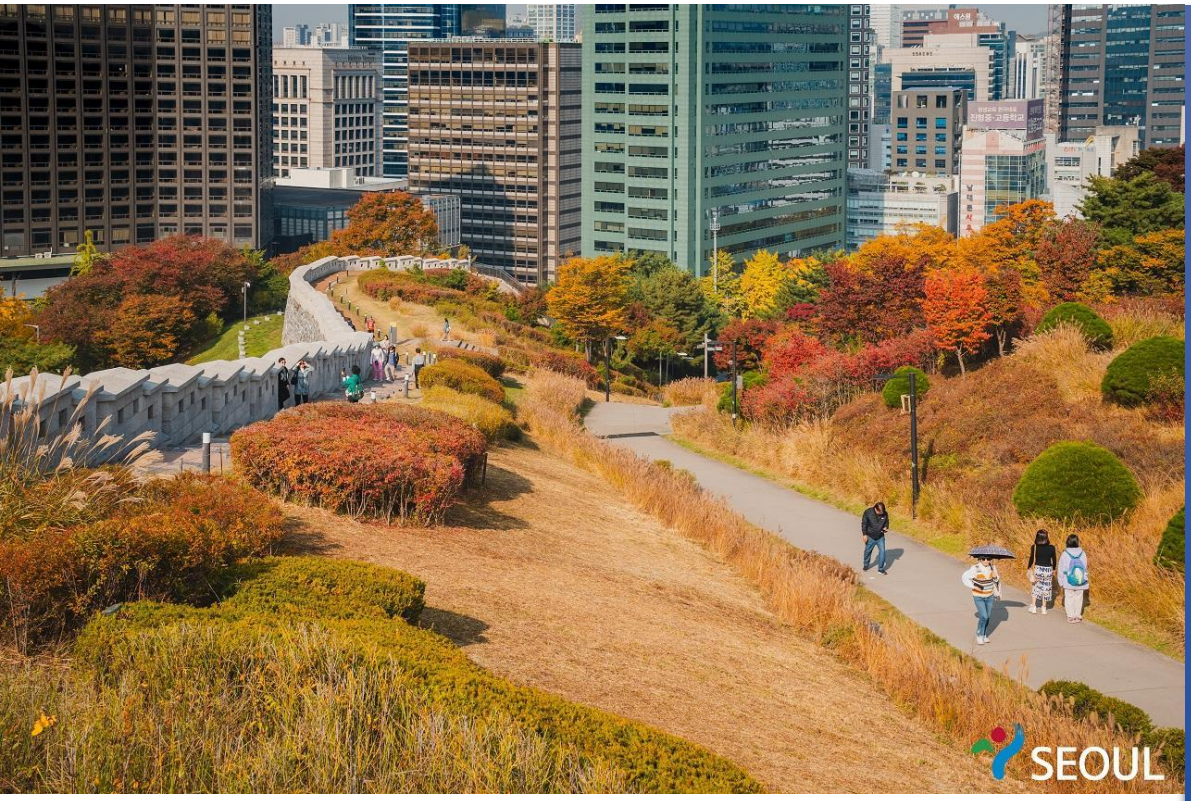
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INTRODUCTION

This newsletter series provide a comprehensive overview of Korea's evolving role in international affairs. Published on a monthly basis, it offers timely analysis of South Korea's foreign policy initiatives, regional security dynamics, and key developments in the global political landscape. In addition, it covers economic trends, technological innovation, and industrial transformation, highlighting Korea's growing influence in these areas.

It explores cultural diplomacy, media, education, and broader societal changes, aiming to present a well-rounded perspective. Prepared with academic rigor, it seeks to serve as a reliable and accessible resource for researchers, students, and anyone interested in Korea-related developments.

We bring together the most notable developments and insights to guide you through Korea's current trajectory.

Interview Series with Ambassadors to the Republic of Korea: Luxembourg[1]



Ambassador Jacques Flies serves as the Ambassador of the Grand Duchy of Luxembourg to the Republic of Korea, a position he assumed in 2024. A career diplomat, he joined Luxembourg's Ministry of Foreign Affairs in 2001 and has extensive experience in development cooperation, multilateral diplomacy, and government administration. He previously served at the Embassy of Luxembourg in Senegal, where he oversaw development cooperation with Senegal and Mali, and at the Permanent Mission of Luxembourg to the United Nations in New York as Political Coordinator. He later served as Deputy Director of the Defense Directorate at the Ministry of Foreign and European Affairs and as Secretary General of the Government of Luxembourg from 2020 to 2023.

At a time of increasing uncertainty in the international order, what roles can the Republic of Korea and European countries play together in promoting peace, security, democracy, and a rules-based international order?

At a time of increasing uncertainty, the Republic of Korea and European countries have a vital role to play in defending peace, security, democracy, and the rules-based international order.

Our partnership is built on shared values and a common understanding that peace, prosperity, and democracy cannot be taken for granted. Together, we must continue to lead by example: upholding international law, defending the principles of the United Nations Charter, and supporting countries whose sovereignty and territorial integrity are violated, as we are seeing currently in Ukraine.

We should also recognize that today's security challenges extend beyond traditional military threats. Climate change is a growing peace and security multiplier, making cooperation on the green transition and sustainable development increasingly important for global stability. As global leaders in these fields, the European Union and Korea are particularly well placed to take up these challenges and to contribute to both sustainable development and long-term global stability.

As open and trade-dependent economies, Korea and the European Union share a strong interest in preserving a rules-based international trading system while strengthening economic security and resilience. At the same time, we must work together to reinforce democratic resilience against disinformation, cyber threats, and external interference.

[1] Interviews conducted via email by Hayann Lee (Deputy Director, HUFS Jean Monnet Centre of Excellence)

The security of Europe and the Indo-Pacific is increasingly interconnected. Developments in one region can have direct consequences for the other, and this reality makes closer cooperation between Korea and Europe more important than ever. Such cooperation cannot ignore the importance of the Korean Peninsula. We strongly support peace, stability, and dialogue on the Peninsula and all efforts aimed at reducing tensions, promoting confidence-building measures, and achieving the complete denuclearization of North Korea in accordance with relevant UN Security Council resolutions.

Luxembourg remains committed to dialogue, international law, and multilateral cooperation as the best means to build a more secure and prosperous future for all.

What role can exchanges among universities, research institutions, students, and younger generations play in strengthening the long-term foundations of relations between the Republic of Korea and European countries?

Exchanges among universities, research institutions, students, and young professionals help build the mutual understanding, trust, and personal connections that sustain partnerships across generations.

Korea and Luxembourg already enjoy excellent academic and research cooperation, and we are working to deepen these ties further. By encouraging students, researchers, entrepreneurs, and young professionals to study, work, and innovate across borders, we invest in the human capital that will shape the future of our relationship. The Republic of Korea – Luxembourg Working Holiday Program is another tool at our disposal to allow young people to gain a deeper understanding of each other's societies, cultures, and ways of thinking. In an increasingly interconnected world, this cultural understanding is as important as economic or political cooperation.

Research collaboration is equally important. Today's global challenges – from climate change and digital transformation to health, cybersecurity, and space technologies – cannot be solved by one country alone. Korea’s association to Horizon Europe provides valuable opportunities for cooperation between European and Korean researchers, fostering innovation while strengthening our scientific communities.

From Luxembourg's perspective, investing in people-to-people ties is one of the most effective ways to strengthen the foundations of the Korea–Europe partnership. The relationships built through education, research, and youth exchanges create lasting bonds that help ensure that our cooperation remains dynamic, innovative, and resilient for decades to come.

Luxembourg is a leading international financial center with expertise in investment funds, sustainable finance, financial technology, and cross-border services. How can Luxembourg and South Korea develop closer cooperation in future-oriented finance and responsible investment?

Luxembourg can bring particular value as Europe's leading international financial center. It is the largest fund domicile in Europe and the second largest globally, with more than 8 trillion euros in assets under management. As a leading hub for cross-border fund distribution, Luxembourg serves as a gateway to international investors and European capital markets. This creates significant opportunities for Korean asset managers, financial institutions, and investment firms seeking access to European and global investors.

Looking ahead, I see considerable potential for cooperation in the field of private markets and long-term investment. Luxembourg is the leading domicile for European Long-Term Investment Funds (ELTIFs), which channel capital toward infrastructure, innovation, energy transition, and other strategic sectors. These are precisely the areas where Korea and Europe share ambitions for sustainable and resilient growth.

Another promising area is digital finance. Luxembourg has consistently positioned itself at the forefront of financial innovation, from payments and fintech to digital assets. Luxembourg is today the jurisdiction of choice for some of the world's leading payment firms and e-commerce firms, home to Amazon Payments, Ant Financial, PayPal, Airbnb and ByteDance (Tik Tok) amongst others. We were among the first movers in implementing the Markets in Crypto-Assets Regulation, MiCA, providing a clear and secure framework for crypto-asset service providers. Serious players in this field, from Coinbase to Standard Chartered, have chosen Luxembourg as their base to offer crypto services and stablecoins across Europe. As Korea continues to develop its own digital finance ecosystem, there is ample scope for exchanges on regulation, fintech innovation, digital assets, tokenization, and distributed-ledger-technology-based securities.

At the same time, both countries recognize that finance must serve broader economic and societal goals. Luxembourg has become a global leader in sustainable finance, hosting the Luxembourg Green Exchange – the world's leading platform for sustainable securities – and the largest share of Europe's ESG and impact investment funds. There is significant potential for Luxembourg and Korea to work together in mobilizing capital for the green transition, clean technologies, sustainable infrastructure, and climate resilience.

As a corporate banking center in the heart of Europe, Luxembourg can also act as a platform for Korean banks serving their corporate clients as they develop and expand in Europe. In the current macroeconomic environment, I expect trade and investment between Korea, a key ally, and Europe to grow even further. As a result, the opportunities for Korean banks in the EU will also increase substantially. And Luxembourg, as the EU's most international financial center, is the ideal partner.

More broadly, the challenges facing our economies – from decarbonization and digitalization to demographic change – require substantial long-term investment. By combining Korea's technological excellence and industrial capabilities with Luxembourg's expertise in international finance, investment funds, sustainable finance, and cross-border capital raising, we can build partnerships that not only generate economic value but also contribute to a more sustainable and resilient future.

Ultimately, responsible investment and future-oriented finance are not merely financial objectives. They are strategic tools for supporting innovation, competitiveness, and sustainable development. Luxembourg stands ready to deepen its cooperation with Korea in these areas and to build bridges between European and Korean investors, institutions, and innovators.

Space has emerged as a particularly promising area of bilateral cooperation, including research on satellites and space resources. What concrete partnerships could be developed among government agencies, research institutions, startups, and private companies in the two countries?

Space is a very exciting and promising area of cooperation between Luxembourg and the Republic of Korea. Although our countries differ greatly in size, we share a strong belief that innovation,

technology, and international partnerships are essential to succeeding in the space economy of the future.

We already have an excellent foundation to build upon. The Memorandum of Understanding signed in 2024 between the Luxembourg Space Agency (LSA) and the Korea AeroSpace Administration (KASA) provides a framework for deeper cooperation in areas such as space research, technology development, commercial space activities, and talent exchanges.

A first area for concrete collaboration is research and innovation. Luxembourg's research ecosystem, including the University of Luxembourg, the Luxembourg Institute of Science and Technology (LIST), and other research actors, could further expand cooperation with Korean universities and research institutes. The EU's Horizon Europe program offers excellent opportunities for joint projects in areas such as satellite applications, earth observation, space resources, advanced materials, artificial intelligence, and space sustainability.

A second area is the development of the space resources economy. Through the Spaceresources.lu initiative, Luxembourg has become a pioneer in promoting the exploration and sustainable utilization of space resources. Korea's growing space capabilities and industrial expertise create natural synergies for joint research, legal and regulatory exchanges, and the development of technologies that may one day support resource utilization on the Moon and beyond.

Start-ups and private companies should also play a central role. This is especially the case in Luxembourg where the development of the space sector has largely been private-sector-driven and morphed into a dynamic space innovation ecosystem. We stand ready to encourage greater interaction between entrepreneurs, facilitate soft-landing opportunities, and connect innovative companies with investors and industrial partners. Bringing together agencies, researchers, investors, and industry leaders helps create the networks that often lead to successful commercial partnerships.

Another particularly promising area is finance. Luxembourg combines a world-class space ecosystem with one of the leading international financial centers globally. As space activities increasingly move from government-led programs to commercial ventures, access to innovative financing mechanisms will become critical. Luxembourg is well positioned to support Korean and European space companies through venture capital, private equity, investment funds, and other forms of New Space financing.

By combining Korea's technological excellence and manufacturing capabilities with Luxembourg's strengths in international cooperation, research, finance, and the commercialization of space activities, we can contribute to a dynamic and sustainable space economy that benefits both our countries and the broader international community.

Luxembourg volunteers served during the Korean War, creating an important historical connection between our countries. How can this shared history, together with Luxembourg's multilingual culture and European identity, be presented more widely to the South Korean public?

The participation of Luxembourg volunteers in the Korean War remains the foundation of the relationship between Luxembourg and the Republic of Korea. Although Luxembourg is a small country, 85 Luxembourg volunteers served alongside the United Nations forces in defense of freedom and peace on the Korean Peninsula, the highest per capita participation of all combating nations.

Their sacrifice created a bond between our two nations that goes far beyond geography and continues to shape our relationship today.

We are deeply grateful to the Korean government and people for keeping alive the memory of those who served during the Korean War. The care dedicated to war memorials, commemorative ceremonies, and education about the conflict demonstrates a profound respect for the sacrifices made by all United Nations forces, including those from Luxembourg. Veterans and their family members are very appreciative of programs like “Revisit Korea” as they contribute to cement the remembrance across generations.

Looking forward, I believe we should continue to make this history more visible, particularly to younger generations. Luxembourg has already organized exhibitions and commemorative events in Korea highlighting our participation in the war and the evolution of our bilateral relations. These initiatives have shown that there is strong interest among Koreans in learning more about Luxembourg and our historical connection.

At the same time, our shared history offers a natural gateway to presenting modern Luxembourg. While many Koreans first encounter Luxembourg through the story of the Korean War, they also discover a country that is proudly European, multilingual, innovative, and internationally oriented. Luxembourg's unique cultural diversity and highly international population offer an interesting example of how different cultures and identities can thrive together.

By linking the historical story of the Korean War with contemporary themes such as European integration, multilingualism, innovation, and sustainability, we can present a fuller picture of today's Luxembourg.

Peaceful Coexistence on the Korean Peninsula: Old Plans for New Times

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What Is Different This Time?

In his August Liberation Day address, President Lee Jae-myung announced three blueprints for peaceful coexistence between South and North Korea. The first is "inclusive peaceful coexistence," rooted in mutual respect. The second is "stable peaceful coexistence," aimed at preventing military clashes. The third is "responsible peaceful coexistence," intended to contribute to global peace. On this basis, the government seeks to normalize inter-Korean relations and ease military tensions. It also aims to replace the armistice system with a peace regime, while seeking to halt North Korea's nuclear buildup and advance toward denuclearization.

Yet I would ask the government to consider two further questions. First, how does this blueprint differ from earlier policies? Second, how exactly will it be implemented?

In fact, the blueprint's goals are quite familiar to us. Article 1 of the 1991 Inter-Korean Basic Agreement affirmed mutual recognition and respect for each other's systems. Kim Dae-jung's Sunshine Policy also stressed respect for each other's systems and inter-Korean exchanges. In 2017, Moon Jae-in's Berlin Initiative rejected unification through absorption. The 2018 Panmunjom Declaration went beyond easing military tensions and envisioned an end-of-war declaration. It also called for three-party talks involving both Koreas and the United States, or four-party talks including China. Today's three blueprints overlap substantially with goals pursued by previous governments for decades.

Policy continuity is not itself a problem. No government can easily abandon peaceful coexistence. It is a principle that should survive changes in administration. With inter-Korean relations severed, reaffirming that principle still matters. Nor should uncertainty about Pyongyang's response close the door to dialogue. The blueprints reaffirm South Korea's enduring commitment to peace on the peninsula.

The more difficult question is whether the government has learned enough from earlier attempts to pursue the same goals under different circumstances. Previous administrations did not fail simply because their commitment to peace was insufficient. They encountered disagreements over security, verification, sanctions, and the terms of cooperation. Any new initiative must take these difficulties seriously rather than assume that a renewed declaration of intent will produce a different response.

But unchanged goals do not require unchanged methods. We should instead recognize how sharply the peninsula's political environment has changed. The goal of peaceful coexistence remains, but the conditions for achieving it have grown far more complex.

A Different North Korea, a Different Region

In 2018, the two Korean leaders affirmed shared goals of peace and denuclearization at Panmunjom. Both sides then showed at least some willingness to improve relations through dialogue. Since late 2023, however, North Korea has described inter-Korean relations as those between "two hostile states." This marked a fundamental departure from its previous approach to unification. Pyongyang now treats Seoul as a separate hostile state. Past agreements failed to institutionalize peace even when both sides had agreed on common goals. Today, even that foundation has weakened. Yet a similar vision of coexistence has returned.

The international environment has also changed. North Korea continues to advance its nuclear and missile capabilities. This reinforces Pyongyang's claim that its nuclear status is irreversible. Military cooperation with Russia, strengthened amid the war in Ukraine, has broadened North Korea's strategic options. Ties with Russia may offer benefits Pyongyang once sought through better relations with Seoul or Washington. North Korea once considered dialogue with Seoul as a way to ease its international isolation. Today, it has less reason to prioritize improving those ties. US-China strategic rivalry and Russia's increasingly assertive foreign policy further complicate efforts to resolve tensions on the peninsula.

This presents a problem that earlier engagement policies did not face in quite the same form. South Korea must now consider how to pursue coexistence when North Korea no longer recognizes reconciliation or eventual unification as shared political objectives. Dialogue may still be possible, but the reasons for entering negotiations have changed. Seoul cannot assume that Pyongyang will respond to proposals for cooperation in the same way it did during previous periods of engagement.

Still, these changes do not mean peaceful engagement is no longer possible. A military clash in East Asia would inflict immense damage across several countries. The peninsula's future is also tied to strategic competition among neighboring powers. That makes crisis management and diplomatic channels even more crucial. Short-term gains in relations with Pyongyang can matter. But preventing needless clashes and building long-term trust may matter more. Peaceful coexistence is necessary for these practical reasons as well.

Renewed dialogue between Washington and Pyongyang also remains possible. The Trump administration's interest in renewed talks could create an opening. But renewed US-North Korea dialogue and improved inter-Korean relations are separate matters. Pyongyang may bypass Seoul and negotiate directly with Washington. If so, Seoul must consider its role in building a peace regime. As regional strategic relationships change, familiar diplomatic proposals require more careful planning to produce results.

What Will Make It Work?

Many people will be more concerned with the strategy for achieving peaceful coexistence. Dialogue can endure when both sides see benefits. Yet North Korea shows little interest in improving relations with South Korea. Instead, it relies on nuclear weapons and regional partnerships to secure its regime. Why, then, would South Korea's peace proposals alter Pyongyang's strategic calculations? Does Seoul have new means to influence its choices? Without addressing these questions, emphasizing peaceful coexistence alone may not deliver the intended results.

That said, Lee's approach is not simply a repeat of earlier policies. His government has halted loudspeaker broadcasts toward North Korea and pursued measures to ease border tensions. It has

also sought institutional reforms for inter-Korean cooperation. On denuclearization, it favors a phased approach rather than demanding complete denuclearization before negotiations begin. The government has proposed halting further advances in North Korea's nuclear capabilities as an initial step, with reductions and eventual denuclearization remaining longer-term goals. These measures could lower the risk of military conflict and prepare the ground for future talks.

Nevertheless, easing tensions and changing the other side's behavior are different matters. South Korean restraint does not guarantee reciprocal steps from Pyongyang. A phased approach may lower the barrier to negotiations. But an initial nuclear freeze may not lead to actual reductions. Past inter-Korean agreements and US-North Korea summits did take place. Yet they failed to overcome disagreements over sanctions, distrust, and conflicting national interests. The South Korean government should critically examine these experiences. Only then can it consider new ways to address unresolved problems.

A practical strategy should therefore distinguish between what Seoul can achieve on its own and what requires cooperation from Pyongyang. South Korea can take steps to reduce the likelihood of accidental clashes, maintain diplomatic communication with relevant partners, and prepare proposals for future negotiations. But restoring inter-Korean dialogue and making progress on denuclearization require decisions by North Korea as well. Recognizing this distinction would allow the government to set more realistic priorities and assess its policies without treating every refusal from Pyongyang as a failure.

Peaceful coexistence cannot be judged solely by North Korea's response. Inter-Korean relations do not depend on Seoul's will alone. That is precisely why the government needs a more refined strategy. How can it give Pyongyang reasons to return to dialogue? How will it respond to stronger North Korea-Russia cooperation? If US-North Korea talks resume, what role will Seoul play? What is the plan if Pyongyang continues to refuse engagement? Peaceful coexistence is a long-term vision. It also needs achievable interim goals and clear standards for assessing progress.

Simply put, the commitment to peace cannot replace the strategy to achieve it. This is the question Lee's blueprints must answer in today's changed circumstances.

Investment as Alliance Currency: South Korea's Strategic Investment Projects and the Future of US-South Korea Relations

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Introduction

The September 30 announcement of the first projects under South Korea's $350 billion strategic investment program in the United States marks a shift in the US-South Korea alliance. Starting in 1953, the relationship has largely rested on an evolving security bargain in which Washington supplied military goods (warfighting capability underwriting deterrence) while Seoul provided basing, burden-sharing contributions, strategic alignment, and (over time) increasingly significant and interoperable military capabilities. The extent to which economics and trade were important varied over time, but, especially in the early decades of the alliance, it was a small part of the equation. To be sure, during the 1950s-1980s South Korea was able to rely on US security guarantees as a foundation enabling industrial development, but the trade and economic relationship was clearly secondary, in particular for the US.

Reflecting the global shift in the securitization of international economics and trade, the current investment program is another evolution of the alliance, adding a distinct economic pillar both in terms of volume/complexity and the way in which the US is intended to be the primary beneficiary. Capital transfers, project governance, and returns on investment now sit beside troop deployments, territorial/basing access, cost-sharing agreements, and strategic priorities as instruments of alliance management (and contention). This essay argues that the program deepens the alliance's material foundations while exposing it to new sources of friction. Indeed, although there is potential upside, the US-South Korea trade and investment deal contains ambiguous terms, asymmetric financial architecture, and divergent domestic expectations, all of which carry political risk.

The Architecture of the Commitment

The announced US-South Korea investment projects are part of a broader $350 billion package that in theory spreads out $200 billion (over twenty years) into various potential projects, in addition to $150 billion for shipbuilding. The investment package—agreed in broad terms in fall 2025 by the teams of US president Donald Trump and South Korean president Lee Jae-myung—accompanied a bilateral trade deal under which Washington set tariffs on most Korean goods at 15 percent. The investment commitment is best understood as coercive in nature, representing the price of US tariff relief. The deal is also transactionally linked to alliance security/defense issues, as Washington leveraged its role as South Korea’s security guarantor to pressure Seoul, while Lee managed to get

Trump's approval for South Korea to develop nuclear-powered submarines and associated technologies.

Following up on a memorandum of understanding signed last year, three investment initiatives have been unveiled, covering natural gas power generation in Texas ($22.3 billion), nuclear power plant development ($120 billion), and Alaska liquefied natural gas (LNG) ($54 billion).

The clearest of the initiatives is the Texas gas power generation facility—the plan was reached with the fewest public difficulties, and the economic case is transparent (selling gas-generated power into a market expected to need the marginal increase to keep pace with growing demand, notably from AI-linked data centers). Arguably, the nuclear component is the most strategically significant. The plan calls for the deployment of two South Korea-designed APR1400 reactors and six Westinghouse AP1000 reactors at undecided locations and over unknown timeframes. Moreover, South Korean companies will also pursue a minority equity investment in Westinghouse. If built, the APR1400 units would be the first Korean-designed commercial reactors in the US. Both the construction of Korean reactors on US territory and the equity stake were subject to contentious negotiation. Ultimately, the tie-up matters because it could lead to synergies carrying into third-country nuclear markets. The Alaska LNG pipeline project is the most problematic of the three announced initiatives, as the South Koreans, who are unconvinced of the economic feasibility of the project, claim they have not yet finally agreed to the investment, despite the announcement by Trump.

The financial design of the projects is also an important factor. All three projects will be directed and managed through an umbrella investment special purpose vehicle and separate project-specific vehicles. The US and South Korea are scheduled to split returns equally until Seoul recovers its principal plus specified interest, after which returns would be divided 10 percent to South Korea and 90 percent to the US. Interest on Seoul's recoverable investment would be calculated using the yield on 20-year US Treasury bonds plus a project-specific margin. The operating agreement makes legally binding South Korea's investment caps of $20 billion annually and $200 billion overall. These caps address a longstanding concern in Seoul about the rate at which foreign-exchange reserves can be committed abroad without destabilizing the won. Their legal codification is a concession by Washington to South Korean macroeconomic prudence.

Alliance Consolidation: The Optimistic Reading

Read charitably, the investment agreement turns a coercive tariff and economic security bargaining process into a potentially durable framework for strategic economic partnership. Three arguments support this view:

First, the program gives South Korea a stake in US industrial renewal at a moment when Washington is demanding that allies contribute materially to its economic security. Investment in energy infrastructure, particularly power supply for AI data centers, ties South Korean capital to a newly emerging US technological base. That creates constituencies—notably in conservative, MAGA-aligned areas in the South and Midwest— with an interest in the alliance's continuity. Alliance politics in MAGA-fied Washington has increasingly depended on whether a partner is viewed as a free rider, and visible flows of South Korean capital into US communities defuse that view in a way that defense-cost contributions cannot.

Second, the nuclear cooperation component may deepen technological interdependence. Joint participation in large-reactor projects and South Korean equity in Westinghouse would intertwine the two countries' civilian nuclear sectors. This could potentially have spillover effects to future

third-party nuclear export deals, US-South Korea nuclear technology development (e.g., small modular reactors), and civil nuclear supply chains (as well as further nonproliferation issues).

Third, the pooled governance structure allows economically stronger projects to offset weaker ones. This reduces the risk that a single commercial failure becomes an economic-cum-diplomatic crisis, and it gives both governments an institutional forum for continuous consultation.

Likely Friction: The Cautious Reading

The charitable analysis above must be set against possible—indeed already visible—alliance strain. As mentioned, the sharpest example is the Alaska LNG project. The US announcement presented South Korean participation as decided, but Seoul pushed back, with the government arguing that attaching figures or definitive language went beyond what had been agreed. Seoul continues to insist on commercial reasonableness of investment into the US, and claims it is not satisfied with that criterion for the Alaska LNG project. This discourse has, in turn, seemingly irritated Trump and US officials, with veiled threats of “consequences” for South Korean recalcitrance in the offing. Such disputes are not salutary for an alliance already facing headwinds in other areas, including military and intelligence cooperation and the US-Iran war.

This episode illustrates a structural problem of the investment deal. Even if both sides believe they are acting in good faith, the two governments have different incentives in describing the same agreement. Washington—Trump in particular—benefits politically from large, definitive figures presented as victories. Seoul faces domestic audience costs if it is perceived as being compelled to underwrite US national interests at the expense of its own. The gap between rhetoric and legal commitment may widen as implementation proceeds. If the US treats "ceiling" figures as obligations, South Korean officials will face pressure to either meet commitments they never made or publicly contradict their ally.

Distributional questions pose a second challenge. The US-South Korea 90–10 split of returns after principal and interest are recovered is a lasting, seemingly unjust feature of the arrangement. South Korean public opinion has historically been sensitive to perceived inequities in alliance burden-sharing, and a program placing South Korean capital at risk while allocating most long-term upside to the US will be an area of scrutiny for the National Assembly, media, and civil society.

A third concern is the discretionary, incomplete character of project selection. For example, sites, ownership structures, and schedules for the nuclear projects remain undecided, which leaves substantial room for renegotiation. Each decision point can become an occasion for linkage with other alliance issues, including tariffs, defense costs, and management of North Korea policy.

Implications for the Alliance

Three broader implications follow. First, the alliance is becoming more explicitly transactional, with economic contributions and security guarantees negotiated in the same frame. This may stabilize—or even advance—the relationship, if each side perceives reciprocal value. But it also invites the interpretation that security commitments are contingent on economic performance. This is uncomfortable for a middle power dependent on extended deterrence.

Second, the program sharpens the question of strategic autonomy. By deploying a large share of its financial capacity in the US, Seoul acquires leverage as a major investor but also reduces its room for

maneuver, particularly in managing relations with China or mobilizing capital for investment in South Korea or regions beyond the US. Whether South Korean decision-makers can develop a hedging posture (if necessary or desired) while embedding their economy so deeply in US energy and technology supply chains is unknown.

Third, the arrangement tests the institutional resilience of the alliance. The investment vehicles, operating agreements, and consultative mechanisms create new bureaucratic channels that may outlast any single administration. Their durability will depend on whether the legal caps and profit-sharing terms are honored through political turnover in either capital.

Conclusion

South Korea's strategic investment projects can reinforce the US-South Korea alliance by anchoring it in shared industrial interests, civil nuclear cooperation, and institutionalized financial cooperation. The same features can strain it if the divergence between US rhetoric and South Korean legal commitments persists, distributional terms are perceived as inequitable, and economic linkage spills negatively into the security domain. The early dispute over Alaska LNG is a reminder that the alliance's future will be shaped less by headline figures than by the discipline of implementation: whether both governments describe commitments in the same terms, honor the conditions to which they have agreed, and resist the temptation to treat investment as a lever for unrelated demands. The legacy of this investment program may be that it is not a one-time settlement, but rather the beginning of a long (re-)negotiation over what each ally owes the other.

The Dynamics and Nature of the Russia–North Korea Alignment

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From Estrangement to Military Alliance

The war in Ukraine, which began in February 2022, remains ongoing, with no end in sight. It has already lasted well beyond the four years and three months of fierce fighting in World War I. The prolonged war in Ukraine has brought about major changes in the international order and has also qualitatively transformed the nature of Russia–North Korea relations.

Russia–North Korea relations, which began as a patron-client relationship after World War II, have undergone significant changes over time according to ideological and geopolitical interests. From an ideological alliance during the Cold War, the relationship passed through periods of diplomatic estrangement and pragmatic exploration in the post-Cold War era before developing into an institutionalized military alliance following the outbreak of the Ukraine war. In October 2024, North Korea began deploying large numbers of combat troops to Russia, transforming bilateral relations into what can literally be described as a blood alliance. Russia–North Korea relations are now enjoying their closest period of cooperation in history.

In this regard, experts have focused their attention on the nature and sustainability of Russia–North Korea relations, with their views divided into two contrasting perspectives. One regards the closer relationship between Russia and North Korea as a tactical choice or opportunistic partnership under specific conditions and is skeptical about its sustainability. The other sees structural factors, such as U.S.–China strategic competition, U.S.–Russia confrontation, and the emergence of a multipolar order, as bringing the strategic interests of Russia and North Korea together and strengthening their long-term ties. In other words, this perspective holds that their relationship is not a temporary rapprochement because the two countries have established a legal and institutional framework through a treaty, strengthened their mutually beneficial interdependence, and are cooperating with the postwar international order in mind.

The Changing Nature of Russia–North Korea Cooperation

To objectively identify the actual dynamics and nature of the Russia–North Korea alignment, it is first necessary to examine the form and substance of cooperation between the two countries. Three distinctive features can be observed in their recent cooperation.

First, the hierarchical relationship between the two countries has changed. Unlike the previous pattern, the relationship is no longer a vertical one dominated by the Soviet Union (Russia), in which assistance flowed primarily from Moscow to Pyongyang. Instead, it has become more horizontal as North Korea's value to Russia has increased. During the Cold War, Moscow took the lead in providing

economic and military assistance to Pyongyang. Now, North Korea supplies Russia with military equipment and manpower, and its voice in bilateral relations has become stronger.

Second, cooperation is based on transactions and practical interests arising from mutual needs. Under various forms of international sanctions imposed by the West, Russia and North Korea have strengthened their cooperation by exchanging areas of comparative advantage in order to evade sanctions or increase their resilience to them. Russia, facing extensive Western sanctions, needed artillery shells and troops, while North Korea, suffering from severe economic difficulties and diplomatic isolation, urgently needed energy, food, and military technology. On the basis of these overlapping interests, Russia and North Korea have undergone an unusually rapid process of rapprochement over the past few years, including three summits in 2023, 2024, and 2025, the signing of the Treaty on Comprehensive Strategic Partnership, the deployment of North Korean troops to Russia, and frequent reciprocal visits by senior officials.

Third, cooperation between Russia and North Korea is asymmetrical and centered on military and security affairs. Although cooperation has visibly increased across political, economic, social, and cultural fields, the central pillar of bilateral relations remains security cooperation, including military technology transfers, arms supplies, and mutual defense under their comprehensive strategic partnership. Compared with the strengthening of military and security relations, economic exchanges remain very limited. This is because the existing trade base between the two countries is narrow, while Russia itself, burdened by the war and Western sanctions, lacks the capacity to provide large-scale economic assistance.

The Driving Forces Behind the Alignment

The fundamental force bringing Russia and North Korea together can be explained as solidarity based on opposition to the West, represented by the United States. The convergence of their perceptions and strategies regarding a new Cold War and a multipolar order, together with their political and economic needs to overcome international isolation and secure friendly partners, has driven their closer relationship.

The particular circumstances of the Ukraine war have further accelerated this process. As the prolonged war has caused Russia substantial losses of personnel and military equipment, Moscow has faced serious military and security difficulties. Under these circumstances, Pyongyang, with various strategic considerations in mind, has actively provided war supplies and troops to Russia, which is in a difficult position, thereby deepening the Russia–North Korea alignment. In this respect, Soviet–North Korean relations during the Cold War and Russia–North Korea relations after the outbreak of the Ukraine war in 2022 share the broad characteristic of strategic alignment against the United States and the West. However, they differ clearly in the leadership of the alliance and the structure of mutual dependence.

Taken together, the above analysis suggests that Russia–North Korea relations are more appropriately characterized not as an ideological blood alliance of the Cold War era, but as a transactional alliance based on the exchange of practical benefits and formed by the external shock of the Ukraine war. Nevertheless, it is difficult to regard the relationship as purely temporary or opportunistic, given that both countries are seeking to institutionalize their ties through treaty commitments and multi-year military cooperation plans amid structural changes in great-power politics and the international order of norms.

Future Prospects for Russia–North Korea Relations

In this respect, future Russia–North Korea relations will be shaped by the interaction between the momentum of institutionalization and the circumstances surrounding the end of the war. Three possible paths can be identified: (1) institutionalized cooperation is maintained and expanded even after the war ends; (2) the scale of cooperation declines, but the framework of the alliance treaty remains in place; and (3) the close relationship rapidly weakens as the exceptional conditions created by the war disappear.

Russia–North Korea relations are likely to remain strong for the time being, but they will probably be influenced by the course of the Ukraine war and changes in the international situation. From the Kremlin's perspective, an end to the war or a readjustment of relations with the West, including South Korea, could provide an incentive to adjust the intensity of its relationship with North Korea. Overall, Russia–North Korea relations have a strong character as a wartime alliance formed under the particular circumstances of the Ukraine war, and their sustainability and degree of further development will depend largely on two variables: the course of the war and Russia's relations with the West.

For South Korea, the closer relationship between Moscow and Pyongyang complicates efforts to improve inter-Korean relations. North Korea's military support for Russia has increased its strategic value to Moscow, giving Pyongyang an additional source of external support. This may reduce North Korea's incentives to engage with Seoul, particularly as long as its cooperation with Russia continues to bring practical benefits. South Korea's approach to inter-Korean relations will therefore need to take account of the changing nature of North Korea's external partnerships, rather than assuming that Pyongyang's diplomatic choices remain largely dependent on its relations with Seoul and Washington.

At the same time, Russia's closer ties with North Korea do not necessarily mean that Moscow's interests on the Korean Peninsula will remain unchanged. Russia has maintained diplomatic and economic interests in South Korea, and its priorities could shift if the Ukraine war ends or its relations with the West change. This does not suggest an immediate improvement in South Korea–Russia relations, but it leaves open the possibility of future diplomatic adjustments. For Seoul, maintaining channels of communication with Moscow may remain useful, even as it responds to the security concerns arising from Russia–North Korea military cooperation. The challenge will be to assess the durability of the alignment without overlooking the possibility that the interests of Moscow and Pyongyang may diverge over time.


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