

Center for Strategic and International Studies

TRANSCRIPT

Event

ROK-U.S. Strategic Forum 2025

**“Panel 2: Does the U.S.-ROK Trade Deal Stave Off Further Tariffs?”**

DATE

**Wednesday, December 3, 2025 at 12:30 p.m. ET**

FEATURING

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**Kim Seungho**

*Professor, Hallym University; Former Deputy Trade Minister for Legal and Multilateral Affairs*

**Rob Porter**

*Chief Global Affairs Officer, Coupang; Former White House Staff Secretary*

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**Kelly Ann Shaw**

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Mark Lippert: What do you guys think? We're good? All right. (Speaks in Korean.)  
(Continues in English.) OK. All right. All right. (Speaks in Korean.)  
(Continues in English.) Yeah. I'm kidding, kidding. (Laughter.)  
All right. So we're going to keep rolling here to try to build in a very, very great conference so far. Excellent first panel. Kurt's remarks, fantastic. Really excellent keynotes by the new Korea Foundation president. So we're going to try to live up to the high bar that's already been set here this morning as we roll into the afternoon.  
We've got a – really, an excellent and timely panel on the U.S.-ROK trade deal. And we also will hope to get into the overall trading relationship as well – commercial, critical technologies, all of that. And we've got an all-star panel to represent a wide range of views, from commercial practitioners, former government officials, academics. You name it, we've got it. It's here for you at this conference here today.  
So without further ado I'm going to introduce our panelists quickly. Please do take a look at their full bios. They're on your tables. They are really impressive folks. I'm going to try to do justice to their bios here.  
But first – I'm going to go this way on the panel – Kim Heungchong. Correct? Did I get it?

Kim Heungchong: Correct.

Amb. Lippert: (Speaks in Korean.) (Laughter.)  
(Continues in English.) All right. Pronunciation's too hard.  
Currently at Asan. Former president of the Korea Institute for International Economic Policy. Widely published in academia; 300-plus articles. I think you and Victor are in an arms race there to get up to that number. And a member of the Foreign Affairs, Security, (and) Unification Advisory Council and the National Economic Council, separate councils to the Democratic Party of Korea. Welcome to the panel.  
Next, Kelly Ann Shaw, former deputy assistant to the president for international economic affairs and deputy director of the National Economic Council. You were also, I think, the sherpa at some of the multilateral – big multilateral gatherings; it's a(n) incredibly important job for those of you who don't follow the machinations of the White

House closely, but incredibly important job. Partner at Akin. Trade counsel on the Ways and Means Committee. USTR experience. And CSIS as a senior adviser as well. Welcome, Kelly.

Moving on to Kim Seungho is a professor currently at Hallym University, former deputy trade minister for legal and multilateral affairs, a career diplomat. Really interesting background in the service there. He was ambassador to Iran; counsel general in Shanghai; also represented the Korean government at OECD, the WTO, and the European Union. He, too, is well-published. Welcome to the panel.

And last but certainly not least, Rob Porter. He is the chief global affairs officer at Coupang, which is a Seattle-based company not a Korean-based company. There's often confusion on that. He is former White House staff secretary. That, too, is a – I would say an undervalued or underrated job, incredibly important. He had the rank of assistant to the president, which everybody does know there's only a few of those in each administration. That is a huge job where he was coordinating policy, kind of a de facto chief of staff – deputy chief of staff for policy. Also had the honor of working on the Hill with some of – really, some of the best senators that we've seen on the Republican side: Orrin Hatch, Rob Portman – my home-state senator – and Mike Lee, of course. Rob, welcome to the panel.

All right, let's dig in. We're going to try to cover a few issues as I've talked about, but mainly five big chunks to try to get through: The deal itself; we've got implications on KORUS FTA; commercial irritants or issues in the relationship; the critical technology cooperation; and of course, multilateral issues that stem from this as well.

But let me just dive in and we're going to ask our panelists to broad brush strokes on the deal, on the relationship, just to kick it off with almost kind of a quasi-opening statement. But maybe to you, Heungchong, first: Does the bilateral trade relationship – to the point of this panel – does it bring a sustainable equilibrium to the relationship? Does the agreement bring a sustainable equilibrium for the next few years? Do you see tariffs stopping? Do you see more negotiations unfolding? How do you see this relationship in terms of the overall U.S.-ROK economic relationship?

Kim  
Heungchong:

OK. OK, thank you very much. Thank you, Mark, for your kind introduction.

And first of all, I'd like to emphasize that my speech is not representing – I do not represent the institutions that I – that I am now affiliating.

And on your questions about the bilateral economic relations, how to stabilize, and then my answer is not necessarily. When I look at the agreements that were issued in July and followed by additional understandings on October 29th, and also the fact sheet released in November 14, I am reminded of something like the never-ending, you know, treadmill I'm running, OK? Or, to borrow the Western expression, is an endless hamster wheel. The negotiation never truly, I mean, ends, and the grounds keep shifting.

There are several reasons why. And the first, I mean, the Trump administration tends to move the goalposts continuously. The list of demands have evolved, like the adjust dollar 350 billions in local investment, 25 percent of reciprocal tariff, and a flexible list of the sector-specific tariff, you know, items, and also even unexpected instance such as the arrest and detention in Georgia. You know, new issues surface constantly, and even senior officials will contradict each other. So a statement made today maybe reverses tomorrow. It's reasonable to expect this pattern to continue.

And second, the scope of sector-specific tariffs, I mean, could be expanded. You know, original list, we say that steel, aluminum, automobile and its parts, and the pharmaceutical, and semiconductors were mentioned. Later, copper, furniture, (lumber ?) were added. Because this industry is largely overlapped with the strategic sectors the United States aims to reshore, further expansion is entirely plausible. In effect, the tariff burden on Korean exporters will much exceed the nominal 15 percent of the reciprocal tariff. Already more than half of the Korea's export to the U.S. fall under sector-specific tariffs. So we just reached agreement of the 15 percent reciprocal tariffs, but that is just on less than half of Korea's export to the United States. So we were already at a – (inaudible) – trade deal has been decided but has not been decided because of the larger portion of the sector-specific tariff rate.

From the perspectives of many foreign partners, the U.S.'s negotiation process now resembles the perpetual rolling negotiations rather than a one-time settlement. The tone, you know, shift, demands are added, and sectoral coverage expands. The fundamental question is whether – if such a fluid and constantly evolving system can ever serve as a basis for stability in bilateral economic relations. Let me stop here.

Amb. Lippert:

OK. Excellent. Let me just ask you one follow-up, then: Given that you've got this instability, given that you've got uncertainty, do you see possibilities for, as it says in the title, a win-win outcome here?

Kim  
Heungchong:

Oh, win-win outcome? I mean, I think that that is the last terms that I can expect, I mean, from the trade deals between the United States and Korea this year. Because, I mean, officially or unofficially, you know, from the American part I heard that this is not the deal of the, you know, win-win system, because some likeminded countries, our friends, like Japan/Korea, has been continuously ripping off the America, so now it's time for the United States payback. So that was the official, I mean, stance of the American – you know, the Trump administration's stance on this trade deal. So this means that there is no possibility of the win-win. That is from the American side. Of course, I mean, the Korean side, we are trying to do best to achieve the kind of win-win outcomes. But I don't think that is the original aims that the – from our Korean – American partners are expecting.

Amb. Lippert:

OK. Outstanding. Off to a great start.

Ms. Shaw, your comments on the overarching deal? Anything you want to add to the first intervention? The floor is yours.

Kelly Ann Shaw:

Sure, and thanks so much. I'm still trying to get over the fact that you wrote 300 articles. (Laughter.) I can barely get enough emails out during the day, so quite impressive.

You know, look, I guess if I were to sum it up in one word as a former U.S. negotiator I'd call the deal great. Like, I do think that, you know, where you stand is where you sit from some perspectives, and I spent a decade negotiating for the United States. And during the first Trump administration we renegotiated the KORUS agreement. We made changes to rules of origin. We addressed some steel issues, automotive issues, and a few things. But what it didn't do is really fundamentally fix the relationship and the asymmetries between the relationship. And you can agree with this premise or not, but the primary litmus that the administration is using to evaluate the success of a deal is the trade deficit, which is now at something like \$66 billion for trade in goods. It's gotten significantly worse, frankly, since that renegotiated KORUS outcome.

And so, you know, this isn't just an exercise happening in a vacuum, of course. It's not just the United States and Korea who are negotiating; it's the United States negotiating with every single trading partner in the world at the same time. So this is a very, very unique moment in history, and certainly the most profound shift in global trade policy in my lifetime.

But you know, that said, I think the administration has sort of teed up this choose your own adventure for different trading partners.

And so for some trading partners they have done significant efforts to reduce both tariff and nontariff barriers. So this would be, like, the Indonesia model, where most of that agreement is very detailed commitments on specific trade issues. Cambodia and Malaysia took a similar approach.

Then you have what I call the Japan model, which is effectively buying your way out. So that's that \$550 billion investment mechanism where Japan made very few concessions on traditional trade issues but in order to correct the balance to invest in strategic sectors and to do other things to try to rebalance the trade deficit they're sort of like buying their way into a lower tariff rate.

And then Korea and the EU I sort of take as a bit of a hybrid of both. And so they've both made more traditional trade commitments. And those, again, from the perspective of a, you know, washed-up former trade negotiator, are pretty incredible in terms of the things that U.S. industry has found very frustrating in terms of access to the market. So, you know, the top three issues have to do with automotive, agriculture, and then you get into the digital issues including the Online Platform Act and other irritants that are really strong priorities for the administration and domestic industry. And then you also have this fund, so this \$150 billion fund – or, sorry, \$200 billion fund that is supposed to be paid out at 20 billion (dollars) for 10 years. And you know, we don't know a lot about how that's going to operate. We've got text, we can read the text, but until we actually see some of these investments go through that's where the rubber's going to meet the road on this.

But to your point about, you know, can this be a win-win, that's where I actually see a lot of opportunities for Korean industry to take advantage of some of the strong policies and emphasis in strategic sectors where, frankly, Korean companies really shine globally. Like, they are market-leading in terms of some of the innovations and investments they're making. So I do see some real opportunity there. And then commitments on shipbuilding and others.

And you know, what has the U.S. given up? I think a little bit of leverage on the 232 tariffs. You know, one view of it is they sort of, you know, like, applied these tariffs or they have tariffs in queue and they're basically negotiating back from that. So it's not like we've seen a lot of U.S. tariff rates come down, but for certain products we do like on agricultural and food products, these unavailable natural resources, on aircraft. And then what we haven't seen with Korea yet but we have seen with other trading partners is a willingness by the United States to

cut their tariffs on generic pharmaceuticals. And so that could be sort of a phase two of what we see in terms of ongoing negotiations with Korea.

But I do think that this is a really strong deal. I think it had a creative solution. The U.S. and Korea have a long trading relationship. They already had KORUS, so there wasn't a lot of tariff rates to cut on Korea's end. So I think this is a very interesting approach and we'll see how it plays out in terms of implementation, but my assessment of the deal is it's strong.

Amb. Lippert: OK. Let me ask one follow-up. Excellent, excellent comments. You noted in your intervention that you've got some resolution of longstanding commercial issues, nontariff barriers. You've also got an attempt to address one of the biggest issues in the Trump administration economic policy mindset in the trade deficit. How do you – and then you've got the U.S. making some – giving up some leverage on 232, right? How do you then square that circle with the earlier intervention that some of the bigger concerns are the instability going forward or renegotiation going forward? What do you think this deal does on that forward-looking question?

Ms. Shaw: Yeah. And I hear this a lot, not just from trading partners but also from industry, right, companies who are trying to make long-term investments. But I guess I would challenge the premise that certainty and stability is a good thing.

And I guess my perspective is, like, for so many of these trading relationships we negotiate a deal and then we're locked in for years. And there is this theory of international trade that goes back to the '70s called the bicycle theory, that if you're not moving forward in terms of advancing new rules you're actually moving backwards because trade and economic growth will continue. And then you have the challenge, like we do with the World Trade Organization, of trying to fit modern challenges into old rules that aren't fit for purpose.

And so this concept that, frankly, we introduced in Trump 1.0 with the sunset review in USMCA, meaning the agreement will go away after a certain number of years unless the parties agree to renegotiate it, I think that's a positive model moving forward. And of course, you know, you could argue that the Trump administration takes this to the extreme with giving, you know, maybe not enough certainty, but I think it's gradations versus an approach. I think locking yourself into trade rules is actually going to be counterproductive for stakeholders on both sides of that relationship.

Amb. Lippert: OK. Thank you so much.

Seungho, over to you.

Kim Seungho: Sure.

Amb. Lippert: First of all, any thoughts on the deal itself, ramifications? Your thoughts on this bucket of issues here.

Kim Seungho: Well, instead of mention, you know, trade – specific trade irritants or trade – (inaudible) – I'd like to – some of your brushwork – how this, you know, trade deal will affect our alliance in general, and then how we maximize this opportunity to make our alliance even stronger.

Well, you know, by the nature, by the content of this outcome, and then the way it was conducted, Korea – most of Koreans feel the bitter mind, you know. They are very much disappointed, even some frustrated and surprised. But what is done – what is done is – now cannot be turned, so it is – there is no point of repeating our resentment.

But I think, you know, the very – the bedrock of our alliance is not geopolitical necessity or, you know, security anxiety; the very core element of our bilateral alliance is Korean people's affection toward United States – gratitude, indebtedness, you know, thanks. You know, we are liberated by united support from the Japanese rule. We fought together – Korea, Vietnam, Afghanistan. So, you know, we have some, you know bottomless affection to the United States.

But the way we are treated in this deal is far from we expect. So that outcome of this tariff is, you know – has already planted a small, tiny little seed of distrust in the bedrock of our alliance. So if certain conditions are met, this little seed can sprout, and if take root that the hard granite can even, you know, crack. So we have to be very careful, you know, not to – this seed will not, you know, germinate. That is one point.

And what we are going to do to escape this, as you know, unhappy result is that, you know – you know, every cloud has a silver lining. So what silver lining I, you know, find in this deal is that the timespan. You know, it is investment deal, so at least we have 10 – more than 10 more years. And then even that tiny little seed need time whether to sprout or not, so we have a certain amount of time during which we can work together.

So, for Korea's side, yes, Korea will live up to its promises, commitment, you know. That, you know, huge bill of – you know, huge amount of investment will be delivered to United States as scheduled. But there is

another things for United States can do and must do, is I think, you know – you know, what U.S. have received is not cash. What you received is, you know, the check – personal check. So if my account there is not enough deficit, your check will be bounced. Putting it another way, you know, from now on Korea will be the goose that lays – that, you know, lays, you know, the golden eggs. As the fable goes, it is not smart way to grab the, you know, goose to cut the belly to take all the eggs at once, no? To get the, you know, golden eggs, U.S. has to, you know, feed it, feed well. So this goose needs good food to continue to lay the eggs.

So as much as the goose need good food, Korea need good market to earn money because, you know, Korea is not a, you know, printing money country. You know, you can, you know, perform magic to turn, you know, paper and ink into a U.S. dollar, but you know, Korea has no such magic wand. In order to invest that, you know, promised money into U.S. market, Korea must earn it, you know, from the foreign market. There is only two markets left, you know, where we can, you know, earn such great money. One is the United States. The other one is China.

In the U.S. case, the more we sell product to United States and the more we earn U.S. money here, and then the more we can invest. So such, you know, the surplus – trade surplus for Korean side, you know, trade deficit for U.S. side, you know, surplus, investment, and more surplus, that kind of virtuous cycle (shall rotate in ?) here. So United States help Korea to export more in this market. How? You know, lower the tariff. You know, eventually, you know, returning to the Korea-U.S. FTA, you know, with each we enjoyed zero tariff.

Another market is China, yes? You know, the more, you know, the United States understand or sometimes even facilitated Korea to export more to Chinese market, you know, that does not undermine U.S. supremacy in that, you know, region. You know, on the contrary, the more Korea – the more, you know, Korean produce will be sold in China's market, the more money earned by Korea and then, you know, invested into U.S. stakes. That is, you know, some kind of the money transition from China to U.S. via Korea. You know, it is, you know, Korea can serve U.S.'s straw that tapped into the Chinese vault. So you can sit back and relax just sipping the Chinese – (inaudible) – you know.

So in that regard, I think, you know, you have to understand and then sometimes, you know, support Korea's export expansion to Chinese market. All this not only good for Korea, but also it will be – it will help Korea to, you know, live up to our investment commitment.

Amb. Lippert: And, Seungho, just to follow up, so you outlined what it takes to facilitate more exports to the U.S. – lower tariffs, I would argue predictability is embedded in your – in your comments as well. What more can the U.S. do to help Korea export to a Chinese market? Is that stability in the overall relationship between Washington and Beijing?

Kim Seungho: Well, you know – you know, simple: You know, do not disturb. You know, we do not – we do not request some kind of active role of United States. You know, no; just, you know, do nothing. Please understand.

Amb. Lippert: I'm very good at doing nothing, I'll tell you. So I – (laughter) –

Kim Seungho: Yeah. Please do nothing.

And then believe Korea. You know, do not doubt in Korea's – do not doubt in Korea's commitment, our 70-years-long alliance. So we can manage the alliance while, you know, we can, you know, wisely managing our bilateral relations. It's, you know, mostly, you know, economic relations with China.

Amb. Lippert: OK, got it. Thanks. Great, great stuff there.

Rob, over to you. You've been waiting patiently. We're saving our cleanup hitter for last here. Floor is yours. Anything on these previous intervention(s) or your own comments.

Rob Porter: Sure. Thanks very much.

First off, thanks to CSIS for hosting this conference and this great panel, and especially to Victor Cha for organizing this. Victor is a – is a great mentor and advisor to many of us privately, but also has really emerged as a – I think an indispensable public intellectual in academia, in the media, but certainly from his perch here at CSIS in helping all of us understand the dynamics of the U.S.-ROK relationship, what's at stake, and how best to move forward. So always happy to participate in anything that Victor's associated with.

My experience in government is a little bit different than Kelly Ann's and some of the other panelists'. And not having been a negotiator dealing with sort of the technical details and mechanics of particular trade frameworks, but in helping to coordinate and formulate trade policy, thinking about the key priorities and objectives; some of the dynamics between various economies; and some of the ways in which deals could be struck, priorities could be advanced, and things can come out as mutually beneficial or advantageous. And so that's sort of the lens through which I approach looking at this deal and in answering what I

think is sort of the overarching question of this panel is: Is this a durable trade agreement, a durable deal between the U.S. and ROK.?

And I think – perhaps in contrast to some of the other panelists, I very much think that it is, and that there's good reason to think that it will be durable, and it really marks a new era in the overall U.S.-ROK not only economic relationship but alliance overall. And I'd like to share what I think are three good reason to think that that's the case.

The first relates to the context and the content of the agreement itself. So this is an agreement that was really prioritized by both sides. Over the course of the weeks and months when the trade negotiations were hot and heavy, and a lot of different countries including some large countries with big economies were trying to get in to see the U.S. to see negotiators at USTR/Commerce/otherwise, South Korea, along with a handful of others like the U.K., the EU, Japan, were prioritized and others were put in the back of the line. This was something that was given priority and preeminence from the U.S. side. And I think it's also clear that for Korea, especially the new Lee Jae-Myung administration, this was a first big test on the global stage, identified the U.S. as an indispensable leading economic and trade partner, and really gave a lot of priority to this. So, first, priority.

Second is this was really a hard-won agreement. The negotiations on this were not quick or easy. One of the reasons why it wasn't announced in its various iterations even earlier than it was was because this – these were negotiations with successive rounds at the staff, local – technical level, at the ministerial level, and even including two substantive meetings between President Trump and President Lee in Washington and in Korea discussing the substance. When it's a hard-won agreement, this is one where both sides thought very carefully about their respective priorities, about their strategies, about what was most important, and they also understood what was – what were the priorities and the objectives of the other side. And I think that the joint fact sheet reflects that. And so when you have negotiations that are hard-won in that respect, they tend to be more durable.

The final just sort of in this first category of context and substance is that this is a comprehensive deal; not in the sense of details – it's only three-and-a-half pages long – but this includes investments, it includes trade, it includes security, a lot of very important things for both sides. And when it's a comprehensive deal that includes a lot of key objectives and priorities, those tend to be the things where neither side is going to risk letting one small area in one of those pillars upset the apple cart and risk all of the hard-won gains overall. So that's the first.

The second thing is this agreement is really the basis and I think the

embodiment of what, at least in the initial stages, is a very strong relationship between President Trump and President Lee just by virtue of the context. You know, Lee Jae-Myung was in a very difficult situation when he came into power in the middle – midstream of this, where – with no transition period, where the reciprocal tariffs were already announced, where some of the preliminary negotiations had already been taking place with the prior or with the provisional government, and he had a very short window in which to engage. And so in the visit to the White House, in the state visit in Gyeongju it really was the substance of this deal. I mean, it's investment side, it's trade side, it's security side that was – that was part of the discussion. And I think that both President Lee and President Trump over the course of this saw each other as tough negotiators who are very committed to ensuring the priorities of their respective countries, came to appreciate and respect each other, and it's really the success of this agreement – of being able to find common ground, of being able to find areas of mutual agreement and mutual benefit – that is really the source and the embodiment of that strong relationship. And I don't think either side wants to risk what this deal in any way being – unraveling or coming into question in the future would mean for the personal relationship between those leaders and the relationship of those two countries.

Third, and finally – because I know Mark will want to move on with additional questions – but third and finally, this agreement does not have the hallmarks that many of the other trade agreements that the Trump administration has negotiated where effectively it's a temporary truce to dial down tariffs and have some sort of non-status-quo trade relationship moving forward. If you think about most of the other countries that were negotiating and they're in the position of being an exporter to the U.S., often with a trade deficit that they're seeking to find ways – given the tariffs that President Trump implemented, they're seeking to find ways to compensate, essentially – to make concessions and to compensate for that trade deficit, there's elements of that with Korea as well. But you look at the joint fact sheet, and the way in which it reads is less in that frame and more in the frame of not just a security alliance, but an industrial alliance in terms of the investment provisions and a technology alliance in terms of AI and other technology and some of the digital trade provisions.

And it's because these two countries need and I think could really benefit mutually from each other, right? You have the U.S. that very much wants to secure supply chains, that wants to reinvigorate its domestic industrial base, wants to be a leader in AI. And you have South Korea that in shipbuilding, in advanced manufacturing and logistics, in batteries has a lot of the leadership that the U.S. wants and needs. When it comes to technology and AI development, you've got a really

nice synergy where on the Korea side in terms of AI and technological hardware, semiconductors – chips – is a real leader. The U.S. side when it comes to AI software and various sort of AI models. There could be nice synergies. And you look at the joint fact sheet, and I see this really as the embodiment of a new era in the alliance that's not just security based and not just based on sort of an important trade or economic relationship, but a new industrial and technology alliance.

Amb. Lippert: All right. Outstanding, Rob. Let me come back with one follow-up. You outlined the strategic case for this very, very artfully. Take us to your current role in more of an operational sense, right? What does this mean for a company like Coupang? What does this mean for other companies that are doing business between the two countries? How does this – how do you see this playing out at an operational level? Double-click on your strategic comments, so to speak.

Mr. Porter: Yeah, sure. I think for a whole range of companies that do business on both sides of the Pacific this helps provide a policy framework for what I think a lot of industry – what industry is already trying to do and wants to do more of, which is have those commercial relationships, the collaboration, and be able to invest in research and development projects, being able to innovate on both sides, being able to increase the trade and investment flows in ways that are very much mutually advantageous. And I think this provides the policy framework that will enable a lot of Korean companies, U.S. companies, global companies that do business in both areas to be able to do it more effectively and more transparently.

Amb. Lippert: So you're a little less worried than Heungchong on the forward-looking not instability, but I guess you would say constant rolling negotiation impacting business. Sounds like you're a little less worried about that than perhaps over here.

Mr. Porter: Well, look, I think we all just have to recognize that we're in a different era when it comes to trade negotiations, right? It used to be you'd have these multilateral institutions or you would have years and years and detailed negotiations/renegotiations, some of which Kelly Ann participated in, that would – that would involve hundreds if not thousands of pages of detailed text and chapters and annexes with great specificity that would then get locked in, and you would turn to some sort of multilateral institution like the WTO to help enforce it, et cetera. That's no longer the world in which we live.

And so are there going to be rolling discussions? Of course. Absolutely. You know, even with the months of negotiations that have taken place, there's three-and-a-half pages of text. You know, the MOU on

investments that, you know, is massive in terms of its scope and scale and the size of the investments is five pages. There's still a lot of details that are going to need to be worked out. There are still a lot of examples and specifics that will have to be fleshed out. But I think that the deal provides a very stable set of parameters, of principles, and of priorities that can be built on with those ongoing and continuing discussions.

Amb. Lippert: OK, outstanding. Thanks, Rob.

I'm going to come to Kelly Ann and then I'm going to come to Seungho. I want to talk about a key piece of this deal, which is the investment mechanism, right? We've got this pretty interesting piece here – what, 350 billion; 150 (billion) in shipbuilding, 250 billion other, 20 (billion) of that per annum, right? So pretty interesting stuff. And a mechanism being constructed, I guess for lack of a better term, to regulate/adjudicate/implement all of this. How is this going to work? What are your thoughts? Any advice to give, also, in addition to analytic insights of what might be going on? The floor is yours.

Ms. Shaw: Yeah. Great, great questions. And I've gotten quite a few questions, frankly, from industry, who's interested in taking advantage both of the Korea Fund as well as the Japan Fund. And the truth is, like, as I said at the outset, we have words on a piece of paper that outline a process, but we won't know exactly how it works until we see a few of these projects go through the system. But effectively, it would be some sort of committee process to come up with proposed projects in strategic sectors. And it would be proposed by the secretary of commerce to the president, who then will say yes or no and pitch it over to the government of Korea to say yes or no. And if the government of Korea decided they don't want to help fund or finance or get involved with this particular project, the penalty could potentially be a reimposition of tariffs, right?

So you see this on the piece of paper and you think, this seems very un-evenhanded. But in reality I actually think this is going to work a lot more smoothly, in part because you do have a very strong interest in the United States in making this work. I don't think that anybody has an interest in trying to stick it to either Korea or Japan for the main fact that these are two of our most significant trading partners and allies. And particularly in the Korean case where, again, Korean companies are so innovative – I think that the Korean economy just has so much to offer the United States in terms of some of these strategic priorities and sectors – that I actually see a lot of opportunity for Korean companies to also potentially take advantage of this funding by building projects in the United States. It's not just open to U.S. companies. And frankly, I've even heard from companies who are headquartered in third parties who

aren't part of any of these agreements ask if they could be eligible for this funding as well. So you could see things like equity stakes. You could see sort of novel financing mechanisms that we just traditionally haven't seen before that could provide a real opportunity in this new modern and advanced economy.

So we'll have to see. Sort of the long way of saying we won't know until we see a few of these go through. But my guess is the first few projects will be of both political, cultural, economic significance to both the United States and Korea because that's really the only way to make this work.

Amb. Lippert: All right. Outstanding.

Seungho, let me come to you. Similar question. In your opening intervention, you talked – you gave – outlined a cautionary tale about how this was – how this went down politically in Korea, number one. Number two, you talked about some seeds of doubt being planted and being careful not to sow those seeds of doubt. Third thing you talked about is also not killing the goose that lays the golden eggs. And finally, the need for a robust North American market going forward. In the implementation of this fund, which is at the core of this agreement, what should the U.S. do to make sure it navigates the wickets that you so artfully outlined in your opening intervention?

Kim Seungho: Well, you know, common sense in the business world is that if you invest your money you have full – you have, you know, absorbed, you know – bear the full risk, and that also if it – you know, that investment were to succeed it is you, you know, to take all the money. You know, winner takes all. So investor, you know, that was someone who actually fold his asset into the field. He has full control. But you know, design document, so-called MOU document of investment, it is quite interesting. (Laughs.) You know, it is U.S., you know, to have, you know, full discretion where to invest and the U.S. bears no liability at all if the investment will fail.

So, you know, well, you know, there is already – there is one movie, you know, 30 years ago. You know, do you know Danny DeVito, the talented, you know – he is starring in a movie; the name is called "Other People's Money." (Laughter.) In that movie – in that movie, you know, he is a ruthless, greedy, you know, corporate liquidate. He buy corporate, and cut it to pieces, and sell. You know, after almost intimidating a diligent, you know – (inaudible) – you know, from Burma to Armenia, you know, invests, you know, great money to (his ?) fund, after he signed a document that he declares, you know, with joy: "I love money. I love money more than the things it can buy. But there is one thing I love more than money; that is other people's money" – (laughter) – because

no risk. After all, it is not my money, his money; but if that investor will succeed, then I will take, you know, the fruit.

So, you know, that mechanism is working on in the investment deal recently concluded between Korea and United States. As I told you, what is done, you know, cannot be undone. So we have to this investment deal into some kind of catalyst to make our alliance more strong. That is, Rob correctly mentioned, Kelly correctly mentioned, where to invest this money, you know. The first, the United States – even though the United States has full discretion where to invest, but please, you know, accept Korea's at least consent. And then please allow Korea's, you know, management/engagement to monitor how this money is spent. And then those, you know, strategic industries or those things – you know, AI or shipbuilding also – that is some kind of innovative biscuit to allure, you know, boys and the dogs into the trap. That strategic industries, you know, written in our document is an illustrative list, not a hugely stable list, including those sectors the final decision where to invest will be emphasized by the United States. That is the very curious sentence. Please do not exercise that. You know, do not wage that power at your whim, you know. Please, you know, consult Korea in detail and then, you know, try to accept Korea's, you know, advice.

Amb. Lippert: Like I said, your forward-looking advice here is, if I can sum it up a bit, just in the implementation, one – I think I'm going to put – I'm going to draw out a little bit – let businesspeople, especially on the Korean side, make business decisions, number one. Number two, as you're going through this process, consult and consent with Korea. And number three, work together to maximize returns, right?

Kim Seungho: Sure.

Amb. Lippert: Fair. And that's – that could unlock the Rob and Kelly promise that they see and move forward.

OK. So we've got a little bit of – Rob, you want to come in on this one?

Mr. Porter: Yeah. Can I make maybe one comment just about –

Amb. Lippert: Yeah.

Mr. Porter: – the discussion on investment provisions?

So, you know, I think you can think about this very narrowly, the investment pillar, as: OK, who's going to be making the decisions? Who's bearing the risk? What's the likely rate of return? And whose

balance sheet is going to go? And those are not unimportant, but I think some of the dire warnings and predictions are unlikely to be borne out.

But I think there's a – there's a different and I would say much more important way of thinking about this that's actually reflected in the text, which I brought. And so, you know, there's no investment pillar. Even the way in which it's described in the joint statement is rebuilding and expanding critical industries. And it's not talking about investments primarily in terms of ROI and that; it, you know, specifies shipbuilding, energy, semiconductors, critical minerals, AI. The way in which the investment provisions are structured, the way in which the industries are specified, the broader context of the objectives that it's seeking to achieve is all part of a joint industrial policy that I think, you know, as I mentioned earlier, really outlines sort of a broader industrial alliance that's really about a lot more than sort of that narrow analysis of investments, gains or losses.

Amb. Lippert:

It's a fair point. It's an interesting friction point in that you're going big, talking about some of the bigger concepts; on the other hand, you've got to make sure that the business case closes, that it makes economic sense on the Korean side for the folks to invest themselves. So it's – that's a really interesting point of implementation, and I guess I'll just leave it to one of my former bosses, who was the British high commissioner: We're going to have to watch that space, right? I think it's a really interesting space to watch. That's why I'm trying to get at it. Really appreciate the two-finger intervention there, Rob. Excellent.

Let me come back here to Heungchong because one of the things Rob is mentioning about this technology alliance is to try to get at a manufacturing renaissance, so to speak, right? I think that's the word we used in the program here today. That seems to be one of the goals of the Trump administration, to rebuild and restore some of this manufacturing prowess that the U.S. once had or, you know, has declined over the years. How do you see that? Can this lead to manufacturing – I guess a manufacturing renaissance here in the U.S.? And interestingly enough, how does it impact on the Korean side, where manufacturing – the manufacturing base is also an issue?

Kim  
Heungchong:

I am a bit more cautious about the – (inaudible) – issues, including this trade deal.

First of all, just a brief mention about investment. And here, I mean, just – there are a lot of risk actually remains in the investment, and I will talk about the manufacturing renaissance. But the U.S. investment committee ultimately make decisions, you know? So these committees may choose the project with a long payback, you know, period and high

uncertainty, of course, because this is not my money, OK? And so it's kind of the – the kinds of investment that struggle to attract the private capital in the United States, thus require public, you know, funds.

So given this kind of the things, that we are still very cautious about the – what the investment committee will decide on where and how much. And so that's the reason why we are not talking about the consulting committee and something like the – how to intervene – (inaudible) – they're just making from the Korean perspectives, which is the money – yeah, money, when to – when to stick to the kind of principle of the money talks. But money doesn't talk, OK, in these cases. So this is the – still we are now – we have a concern.

And the last, talking about the manufacture renaissance, I would actually point out three points.

The first one is about the manufacturing renaissance in the United States, yes, that could be successful, but we need to think of these aspects. Industries relocating to the United States, I mean, face high labor cost, you know, and uneven, you know, productivity across regions. So many labor-intensive tasks are likely to be replaced not by the human workers, but by embedded systems involving AI and humanoid robotics in the United States when reshoring. So manufacturing may be viable, but job creation may fall far short of the White House's expectation. So we need to think about this kind of aspect as well.

The second thing is the firms investing in developing countries. We are not talking about developed countries like the United States, but take what you learn from the developing countries. Often face the weak infrastructure, you know, like roads, ports, water, electricity, something like that, and must build their own dedicated industrial complexes. Suppose that the case is Bangladesh's Chittagong area. Suppose that it is a case of the Borneo/Kalimantan areas. Of course, the United States is another developed country, of course, but infrastructure quality varies dramatically by states. Georgia became attractive – you know, became attractive precisely because its infrastructure was strong relative to other locations. If federal and the state governments fail to address the infrastructure gaps, the appeal of the United States to manufacturing investment may greatly erode. And I sincerely hope that United States government doesn't shift these burdens onto Korean investors. That would undermine the very goal that the Trump administration is trying to achieve.

And the last one, even if final goods, you know, manufacturing is relocated to the United States, the upstream supply chains – upstream

areas like raw materials, you know, components, and intermediate goods – remains heavily dependent on China. That is a fact. For example, United States automotive imports from China reaches around 15 billion U.S. dollars in 2018, accounting for almost 13 percent of all U.S. automobile, you know, imports. And studies show that the largest share of electronics, ICT, and battery-related components entering U.S. manufacturing rely on Chinese upstream suppliers. Indiscriminate reshoring in such a case may therefore deepen U.S. manufacturers' dependence on China for critical inputs, you know, so granting Beijing greater leverage, including the ability to disrupt U.S.-based production through export control of strategic materials. For this reason, the reshoring of manufacturing in the United States must proceed strategically. I do not argue that reshoring is a total failure or is impossible. Yes, we can do, but we need to tackle this project very strategically, cautiously, and at different speeds depending on the product and its supply chain structure.

OK. Let me stop here.

Amb. Lippert: All right. Excellent. Outstanding.

Kelly Ann, can I come to you? Your comments on the potential manufacturing impacts I'm quite interested in. The other point that I'd love to get to is slightly different topic, but on some of these commercial issues that have been, you know, autos, ag. My understanding is there's a – there's a joint – the KORUS Joint Committee is going to be charged with implementing an action plan on – to promote reciprocal trade, right? You know, you've got a lot of experience in trade negotiations from the Hill, USTR, in the administration. How do you see that piece of the implementation unfolding as well? So just basically, you've got two pieces of implementation going on, one trying to figure out how this investment committee works potentially helping manufacturing, and then the other piece – slightly different, moving into a new topic – these commercial issues to balance that all out. The floor is yours.

Ms. Shaw: Yeah. No, great questions. And this is why I often joke, like, those, you know, fancy job titles that we used to have, they – you know, they come with a medium amount of money because the complex issues you have to balance.

Look, I think that there's no magic wand that any president can wave and bring back domestic manufacturing, and it's just as much a national security imperative the fact that we are over-reliant on a potential adversary for critical inputs that we need and, frankly, sometimes in some cases over-reliant on allies. Like, you take COVID, where the whole world erected export barriers – even our best friends – on things

that we needed for Americans' health and wellbeing. There are just some things we need to produce here. So that is a national security challenge.

It's also a democracy challenge. It's part of the reason why Trump won the election in 2016, why he won again in 2024. It's this idea of having a large percentage of the American population who feels divorced from the economic policies of the political elite, which is why the U.S. has walked away from this we're just going to have low tariffs with our allies and higher tariffs with others. It's we just need to tariff everyone because we have a population that will not support democratically those free trade policies of the past. And so this is sort of a sea change in a lot of different ways.

What that means for manufacturing is, of course, the administration's very focused on this sector of the economy. Frankly, they don't even talk about services half the time except for very discrete issues, but that's because manufacturing is viewed as overlooked for so many decades. Trade policy is a huge part of that, and it's part of what they're trying to negotiate with trading partners like South Korea, like Japan, like the EU, and others in trying to get strategic sectors to invest, to build, to do creative types of financing and loan guarantees and everything else to try to do it. But there's a lot of work that needs to happen domestically, too.

To my friend on my right's point about, like, domestic infrastructure – having roads, having jobs, having worker training, and all of those things – so all of this needs to happen at the same time. There's no magic wand. All the administration or any administration can do is just take one step forward and see how it goes.

So that's my view on the manufacturing piece. I think they're trying to get there and they're aware that it's not just a one-size-fits-all problem.

To the point about, you know, the commercial relationship and the implementation of this trade deal, so I do think that having a committee structure set up to kind of evaluate how it's going, that's model we have in most of our free trade agreements. So even in the KORUS agreement there was a KORUS committee where you had representatives on both sides talking about and consulting on a regular basis about different aspects of the agreement, so this is kind of a normal feature and I think healthy. It's good to have experts on both sides talking with some regularity and frequency.

But what the administration is going to be watching for – and Korea will have its own list of things that they'll be watching for, but from the U.S.

perspective it will be, you know, what does Korea do in terms of agriculture, what does Korea do in terms of automotive, and what do they do in terms of these digital provisions? Because those, again, are the highest priorities. There are other provisions in there about IP and environment and labor, but that's really what the administration's going to be watching for as to whether or not this agreement has been successful, which is sort of a separate track from the investment piece of it. But we won't know until we start working our way through the agreement.

Amb. Lippert: All right. Outstanding.

And let me come back, Seungho, to you, and this dovetails a little bit. We're talking about a KORUS joint committee, right? Rob, Kelly Ann have made the point we're – that also we're sort of past KORUS FTA, we're sort of past these big multilateral deals, right, that are pretty rigid. But the Korean side still very much likes KORUS FTA, and I would argue there are others in the U.S. who very much like KORUS FTA as a – as a basis of predictability/stability, you know, a bedrock of the bilateral economic relationship. How do you square that circle? How do you think about KORUS FTA, the importance of it, in an era, an environment of what I – what Peter Harrell calls a contract-based trade policy on top of the KORUS FTA?

Kim Seungho: Well, those are trade-dependent issues, trade irritants, you know, if you may call it. That has been my major, you know, work during my career. So most trade diplomats, they are working on to minimize trade irritants and small trade dependence will not grow further. And that snowballed to the level of, you know, require political attention. So that has been the usual, you know, trade diplomat's job. But from now on I think, as Korea is – Korea is concerned vis-à-vis the United States, these trade issues will become, I think, you know, the backburner issues. On front burner we have much more, you know, imminent and hard issues.

You know, solving trade irritants is a good thing. You know, arranging, you know, chairs, you know, lines and columns, that's very good, you know, the work. But problem is that, you know, the Titanic is sinking now. You know, arranging deck chairs while Titanic is sinking, you know, what's the point of it? You know, KORUS FTA, which requires both sides apply 0 percent tariff, but Korea has continued to apply 0 percent for U.S. goods but United States still, you know, apply 15 percent.

And then I mentioned at my earlier intervention that we are disappointed the way it was conducted by the United States. That wasn't KORUS FTA. You know, if United States really need, you know,

industrial renaissance or, you know, improvement to strategic economies/industries, and then for that if they need money, well, if they come to us and straightforward what they need, and then Korea-U.S., as the, you know, two countries has always – has always been done, you know, we can talk, cooperate, collaborate to find a mutual beneficial solution.

But instead of this, you know, suddenly United States take KORUS FTA as a hostage and then, you know, tell, you know, Korea, if you – you know, your, you know, KORUS FTA child back, you have to pay. What kind of, you know, diplomacy is this? I never, you know, went through this during my four-decade diplomacy, the work. This kind of, you know, activity, how could it be done at the level of this, you know, great power? So that is the, you know, problem which, you know, circle, you know, KORUS FTA.

So we have to, you know, make sure that, you know, this KORUS FTA ship will float again. And then, you know, how to arrange deck chairs, I think that would be the, you know, backburner issue.

Amb. Lippert: OK. Very interesting. A little bit of a divergence here in the future, right, outlook between the America and Korean side. But interesting. That's why they – to Kelly Ann's point – they pay former U.S. officials a tiny salary to go and negotiate these deals. I'm joking. (Laughter.)

So let's wrap up here. We got about eight minutes left. I want final thoughts from the panel here, lessons learned, how do we square the circle, what's the vision going forward. I'm going to go just left to right here across the row.

Kim Heungchong: OK. Thank you. And my final work is that I'm cautiously optimistic. But I believe the United States, you know, possesses the extraordinary potential. Everyone knows and agree, you know, economic dynamism, technological leadership, and also the unmatched innovation ecosystem. So for the Korean, I think, the economy, and also it's very important for Korea to more integrate to the American ecosystem and economic system, which can lead to the prosperous future. So economic alliance between our two countries strengthens. I mean, these assets can be fully realized to the benefit of both nations over the long run.

So we are talking about the KORUS FTA. And then Korea really want to stick the KORUS FTA – the benefits of the KORUS FTA. So I hope that the American administration, the Trump administration, and then later, and – you know, try to find out again the importance and the value of this kind of institutional setup regarding the trade and tariffs. Thank you.

Amb. Lippert: Great. Thank you. Kelly Ann, please.

Ms. Shaw: Yeah. I think that we are not even a month out from that final factsheet. So November 13th is when Korea and the United States posted the final outcome of the negotiations. And just this morning we had the U.S. implementing parts of that deal in terms of the tariff cuts. So I do think it's too soon to tell exactly how this goes. I'm just an eternal optimist. I think the relationship is going to go very well. I completely understand the sentiment that we didn't have 15 percent tariffs and now we do, and so what did Korea get for it? But that's why I started my remarks with, like, taking a step back and just appreciating the context. Which is, is this is the approach the United States has taken with every single country on Earth.

It is not a referendum on the state of the relationship, whether or not the country is a national security ally, an important economic partner, or not. Even countries with whom the United States has a trade surplus, the U.S. has at least 10 percent tariffs, and then higher sectorial tariffs as well. So this is just a new approach in terms of what U.S. democracy will support. It supports a policy and a trade policy that has a ring of tariffs around our economy, to try to rebalance the terms of global trade. And that is where not only this president is going to go, but likely the next, and the one thereafter. I think we're just in a different swing of history.

But that said, I think there's a ton of opportunity. I look forward to seeing how this relationship evolves. Korea is one of America's top trading partners. And, you know, now it got over sort of a bit of a rough negotiation, I think we landed in a really good spot. And I'm optimistic for the future.

Amb. Lippert: Outstanding.

Seungho, to you.

Kim Seungho: Well, when it comes to trade in bilateral or multi – bilateral relations, it is like, you know, the pedaling underwater, you know, under the surface, so that – you know, the swamp, you know, creates the flow. Well, it is my first time to be invited, you know, this honorable institution. And then, you know, that trade issue, today's in the program, if flanked with denuclearization and then the future of alliance. Wow. There has never been – it is not the way, you know, trade has been treated in the bilateral session.

It is not a good thing, you know, trade such an honor to be flanked with, you know, two major political issue. It's not an honor. It's a danger. You know, from now on, the sheer magnitude of the investment – Korea's

committed investment, is too large to be only, you know, managed by trade diplomat only. So definitely it will spillover to the, you know, higher level, political level. If it will spillover to that area, then political aspect and political decision comes in for the monetary matters. You know, money has its own logic, which is quite different from, you know, political or military logic.

So I think, you know, in order to save our bilateral close relations, both in economy and the political areas, please let businessman, please let trade diplomats deals with this investment. We have to work together. This investment will find its seat as a solution within investment area. We have to, very much cautious, make this investment issue. This monetary issue cannot be contaminated to political side.

Amb. Lippert: Rob, final word to you.

Mr. Porter: Yeah. I'll answer real quick the previous question about the future of KORUS agreement, and then try to wrap things up as well. So, you know, KORUS, I think, will continue to be a foundational element and something that we look back to, but the reality is even under the renegotiated KORUS the trade imbalance between the U.S. and Korea was wide, and expanding. And so in thinking about these negotiations, there are really three ways to try to close a trade deficit. One is through tariff levels. The second is through commercial considerations, purchases, et cetera. And then a third is through market access and nontariff regulatory barriers.

When it comes to the U.S. and Korea, because of KORUS tariff levels were already low. Maybe the U.S. tariffs will have some effect, but tariffs weren't really at play. Commercial considerations in this field, there are some, there are a few. You've got a hundred Boeing airplanes being purchased, you've got Korea buying some advanced weapons technology from the U.S. But purchases aren't really going to narrow that trade deficit. And so I think the focus that Kelly Ann rightly put is on these – on nontariff regulatory barriers, whether they're in agriculture, in digital services, and then automotives. That's really where the rubber's going to hit the road in terms market access, in terms of rebalancing the trade relationship.

But I also think that, you know, amidst some of these, I think, well-placed concerns and cautions, there's a lot of reason to be optimistic about what this trade framework means. Not only for the economic relationship, but for sort of the larger geopolitical dynamics of the U.S.-ROK alliance. The investment sums are large. Some of the security commitments on the U.S. side are also quite significant. But I do think that when you look at this agreement in its totality, it really does mark a

new chapter, which is what the prefatory language says, in the U.S.-ROK alliance, in ways where they can be not only national security allies, not only have an important trade and investment economic relationship, but really become partners and allies in critical industries, in technologies that will have economic ramifications – positive economic ramifications for both countries, but also very important ramifications geopolitically for both countries.

Amb. Lippert:

All right. Outstanding. Let's wrap it up here. Just I'm going to quickly say I think we've got some important take-aways here. That trade, critically important going forward in this relationship in a way we haven't seen before. That there are some divergent views we've got to work through, but real opportunity. Implementation will be key. And even Danny DeVito looms over the trade relationship. So we learned that. (Laughter.) So without further ado, let's – big round of applause for our panelists, Kim Heungchong, Kelly Ann Shaw, Kim Seungho, and Rob Porter. (Applause.) Thank you, everybody. Thank you.

(END.)