Kim met Putin in the Russian Far East, China reportedly agreed to fund the customs facilities on the North Korean side of the bridge. Construction there accelerated in 2025, according to satellite imagery analysis, just as Russia was publicly rewarding North Korea for its aid in Ukraine.

The grand opening of the bridge on October 15 was a gala affair – massed trucks flying red flags paraded from China into North Korea. The importance of the opening was highlighted by the fact that the trucks were lined up days in advance. The festive celebration only highlighted the

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Chinese interest to use the bridge and the gala opening event to emphasize to Pyongyang the importance to Beijing of the relationship with Pyongyang.

What the Bridges Mean for Another Trump-Kim Jong Un Meeting

The two bridges are the latest evidence that Kim knows how to manage Beijing and Moscow to his own advantage. Putin needs North Korean troops, and Chinese President Xi Jinping cannot afford to lose influence over a neighbor that shares a long border with Northeast China. Each has reason to keep courting Kim, and Kim has every reason to let them compete.

That competition is likely to leave Trump the loser in his effort to meet the North Korean leader later this year. Asked in August whether he would be meeting with Kim again, Trump said, “Yeah, I will be.” He also unexpectedly, and at the last minute, ordered joint military exercises with South Korea significantly scaled back, apparently to improve the chances of a meeting. Kim has shown no interest. With China and Russia competing for his favor, he has little to gain at present from a meeting with the U.S. president.

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Louisiana Steel, American Cars: What Hyundai Steel's Investment Means for U.S. Manufacturing

Korean investment is building manufacturing capacity that is taking root in the American economy.

By Hyun Jung "Jessie" Je

September 22, 2026



Various political, diplomatic, and business leaders break ground on a new steel mill in southern Louisiana, September 2026 | Source: Hyundai Steel

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On September 4, 2026, Hyundai Steel marked the start of a USD 5.8 billion steel plant project an hour west of New Orleans in Donaldsonville, Louisiana. The project represents another step in the transformation of Korean investment in the United States, from building manufacturing facilities that serve the U.S. market to creating the upstream industrial capacity that supports American manufacturing.

Just a week later, inside Hyundai Motor Group Metaplant America (HMGMA) near Savannah, Georgia, I saw firsthand why this investment matters. The site tour begins with one of the first steps in automobile production: stamping steel into the components that eventually become a vehicle. Today, the automotive steel used at HMGMA is sourced primarily from Hyundai Steel in Korea, with some supplied by U.S. steel mills.



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Steel stamping machines at a Hyundai electric vehicle factory in Georgia | Source: Hyundai Motor Group Metaplant America

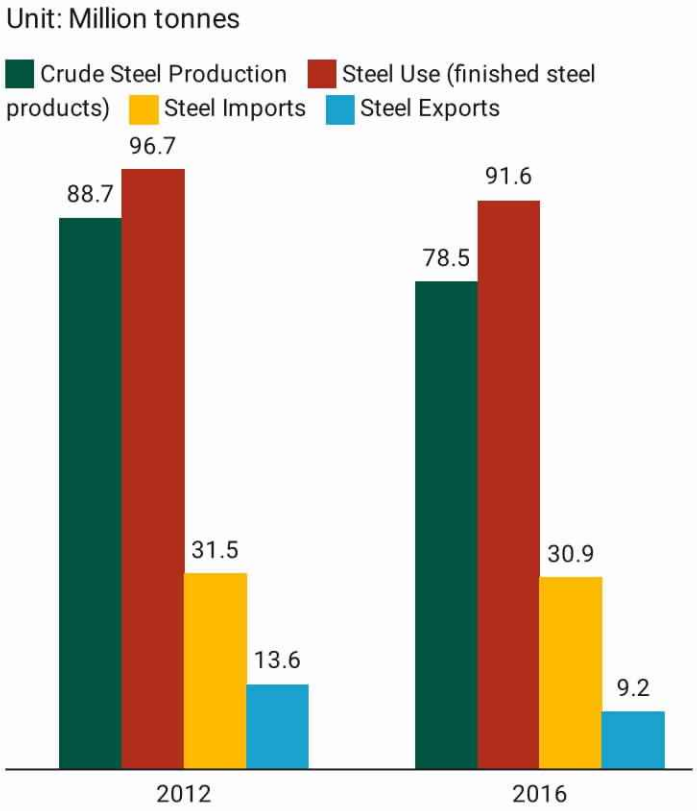
Starting in 2029, that supply chain will gain a new domestic source. Automotive steel produced by Hyundai-Posco Louisiana Steel (HPLS) will supply Hyundai Motor Group's U.S. manufacturing operations and potentially other automakers across the country. The steel plant in Louisiana and the vehicle plants in Alabama and Georgia thus become part of a broader, increasingly interconnected U.S. manufacturing ecosystem.

Hyundai Steel's Louisiana project is also significant because the new greenfield steelmaking facility comes at a time when such investments have been exceptionally rare in the United States for decades. The United States is the world's third-largest steel producer, after China and India, but it is also one of the world's largest steel-consuming markets. Because domestic production does not fully meet U.S. steel demand, imports have long played an important role in supplying the American market, as illustrated in Figure 1.

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Figure 1: U.S. Steel Production, Use, Imports, and Exports



When HPLS begins commercial production as scheduled in 2029, the facility is expected to produce 2.7 million metric tons of steel annually. While this capacity will not eliminate the gap between U.S. steel production and consumption, it will add a significant new source of domestically produced, automotive-grade steel. More importantly, it will strengthen the connection between steel production and the growing network of automotive manufacturing facilities being built in the United States.

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The significance of the investment extends beyond steel production and the national manufacturing supply chain. It is also creating a substantial economic and social impact in Louisiana well before the plant begins commercial operations. The project is expected to generate approximately 1,300 direct jobs and 4,100 indirect jobs in the region. About 70 percent of contracts awarded to date have gone to Louisiana companies, bringing contractors, suppliers, and service providers from across the state into the project and creating new economic opportunity across the region.

The steel mill investment is also helping build the workforce needed for advanced manufacturing. HPLS is collaborating with Louisiana State University (LSU) and River Parishes Community College (RPCC) on workforce development programs, including the RPCC-Hyundai Workforce Training Center in Donaldsonville set to open in 2027. Such partnerships can help ensure that the economic benefits of the investment extend beyond the plant itself and create opportunities for local workers to develop skills for high-value manufacturing jobs.

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HPLS also hopes to establish a relationship with the local community from the beginning of the project. Just two days after the September 4 event, the company hosted a Community Day in Donaldsonville that attracted nearly 700 residents. The event brought together company executives, employees, local leaders, and residents and featured food and culture from both Louisiana and Korea. The firm also donated more than USD 30,000 to local organizations in 2026, including a food bank, youth programs, and community events.

These efforts illustrate another dimension of foreign direct investment that is often overlooked. A major investment is not simply a transaction between a foreign company and a host state. When sustained over time, it can create relationships among companies, workers, educational institutions, local businesses, and communities.

HPLS's Louisiana project therefore has the potential to become not only a new source of steel for American manufacturing, but also a long-term part of the economic and social fabric of southern Louisiana.

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HPLS's project demonstrates that Korean investment is becoming an increasingly important part of America's manufacturing capacity, not simply by bringing Korean companies to America but by building production capacity that becomes firmly rooted in the American economy. Just as Louisiana sugarcane has long contributed to America's food and agricultural sectors, steel produced in Louisiana will soon fuel American manufacturing.

Hyun Jung "Jessie" Je is Senior Fellow and Director for External Engagement at the Korea Economic Institute (KEI). The views expressed are the author's alone.

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Americans Back South Korean Nuclear-Powered Submarines but Oppose Nuclear Weapons

A majority of Americans (58 percent) support South Korea developing nuclear-powered submarines, according to the 2026 Korea Economic Institute of America (KEI) survey.

By The Korea Economic Institute of America (KEI)

October 23, 2026



The USS Annapolis visits Jeju Island, July 2023 | Source: South Korean Navy

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A majority of Americans (58 percent) support South Korea developing nuclear-powered submarines, according to the 2026 Korea Economic Institute of America (KEI) survey, conducted with YouGov. But support for nuclear-powered submarines does not extend to nuclear weapons. Seven in ten (71 percent) oppose South Korea developing a nuclear weapon, a view that holds across party lines.

Questions about the defense of South Korea and the future of regional security remain central to the U.S.-South Korea relationship. As the alliance evolves and South Korea takes on more responsibility for its own defense, a potential addition to its military capabilities is nuclear-powered submarines. South Korea took a step in that direction in May 2026, when it released a plan to develop such a submarine. The survey asked separately about nuclear-powered submarines and nuclear weapons.

Majorities Across Parties Support Nuclear-Powered Submarines

Support for South Korea developing nuclear-powered submarines is largely consistent across Democrats (56 percent), Republicans (64 percent), and Independents

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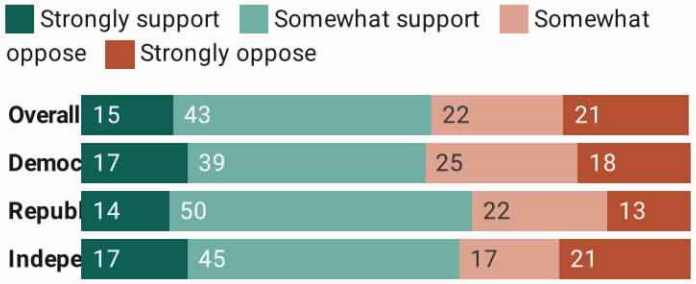
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(62 percent). Four in ten Americans (42 percent) oppose South Korea's development of nuclear-powered submarines.

Most of that support is moderate in intensity. Some 43 percent of Americans somewhat support South Korea developing nuclear-powered submarines, and 15 percent strongly support it. Opposition divides almost evenly between those who somewhat oppose and those who strongly oppose. Republicans show the broadest support, with 50 percent somewhat supportive and 14 percent strongly supportive. Democrats are the most divided, with 56 percent in support and 43 percent opposed, while Independents are the most likely to strongly oppose (21 percent).

Majorities Support South Korea Developing Nuclear-Powered Submarines

% supporting or opposing South Korea's development of nuclear-powered submarines, 2026



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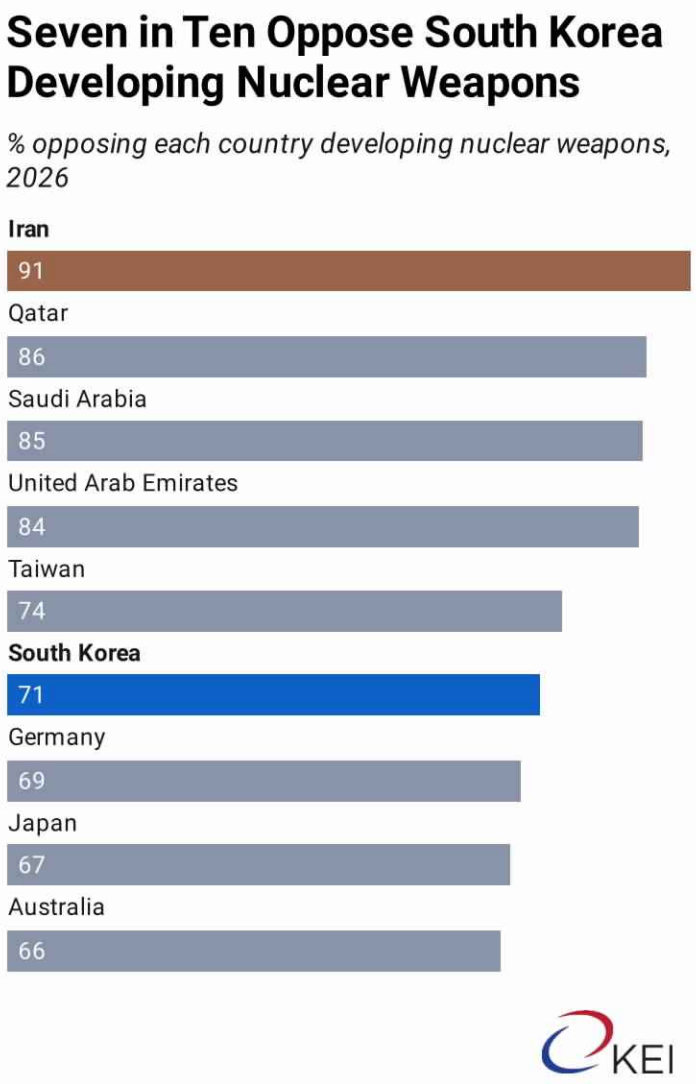
Opposition to Nuclear Weapons Extends to Close U.S. Partners

Majorities oppose each of the nine countries in the survey developing nuclear weapons. On average, roughly three-quarters of the American public (77 percent) oppose any country, including South Korea, developing nuclear weapons. Opposition is highest for Iran (91 percent) and lowest for Australia (66 percent). For South Korea, opposition is consistent among Democrats (69 percent), Republicans (72 percent), and Independents (71 percent).

Opposition to a South Korean nuclear weapon (71 percent) is lower than for Qatar (86 percent), Saudi Arabia (85 percent), and the United Arab Emirates (84 percent). While higher, it is closer to that for Australia (66 percent), Germany (69 percent), and Japan (67 percent). Even for those three U.S. allies, roughly two-thirds of Americans are opposed.

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Support for the alliance itself remains high across party lines. A majority (56 percent) support either increasing (8 percent) or maintaining (48 percent) the current 28,500 U.S. troops in South Korea. If North Korea were to invade, 71 percent of Americans would favor using U.S. troops to defend South Korea, including 73 percent of Democrats, 77 percent of Republicans, and 71 percent of Independents.

Altogether, the findings show broad support for the bilateral relationship even as

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Americans differ on how some parts of that relationship should develop.

Data from this article originally appeared in "What Americans Think of the U.S.-South Korea Alliance Before the Midterms," an annual public opinion survey from KEI. The 2026 iteration was authored by Karl Friedhoff, Nils Wollesen Osterberg, and Angela Lee. Get the full report by clicking here.

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Three Drivers for Trade and Innovation Tie Oregon to South Korea

A majority of Americans (58 percent) support South Korea developing nuclear-powered submarines, according to the 2026 Korea Economic Institute of America (KEI) survey.

By Scott Snyder

November 2, 2026



The landmark "stag sign" in Portland, Oregon, September 2019 | Source: Shutterstock

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Blueberries, food testing, and drones are driving Oregon's trade and innovation ties with South Korea, and all three were on display during a three-day visit to Portland by the Korea Economic Institute of America (KEI) as part of its longstanding Future of Korea (FOK) program. The trip, hosted by WorldOregon, came less than a year after Oregon Governor Tina Kotek led a trade delegation to Seoul and Tokyo.

From October 23–25, 2026, KEI participated in meetings and briefings on the Oregon-Korea trade relationship. The visit followed the establishment of a Korea Desk at Business Oregon last May, led by Sharon Kim-Geib. The visit provided a readout on the impact of a November 2025 trade delegation to Seoul and Tokyo led by Governor Kotek that aimed to bolster Oregon-based exports in agriculture and advanced technology.



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The KEI visit spotlighted three drivers of exchange between Oregon and Korea: two agricultural drivers and one "autonomous" driver. First, Oregon is a leader in exporting blueberries to Korea, in addition to being a leading exporter of wine to Korean consumers. In addition, Oregon's exports to Korea must transit via other cities, including Seattle, in the absence of a direct commercial flight between Portland and Incheon. Although former Korean Prime Minister Kim Min-seok endorsed the idea of a direct flight between Incheon and Portland during his meeting with Governor Kotek in November 2025, the route has not yet been finalized.

The second promising driver of agricultural trade between Oregon and Korea was highlighted during a visit to the Food Innovation Center (FIC) at Oregon State University. The FIC plays an important role in consumer pre-market testing of a wide range of food products. The information gained from such testing helps businesses refine a product's taste, texture, and packaging before release. For instance, a producer of Korean snack foods has pretested products at the FIC in anticipation of expanding sales to the U.S. consumer

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market. The FIC is also helping Oregon seaweed harvesters develop products for consumption and export. The FIC also researches organic compounds that could replace chemical compounds in various cosmetic products.

The “autonomous” driver of exchange between Oregon and Korea is a unique accelerator program focused on developing unmanned aircraft systems (UAS), or drones. Through an agreement with the Korea Investment Accelerator, the Oregon UAS Accelerator, led by Executive Director Joseph Wyno, brings Korean UAS founders to Oregon for a twelve-week training program to test, commercialize, and collaborate on the development of advanced air mobility, ground and maritime robotics, and AI and mission software alongside founders from Oregon and other parts of the United States. The Korean entrepreneurs will bring their ideas, dreams, and hardware from Korea to Pendleton, Oregon, where land and airspace for testing are plentiful.

More importantly, the unmanned systems ecosystem curated by the accelerator project seeks to bring together Korean entrepreneurship and technological

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innovation with practical applications and business development mentorship to develop projects that the U.S. military and defense contractors at the forefront of drone technology development might use. The latest cohort of American and Korean innovators will present their pitches to investors, judges, and ecosystem partners at the Oregon UAS Accelerator pitch day on November 13, 2026, at Big Pink in Portland.

Think *Shark Tank* for Korean drones, where the sky is the limit for applying Korean innovation to global problems.

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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