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US Tariffs Threaten to Shake South Korea's Economy

June 30, 2025

— Categories: Economics



South Korea's economy faces significant risks from the Trump administration's aggressive tariff policies, experts warned Monday. These measures could heavily impact Korean exports and key industries, prompting calls for the Seoul government to engage in proactive negotiations with Washington.

At a public hearing held by the Ministry of Trade, Industry and Energy, trade specialists expressed concerns about the economic damage that US tariffs might cause. The hearing was part of the formal process ahead of South Korea's upcoming trade talks with the US.

Yang Joo-young, director of trade strategy at the Korea Institute for Industrial Economics & Trade, said, “The US market accounts for over 18% of South Korea’s exports. High tariffs could do serious harm to industries like automobiles, semiconductors, batteries, and machinery.” She added that access to the US market is crucial for Korea’s role in global technology and supply chains.

A study by the Korea Institute for International Economic Policy (KIEP) estimates that South Korea’s GDP could shrink by 0.3 to 0.4 percent if all US tariffs are fully enforced.

Currently, the US imposes a 50% tariff on steel and 25% on cars, with plans to extend tariffs to semiconductors and pharmaceuticals soon. Kim Young-gui, a senior researcher at KIEP, noted that if South Korea can reach a deal like those recently made by Britain and China, some export losses could be recovered.

However, agricultural issues remain sensitive. The US reportedly wants South Korea to lift a ban on beef imports from cattle older than 30 months a topic that could cause strong political and public opposition in Korea. Suh Jin-kyo, president of GS&J Institute, said, “Discussing this issue risks backlash and could harm consumer confidence in US beef.”

Chang Sung-gil, director-general for trade policy at the Ministry of Trade, Industry and Energy, pointed out that while the US had a \$66 billion trade deficit in goods with Korea last year, it benefits from surpluses in services and agriculture under their free trade agreement.

South Korea aims to reach a deal by July 8, when a 90-day pause on US tariffs expires. The government is seeking exemptions or reductions on the 25% reciprocal tariffs and sector-specific duties on steel and automobiles. Talks also address US concerns over Korean rules affecting online platforms and data exports.

Vice Trade Minister Park Jong-won said, “We will negotiate with the national interest as our priority.”

With negotiations underway, South Korea faces an important challenge to protect its economy from the impact of rising US tariffs. The results of these talks will be crucial for the country’s economic future.