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Assessment of the ROK-U.S. Summit Joint Fact Sheet and
Follow-up Tasks: Focusing on Trade and Commerce

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Abstract

The “Joint Fact Sheet” (joint explanatory document) was released on November 14, 2025, sixteen days after the ROK-U.S. summit. This joint documentation, covering core economic and security areas, serves as the foundation for ROK-U.S. relations under the second Trump administration and marks a milestone in evolving the partnership into a modern alliance that integrates economic, technological, and strategic capabilities. The economic and trade section comprises five parts, focusing primarily on investment and tariffs. South Korea is projected to invest a total of USD 350 billion in the United States, including USD 150 billion dedicated to the U.S. shipbuilding industry. The remaining investment is capped at USD 20 billion annually, governed by commercial viability requirements and safeguard mechanisms designed to ensure principal recovery and minimize volatility in South Korea’s foreign exchange market. Regarding tariffs, a broad framework was established where reciprocal and sector-specific tariffs are limited to 15 percent. The principle of treating South Korea on “no less favorable terms” was reaffirmed in the semiconductor sector, while the additional opening of sensitive agricultural markets was excluded. However, existing 50 percent sector-specific tariffs on sensitive items such as steel and aluminum were not addressed, and implementation hurdles—including the timing of tariff applications and detailed investment procedures—remain. As the second Trump administration utilizes tariffs as strategic leverage under the U.S.-centered principle of “reciprocity,” rigorous risk management is essential. Key strategies include: first, accelerating the effects of tariff adjustments through the swift enactment of a special law on U.S. investment; second, establishing an institutional foundation for non-tariff barriers, such as digital and platform data, through follow-up negotiations; third, managing investment risks despite established safeguards; fourth, addressing technology and security sensitivities in shipbuilding cooperation; fifth, preparing countermeasures against industrial hollowing-out in strategic sectors; and lastly, managing the ROK-U.S. alliance through integrated technology-investment-security packages to safeguard national interests while diversifying markets and strengthening industrial competitiveness.

Keywords

ROK-U.S. Summit, Joint Fact Sheet, Evolution of the ROK-U.S. Alliance, Reciprocity. Tariffs, Commercial Viability. Industry and Supply Chain Risk Management

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The “Joint Fact Sheet” was released on November 14, 2025, sixteen days after the ROK-U.S. summit.¹⁾ Building upon the broad agreement reached during tariff negotiations last July, the Joint Fact Sheet explicitly reflects the outcomes of the October summit. The joint documentation of core economic and security sectors, which will underpin ROK-U.S. relations during the second Trump administration, represents a strategic advancement. From an economic and trade perspective, the primary focus is on tariffs and investment. South Korea is set to invest a total of USD 350 billion in the United States, including USD 150 billion earmarked for the U.S. shipbuilding industry; the remaining USD 200 billion will be specified through a forthcoming Memorandum of Understanding (MOU). Regarding tariffs, a broad framework was established where reciprocal tariffs are set at 15 percent, with sector-specific tariffs also capped at 15 percent. In the semiconductor sector, the principle of treating South Korea on “no less favorable terms” was reaffirmed, while additional opening of sensitive agricultural markets was excluded. However, implementation hurdles remain, such as the timing of tariff application and detailed investment procedures. While the Joint Fact Sheet is a direct outcome of ROK-U.S. trade negotiations, it also serves as the foundation for the upcoming ROK-U.S. Tariff Agreement. To ensure the future development of ROK-U.S. relations, it is essential to analyze the key trade agreements within the Fact Sheet and examine necessary follow-up tasks.

1) https://www.mofa.go.kr/us-ko/brd/m_4487/view.do?seq=1347846

Analysis of the Main Contents of the ROK-U.S. Joint Fact Sheet: Trade and Commerce Section

Among the significant agreements in the ROK-U.S. Joint Fact Sheet, the economic and trade section is composed of five parts,²⁾ with investment and tariffs at its core. First, in the section on rebuilding and expanding core industries, South Korea and the United States reaffirmed the agreement to engage in investment cooperation amounting to USD 350 billion through a strategic investment MOU. South Korea will invest USD 200 billion of this amount, capped at USD 20 billion annually, while the remaining USD 150 billion will be directed toward shipbuilding cooperation, the so-called Make American Shipbuilding Great Again (MASGA) project. The United States agreed to reduce reciprocal tariffs on Korean products from 25 percent to 15 percent. Specifically, the adjustment of Section 232 tariffs on Korean automobiles, parts, and timber products to 15 percent was reflected. Regarding future tariffs, certain items (such as pharmaceuticals) will be subject to “a maximum of 15 percent,” and language guaranteeing “on no less favorable terms than competitor countries (e.g., Taiwan)” was included for semiconductors. Tariffs on aircraft parts, generic pharmaceuticals, and certain natural resources—not covered in the July 30 tariff agreement—will also be eliminated.

Second, a safeguard mechanism for South Korea’s foreign exchange market stability was established by setting an annual cap of USD 20 billion on South Korea's strategic investment funds to the United States. Investment projects are to be selected by the U.S. President upon recommendation from an Investment Committee chaired by the U.S. Secretary of Commerce. The Investment Committee is to

2) <https://www.president.go.kr/newsroom/briefing/w94DVapW>

consult in advance with a Consultative Committee chaired by South Korea's Minister of Trade, Industry and Resources to ensure that only commercially viable investments are recommended. A "commercially viable investment" is defined as one where sufficient capital recovery is reasonably assured based on the Investment Committee's good-faith judgment. Project selection will continue until the end of President Trump's term in January 2029; tariff levels under this agreement will be maintained as long as investment commitments are faithfully implemented. However, a safeguard clause was included to allow for adjustments in investment timing or scale if concerns arise regarding disruptions to the domestic foreign exchange market.

Third, regarding the strengthening of commercial ties, the document welcomes expanded private-sector exchanges, including investment and procurement. This includes the reaffirmation of USD 150 billion in direct U.S. investment by Korean firms (announced during the August summit) and Korean Air's purchase of 103 Boeing aircraft. South Korea also agreed to host a special exhibition to promote U.S. products and support bilateral trade expansion.

Fourth, the section on promoting mutual trade addresses non-tariff issues in sectors such as automobiles, agriculture, and digital services. Matters concerning automobile safety standards from the late July 2025 agreement were incorporated, alongside an agreement to abolish the annual import cap (50,000 units) on U.S. vehicles. In agriculture, while no additional market opening was required for sensitive items like rice and beef, cooperative measures were established to resolve U.S. application delays and create a "U.S. Desk" for horticultural products. In digital services, both parties agreed to the principle of non-discrimination (national treatment)

for U.S. companies regarding regulations such as network usage fees and online platform laws. A ministerial-level ROK-U.S. FTA Joint Committee will convene within the year to finalize implementation plans.

Lastly, in the section on safeguarding economic prosperity, both nations agreed to continue cooperation in preventing tariff evasion, addressing unfair trade practices, and strengthening investment security screening.

Assessment of the Joint Fact Sheet: Trade and Commerce Section

The joint documentation of agreed language in core economic and security strategic areas marks significant progress. Through this Fact Sheet, it was confirmed that the ROK-U.S. alliance is evolving beyond simple security cooperation into a “comprehensive strategic alliance” encompassing economy, technology, and security. The scope of cooperation is expanding into a complex cooperative structure that includes strategic investment (shipbuilding), advanced industries (semiconductors, AI), and security cooperation (nuclear-powered submarines, extended deterrence). As the U.S. Deputy Secretary of State assessed that it “opened a new chapter in the alliance,” the investment MOU, nuclear technology consultations, and shipbuilding cooperation can serve as the foundation for a future-oriented ROK-U.S. cooperative framework.

Through this Joint Fact Sheet, South Korea secured positive opportunities for foreign exchange market stability, protection of domestic sensitive domestic industries such as agriculture, and competitiveness in strategic sectors like semiconductors. Concerns regarding additional market opening for sensitive agricultural

products, such as rice and beef, were addressed by their exclusion from negotiations. A foundation was laid to reduce uncertainty in ROK-U.S. trade through agreements in principle on major non-tariff issues in digital and agricultural sectors.

Regarding tariffs, the base rates and automobile sector-specific rates were determined to be on “no less favorable terms” than those of South Korea’s competitors, such as the EU and Japan. Defending against further agricultural market opening is a notable achievement, and tariff reductions send a positive signal to Korean exporters. Specifically, lowering tariffs on major export items like automobiles and timber will help maintain export competitiveness.

On the investment side, it is encouraging that an annual cash investment cap was set at a level manageable for the South Korean foreign exchange market and that “multi-layered safeguard mechanisms” were introduced to increase the likelihood of capital recovery. Instituting commercial viability requirements and safeguards will mitigate investment shocks and the actual burden on South Korea’s foreign exchange reserves. The USD 200 billion in investment in the U.S. encompasses sectors critical to U.S. economic and national interests, ranging from advanced industries like semiconductors, artificial intelligence (AI), and quantum computing to energy, pharmaceuticals, and strategic minerals. Provisions for investment security screening and preventing tariff evasion reflect an intent to cooperate based on trust rather than purely transactional motives. Synergies in economic cooperation are expected to strengthen by reducing uncertainties for Korean companies entering the U.S. market. ROK-U.S. shipbuilding cooperation is another vital pillar, combining strategic industry expertise with security assets. Ship repair, shipyard modernization, and workforce development are expected to enhance domestic technological standards and create jobs.

While large-scale investment can promote the overseas expansion of Korean firms and be mutually beneficial,³⁾ the White House also emphasized that President Trump secured billions of dollars in exports and investment through his visit.⁴⁾ This underscores the dual goal of economic and security benefits: supporting U.S. jobs, strengthening U.S. energy dominance, promoting U.S. leadership in the technology revolution, and building a maritime partnership.

However, concerns remain. The U.S. tariff imposition has effectively nullified the ROK-U.S. FTA, at least during Trump's second term. Although the results are "no less favorable" than those for the EU and Japan, it is regrettable that the existing 50 percent (or sector-specific high rates) on steel and aluminum were excluded from the discussion.⁵⁾ This suggests that during Trump's second term, U.S. trade and tariff policy will be governed not by the existing "most favored nation (MFN)" principle but by the U.S.-centered principle of "reciprocity." That is, on the premise of "equal responsibility, contribution, and exchange,"⁶⁾ the main approach appears to be "conditions not unfavorable to the United States" and the readjustment of practices perceived as unfair from the U.S. perspective. The key point is that the United States is wielding tariffs as political and strategic leverage not for simple trade deficit reduction but for supply chain reorganization and the expansion of geopolitical influence. In other words, if the second

3) Investment profit distribution is allocated 50:50 to South Korea and the United States respectively until principal and interest repayment, and 10:90 to South Korea and the United States respectively after principal and interest repayment. However, if full principal and interest repayment is difficult within a certain period of 20 years, adjustment of the profit distribution ratio is also made possible.

4) <https://www.whitehouse.gov/fact-sheets/2025/10/fact-sheet-president-donald-j-trump-brings-home-more-billion-dollar-deals-during-state-visit-to-the-republic-of-korea/>

5) The EU and Japan are also subject to the 50% sector-specific tariff rate on steel and aluminum as is.

6) Oren Cass, "A Grand Strategy of Reciprocity: How to Build an Economic and Security Order That Works for America," *Foreign Affairs*, November/December 2025

Trump administration resumes tariff negotiations, South Korea will remain vulnerable in certain sensitive items like steel.

Future Tasks and Outlook

This ROK-U.S. Joint Fact Sheet is a milestone for the ROK-U.S. alliance to leap forward as a modern alliance encompassing economic, technological, and strategic capabilities. While this agreement represents significant progress, its implementation is crucial. Various challenges remain, making risk management and institutional design vital in discussing and executing follow-up measures. A thorough risk assessment and the preparation of response strategies regarding costs, technology transfer, safety, and transparency are essential as actual policies and projects unfold.

First, the actual benefits of tariff adjustments must be realized promptly. To minimize damage to exporters, there is a need to expedite legislation regarding U.S. investment and advance the retroactive application of the reduced 15 percent reciprocal tariffs and automobile sector-specific tariffs. Furthermore, as the impact of tariff reductions may vary by product and region, continuous monitoring is required. Countermeasures must be prepared in case the United States shifts its tariff policy again or returns to a more protectionist stance, which could render South Korea's gains less favorable than expected.

Second, non-tariff barriers (NTBs) may become points of contention. Issues regarding digital platforms and map data remain at the "agreement in principle" stage and could emerge as new variables in trade disputes. As the U.S. may pressure South Korea for greater digital market opening, it is important to clarify that "there is no discrimination against U.S. companies." This anticipates the U.S.

invoking Fact Sheet language such as “non-discrimination” and “unnecessary barriers” to pressure South Korea to weaken domestic regulations. In agriculture, while the exclusion of sensitive items was a success, the agreement to discuss reducing NTBs—including the establishment of a “U.S. Desk” for horticultural products—will require careful coordination to ensure it translates into balanced trade expansion.

Third, risks associated with investment implementation must be managed. Unlike Japan’s approach, South Korea’s strategy requires a cautious outlook. An implementation monitoring mechanism is necessary to prevent disputes over agreed terms, and semiconductor negotiations between the U.S. and Taiwan should be closely watched as a benchmark. Whether the promised USD 350 billion investment is executed as planned remains subject to economic conditions. Although an annual cap of USD 20 billion was set, requests to adjust disbursement timing or scale could become a source of bilateral conflict. The precedent of the U.S. delaying NVIDIA chip exports to the UAE following their investment delays highlights how such disputes can spill over into other domains. These conflicts should be resolved amicably through consultative committees.

Regarding shipbuilding, technology and security sensitivities are paramount. Naval construction involves strategic military technology, necessitating strict export controls. When participating in U.S. naval projects, South Korea must analyze business feasibility, profitability, and regulatory hurdles, such as shipyard security requirements and U.S. maritime laws.

Fourth, countermeasures are needed to address concerns over “industrial hollowing-out” caused by direct investment in the U.S.

The government should enhance industrial synergies by linking shipbuilding, nuclear power, and technology sectors to strengthen future growth engines. Public communication is also essential to increase social acceptance. To prevent a “brain drain” in advanced manufacturing, industrial policies should ensure that R&D infrastructure for core technologies—including quantum computing—remains anchored domestically. Additionally, bold nurturing policies for future industries, such as developing regional tourism infrastructure around the APEC summit, are needed. Japan’s pivot to tourism following the decline of its electronics industry serves as a relevant example of industrial restructuring.

Lastly, the global trade order is transitioning from free trade and multilateralism toward protectionism and bilateralism. U.S. tariff strategy is now a strategic diplomatic tool for supply chain reorganization. The South Korean government must stably manage ROK-U.S. relations by linking technology, investment, and security packages, while mitigating supply chain risks through increased competitiveness, market diversification, and multilateral cooperation.

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