



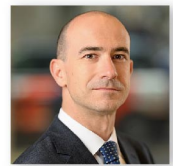
ROK-U.S. Naval Vessel MRO Cooperation: Current Status and Challenges

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The 2024 introduction of the U.S. RSF and PIPIR, aimed at restoring U.S. Navy readiness and bolstering the sustainment capabilities of regional allies, alongside South Korea's 2025 MASGA proposal to facilitate tariff negotiations, has transformed ROK-U.S. shipbuilding cooperation into a comprehensive, whole-of-government agenda. This strategic alignment now encompasses several critical issue areas, including national security, diplomacy, industry, and economy. Among these domains, the most tangible progress as of 2026 has been realized in the sphere of naval vessel MRO. Since 2024, Korean shipbuilders have successfully secured and executed multiple maintenance contracts for U.S. Navy MSC vessels, establishing a practical proving ground for forward sustainment cooperation. Nevertheless, the current arrangement remains overly reliant on individual contracts rather than a formalized institutional framework. The task ahead is not merely to secure more individual awards but to strategically reposition MRO as a foundational instrument for the modernization of the ROK-U.S. alliance. Achieving this requires the simultaneous advancement of a standing consultative framework, the alignment of regulations and procedures, and the cultivation of predictable demand signals, all of which are underpinned by the continued accumulation of performance records and mutual trust. Through this process, ROK-U.S. MRO cooperation can evolve from an ad hoc, contract-by-contract arrangement into a structured and predictable form of the bilateral security partnership.

1. Introduction

ROK-U.S. shipbuilding cooperation has emerged as a strategic agenda, integrating issue areas across security, diplomacy, industry, and the economy. This alignment is advancing under a range of banners, most notably the Regional Sustainment Framework (RSF), the Partnership for Indo-Pacific Industrial

Resilience (PIPIR), and the Make American Shipbuilding Great Again (MASGA) initiative. While bilateral discussions have rapidly expanded to encompass both commercial and naval sectors, including new construction and maintenance, repair, and overhaul (MRO), the most substantive and visible progress has been realized in the sphere of naval vessels, particularly naval MRO. Indeed, the U.S. executive branch, Congress, and the policy community have explored naval cooperation with their allies through various pathways,

consistently identifying MRO as a pragmatic domain of cooperation already underpinned by established policy foundations such as the RSF.¹⁾

This assessment is corroborated by recent official documentation and operational milestones. The Joint Communiqué of the 57th ROK-U.S. Security Consultative Meeting (SCM), issued in November 2025, commended the MRO projects executed by Korean firms on U.S. non-combatant vessels and explicitly stated that MRO of a U.S. warship would take place in South Korea for the first time.²⁾

Nevertheless, these milestones do not yet constitute the structured institutionalization of ROK-U.S. naval vessel MRO cooperation. While the United States has sought to expand region-based maintenance and sustainment cooperation with allies through the RSF and PIPIR,³⁾ it remains hesitant to relax protectionist regimes, such as domestic shipbuilding and repair industrial base requirements or its stringent export control frameworks. The immediate imperative, therefore, is to transcend the accumulation of individual contracts and to establish the foundations necessary to transform ad hoc engagements into a structured and sustainable cooperative arrangement.

Against this backdrop, first, this article aims to elucidate why MRO has served as the vanguard of ROK-U.S. naval cooperation. While evaluating the current state of engagement through an analysis of recent contracts and official documents, the article will examine the principal systemic constraints that hinder further development of ROK-U.S. naval vessel MRO cooperation. Lastly, it will propose a strategic policy trajectory for the future.

2. MRO as the Catalyst for Substantive Cooperation

In the evolution of ROK-U.S. naval discourse, MRO has been consistently identified as the most viable starting point for several compelling reasons. Cooperation in naval new construction remains encumbered by an overlapping set of political, legal, industrial, and technological barriers—including 10 U.S.C. § 8679 (the Byrnes-Tollefson Amendment), recurring prohibitions on overseas construction of naval vessels under annual defense authorization and appropriations acts, the Buy American Act, the International Traffic in Arms Regulations (ITAR), and various other security rules. Collectively, these frameworks impose a formidable threshold for market entry. By contrast, while MRO is subject to certain restrictions under 10 U.S.C. § 8680 (Maintenance of Naval Vessels) for vessels homeported in the U.S. or Guam, cooperative space exists for Seventh Fleet ships homeported in Yokosuka and Military Sealift Command (MSC) ships.⁴⁾

1) Henry Carroll and Cynthia R. Cook, "Identifying Pathways for U.S. Shipbuilding Cooperation with Northeast Asian Allies," CSIS, May 15, 2025.

2) U.S. Department of Defense, "57th Security Consultative Meeting Joint Communiqué," Nov. 14, 2025.

3) U.S. Department of Defense, "DOD Announces the Regional Sustainment Framework," May 15, 2024; U.S. Department of Defense, "Endorsing a Statement of Principles for Indo-Pacific Defense Industrial Base Collaboration," May 31, 2024.

4) Kwon Nameyon and Kim Jinho, "Directions for ROK-U.S. Naval Shipbuilding and MRO Cooperation," ROK Angle, KIDA, December 17, 2025.

For the U.S., naval vessel MRO represents an area where the operational availability and sustainment of forward-deployed forces can be bolstered without undermining the domestic shipbuilding base. For Korea, it provides a pragmatic environment in which industrial competency can be demonstrated and strategic trust cultivated. Notably, the focus on non-combatant ships since 2024 reflects a calibrated U.S. preference for a phased approach, initiating cooperation in areas of lower political and security sensitivities before scaling to complex combatants.

Furthermore, naval MRO is intrinsically linked to the broader modernization of the ROK-U.S. alliance. As the partnership evolves, the alliance is likely to prioritize functional role adjustments, equitable burden-sharing, and the integration of forward sustainment networks over simple force presence.⁵⁾ Analyzed through this lens, the participation of Korean shipyards in MRO transcends mere industrial or economic cooperation: it represents a tangible operational experiment in recalibrating the logistics and sustainment architecture of the ROK-U.S. alliance under the RSF and PIPIR frameworks.

3. Progress in ROK-U.S. Naval MRO Cooperation

ROK-U.S. naval vessel MRO cooperation is currently transitioning beyond the experimental phase toward a verifiable, repeatable operational pattern. Following Hanwha Ocean's Regular Overhaul (ROH) contract for the USNS Wally Schirra in August 2024, contractual awards have accelerated. A contract for the USNS Yukon followed in November of the same year. Throughout 2025, contracting momentum continued with the USNS Charles Drew, USNS Alan Shepard, a subsequent Mid-Term Availability (MTA) on the USNS Wally Schirra, the USNS Cesar Chavez, and the USNS Amelia Earhart. In 2026, this was followed by a contract for the USNS Richard E. Byrd. While Hanwha Ocean led these early contracts, the subsequent entry of HD Hyundai and HJ Shipbuilding & Construction has diversified the supply base.

Table 1. Korean Firms' MRO Contracts on U.S. Navy Vessels ('24-'25)

Start Date	End Date	Ship Name	Recipient	Description	Awarding Office
24.08.28	25.03.15*	USNS Wally Schirra (T-AKE)	Hanwha Ocean	ROH	NAVSUP FLC Yokosuka
24.11.08	25.07.25	USNS Yukon (T-AO)	Hanwha Ocean	ROH	NAVSUP FLC Yokosuka
25.07.01	25.11.25	USNS Charles Drew (T-AKE)	Hanwha Ocean	ROH	NAVSUP FLC Yokosuka
25.08.05	25.12.29	USNS Alan Shepard (T-AKE)	HD Hyundai Heavy Industries	ROH	NAVSUP FLC Yokosuka
25.09.26	26.01.15	USNS Wally Schirra (T-AKE)	Hanwha Ocean	MTA	NAVSUP FLC Yokosuka
25.12.11	26.03.19	USNS Cesar Chavez (T-AKE)	HD Hyundai Heavy Industries	ROH	NAVSUP FLC Yokosuka

5) Seol Inhyo, "Alliance Modernization and the Future of the ROK-U.S. Alliance," RINSA FORUM, vol. 101, December 31, 2025.

25.12.14	26.03.24	USNS Amelia Earhart (T-AKE)	HJ Shipbuilding & Construction	MTA	NAVSUP FLC Yokosuka
26.03.30	26.05.28	USNS Richard E. Byrd (T-AKE)†	HD Hyundai Heavy Industries	ROH	NAVSUP FLC Yokosuka

Note: * Initial award Potential End Date 24.11.02. † Based on Korean press reports of April 19, 2026 and the corresponding SAM.gov solicitation notice; awarded contract notice has yet been identified in federal procurement records.

These cases exhibit three common features. First, all contracts originated from NAVSUP Fleet Logistics Center Yokosuka, indicating that the utilization of Korean shipyards is fundamentally integrated into the U.S. Navy's forward sustainment architecture in the Western Pacific. Second, all participating vessels are MSC auxiliaries—such as dry cargo/ammunition ships (T-AKE) and replenishment oilers (T-AO). These non-combatant vessels allow for the proof of concept while navigating lower security and technology leakage sensitivities. Third, the shift from emergency repairs to planned maintenance, such as ROH and MTA, is a critical milestone. It signifies that Korean shipyards are being systematically integrated into the U.S. Navy's sustainment architecture rather than serving merely as contingency repair sites.

The case of the USNS Wally Schirra is particularly symbolic. The award of the 2024 ROH contract followed by the 2025 MTA contract for the same vessel to a Korean firm indicates that ROK shipyards are no longer viewed as an ad hoc experiment but rather as reliable partners integrated into a cycle of recurring utilization. This accumulated performance likely served as the empirical catalyst for the 57th SCM Joint Communiqué, which formally announced that the MRO of a U.S. warship will take place in South Korea.

4. Issues for the Further Development of ROK-U.S. Naval MRO Cooperation

Although recent contract outcomes are clearly encouraging, it is premature to conclude that ROK-U.S. naval vessel MRO cooperation has been structurally consolidated. Across the MASGA initiative, which addresses bilateral shipbuilding cooperation as a whole, and the RSF and PIPIR, which focus on naval cooperation, active industry participation remains indispensable. In this context, unclear demand signals, conflicting U.S. policies, and various regulatory barriers all act as significant impediments to sustained industry engagement.⁶⁾ These barriers cannot be overcome through the success of individual contracts alone; they require a high-level policy resolution.

First, the most immediate practical challenge is the lack of a predictable demand signal. Shipbuilding and maintenance require immense capital outlays for drydock infrastructure, skilled labor, and supply chain management. While the U.S. Navy generates long-term maintenance plans, and the maintenance for surface ships is reportedly set approximately two years before work begins,⁷⁾ these do not yet

6) USINDOPACOM Regional Sustainment Framework (RSF), presentation, 2025 PSM Workshop Day 1, August 5, 2025, Joint Base Andrews, MD.

7) U.S. Congressional Budget Office, Maintenance Delays for Conventional

provide the “throughput assurance” necessary for industry to commit resources. As noted by the Government Accountability Office (GAO), “demonstrating steady demand for ship repair” is a primary measure to reduce maintenance delays. However, the GAO also observed that, despite the Navy’s workload projections for the current and subsequent three fiscal years, the actual workload estimates have fluctuated significantly, with expected volumes exhibiting a sustained decline over time.⁸⁾ Consequently, current schedule-sharing mechanisms do not yet provide the stable and credible throughput assurance necessary for industry to invest in facilities, workforce, and supply chains on a long-term horizon.

Table 2. Principal Legal and Regulatory Constraints on ROK-U.S. Naval MRO Cooperation

Regulation	Constraints
10 U.S.C. § 8680	U.S.- or Guam-homeported naval vessels may not be overhauled, repaired, or maintained in a shipyard outside the United States; constrains expansion of overseas naval vessel MRO.
10 U.S.C. § 2466	Not more than 50 percent of depot-level maintenance and repair funds may be used for work by non-federal personnel; limits room for expanded allied participation even where outsourcing is otherwise possible.
ITAR	Controls defense articles, technical data, and defense services; can delay allied cooperation through licensing and approval requirements.
EAR	Controls the export, reexport, and transfer of U.S.-origin dual-use items, software, and technology; can impose additional licensing and compliance burdens even where ITAR does not directly apply, adding friction to cross-border sustainment and industrial cooperation.

Second, U.S. domestic statutes designed to preserve the national industrial base remain a primary structural constraint on the expansion of naval cooperation. 10 U.S.C. § 8680 restricts overseas maintenance for vessels homeported in the United States or Guam, while 10 U.S.C. § 2466 (the “50:50 Rule”) mandates that at least half of depot-level maintenance funding be expended on federal personnel. These regulations keep allied MRO cooperation in a supplementary role, preventing it from evolving into a large-scale, routine cooperative structure even as the United States struggles with its own maintenance backlogs.

Third, while the impact of the ITAR has been manageable for auxiliary-ship MRO—particularly the hull-centric work performed to date—it represents a significant bottleneck as cooperation extends to combatant warships. The maintenance of warships involves highly sensitive technical data, communication standards, and operational parameters, all of which are strictly controlled; consequently, even routine military-industry communications may necessitate additional ITAR exemptions.⁹⁾ As a result, the transfer of technical data, the access and on-site participation of foreign personnel, and the establishment of approval procedures and internal compliance systems all constrain the pace and scope of cooperation. Combatant-ship MRO may also entail export

Navy Ships, December 2025.

8) U.S. Government Accountability Office, Military Readiness: DOD Should Take Further Actions to Address Challenges Across the Air, Sea, Ground, and Space Domains, GAO-26-108888, March 4, 2026.

9) Henry Carroll and Cynthia R. Cook, “Identifying Pathways for U.S. Shipbuilding Cooperation with Northeast Asian Allies.”

controls such as the Export Administration Regulations (EAR) in parallel with ITAR for related components and technologies, increasing the regulatory burden as the level of cooperation rises. While the United States has implemented partial relaxations of export controls for its AUKUS partners—Australia and the United Kingdom—no comparable institutional exception has yet been formalized for South Korea.¹⁰⁾

5. Policy Direction: From Ad Hoc to Structured Cooperation

Taken together, the foregoing analysis suggests that future policy should focus on transforming ad hoc cooperation into structured and sustainable partnership.

First, MRO should be strategically positioned as a concrete instrument for ROK-U.S. alliance modernization. If MRO is treated merely as a commercial project, it will be difficult to generate the political momentum needed to overcome regulatory, budgetary, and supply-chain challenges. Conversely, if it is framed as strategic cooperation that enhances forward readiness and strengthens both sustainment capacity and the alliance's combined response capability, then the subsequent agenda—constructing consultative mechanisms, easing and aligning regulation, and securing stable demand signals—can all be pursued with political backing under the single heading of alliance modernization.

Second, a standing consultative framework connecting government, military, and industry should be established on that foundation. Even when a shared security and policy perspective exists, without a structured channel to translate it into implementation, cooperation will revert to a reliance on individual contracts. Only a multi-tier consultative structure that brings together the Korean government, military, and shipbuilding industry with their U.S. counterparts can address this agenda in parallel rather than in a fragmented fashion. Because MRO simultaneously involves acquisition, operations, and sustainment, the absence of such a framework will lead to inevitably structural delays in coordination between the two governments and across agencies.

Third, the consultative framework should be utilized to enhance the coherence of regulations and procedures. Now that the possibility of combatant-ship MRO cooperation has been raised at the SCM, what is required is not a declaratory consensus but concrete structural arrangements. As a first step, ITAR and related export controls should be reviewed by maintenance type, and more rational operating procedures should be developed. As noted above, combatant-ship maintenance carries a much higher likelihood of access to sensitive technical data, standards, and information than auxiliary-ship maintenance, leading to greater regulatory and procedural uncertainty. What matters, therefore, is not an abstract call for the general amendment of 10 U.S.C. § 8680, 10 U.S.C. § 2466, and related statutes, but the development of practical procedures that allow Korean firms to access the data and standards they require on the shop floor and to prepare on the basis of long-term planning.

10) Paul K. Kerr, "U.S. Arms Transfer Restrictions and AUKUS Cooperation," CRS In Focus IF12483, updated January 29, 2026; Bureau of Industry and Security, U.S. Department of Commerce, "Export Control Revisions for Australia, United Kingdom, United States (AUKUS) Enhanced Trilateral Security Partnership," Federal Register, April 19, 2024.

Fourth, predictable demand signals should be secured, building on regulatory alignment. Even if regulatory barriers are eased, active participation—let alone investment—from Korean industry will be difficult to expect without stable demand signals.¹¹⁾ To this end, the two governments should consider measures such as earlier sharing of major maintenance plans, improved compliance rates with established plans, and bundled contracting that groups multiple vessels or maintenance periods.

Fifth, the continued accumulation of performance records and trust-building must proceed in parallel with these four measures, if a structured and sustainable ROK-U.S. cooperative framework is to be completed. The auxiliary-ship MRO currently underway serves as an important testbed for demonstrating delivery, quality, technology protection, and internal security compliance. As a track record of stable performance accumulates, the United States will increasingly view South Korea as a trusted partner, enabling MRO to be positioned as a form of strategic cooperation that strengthens the alliance's sustainment capacity.

6. Conclusion

ROK-U.S. naval vessel MRO cooperation has already commenced, and substantive achievements are accumulating. Contracts and execution since 2024 demonstrate that Korean shipyards are emerging as a viable partner in the U.S. Navy's forward sustainment network. Yet, the existing framework remains heavily contingent upon individual contracts, while volatile demand signals, regulatory and procedural barriers, and inconsistencies within U.S. domestic policy continue to impede the pace of cooperation.

The task ahead, therefore, is not simply to secure more ad hoc contracts. The central challenge is to structurally anchor the cooperation that has already begun and to place it on a foundation of predictable demand, structured contracting arrangements, coherent regulations and procedures, and a standing consultative framework. When this is achieved, MRO can be positioned not as a simple maintenance business but as a strategic area of cooperation that strengthens the logistical and sustainment capacity of the ROK-U.S. alliance and underpins future alliance modernization.

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11) Namyeon Kwon, "Don't Miss the Boat: Considerations for U.S.-South Korea Maritime Cooperation," CSIS Commentary, June 12, 2025.

Korea's grand strategy in the Trump era

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The start of the second Trump administration, Xi Jinping's ongoing revisionist foreign and security policy, and superpower rivalry between the U.S. and China have reconfigured the international order. This has fundamental implications for middle powers, which cannot rely on old and outdated perceptions and behaviours. In the case of Korea, it has a well-established grand strategy dating back to its transition to democracy and the end of the Cold War. In order to navigate the new international order, Korea needs to adapt this grand strategy---rather than completely overhaul it. This will allow Korea to navigate this more uncertain environment. The case of the recalibration of Korea-Europe security, diplomatic and economic relations suggests that Seoul can survive and even thrive in the emerging international order.

1. Grand strategy in uncertain times

Korea has a well-defined grand strategy that can be traced back to its democratic transition and the end of the Cold War during the late 1980s and early 1990s. This grand strategy is the result of a convergence about the key goals to pursue and the tools to achieve them shared by Korea's political, security, diplomatic, economic and bureaucratic elites. Simply put, these elites want Korea to be able to make its own foreign and security policy decisions as a way to strengthen the country's security, prosperity and status.

Is this grand strategy tenable today, with the Trump administration dismantling the remnants of Liberal International Order after years of China's aggressiveness undermining it? After all, US-China competition is the result of the previous order not being fit for purpose for any of the two superpowers. Washington believes that it has spent decades underpinning and funding the Liberal International Order only for other countries to benefit more than itself from it. Beijing thinks that the institutions underpinning the order, from the United Nations to the World Bank, do not adequately reflect its undeniable political and economic rise. Thus, both of them agree that the order in which Korea's grand strategy was defined and implemented should be dismantled.

For it is middle powers such as Korea that have benefited from the Liberal International Order more than any other countries. The order brought stable diplomatic relations, economic openness and a mostly peaceful international environment. In contrast, the realignment of the international system currently underway is marked by superpower competition and the return of ideological rivalry, a shift towards economic nationalism and the prioritisation of economic security, and war and the use of military force as a feature of great power and even middle power strategy. This realignment has accelerated during Trump's second term in office. Is bound to outlast him.

Korean policy-makers, however, should remain confident that their long-term grand strategy should allow their country to survive and even thrive throughout this turbulent period. After all, Korea's grand strategy includes the necessary tools to navigate the emerging international system. Thus, Korea should adapt rather than dramatically change the goals that it wants to achieve. The case of its relations with Europe underscores how this can be achieved.

2. Korea as a "niche superpower"

Middle powers have different tools available as part of their grand strategy arsenal. In the case of Korea, it has very ably developed one of the most sophisticated and diversified toolkits among its peers. It includes the following tools: strong and growing military capabilities; cybertools, especially of a military nature; the decades-old and still robust ROK-US alliance; a highly-skilled and well-resourced diplomatic corps; strong economic power in the form of trade, investment and aid; public diplomacy to spread its preferred messages; and strong and universally recognised soft power.¹⁾ Developed over the decades, this toolkit should continue to serve Korea well even as the certainties of the Liberal International Order have given way to a more unpredictable environment.

In fact, one of the ways for middle powers to continue to remain influential is by developing key capabilities that the United States, China or both of them need to get hold of. These are "niche superpowers", which are able to leverage their special capabilities as a way to pursue their preferred foreign policy goals.²⁾ Certainly, these niche superpowers can also make use of their special tools to strengthen ties

1) Ramon Pacheco Pardo, *South Korea's Grand Strategy: Making Its Own Destiny* (New York: Columbia University Press, 2023).

2) Ramon Pacheco Pardo and Robyn Klingler-Vidra, "Middle Powers Don't Have to Work Together to Get Ahead", *Foreign Policy*, 3 February 2026.

with fellow middle powers and other actors. However, in an international system defined by Sino-American competition, it is particularly important to be able to exercise a degree of influence over one or both superspowers.

In the case of Korea, a key tool for the country to deploy are its high-tech goods and investment. Firms including Samsung, SK, Hyundai or LG are amongst the world leaders in some of the key technologies and sectors powering economic growth today. These include advanced semi-conductors, high-tech ships, solid state batteries or humanoid robotics. This is the result of long-term thinking and planning by successive Korean governments and large conglomerates, working together in an open innovation system along with high-tech startups.³⁾ The long-term nature of Korea's support for and development of new technologies to develop an innovation-driven economy is difficult to replicate. Thus why this is a niche superpower that not all middle powers can build in a relatively short period of time.

Korea's Make American Shipbuilding Great Again (MASGA) is a clear example of the use of this superpower by the Lee Jae-myung administration. In November 2025, Seoul and Washington released a joint statement with confirmation of a US\$150 Korean investment package in the US shipbuilding industry.⁴⁾ Korea dominates the high-tech shipbuilding industry, with the largest share of international hydrogen-powered ship orders by a wide margin. More generally, the Korean shipbuilding industry is much more productive, integrated and advanced than the US's. This helped Korea to gain a reduction from the Trump administration's "reciprocal tariffs" announced in April 2025, and, more generally, has served to support the ROK-US alliance. A specific example was Hanwha winning its first order from the US Navy in March 2026, to work in the development of a next-generation logistics ship.⁵⁾

When focusing on relations among middle powers, one example is Korea's high-tech, quickly delivered and comparatively low-cost arms exports, including K2 main battle tanks, K9 self-propelled howitzers, K808 armoured vehicles or K239 Chunmoo rocket artillery systems.⁶⁾ Korea is also finding interest in its KF-21 Boramae jet fighter. While Korea—and for that matter, any other country—cannot match the high-end tech weapons produced by the US defence industry, its weapons systems are sufficiently good for most countries and can be delivered at short notice. This matters in regions afflicted by war and unstable relations among neighbours, such as the Middle East or Europe since Russia's invasion of Ukraine.

Korea should certainly heed Canadian Prime Minister Mark Carney's call at this year's Davos Forum for middle powers to cooperate with each other to promote their interests.⁷⁾ After all, diplomacy is one of the tools that

Korea has been very adept at using as part of its grand strategy over the years. And in fact, the Lee government has already been acting on this push for US-less unilateralism. In September 2025, Korea was one of eight middle powers—half from the Indo-Pacific and half from Europe—that met on the sidelines of the UN General Assembly to discuss global affairs.⁸⁾ Plus, Korea has been the main driver of the MIKTA middle power initiative dating back to the Park Geun-hye years.

Yet, at present time Korea should prioritise the use of its niche superpowers to advance its foreign policy goals. It can certainly rely on its other tools to help navigate US-China competition and maintain strong relations with Washington while managing the relationship with Beijing. But a transactional United States and an assertive China call for Korea to continue to strengthen its autonomous capabilities for the foreseeable future, and to deploy them in pursuit of its self-interested goals.

3. Adaptation, not overhaul

Middle powers strive for autonomy as their foremost grand strategy goal. Their leaders want to be as independent as possible to make their own decisions regarding foreign and security policy. This has been a well-established middle power objective for decades. Korea is not different from other middle powers in this respect. Yet, each middle power also has its other goals to ensure that it can achieve security, prosperity and status. In the case of Korea, its other goals include protection from external military threats; reconciliation and eventual reunification with North Korea; deeper integration in the world economy; and recognition as an influential middle power.⁹⁾

These goals have not changed in the context of the new international system that Korea and other middle powers are facing. This explains why Seoul needs to adapt its grand strategy to the existing conditions, rather than overhaul it. In particular, Korea needs to find ways to ensure that it can protect itself from external military threats at a time when the Trump administration is demanding that its allies step up to defend themselves while the United States focuses on its own priorities. Plus, Korea needs to achieve deeper integration in a changing world economy in which the United States and China—the two biggest economies—are pursuing economic nationalism as their preferred approach to attain economic growth and security. Even the EU, the other of the "big three" economies in the first half of the 21st century, is starting to embrace economic protectionism after spending decades championing multilateralism.

In the case of protection against external military threats,

3) Robyn Klingler-Vidra and Ramon Pacheco Pardo, *Startup Capitalism: New Approaches to Innovation Strategies in East Asia* (Ithaca: Cornell University Press, 2025).

4) The White House, "Joint Factsheet on President Donald J. Trump's Meeting with President Lee Jae Myung", 13 November 2025.

5) Park Jae-hyuk, "Hanwha Wins 1st US Navy Subcontract for Next-generation Logistics Ship", *The Korea Times*, 31 March 2026.

6) SIPRI, "SIPRI Arms Transfer Database"

7) World Economic Forum, "Davos 2026: A Special Address by Mark Carney, Prime Minister of Canada", 20 January 2026.

8) German Federal Foreign Office, "Joint Statement of the Foreign Ministers and High-Level Representatives of Australia, France, Germany, Japan, New Zealand, Poland, Republic of Korea, United Kingdom", 23 September 2025.

9) Pacheco Pardo, op. cit.

Korea needs to pursue a two-pronged strategy. To begin, Korea needs to strengthen its own capabilities. This explains why Korea has been spending record amounts of money for self-defence.¹⁰⁾ In essence, Korea is building and purchasing new military equipment. In this context, it also makes sense for the Lee government to prioritise regaining the operational control of its own forces in case of war. This is the so-called OPCON transfer. After all, the Trump administration insists that Korea should take the lead in defending itself in any possible inter-Korean conflict—in particular, if there is a simultaneous Taiwan Strait contingency. This should not be perceived as “abandonment” by the United States, but rather as a recalibration of the ROK-US alliance as the United States has decided to focus its military resources on addressing the threat that American policy-makers feel from China. Plus, the United States will invariably remain entangled in the Middle East, as its current war with Iran has once again made clear.

At the same time, Korea needs to continue to prioritise the ROK-US alliance as a cornerstone of its security policy. This will include negotiations about the appropriate number of US troops stationed in the Korean Peninsula, the right amount of annual payments that Korea will need to make for the troops to remain in the country or the necessary purchases of US military equipment that implicitly support the alliance. Korea’s agreement with the United States for the latter to support Seoul’s quest to build attack nuclear-powered submarines for the ROK Armed Forces is a case in point.¹¹⁾ Plus, ongoing trilateral Korea-US-Japan cooperation will also support a stronger ROK-US alliance. All of these developments showcase that the alliance will strengthen Korea’s defence but in return Seoul will have to implicitly or explicitly align with Washington’s goal of deterring China.

Regarding deeper integration in the world economy, Korea needs to continue to strike a balance between the two largest economies in the world, which also happen to be its two largest trading partners. China and the United States are likely to continue to be Korea’s two largest partners in the area of trade for the foreseeable future. But there is a key difference between both of them: the United States is becoming a more important partner, particularly in high-tech sectors, while China’s relatively share of Korean trade is decreasing. And when it comes to investment, Korean firms have been gravitating away from China and towards the United States for years.¹²⁾ Ultimately, the Korea-US economic relationship is bound to become closer as successive US administrations implicitly or explicitly link inward investment and overseas market access to stronger security ties. However, Korea cannot afford to neglect its economic relationship with China, given its close geographical proximity and still respectable rates of economic growth. Thus, Korea will need to carefully

navigate its economic relations with both of them.

Concurrently, the Korean government will need to continue to support exports and investment by the country’s high-tech chaebol and other firms.¹³⁾ Certainly, the government and the private sector have been working together for years, including to seal the recent tariff agreement with the Trump administration. And successive Korean governments have pursued a free trade agreement strategy to ensure that the country’s firms have preferential access to key markets and suppliers.¹⁴⁾ Yet, diversification of investment and trade ties has become a more important aspect of Korea’s integration in the world economy with the growing irrelevance of the World Trade Organisation, Washington’s turn towards economic nationalism and Beijing’s ongoing protectionism—plus the EU’s ongoing protectionist turn as well.

4. The case of Korea–Europe relations

Korea’s policy towards Europe is a test case of the country’s grand strategy in practice in the post-Liberal International Order era. Among Korea’s goals, Europe can be particularly important to attain greater integration in the world economy and recognition as an influential middle power. And it seems that these are the two goals that Korea has been focusing on in recent years, aided by Europe’s own turn to seek stronger partnerships beyond the United States.

Perhaps the clearest example of the new reality of Seoul seeking to better integrate in the world economy was Korea and the EU concluding negotiations for a bilateral Digital Trade Agreement in March 2025.¹⁵⁾ Agreed barely a few weeks after Trump took office for a second term, the agreement supplemented the free trade agreement that the two sides signed in 2010 and underscored an effort by both Seoul and Brussels to reduce trade and investment dependence on the United States and China. Tellingly, this digital trade agreement also came at a point in time when the WTO failed to reach an agreement focusing on this type of trade. Thus, the EU recognised that the failure of this organisation to advance digital trade called for deepening ties with key partners on a bilateral basis. And Seoul was prioritised as one of these partners, as Brussels had already done when Korea became the first country in the world to sign a next-generation trade agreement with the EU back in 2010.

Another example is growing investment by Korean chaebol in the electric battery market of the EU, with Hungary, Spain or Poland as focal points.¹⁶⁾ As Europe follows the United States in becoming less open to Chinese firms and investment as a result of its own protectionist turn, Korea can benefit in high-tech industries in which

10) Ju-min Park and Heejin Kim, “South Korea to Increase Defence Budget by 8.2% Next Year, President Lee Says”, *Reuters*, 1 October 2025.

11) The White House, op. cit.

12) Hua Chai and Hyeryoun Kim, “Republic of Korea”, *IMF Country Report No 25/42*, February 2025.

13) *Ibid.*

14) Ministry of Trade, Industry and Resources, “Korea’s FTA Network”, 2026, available at <https://english.motir.go.kr/eng/contents/10>.

15) European Commission, “EU and Korea Deepen Ties with Landmark Digital Trade Deal”, 10 March 2025.

16) Jeong Jae-hwon, “Korean Battery Firms Expand Investments in Europe after Northvolt Bankruptcy”, *Chosun Biz*, 1 April 2025.

it competes against them. Thus, the visits by Italian Prime Minister Georgia Meloni and French President Emmanuel Macron to Seoul in early 2026 need to be understood, primarily, in the context of European countries seeking to diversify their own trade and investment links. This includes, among others, encouraging investment from Korean firms in high-tech sectors such as semiconductors, electric batteries, electric vehicles or space technologies, along with joint research and development in this same type of sectors.

Regarding recognition as an influential middle power, Europe is a test case study of Korea's growing influence at the global level. Most notably, Russia's invasion of Ukraine has resulted in the realisation among European policy-makers that the continent needs to rearm. This has been further exacerbated by the Trump administration casting doubt on the future of NATO while demanding that European countries increase their spending. Thus, several European countries including Estonia, Norway or Poland have been purchasing Korean military equipment in recent years.¹⁷⁾ This trend will continue as long as the Russian threat remains in place, especially as European governments seek to reduce overreliance on US military equipment yet the rebuilding of the European arms industry continues to progress slowly.

More recently, the war launched by the United States and Israel against Iran has demonstrated that Korea-Europe cooperation as a result of Seoul's growing influence as a middle power now has a global dimension. In March 2026, Korea was one of the countries issuing a joint statement along with a group of countries led by European middle powers calling for freedom of navigation along the Strait of Hormuz.¹⁸⁾ A few days later, in early April, Korea joined around 40 countries led by Europe's middle powers in a meeting to discuss the reopening of this strait. Tellingly, neither the United States nor China joined this meeting.¹⁹⁾ And during his pre-scheduled visit to Seoul also in April, Macron also agreed with Lee for Korea and France to cooperate on safe passage throughout this strait.²⁰⁾ In years past, neither European countries nor the EU would have sought to discuss Middle Eastern matters with Korea. In 2026, however, European countries expect Korea to have a position on these matters and to work together with them to address their concerns.

In fact, Korea is now considered Europe's key partner in Asia along with Japan, as well as one of Europe's priority

partners globally along with other leading middle powers such as Australia or Canada. The uncertainty that Korea feels today is shared by both the EU and European countries. In particular, since the end of World War II, Europe has arguably been the main beneficiary of the US-led Liberal International Order that allowed for the integration of the continent's countries formerly at war, provided a security umbrella in the form of NATO, and opened markets at the global level. Similarly to the case of Korea, the alliance with the United States and the US-led opening of markets, in particular, helped to make Europe safe and prosperous.

Therefore, Korea's grand strategy goals and tools will continue to serve the country well in its relationship with Europe, whether the EU or its many middle powers. What is more, a more unstable international order in which no superpower ensures stability will probably make Korea an even more important partner for its fellow middle powers in Europe. The example of Europe's response to the Iran war, which includes working with other middle powers to limit the impact of the conflict, is a case in point. It is the same in other regions including Latin America, the Middle East or Southeast Asia. This suggests that Korea can thrive even as the old international system that Korean policy-makers cherish gives way to a less certain one. But in order to thrive, Korea needs to remain true to its well-tested grand strategy.

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17) SIPRI, op. cit.

18) Government of the United Kingdom, "Joint Statement from the Leaders of the United Kingdom, France, Germany, Italy, the Netherlands, Japan, Canada and Others on Strait of Hormuz: 19 March 2026", 19 March 2026.

19) Andrew Macaskill, John Irish and Muvija M, "Britain Says 40 Countries Discuss Reopening Strait of Hormuz after Iran Blockade", *Reuters*, 2 April 2026.

20) Kim Eun-jung, (5th LD) S. Korea, France Agree to Cooperate on Safe Passage through Strait of Hormuz", *Yonhap News Agency*, 3 April 2026.



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