

Vital Briefing—Tariff Insights

Trump expected to announce massive Korean investments Friday

By Thomas Thompson

A member of South Korea's parliament, Yoon Hu-duk, [confirmed](#) Seoul's understanding that President Trump will announce major South Korean investments into U.S. infrastructure projects on Friday, September 18. Yoon made the comment while questioning a South Korean finance ministry official on Tuesday.

Two days earlier, South Korean Industry Minister Kim Jung-kwan had hinted at the development, saying his country was close to an agreement. He also cautioned that some matters remained open as he spoke to reporters in Seoul after returning from the U.S.

The investments have been in the works for more than a year as part of a tariff "deal" struck with Trump. If the two countries finalize the investments, it would be by far the largest investment development to follow from the 20-odd trade and tariff deals Trump has announced.

The White House announced the U.S.-Korea Strategic Trade and Investment Deal on July 30 last year. The agreement reduced tariffs on South Korean imports from 25 percent to 15 percent, including automobiles, in exchange for \$350 billion worth of South Korean investments in U.S. projects.

Today, imports from South Korea face the 10 percent "forced labor" tariff in addition to any prevailing most-favored-nation tariff rates. Automobiles are tariffed at 15 percent under Section 232 national security-based tariffs.

The Trump administration has threatened additional tariffs on South Korean imports from time to time.

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Projects receiving the new investments include a gas installation in Texas, construction of eight nuclear reactors and an Alaskan liquefied natural gas project, according to media reports. Yoon mentioned two additional projects that previously had not been disclosed, one for reprocessing nuclear material and another concerning carbon capture.

According to earlier announcements from Washington, \$150 billion of the \$350 billion investment are to be directed to U.S. shipbuilding projects. Those funds have not been allocated.

The South Korean government has not provided details of any of the projects, although some information has appeared in South Korean and American media. In his weekend remarks, Industry Minister Kim said U.S. negotiators had agreed to a \$200 billion ceiling on strategic investments, which includes a \$20 billion annual cap on purchases in U.S. dollars, would not change.

South Korea adopted legislation in March to enable fulfilling the strategic investment commitments Seoul made to the U.S. last year in a move to reduce tariffs on its exports.

As part of their trade and tariff deals with the Trump administration, other major trading partners, including the EU, Japan, and U.K., made similar investment commitments that have mostly not materialized. Promised investments from Saudi Arabia, United Arab Emirates and Qatar totaling \$4 trillion are unlikely to be made, or even mentioned, until the Iran war is resolved.

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Parliament began considering legislation that sets up a special purpose investment corporation to manage the U.S. investments. The legislation passed with overwhelming support in March shortly after the Trump administration launched a new investigation into South Korean manufacturing that could lead to new tariffs.

This week's announcement may have been delayed by unexpected U.S. Commerce Department pressure on South Korea to invest in U.S. chip manufacturing. *Korea JoongAng Daily*, the English-language edition of *JoongAng Ilbo*, [quoted](#) an unnamed government official as saying, "The U.S. side is changing its priorities and making additional demands," adding, "It is as if the goalposts for U.S. investment have been moved."

In July, Commerce Secretary Howard Lutnick publicly pressured two chip manufacturers, Samsung and SK Hynix, to build production facilities in the U.S. shortly after they announced major developments in South Korea. *JoongAng* reported the issue has taken on significance in behind-the-scenes discussions. South Korea views domestic

memory chip production as a national economic priority.

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Against a backdrop of slow progress on the investment negotiations, Trump abruptly curtailed joint U.S.-South Korea military exercises in mid-August as he wrote warmly about North Korea's leader on social media.

In March, the South Korean parliament established the U.S. Strategic Investment Corporation funded solely by the South Korean government. The organization will conduct all investments under the tariff agreement.

The White House's November 13 [fact sheet](#) describing the countries' tariff and investment deal specifies an annual \$20 billion dollar cap on required investments: "As trusted partners, the two nations agree that the ROK [South Korea] shall not be required to fund an aggregate amount of U.S. dollars greater than \$20 billion in any calendar year." However, South Korea is concerned that large purchases of dollars might disrupt foreign exchange markets.

The countries' agreement expires in January 2029, according to the original [MOU](#) between the countries. So far, neither government has addressed how the \$20 billion annual cap operates in the context of a total \$350 billion investment requirement over what is now less than a three-year horizon.