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Assessment and Implications of the Second ROK-U.S. Summit:
Focusing on Security and Defense Issues

E.J.R. Cho

(ejrcho@inss.re.kr)

Sunwoo Paek

(swpaek@inss.re.kr)

Jun Oh Jung

(juno7629@inss.re.kr)

Abstract

At the ROK-U.S. summit held in Gyeongju on October 29, 2025, President Lee Jae Myung and President Donald Trump confirmed a shared understanding that this meeting was not simply a reaffirmation of the alliance but a critical turning point that would fundamentally restructure the nature of the ROK-U.S. alliance. In that context, they reached specific agreements on “alliance modernization” through an explicit “deal” that exchanged South Korea’s substantial economic contributions for U.S. transfers of key military technology. Major outcomes were twofold. Economically, South Korea committed to a \$350 billion investment package in the United States, in return for which the United States agreed to reduce tariffs. On the security side, the United States approved South Korea’s construction of a nuclear-powered submarine (SSN). Taken together, this agreement clearly demonstrates that the ROK-U.S. alliance has shifted from a traditional security partnership to a comprehensive and transactional relationship that combines economy, industry, and technology. In particular, the “Technology Prosperity MOU” and the “Make American Shipbuilding Great Again (MASGA)” initiative reveal the strategic intent to build a powerful technology-industrial alliance by combining U.S. technological capabilities with South Korea’s manufacturing strengths. In conclusion, the Gyeongju agreement serves as a representative case of how the Trump administration’s “America First” foreign policy is applied to allied relationships. It presents a new model in which an allied state secures cutting-edge security assets by directly contributing its own economic and industrial capabilities to U.S. national interests, especially the strengthening of the U.S. industrial base. This is expected to have long-term and far-reaching implications for the security landscape and alliance management in the Indo-Pacific region.

Keywords

alliance modernization, nuclear-powered submarine (SSN), wartime operational control transfer, Airborne Warning and Control System (AWACS), interoperability, strategic autonomy

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Strategic Context

The Gyeongju summit marks a structural shift in ROK-U.S. alliance dynamics: a "grand bargain" that ties the ROK's concrete economic contributions directly to U.S. security and technological concessions. This is a clear example of how the ROK-U.S. relationship is being redefined under President Trump's "America First" paradigm and President Lee Jae Myung's pragmatic diplomatic approach. In effect, it marks a shift from a traditional, values-based alliance toward a more pragmatic, transaction-based partnership. Before the summit, bilateral relations had been deadlocked over disagreements on how to implement the \$350 billion investment package that South Korea had proposed to avoid the high tariffs imposed by the United States. The Gyeongju summit broke this deadlock and produced a comprehensive agreement. South Korea confirmed the \$350 billion U.S. investment plan, but decided to phase the cash investments with an annual cap of \$20 billion to minimize the shock to its own economy. The package consists of \$200 billion in cash investment and \$150 billion in shipbuilding cooperation. In addition, South Korea agreed to increase its defense spending to 3.5% of GDP by 2035.

In return, the United States agreed to lower tariffs on South Korean imports from 25% to 15%, a step that is assessed as having a particularly positive impact on South Korea's automobile industry. However, the core significance of the agreement lies beyond these economic elements in the formation of a new shared understanding in the security domain. The United States granted sweeping approval for South Korea's construction of a nuclear-powered submarine (SSN), a project that had long been a priority aspiration for Seoul. This institutionalized a "transactional framework of security guarantees and economic contributions," and clearly demonstrates that the nature of the ROK-U.S. alliance is changing.

The transactional character of the alliance is also evident in President Trump's own words. He wrote on Truth Social that "South Korea has agreed to pay the USA 350 billion dollars for a lowering of tariffs," thereby openly linking economic contributions with security benefits. Some observers criticize this as the commercialization of the alliance and the commodification of peace, arguing that the alliance balance has been tilted in a direction that maximizes U.S. national interests at the expense of Korean Peninsula autonomy. Yet, expressed differently, this also means that South Korea's status is shifting from that of a unilateral beneficiary to that of a partner in a mutually reciprocal relationship. In other words, moving away from the orthodox ROK-U.S. alliance model based on shared values and mutual defense obligations, a new precedent has emerged in which an ally secures the desired level of security cooperation only when it makes substantial, direct contributions to the U.S. domestic economy. This is likely to serve as an important reference point for other U.S. allies as they formulate their own policies toward Washington.

This issue brief offers an in-depth analysis of four major security agenda items agreed at the Gyeongju summit as key outcomes of this economic-security exchange: wartime operational control (OPCON) transfer, the introduction of airborne early warning aircraft, the building of a technology and manufacturing alliance, and approval for nuclear-powered submarine construction.

Wartime Operational Control Transfer

The central security message of the Gyeongju talks was “alliance modernization.” In his opening remarks, President Lee stressed that, for the ROK-U.S. relationship to develop into a future-oriented, comprehensive strategic alliance, it must constantly evolve through alliance modernization, and he expressed South Korea’s intention to play a more active and leading role within the alliance. This stance was further substantiated by U.S. Secretary of Defense Pete Hegseth, who on the same day described the wartime operational control (OPCON) transfer being pursued by the Lee administration as “a very excellent thing” and publicly voiced his support, reaffirming that both countries aim for alliance modernization based on burden-sharing.

Ahead of the 57th ROK-U.S. Security Consultative Meeting (SCM) scheduled for November 4, the two sides are engaged in prior coordination, with OPCON transfer as a major agenda item. The OPCON transfer is evaluated as an opportunity for the South Korean military to establish itself as the substantive lead in the combined defense system. This represents not merely a transfer of command authority but South Korea’s elevation to the status of an “autonomous security actor” with the capacity for independent operational planning and execution. The South Korean military is already working to rapidly enhance its capabilities in key areas such as command and control, intelligence, surveillance and

reconnaissance, missile defense, and cyber warfare. These capability improvements are essential prerequisites for OPCON transfer and also a key factor in improving the credibility of combined operational capabilities. At the same time, the OPCON transfer process concretizes a burden-sharing, cooperative alliance structure between South Korea and the United States, and is expected to enhance the long-term sustainability of the ROK-U.S. alliance.

Strengthening Defense Industry Cooperation Through AWACS Introduction

Another defining outcome of the summit extends the scope of the ROK-U.S. alliance: moving beyond the operation and deployment of strategic assets, the two countries now pursue a comprehensive partnership covering the development and supply chains of cutting-edge defense technologies. In the “Fact Sheet” released immediately after the meeting, the White House announced that the Republic of Korea Air Force had selected U.S.-based L3Harris Technologies as the prime contractor for developing a new airborne early warning and control aircraft, concluding a contract worth approximately \$2.3 billion. The new early warning aircraft is capable of high-altitude, long-duration flight and offers significantly improved early detection and tracking capabilities against adversaries, thereby substantially strengthening the surveillance and reconnaissance capabilities of the South Korean military.

Furthermore, through real-time integration with U.S. military command, control, and communications systems, interoperability among combined operational systems is expected to improve considerably. This decision to introduce new AWACS platforms fits within the broader context of expanding ROK-U.S. defense industry cooperation. At the summit, President Lee declared that

South Korea would “significantly expand its own defense capabilities through increased defense spending and defense industry development,” signaling a clear intention to invest in the defense sector. Within this context, the introduction of the airborne early warning aircraft is evaluated as a concrete outcome of ROK-U.S. defense industrial cooperation.

Korea Aerospace Industries (KAI) will participate in this project as a maintenance and technical cooperation partner, and this is expected to further solidify the foundation for bilateral cooperation. Accordingly, the AWACS project symbolically demonstrates that the ROK-U.S. alliance is deepening beyond the level of simple security cooperation into a “strategic technology alliance” that shares advanced technologies and industrial bases.

Defense Technology and Manufacturing Alliance

Beyond these specific deliverables, the summit redefines the very scope of the ROK-U.S. alliance—moving from the operation and deployment of strategic assets into a comprehensive partnership that encompasses the development and supply chains of cutting-edge technologies. The two countries concluded the “ROK-U.S. Technology Prosperity Memorandum of Understanding (MOU),” upgrading their science and technology cooperation into a full-fledged “technology alliance.” This MOU goes further than basic research collaboration and encompasses a broad strategic framework that includes technology standards, supply chains, and R&D.

First, the “Accelerating AI Applications and Innovation” component aims to combine U.S. strengths in AI foundation models and graphics processing unit (GPU) design with South Korea’s world-leading high-bandwidth memory (HBM) semiconductors and advanced manufacturing capabilities. The goal is to jointly create

a “full-stack” technology ecosystem that spans the entire AI industry value chain—from semiconductors to models to services—and to pursue joint export strategies, particularly in Asia. Second, the “Trusted Technology Leadership” pillar focuses on strengthening cooperation in future core technology domains, including next-generation communications (6G), quantum computing, biotechnology supply chains, and space exploration. In the space sector in particular, the two sides discussed specific cooperative measures such as manned lunar exploration via the Artemis program and the development of the Korean Positioning System (KPS). Both governments plan to further elaborate on these cooperation plans through the ROK-U.S. Joint Committee on Science and Technology to be held in Washington, D.C., in 2026.

This approach is part of a comprehensive strategy that seeks not only to secure technological superiority, but also to build trust-based supply chains among allied states, prevent the leakage of key technologies, and lead global technology standards. The South Korean government expects this MOU to serve as a springboard for South Korea’s advancement to the status of a “Top 3 Global AI Power.”

Within this technology alliance framework, the MASGA (Make American Shipbuilding Great Again) initiative provides the industrial foundation that supports the technology partnership. The project aims for Korean companies to take the lead in revitalizing shipbuilding in the United States through their own investments and guarantees. This directly contributes to strengthening U.S. shipbuilding capacity—especially submarine construction—which has been identified as a vulnerability in the U.S. defense industrial base.

The initiative is directly connected to the agreement on nuclear-powered submarine construction, another core outcome of

the summit, because the Philly Shipyard in the United States, acquired by the Hanwha Group, has been designated as the construction site for South Korea's nuclear-powered submarine. This structure shows that industrial symbiosis between South Korea and the United States lies at the core of the Gyeongju agreement. In other words, the "Technology Prosperity MOU" and the MASGA initiative are not separate tracks, but two axes operating under a single integrated strategy.

The United States is currently experiencing a serious strategic bottleneck in submarine construction capacity, which creates burdens not only for expanding its own naval power but also for supporting AUKUS partners. The Gyeongju agreement chose to address this problem by directly leveraging South Korea's capital and world-class shipbuilding technology. Specifically, a Korean company acquired the Philly Shipyard, and the South Korea-led \$150 billion MASGA investment is being funneled into this facility to reinforce the U.S. industrial base. At that same Philly Shipyard, South Korea's nuclear-powered submarine—a cutting-edge strategic asset that Seoul has agreed to procure—will be built.

Thus, a virtuous cycle has been created in which South Korea invests its own capital and industrial capabilities to compensate for a strategic weakness of the United States and, in return, secures top-tier military technology that was previously out of reach. In this way, a complete industry-security ecosystem has been constructed that integrates advanced defense systems by placing the software and high-end components provided through the "technology alliance (MOU)" on the hardware platform provided by the "industrial alliance (MASGA)." This symbiotic structure clearly demonstrates the transactional nature of the ROK-U.S. alliance while simultaneously elevating the depth and interdependence of the alliance to unprecedented levels.

Nuclear-Powered Submarine (SSN): The Strategic Cornerstone of ROK-U.S. Defense Cooperation

If the Technology Prosperity MOU and MASGA lay the institutional groundwork for this deepening cooperation, the bilateral agreement on ROK's nuclear-powered submarine (SSN) program represents perhaps the most consequential step forward—one that crystallizes, more than any other outcome, the depth of strategic commitment shared at the Gyeongju summit. Under the agreement, the submarine is to be constructed at the Philly Shipyard in the United States. However, because the shipyard currently lacks the necessary facilities for nuclear-powered submarine construction, massive additional investments and significant technical challenges are anticipated.

At the Korean National Assembly audit session on October 30, 2025, the Chief of Naval Operations predicted that considerable time would be needed until project completion, estimating that completion would not be possible before the mid-2030s. For the agreement to be fully implemented, a series of legal and institutional reviews will be necessary. Since the leaders have agreed on the broad framework for nuclear-powered submarine construction, institutional arrangements for securing nuclear fuel—such as amending the ROK-U.S. Nuclear Cooperation Agreement—will be required going forward. Options such as creating a new legal framework in the form of a separate treaty or protocol, distinct from the existing ROK-U.S. Nuclear Cooperation Agreement, will also have to be considered.

Moreover, the transfer of nuclear fuel materials and related technologies may require review by the U.S. Congress. An additional challenge involves working within the existing IAEA safeguards framework to establish a special arrangement—similar

in nature to, though distinct in scope from, arrangements previously negotiated for other allied naval programs—ensuring that nuclear propulsion materials are not diverted toward nuclear weapons development. Coordination with the Nuclear Suppliers Group will also be necessary at the relevant stage of implementation.

Strategic Implications and the Road Ahead

The Gyeongju agreement is expected to play a meaningful role in enhancing burden-sharing among allies and contributing to regional stabilization. In particular, it positions South Korea not merely as a security partner but as an indispensable contributor to the technological and industrial foundations of collective defense. Through this agreement, the ROK-U.S. alliance enters a phase in which economic and industrial contributions become integral to top-tier security cooperation. South Korea is well-positioned to leverage its industrial and technological competitiveness as a strategic asset within this evolving framework. The agreement also signals that undersea capability is becoming a defining dimension of Indo-Pacific security architecture—one that will shape alliance dynamics and regional stability for decades to come. For this reason, relevant stakeholders should pursue new mechanisms for undersea crisis management and conflict prevention to ensure that strategic competition does not escalate beyond manageable boundaries.

The views and opinions expressed in this report are those of the author(s) and do not necessarily reflect the official position of INSS.