

# SOUTH KOREA

## ECONOMIC SNAPSHOT

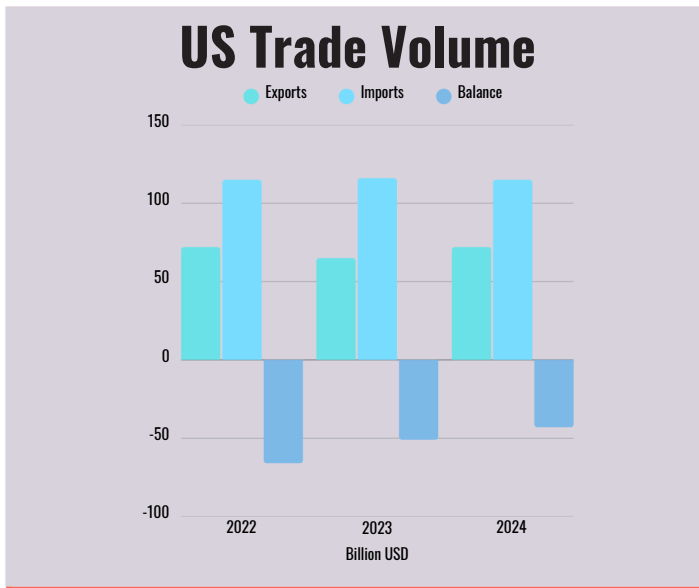


### Key Takeaways

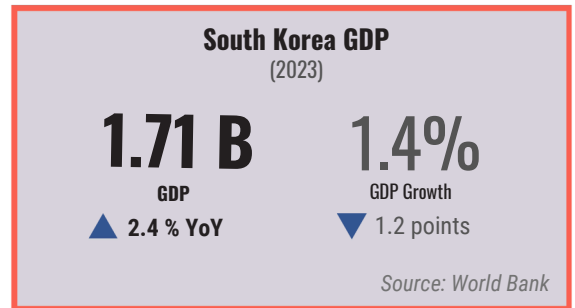
In 2024, U.S.–South Korea trade totaled \$197.1 billion, with a U.S. trade deficit of \$66.0 billion – the largest on record in this bilateral relationship. South Korea’s GDP reached \$1.71 trillion in 2023, growing 1.4% amid subdued global demand and domestic consumption. Semiconductors, automotive, shipbuilding, and ICT remain at the heart of Korea’s export-driven economy, supported by government-led industrial policy and regional innovation hubs.

### Trade Analysis

South Korea remains a key U.S. trading partner in Asia, with strong two-way trade in semiconductors, automobiles, machinery.



Source: U.S. Census Bureau - Foreign trade division



South Korea's economy expanded modestly in 2023, with real GDP growth slowing to 1.4%, down from 2.6% in 2022.

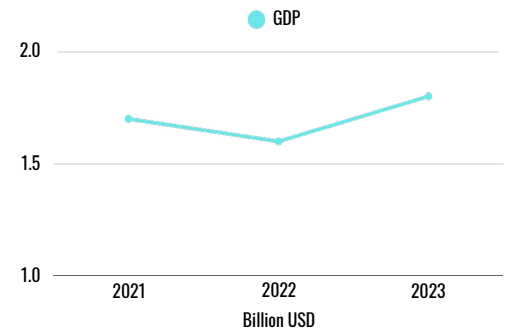
GDP per capita rose slightly to \$33,121, reflecting moderate household income stability despite slower output.

Growth was dampened by weak private consumption and softening exports, though industrial investments in semiconductors and batteries helped maintain forward momentum.

### U.S.– South Korea Trade Relationship

The U.S. trade deficit with South Korea widened from \$43.2B in 2022 to \$66.0B in 2024, driven by strong Korean exports in high-tech goods. U.S. exports to South Korea have stagnated over three years: from \$72.1B in 2022 to \$65.5B in 2024.

Meanwhile, imports surged to \$131.5B in 2024, led by semiconductors, automobiles, machinery, and electronics. Despite the imbalance, Korea remains a vital U.S. trade partner in advanced manufacturing, tech, and energy sectors.



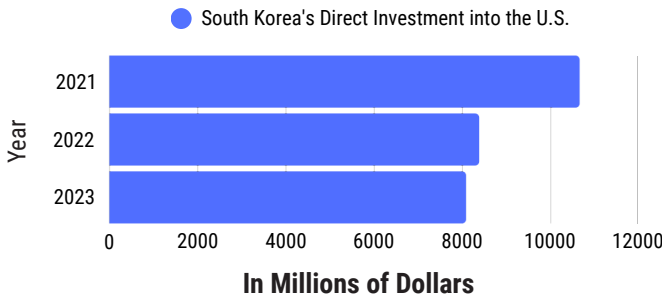
Source: U.S. Census Bureau trade data (2024)

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## ECONOMIC SNAPSHOT



### FDI



South Korea continues to be a significant investor in the U.S., with \$8.1 billion in new direct investment recorded in 2023. Although slightly down from \$10.7 billion in 2021, South Korean firms remain active in U.S. automotive, battery, and semiconductor markets. This FDI reflects deepening economic integration, particularly as Korean conglomerates like Hyundai, SK, and Samsung expand operations in U.S. manufacturing zones.

### South Korea's Direct Investment into US

(2021 - 2023)

11B

2021

8.4B

2022

8B

2023

### Growing sectors

Source: U.S. Bureau of Economic Analysis; International Data

## South Korea's Economic Pivot

Korea's industrial strength lies in globally competitive, export-oriented sectors:

**Semiconductors:** \$129.2B in exports (2022); 17.7% global share; strong government support under the K-CHIPS Act.

**Automotive:** Major exporters like Hyundai and Kia; emphasis on EVs and autonomous vehicles.

**Shipbuilding:** 58% global share in high-value ships; 70% for LNG carriers.

**Petrochemicals and Steel:** POSCO and LG Chem drive innovation and output.

**Biopharmaceuticals:** Home to Celltrion and Samsung Biologics; strong policy incentives.

**ICT:** Global brands Samsung and LG lead in mobile and consumer electronics.

**Renewables & Batteries:** Expansion in solar, wind, and EV battery production.

Key regional clusters include Gyeonggi Province (semiconductors), Ulsan (heavy industry), and Busan (shipping and logistics). Government-led initiatives – including a \$34B Policy Fund – support long-term innovation and competitiveness.

Source: KOTRA

## Trade & Business Obstacles

### Data Localization and Privacy Constraints

- The revised 2023 Personal Information Protection Act (PIPA) significantly restricts cross-border data transfers. Service providers must obtain explicit user consent or meet strict certifications to transfer personal data outside Korea.
- This severely hampers U.S. cloud, e-commerce, and financial services companies that rely on global data flows and processing centers.

### Legal Market Restrictions

- Although KORUS allows for increased cooperation, foreign law firms are:
  - Limited to 49% ownership in joint ventures.
  - Required to create separate legal entities in Korea.
  - Subject to restrictive conditions on scope of practice.

**KORUS** | Korea–United States bilateral Free Trade Agreement.  
Aimed to reduce tariffs and trade barriers, expand market access for goods and services, and strengthen investment protections between the two countries.

### Agricultural and Biotech Regulatory Barriers

- Korea no longer recognizes Codex MRLs (Maximum Residue Limits) for veterinary drugs in meat and dairy products. Instead, Korea imposes overly stringent default tolerances (0.01 ppm) or “non-detection” requirements.
- This jeopardizes U.S. agricultural exports including **beef, pork, and dairy**.

### Contextual Summary

Despite such challenges, South Korea continues to modernize its digital economy and has signaled openness to greater regulatory alignment through bilateral engagement frameworks like the KORUS FTA and OECD digital trade discussions. The U.S. Trade Representative remains actively engaged with Korean authorities to promote transparent policymaking, enable cross-border data flows, and expand opportunities for U.S. exporters and investors across high-tech, healthcare, and services sectors.

Source: United States Trade Representative 2025 NTE