Korea and the U.S.: Trade and Investment Status

Let’s take a closer look at where the trade and investment relationship between South Korea and the United States of America currently stands.

Sources: Korea International Trade Association; Export-Import Bank of Korea; Ministry of Trade, Industry and Commerce; United States Trade Representative

01 KORUS FTA

The United States and the Republic of Korea signed a bilateral free trade agreement on June 30, 2007 with the aim to eliminate tariffs and other barriers in trading goods and services, promote economic growth, and strengthen economic ties. The Korea-U.S. Free Trade Agreement entered into force on March 15, 2012, and since March 16, 2018, the two nations have resumed renegotiations regarding the agreement.

02 Korea-U.S. Trade

Currently, Korea is the seventh largest trading partner of the U.S., while the U.S. is Korea’s second largest trading partner. As of February 2018, top Korean exports to the U.S. included semiconductors and semiconductor manufacturing equipment, while top U.S. exports to Korea consisted of automobiles and auto parts.

Imports

In 2017, Korean imports from the U.S. stood at USD 50.7 billion, up 17.4% from 2016. Main import items included boilers, machinery, machinery parts, electrical machinery and aircraft. Leading agricultural products were beef and beef products as well as corn. Services imports were in the travel, intellectual property such as industrial processes and computer software, and transport sectors.

Exports

In 2017, Korean exports to the U.S. stood at USD 66.8 billion, up 3.2% from the previous year. Main export items were railroad and vehicle parts and materials, electrical machinery, mineral fuels and plastics. Leading Korean service exports to the U.S. were in the transportation and travel sectors.

03 Korea-U.S. Investment

The level of investment between Korea and the U.S. has been on a steady rise. In 2017, Korean investment to the U.S. reached USD 15.2 billion in declared amount, while U.S. investment to Korea stood at USD 4.71 billion in declared amount.

Korea’s direct investment in the U.S. are primarily in wholesale trade and manufacturing, while U.S. direct investment in Korea is led by manufacturing, and finance/insurance.