

Opinion **Trump tariffs**

South Korean investment in the US is now in peril

Opinion in Seoul is hardening after the Georgia raid

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Lee Jae-myung and Donald Trump's White House summit in August. There are growing calls in South Korea for the \$350bn pledged to instead be used to cushion Korean companies harmed by US tariffs © Alex Brandon/AP

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“The United States seems to have changed,” South Korean Foreign Minister Cho Hyun said last week in the national assembly. His remarks came against the backdrop of harrowing accounts from South Korean nationals detained in an Immigration and Customs Enforcement agency raid on the Hyundai-LG plant in Georgia and recently released to return home.

While President Lee Jae-myung sought to downplay the raid’s impact, citing a “cultural difference”, the issue now appears to have gone beyond visas to further strain the stalled trade talks between the two allies.

Although both sides agreed in principle to a deal in July, under which the US lowered the [tariff](#) on South Korean imports from 25 to 15 per cent in exchange for Seoul’s commitment to invest \$350bn in the US, disagreements over the details have bogged

down negotiations.

Having watched how quickly handshakes at a summit in Washington can turn into handcuffs in an immigration raid in Georgia, public sentiment in Seoul towards the deal is showing signs of hardening.

ICE's operation was a stark reminder that South Korea — despite being America's Free Trade Agreement (FTA) partner for over a decade — still lacks a dedicated visa category, unlike some of America's other FTA partners. It has revived long-held perceptions in Seoul that South Korea is receiving unfair treatment, even as its companies pour investment into US manufacturing on a scale unmatched by FTA partners with dedicated visa categories, such as Singapore, Chile and Australia.

The [Partner with Korea Act](#) — which would create an E-4 visa category for highly skilled Korean nationals while requiring employers to ensure they are not hired for positions US workers could fill — has languished on Capitol Hill for years, despite being reintroduced in every Congress since 2013. US President Donald Trump's recent proclamation [imposing a steep new fee](#) on H-1B visas only underscored the glaring absence of a dedicated category for South Korean skilled workers.

On September 8, before his trip to the US to meet Secretary of State Marco Rubio, Cho was grilled by lawmakers about the raid. Representative Kim Joon-hyung of the Rebuilding Korea Party pressed the foreign minister, challenging him on why Seoul doesn't counter by withholding investment.

Without offering a clear explanation for why the US is holding South Korea to a “Japan-style” deal, Commerce Secretary Howard Lutnick's comment on the day the detained workers were released that “the Japanese signed the contract. The Koreans either accept that deal or pay the tariffs” did not go over well in Seoul. Lee's recent remark that US investment demands could trigger another financial crisis in South Korea has deepened domestic concern over the trade talks.

In this climate, a debate has emerged over whether Seoul should resist “buying down” the tariff and instead consider swallowing the 25 per cent hit. A similar sentiment was

voiced by Korean Industry Minister Kim Jung-kwan after his unfruitful meeting with Lutnick in New York after the raid. While he dismissed questions about the need for continued trade talks with the US, Kim said, “Some say even if tariffs were raised from 15 to 25 per cent, it would not be much compared to \$350bn, and I also sometimes think of this as an option”.

Kim’s comment reflects a notable view in Seoul that the \$350bn could instead be used to cushion Korean companies harmed by the tariffs. This idea was also [advanced](#) by Dean Baker, senior economist at the Center for Economic and Policy Research, who contends that both Seoul and Tokyo would be far better off spending a fraction of the money Washington demands to support local workers and businesses hit by tariffs, rather than handing over hundreds of billions for little in return.

The raid eased Lee’s [political](#) bind at home, where anxiety had been mounting that with Japan signing and Korea holding out, Hyundai Sonatas would soon cost more than Toyota Camrys in the US market. Instead, it has allowed the South Korean government to buy time, withstand US pressure, and face less domestic political pushback — all without signing.

As Lee said this month, “If I were to agree, then I would be impeached”. His refusal to sign on Trump’s terms has, if anything, given him greater legitimacy.

While Trump rushed to [post on Truth Social](#) that he does not want to “frighten off or disincentivize” foreign investments but rather “welcome them and their employees”, the raid may already have achieved the opposite — alarming allies about the real cost of doing business with Washington while handing Seoul political cover for delay.

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