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Trump–South Korea Deal Marks Shift Towards Strategic Trade Realignment

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In a landmark move signalling a renewed focus on reciprocal trade and national economic interest, former U.S. President Donald Trump announced a sweeping trade agreement with South Korea on Wednesday. The deal sets a uniform 15% tariff on South Korean exports to the United States, significantly lower than the 25% previously threatened, while delivering a \$350 billion investment pledge from Seoul into U.S.-controlled projects. It also includes a major energy commitment from South Korea, alongside new arrangements designed to rebalance trade in critical sectors.

Speaking via his official account on the social media platform Truth Social, Trump described the outcome as a “Full and Complete” trade agreement that places the interests of the American economy at the heart of U.S. foreign commercial policy. The

headline figure, a \$350 billion commitment from South Korea, is earmarked for investments “owned and controlled by the United States, and selected by myself, as President.” This represents a significant tightening of oversight compared to prior multinational arrangements, where foreign investors often operated with considerable independence.

While Washington asserts that the U.S. will retain control over the majority of these funds, with Commerce Secretary Howard Lutnick stating that “90% of the profits” will go “to the American people,” Seoul has presented a more nuanced interpretation. South Korean President Lee Jae-myung, in a translated post shared via Facebook, explained that the funds would be used to facilitate Korean firms’ expansion into American markets. He highlighted key sectors including shipbuilding, semiconductors, secondary batteries, biotechnology, and energy, noting that \$150 billion would be allocated specifically for shipbuilding cooperation.

Although both governments have framed the agreement as mutually beneficial, the divergence in messaging suggests differing expectations regarding operational control and profit distribution. Still, the scale and scope of the investment underscore a broader realignment in East–West trade relations, one in which strategic sectors and industrial development are returning to the forefront.

Also included in the agreement is a substantial South Korean commitment to purchase \$100 billion worth of liquefied natural gas (LNG) and other energy products from the U.S., further strengthening America’s energy export market. Trump added that further details regarding Korean investments would be released during President Lee’s upcoming bilateral summit in Washington.

Notably, American goods will remain exempt from South Korean tariffs. As of 2024, the effective tariff rate on U.S. imports into South Korea stood at a low 0.79%, and this deal ensures that favourable access continues. While the U.S.–Korea Free Trade Agreement (KORUS), in effect since 2012, has seen rising trade flows, the U.S. trade deficit with South Korea grew to \$66 billion in 2024, a 29.2% increase from the previous year. The new agreement seeks to narrow this gap through greater oversight of foreign investment and stronger American export terms.

Certain sensitive commodities, steel, aluminium, and copper, are excluded from the new tariff arrangement and will continue to face 50% duties when entering the U.S. Lutnick confirmed that South Korea “will not be treated any worse than any other country” in

regard to semiconductors and pharmaceuticals, which continue to receive special strategic attention.

Market reaction in South Korea was measured but positive. The country's Kospi index rose by 0.5% following the announcement, while yields on benchmark 10-year bonds ticked slightly higher, indicating moderate confidence from investors and institutional stakeholders.

This agreement mirrors a broader trade strategy pioneered by Trump, who earlier this month finalised a similar \$550 billion deal with Japan, though Tokyo has publicly questioned aspects of the profit-sharing mechanism. In both instances, however, the U.S. has prioritised sovereign control over foreign capital operating within its borders.

As traditional trade models rooted in multilateral liberalism fall increasingly out of step with national interest policies, the Trump–South Korea agreement stands as a clear indication of where future commercial diplomacy may be heading. It reinforces the importance of manufacturing, energy independence, and reciprocal access, while limiting concessions that disproportionately benefit foreign competitors. In doing so, it reasserts the role of strong leadership and clear priorities in restoring economic balance.