K-Defence: South Korean Defence Policy and Arms Exports

How South Korean security and defence policy has shaped its defence industry and arms export patterns

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Cover: A prototype of the ROK-developed fighter jet KF-21 Boramae conducts a flight test on 21 December 2023. (Photo by the ROK Ministry of National Defense / Wikimedia Commons)

Summary

In 2024, the South Korean defence industry's revenue amounted to KRW 26,774 billion, approximately EUR 16.1 billion. South Korea held three per cent of the global arms market in 2021–2025, marking a near 40-fold increase compared to 25 years ago. This remarkable expansion in arms exports is explained by South Korean security, economic, and international status interests. The North Korean threat has incentivised the ROK to prioritise the construction of a strong defence industry with a large production capacity. By continuously modernising the equipment of its Armed Forces in step with global technological developments towards high-tech warfare, South Korea has carved out a niche for high-value arms on the global market. Having developed a competitive edge in manufacturing, South Korea was well-positioned to benefit from the rising global demand over the past 15 years. Security developments since 2022 have provided it with a unique opportunity to further boost its arms exports. The Russian invasion of Ukraine has driven up demand in Europe, while unpredictable foreign policy developments in China, the US, and Israel encourage arms-importing states to consider diversifying their arms supply. Altogether, these factors have allowed South Korea to advance its market position, portraying K-defense as arms exports with no strings attached.

Keywords: South Korea, defence industry, arms exports, K-defence, security policy

Sammanfattning

Den här rapporten är en engelsk översättning av *K-Defense: sydkoreansk försvarspolitik- och export* (FOI-R--5815--SE) som publicerades på svenska i januari 2026.

Sydkoreas försvarsindustri omsatte 2024 ca 187 miljarder kr, en ökning från 140 mdkr året innan. De senaste 5 åren har Sydkorea uppnått 3 procent av den globala försvarsmarknaden, en nära fyrtiofaldig ökning på 25 år. Den anmärkningsvärda ökningen av sydkoreansk materielexport förklaras av säkerhetspolitiska, ekonomiska och identitetspolitiska intressen. Hotet från Nordkorea har gett Sydkorea incitament att bygga en stark försvarsindustri med stor produktionskapacitet. Genom att kontinuerligt modernisera den egna försvarsmaktens materielbestånd för att följa med samtida tekniska utvecklingar och tillgodose nationella behov av högteknologisk krigföring har Sydkorea kunnat karva ut en nisch på den internationella marknaden med prisvärda alternativ och god teknisk prestanda. Ett konkurrenskraftigt materielutbud har skapat goda förutsättningar för en ökad exportvolym vilket har sammanfallit med en ökad global efterfrågan under de senaste 15 åren. Omvärldsutvecklingarna sedan 2022 har medfört unika möjligheter för Sydkorea att öka sin materielexport. Rysslands invasion av Ukraina har ökat efterfrågan i Europa, medan ökad osäkerhet om utrikespolitiska inriktningar i Kina, USA och Israel ger importerande stater incitament att finna alternativa leverantörer av försvarsmateriel. Dessa omständigheter har gett Sydkorea tillfälle att flytta fram sin marknadsposition och att framställa fördelen med K-defense som vapen utan krav på politiska eftergifter.

Nyckelord: Sydkorea, försvarsindustri, materielexport, K-defense, säkerhetspolitik

Executive summary

This study aims to improve our understanding of the development of South Korean international arms exports. It does so by highlighting how South Korea's political history and security policy context inform national threat perceptions and defence needs, how these threat perceptions influence defence policy, and how this relates to the trends and characteristics of South Korean arms exports. Furthermore, the study examines how export patterns have developed over the past 5–25 years, and based on these results analyses how South Korean competitiveness on the global defence market may develop in the years ahead.

In 2024, the South Korean defence industry's revenue amounted to KRW 26,774 billion (EUR 16.1 billion), up from 20,196 billion in 2023, of which approximately 25 per cent was accounted for by international sales. In 2021–2025, South Korea held 3 per cent of the global arms market. This marks a near five-fold increase in export volume compared to 2010 and a near 40-fold increase compared to 25 years ago.

This remarkable increase is explained by the country's historical security environment. Motivated by the North Korean threat, Seoul has continuously afforded defence acquisition and military capability development high political priority. The establishment of a domestic defence industry was perceived as the only way to ensure a secure supply of arms. In effect, the South Korean defence industry is characterised by a large production capacity that increasingly benefits from domestic technological innovation. These characteristics favourably positioned South Korea to meet the growing global demand for defence equipment in recent years, and the defence industry is growing quickly as a result of large international order intakes.

The raison d'être of South Korean national defence efforts is to deter and defeat North Korean armed attacks. During the Cold War, this translated into a focus on acquiring army equipment, which was gradually complemented with air and sea assets from the 1980s onward. The North Korean nuclear weapons programme raises the stakes significantly and challenges the fundamentals of South Korean military strategy. The present geopolitical environment is marked by uncertainty as to how Seoul should balance responding to Chinese grey-zone threats with safeguarding national autonomy vis-à-vis the United States, without suffering economic or security penalties from either party.

Achieving self-reliance in national defence is the centrepiece of South Korean arms acquisitions strategy. In principle, domestic arms acquisitions organisations should strive to always buy Korean and decision-makers are willing to spend more resources on domestic arms development today compared to 10–15 years ago. The share of imported arms, on a systems level, has dropped drastically following a law amendment in 2021 that further institutionalises the domestic purchase priority. The South Korean defence industry consists of 85 registered defence companies. Despite the growing share of international sales, the industry continues to cater predominantly to domestic customers, who account for approximately 75 per cent of the industry's revenue.

In the period 2021–2025, South Korea's most exported arms category was artillery, followed by ships, armoured vehicles, missiles, aircraft, and air defence systems. The largest markets were Europe, Asia and Oceania, and the Middle East and North Africa. The three best customers were Poland, the Philippines, and the United Arab Emirates. The average delivery time of Korean arms is within 3.3 years, though it is not certain that the industry will be able to maintain this pace as a result of its enormous order intake through 2030.

South Korean authorities are working actively to boost arms exports based on four general strategies: customisation, technology cooperation, innovation, and unified marketing as K-Defense. The state offers several types of support to defence companies looking to expand their international operations.

The South Korean defence industry's large production capacity, short delivery times and relatively competitive pricing are favourable conditions for hitting the government's target of a six-per-cent market share by 2030. Instability in international politics may increase demand for geopolitically value-neutral arms providers, which could improve South Korea's access to existing and new markets. At the same time, the long-term development of South Korean arms exports is challenged by the country's relatively weak defence technology innovation and the back-and-forth nature of domestic politics, in which policy continuity and long-term development are undermined by the tendency of new administrations to overhaul national policies every fifth year.

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List of abbreviations

ADD	Agency for Defense Development
AI	Artificial intelligence
ASEAN	Association of Southeast Asian Nations
C4I	Command, Control, Communications, Computers and Intelligence
CFC	ROK–US Combined Forces Command
CMA	Comprehensive Military Agreement
DAPA	Defense Acquisition Program Agency
DMZ	The Demilitarized Zone
DPRK	Democratic People's Republic of Korea (North Korea)
DSME	Daewoo Shipbuilding & Marine Engineering
DTaQ	Defense Technology and Quality Agency
EC	Executive Contract(s)
FOI	Swedish Defence Research Agency
G2G	Government-to-government
HD HHI	HD Hyundai Heavy Industries
HDW	Howaldtswerke–Deutsche Werft
ICBM	Intercontinental ballistic missile
IRBM	Intermediate-range ballistic missile
ISR	Intelligence, surveillance and reconnaissance
ITAR	International Traffic in Arms Regulations
JCS	Joint Chiefs of Staff
KAI	Korea Aerospace Industries
KAMD	K-Air and Missile Defense
KDB	Korea Development Bank
KDIA	Korea Defense Industry Association
KEXIM	Korea Export-Import Bank
KIDA	Korea Institute for Defense Analyses
KMPR	Korea Massive Punishment and Retaliation
KOTRA	Korea Trade Investment and Promotion Agency
KRIT	Korea Research Institute for Defense Technology Planning and Advancement
MND	(The ROK) Ministry of National Defence
MOFA	(The ROK) Ministry of Foreign Affairs
MRO	Maintenance, Repair, and Overhaul
NNSC	Neutral Nations Supervisory Commission
NPS	National Pension Service
OECD	Organisation for Economic Co-operation and Development
OPCON	Operational Control
R&D	Research and Development
ROK	Republic of Korea (South Korea)
ROKAF	ROK Armed Forces
SIPRI	Stockholm International Peace Research Institute
SRBM	Short-range ballistic missile
STEM	Science, technology, engineering & mathematics
THAAD	Terminal High Altitude Air Defense
TIV	Trend Indicator Value
UAE	United Arab Emirates
UAV	Unmanned Aerial Vehicle
UNC	United Nations Command
UNODA	UN Office of Disarmament Affairs
USFK	United States Forces Korea
WMD	Weapons of Mass Destruction

1. Introduction

South Korea, formally the Republic of Korea (ROK), was established in 1945. National politics and daily livelihoods have been shaped by the military threat emanating from North Korea, formally the Democratic People's Republic of Korea (DPRK), ever since. The United States is South Korea's principal strategic partner and the US–ROK defence alliance defines Seoul's security agenda. Even so, doubts regarding the credibility of Washington's commitment emerge every so often, prompting the ROK to seek independent national defence capabilities. Over the course of the past 60 years, South Korea has transformed from a pre-industrial nation into an advanced manufacturing powerhouse. The ROK defence industry produced its first arms in 1971 and debuted on the list of global top ten arms exporters some fifty years later. In 2021–2025, South Korean arms export volumes reached an all-time high at a 2.96 per cent share of the global market. This represents a near 40-fold increase in export volume and a 33-fold increase in market share compared to the year 2000, a remarkable feat in an international context.[1]

Still, the South Korean government is aiming higher, aspiring to become the world's fourth largest arms exporter by 2030.[2] After World War II, US President Roosevelt named the United States the "arsenal of democracy" in reference to the US's responsibility to use its military capabilities to protect the liberal world order.[3] More recently, the phrase has been adopted by representatives of the ROK defence sector seeking to promote South Korean military equipment, colloquially dubbed K-defence. The rise of K-defence (K-*bangsan* in Korean) follows the successful precedent of other "K-exports," a phenomenon wherein the letter K is affixed to various industries (notable examples being K-pop, K-beauty, and K-drama) to give them a trendy, modern brand and boost market appeal. The term K-defence gained traction in South Korean media in 2021 and was picked up by President Yoon Suk-yeol in 2022.[4] Today the term is used frequently by both Korean and international media outlets, as well as in official statements by South Korean government agencies.

The Swedish Defence Research Agency (FOI) first studied South Korean defence affairs in the 2012 publication *The Republic of Korea: A Defence and Security Primer*.[5] In the decade since the primer's publication, changes in the global geopolitical landscape have influenced security and defence affairs around the world, including in South Korea. In South Korea's case, notable developments over the past 10–15 years include greatly expanded soft power and a broader footprint in international affairs. As such, FOI's understanding, as well as that of the wider Swedish and European defence community, of South Korea as a security and defence actor is due for an update. This report focuses on South Korea's growing presence on the global defence market.

The analysis shows that South Korean arms exports have increased significantly over the past 10–15 years. This can be explained by the country's modern history, as the ROK has strengthened its military capability in response to the constant North Korean threat. Establishing a domestic defence industry was deemed the best way to meet the need for security of arms supply. These factors led to the establishment of a defence industry characterised by a large production capacity that was later complemented by a growing innovation capacity. This gave South Korea strong preconditions for producing and exporting arms that met global demand.

1.1 Aim and research question

This report is an English translation of the FOI study *K-Defense: sydkoreansk försvarspolitik- och export* (FOI-R--5815--SE), originally published in Swedish in January 2026.[6] The study aims to understand and explain the growth in South Korean arms exports by answering the following research question: "*How, and why, has South Korea been able to achieve such remarkable arms*

1 In 1996–2000, South Korea held less than 0.1 per cent of the global market. *SIPRI Arms Transfer Database*.

2 ROK Government. "*The Lee Jae-myung administration's 123 National Policy Initiatives"* (September 2025), policy initiative no 113.

3 Franklin D Roosevelt. Fireside Chat. Published online by Gerhard Peters & John T. Woolley in The American Presidency Project (29/12 1940).

4 Data from Google Trends on 28/10 2025.

5 Kaan Korkmaz & John Rydqvist. *The Republic of Korea: A Defence and Security Primer*. FOI-R-3427--SE (FOI, 2012).

6 The report was translated by the author with editing by Richard Langlais.

export growth in the past 5–25 years?" Drawing upon the results of the analysis, the study further aims to analyse how South Korea's international competitiveness may develop in the years ahead. The analysis is conducted in three steps:

1. Describing how South Korea's political history and geopolitical context influence its threat perceptions and defence needs;

2. Explaining how these perceptions have shaped the defence sector and national defence policy priorities since the 1970s; and

3. Describing and analysing trends and characteristics of South Korean arms exports.

Each step of the analysis is guided by a set of analytical questions. These are presented in the introduction of each chapter. The first analytical step examines five factors in South Korean security policy: history, the Korean War, the US–ROK defence alliance, regional instability, and economic security. The analysis shows how the transformation of the North Korean threat, novel power dynamics in the US–ROK alliance, and new present-day challenges guide the ROK's threat perceptions and defence needs. The second analytical step examines the South Korean defence sector, highlighting the relationships between threat perceptions and military expenditure, defence policy and the structure of the ROK Armed Forces, and defence planning and capability development. The third analytical step uses statistics to describe trends in South Korean arms exports, as well as discussing the future outlook for Korean market competitiveness. Competitiveness is assessed based on four criteria: 1) quality and functionality of equipment; 2) order volumes, delivery times, and pricing; 3) market access; and 4) international esteem. These characteristics were identified during the research process as the most relevant.

The three analytical steps suggest various explanatory factors relevant to the research question, including geography, political history, threat perceptions and strategic interests, economic interests, and identity politics. Taken together, these factors tell a story of how and why South Korea first entered the global defence market and subsequently was able to seize the opportunity brought by increased global demand.

1.2 Methods and materials

This study uses both qualitative and quantitative analytical methods and draws upon an extensive body of data. Chapter-specific methods are described in the respective chapters. Qualitative data was collected from academic and popular literature, journalistic work, legislation and official South Korean government websites, and various international research institutes. Much of the source material is in Korean. Quotations and citations have been translated by the author, and for readability, footnotes include only the English translation of a source's title. Translated titles are presented in quotation marks to be easily identifiable, for example "*South Korea's National Defense: Theory and Practice.*" Interested readers may refer to the references in Chapter 7 for the original Korean.

Korean names can be transliterated into English in several ways. This report uses the format *Family name + Given name 1-Given name 2*. In the case of Lee Jae-myung, the South Korean president, Lee is his family name and Jae-myung is his given name. Korean authors writing in English sometimes choose to stylise their name in a different way, in which case this report uses the same transliteration style as the author uses. Another exception is made for historical figures for whom a certain spelling convention is established in the literature. Syngman Rhee (Lee Sung-man), South Korea's first president, is one such person. In this case, the conventional transliteration is used.

South Korean security policy and defence industrial affairs are well-researched, and there is generally good access to both primary and secondary sources. However, not every aspect of South Korean defence affairs has received wide scholarly attention, for example, the ROK's material supply strategy. For this reason, interviews were used as a complementary data collection method. A total of 11 interviews were conducted in April 2025 with researchers, industry pundits, and practitioners with expertise in security and defence affairs. One interview was conducted online, whereas the remaining ten were held in South Korea.[7] The interviews were semi-structured, meaning that the interviewees received a questionnaire beforehand, but there was also ample opportunity to explore other topics that surfaced organically during the conversations. The conversations were not recorded, and note-taking was by hand. Several of the interviewees requested that their names be kept off the record, but agreed to be

7 The author extends her gratitude to FOI colleague Tobias Junerfält for his valuable support in planning and conducting the interviews.

quoted in their capacity as representatives of their profession or institutional affiliation. While this results in less transparent citations, it also allowed the interviews to go deeper into potentially sensitive issues. The analysis benefitted from the interview data in two main ways. First, the data is cited as sources for specific statements, experiences, and understandings. This proved valuable when researching issues that people tend to experience differently. To the greatest extent possible, information that surfaced during the interviews was cross-checked with open-source material. Second, the interviews were conducted early in the research process and were of great help when structuring the analysis and identifying issues of particular importance. For example, the insights gained from the interviews guided the analytical design of Chapter 5.

The primary source of quantitative data was the Stockholm International Peace Research Institute (SIPRI)'s *Arms Transfers Database*. SIPRI discusses arms export values in terms of what it calls the Trend Indicator Value (TIV). TIV is calculated based on estimated manufacturing costs and operational value. This means that new equipment scores higher than second-hand equipment due to its longer service lifespan. The TIV unit does not correspond to monetary value and cannot be converted into a sales price.[8] This report uses SIPRI data to analyse delivery times and market shares, among other things. The report also uses quantitative data provided by the International Institute for Strategic Studies (IISS), the UN Office for Disarmament Affairs (UNODA), the Organisation for Economic Co-operation and Development (OECD), the Korea Defense Industry Association (KDIA), and the financial reports of South Korean defence companies. Official statistics from the ROK Ministry of National Defense (MND), the Defense Acquisition Program Administration (DAPA), and the public data portal *data.go.kr* were also used. As a result of the ROK government's longstanding efforts to increase transparency in the defence sector, a great deal of statistical data is available online.

Data collection for the original Swedish report concluded in October 2025. A second round of complementary data collection was conducted during the translation process in February–March 2026 to keep the report as up to date as possible. Data collected in the second round include statistics on the defence industry's performance in 2024, the 2025 edition of statistical yearbooks by South Korean government agencies, and financial information from defence companies' 2026 audit reports. In a few instances, the qualitative analysis in Chapters 2 and 3 was complemented with descriptions of political events that occurred after the first round of data collection.

1.3 Definitions and delimitations

The analysis in this report covers a large time span. Historical events are used to contextualise contemporary developments, which in turn inform assessments of potential future trajectories. The analysis of empirical quantitative data (primarily in Chapter 5) is limited to the most recent five-year period for which data is available, i.e., 2021–2025. This time span is expanded by another 20 years whenever relevant for understanding long-term trends. Market shares are calculated based on the past five-year period unless otherwise stated. In other words, the statement that South Korea in 2025 had a 3 percent market share is calculated based on the period 2021–2025.

South Korean politics is dominated by two main political parties, the Democratic Party and the People Power Party. Instead of referring to these parties by their names, this study chooses to refer to them as "the progressives" and "the conservatives," respectively. This is due to the tendency of South Korean parties to frequently change their names, dissolve, and re-launch. Name changes typically occur ahead of a presidential election (every five years) to clean the slate and maximise the party's electoral chances, especially if previous presidents from the same party lack public support. The overarching political agendas of the "new" parties remain largely the same.[9] Referring to the parties by their proper names therefore risks creating more confusion than clarity.

This report at times refers to South Korean phenomena as simply "Korean," for example, "Korean defence products" or "Korean defence companies." This is done to increase readability and only when context allows unambiguous interpretation. Full state names are used in historical and geopolitical contexts that concern both North and South Korea.

The report uses various currencies (Korean won, KRW, American dollar, USD, and euro, EUR) depending on the currency used in the source material. For improved readability, amounts in KRW are reported together with the equivalent in EUR according to a set exchange rate of 1 KRW = 0.0006 EUR. In other

8 SIPRI. *SIPRI Arms Transfers Database: Sources and methods*.

9 Youngmi Kim. Evolution of political parties and the party system in South Korea in S. Lim & N.J.P. Alsford (eds.), *Routledge Handbook of Contemporary South Korea* (Routledge, 2021): pp. 72–74.

words, KRW 1 million is equivalent to EUR 600. This exchange rate is used to simplify conversions. The real exchange rate in 2025 fluctuated in the range of KRW 1 = 0.00055–0.00067 EUR.[10]

1.4 Reading guide

This report analyses South Korean arms exports from a security policy perspective. The target audience includes researchers and analysts, public officials with South Korea or defence- and security-related work portfolios, and interested members of the public. Hopefully, the report may prove useful as a primer or reference work that inspires further research on this topic.

The chapters are largely self-contained and can be read separately. The analysis occasionally refers to other parts of the report by citing the relevant section in parentheses. The level of detail is high throughout the study. Some information in Chapter 2 is presented in fact boxes. These contain information that is not critical to the analysis but nonetheless may help the reader understand the topic at hand.

To navigate the report and find specific information, readers are advised to refer to the analytical questions presented at the beginning, and the summary at the end, of each chapter. The table of contents and list of figures and tables at the beginning of the report may also be useful in this regard.

Chapter 2 situates South Korean security policy in a historical context. The chapter describes the ROK's political history, traditional threat perceptions, relations with the US, and the consequences of these factors for contemporary domestic and foreign policy.

Chapter 3 describes the ROK defence sector, examining how threat perceptions have shaped the national defence economy, military force structure, and materiel supply strategy. The chapter also analyses challenges to continued growth in the South Korean defence sector.

Chapter 4 gives a snapshot of the defence industry. The chapter broadly describes its technological and financial conditions, as well as its main actors.

Chapter 5 analyses arms exports. The chapter describes export trends since 2003, focusing on the most recent five-year period and breaking them down by equipment categories, average delivery time, and regional distribution. Additionally, the chapter discusses legislation and government strategies related to arms exports, as well as a few significant deals, with the 2022 Polish agreement as an in-depth case study. Finally, the chapter concludes with reflections on South Korea's international competitiveness through 2030.

Chapter 6 presents the conclusions and highlights some implications for European security policy.

10 European Central Bank. *Korean won (Republic)/Euro*, *Monthly* (ECB Data Portal, 31/12 2025).

2. The pillars of South Korean security policy

The Republic of Korea has a presidential system of government and was founded following the withdrawal of the Japanese colonial government in 1945. The Korean War, 1950–1953, reinforced the division of the peninsula into two separate political systems with hostile relations. South Korea transitioned to democracy in 1987 following several decades of authoritarian rule. This chapter describes the pillars of South Korean security policy through a historical lens. Security policy refers to a government's policies intended to safeguard its own security and that of its population from external threats. The chapter also describes South Korea's political history, threat perceptions, and how these factors shape domestic politics. The following analytical questions are addressed:

- In what ways do the ROK's political history and relationship with North Korea impact national threat perceptions and defence capability requirements?
- What impact has the Korean War had on South Korea's political culture and security mindset?
- What are the effects of the bilateral defence alliance with the United States on South Korean defence policy?
- How do South Korean perceptions of regional security developments influence its relations with China, NATO and the EU, Japan, and ASEAN?

2.1 A rabbit, tiger, or shrimp among whales?

A first fundamental pillar of South Korean security policy is the nation's geographical position. The Korean peninsula borders China and Russia by land and Japan by sea. This positions Korea as a site of great strategic interest and, as a result, the peninsula has been subjected to geopolitical struggles between great powers for millennia. Geography and geopolitics are thus central to Korean strategic thought.[11] Chinese emperors have generally treated Korean kingdoms as vassal states, whereas Japan has sought to claim the Korean peninsula as a buffer zone to defend itself against, as well as a springboard to attack, China and Russia.[12] An old Korean idiom sums up the peninsula's ill-fated geostrategic position: "when whales fight, the shrimp's back gets broken." The constant pressure exerted by external threats and the need to defend national borders did, however, promote the formation of a cohesive and strong Korean national identity early on. Korea became a unified kingdom in the 8th century and was ruled by the Joseon dynasty for 600 years from the 15th century onwards.[13]

The historical event with the single greatest impact on present-day politics is the Japanese occupation of Korea from 1910 to 1945. Political developments at the turn of the 19th century led other powers to renounce their claims to Korea. China did so in 1895, and, ten years later, the US recognised Japan's influence over Korea, which enabled Japan's annexation of the peninsula. The Japanese colonial government justified the annexation by comparing Korea to a rabbit that needed protection from the claws of the Chinese. The Korean independence movement resisted this description, comparing instead the Korean people to tigers that have protected their lands since ancient history.[14] These rivalling interpretations were graphically presented as maps; see Figure 2a below. Even today, these images occasionally surface in debates on South Korean agency.

A lasting consequence of Japan's occupation for contemporary Korean politics is contempt for Japan. The Japanese colonial government ruled Korea in a ruthless fashion, especially in its efforts to transform local populations into "good Japanese citizens." Koreans were treated as inferior to the Japanese and were forced to adopt Japanese names, as well as to reject the Korean language and culture. Slavery was common practice.[15] Even though South Korea and Japan normalised their

11 Han Yong-sub. *"South Korea's National Defence: Theory and Practice"* (Pakyoungsa, 2019): p. 12.
12 Walter B. Jung. *Nation Building: The Geopolitical History of Korea* (University Press of America, 1998): pp. 72–75.
13 Jung. *Nation Building*, pp. 24–31, 126–133.
14 Lee Jae-yeop. "Shapes of the Korean Peninsula." *JS Magazine* (1/1 2025).
15 Victor Cha & Ramon Pacheco Pardo. *Korea: A New History of South & North* (Yale University Press, 2023).

Figure 2a Japanese propaganda that diminishes Korean autonomy (right) and counter-messaging by the independence movement (left).
Source: Lee Jae-yeop. "Shapes of the Korean Peninsula."

diplomatic relations in 1965, several infected issues with roots in the colonial period remain unsolved. These issues occasionally resurface and limit South Korea's inclination to cooperate with Japan.[16] The two main parties in South Korean politics, the conservatives and the progressives, tend to perceive security policy issues very differently. The conservative party originated from the Korean political elite that supported the colonial government, whereas the progressive party has its roots in the independence movement.[17] For this reason, the progressives are generally more critical of cooperation with Japan.

The annexation, and especially the way in which it ended, had enormous consequences for the future of the Korean peninsula. When Japan capitulated in World War II in 1945, the colonial government immediately withdrew from Korea. This unexpected turn of events caused public officials and the owners of 90 per cent of Korean industry to return to Japan overnight, paralysing the state apparatus and national economy in the process.[18] Meanwhile, the independence movement lacked sufficient cohesion and expertise to assume political leadership. Before long, the Korean peninsula's geostrategic position captured the interests of great powers once more and became an arena of Cold War competition. The United States objected to an independent Korean state, arguing that the Koreans were too weak and corrupt to manage their own affairs. At the same time, the US was busy rebuilding Europe after the war and did not have the resources to promote an independent Korean state. The US therefore suggested that Korea be placed under trusteeship, supervised by the US, the Soviet Union, China, and the United Kingdom, until it was ready for independence.[19] This plan was never realised, however. The Soviet Union entered northern Korea, and the US response was to suggest a division of the peninsula along the 38th parallel, creating two spheres of influence, to prevent the Soviets from advancing any further. The 38th parallel was selected solely on the basis of being the geographical midpoint, without any consideration of natural borders, existing settlements, or patterns of daily life. The US subsequently established a military government in control of southern Korea.[20]

The division of Korea was intended as a temporary measure, necessary only until the US, the Soviet Union, and the Korean people agreed upon a form of government for the Korean state. However, no such agreement was reached. In 1947 the US passed the issue to the United Nations, which set about organising a democratic election to elect a Korean president in 1948. The UN was denied entry to northern Korea and, as a result, the election of Syngman Rhee as was valid only in southern Korea. With a president in place, the south subsequently proclaimed the Republic of Korea. Shortly thereafter, the north announced that they had elected Kim Il-sung, a captain in the Soviet Red Army with significant political support in Moscow, as prime minister of the Democratic People's Republic of Korea.[21] From that moment, the two nations became locked into a political struggle to prove their own government's legitimacy as the government of a unified Korean state. It soon became evident that no progress could be made

16 Scott A. Snyder. *The United States—South Korea Alliance. Why It May Fail and Why It Must Not* (Colombia University Press, 2024): p. 15.

17 Snyder. *The United States—South Korea Alliance*, p. 108.

18 Cha & Pacheco Pardo. *Korea: A New History of South & North*, pp. 185–226.

19 B.C. Koh. Managing Transition from Colony to Republic: The American Military Government, 1945–1948. *Korea and the World: Contemporary History and its Implications* (National Museum of Korean Contemporary History, 2015).

20 Cha & Pacheco Pardo. *Korea: A New History of South & North*.

21 Gabriel Jonsson. *Korea igår och idag* (Appell Förlag, 2018): pp. 106–109.

through political persuasion, and so both sides began devising a military solution to compel the other to surrender and abandon its claim to Korean self-rule through brute force.

Tensions between North and South escalated in the period 1948–1950. In the South, President Rhee made his position very well known: Korea must be unified, using military force if necessary. Rhee regularly threatened to invade the North, with or without American support.[22] In the North, Kim Il-sung had similar ideas. In 1949, the US announced it had fulfilled its part in Korean politics and therefore would withdraw from the ROK. As far as the US was concerned, the promised election had been held; it was up to the Korean people to figure out how to proceed. The last US soldiers left South Korea in June 1949. In January 1950, US Secretary of State Dean Acheson held a speech saying that US interests in Asia were limited to Japan and the Philippines, and that affairs outside this zone of interest was none of the US's business.[23] Kim Il-sung likely interpreted this as a green light to invade South Korea. With the Soviet Union's blessing, the North Korean army crossed the 38th parallel in the early hours of 25 June 1950, thereby initiating the Korean War, which lasted for three years.

When the war began in 1950, the South Korean armed forces were significantly inferior to the North Korean army in terms of equipment, training, and number of troops. The North Korean forces consisted of 200,000 troops equipped with tanks, armoured vehicles, and aircraft that allowed Pyongyang to quickly establish territorial control. South Korea, on the other hand, had about 100,000 troops equipped only with light guns, in other words, practically defenceless against the DPRK's ground combat systems. Seoul fell in three days.[24] The UN Security Council adopted a series of resolutions that condemned North Korea's aggression and encouraged UN member states to aid South Korea for purposes of upholding international peace and regional stability. A military combatant command, the UN Command (UNC), was established to support South Korea militarily. The UNC consisted of 440,000 troops from 16 UN member states, led by the US. Over the course of the war, North Korea was supported by a total of 2.3 million Chinese troops and continuously received equipment deliveries from the Soviet Union.[25] In July 1953, the UNC, the Korean People's Army (the DPRK armed forces) and the People's Volunteer Army (the Chinese forces) signed an armistice agreement, which put an end to 37 months of armed conflict that resulted in four million refugees and the deaths of more than two million soldiers and three million civilians.[26]

2.2 Legacies of the Korean War in domestic politics

The most obvious consequence of the Korean War is the enduring division of the Korean peninsula into two separate political systems. The fact that the war ended with an armistice agreement rather than a peace treaty was frustrating to both South Korean President Syngman Rhee and North Korean Premier Kim Il-sung. Neither leader gave up on the idea of reunification, and both states enshrined the goal of reunification in their respective constitutions, claiming the entire peninsula as their sovereign territory. This territorial claim remains in the South Korean constitution to this day, while North Korea's constitution stipulates that the state shall strive to "achieve the complete victory of socialism in the northern half of Korea" and peaceful reunification.[27]

South Korea's efforts to find its footing as a new state still shape its political system today. Firstly, issues concerning its autonomy and the right to self-determination are closely linked to national identity. Modern history writing interprets national history until 1950 as the story of how the Korean people were repeatedly deprived of the opportunity to determine their own destiny. Security issues therefore tend to be highly politicised, especially the issue of reunification. Reunification is the ideological core of the progressive party's politics. They consider unification as fundamental to Korea's ability to pursue independent policies and safeguard national autonomy in a global context. The conservatives view unification as desirable, but a long-term goal. They see external security cooperation as a prerequisite for Korean self-rule and value military power to deter invasion until the day Korea can be reunited on Seoul's terms. This dividing line informs the positions of the two parties on several political issues. The progressives

22 Victor Cha. *Powerplay: The Origins of the American Alliance System in Asia* (Princeton University Press, 2016): pp: 94–97.

23 Cha. *Powerplay*, pp. 43–44.

24 Jonsson. *Korea igår och idag*, pp. 112–113; Han. *"South Korea's National Defence"*, p. 467.

25 Hao Yufan & Zhai Zhihai. China's Decision to Enter the Korean War: History Revisited. *The China Quarterly*. 121 (1990).

26 Han. *"South Korea's National Defence"*, p. 467.

27 "Constitution of the Republic of Korea" art. 3 (29/10 1987); National Committee on North Korea. *DPRK Constitution* art 1. para. 9 (2019).

are often portrayed as left-wing, and the conservatives as right-wing. However, in a European context, both parties are moderate conservatives.

A second legacy is South Korea's anti-communist state building. The Japanese colonial government's militaristic rule was replaced in 1945 by the US military government, which ruled South Korea until the UN election in 1948. When Syngman Rhee was elected president, he continued the development of an authoritarian state apparatus with the capacity to suppress communism and, by extension, all political interests that ran counter to the will of the political elite. Korea's Confucian traditions (which value hierarchies based on gender, age, and seniority to create harmony in society) were conducive to the emergence of an authoritarian political culture. The military believed it had a duty to intervene in politics to safeguard national security. Political rule in South Korea was first overthrown in a military coup in 1961, led by Park Chung-hee, a general with Japanese military training. In 1972, Park adopted a new constitution that gave the president, that is, himself, greater power and paved the way for a more authoritarian regime. Upon Park's death in 1979, General Chun Doo-hwan, also an authoritarian leader, seized power through a second military coup.[28] Under military rule, the state administration was depoliticised and militaristic culture diffused into civil society. Government functions were staffed by military personnel, and the population was mobilised to work on huge industrialisation projects in a war-like manner.

The country was democratised in 1987 upon the adoption of a new constitution stipulating that political power emanates from the people and that the president and parliament shall be appointed through democratic elections.[29] The constitution limits the president's term of office to five years without the possibility of re-election, a limit that has helped South Korea to gradually consolidate democratic rule. In 1993, voters elected the first president without a military background since Park's military coup, a symbolic step towards civilian control of state power. In the following election, the opposition assumed office for the first time.[30]

Democracy was first introduced in South Korea through elections organised by the United Nations and then reintroduced after more than two decades of military rule. These contexts of introduction led to the perception of free elections as a cumbersome administrative procedure that exposes politics to corruption, rather than an opportunity for voters to gain political representation.[31] Election campaigns are strictly regulated in terms of when, how, and where they may take place, and authorities spend considerably more time ensuring that party activities adhere to the rules than encouraging citizen engagement.[32] Authoritarian election laws were kept in place after democratisation because they increased the political elite's possibilities to cling to power. As a result, party politics remained inaccessible to the general public, and the political establishment continues to practice an exclusive mode of electoral governance that distances voters from party politics.[33]

South Korean political parties serve a different function from that of parties in the Nordic countries and several other European states. South Korean parties are not grassroots organisations that share a common ideology and seek representation on political issues, but rather organisations formed around political elites. To put it bluntly, parties do not form government, presidential candidates form parties in order to be elected.[34] Parties that lack the support of an influential politician tend to be short-lived. There are virtually no strong local or issue-based parties, and few independent or non-partisan politicians. The South Korean parliament, the National Assembly, is dominated by the two major parties. Since the 2024 parliamentary election, the progressives hold 107 of the 300 seats, and the conservatives hold 108 seats.[35] Because the system is not founded on bottom-up participation, there is a significant disconnect between elected politicians and the rest of society. The isolation from public sentiment has led several presidents to behave in ways that are perceived as inappropriate, tone-deaf, or deeply corrupt. The fact that two presidents have been impeached since 2017 on similar grounds suggests that this is an institutional rather than a personal problem.

28 Il Woo Lee & Alan Chong. Curing National Insecurity through Developmental Authoritarianism in South Korea's Civil-Military Relations in A. Chong & N. Jenne (eds.). *Asian Military Evolutions: Civil-Military Relations in Asia* (Bristol University Press, 2023).

29 "Constitution of the Republic of Korea" art 1.

30 Lee & Chong. Curing National Insecurity… pp. 255–258.

31 Erik Mobrand. *Top-down democracy in South Korea* (University of Washington Press, 2019): pp. 59–60.

32 "Political Parties Act" art. 3 and 44; Mobrand. *Top-down democracy in South Korea*, pp. 59–60.

33 Mobrand. *Top-down democracy in South Korea*, pp. 36, 130–131.

34 Lee & Chong. Curing National Insecurity…, p. 264; Mobrand. *Top-down democracy in South Korea*, p. 142.

35 National Election Commission. *"Political Party Information and Status"*, with additional statistics from the Commission's statistics database. The remaining seats are held by three satellite parties, two of which support the progressives. This means that, in practice, the progressives enjoy parliamentary majority.

Fact Box 1 A summary of South Korean governments since 1948.
Red indicates a conservative president and blue indicates a progressive president.

President	Term	Comment
Syngman Rhee	1948–1960	Hardline anti-communist and nationalist. Introduced direct presidential elections in 1954. Forced to step down after student protests in 1960.
Yun Po-sun	1960–1962	Purely a ceremonial president. The country was ruled by the prime minister during this period.
Park Chung-hee	1962–1979	Came to power through a military coup in 1961 and ruled under different forms of civilian dictatorship. Adopted a new constitution in 1972 that augmented the presidential power.
Chun Doo-hwan	1980–1988	Came to power through a military coup in 1979. Ruled the country in an authoritarian fashion until democratisation in 1987.
Roh Tae-woo	1988–1993	South Korea's first democratically elected president under the current constitution; a military general and close ally of Chun.
Kim Young-sam	1993–1998	Oppositional towards Park's and Chun's authoritarianism. The first civilian president since Yun.
Kim Dae-jung	1998–2003	Long-time democracy activist and the first progressive president. Known, among other things, for the Sunshine Policy towards North Korea.
Roh Moo-hyun	2003–2008	The first president born after the end of the Japanese occupation. Impeached in 2004, although not upheld by the Supreme Court.
Lee Myung-bak	2008–2013	Former business executive associated with conservative and pro-American policies. Sentenced to 15 years in prison in 2018 for corruption during his term in office.
Park Geun-hye	2013–2017	The first female president and daughter of Park Chung-hee. Impeached in 2017 following several political scandals involving corruption.
Moon Jae-in	2017–2022	Libertarian with a long political career and a background in human rights law.
Yoon Suk-yeol	2022–2025	Former Attorney General impeached in 2024 following a declaration of martial law. Was found guilty in 2026 of insurrection and sentenced to life imprisonment.
Lee Jae-myung	2025-	A liberal politician with a long political career. Promotes policies on universal basic income, free trade, and pragmatic foreign policy.

A final significant legacy of the Korean War is the uneven distribution of power in the South Korean system: the legislative and judicial branches are weaker than the executive branch. South Korea is generally recognised as a full democracy (as per the principle of popular sovereignty).[36] However, the South Korean political system grants the president greater power than other presidential systems do. As mentioned earlier, presidents are only allowed to serve a single five-year term. The president is nonetheless able to accomplish a great deal during that time thanks to the office's extensive decision-making mandate to act independently in matters relating to national security. For example, the president can sign presidential decrees as well as propose and veto bills. The precarious security landscape owing to the threat of North Korean hostilities has historically motivated the concentration of foreign and security policymaking authority in the presidential office. Certain domestic policy decisions are proposed by the president (including certain bills, the annual state budget,

36 International IDEA. *The Global State of Democracy 2025: Democracy on the Move* (2025).

and the appointment of the prime minister) but are ultimately approved by the National Assembly. The National Assembly has the mandate to investigate allegations of abuse of power by the president, but in practice such investigations are often blocked by the president's veto.[37]

The extensive powers of the presidential office create intense zero-sum competition between conservatives and progressives. When a new president takes office, they often quickly implement policy changes without securing support in the National Assembly. This usually leads to the next president implementing new changes that completely or partially reverse the previous president's policies. This five-year cycle makes it very difficult to find long-term consensus on security and foreign policy issues. The president's mandate to independently formulate policy provides little incentive to cooperate with other stakeholders, and since the president is not eligible for re-election, approval ratings generally do not check the president's power.[38] In effect, there is a widespread public distrust in politics and hopelessness regarding long-lasting change.

2.2.1 The declaration of martial law in December 2024

The presidential mandate includes the right to declare a state of emergency and impose martial law. Late in the evening of 3 December 2024, President Yoon Suk-yeol (2022–2025) did just that. Yoon imposed martial law, which placed media outlets under state control and banned all forms of political activity, including citizen protests. According to Yoon, the decision was necessary to protect the National Assembly from "criminals" who support North Korean interests and disrupt democratic processes.[39] This line of reasoning resonates with the ROK's history of anti-communist state building. Yoon argued that, by opposing the president's policies, the opposition was undermining the country's political system, which in turn lent itself to the interpretation that the opposition was anti-South Korea and, therefore, by default, pro-North Korea. This incident was the first declaration of martial law in 45 years, seemingly completely out of the blue and incredibly shocking to the Korean population. Thousands of citizens took to the streets to protest against what they considered to be a wholly unjustified decision. Even though martial law was lifted later that same night, the incident set in motion a severe political crisis that eventually concluded with Yoon being removed from office in April 2025; see Fact Box 2 below.

Given South Korean politicians' tendency to misjudge public opinion, Yoon's actions were not wholly unexpected. The incident was symptomatic of the concentration of power in the executive branch. The fact that the minister of national defence and other high-ranking generals were in on the plot shows that informal power structures still exist within the armed forces, and even more concerning were the orders for the military to arrest democratically elected members of parliament. Nevertheless, the events of December 3 and the following six months also demonstrated the resilience of civil society and its firm adherence to democratic principles. After the National Assembly overturned the martial law declaration, it took a few hours for Yoon to concede defeat, but he did not argue against the decision. Furthermore, the military as a whole showcased great integrity. No citizens were harmed despite widespread unrest.[40]

President Lee Jae-myung (2025–) ran for office and won on the promise to remove remnants of authoritarian rule once and for all. According to Lee, the present security situation is not grave enough to justify the president's concentrated power, for which reason he pledged to pursue institutional reforms that would prevent similar incidents from happening again. Among other things, Lee has proposed that the president should need the approval of the National Assembly to declare a state of emergency.[41] A high-ranking military commander stated that the armed forces would not obey orders in the event of a similarly unlawful martial law declaration, and that soldiers who refused to obey orders on December 3 and 4 will be rewarded for their righteous morals.[42] These promises can be understood as attempts to restore the population's confidence in the ROK political system and the international community's confidence in South Korea as a partner.

The ambitions are admirable, but they are not without problems. President Lee is not the first president to

37 C.f. Son Ji-hyoung. Yoon vetoes bill to investigate his wife. *The Korea Herald* (5/1 2024).

38 Robert E. Kelly & Jaekwon Suh. The Roots of South Korea's Political Crisis. *Foreign Affairs* (12/2 2025).

39 Sarah Chea. Transcript: President Yoon Suk Yeol's speech to declare emergency martial law. *Korea JoongAng Daily* (4/12 2024).

40 Yoon Min-sik. 'I'm sorry': Soldier mobilized by martial law seen apologizing to citizens. *The Korea Herald* (4/12 2024).

41 Chae Yun-hwan. DP vows for prosecutorial, judicial reform in finalized campaign pledges. *Yonhap News Agency* (28/5 2025).

42 Reuters. S. Korea commander says he will refuse to implement any new martial law order, say media reports. (6/12 2024); Lee Minji. Defense ministry to reward soldiers who defied 'unjust' orders during martial law bid. *Yonhap News Agency* (18/7 2025).

Fact Box 2. Timeline of the martial law incident.

3 December 2024

22.27 On a live TV broadcast, President Yoon announces a national state of emergency and imposes martial law.

22.30 Military units are mobilised to political sites in central Seoul with orders to stop members of parliament from entering the National Assembly.

23.00 The Speaker of the National Assembly encourages all members of parliament to immediately gather for an emergency vote on overturning the martial law declaration. Citizens gather outside the National Assembly to protest, and members of parliament climb fences to enter the building while the military attempts to break into the National Assembly.

4 December

01.02 A total of 190 members of parliament manage to enter the building, and everyone present votes to overturn the president's declaration of emergency.

04.27 President Yoon upholds the National Assembly's decision and military units withdraw.

14.23 Progressive members of parliament initiate an impeachment vote against the president, arguing that the martial law declaration was unconstitutional and an act of treason.i.

7 December

10.00 Yoon dismisses rumours that he intends to declare martial law a second time to block the impeachment vote and pledges to accept accountability.

17.00 The National Assembly holds the first impeachment vote. The progressives vote in favour, while the conservative parliamentarians, bar one, abstain. They justify the boycott by referring to the understanding that Yoon will step down voluntarily. Since fewer than 200 members of parliament vote in favour of impeachment, Yoon remained in office.

12 December

10.00 Yoon holds a speech defending his actions, making it clear that he has no intention of stepping down voluntarily.

17.00 The opposition initiates a second impeachment vote. The ruling party struggles with internal fighting between those in favour of impeachment and those preferring to give Yoon more time to assume accountability.

14 December

The second impeachment vote is concluded in the National Assembly with 204 votes in favour, thanks to the addition of 12 conservative votes. With more than 200 votes, the threshold for impeachment is satisfied, and Yoon is suspended from office.

27 December

The Supreme Court formally initiates proceedings on whether to uphold the impeachment and hold re-elections.

31 December

A court in Seoul issues an arrest warrant for Yoon, who has not left the presidential residence since his impeachment on December 14.

3 January 2025

Police officers and special investigators arrive at the presidential residence seeking to execute the arrest warrant following several ignored summonses for questioning. The presidential security service denies the investigators entry, and the arrest is postponed.

15 January

Yoon is successfully arrested, and Supreme Court hearings can proceed.

18 January

Yoon's detention is extended from 48 hours to 20 days, sparking public protests and political unrest.

17 January

Yoon supporters break into the Seoul courthouse that issued the arrest warrant, wreaking havoc and causing property damage. A total of 86 people are arrested for various offenses, while crowds of up to tens of thousands of Yoon supporters gather around the courthouse in protest.

4 April

The Supreme Court unanimously upholds the impeachment decision, immediately removing Yoon from office. The verdict set in motion a snap election to be held within 60 days.

3 June

The opposition leader Lee Jae-myung wins the re-election by an 8.27 percent margin, becoming the 14th president of the ROK.

promise sweeping reforms. Several previous presidents who initially advocated major reforms ended up falling back into old ways, pursuing policies that reward the in-group and punish the out-group.[43] Moreover, implementing Lee's election promises would require a constitutional amendment, which is notably difficult: it requires a qualified majority in the National Assembly and a majority vote in a referendum. Due to these high barriers, the constitution remains as it was in 1987.[44] Lee's promise to give the legislative branch greater control over the executive is sound from the perspective of democratic theory on the separation of powers, but in practice it will not necessarily translate into higher levels of citizen trust. Fewer than three in ten South Koreans trust the National Assembly, making it the government institution with the lowest level of public trust.[45] Moreover, the National Assembly's actions in the run-up to December 3 were not without fault. The opposition-dominated parliament abused the tools at its disposal to investigate presidential corruption in order to block Yoon's policies, which Yoon cited as a significant reason that gave him no choice but to use "drastic measures" to overcome the political deadlock.[46]

A final problem facing the South Korean democratic system is the restrictions placed by election legislation on popular political engagement. An active civil society is not necessarily a sign of a healthy democracy. Mass protests should instead be seen as a symptom of the lack of institutional channels for citizens to express their political grievances.[47] The design of the electoral system encourages static voting patterns, and so candidates make little effort to campaign in districts where their party is traditionally in the minority. As a result, voters lack an understanding of candidates' election programmes, and the ballot thus loses its value as a means of expressing preferences on political issues.[48] This lack of knowledge is exploited by domestic media publishing houses, which capitalise on the situation by profiting from aggressive reporting on political scandals that reinforce voter divisions. As a result, many citizens opt to vote for party A simply because they *do not* want to vote for "scandalous" party B. In a 2011 survey, 57 per cent of respondents said they had a negative view of the party they did not vote for; in 2022, that number was 86.5 per cent.[49] Up to eight out of ten South Koreans believe polarisation between conservatives and progressives is a serious societal problem, while three out of four have *little to no* confidence in political parties.[50] A major challenge for President Lee will therefore be to identify possibilities for systemic reform that satisfy young citizens raised in a democratic nation without deepening the divide with voters who have experienced the country's full economic and political development.

2.3 The North Korean threat

As a consequence of the constant threat of military aggression from North Korea, South Korean security and foreign policy maintain a near-exclusive focus on the Korean peninsula and its immediate surroundings.[51] Traditionally, a second ground invasion or massive artillery attack was considered the greatest threat, for which reason South Korea's armament efforts from the 1960s to the 1980s focused on army equipment and ground combat systems. Seoul, the capital city of South Korea, is densely populated and located very close to the 237-km-long border with North Korea; see Figure 2b below.

Aside from a ground invasion, other persistent threats that have occurred at least once include North Korean infiltration, anti-American influence operations, and assassinations of North Korean refugees. North and South Korea have agreed to pursue peaceful unification on several occasions since 1972, the last such joint statement being issued in 2018.[52] At the same time, South Korea has always understood that peaceful unification can only be pursued with the support of a strong national defence force to protect national territory and citizens.[53] This understanding is shared by

43 Snyder. *The United States—South Korea Alliance¸* p. 85.

44 Son Ji-hyoung. Momentum builds for constitutional reform under new president. *The Korea Herald* (3/6 2025).

45 ROK Ministry of Data and Statistics [KOSTAT]. "Social Indicators in Korea 2024" (25/3 2025): pp. 29–30.

46 C.f. Kim Eun-jung. Parliamentary committee to hold hearing on Yoon's impeachment petition on Marine's death anniv. *Yonhap News Agency* (19/7 2024).

47 Mobrand. *Top-down democracy in South Korea*, p. 95.

48 Mobrand. *Top-down democracy in South Korea*, pp. 73–76, 93.

49 Kelly & Suh. The Roots of South Korea's Political Crisis.

50 KOSTAT. "Social Indicators in Korea 2024", pp. 29–30; World Values Survey. *Wave 7 2017–2022, Q72—Confidence: The Political Parties* (JD Systems Institute & WVSA Secretariat, 2023).

51 Han. *"South Korea's National Defence"*, pp. 13, 32.

52 National Committee on North Korea. *Pyongyang Joint Declaration of September 2018* (2018).

53 Han. *"South Korea's National Defence",* p. 181.

Figure 2b A map of the Korean peninsula and its immediate neighbourhood.
Source: Karin Blext, FOI.

both political parties. According to the South Korean Ministry of National Defence (MND), North Korean "provocations," that is, some kind of hostile activity on or against ROK territory, exceed 200 incidents each decade.[54] Major incidents with great risk of escalation occurred in 1983, 1987, 1999, 2002, 2010, and 2023.[55] This constantly high threat level has limited South Korea's policy bandwidth for formulating strategies on conflicts outside the Korean theatre and on non-traditional security threats. South Korean strategic thought on broader security issues is reactive and always relational to the responses of other nations, in particular the US.

54 ROK Ministry of National Defence [MND]. *2022 Defense White Paper* (2023): p. 352.

55 Lee Chung Min. *Shoring Up South Korea's National Security Apparatus* (Carnegie Endowment for International Peace, 2022): pp. 23–28.

The North Korean threat has intensified in tandem with progress in Pyongyang's nuclear weapons programme, which has created new capability requirements in the ROK. Before nuclearisation, the mission of the ROK Armed Forces (ROKAF) was to fight and retaliate against an attack. However, the destructive capability of nuclear weapons shifts the objective to deterring an attack at all costs; suffering a nuclear strike simply cannot be allowed. This also means that South Korean military strategy over the past twenty years has introduced pre-emptive offensive strikes on North Korea as a permitted method of achieving this objective.[56] Several aspects of North Korean nuclear weapons capability remain unknown, so international estimates differ depending on the assumptions made regarding the DPRK's production of fissile material and weapons design. SIPRI estimates that North Korea possesses 50 nuclear weapons today and may possess up to 90 weapons in a few years' time.[57] Recent FOI research estimates that North Korea possesses enough fissile material to construct 10–20 thermonuclear bombs and 190–240 fission bombs.[58]

South Korean conservatives view North Korea's nuclear weapons development as an existential threat. The progressives agree that it negatively impacts Korean peace and security, but at the same time believe that Pyongyang develops these in order to strengthen the regime's strategic negotiating position vis-à-vis China and the United States, not for use against the ROK.[59] However, both parties agree that ROK defence planning needs to take nuclear weapons development into account. In light of North Korea's first nuclear test in 2006, South Korea passed legislation that obliges the government to create favourable political and economic conditions for the development of the capabilities of the ROKAF in line with current security and technological developments.[60] In practice, the bill compels each new administration to propose a plan to reform national defence efforts constructively to ensure that the ROK keeps pace with threat developments (see Table 2c).

Table 2c A summary of past defence reform plans.

Term	Administration	Plan title	Examples of core objectives
2003–2008	Roh Moo-hyun (P)	Defence Reform 2020	• Reduce the ROKAF forces to 500,000 • Increase the share of professional/ contracted personnel • Improve transparency, efficiency, and professionalism of defence acquisitions
2008–2013	Lee Myung-bak* (C)	Defence Reform 2020 (adjusted)	• Improve the command structure • Ensure WMD protection readiness
		Defence Reform Plan 307	• Transition into an organisational structure characterised by information and technology intensity • Improve defence sector efficiency
2013–2017	Park Geun-hye (C)	National Defence Reform Basic Plan 2014-2030	• Establish the three-axis system • Reorganise the JCS to enable the transfer of wartime OPCON
2017–2022	Moon Jae-in (P)	Defence Reform 2.0	• Promote the defence industry as a platform for the fourth industrial revolution • Grow the share of MND civilian personnel
2022–2025	Yoon Suk-yeol (C)	Defence Innovation 4.0	• Strengthen the three-axis system • Establish a Joint All-Domain C2 system
2025–2030	Lee Jae-myung**(P)	Work in progress	• Integrate AI and "smart technology" in the ROKAF's strategic, operational, and tactical activities

Note: The letters P and C indicate whether the president was progressive or conservative. ***The Lee Myung-bak administration adopted two defence plans, the second one upon the two serious North Korean security incidents in 2010 that Lee interpreted as showing that the previous plan was insufficient. Source: the ROK MND. ****The Lee Jae-myung administration has stated that the plan is a work in progress and expects to publish it in June 2026. The table shows this author's assessment of the plan's likely objectives based on available information.

Source: ROK Government. "The Lee administration commences formulation of 'defence reform plan' to cultivate a smart and strong military" (17/9 2025).

56 We Jinwoo. "Changes in ROK Military Strategy: Period-Specific Factors and the Strengthening of Offensive Orientation within a Self-Defensive Posture." *"Journal of Peace and Unification Studies."* 17:4 (2025).

57 Hans M. Kristensen & Matt Korda. North Korean nuclear forces in *SIPRI Yearbook 2024: Armaments, Disarmament and International Security* (Oxford University Press, 2024).

58 August Andersson, E. Edvardsson, F. Nielsen & A. Nielsen-Moe. N*ordkoreanska kärnvapen.* FOI-R--5822--SE (FOI, 2025): pp. 40–41.

59 Interview 7.

60 "National Defense Reform Act" art. 1–4 (2006:8097).

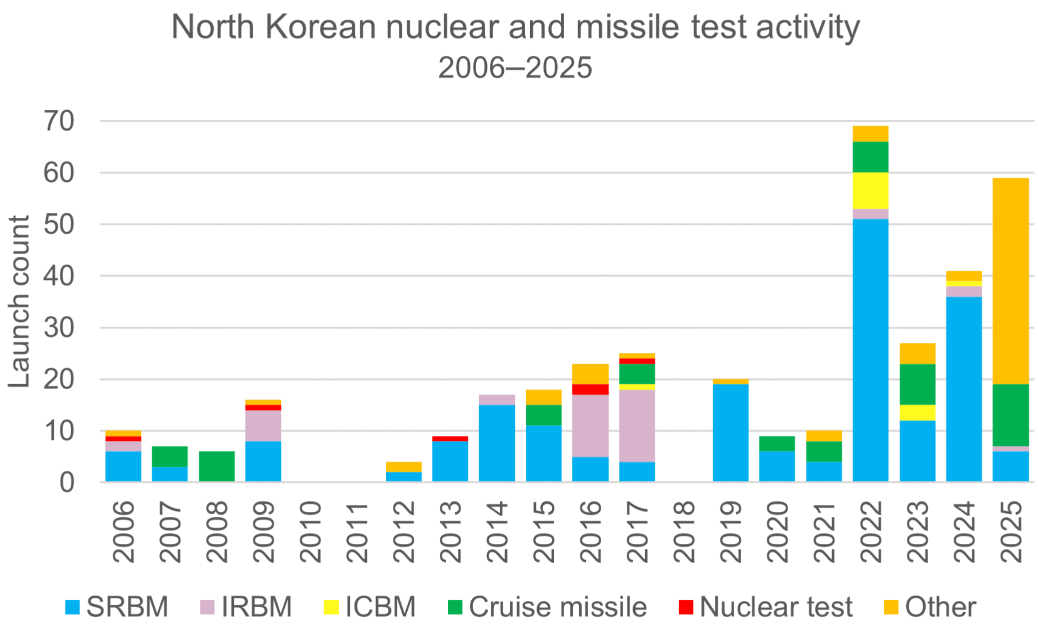

Figure 2d A graph showing North Korean missile and nuclear weapons tests.

Note: SRBM stands for short-range ballistic missile; IRBM stands for intermediate-range ballistic missile; and ICBM stands for intercontinental ballistic missile. "Other" includes, for example, artillery rockets and surface-to-air missiles.

Source: The Nuclear Threat Initiative, The CNS North Korea Missile Test Database (12/11 2024) for the period 2003–2024, complemented by data from the NK Pro Missile Tracker for 2025.

The law is therefore called the National Defense Reform Act. The term "defence reform" is broadly defined and may include everything from the redefinition of strategic objectives to organisational adjustments. The plan is the most important public document in South Korean defence policy. The bill is approved by the president, not by parliament, which yet again highlights the executive branch's concentrated power.

Since 2013, conservative administrations have pursued conventional deterrence capabilities through the so-called three-axis system, a kind of air defence system designed to counter and respond to missile attacks (see Section 3.3.4). Progressive administrations have tended not to make the three-axis system the core of the defence reform plan, since the system explicitly designates North Korea as an enemy state, a position that is not particularly conducive to inter-Korean diplomacy. Instead, progressives have focused on developing capability areas in which South Korea currently is dependent on the US in order to strengthen national defence self-reliance. In recent years, however, North Korea has accelerated its development of short-range ballistic missiles (SRBMs; see Figure 2d below), which the progressives too interpret as a direct military threat. Popular perceptions of the nuclear and missile threat have generally not worsened, but the belief that North Korea will use nuclear weapons in a wartime scenario has become more widespread since the Pyongyang regime adopted a new nuclear doctrine in 2023 that allows the use of tactical nuclear weapons for preemptive strikes.[61]

2.3.1 North Korea's two-state policy

Peaceful reunification has been the guiding principle of the ROK's North Korea policy for nearly eighty years. The understanding that this is a mutual goal has guided South Korea's interpretations of North Korean behaviour until recently. At the turn of 2023 and 2024, North Korea made an unexpected policy shift, rejecting the hitherto central objective to achieve peaceful reunification of the Korean people. The North Korean leader Kim Jong-un announced that South Korea was the "main enemy" and that North and South are two different and wholly unrelated states. The DPRK government immediately began systematically to remove symbols of reunification in North Korean society, while the military began demolishing bridges, roads, and other infrastructure that symbolically connected North to South in preparation for a unified Korea.[62] The policy reversal was announced amid heightened

61 Korean National Defense University [KNDU]. "*2024 National Security Awareness Survey (General Public)*" (2024): pp. 235, 240.

62 Korean Central News Agency [KCNA]. Report on 9th Enlarged Plenum of 8th WPK Central Committee. *KCNA Watch* (21/12 2023).

military tensions: North Korea terminated the 2018 Comprehensive Military Agreement between the two Koreas in its entirety in 2023, and South Korea did the same in 2024.[63] Among other things, the agreement regulated the inflow of military equipment and the upgrading of military infrastructure in the demilitarised zone (DMZ). Following the agreement's termination, military activity in the DMZ has increased. North Korea has also unilaterally suspended regular communications with South Korea.[64]

This policy pivot has generated considerable uncertainty and concern among policy planners in Seoul. Many are worried that it may signal upcoming aggression against South Korea, because the emphasis placed on the two Koreas being separate nations could be interpreted as the moral justification needed for Pyongyang to target the ROK with its nuclear weapons. For actors intending to reunify two states, using nuclear weapons to do so would be contradictory, but where other strategic objectives are concerned, the same restrictions do not apply. A pessimistic interpretation of the two-state policy is therefore that North Korea no longer needs to be restrictive in its warfare for purposes of protecting assets that would be valuable in a reunified Korea, such as the South Korean population and critical infrastructure. Others believe that the two-state policy signals a greater focus on domestic political challenges and that Kim Jong-un intends to ignore the ROK to the greatest extent possible. The optimistic interpretation is therefore that the DPRK no longer has any rationale to attack the South.[65] In any case, North Korea's position suggests that South Korea realistically needs to abandon the idea of reunification as a common interest. In 2026, Kim reiterated that the two-state policy "is not a temporary tactical measure but a historic option for defending our national interests and national prestige," a clear rejection of the Lee administration's outreach for renewed diplomatic engagement.[66] The loss of the classic pretext of inter-Korean kinship means that President Lee, and future administrations that wish to rekindle dialogue, will need to identify other mutual interests on which positive-sum engagement is possible, a very challenging prospect.

Another new variable in the North Korea equation is Pyongyang's deeper relationship with Russia following the full-scale invasion of Ukraine in 2022. Kim Jong-un visited the Russian city of Vladivostok in a high-profile meeting in late autumn 2023, and the DPRK–Russia alignment was cemented in a strategic defence alliance in June 2024. The agreement entails bilateral defence guarantees and provides a legal basis for the mobilisation of North Korean troops to the Kursk region. The DPRK's participation in the war in Ukraine provides it with experience of modern warfare, financial and natural resources, and probably also some form of technology transfer.[67] Additionally, with diplomatic and financial support from Russia, North Korea can sustain its military development despite UN sanctions. The South Korean defence sector is understandably concerned about the implications of this cooperation. To raise one issue, are the ROKAF's present capabilities sufficient to counter massive drone attacks or other military technologies that until recently were considered beyond North Korea's reach?

2.4 The US–ROK defence alliance

A third consequence of the Korean War was the creation of the bilateral US–South Korean defence alliance in 1953. Alliance management has experienced several bouts of critical policy disagreement that have pushed South Korea to pursue defence self-reliance. Although the treaty is unchanged, the power relationship is today more equal, relatively speaking.

2.4.1 The alliance is born

The United States provided military support to South Korea through the UNC during the Korean War with the dual goals of stopping the spread of communism and creating stability in the region. Both of these goals were achieved in the armistice agreement, which led the US to consider that its work in Korea was done. South Korean President Rhee could not disagree more. Rhee was strongly dissatisfied with the armistice agreement, which was signed without his consent, to the extent that he threatened to resume the fighting, invade North Korea, and even China.[68] This was ill-received

63 Kim Hyung-jin. South Korea Fully Suspends Military Deal With North Korea After Tensions Over Trash Balloons. *The Diplomat* (5/6 2024).

64 Woo Ji-won. North Korea to cut air traffic control communication with South Korea, Seoul says. *Korea JoongAng Daily* (13/2 2025).

65 Frida Lampinen. *The North Korean Unification Policy Pivot: Motives and Military Risks*. FOI Memo 8584 (FOI, 2024).

66 KCNA. Report on Ninth Congress of Workers' Party of Korea. *KCNA Watch* (26/2 2026).

67 Helen Regan, A. Stambaugh, G. Bae & M. Knight. Blinken warns Russia is close to sharing advanced satellite technology with North Korea. *CNN* (6/1 2025).

68 Cha. *Powerplay*, pp. 95–104.

in Washington, and White House strategists set about pondering how the US could restrain Rhee. They concluded that the only way for the US to take control of the situation was to tie South Korea very close politically, through a treaty-based alliance. This suited Rhee perfectly, as he had proposed an alliance as early as 1948. In this way, South Korea and the US entered into a defence alliance on 1 October 1953. The treaty stipulated mutual security guarantees, and the US moreover agreed to provide extensive financial and military aid to the ROK.[69]

The treaty gives the United States the right, not the obligation, to deploy forces to South Korea. Washington perceives the deployment of the United States Forces Korea (USFK) as proof of its commitment to the ROK's defence. By deploying US forces to South Korea, an attack on South Korea becomes an attack on the United States. As such, the USFK deters threats primarily through deterrence-by-denial, that is, by convincing North Korea that any attempted attacks would be futile, and, if deterrence fails, through deterrence-by-punishment, namely the promise of a powerful counterattack.[70]

2.4.2 The Nixon doctrine and the take-off of the defence industry

US–ROK ties flourished in the first 10 years of the alliance. The security guarantee allowed Seoul to focus its efforts on economic development and infrastructure reconstruction. South Korea's security situation and its trust in the US deteriorated significantly in the late 1960s, however. In 1968, North Korea attempted to assassinate South Korean President Park Chung-hee. While the assassination attempt was stopped at the last moment, a few days later North Korea successfully hijacked the US intelligence ship *USS Pueblo*.[71] These actions violated the armistice agreement, yet the US response was meek and the White House stopped President Park from retaliating. The South Korean public, on the other hand, reacted with strong support for strengthening the ROK's defence capabilities, providing political legitimacy to President Park's plans to establish a domestic defence industry later that same year. At the time, the US provided fully for South Korea's defence needs, either by military aid or in the form of the USFK deterrent. The pursuit of a "self-sufficient national defence" starting 1968 is described as a critical turning point in South Korean defence policy.[72] The motto "self-sufficient national defence" remains the guiding principle in ROK defence strategy to this day.

The following year, in 1969, US–ROK tensions rose when President Nixon announced plans to withdraw the USFK from South Korea. This was extremely worrying news to Park Chung-hee. Park's confidence in the US was already damaged, and the Nixon Doctrine seriously undermined the credibility of the US as a reliable ally. Park convinced Nixon to postpone the final decision as South Korea began manufacturing its first own domestically produced equipment, licensed American M-16 rifles. Nevertheless, Nixon reduced the USFK's force structure from 64,000 to 44,000 soldiers at the end of 1971, as the forces were needed in the Vietnam War. Park was also informed that the entire force would withdraw by 1976, meaning that South Korea had only five years to establish independent defence capabilities. This put extreme time pressure on the development of the domestic defence industry. To finance these efforts, Park launched an extensive industrialisation programme aiming to construct an export-oriented heavy industry.[73] Thanks to the incredible work put in by South Korea's engineering corps, the domestic industry was capable of mass-producing simple arms by 1974. Meanwhile, the troop withdrawal promised in 1976 was never executed. Paradoxically, the United States, rather than North Korea, prompted South Korea's defence industrial development.

2.4.3 A more symmetrical relationship

The United States initially viewed South Korea's rapid defence industrial development with concern. On the one hand, the US feared that independent military capability would embolden Park to attack North Korea and entangle the US in a new war, and on the other hand, it was concerned that American weapons technologies might fall into the wrong hands. These concerns led the US to impose certain technical restrictions on the ROK's weapons development, and the South Korean government research institute, the Agency for Defence Development (ADD) constantly hosted visiting

69 Cha. *Powerplay*, pp. 104–113.

70 Snyder. *The United States— South Korea Alliance*, p. 247; John R. Deni. Strategic Landpower in the Indo-Asia-Pacific. *The US Army War College Quarterly: Parameters*. 43:3 (2013): p. 78.

71 Jonsson. *Korea igår och idag*, pp. 130–131.

72 Peter Banseok Kwon. *Cornerstone of the Nation. The Defense Industry and the Building of Modern Korea Under Park Chung Hee*. (Harvard University Press, 2024): pp. 29, 34, 59–60.

73 Kwon. *Cornerstone of the Nation*, pp. 38–39, 61–63.

American “assistance teams” who were in fact spying on the institute’s progress. The US eventually realised that South Korea a) was going to develop weapons with or without American support, and b) would require less support from the US as its defence industrial capabilities grew. The US therefore began to share more military technology, and as South Korea’s capabilities grew, American defence companies started to subcontract production to the Korean industry.

South Korea’s defence industrial development provided Seoul with greater leverage in intra-alliance politics. Out of concern that South Korea would convert to communism due to dissatisfaction with the alliance treaty, the United States once more abandoned plans to withdraw the USFK, this time in 1978. In the same year, a joint command was formed, the ROKUS Combined Forces Command (CFC). The CFC assumed operational control (OPCON) of the ROKAF from the UNC, which had commanded Korean forces since 1950. The CFC was (and still is) under the leadership of a US general, but the arrangement nevertheless gave South Korea greater influence over its own military forces.[74] In the 1980s, the alliance was more equal than before, though US control over the ROKAF was increasingly perceived as limiting Seoul’s strategic autonomy.[75]

At the end of the Cold War, the US shifted its attention from the Iron Curtain in Europe to the North Korean nuclear weapons programme. In 1991, the Soviet Union and the US signed a nuclear disarmament agreement. In the same spirit, the US adopted total nuclear disarmament as the core principle also of its Korea strategy. Accordingly, American nuclear weapons were withdrawn from ROK territory in 1991.[76] To the US government, nuclear nonproliferation was the most important issue in North Korea policy. The progressive South Korean administrations of the late 1990s and early 2000s were more interested, however, in confidence-building diplomatic exchanges. Although these different policy positions generated significant friction in US–ROK relations, the alliance as a whole was strengthened in the 2000s. South Korea assumed a more active role, for example by starting to shoulder a share of the costs of the USFK and retaking peacetime operational command of the ROKAF. The US supported South Korean efforts to persuade the international community to condemn Pyongyang’s nuclear weapons programme.[77] Additionally, bilateral trade relations advanced with a free trade agreement in 2012.[78]

2.4.4 Growing distrust and the Korean nuclear weapons debate

In 2017, North Korea conducted a successful test launch of an intercontinental ballistic missile (ICBM) and claimed it exhibited sufficient range to reach the United States.[79] This brought uncertainties regarding the US’s commitment to protect South Korea under its nuclear umbrella (so-called extended deterrence) to a head: under threat of simultaneous nuclear attacks on the US and South Korea, which territory would Washington truly defend first? This hypothetical scenario generated a great deal of concern in South Korea, where politicians demanded that the US guarantee nuclear retaliation in the event of a North Korean attack. The White House, governed by Donald Trump in his first presidential term, provided no reassurance on the matter. From the US perspective, deterrence cannot be effective without strategic ambiguity. This means that the US will not define a priori how it will respond in a given situation, as this would limit the military’s room for manoeuvre as well as give North Korea an opportunity to adjust its war plans accordingly.[80] South Korea felt that its interests were neglected all throughout Trump’s first presidential term (2017–2021). Trump’s approach to US alliance management is transactional. He prefers reciprocity and quid pro quo, and from this perspective he concluded that the ROK did not contribute enough. Among other things, Trump accused Seoul of free-riding on the US defence budget.[81] Although the progressive Korean president Moon Jae-in (2017–2022) welcomed Trump’s inclination to diplomacy with Kim Jong-un in 2016–2017, Trump’s unconventional diplomatic style also fuelled

74 ROK MND. “*Wartime OPCON Transfer.*”

75 Kwon. *Cornerstone of the Nation*, pp. 219–233; Han. *“South Korea’s National Defense”*, p. 195.

76 Korkmaz & Rydqvist. *The Republic of Korea*, p. 29.

77 Korkmaz & Rydqvist, pp. 31–32; ROK MND. *Wartime OPCON Transfer*.

78 Office of the United States Trade Representative. *U.S.–Korea Free Trade Agreement.*

79 Colin Dwyer. North Korea Says Successful ICBM Test Shows U.S. Is In Striking Distance. *NPR* (28/7 2017).

80 Sangkyu Lee, S. Choi, A. Mount & T. Dalton. Nuclear for Nuclear? Understanding Divergent South Korean and American Perceptions on Deterring North Korea. *Carnegie Endowment for International Peace* (27/6 2024).

81 Snyder. *The United States–South Korea Alliance*, p. 205.

concerns that he may strike a deal with North Korea that would not take South Korean interests into account.[82]

As a result, scepticism regarding the US's resolve to honour the alliance treaty grew in South Korean discourse. In 2017–2022, conservatives called on the US to reintroduce tactical nuclear weapons to South Korean territory. The US rejected these proposals on the grounds that more nuclear weapons on the peninsula would hardly motivate Kim Jong-un to denuclearise.[83] In 2023, the conservative president Yoon Suk-yeol (2022–2025) announced that South Korea would consider domestic nuclear weapons development unless the North Korean threat somehow diminished or the US agreed to nuclear sharing.[84] This statement gained enormous attention in the US. President Biden (2021–2025) took a page from the playbook of the Eisenhower administration and seized control over the situation by once more tying the ROK closer, this time through the Washington Declaration. The declaration reiterated the US's "ironclad" commitment to South Korea's defence and moreover established a consultation mechanism that gives Seoul greater insight into US strategic nuclear weapons planning. In exchange, South Korea renounced any intention to develop nuclear weapons.[85]

2.4.5 The alliance's current status and hot issues under Trump 2.0

The defence alliance enabled the South Korean government to prioritise national economic development at a time when resources were scarce. The ROK has essentially transferred the responsibility for strategising on security issues to the United States, while retaining the responsibility for tactical implementation. At the same time, the core tenet of South Korea's independent defence policy, self-reliant national defence, emerged in direct response to dependence on the US. Today, the relationship is the most symmetrical it has ever been in terms of economy and military capability, relatively speaking, but politically the US still calls the shots.

South Korean conservatives and progressives agree that the US alliance is the cornerstone of South Korean security policy. No mainstream voices question the alliance's necessity. Still, intra-alliance policy cohesion tends to be greater under conservative administrations. Progressive administrations value the alliance highly but believe that the ROK, after unification with the North, will be able to independently defend itself against the region's true antagonists, China and Japan. Public sentiment towards the alliance is overwhelmingly positive. In a 2025 survey, 96 percent of respondents stated that the alliance is and will continue to be important to South Korean security in the foreseeable future.[86]

It is difficult to predict how the alliance might develop in the next five years. On the one hand, both Trump and Lee appear to favour policy continuity on traditional issues. As would be expected of a progressive president, Lee is a strong advocate of self-reliant defence.[87] The transfer of wartime operational control (OPCON) to South Korea is proceeding as per existing agreements (see Section 3.2.1). The debate on domestic nuclear weapons has been put on hold. Conservatives and progressives tacitly agree that South Korea's best option is to continue the development of conventional deterrence capabilities, seeing that the US is unwilling to share its tactical nuclear weapons. The short-term aim is to create independent deterrence, whereas the long-term goal appears to be the creation of "nuclear latency": the ability to quickly develop nuclear weapons that can be delivered using existing delivery platforms already integrated into tactical systems.[88] A 2025 survey indicated that most people who oppose domestic nuclear development do so not because they believe that US extended deterrence is sufficient, but because ROK nuclear armament would worsen the regional security environment and lead to great economic and diplomatic consequences.[89]

82 Snyder. *The United States–South Korea Alliance*, pp. 44–46.

83 Jennifer Ahn. The Evolution of South Korea's Nuclear Weapons Policy Debate. *Council on Foreign Relations* (16/8 2022).

84 Choe Sang-hun. In a First, South Korea Declares Nuclear Weapons a Policy Option. *The New York Times* (12/1 2023).

85 ROK Ministry of Foreign Affairs [MOFA]. *Washington Declaration* (28/4 2023).

86 The Asan Institute. *South Koreans and Their Neighbors 2025* (28/4 2025).

87 Park Sang-ki. President Lee Jae-myung Condemns 'Submissive Mindset' on Self-Defense Without Foreign Troops. *The Chosun Daily* (22/9 2025).

88 Ian Bowers & Henrik Stålhane Hiim. Conventional Counterforce Dilemmas: South Korea's Deterrence Strategy and Stability on the Korean Peninsula. *International Security*. 45:3. (2021): p. 8.

89 Kim Min-sung & Park Ju-hwa. "Perceptions on independent nuclear armament among experts: necessity, feasibility, and plausibility." *Korea Institute for National Unification*, CO 25-37 (24/10 2025): p. 2.

Given Trump's known policy preference for increasing US allies' "burden sharing," the financing and strategic mission of USFK are likely to receive political attention. South Korea's 2025 defence budget amounted to approximately 2.3 per cent of GDP, though Trump strongly encourages US allies to spend at least 5 percent. Disagreements regarding the ROK's defence finances could motivate Trump to realise the repeated threat of reducing or withdrawing the USFK. Trump may also assign the USFK missions outside South Korean territory (known as strategic flexibility). For instance, the Trump administration may want to mobilise the USFK in the event of Chinese aggression against Taiwan, to which South Korea is strongly opposed.[90]

On the other hand, in 2025 the alliance experienced new problems in economic and migration policy, complicating assessments of its trajectory. The first shock was Trump's tariff policy and its inconsistent implementation. The US is South Korea's second-largest trading partner after China, and bilateral trade has increased significantly since the free trade agreement of 2012. South Korean industry and business representatives were thus outraged by Trump's announcement of 25 per cent tariffs on all Korean imports to the US. At the end of July, the ROK agreed to invest USD 350 billion in US industries, equivalent to just over 18 per cent of South Korea's GDP in 2024, in exchange for a tariff rate reduction to 15 per cent.[91] Three weeks later, ROK corporations pledged to invest an additional USD 150 billion.[92] However, the following week, officers from the US agency, Immigration and Customs Enforcement (ICE), arrested nearly 400 South Korean workers at a Korean-owned battery factory in the state of Georgia. A crackdown of this scale on Korean business operations in the US was unprecedented and delivered a serious diplomatic blow to US–ROK ties by occurring so soon after the USD 500 million investment deal.[93] "It is becoming increasingly clear that this is not the same United States that previously cooperated well with allied states," lamented Foreign Minister Cho Hyun in September 2025.[94] As of March 2026, the investment packages have been put on hold. Trump has announced that he intends to raise the tariff rates to 25 per cent, citing South Korea's lack of action in codifying the investment deal into law, despite the fact that this was not an agreed-upon requirement.[95] Trump has also called on South Korea to help the US military campaign against Iran, arguing that it is time Seoul returned the favour after decades of US protection.[96] This suggests that Trump will continuously attempt to use the US alliance network to coerce allies to accommodate his policies, which will most certainly continue to complicate the US–ROK relationship.

On a final note, alliance management must also contend with Yoon's decision to mobilise military units on the streets of Seoul in December 2024 without informing the USFK, the CFC, or the UNC. The Trump administration's cool attitude towards South Korea in 2025 could indicate that the martial law incident tarnished US confidence. The US cancelled several planned bilateral meetings and visits during the spring and summer, and US official statements have downplayed South Korea's value as an ally.[97] The first presidential summit was delayed for an unusually long time, but when the first Lee–Trump meeting finally took place in August 2025, the atmosphere was cordial. The conversation did not touch upon any of the thorny issues mentioned above, and the presidents seemed to agree on the North Korea issue. Lee described Trump as the central character in any potential new negotiations with North Korea, which may benefit Lee's personal relationship with Trump, but at the cost of an increased risk of an American deal with Pyongyang that disregards South Korean interests.[98]

2.5 New challenges

As the analysis above indicates, South Korea has traditionally allocated policy attention to strategic issues on a three-tier priority scale: 1) managing the North Korean threat, 2) responding to US security policy, and 3) handling other diplomatic and security affairs. The growing instability in international affairs over the past

90 The Korea Herald. Lee says Washington's demand on strategic flexibility of USFK difficult to agree. (25/8 2025).

91 John Lee. South Korea makes $350 billion concession to doge Trump's tariff hammer. *Korea Pro* (31/7 2025).

92 Kang Yoon-seung. (LEAD) S. Korean firms pledge fresh US$150 bln investment in U.S.: Biz lobby. *Yonhap News Agency* (26/8 2025).

93 Jessie Yeung, Y. Seo & M. Kim. South Korea's president says Georgia ICE raid could have 'considerable impact' on direct US investment from his country. *CNN* (11/9 2025).

94 Sim Suk-yong. "Foreign Minister Cho Hyun delivers unprecedented public criticism: 'This is not the US that cooperated with allies.'" *JoongAng Daily* (16/9 2025).

95 Dearbail Jordan & Peter Hoskins. Trump raises US tariffs on South Korea imports to 25%. *BBC News* (27/1 2026).

96 John Lee. Donald Trump's call for Hormuz ships test South Korea's role in global security. *Korea Pro* (16/3 2026).

97 Korea JoongAng Daily. Korea almost absent in Hegseth's speech at Shangri-La Dialogue. (1/6 2025).

98 Ellen Kim. What Lee Jae Myung's Washington Debut Says About South Korea's Foreign Policy. *Korea Economic Institute* (27/8 2025).

10–15 years challenges this traditional sequencing, and the remainder of this chapter turns its attention to some novel challenges. South Korea's strong ties to the US and China expose Seoul to economic and security risks as the great-power rivalry heats up. A massive demographic shift and slowing economic growth also loom on South Korea's horizon.

2.5.1 Regional instability and China as a security threat

The MND regularly publishes a defence white paper compiling the ROK government's assessments of the current security landscape and principal security threats. Notably, the latest white paper published in 2022 hinted at growing concern regarding the influence of other actors than North Korea on the security environment:

> In addition to preparing against existing military threats and possible invasion by North Korea, the ROK Armed Forces must safeguard the nation's sovereignty and territorial integrity from *all actors* that [threaten] its national interests.[99]

Even without mentioning it explicitly, the context makes it clear that the reference is to China. Seoul is located less than 1,000 kilometres from Beijing. This geographical proximity alone means that South Korean policy must take China into consideration, and especially so given Beijing's fast-paced military modernisation over the past 20 years. For most of the post-Korean War period, China did not play any major role in South Korean security policy. Bilateral diplomatic ties were normalised only in 1992, which became the starting point for burgeoning trade relations.[100] During the 1990s and 2000s, China was generally understood in South Korean politics as a lucrative economic and trade partner. However, following a period of Chinese trade weaponisation in response to ROK defence affairs in 2016–2017, the so-called THAAD crisis, public opinion shifted towards understanding China as a political threat. In 2016, the US deployed an air defence system called THAAD (Terminal High Altitude Air Defence) to South Korean territory. The THAAD units' radars have sufficient range to reach Chinese air space and the system is designed to intercept high-altitude missiles, that is, coming from further away than North Korea, which according to China undermined its nuclear deterrence capabilities and posed a national security threat.[101]

The Chinese leadership expressed its dissatisfaction by imposing import restrictions on a wide range of South Korean goods and services.[102] The economic blockade, which lasted for up to a year and was interpreted as an attempt to influence ROK security policy, inflicted lost revenue worth USD 24 billion on Korean companies. Moreover, the Trump administration offered no support in response to Beijing's pressure campaign.[103] The THAAD crisis became the turning point for public perceptions of China, and the starting point for a polarisation of progressive and conservative positions on ties to China. Nine out of ten South Korean have a negative view of China, according to a 2025 survey.[104] Additional factors that tarnish China's standing are environmental concerns, historical political tensions, and Chinese claims on Korean cultural heritage and customs such as kimchi.[105] According to the conservatives, the best way to navigate the rocky relationship with China is to elevate security cooperation with the US. The progressives promote pragmatism and argue that stable diplomatic relations with China are necessary for economic growth and to boost the possibility that Beijing relays South Korean interests in its contacts with Pyongyang.[106] The resulting consensus is to assume the least conspicuous policy position on geostrategic issues as possible, more or less adhering to US initiatives without joining the chorus of China critics.

Recent developments, however, raise doubts as to how effectively "neutral geopolitics" protects South Korean interests. Seoul does not have any prior experience of managing political or military threats that emerge from the so-called grey zone, as the North Korean threat has been clearly defined since day one. However, Chinese maritime and flight activities more frequently infringe upon South Korean zones of

99 ROK MND. *2022 Defense White Paper*, p. 39. Italics added here for emphasis.

100 The author wishes to thank Gabriel Jonsson for bringing this to my attention.

101 Joel Atkinson. Hindsight is AN/TPY-2: Revisiting the role of Chinese nuclear strike in decision making around the Korea THAAD episode. *The Pacific Review*. Online (2025): pp. 1–26.

102 Snyder. *The United States—South Korea Alliance*, pp. 154–157.

103 Bowers & Stålhane Hiim. Conventional Counterforce Dilemmas, p. 14.

104 Lee So-yeon. [2025 Public Perception Survey] *Prospects for Korea–China Relations, Attitudes toward Exchange and Cooperation with China* (Korea Research Opinion, 25/2 2025).

105 Richard Turcsányi & Ester E. Song. South Koreans Have the World's Most Negative Views of China. Why? *Central European Institute of Asian Studies* (24/12 2022).

106 Interview 7.

economic or security interest. In a US–Japan–ROK joint statement in 2023, Seoul condemned China's hostile activities in the South China Sea for the first time.[107] Chinese warships intruded into waters in the ROK's exclusive economic zone 330 times in 2024 and 260 times between January and September 2025.[108] Moreover, China has constructed semi-permanent maritime infrastructure in shared Chinese–South Korean waters, and has occasionally denied entry of South Korean vessels into those common waters.[109] China has not released any public statements on South Korea's plans to build a nuclear-powered (conventionally-armed) submarine, but given the submarine's reach beyond the Korean coastline, Beijing likely perceives it as a US-supported attempt to deter and contain China. If South Korea frames the project in terms of regional strategic goals, China may once more express its dissatisfaction through economic coercion.[110]

President Yoon navigated these regional great power politics by aligning closely with Washington's foreign policy agenda, yet without identifying China as a strategic threat. On the contrary, the Yoon administration described China as a partner with whom to cooperate. In 2022, Yoon adopted an Indo–Pacific strategy that largely reiterates the US's own, emphasising freedom, peace, and prosperity. In the same vein, South Korea joined NATO's informal group of Indo–Pacific partners, the IP4, in 2022, and established a diplomatic mission to NATO HQ in Brussels in 2023. Yoon's Indo–Pacific strategy proclaims the ambition to turn South Korea into a "global pivotal power": a middle power that would act as a hub for liberal cooperation between East and West in the Indo–Pacific.[111] Stakeholders and external observers disagree on the true motives behind the strategy. The Yoon administration argued that national prosperity is dependent on regional stability, and that, as a middle power, the ROK can and should contribute by diplomatic, economic, and security means to promote international peace and uphold the liberal world order. In essence, the core message is that the time has come for South Korea to assume a more prominent role in regional politics. In describing China as a partner with whom to cooperate, rather than a threat, the Yoon administration hoped to de-escalate tensions stemming from US–China competition. However, critics of the strategy argue that it primarily represents a shortcut that allowed the government to escape independent policy-making. The strategy adheres to the US agenda without identifying China as a threat, reflecting a desire to uphold South Korea's balancing vis-à-vis Washington and Beijing.[112]

The Lee administration has quietly retired Yoon's Indo-Pacific strategy by removing it from MOFA's website. The ROK's main foreign policy objectives as of February 2026 are to advance relations with neighbouring countries through pragmatic diplomacy centred on national interests, step up diplomatic contributions to the international community, and strengthen economic diplomacy to overcome trade crises.[113] This suggests that the basic foreign policy orientation, balancing, will not change. Increased diplomatic activities in an international context will likely strive to remain as non-political as possible, focusing on hands-on issues such as the climate crisis and development assistance. President Lee has moreover stated that South Korea should avoid entanglement in external military conflict, which can be interpreted as seeking to distance the ROK from the Taiwan issue.[114]

2.5.2 Economic security

South Korea has transitioned from absolute poverty to an advanced industrial economy in just over 50 years. Yet, the country's continued economic growth cannot be taken for granted. The president of the Bank of Korea has warned that growth might stagnate completely by 2040, judging by current trends.[115] The first challenge facing the ROK economy is an upcoming major demographic shift. South Korea has the lowest birth rate in the world: 0.75 children per woman. This is not a new phenomenon, as South Korea has experienced the

107 US Embassy & Consulate in the Republic of Korea. *The Spirit of Camp David: Joint Statement of Japan, The Republic of Korea, and the United States* (19/8 2023).

108 Park Su-chan. "Chinese warships crowd the Yellow Sea… ROK Navy faces 'dual burden' in countering North Korea." *Segye Ilbo* (12/10 2025).

109 Joon Ha Park. South Korea faces strategic dilemma as China expands Yellow Sea presence. *Korea Pro* (29/5 2025).

110 Henry Haggard. Allies in Transition: Recasting the United States South Korea Alliance for a Competitive Era. *VUB Centre for Security, Democracy and Strategy* (3/2 2026).

111 ROK MOFA. *Strategy for a free, peaceful and prosperous Indo-Pacific Region* (2022).

112 Interview 8.

113 ROK MOFA. "*Foreign policy objectives*."

114 KBS World. Pres. Lee Pledges Strong Reform to Achieve Independent Nat'l Defense. (21/9 2025).

115 Chung Min Lee. *The Future of K-Power: What South Korea Must Do After Peaking* (Carnegie Endowment for International Peace: 2024): p. 7; Choi On-jung & Park Su-hyeon. BOK chief warns S. Korea's growth could hit near zero by 2040s. *The Chosun Daily* (21/3 2025).

world's lowest birth rates since 2002.[116] The effects of this are becoming increasingly pressing, however. In 2024, South Korea transitioned into a so-called "super-aged society," where senior citizens over the age of 65 make up more than 20 per cent of the population. By 2050, the population is projected to consist of approximately 6 per cent of young people aged 15–24, 46 per cent of adults aged 25–64, and 40 percent of seniors over 65. In absolute terms, the population is expected to decline from just over 52 million today to 47 million in 2050, with less than 2.7 million inhabitants under the age of 25.[117] This demographic shift will result in lower tax revenues combined with a sharply increased demand for public pensions and welfare services.

A second challenge is the geoeconomic landscape. Industrial manufacturing accounts for more than 25 per cent of South Korea's GDP, an unusually large share in an international comparison.[118] This becomes potentially problematic because South Korean industry is dependent on imports and deeply integrated into global value chains. The southern half of the peninsula lacks natural resources such as coal deposits, which are found only in the north. South Korea is therefore dependent on imports of critical raw materials, such as oil, gas, coal, and metals, and also imports many critical components for its main export goods, such as semiconductors, vehicles, ships, and electric-vehicle batteries.[119] In past decades, these dependencies posed a negligible risk thanks to the stability of the liberal world order, in which mutual trade dependencies reduce the risk of conflict. However, the world is experiencing greater uncertainty and more conflict, and South Korea's dependencies render it vulnerable to political and economic turmoil in the regions that supply critical raw materials.[120] Two timely examples are the high oil prices following the US-Israeli attack on Iran and the US attack on Venezuela. Even a small price increase inflates total costs enormously for South Korea as the world's third largest importer of oil.[121] Similarly, the South Korean government has extensive foreign portfolio investments (public retirement savings, for example, are mainly invested abroad; see Chapter 4.3.2), which increases financial sensitivity to events that affect global stock markets.

An escalated trade war between the US and China could further disrupt South Korean economic security. The US and China are South Korea's largest and second-largest trade partners.[122] South Korea's export-oriented industry operates based on the premise of simultaneous access to the US and Chinese markets. This is challenged by Beijing and Washington's implementation of incompatible trade rules that pressure ROK industries from multiple angles.[123] The main outcome of US–ROK initiatives on supply chain security so far is strong political pressure on South Korea to reduce its trade with China, especially concerning high-technology goods. China accounts for about half of all South Korean electronics exports, so US export controls on technologies incur administrative costs and lost revenue for Korean companies. On the flipside, China's export controls on rare earth metals and related equipment restrict South Korean exports to the rest of the world. The effects of these dual stressors on the Korean economy are immediate. South Korea's GDP fell by 0.2 per cent in the first quarter of 2025, contrary to the Bank of Korea's expected 0.5 per cent growth. This stagnation is attributed explicitly to the financial instability created by Trump's tariffs policies.[124] The South Korean economy is also vulnerable to armed conflict in the region, since the ROK is dependent on sea communications for its exports.

2.5.3 At a foreign-policy crossroads

South Korea is facing a difficult strategic choice. Will it choose a side in the great-power competition ("the US versus China"), or will it seek to combine general neutrality with issue-based cooperation ("the US for defence, China for the economy")? To make a decision, South Korea needs to identify and act upon its autonomous foreign policy interests. A distinctive feature of South Korean national strategies is their reactive nature: strategic documents formulate policy positions based on analyses of the international environment, rather than analyses of how strategic goals can be implemented in the present context.[125] In terms of foreign policy, the

116 Korean Statistical Information Service [KOSIS]. *Vital statistics of Korea 1970~2024* (2024).
117 KOSIS. *Projected Population by Age Group 1960~2072* (2022).
118 Lee. *The Future of K-Power*, p. 13.
119 Lee. *Shoring Up South Korea's National Security Apparatus*, p. 22.
120 Lee. *The Future of K-Power*, p. 13.
121 International Energy Agency. *Korea: Oil* (2023).
122 World Integrated Trade Solution. *Korea, Rep: trade balance, exports and imports by country 2022* (2023).
123 John Lee. China's rare earth controls collide with US tariffs, stranding South Korea. *Korea Pro* (9/10 2025).
124 Bank of Korea. *Korea Economic Outlook (August 2025)* (24/10 2025): p. iii.
125 Han. *"South Korea's National Defence",* pp. 32–33.

government tends to copy the US's agenda as a shortcut. As a result, ROK policy has low cohesion across issue areas. Against this background, President Lee has stated it is time to prioritise national interests in economic growth, political stability, and international soft power.[126] The identification of national interests appears to be a good first step, but how will President Lee act upon them?

A first possible course of action is to assume a clear geopolitical position, either a) aligning the ROK completely with the US (at the expense of strategic autonomy and resistance from China), or b) doubling down on foreign policy independence, cooperating with non-liberal states when it benefits national interests to do so (at the expense of backlash from the US). On the one hand, it seems unlikely that South Korea would align fully with the US and openly condemn China as a military and political threat. The trade dependence, geographical proximity, and China's status as a signatory to the armistice agreement are three factors that demand amicable ROK–China relations. Even if the validity of the armistice agreement is disputable given its old age, China will undeniably have an important mediating role in a potential Korean peace process.[127] On the other hand, Seoul is unlikely to favour rapprochement with China if it means losing the defence alliance with the US, if not for ideological reasons then because Beijing has shown no interest in providing equivalent defence guarantees.[128] The risk that South Korea would be forced to concede some political autonomy to enter China's sphere of influence, for example, in the form of restricted democratic rights, must also be considered.[129] Still, it is worth pointing out that the ROK–China trade dependence is mutual, which gives Seoul greater leverage than Korean politicians realise.[130]

Still, there are arguments in favour of more distant US–ROK relations. Notably, every administration since 1953 has sought greater independence from Washington.[131] While there is no mainstream support for exiting the alliance, South Koreans are beginning to think about what a "post-American Asia" (that is, a security environment characterised by a reduction or full withdrawal of American troops) would mean for South Korea's geopolitical rights and responsibilities. Some analysts posit that South Korea desires international recognition as a medium-sized power and to escape the label as "an Asian US sidekick."[132] Since the 2000s, South Korea has steadily grown its footprint in international affairs by providing development assistance and participating in peacekeeping operations. However, some argue that ROK international engagement is driven by external demand rather than by the domestic assessment that international engagement is in South Korea's strategic interest.[133]

Finally, the Lee administration could keep up its balancing act between the US and China. This would entail sacrificing certain interests and, as a result, South Korea may appear uncommitted and indecisive. One reason to persist in choosing this path is that Seoul lacks the political clout to openly oppose the US or China. South Korea is not part of any intergovernmental association as the EU is, which means that Seoul is accountable for its foreign policy position (to the extent that it deviates from that of the US). Exposure to potential backlash is an inherent risk of independent foreign-policymaking that dissuades smaller states from making autonomous decisions.[134] Another, more empowering interpretation is that states may purposefully keep a low profile on hot topics so as not to limit their foreign policy options. This appears to be the interpretation that underpins the Lee administration's "pragmatic" foreign policy approach.[135] Essentially, this entails that policies should be formulated based on objectives, not available means.

South Korea may continue its balancing strategy from a stronger position through collaboration with other states that find themselves in a similar situation. As a result of South Korea's longstanding policy focus on its immediate surroundings, Seoul has opted to stay out of several regional security frameworks. This means

126 Ji Da-gyum. How Lee Jae-myung wants to reshape foreign policy. *The Korea Herald* (14/5 2025); The Korea Times. Lee Jae-myung's inaugural speech (4/6 2025).

127 Interview 7.

128 Peter Ward. China could offer Seoul security guarantees against North Korea. Why won't it? *NK Pro* (1/7 2025).

129 Shale Horowitz. South Korea-U.S. Relations in a New Era: Ideological and Structural Sources of Continuity and Change. *Korea Observer.* 56:1 (2025): p. 60.

130 Ramon Pacheco Pardo. From Shrimp to Middle Power to Something More? South Korea as a Global Pivotal State. *Korea Policy*. 1:1. (2023): pp. 146–147.

131 Snyder. *The United States–South Korea Alliance*.

132 Interview 9.

133 Chun Je-guk. "Overseas deployment of the ROKAF and security on the Korean Peninsula." *"National Strategy."* 17:2 (2011): p. 42.

134 Interview 4.

135 Min Jeonghun. An Overview of the New Lee Jae-myung Administration's Foreign Policy and Policy Recommendations. *Institute of Foreign Affairs and National Security* (10/6 2025): p. 2.

that the Lee administration needs to establish new bilateral or multilateral forms of cooperation. Even though the construction of new security infrastructure requires time, effort, and resources, it may yet be easier than acting alone.

South Korea may engage in cooperation with several potential partners. Japan seems the first obvious candidate, by virtue of its nearby geographical position and shared understanding the North Korean nuclear threat. Trilateral US–ROK–Japan security cooperation was strengthened by the Yoon and Biden administrations (2022–2025), though not formally institutionalised. President Lee is an outspoken critic of Japan and the atrocities committed by the Japanese during the annexation of Korea. Bilateral cooperation in defence issues remains extremely sensitive, and the potential deployment of Japanese troops to South Korean territory is a red line that would invoke painful memories and face substantial public backlash.[136] A 2023 survey suggests that approximately 50 per cent of South Koreans view Japan as a "militaristic" country and as the ROK's third biggest military threat, behind North Korea and China.[137] Another stumbling block is Japan's explicit framing of China as a security threat, which contrasts with South Korea's neutral position.[138] That said, President Lee appears inclined to work with Japan on less politicised issues. Trump's tariff policies, for example, could motivate a trilateral free trade agreement with Japan and China.[139] The Lee administration will not engage in bilateral defence cooperation with Japan, but may be willing to do so in a trilateral setting.

The Lee administration may also increase cooperation with Southeast Asian states. The issue of how to deal with Chinese hostilities in the maritime domain is a conundrum that South Korea shares with states bordering the South China Sea. The ROK has already donated naval vessels to several Southeast Asian states, which could serve as the foundation for further cooperation. In theory, there are ample opportunities for deeper collaboration, since South Korea has MoU agreements on defence cooperation with all ten members of the Association of Southeast Asian Nations (ASEAN).[140] The ASEAN countries—Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Cambodia, Laos, Myanmar, and Vietnam—perceive South Korea as a "natural ally" with whom relations are not burdened by "historical or geopolitical baggage."[141] In practice, however, the Lee administration is likely to view defence cooperation in the vicinity of the South China Sea with great caution, since this could incur Chinese backlash or provoke clashes with the Chinese coast guard. ASEAN–Korean security cooperation thus needs to be framed within a context other than countering Chinese threats.

A third option is cooperation with European states, either bilaterally or via NATO and the EU. Bilaterally, South Korea has partnerships with the Netherlands, the United Kingdom, the Czech Republic, and Germany, among others. South Korea has been a global partner of NATO since 2012 and a strategic partner of the EU since 2014, and has several cooperation agreements with both parties on various issues, including crisis management, cyber security, and the green transition.[142] President Yoon elevated South Korea's cooperation with both the EU and NATO through humanitarian and economic support for Ukraine.[143] In 2024, the EU and South Korea entered into a new partnership on security and defence issues, and South Korea became a member of NATO's technical cooperation body in early 2025. At the same time, the Yoon administration kept an arm's-length's distance from European security affairs by refraining from exporting arms directly to Ukraine, despite facing strong pressure to do so by European countries.[144] However, NATO and Europe are likely quite far down on President Lee's political agenda.[145] There are several reasons for this. The South Korean population is not particularly interested in the war in Ukraine, Europe is perceived as far away, and political stakeholders are concerned that stronger support

136 Brad Glosserman. Japan's 'one-theater' defense concept rattles South Korea. *The Japan Times* (30/4 2025).

137 Genron NPO. *Analyzing differences in national awareness as Japan-South Korea relations improve* (1/11 2023).

138 Joon Ha Park. Lee-Ishiba summit signals unity but fails to narrow gaps on China and history. *Korea Pro* (25/8 2025).

139 Reuters. South Korea, China, Japan agree to promote regional trade as Trump tariffs loom (30/3 2025).

140 ROK MND. *2022 Defense White Paper*, pp. 175–177; Song Tae Eun. *South Korea's Arms Exports and Defense Diplomacy to Advance Security Cooperation with Like-minded Countries*. (Institute of Foreign Affairs and National Security, 22/5 2023): p. 2.

141 Seo Ji-eun. Malaysia's ambassador hopes for consistent Asean policy from 'natural ally' South Korea. *Korea JoongAng Daily* (29/7 2025); c.f. Seong Hyeon Choi. Why China's loss could be South Korea's gain as Southeast Asia seeks new weapons suppliers. *South China Morning Post* (15/2 2025).

142 European Union External Action Service. *10 years of the EU–Republic of Korea* (June 2020); ROK MOFA. *'Tailored partnership' with NATO to boost security cooperation* (13/7 2023).

143 The Odessa Journal. The Republic of Korea is launching a new Economic Innovation Partnership Programme with Ukraine worth $10 million (6/7 2025).

144 Jean Mackenzie. Ukraine war: Pressure builds on South Korea to send arms to Kyiv. *BBC News* (8/7 2023).

145 Son Ji-hyoung. Lee Jae-myung signals hesitation on attending June NATO summit if elected. *The Korea Herald* (25/5 2025).

for Ukraine, for example through direct arms exports, could entangle South Korea in the war. North Korea's entry into the battlefield is a complicating factor. South Korea does not traditionally view Russia as a military threat but as a potential trading partner, for which reason Lee may find it pragmatic to keep reasonably good relations with Moscow.[146]

2.6 Summary

In sum, South Korean security policy is defined by a longing for autonomy in defence policy but not in foreign policy. As a result of this disconnect, South Korean security policymaking is reactive and primarily focuses on promoting economic growth within a strategic framework defined by the North Korean threat on one end and the US defence alliance on the other. The ROK's security relations with other states are weak, as is Seoul's engagement in multilateral and interstate security fora. South Korea understands itself as a geopolitically vulnerable nation squeezed between the US and China, a "shrimp among whales." The strategic core in the ROK's autonomous defence policy, self-reliant national defence, developed in response to total dependence on the United States. South Korean presidents have expressed the intent to grow the ROK's power in international politics, but beyond the North Korean issue, it is not entirely clear which issue areas these efforts target.

At the same time, domestic South Korean politics are turbulent. The divide between conservatives and progressives is expanding and opportunities to find bipartisan consensus are few and far between. Issues concerning national autonomy and the right to self-rule are highly politicised. The political culture and electoral system isolate political elites from popular sentiment, while the high concentration of power within the presidential office spurs fierce competition between conservatives and progressives at the expense of long-term policy continuity. Nevertheless, and importantly, democracy is strongly consolidated in terms of fair and free elections as well as a well-functioning judiciary.

President Lee Jae-myung is facing several difficult challenges and his definition of national interests may have far-reaching consequences for South Korea's defence and foreign policy. The Lee administration must find a way to deal with Chinese hostilities at a time when the US's policy direction is unpredictable and US allies cannot take it for granted that the White House will offer support in difficult decisions. The core tenet of self-reliant national defence continues to guide the government's position on what defence equipment to acquire, but the political dimension of national defence, who is South Korea preparing to fight and why, needs guidance from new supporting defence concepts. It appears that discussions on the future of South Korean defence do not problematise or nuance the traditional assumption that the enemy is North Korea and that unification is the objective, or at least not in open-source material This could prove misguided in the new security landscape.

146 Interviews 8 & 11; Mackenzie. Ukraine war: Pressure builds on South Korea to send arms to Kyiv.

3. Defence economics, capabilities, and acquisitions

Given its geopolitically vulnerable position, the North Korean threat, and ambiguity in relations with the US, South Korea has several reasons to build up a large defence force. The objectives of national defence are to defend the country from armed attacks, promote peaceful unification of the Korean peninsula, and contribute to upholding regional stability. Efforts to advance national defence capabilities are supported by a rare bipartisan consensus. Yet, South Korea's capability development is facing several challenges. This chapter seeks to answer the following analytical questions:

- How well do current financial and technological conditions support continuous qualitative and quantitative growth in the ROK defence sector?
- How are the ROK Armed Forces structured?
- Who are the actors involved in defence acquisition processes?
- What characterises the material supply strategy and what technological areas are prioritised in national capability targets?
- What challenges must national defence planning efforts and related acquisition processes overcome to achieve capability targets?

3.1 Military expenditure and economic outlook

In 2024, the ROK's military expenditure amounted to approximately USD 48.5 billion, according to SIPRI.[147] This is equivalent to roughly 11 per cent of overall government spending and 2.6 per cent of GDP. As a result, South Korea had the 11th-largest military expenditure in the world. In the 1950s and '60s, ROK national defence was wholly financed by the United States, but the budgetary burden gradually shifted. Since the early 1980s, South Korea has independently financed its military expenditure. Research shows that the ROK defence budget has greater purchasing power than its nominal value suggests.[148] This means that a given sum of money buys more in South Korea than in comparable states such as the US, France, and Sweden due to the relatively low costs of products and services on the Korean defence market.

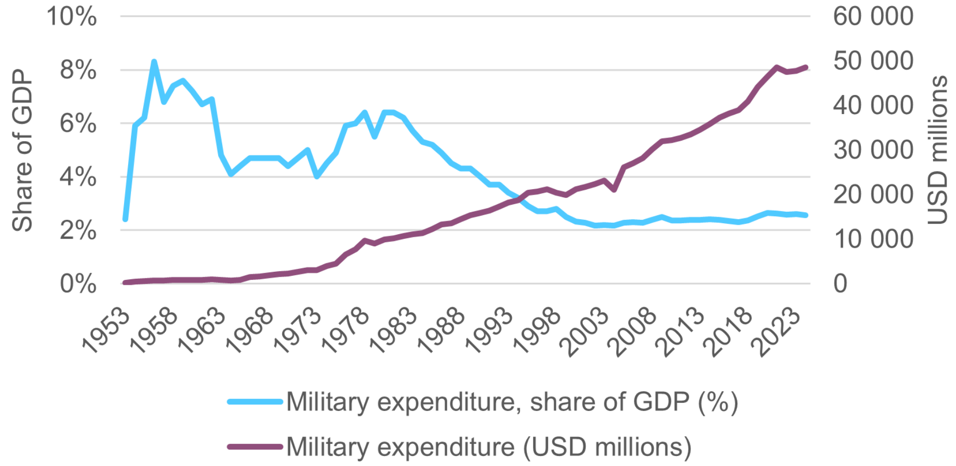

Figure 3a Trend in South Korean military expenditure in absolute spending (adjusted for inflation in constant 2024 USD) and as a share of GDP.
Source: SIPRI (2025).

147 *SIPRI Military Expenditure Database* 2024 (2025).
148 Peter E. Robertson. The Real Military Balance: International Comparisons of Defense Spending, *The Review of Income and Wealth*. 68:3 (2022): p. 805.

South Korea's military expenditure has increased steadily in absolute terms since 1953 (see Figure 3a). A key driver of this trend is the longstanding bipartisan consensus on the need to deter and defend against North Korean aggression. Somewhat unexpectedly, progressive administrations have tended to increase spending more than conservatives, despite the fact that progressive presidents commonly advocate diplomacy with Pyongyang. This is explained by electoral calculations in which governments that engage North Korea in dialogue and cooperation feel the need to show that diplomacy is complementary to, not pursued at the expense of, a robust military deterrent.[149] South Korean military expenditure grew by 130 per cent during the period 2004–2024. The increase to 2.6 per cent of GDP (+0.5 percentage points) is less dramatic. The stable level of spending as a share of GDP shows that national defence enjoys consistently high priority in government budgeting, while the monetary increase reflects the ROK's strong economic development. Korea's sustained level of spending is different from European experience, where most states cut military spending significantly after the Cold War.[150] For South Korea, the fall of the Berlin Wall and the Soviet Union did not impact the threat level. On the contrary, the North Korean threat became more urgent following the development of its nuclear weapons programme (see Chapter 2.3).

South Korea organises its defence budget in two parts. The first part, which is also the largest, consists of operational costs. This includes costs for personnel, operations and maintenance, and exercises. Typically, these costs account for 60–70 per cent of the defence budget. The second part consists of costs related to capability development, including procurement and R&D.[151] According to a report submitted by South Korea with the UN Office for Disarmament Affairs (UNODA), the largest cost category in 2024 was personnel (41.1 per cent), followed by operations and maintenance (29.9 per cent), procurement and construction (20.3 per cent) and R&D (9.4 per cent).[152] The ROK Army accounts for nearly 50 per cent of the budget, whereas the Navy and Air Force account for approximately 14 per cent each. These general distribution patterns have been constant for about 15 years. In the early 2000s, there was no budget for R&D (see Table 3b). This reflects the shift from a simpler mass defence to a more technology-intensive force structure.

For additional context, it is worth noting that the expenditure on equipment (20 per cent) and R&D (9 per cent), together amounting to 29 per cent of the budget in 2024, exceeds NATO's target of 20 per cent.[153] It is also worth noting that Sweden's defence budget in 2024 was dominated by operations and maintenance (46.1 per cent), followed by procurement (35.9 per cent), and personnel costs (17.2 per cent). Less than one percent was allocated to R&D.[154]

Table 3b The breakdown of the ROK defence budget in four categories: a comparison between 2024 and 2004.

	South Korean defence spending by category (%)	
	2024	**2004**
Personnel	41	43
Operations	30	25
Equipment	20	32
R&D	9	-

Source: UNODA.

It is not clear what the budget will look like in the future. On the one hand, the ROK MND expects continued growth in defence spending. The latest five-year plan (see Chapter 3.3.1) predicts an annual 7 per cent increase through 2028.[155] This increase is intended to cover three main areas of force improvement: 1) conventional deterrence within the three-axis system (see Chapter 3.3.4); 2) improved service conditions; and 3) sustainable organisational planning. The majority (62 per cent) of the added funds will be spent on acquisition projects. The Lee administration has pledged to raise defence spending to 3.5 per cent of GDP "as soon as possible," which indicates that defence spending is set to grow substantially in the short term.[156]

On the other hand, the ROK national economy is under financial strain. The 2022 Defense White Paper

149 Bence Nemeth. South Korea Military Power: Lessons Europe can Learn from Seoul on Spending Defence Budgets Efficiently. *RUSI Journal*. 169:1/2 (2024): p. 99.

150 In 1991, the average defence expenditure among European states was 2.7 per cent of GDP, i.e., about the same as South Korea. In 1995–2001, European spending was reduced to 1.5–1.7 per cent, whereas South Korea's spending during the same period remained at 2.3–2.6 per cent. *SIPRI Military Expenditure Database.*

151 ROK MND. *2024 Defence Statistics Yearbook* (22/11 2024).

152 United Nations Office for Disarmament Affairs [UNODA]. *Republic of Korea, 2024* (2025).

153 NATO. *Defence expenditures and NATO's 5% commitment* (27/8 2025).

154 UNODA. *Sweden, 2024* (2025).

155 ROK MND. "Concentrating 348.7 trillion won in funding over the next five years to build an elite military force" (12/12 2023).

156 Kim Eun-joong. South Korea Pledges 3.5% GDP Defense Spending, Proves Model Ally. *The Chosun Daily* (17/11 2025).

identifies inflation as a key challenge to sustaining sufficient defence budgets over time. The rate of economic growth slowed in 2025 following the martial law crisis and US trade tariffs.[157] Reduced growth may constrain political willingness to raise defence spending. In the 2026 budget proposal, the Lee administration requested an 8.2 per cent defence budget increase to quickly reach the target of 3.5 per cent of GDP. However, this was reduced to 7.5 per cent by the National Assembly.[158] If the ROK experiences several consecutive years of low growth, the planned budget increases may not prove sustainable. The most likely result would be a cut in variable expenses, primarily acquisitions, in which case planned procurement projects may be delayed or shut down entirely. In the long term, defence spending could stagnate or even decline. Still, if finances prove tight, researchers expect the government to cut down on public expenditure areas other than defence first.[159]

In addition to domestic defence spending, South Korea has since 1991 financed a share of the costs associated with the USFK. The size of South Korea's share is negotiated and defined in the Special Measures Agreement (SMA) every five years. As per the latest agreement, Seoul will pay USD 1.13 billion annually from 2026 to 2030 to support the maintenance of the eight US military bases in South Korea.[160] This is an increase of 8.3 per cent from the previous five-year period and more than double the amount paid in 2009–2013. Principally, cost sharing is to be adjusted in line with inflation.

On a final note, South Korea generally performs strongly in R&D, especially in STEM (Science, Technology, Engineering, and Mathematics). Nearly 2 per cent of the South Korean labour force is engaged in research, about one-third of university students are enrolled in science or technology education, and in 2023 the ROK invested a total of 5 per cent of GDP in R&D.[161] This level of public expenditure on R&D is high compared to other states: the ROK ranks fourth among OECD countries.[162] The Defence Acquisition Programme Agency (DAPA) accounted for 16.3 per cent of government R&D spending in 2023, most likely financing defence-related research.[163] The government also actively promotes collaboration between the civil and military spheres, meaning that some civilian research is also likely to benefit capability development. The 2026 state budget allocates KRW 35.5 trillion (EUR 21.3 billion) to R&D, a 0.5 per cent year-on-year increase, a large proportion of which is earmarked for artificial intelligence (AI).[164] Still, state funding only accounts for about one tenth of South Korea's total R&D expenditure; the overwhelming majority is funded by the corporate sphere.[165]

3.2 The ROK Armed Forces

The ROK Armed Forces (ROKAF) consist of approximately 500,000 troops (75 per cent of whom are conscripts), 3.1 million reserve forces, 13,500 coast guard and 3 million civilian defence reservists.[166] South Korea implements mandatory conscription for all male citizens, with active service lengths ranging between 18–21 months.[167] After fulfilling active duty, soldiers are placed in the reserve forces for eight years. Mandatory military service then continues with a final stage of placement in the civil defence forces, a crisis management organisation responsible for guiding local residents during air raid drills and maintaining shelter readiness, among other things. Conscripts serve in the civil defence forces until the year in which they turn 40.[168]

In 2020, Transparency International assessed that there was a moderate risk of corruption in the South Korean defence sector. Defence policymaking, financing, personnel recruitment, and procurement processes were assessed as exhibiting low risk of corruption. However, the institute assessed that military operations are conducted at high risk of corruption due

157 Bank of Korea. *Korea Economic Outlook (August 2025)*, pp. vi–vii.

158 ROK MND. "Next year's defence budget confirmed to grow by a massive 65.8642 trillion won" (4/12 2025); ROK Ministry of Finance and Economy [MOFE]. "2026 state budget confirmed by National Assembly" (2/12 2025).

159 Interview 11.

160 ROK MND. "*Conclusion of the 12th ROK–US Special Measures Agreement (SMA) on the Sharing of Defence Costs*" (4/10 2024).

161 OECD. Researchers (2021); Gross domestic spending on R&D (2023).

162 OECD. *OECD Reviews of Innovation Policy: Korea 2023*. (2023): p. 33.

163 ROK Ministry of Science and ICT [MSIT]. "Science and Technology Yearbook 2023" (29/8 2024): p. 378.

164 ROK MOFE. "2026 state budget confirmed by National Assembly."

165 OECD. *OECD Reviews of Innovation Policy: Korea 2023*, p. 174.

166 Han. *"South Korea's National Defence*", p. 448; IISS. *The Military Balance 2025*. 125:1 (IISS, 2025).

167 ROK MND. *2022 Defense White Paper*, pp. 47–50, 128.

168 ROK Ministry of Government Legislation [MOLEG]. "*Civil defence subjects*."

to a total absence of anti-corruption policies in mission planning and execution.[169]

3.2.1 Command structure

Formally, the ROKAF is commanded by the South Korean president. In practice, the command authority is delegated to the Minister of National Defence. The current defence minister (as of July 2025) is the first civilian to hold this position since 1961, a break with convention that was one of President Lee's key election pledges. At the top of the command structure, under the Minister of Defence, is the Joint Chiefs of Staff (JCS). This is the top military leadership, comprising the chiefs of all three service branches and a chairman. The JCS Chairman has operational control over all three service branches and joint operations in peacetime.[170] The chiefs of the service branches participate in the operational command and control of their respective branches only as members of the JCS, in an advisory role to the Chairman. At the service-branch level, the chiefs independently decide mainly on administrative and personnel issues.

In wartime, operational control (OPCON) is exercised by the ROK–US Combined Forces Command (CFC). This command headquarters jointly controls the ROKAF and USFK under US leadership. The US and South Korea have agreed that wartime OPCON should be transferred to ROK leadership within the CFC, but progress on this issue has been slow. As per a 2015 agreement, the transfer is conditional on the fulfilment of three criteria:

1. The ROK must possess the necessary military capabilities to lead the combined US–ROK defence;
2. The alliance must possess comprehensive capabilities to respond to North Korean nuclear and missile threats; and
3. The regional and peninsular security environment must be conducive to a stable OPCON transfer.[171]

For South Korea, the transfer of wartime OPCON carries great symbolic meaning and is desirable for ideological reasons, with autonomous control over national defence forces seen as a matter of pride. President Lee promotes Korean strategic autonomy and has called for OPCON transfer before the end of his presidential term in 2030.[172] From a military perspective, however, it is questionable whether ROK command would be the most effective, given the US's superior warfighting experience. The fulfilment of criterion 1 is evaluated regularly in five critical capability areas: Intelligence, Surveillance and Reconnaissance (ISR); Command, Control, Communications, Computers, and Intelligence (C41); ballistic missile defence; counter-WMD; and critical munitions.[173] To satisfy these requirements, the ROKAF still has some distance left to go, particularly in ISR and C4I.[174] Most contentious of all, however, is criterion 3, the fulfilment of which requires that Washington and Seoul jointly assess the security environment as "conducive." This indicates that the transfer ultimately depends on political rather than military considerations.

3.2.2 The three armed services

The following section describes each of the three service branches' equipment inventories based on data from the International Institute for Strategic Studies (IISS). IISS assessments are based on open sources, meaning they are well-informed estimates rather than absolute truths. Nonetheless, IISS is one of the most authoritative international sources on this topic. In the following description, Korean-made equipment is referred to by model name or number, whereas foreign-made equipment is referred to by country of origin.

The ROK Army is the largest of the three service branches with 365,000 conscripts and contracted personnel.[175] Roughly one-third of its forces are stationed along the DMZ. According to IISS, the ROK Army possesses 2,110 tanks, 1,710 of which are domestically produced (1,450 K1 and 260 K2), while the remaining 400 are older US models. The Army has approximately

169 Transparency International. *Government Defence Integrity Index. Country Brief: South Korea* (2020).

170 ROK MND. *2022 Defense White Paper*, p. 46.

171 ROK MND. *2022 Defense White Paper*, p. 169.

172 Bahk Eun-ji. Political will, alliance design remain key to OPCON transfer: analysts. *The Korea Times* (9/2 2026).

173 Vincent K. Brooks. *Statement of General Vincent K. Brooks Commander, United Nations Command; Republic of Korea and United States Combined Forces Command; and United States Forces Korea in Support of Commander, United States Pacific Command. Testimony before the Senate Armed Services Committee* (Senate Armed Service Committee, 14/3 2018).

174 Kim Jung-sup. "Issues and Challenges in the Transfer of Wartime Operational Control." *Sejong Policy Brief*, 2020–11 (2020); Bahk. Political will, alliance design remain key to OPCON transfer.

175 IISS. *The Military Balance 2025*, p. 270.

3,340 armoured vehicles. Of these, 2,700 are Korean-made (K21/KIFV/K806/K808), 570 are US imports, and the remaining 60 units are of Russian origin.[176] Additionally, the Army has roughly 3,500 self-propelled field artillery units (2,500 of which are the home-grown K105A1/K9); 3,300 towed howitzers (KH178/179); approximately 300 rocket artillery platforms (240 of which are the domestic *Kooryong* K136 and *Chunmoo* K239); approximately 6,000 mortars of mixed origin; and some 30-plus *Hyunmoo* ballistic missiles with delivery systems. In addition, the Army also possesses approximately 600 rotary-wing aircraft (including 200 KUH-1 *Surion*), 76 RQ-102K unmanned aerial vehicles (UAVs), some 500 anti-aircraft vehicles, and an undefined number of anti-aircraft missiles.

The ROK Navy consists of 70,000 conscripts and contracted personnel. According to IISS, the Navy possesses 26 surface combatants, including four cruisers, six destroyers, and 16 frigates, all of which carry anti-ship missiles. Moreover, the Navy possesses two Dokdo-class helicopter carriers; no South Korean warships are designed to carry fighter aircraft. All of the surface warships are produced in South Korea and the oldest of these was commissioned in 1992. As for smaller naval vessels, the Navy possesses about 70 patrol craft and five corvettes. These are built in South Korea, but are slightly older. In terms of auxiliary ships, the Navy has 12 minelayers and six amphibious assault ships. The Navy also has 21 submarines. The submarine fleet consists of nine KSS-I, built by German Howaldtswerke-Deutsche Werft (HDW); nine KSS-II, co-produced with HDW in South Korea; and three KSS-III, the first Korean submarine class constructed without a foreign partner and with a substantial share of domestic technologies.[177] The ROK Marine Corps, a sub-branch of the Navy with 29,000 active personnel, moreover possesses about 200 armoured vehicles, 238 artillery units, and 27 helicopters.

The ROK Air Force consists of 65,000 personnel. According to IISS, the Air Force has 508 fixed-wing aircraft. Most of these are US models, some of which were imported and others were produced under licence in South Korea. In the next years, South Korea plans to either modernise the oldest US aircraft extensively or replace them with modern home-grown aircraft.[178] The aircraft fleet includes 103 US-made fighter aircraft and 323 fighter jets, a mix of American models and Korean FA-50s. Additionally, the Air Force has four American Airborne Early Warning and Control (AEW&C) aircraft, 29 reconnaissance aircraft (including the Korean model KA-1), 38 transport aircraft, four tanker aircraft, and 185 trainer aircraft (all Korean-made T-50s). Finally, the Air Force has 50 helicopters and a few UAVs, as well as US-made Patriot and Korean *Cheongung* air-defence systems at its disposal.

In sum, the ROKAF has a large equipment inventory. Equipment density, measured as procurement expenditure divided by the number of troops, is one way to contextualise materiel inventories across different states. The ROK's equipment density in 2024 was KRW 23.7 million per soldier (equivalent to EUR 14,220).[179] In comparison, the equipment density of the Swedish Armed Forces was approximately EUR 77,400.[180] This suggests that the ROKAF invests less in equipment per soldier than the Swedish Armed Forces do.[181] However, we must also keep in mind that South Korea has procured a large materiel inventory over a long period of time, whereas the Swedish Armed Forces has increased the pace of rearmament only in the past few years.

A large share of the ROKAF's equipment is domestically produced, but the share is not uniform across the service branches. The total share of Korean-made materiel in the ROKAF is about 55 per cent (see Appendix 1). The Navy has the largest share of domestically produced equipment, at approximately 65 per cent. Notably, 100 per cent of surface combatants are Korean-made; and so are the trainer aircraft of the ROK Air Force. Nearly 80 per cent of the Army's armoured vehicles and artillery are domestically produced. Meanwhile, about half of air-defence systems, auxiliary ships, amphibious assault ships, and reconnaissance aircraft were imported. Army helicopters, submarines, and fighter aircraft are also mostly imported. There are a few equipment categories with a zero-per cent share of domestic production as well, including transport aircraft, Air Force and Marine Corps helicopters, and Air Force UAVs. The share of

176 South Korea received the Russian tanks in 1994 as partial repayment on a loan. The tanks have since been used in military training. Victor D Cha. Strategic Culture and the Military Modernization of South Korea. *Armed Forces and Society*. 28:1 (2001): p. 109.

177 Yoo Yong-won. "South Korea's first SLBM-equipped submarine, the Dosan Ahn Chang-ho, enters service with a localisation rate of 76%." *Chosun Ilbo* (13/8 2021).

178 David Cenciotti. South Korea's KF-21 Boramae Refuels From KC-330 During Historic First AAR Test. *The Aviationist* (19/3 2024).

179 KRW 11,865 billion / 500,000 soldiers = KRW 23.7 million/soldier based on UNODA, *Republic of Korea, 2024.*

180 SEK 27.71 billion / 30,000 soldiers based on UNODA, *Sweden, 2024*; The Swedish Armed Forces. *Årsredovisning 2024, Bilaga 1* (21/2 2025): pp. 1, 3.

181 Cf. Per Olsson & Peter Nordlund. *Effektiv materielförsörjning: Nordiska länders strategi, organisation och försvarsindustri*. FOI-R--4452--SE (FOI, 2017), p. 13.

domestically produced equipment should not be confused with the share of domestically made components, an issue to which we will return in Chapter 3.3.3.

3.2.3 Personnel supply

The number of active-duty personnel has dropped substantially over the past 20 years. In 2005, the government decided to reduce the number of soldiers from 681,000 to 500,000 by 2020 to improve the ROKAF's efficiency and professionalism. At the time, the long-term ambition was to abolish conscription altogether and staff the armed forces on the basis of voluntary employment.[182] The 500,000-soldier target was achieved in 2024, primarily through reduced service lengths (8–9 months shorter today than in 2005) and reorganisations of the ROKAF's peacetime structure. The force reduction has been criticised for serving political interests at the expense of military capability. Critics agree that the nature of the North Korean threat has changed (see Chapter 2.3), but argue that the threat still remains and that the fewer soldiers the ROKAF has, the greater the odds that Pyongyang and its 1.3 million active-duty soldiers will succeed in offensive operations.[183] In any case, the idea of transforming the armed forces into a professional force staffed only by contracted personnel has been dropped, not least due to challenges in personnel retention. Over the past four years, about 26,000 junior officers left the Armed Forces.[184] The upcoming demographic shift will also affect recruitment opportunities (see Chapter 2.5.2).

3.2.4 Host-nation support and international missions

South Korea hosts the USFK, which consists of 28,500 soldiers under the US Indo–Pacific Command.[185] The USFK is dominated by its Army branch (19,750 personnel), reflecting the USFK's traditional mission of deterring and defending against a North Korean ground invasion, followed by a smaller Air Force (8,150 personnel), Navy (350 personnel), as well as personnel from the Space Force and Marine Corps (250 personnel). In a contingency, up to 690,000 US troops may mobilise in South Korea, primarily from Japan. The USFK commander also commands the UNC and CFC.[186] The UNC still operates in South Korea. The UNC's Neutral Nations Supervisory Commission (NNSC) is tasked with supervising North- and South Korea's compliance with the armistice agreement. The NNSC is composed of five Swedish and five Swiss officers, based in the DMZ.[187] On a final note, South Korea regularly contributes to UN peacekeeping operations. About 600 South Korean military personnel participate in UN-led missions every year, for instance in Lebanon, South Sudan, Syria, and Western Sahara.[188]

3.3 Capability development and materiel supply

The North Korean military threat translates into a stable domestic demand for defence materiel. In the 1970s and '80s, ROK capability development efforts aimed to provide 600,000 soldiers with sufficiently modern equipment to be able to counter a ground invasion from the North. The defence industry was originally organised according to the principle of *1 weapon system: 1 company.* This was intended to concentrate investment in a given capability with a single contractor for maximum efficiency and, in practice, the government assigned the production of a given type of arms to a private firm with civilian business in a related sector. The companies assigned as "national manufacturers" in return gained a predictable and stable source of revenue, while remaining privately owned and profit-generating. However, a market without competition does not incentivise innovation or the pursuit of more efficient operations. In the 1990s, the ROKAF's most urgent equipment needs were satisfied, and so force improvement efforts shifted toward training, leadership, and forward-looking R&D. In 2006, the 1:1 principle was replaced by a competitive bidding procurement model.[189]

In 2006, the Defence Acquisition Programme Administration (DAPA) was established to manage national arms procurement in line with the Roh

182 Korkmaz & Rydqvist. *The Republic of Korea*, p. 52–53.
183 Ji Hyo-geun. "A Critical Essay on Defence Innovation 4.0: Focusing on the Military Strategic Perspective." *"Defence Research."* 67:2 (June 2024): pp. 61–62; Data on North Korean forces from ROK MND, *2022 Defense White Paper*, p. 334.
184 Park Ung-jin. "Military faces critical shortage of junior officers… low pay, welfare levels must be improved." *News1* (20/8 2024).
185 IISS. *The Military Balance 2025*. p. 275.
186 ROK MND. *2022 Defense White Paper*, p. 49.
187 The Swedish Armed Forces. *Sydkorea—NNSC*. (17/10 2024).
188 IISS. *The Military Balance 2025*, p. 275.
189 Yoon Yong. *"K Becomes a Defense Industry Genius"* (Johun Ddang Publishing House, 2025): p. 71.

Moo-hyun administration's defence reform objectives to improve transparency and efficiency in acquisition processes (see Chapter 2.3). Prior to DAPA's establishment, procurement was managed within the MND, but this way of doing things had gained a reputation for being corrupt and wasteful of public finances.[190] To ensure that DAPA would not fall victim to the same problems, DAPA was given financial independence in the sense that the agency's funds are allocated straight from the defence budget and do not pass through the MND or the Armed Forces. Another consequence of the establishment of DAPA and the introduction of competitive procurement was the decentralisation of defence R&D. The Agency for Defence Development (ADD), the national hub of military research since 1970, began to outsource defence research projects to industry actors, and as a result several defence companies established in-house defence R&D departments.[191]

Today, 20 years after the reform, legacies of the old 1:1 principle remain. The companies that were assigned as national manufacturers still enjoy market advantages from the monopolistic structures that were cemented in the 1960–80s. Competition is fairly strong in certain market segments, for example shipbuilding, but less so in others, such as aircraft (see Chapter 4.2). The National Defense Reform Act outlines five core principles to guide capability development and force improvement planning:

1. Expand civilian influence in enforcing national defence policies,
2. Strengthen the JCS and pursue balanced development of the Army, Navy, and Air Force that takes future warfare into account,
3. Optimise the Armed Forces' structure for technology-intensive operations,
4. Realise a low-cost, high-efficiency national defence management system,
5. Establish an organisational culture within the Armed Forces that is mindful of changes in society.[192]

The following sections describe the role of materiel supply as a factor in the second principle.

3.3.1 State actors in the procurement process

South Korea procures arms according to the US model of Planning, Programming, Budgeting, Execution, and Evaluation (PPBEE).[193] Each step involves different actors, described below.

Planning

The most important planning actor is the MND. With input from JCS, the MND is in charge of formulating strategic objectives and development directions for national defence as well as implementing defence-related policies.[194] A key document in this step is the Defence Reform Plan (see Chapter 2.3).

The MND also oversees the Armed Forces, which is organisationally subordinate to the ministry. The MND is partly staffed by military personnel, though this share has declined significantly since the country's democratisation in 1987. In 2024, about 27 per cent of MND staff held a military rank.[195] However, research shows that one of the departments with the greatest influence over the contents and implementation of national defence policy, the Office of Defence Reform, is disproportionally staffed with military personnel, holding 90 per cent of the office's positions.[196] This means that military interests likely are more influential than political interests in shaping long-term defence planning, and explains why the National Defense Reform Act also emphasises the expansion of civilian influence (see principle number one above).

Programming and budgeting

The next step is programming. This means that the MND drafts implementation plans that translate the objectives of the Defence Reform Plan into actionable agenda items, that is, by setting up a programme. The most important policy document in this step is the Mid-term Defence Plan. This plan is published once a year and defines how the defence budget should be distributed across procurement and research projects

190 Yoon. "*K Becomes a Defense Industry Genius*", pp. 41–42.

191 Korkmaz & Rydqvist. *The Republic of Korea*, pp. 74–75; Kwon. *Cornerstone of the Nation*, pp. 170–206.

192 "National Defense Reform Act" art. 2 (2022:19073).

193 Han. *"South Korea's National Defence"*, pp. 279–290.

194 Korkmaz & Rydqvist. *The Republic of Korea*, p. 48.

195 Board of Audit and Inspection of Korea. "Audit Report: Ministry of Defence regular institutional audit" (26/2 2025): p. 7.

196 Insoo Kim & David Kuehn. The Ministry of National Defence in South Korea: Military dominance despite civilian supremacy? *Journal of Strategic Studies*. 45:6–7 (2022): pp. 881–882.

over the next five years. For this reason, the plan is also colloquially referred to as the five-year defence plan.

The drafting process of the Mid-term Defence Plan begins at the bottom of the organisational hierarchy and then works its way up. In the initial phase, military units in each of the armed services identify what equipment they need and submit an acquisition request to the JCS. The JCS evaluates and approves requests, and then proceeds to write up a procurement plan detailing potential risks, desired purchase quantities, and a timetable. This takes up to two years. The JCS's plan is sent to the MND's materiel planning division, which is responsible for incorporating these requests into the Mid-term Defence Plan.

In drafting the Mid-term Defence Plan, the MND is supported by DAPA and several government research institutes. Central among these is the Korea Institute of Defense Analyses (KIDA) that analyses a broad range of military and defence issues. Other key institutes are the Defence Technology and Quality Agency (DTaQ), which analyses military technologies, and the Korea Research Institute for Defense Technology Planning and Advancement (KRIT), which researches and analyses technology policy, issues related to procurement, and defence industrial development. The Mid-term Defence Plan is approved by the Minister of Defence and the President in December.

Once the Plan is approved, the next step is budgeting. Here, DAPA creates a budget suggestion on how to distribute funds across various projects and initiatives. The suggestion is sent to the MND's budget division in February. After some adjustments, the proposal is sent to the Ministry of Economics and Finance (MOEF) in May. At MOEF, officials draft a defence budget proposal, which is approved by the National Assembly (with potential adjustments) in December. The budget is executed the following month, in January. It takes approximately two years from the point when the JCS grants an acquisition request until the project is allocated budgetary funds.[197]

Execution and evaluation

Once a procurement decision is made and the project has received funds, all procurement projects that involve weapons or weapons technologies are executed by DAPA. Non-weapons equipment, such as support systems, food, non-lethal gear, etc, is procured by the MND, the Public Procurement Service (an independent government agency), or by the military units themselves.[198] The first step in executing a procurement project is to identify the required specifications of the weapons system in question. This analysis is often outsourced to KIDA. Based on this study, DAPA defines the required specifications. These generally cannot be adjusted once a decision is made, which usually occurs 4–5 years into the execution process (post-budgeting). After deciding on the specifications, DAPA makes a timetable and then initiates the process to procure the weapons accordingly.[199] Domestic defence contractors must adhere to a standardised pricing framework that specifies how much profit companies are allowed to make from defence materiel sales (on a sidenote, this framework does not apply to arms exports, making export deals potentially more profitable). Weapons are generally procured 10–15 years after the JCS granted the acquisition request.

The final step of the acquisition process is evaluation. This refers both to managerial evaluations of the planning and efficiency during the procurement process, and technical evaluations of the delivered weapons systems' performance. To reduce the risk of corruption and contract awards motivated by personal gain, DAPA and DTaQ are tasked with evaluating performance and value for money, whereas the ROKAF are given the possibility to field-test materiel and demand changes before the contract is considered fulfilled. The evaluation step lasts for another 5–10 years.

The acquisition process is criticised for being slow. A procurement project is commonly concluded in 15–20 years and the process is the same for purchases of new equipment as for modernisation and maintenance of existing materiel stocks.[200] In response to widespread criticism, DAPA introduced a fast track dubbed Rapid Acquisition Process in 2023, intended to manage projects from start to finish in just five years. Not all projects are eligible for rapid acquisition, however. This track does not allow for the procurement of larger equipment quantities than the minimal tactical need. In practice, this often translates to 10–30 units of a given product. The restriction on quantity means that contracts in the rapid process are less profitable for defence companies, as there are no benefits of scale.[201]

197 Han. *"South Korea's National Defence"*, pp. 279–290.

198 Interview 1.

199 Interview 3; Yoon. *"K Becomes a Defense Industry Genius"*, pp. 37–38.

200 Jang Won-Joon & Song Jae Pil. A Rapid Acquisition Strategy in Light of Recent Changes in the Global Security Environment: Policy Implications and Tasks for the Korean Defense Industry. *KIET Monthly Industrial Economy* (31/3 2022).

201 Jang Won-Joon & Park Hea-Ji. Closing the Gap: Modernizing South Korea's Defense Acquisition Framework. *KIET Monthly Industrial Economy* (31/7 2024): p. 6.

3.3.2 Materiel supply strategy

The term materiel supply strategy refers to a state's explicit or implicit answers to the questions of what materiel to procure, from where, and in what manner it should be procured. South Korea formally codifies its materiel supply strategy in law: domestic procurement first, procurement through R&D second, and foreign procurement third. The Defence Acquisition Programme Act of 2006 mandates DAPA to prioritise home-grown equipment in every procurement decision. Imports are allowed only under special circumstances wherein domestic procurement would bring clear economic or time-related disadvantages.[202] The legal obligation to buy Korean was further strengthened in 2021 upon the adoption of new legislation intended to support the development of the domestic defence industry.[203] Even though the government unmistakably prefers domestic procurement whenever possible, there are no specific guidelines on when to choose other procurement methods. The lack of clear instructions creates uncertainty and confusion among practitioners as to what "special circumstances" really means.[204]

Domestic procurement

In principle, DAPA should choose to procure arms on the domestic market whenever possible. This preference follows from the political objective of a self-reliant national defence: the government wants to support Korean companies and foster domestic production capacity. A distinctive feature of the South Korean acquisition process is that domestic and foreign companies never compete for contracts; if DAPA initiates a domestic procurement process, international contractors cannot bid for tenders. Procurement should, to the greatest extent possible, exercise competitive bidding. Many tenders are publicly announced, for example, on the internet platform *Defense2Business* (d2b.go.kr). Most tenders receive at least two bids, though the competitiveness of the bids may vary.[205] The winning bidder is contracted as the prime contractor (or level 1 vendor), and is largely free to hire subcontractors and suppliers as are needed to fulfil the contract.[206] DAPA can also opt for non-competitive, closed procurement if the purchase involves one of roughly 1,700 designated defence products (see Chapter 4.1).[207] Nearly seven out of ten contracts that DAPA awarded to Korean defence companies in 2017–2024 were of the non-competitive kind, though these contracts accounted only for one fifth of the total value of awarded contracts.[208]

Procurement through R&D and domestic development

If there is no equipment available on the domestic market that fulfils DAPA's required specifications, it can decide to initiate an R&D project to develop materiel that satisfies its demands. Domestic R&D is seen as a better option than foreign procurement, though there are two key limiting factors: time and money.

The availability of financial resources is a first constraint on domestic development. Supposedly, political decision-makers are willing to pay 25–50 percent more for domestically developed arms compared to foreign imports.[209] This would appear consistent with the political dedication to achieving defence self-reliance. If high costs are an issue, another option is to initiate R&D projects jointly with other countries. In the case of the KF-21 fighter jet, which South Korea is co-developing with Indonesia, Indonesia's contribution is primarily financial.

Time is also a constraining factor. If the technical know-how exists in South Korea, time is usually not a critical issue (as long as the procurement is not urgent). However, time becomes more critical if the domestic STEM and industrial base lacks relevant expertise or manufacturing equipment and would need to acquire these skills and assets through education, international collaborations, or imports. The threshold for acceptable time horizons in defence R&D is generally quite high, insofar as this can be motivated in terms of contributions to defence self-reliance. This is fairly new. 10–20 years ago, DAPA immediately turned to foreign producers if South Korea lacked the necessary knowledge.[210]

There is no definitive upper limit in terms of time or money that an R&D project is allowed to cost. Each procurement project needs an individual assessment.

202 "The Defence Acquisition Program Act" art. 19 (2025:20644); Han. "*South Korea's National Defence*", p. 352.
203 "Defence Industry Development and Support Act" art. 9 (2023:19583).
204 Interview 10.
205 Interview 2.
206 Prime contractors may hire foreign subcontractors, but are also obliged to minimise their imports of foreign-made components; see "Enforcement Decree of the Act on Contracts to which the State is a Party" art. 11 (2025:35453).
207 "Enforcement Decree of the Act on Contracts to which the State is a Party" art. 26.
208 DAPA. "Domestic Procurement Plan" (Public Data Portal, 31/10 2024).
209 Interview 3.
210 Korkmaz & Rydqvist. *The Republic of Korea*, p. 104.

The preconditions for domestic development are often analysed by KIDA to support DAPA's decision.[211] If DAPA decides on domestic R&D, KRIT then supports the process by finding suitable actors to execute the project within academia, the private sector, or among government research institutes. One noteworthy difference today compared to 20–30 years ago is the defence industry's active participation in development projects. Until the mid-2000s, defence R&D was carried out by ADD. Today, about half of national defence technology R&D is conducted by defence companies, though ADD owns the intellectual property rights for most Korean-made arms, which still secures it a seat at the table.[212]

Foreign procurement

Procurement from foreign manufacturers is seen as a last resort. Until the 1990s, South Korea's preferred method of foreign procurement was licensed production, preferably of US equipment, to promote technological learning. The preference for US equipment remains strong: 43 per cent of defence imports in the past five years were of US origin.[213] This preference can be explained by the South Korean government's general tendency to seek deeper security collaboration with the US, as well as by reciprocity; the US has purchased large quantities of South Korean arms over the years.[214]

As a way to promote mutual benefits between the selling and purchasing states, foreign procurement often involves offset obligations. This means that the selling state buys goods from the purchasing state to reciprocate the deal, or otherwise generates benefits for the buying state, for example, through industrial cooperation. Under South Korean law, the MND should pursue offsets from the selling state worth 50 per cent of the contract value when South Korea purchases arms worth more than USD 10 million from abroad in a competitive bidding procurement process. For direct, non-competitive contracts (except for US Foreign Military Sales deals), the MND should pursue offsets worth 30 per cent of the contract value.[215] DAPA documentation shows that 23 offsets negotiations are in progress in 2025–2026.[216] In 1983–2022, South Korea received offsets worth a total of USD 23 billion: 43 per cent was generated through technology transfers, 31 per cent through exports of Korean-made components, and 23 per cent through donations of equipment.[217] In the past five years, 90 per cent of offsets were generated through component exports, indicative of South Korea's increasing technological competence.[218]

3.3.3 Distribution, trends, and challenges in materiel supply

In what ways does the above-described material supply strategy impact South Korean procurement patterns? In 2016–2020, South Korea procured the majority (56.3 per cent) of materiel through foreign imports.[219] This includes arms and equipment produced in South Korea under foreign licence (19.8 per cent of imports). The share of imported arms has decreased following the adoption of the Defence Industry Development and Support Act of 2021. In 2021–2024, DAPA procured the majority (71.2 per cent) of arms on the domestic market (see Table 3c).[220] The import volumes were still high, though, as South Korea imported *more* equipment in 2021–2024 than in the previous period. This apparently contradictory result is explained by South Korea's greater overall procurement volume.

Table 3c Origins of procured defence equipment.

	Share of procured arms 2016–2020 (%)	Share of procured arms 2021–2024 (%)
Import	56.3	28.8
Licensed production	19.8	16
Domestic industry	43.7	71.2

Source: SIPRI & DAPA.

211 Interview 2.

212 DAPA & KRIT. "*Defence Technology Objectives Plan: General Edition (2025–2039)"* (2025); Yoon. "*K Becomes a Defense Industry Genius*", p. 48; ADD. *National Defense R&D Structure*.

213 DAPA. *"2025 Defence Acquisition Statistics and Yearbook"* (2/7 2025): p. 120.

214 Interview 3; Kwon. *Cornerstone of the Nation*, p. 120; Cho Yoon-jin. "K-Defence exports could plummet by up to 22% if the US imposes reciprocal tariffs." *Seoul Kyungje* (24/6 2025).

215 "The Defence Acquisition Programme Act" art. 20.

216 DAPA. "*Notice of Main Programs with Offset Obligations* (pending, 2025–2026*)"* (29/4 2025).

217 Jang Won-Joon & Park Hea Ji. Trends in Korean Defense Offsets and Policy Implications: Toward Making Korea One of the Four Largest Defense Exporters. *KIET Monthly Industrial Economy* (28/7 2023): p. 3.

218 DAPA. *"2025 Defence acquisition statistics and yearbook"*, p. 90.

219 Lucie Béraud-Sudreau, X. Liang, S.T. Wezeman & M. Sun. *Arms-production capabilities in the Indo-Pacific region: Measuring Self-reliance* (SIPRI, 2022): p. 25.

220 DAPA. *"2024 Defence acquisition statistics and yearbook"* (19/6 2024): p. 107.

SIPRI data finds that in 2021–2024, the US accounted for 80 per cent of the ROK's major arms imports, followed by France (15 per cent), the UK (3 per cent), Israel (1.5 per cent) and Germany (0.5 per cent).[221] DAPA statistics, which are based on monetary value, differ slightly: in 2021–2024, the US was the main source of imports at 40.1 per cent, followed by the UK (20.1 per cent), Germany (5.2 per cent), Israel (4.2 per cent) and Spain (3.5 per cent). Interestingly, DAPA attributes 27 per cent of imports to other states than those five.[222] Notwithstanding the different percentages in SIPRI and DAPA data, both datasets show that the US is the largest source of foreign materiel, followed by other democratic nations with well-established defence industries.

This author has not been able to find data on procurement patterns in different domains, but a comparison of the ROKAF's materiel inventory and import patterns could provide a rough understanding. South Korea produces only a limited share of its own fighter aircraft (33 per cent of the ROKAF's inventory), and does not produce transport aircraft, Air Force and Navy helicopters, nor Air Force UAVs (see Appendix 1). SIPRI's Arms Transfer Database appears to confirm that the ROK Air Force accounts for a large share of imported equipment. 75 per cent of imports in 2021–2024 were aircraft.

A large share of domestic procurement does not automatically mean that national defence is self-reliant, however. This is more accurately captured by looking at where domestic contractors source weapons systems components. According to DAPA, the national average localisation rate (that is, the share of domestically-produced components) in 2023 was approximately 90 per cent (see Table 3d).[223] Components are defined as objects consisting of at least two parts with a specific and independent function but that need to be integrated with other systems or external power sources to produce an effect.[224] The localisation rate in 2023 was 15 percentage points higher than in 2018. This increase is explained by the launch of a new policy in 2010 that introduced government subsidies to companies and research institutes that develop domestic alternatives to commonly imported components. Since 2010, a total of 51 critical components have been localised successfully.[225] The localisation rate varies between materiel categories and is the lowest for aircraft components at 52.5 per cent. The localisation rates for "critical components" (a specific subset) are generally 5–10 percentage points lower, which exposes the defence industry to supply risks if components cannot be imported, for example, due to tariffs or conflicts.[226]

Table 3d Localisation rates of 10 equipment categories.

Materiel category	Localisation rate 2023 (%)
Artillery	77.8
Ammunition	84.3
Armoured vehicles	82.4
Communications and electronics	97.0
Missiles	83.4
Ships	88.5
Aircraft	52.5
Electrooptical systems	74.2
CBRN defence	90.8
Other	71.3
Average	**89.6**

Source: DAPA 2025 Statistical Yearbook.

One notable deviation from the generally high level of component localisation is South Korea's lack of defence semiconductor production. Defence semiconductors are typically imported from the US. Given that South Korea is a major manufacturer of civilian semiconductors, this may seem odd, but military systems use other types of semiconductors. The reason why Korean semiconductor manufacturers have yet to expand into the defence market is that demand is too small for it to be profitable. Weapons systems use several types of cost-intensive semiconductors, all in small quantities. In 2024, DAPA launched a strategic roadmap to establish a domestic defence semiconductor production capacity, but so far, semiconductor companies do not appear too interested in the initiative.[227]

221 *SIPRI Arms Transfers Database* (2025).

222 DAPA. "*2025 Defence Acquisition Statistics and Yearbook*", p. 120.

223 DAPA. "*2025 Defence Acquisition Statistics and Yearbook",*, p. 162. The localization rate is calculated based on the cost of imported components as a share of the procurement price.

224 DAPA. *"Regulations Governing the Development of Domestic Production for Weapons System Components*" art. 3. Directive 889 (6/1 2025).

225 DAPA. *"2025 Defence Acquisition Statistics and Yearbook*", p. 163.

226 Korea Defence Industry Association [KDIA]. "*Localisation Rate Status"* (13/7 2022).

227 Tobias Junerfält. *South Korea's push for defence semiconductor self-sufficiency*. FOI Memo 8937 (FOI, 2025).

3.3.4 Prioritised areas of force improvement

So what are the current priority areas for procurement and capability development? A first fundamental consideration is striking the balance between replacing old equipment and developing future capabilities. Given that a large proportion of the ROKAF's equipment was produced in parallel with the defence industry's development (army equipment, 1960–1980; ships, 1990–2000; aircraft, 1980–2010), the need for renewal arises in corresponding waves. For example, up to half of the Army's equipment is estimated to be over 50 years old.[228] Policy documents do not specify whether maintaining and upgrading existing equipment is more or less prioritised than new acquisitions. In general, it may be noted that the preexisting materiel inventory shapes the required specifications of new acquisitions. For example, compatibility with existing spare-parts supply may be a desirable attribute.[229]

Another fundamental factor is who is in government. Conservative administrations tend to explicitly define North Korea as an enemy, which usually means investments in land and air warfare capabilities. Progressive administrations generally avoid describing North Korea in hostile terms to create an environment conducive to diplomatic engagement. As such, progressive administrations tend to invest more in the maritime domain. These partisan preferences create a certain degree of uncertainty for long-term investments. Several procurement projects have been launched by one administration, only to be scrapped by the next president in office. One such example is the aircraft carrier project that was initiated in 2019 by the progressive Moon administration and shut down by the conservative Yoon government.[230] Furthermore, the two political parties have different opinions on the relationship between procurement priorities and the transfer of wartime OPCON (see Chapter 3.2.1). The progressives prioritise the development of capabilities that are directly related to the first condition of OPCON transfer (including ISR and C4I), whereas the conservatives argue that it is best to invest in capabilities that most effectively enhance South Korea's independent deterrence capability, regardless of OPCON ownership. This is reflected in President Yoon's allocation of funds. The improvement of traditional capabilities (in the air, land, and maritime domains) received 71 per cent of the funds, while guided munitions and C2 technologies were allocated 13 and 15 per cent, respectively.[231] The Lee administration will likely prioritise C2 and ISR systems. Yet, the impact of party politics on procurement politics should not be overstated. Both parties agree that North Korea is the predominant threat and formulate defence policies accordingly.[232]

This author assesses that South Korean procurement projects in the next 5–15 years will be defined by two trends: 1) conventional deterrence and 2) disruptive technologies.

The three-axis system

The first trend is the emphasis on "peace through strength," that is, deterrence, as a guiding principle. South Korean independent deterrence capability primarily manifests in the three-axis system, a concept for conventional deterrence that entails the integration of air warfare, air defence systems, and massive retaliation capabilities.[233] The 2026 defence budget allocates 21.3 per cent more funds to the three-axis system compared to the previous year, indicating that this is a highly prioritised project.[234]

The first axis, called Kill Chain, refers to an offensive missile system designed to detect and eliminate targets related to North Korea's nuclear and missile capabilities *before* suffering a strike, at the first sign of an imminent attack. The development of the Kill Chain axis was allocated KRW 5.265 trillion (equivalent to EUR 3.16 billion) in the 2026 defence budget.[235] This capital is intended to fund the development of long-range missiles and C2 systems capable of real-time intelligence sharing. An additional KRW 1.5 trillion (EUR 900 million) was earmarked for developing ISR systems, including reconnaissance satellites and unmanned reconnaissance vehicles, with early warning capability.

The second axis, called K-Air and Missile Defence (KAMD), refers to several integrated air defence systems designed to detect and intercept incoming projectiles in the terminal phase of flight at two altitudes (15–50 km and 50–100 km) so as to cover ballistic missiles, cruise

228 Nemeth. South Korea Military Power…., p. 96.

229 C.f. Peter Nordlund, Per Olsson, Ulf Jonsson & Peter Bäckström. *Effektiv materielförsörjning*: *Utveckla, anpassa eller köpa från hyllan?* FOI-R-4265--SE (FOI, 2016): p. 39.

230 Karl Friedhoff. South Korea's nascent aircraft carrier on chopping block as Yoon focuses on DPRK. *Korea Pro* (31/5 2022).

231 Jang & Song. A Rapid Acquisition Strategy…

232 Interview 7.

233 ROK MND. *2022 Defense White Paper*, pp. 59–61.

234 ROK MND. "2026 Defence Budget Confirmed at KRW 65.8642 trillion, a 7.5% year-on-year increase" (3/12 2025).

235 ROK MND. "2026 Defence Budget Confirmed at KRW 65.8642 trillion..."

missiles, and long-range artillery. This year's budget allocates KRW 1.82 trillion (EUR 1.1 billion) for the continued development of domestic air defence platforms. A related priority highlighted in the 2024–2028 midterm defence plan is anti-drone capabilities.

The third axis, dubbed Korea Massive Punishment and Retaliation (KMPR), is intended to carry out destructive retaliation with precision strikes on North Korean command centres if the Kim regime uses a weapon of mass destruction. KMPR was allocated KRW 712.1 billion (EUR 427 million) in this year's budget to advance the development of domestic air-to-surface and surface-to-surface missiles, to procure attack drones and F-35As, and to finalise the ongoing construction of KSS-III submarines. As the KMPR involves air, ground, and maritime components, it can be likened to a "conventional" nuclear triad. However, and this is important, the three-axis system consists only of conventional forces, as South Korea does not have nuclear weapons. Nonetheless, several of the technologies being developed within the scope of the three-axis concept bring South Korea closer to the nuclear threshold, making it easier for the ROK to quickly develop nuclear weapons and related delivery systems if deemed necessary in the future.[236]

High hopes in disruptive technologies

The second trend that defines capability development is high hopes for new technologies, in particular military AI. South Korean military planners assess that national defence capabilities are challenged by a complex security environment, novel warfare methods, and a declining population. To address these issues, the ROKAF has identified a need to expand its technological capabilities. By 2030, the government aims to position South Korea as the world's seventh most proficient state in defence technology. In 2024, the official assessment evaluated South Korea as the world's eighth best.[237] A key motive is the risk that export controls (in the US, primarily) may become stricter and constrain the ROK defence industry's development.[238] In a recent initiative, the strategic technology areas eligible for capability development projects were expanded from eight to ten: AI, manned–unmanned integration, quantum technology, space technology, energy technology, advanced materials, cyber and networks, sensors and electromagnetics, propulsion, and counter-WMD.[239] They include a total of 30 target technologies (see Appendix 2). Each year, DAPA and KRIT publish an implementation plan (known as the Defence Technology Basic Plan) that concretises strategic tasks into individual projects on a time horizon of 15 years.

The latest plan, which covers the period 2025–2039, defines ongoing and planned defence R&D in 378 tasks or research programmes, which in turn are divided into 644 individual research projects.[240] The projects seek to develop a wide range of technologies, for example various unmanned systems, laser weapons with super-high effect, and materials optimised for extreme environments. South Korean authorities assess national expertise as most lacking in space technology, advanced materials, and quantum technology. Judging by the number of research projects per technology area, however, DAPA appears to be focusing on the low-hanging fruit first. Most research projects in the Defence Technology Basic Plan are related to manned–unmanned integration, cyber and networks, and sensors and electromagnetics, technology areas in which South Korea considers itself to be closer to the research frontier (see Appendix 2).

AI is the core of South Korea's defence technology plans. AI and Big Data analysis are seen as the two most fundamental capabilities in future warfare, not least to compensate for South Korea's declining population. Calculations by KIDA based on the ROK's projected population decline show that the ROKAF is likely to fall 100,000 soldiers short of current force levels in 2040, assuming that the mandatory service length remains 18 months.[241] The loss of 100,000 soldiers corresponds to the number of troops currently stationed along the North Korean border for purposes of surveillance. If this mission is automated, the lack of manpower will be less urgent. South Korean military planners are therefore anticipating border surveillance as the first application of military AI. In about 10–15 years, the military hopes to use AI in weapons systems, and the long-term objective is to field AI-integrated C2 systems. The dominant focus on military AI is criticised for placing too high hopes in a technology that does not yet exist (in the desired form), meaning that

236 Bowers & Stålhane Hiim. Conventional Counterforce Dilemmas, p. 19.

237 DAPA. "2024 DAPA Key Policy Implementation Plan." *DAPA Magazine Chungaram*. 135. (March-April 2024); DAPA. "*2025 Defence Acquisition Statistics and Yearbook"*, p. 173.

238 Sim Soon-hyung, Kim M.J & Jung J.H. "*Assessment of the Global Competitiveness of Major Domestic Defence Products and Development Tasks* (KIET, 2022): p. 23.

239 ROK MND. "*2023–2037 National Defence Science and Technology Innovation Master Plan*" (19/4 2023): p. 46.

240 DAPA & KRIT. *Defence Technology Objectives Plan* (2025).

241 Cho Kwan-ho. "Reflections on Future Military Personnel Management and the Conscription System." "*Defence Forum."* 1878 (2021).

South Korea is taking a huge risk should the development fall short of expectations. Heavy investment in AI risks creating a vulnerability gap in which the ROKAF's actual warfighting capability today is far lower than the expected capability in 5, 10, or even 30 years.[242]

3.4 Challenges to defence sector development

How well do current financial and technological circumstances support continuous qualitative and quantitative growth in the ROK defence sector? Significant resources are being allocated to capability development, which bodes well for "the balanced development of the Army, Navy, and Air Force, taking into account aspects of future wars."[243] The trend towards greater self-sufficiency, as measured in localisation rates and the share of domestic procurement, is likely to continue as Korean technological development progresses. That said, the development of the defence sector faces a number of challenges that require policy attention.

3.4.1 Financial challenges

South Korean analysts identify securing sufficient and long-term budgetary support as the biggest challenge to achieving national capability development targets. Self-reliance in national defence is a political goal that needs to be enforced by the government; the defence companies do not necessarily share this interest. South Korea's virtually non-existent production capacity in defence semiconductors is a clear example of the diverging interests of industry (economic incentives) and politics (self-reliance) in this context. Procurement is guided by free-market principles and companies are re-investing more of their profits in R&D, but the government can still choose to bear the costs for R&D and specialised manufacturing when it is deemed necessary for the development of the defence industry.[244] To the extent that the government does not force companies to make unprofitable (but politically and strategically important) investments, the self-reliance objective ultimately becomes a matter of public finance: how much money is the government willing to spend? While it seems that budgetary support will increase in the short term, South Korea faces an uncertain financial and geoeconomic future that may require re-prioritisations in public resource allocation.

3.4.2 Social challenges

One prominent challenge facing the Korean R&D community is the cultural aversion to the risk of failure. Research projects that attain unsatisfactory results tend to bring negative financial and social consequences for the research institute, research team, or individual researcher. The OECD highlights this as one of the greatest weaknesses of the ROK innovation system.[245] Korean authorities are aware of the situation and have made some efforts to create an environment that is tolerant of failure.[246] From an innovation perspective, the lack of incentives and safety nets for researchers to take (moderate) risks is unfortunate.

Securing a stable supply of personnel to staff the defence sector is another issue requiring broader societal efforts. The ROKAF's hopes to use AI to compensate for the declining population appear to be a high-tech solution to a low-tech problem. The appeal of using AI is understandable, given that it is the least politically controversial solution; prolonged service lengths and gender-neutral conscription lack public support. The defence industry has difficulty recruiting qualified personnel and is perceived by many young engineers as an unattractive employer. Most defence companies are based in rural areas or smaller towns, but for many Koreans, a career outside of Seoul is marker of low social status.[247] Moreover, strict workplace hierarchy norms, unimpressive salary development, and the cultural taboo of being subordinate to a manager younger than yourself motivate senior researchers to accept job offers abroad.[248] A final observation is that the defence industry has not yet completely shaken off the poor reputation it gained in the 1980s and 90s (see Chapter 4.3.3).

242 Interview 5.

243 "National Defense Reform Act" art. 2.

244 "Defence Industry Development and Support Act" art. 13.

245 OECD. *OECD Reviews of Innovation Policy: Korea 2023*, p. 61.

246 Interview 10.

247 Yoon. *"K Becomes a Defense Industry Genius"*, pp. 189–193.

248 Choi Ji-won. Brain drain threatens South Korea's scientific competitiveness. *Dong-a Ilbo* (28/5 2025); Lee Seung-ku. China tried to recruit 149 KAIST professors in 2024. *The Korea Herald* (26/10 2025).

3.4.3 Technological challenges

At present, the Korean defence industry lacks expertise in certain key technologies. The latest Defence Technology Plan (see Appendix 2) indicates that South Korea is the least confident in space technology, advanced materials and quantum technology. However, even in technological areas where the general level of knowledge is higher, including AI, cyber and networks, and sensors and electromagnetics, the defence industry lacks full proficiency in multiple key systems such as radars.[249] Still, South Korea has historically demonstrated an excellent ability to acquire and absorb foreign knowledge, and the above-mentioned technologies are prioritised in current R&D plans. This suggests that the defence industry will likely fill these knowledge gaps in the relatively near future.

At the same time, the government's reactive approach to R&D and innovation limits the opportunities for groundbreaking research. The current strategy is designed to promote technical progress in *existing defence technologies*, as measured against technologies already on the market. The strategy appears to be strongly motivated by prestige (to gain recognition as an advanced military power, one "should" possess certain technologies). One researcher questions the tactical usefulness of the government's ten strategic technology areas, arguing that the government pursues these to avoid falling behind in global science and technology research, not because of clear ideas of potential combat applications.[250] A technology developed in country A is not automatically the best fit for country B due to differences in operational environments, training, doctrine, and equipment inventories. Foreign technologies are often perfectly adequate to fulfil immediate capability needs in cost-effective ways, but bespoke technology developed specifically for national circumstances likely performs better in the long term. A comparative approach to R&D predisposes the defence sector to remain one step behind rather than incentivising the development, production, and fielding of next-generation defence technology.

A related challenge is that of the industry's limited experience in systems integration and in matching technical specifications to tactical capability needs.[251] This was already raised 15 years ago as the greatest challenge to ROK defence industrial development.[252] Still, the South Korean STEM workforce is big and well-educated, and national R&D expenditure is high (see Chapter 3.1). In 2024, the *Global Innovation Index* assessed South Korea's preconditions for technical innovation, based on the level of human capital and research expenditure, as the best in the world.[253] The defence sector must first recruit these talents, however, which may prove difficult, as discussed above. Additionally, defence capability is not automatically enhanced just because the armed forces acquire new technology. It is equally, if not more, important that doctrines, tactical concepts, and education are adapted in ways that embrace and augment the technology's uses. Soldiers must also be trained in order to use new equipment to generate the intended military effects.[254]

3.4.4 Security policy challenges

South Korea's defence is dimensioned for North Korea as the sole threat. A rapprochement between Russia, China, North Korea, and potentially Iran would alter the threat calculus significantly. If North Korea strengthens ties with the military powers Russia and China, not only on the strategic level, but also operationally or tactically (joint drills etc.), South Korean defence planning would need to consider a new range of military risks. Firstly, threats from China and Russia would require the ROKAF to adopt a 360-degree perspective, that is, not only surveilling the northern border but also the east, south, and west coasts. South Korea is inexperienced in warfare on multiple fronts and therefore lacks strategic and operational preparedness for this scenario.[255] It also has no contingency plans for responding to armed conflict with an adversary that is *not* North Korea, for example China.[256] Among other things, these scenarios imply that the ROKAF needs to procure larger

249 KRIT. "*2024 Survey of National Defence Science and Technology Levels*" (22/1 2025).
250 Interview 5.
251 Interviews 2 & 3.
252 Korkmaz & Rydqvist. *The Republic of Korea*, p. 91.
253 World Intellectual Property Organization. *Global Innovation Index 2024: Republic of Korea* (2024).
254 We. "Changes in ROK Military Strategy…", p. 227.
255 Ju Hyung Kim. Why rear-area disruption matters more as South Korea moves toward OPCON by 2028. *Korea Pro* (18/2 2026).
256 We. "Changes in ROK Military Strategy…", pp. 225-226.

quantities and new types of equipment, especially in the maritime domain, as well as to draft new operational plans for how and when to use them.

Secondly, South Korea would need to scale up its deterrence to counter not one, but three nuclear powers. This is not explicitly raised as a concern in public debate, but similar lines of thought implicitly permeate the discourse on domestic nuclear weapons development. A key argument against South Korean nuclear weapons development, aside from the fact that it would violate international law, is that the North Korean nuclear programme is intended to strengthen the Kim regime's negotiating position in international affairs, not to target South Korea (see Chapter 2.3.1). If, on the other hand, South Korea were to be threatened by nuclear powers with a tactical view of using nuclear weapons in conflict, this could lead to stronger public support for ROK nuclear weapons development.

A final development that would have major consequences for South Korea's materiel supply is a weakened US–ROK alliance.[257] If the USFK were to be withdrawn, if the alliance were to be dissolved, or if the US's actions were, for any other reason, to imply that Washington would not honour the security guarantee, South Korea would be exposed to significant military risks and immediate capability gaps. For example, the ROKAF would lose both ISR and C2 capabilities, as well as missile interception at high altitudes. North Korea and China would possibly try to take advantage of the situation to drive a wedge between Seoul and Washington and assert political or military dominance on the peninsula. In such a scenario, it would be strategically advantageous for South Korea to approach Japan for defence cooperation. This is politically impossible today, but old grudges may perhaps need to be cast aside in a markedly different security environment.

3.5 Summary

Overall, South Korea's defence sector is characterised by a large and relatively modern armed forces, the continuous development of which is driven by a long-term political consensus on the importance of independent and high-tech capabilities. High defence spending is a politically uncontroversial issue, though different presidential administrations may prioritise different procurement projects. This means that from a political perspective, the conditions for continued growth in the defence sector are good. From an economic perspective, however, the long-term development of the defence sector is dependent on overall financial stability and fiscal policy. Today, the government is both willing and financially able to spend large sums on national defence, but in ten years' time, the situation could be different. From a technological perspective, the strong desire to develop national defence technology capabilities on par with advanced military powers is supported by the large and well-educated domestic labour pool, but progress could be impeded by certain social and cultural norms.

The South Korean materiel supply strategy is to supply the ROKAF with high-tech, Korean, and cost-effective equipment. The procurement process is designed to balance the influence of political and military interests, and thereby to ensure efficiency and transparency. The MND guides the objectives of materiel supply and the ambition to achieve self-reliant defence underpins relevant legislation. Procurement is executed and evaluated by non-political agencies to ensure purchases fulfil the tactical needs of the armed forces without undue influence of political or commercial interests.

The ROKAF must strike a balance between its original mission, quantitative mass defence against a ground invasion, and future-oriented needs for qualitative and high-tech capabilities. On the one hand, the threat of a North Korean invasion still stands, which means South Korea must maintain at least half a million active-duty soldiers. On the other hand, an invasion is no longer the only (or even the most likely) threat due to North Korea's missile and WMD development as well as the changing regional security landscape. The ROKAF thus needs both quantity and quality to satisfy current and future operational requirements. This could mean overall slower progress towards capability targets, given that investments must simultaneously consider both parts.

257 C.f. Snyder. *The United States – South Korea Alliance*, pp. 249-255.

4. Defence industry

The defence industry occupies a central role in South Korean defence policy. A domestic defence industrial capacity makes available a wider range of policy options, not least in international affairs. This chapter describes the defence industry's core actors and governance structure. Its aim is to answer the following questions:

- Who are the defence industry's central commercial and political actors?
- How is the defence industry organised?
- To what extent does the state hold ownership shares in the defence industry?

4.1 An overview of the defence industry

The South Korean defence industry consists of 85 prime contractors and approximately 100 major subcontractors, according to the Korea Defense Industry Association (KDIA).[258] These are geographically dispersed throughout South Korea and employ around 35,000 staff.[259] The industry manufactures a broad range of defence equipment and goods, including uniforms, small arms, system components, and advanced platforms. The development and sale of a specific subset of defence materiel deemed critical to national security (1,733 individual products in 2024) are regulated in law and may be undertaken only by companies with a formal licence (see Chapter 4.3.3).[260] Licences are necessary to produce weapons and support systems in the categories of artillery, ammunition, armoured vehicles, communications and electronics, missiles, ships, aircraft, electro-optical systems and sensors, and CBRN defence. Other goods with dual-use characteristics can be manufactured freely and are not included in defence industry statistics. Whenever the analysis below refers to the "industry," it specifically refers to the 85 licensed prime contractors for which aggregated statistics are available. Experts assess that the defence industry, broadly defined to include subcontractors and companies that sell non-regulated materiel, consists of 6,000–10,000 companies.[261]

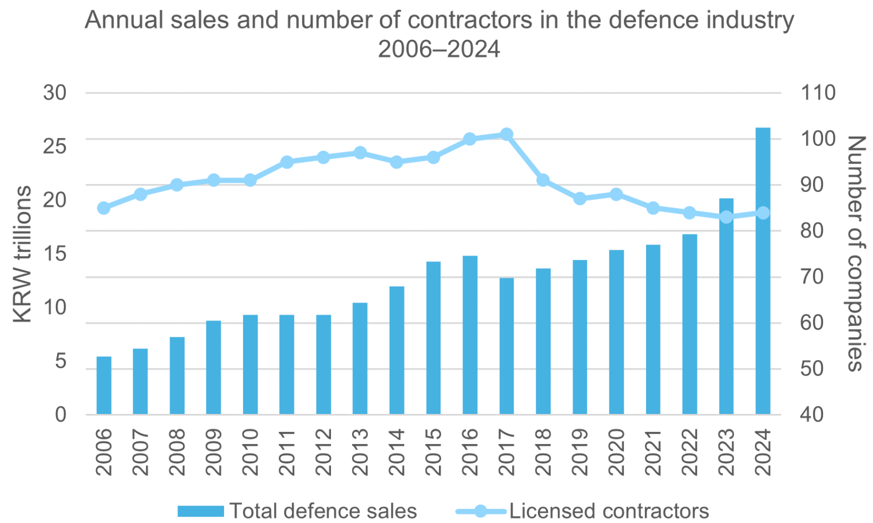

Figure 4a A graph showing the defence industry's annual defence-related sales and number of licensed contractors since 2006.
Source: KDIA & DAPA.

258 KDIA. "Status of Defence Companies" (9/1 2026). See Appendix 3 for a complete list.
259 DAPA. "*2025 Defence Acquisition Statistics and Yearbook*", p. 151.
260 "The Defence Acquisition Programme Act" art. 34 and 35; KDIA. "Status of Designated Defence Materiel" (19/11 2024).
261 Interview 2.

According to KDIA, the industry's total revenue in 2024, including both civilian and military sales, amounted to KRW 169 trillion (EUR 101 billion). Generally, defence sales account for about 13–15 per cent of the industry total. In 2024, this share reached 16 per cent (KRW 26,774 billion or EUR 16.1 billion), an increase from 13 per cent (KRW 20,195 trillion or EUR 12 billion) in 2023.[262] To offer two European points of comparison, the Swedish and French defence industries' revenue amounted to EUR 9.4 and 30 billion, respectively, in 2024.[263] Military sales in South Korea have increased steadily since 2006 (see Figure 4a), though licensed contractors have become fewer in number. The main reason for this is intra-industry mergers and acquisitions, not that contractors are exiting the defence market.[264] The industry is doing well not only in terms of sales, but also in terms of increased profit. In 2023–2024, the four largest companies doubled their defence-related profits.[265] Judging by the contractors' order backlog, worth USD 73 billion in January 2025, the growth will likely persist.[266]

Additionally, two key performance indicators, profit margin and capacity utilisation rate, have improved significantly since 2022 (see Table 4b). The capacity utilisation rate measures how efficiently a company uses its productive capacity. South Korean observers have long been concerned about low domestic capacity utilisation (around 60 per cent), generally interpreting this as evidence of the domestic market's limited potential for continued growth. The industry's production capacity is larger than the ROKAF's demand, and as a result, does not generate as much profit as it could, theoretically. However, it should be noted that this is by design and follows from the legally mandated obligation on licensed contractors to maintain readiness to quickly scale up their production in a crisis or war (see Chapter 4.3.3).

In 2006–2021, the average profit margin and capacity utilisation rate were 4.1 and 65.6 per cent, respectively. Since 2022, the industry's performance has risen to record levels as a result of large domestic and international order intake. Greater sales volumes do not necessarily lead to greater profit margins, since profit is also relative to expenses. Although production costs increased by 220 per cent 2008–2020, in recent years cost hikes have not kept pace with the increased sales. Factors such as more widespread automation and fewer employees also play a role in increasing the profit margins.[267]

Table 4b Progress in defence industrial performance as measured by two key indicators.

Year	Profit margin (%)	Capacity utilisation (%)
2006	4.9	61.0
2010	7.4	59.5
2016	3.4	68.6
2017	0.5	69.2
2018	2.4	71.2
2019	3.4	72.0
2020	3.7	72.9
2021	4.6	81.4
2022	6.2	75.6
2023	9.2	77.0
2024	13.4	80.3

Source: DAPA 2025 Statistical yearbook.

In 2023, the South Korean domestic market accounted for 76 per cent of the industry's defence-related sales, and the international market accounted for 24 per cent.[268] This domestic-international sales distribution contrasts with that of the Swedish defence industry, which typically exports around 50–60 per cent of produced arms.[269] In the absence of available statistics on the Korean industry's share of domestic vis-à-vis international sales for other years, an alternative method is to compare industry sales to the sum of DAPA's domestic procurement (see Figure 4c). This comparison reveals that DAPA's domestic arms procurement in 2019 was equivalent to 73.5 per cent of the industry's defence-related sales that same year. By 2024, domestic

262 KDIA. "Business analysis of designated defence companies" (5/1 2026).

263 SOFF. *Branschstatistik 2024: Marknaden ökade med 55%—fortsatt tillväxt att vänta* (21/5 2025); Carina Gunnarson. *Frankrikes försvarsindustri och vapenexport under president Macron—Kontinuitet och förändring.* FOI-R--5918--SE (FOI, 2026): p. 34.

264 Interview 10.

265 Kim Hyun-woo. "K-Defence's 'Big 4' saw 99% surge in operating profit last year, 'optimistic' outlook for this year too." *Hanguk Ilbo* (10/2 2025).

266 Kim Jin-Won, Kim H.K & Kim W.S. S. Korea's defense order backlog reaches record $73.1 billion at end-2024. *The Korea Economic Daily* (17/2 2025).

267 Park Hye-su. "*A study on the Characteristics of States that Import South Korean Arms.*" Korean National Defence University (2023); ROK MOTIR. "Full-scale deployment of robotics in the defence industry sector commences" (17/9 2021).

268 Interview 2.

269 SOFF. *Branschstatistik 2024*.

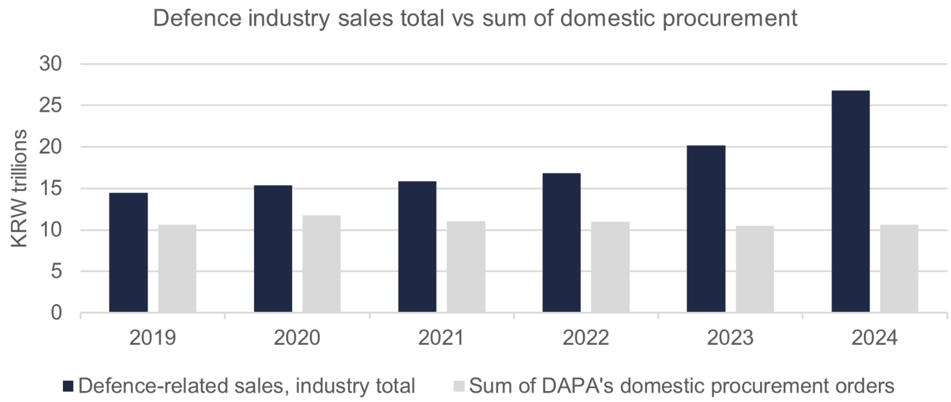

Figure 4c A graph comparing the industry's defence-related sales and DAPA's domestic procurement.
Source: DAPA.

procurement corresponded to only 39.6 per cent of the industry's sales.[270] This comparison does not perfectly capture national–international distribution, since payments and orders do not necessarily occur in the same fiscal year. Nonetheless, the comparison indicates that a growing portion of manufactured arms are sold to customers other than DAPA, namely, international clients.

4.2 Central commercial actors

It was mentioned above that 85 South Korean companies have a defence contractor license (see Appendix 3 for a complete list). This section describes the seven largest contractors: Hanwha Aerospace, Hanwha Ocean, Hanwha Systems, HD Hyundai Heavy Industries, Hyundai Rotem, Korea Aerospace Industries (KAI), and LIG Nex1. These companies were selected based on their central positions in South Korean defence industrial affairs, but they are also large by international standards. In 2024, four of these ranked in the global top 100 largest defence companies: Hanwha Group (rank 21), LIG Nex1 (rank 60), KAI (rank 70) and Hyundai Rotem (rank 80).[271]

Table 4d below summarises key financial information about each company: total sales in 2025, the share of defence-related sales, the change in defence-related sales compared to 2024, and the share of exported defence sales in 2025. The companies with the greatest defence-related revenue in absolute terms were Hanwha Aerospace (EUR 6.9 billion), followed by Hyundai Rotem (EUR 3.5 billion), LIG Nex1 (EUR 2.6 billion), and KAI (EUR 2.2 billion). The company with the greatest year-on-year increase in defence sales was Hyundai Rotem (+36 per cent), followed by LIG Nex1 (+31 per cent), Hanwha Ocean (+22 per cent) and HD HHI (+21 per cent). In terms of monetary value, the company that exported the most arms in 2025 was by far Hyundai Rotem at EUR 14 billion. The top list continues with Hanwha Aerospace at EUR 2.7 billion, LIG Nex1 at EUR 513 million, and KAI at EUR 396 million. Notably, only LIG Nex1 has no civilian business operations.

4.2.1 The ground domain

As a consequence of the North Korean threat, South Korean defence development has traditionally centred on ground combat. As such, it comes as no surprise that many domestic defence contractors (31 of 85 licensed companies) produce land warfare equipment, including armoured vehicles and artillery, firearms, ammunition, et cetera.

The largest company in this context is **Hanwha Aerospace**. In spite of the company's name, Aerospace manufactures a wide variety of ground combat systems and platforms, including the self-propelled howitzer K9, the rocket artillery platform Chunmoo K239, and the infantry fighting vehicle K21. Aerospace is part of the Hanwha group, South Korea's seventh largest chaebol conglomerate (see Chapter 4.3.1). Hanwha, originally Hanguk Hwayak (Korea Explosives), was designated as the national explosives manufacturer in 1972.[272] Until recently, Hanwha played a marginal role on the South Korean defence market, but in the past ten years, it has acquired several defence companies and in that way expanded its market share significantly. Hanwha

270 DAPA. "*2025 Defence Acquisition Statitics and Yearbook*", p. 105.
271 *SIPRI Arms Industry Database*: *Top 100 arms-producing and military services companies in the world, 2024* (2025).
272 Hanwha Aerospace. *2024 Hanwha Aerospace Business Report*, pp. 40–42.

Table 4d A summary of financial data for the seven largest defence companies.

Materiel types	Company	Logo	Revenue 2025 (EUR mil.)	Defence related (%)	YoY change (%)	Exports (%)	Owners (%)
Aerospace Ground	Hanwha Aerospace	Hanwha Aerospace	7,287	94	-7	42	Hanwha (32), NPS (8)
Ships	Hanwha Ocean	Hanwha Ocean	7,670	10	+22	n/a	Hanwha (42), KDB (15), NPS (6)
Sensors	Hanwha Systems	Hanwha Systems	22	66	+16	10	Hanwha (60), NPS (8)
Ships	HD HHI	HD HYUNDAI HEAVY INDUSTRIES	105	8	+21	n/a	HD Hyundai (69), NPS (6)
Ground	Hyundai Rotem	HYUNDAI Rotem	3,500	55	+36	72	Hyundai Motor Group (34), NPS (8)
Aerospace	KAI	KAI	2,200	73	-4	25	KEXIM (26), NPS (8)
Aerospace Sensors	LIG Nex1	LIG Nex1	2,600	100	+31	20	LIG Corporation (38), NPS (9)

Note: All numbers are rounded to the nearest integer; YoY change = year-on-year change; n/a = not available. KDB is short for Korean Development Bank, NPS is short for National Pension Service, and KEXIM is short for Korean Export-Import Bank (see Chapter 4.3).

Source: The 2024–2025 business reports and earnings releases of the respective companies, available at the Repository of Korea's Corporate Filings *(https://dart.fss.or.kr)*. Calculations by the author.

Aerospace, originally established in 1977 as Samsung Techwin, was acquired by the Hanwha Group in 2015. Hanwha aims to become "the Lockheed Martin of South Korea" and one of the world's ten largest defence companies by 2030.[273] In 2025, Aerospace's defence department (which manufactures ground combat systems) accounted for 39 per cent of the total sales, worth EUR 8.7 billion. This represents an increase by 15 per cent compared to the previous year and 78 per cent of the company's defence-related profits in 2025. The surge in global demand for land systems as a result of the Ukraine War has boosted the company's export volumes. The share of exports reached 47 per cent (worth EUR 2.8 billion), up from 42 per cent in 2024 and 26 per cent in 2023.[274]

The second major army equipment manufacturer is Hyundai Motor Group, a conglomerate in the Hyundai sphere (the original Hyundai group was split into five formally independent conglomerates in the 1990s). Hyundai Motor Group has four subsidiaries with defence-related operations. The largest of these four, and the only subsidiary that manufactures major arms, is **Hyundai Rotem**.[275] Rotem manufactures the K2 battle tank and various wheeled armoured vehicles. The company's primary business is in train cars, but its military sales have increased substantially in the past few years. In 2025, Rotem's defence department accounted for 55 per cent of the company's yearly sales, compared to 44 per cent in 2023 and 31 per cent in 2021.[276] Exports are skyrocketing, too. In 2025, Rotem exported 72 per cent of its defence sales, an increase from 67 per cent in 2024 and 18 pe rcent in 2023. This is especially remarkable when compared to 2020 and 2019, when Rotem did not export any defence equipment at all.[277] Hanwha Aerospace and Hyundai Rotem are competitors on the market for armoured vehicles but dominate their respective niches: artillery for Hanwha and tanks for Hyundai.

273 Yoon. "*K Becomes a Defense Industry Genius*", pp. 103, 153; Hanwha Aerospace. *2023 Hanwha Aerospace Business Report* (18/3 2024): pp. 34–36.

274 Hanwha Aerospace. *2025 Hanwha Aerospace Business Report*, p. 24. These numbers include only the sales by the company's defence department, not its flight and aerospace departments. These are instead presented below.

275 The other three companies in the Hyundai Motor Group—Hyundai WIA, KIA, and Hyundai Transys—manufacture various vehicle components and small arms.

276 Hyundai Rotem. "*2025 Annual Report*" (19/3 2026); *Consolidated Financial Statement 2021* (31/12 2021): p. 89.

277 Hyundai Rotem. "*2020 Annual Report*" (2/6 2021).

4.2.2 The maritime domain

In practice, South Korea is an island nation, since the northern land border is closed. This means that the maritime domain is an important operational environment for the ROKAF. South Korea has ten defence contractors that construct ships and other naval platforms.

The largest company is **HD Hyundai Heavy Industries** (HD HHI), which is a subsidiary of the HD Hyundai Group.[278] HD HHI was established in 1972 and is one of the world's largest shipbuilders. In terms of warships, HD HHI primarily builds large surface combatants (destroyers and frigates), but also manufactures patrol craft, auxiliary ships, and minelayers. In 2025, HD HHI sold warships worth EUR 670 million, a 2.5 per cent decrease from the previous year.[279] A large share of the ROK Navy's ships were constructed by HD HHI. The company does not disclose the share of warships that are sold internationally, but corporate communication makes clear that it seeks to increase the share of exports, not least in the context of MASGA: Make American Shipbuilding Great Again.[280]

HD HHI's major competitor is **Hanwha Ocean**, which is the latest addition to the Hanwha Group's defence expansion. Hanwha Ocean was established in 2023 through the acquisition of Daewoo Shipbuilding & Marine Engineering (DSME), which Hanwha purchased based on the strategic assessment that the market for warships is growing.[281] Like HD HHI, Hanwha Ocean builds surface combatants, but is the only South Korean company to construct submarines. In 2025, the company's sales of naval and military vessels amounted to EUR 770 million, corresponding to 10 per cent of overall sales. The company wants to expand its military sales to a quarter of its total revenue by 2040. The share of exports in 2025 is not disclosed.[282] However, data from 2024 suggests that the company sells about half of its warships to international customers. Relatedly, Hanwha Ocean was contracted by the US Navy in 2024 to perform service and repairs on US warships and has acquired a shipyard in Philadelphia to this end (and with the hope of expanding its US market share).[283]

Competition has been fierce between HD HHI and Hanwha Ocean/DSME on the South Korean market for warships. The two companies have not only competed in bidding but have also fought several legal battles in court.[284] Yet, HD HHI and Hanwha Ocean now appear to have reconciled, seeking to enhance cooperation as a means to strengthen South Korean competitiveness on the global market. Their strategy is to place joint bids whenever possible and otherwise focus on their respective strengths: surface combatants in the case of HD HHI and submarines in the case of Hanwha Ocean.[285]

4.2.3 The aerospace domain

The South Korean defence industry also manufactures aircraft and guided weapons as part of its efforts to achieve national defence self-reliance. A total of 16 contractors are licensed to produce aircraft and air systems, missiles, and space systems. One actor in this context is **Hanwha Aerospace**, whose land combat systems were mentioned above. Aerospace's primary business, however, is in aeronautics, propulsion, and space systems. Among other things, Aerospace manufacturers rocket engines, satellites, and gas turbine engines. In 2025, the company sold aerospace-related goods (both civilian and defence-related) worth EUR 1.7 billion. Out of these sales, the space systems department accounted for approximately EUR 201 million, corresponding to a negative profit margin of -0.3 per cent. Indeed, the space systems department has operated at a loss for several consecutive years.[286]

The most prominent aircraft manufacturer, however, is **Korea Aerospace Industries (KAI)**. KAI manufactures light fighter jets (FA-50 Fighting Eagle), helicopters, trainer jets (T-50), and UAVs, among other platforms. In 2025, defence materiel accounted for 73 per cent of KAI's sales (fixed-wing aircraft accounted for 38 per cent, rotary wing aircraft for 18 per cent, and miscellaneous

278 HD Hyundai and Hyundai Motor Group are two formally independent conglomerates. They were originally part of a single large Hyundai Group that was split into five conglomerates in the late 1990s. The owner family still holds controlling stakes in all five conglomerates. See Chapter 4.3.1 below.

279 HD Hyundai Heavy Industries. *"Financial Performance Q4 2025"* (9/2 2026): p. 5.

280 HD Hyundai Heavy Industries. *HD Hyundai Heavy Industries—HD Hyundai Mipo Merger and Business Restructuring* (27/8 2025).

281 Hanwha Ocean. *Company Presentation* (2024): p. 9.

282 Hanwha Ocean. *2025 Annual*, *4Q Earnings Release* (4/2 2026): p. 6.

283 Hanwha. *Hanwha Ocean earns MSRA certification to participate in U.S. Navy's maintenance, repair, and overhaul business* (30/7 2024); Lee Jeong-gu & Lee Jung-soo. Hanwha Group makes history with $100m Philly Shipyard acquisition. *The Chosun Daily* (20/12 2024).

284 Sang-hoon Sung. Hanwha seeks further legal action vs HD Hyundai amid Navy project rivalry. *The Korea Economic Daily* (5/3 2024).

285 Michael Herh. HD Hyundai and Hanwha Ocean Form Strategic "One Team" for Naval Exports. *Business Korea* (26/2 2025).

286 Hanwha Aerospace. *2025 Hanwha Aerospace Business Report*, p. 24.

supplies including satellites, UAVs, and training simulators for 17 per cent). Exports of complete platforms accounted for 25 per cent of the sales and exports of (civil and military) aviation components to customers such as Boeing and Airbus accounted for another 23 per cent.[287] KAI is one of the Korean defence companies that experienced success on the international market even before 2022, for example selling aircraft to the Philippines and Thailand. KAI was established in 1999 following a merger of three aerospace companies within the Samsung, Daewoo, and Hyundai conglomerates. The South Korean government encouraged the merger to protect the domestic aircraft industry from a market crash in the wake of the 1997 Asian financial crisis.[288]

A third notable company is **LIG Nex1**. In contrast to the other major defence companies, LIG Nex1 does not engage in civilian manufacturing at all. LIG Nex1 was founded in 1976, and while the LIG group is formally independent from the LG group, it lies within LG's sphere of influence due to the owners' family ties. Approximately 60 per cent of LIG Nex1's 2025 sales consisted of missiles and other types of guided munitions (a total sales value of EUR 1.2 billion). LIG Nex1 also makes unmanned systems, not only UAVs, but also unmanned underwater vehicles (UUVs) and unmanned ground vehicles (UGVs).[289]

The South Korean aerospace market is not very competitive. Hanwha Aerospace, KAI, and LIG Nex1 cooperate more than they compete. Although Hanwha Aerospace and KAI both manufacture satellites, KAI's primary business is in aircraft while Aerospace primarily works with propulsion and sells engines to KAI. Hanwha Aerospace and LIG Nex1 co-produce the medium-altitude air defence system Cheongung, for which Aerospace is responsible for the launch platform and LIG Nex1 provides the missiles. However, Aerospace has stated that it intends to expand its business in missiles, in which case it will compete with LIG Nex1.

4.2.4 Sensors and C4I

The South Korean defence industry has 25 licensed companies in the areas of communications, electronics, and electro-optics. The most prominent company is **LIG Nex1**, which is introduced above as a missile manufacturer. However, the lion's share of LIG Nex1's revenue comes from C4I, ISR, AEW, and electronic warfare systems, radar and sonar, and other types of sensors (53 per cent of sales in 2025 and 61 per cent in 2024). About one fifth of the company's 2025 sales were conducted internationally, worth approximately EUR 513 million.[290] The final company to be introduced here is the Hanwha Group's third-largest defence company, **Hanwha Systems**. Hanwha Systems manufactures components for radar and electro-optical systems, communications systems and C2 technologies, aeronautical technologies, and sensors. The company was acquired from the Samsung group in 2015, at the same time as Aerospace, and was originally named Samsung Thales. Around 66 per cent of Hanwha Systems' 2025 sales were defence-related, of which Korean customers accounted for 90 per cent.[291]

4.3 Political governance and legal frameworks

To understand the political and economic context within which the defence companies operate, one must first understand the South Korean chaebol system. This section first describes this system and then analyses the government's influence over defence contractors by means of ownership and political signalling.

4.3.1 The chaebol system

Chaebol, a Korean word derived from the Chinese characters for "wealth" and "group," refers to a family-owned business group characterised by the owning family's high degree of influence and the group's broad portfolio of operations. A single chaebol may have subsidiaries spanning several unrelated industries, including hospitality, finance, heavy industry, media, retail, and so on. South Korea's economy is dominated by chaebols: the four largest groups (Samsung, SK, Hyundai, and LG) together account for approximately 40 per cent of the country's GDP, and the ten largest groups together account for nearly 80 per cent.[292] The average chaebol

287 Korea Aerospace Industries [KAI]. *2025 Earnings presentation* (18/3 2026): pp. 29–30.

288 Jimin Yim & Jai S. Mah. The Role of the Government in the Development of the Aircraft Manufacturing Industry in Korea: Implications for Developing Countries. *Journal of Aerospace Technology and Management*. 16:1 (2024).

289 LIG Nex 1. *"2025 Earnings Report"* (23/3 2026): p. 18.

290 LIG Nex1. *"2025 Earnings Report",* pp. 18, 24.

291 Hanwha Systems. "*2025 Business Report"* (13/3 2026): p. 28.

292 Korea JoongAng Daily. Samsung, SK, Hyundai and LG were 40 percent of Korea's 2023 GDP (9/10 2024).

controls around 15–30 subsidiaries, but the ten largest groups control an average of 81 companies each.[293] The groups tend to have strong internal cohesion and often internalise whole value chains in the sense that subsidiaries are each other's main customers, subcontractors, or business partners.[294] Given the dominance of these groups over the South Korean economy, it is not surprising that the largest defence companies are, or originally were, chaebols (see Table 4e).[295]

The owning family exercises control over the conglomerate partly through shareholding and partly through nepotism. The family is not necessarily the majority owner; on the contrary, what is distinctive for the chaebol system is that the family tends to directly own a relatively small share. Control is maintained instead through circular ownership, a scheme wherein the group's subsidiaries own shares in each other.[296] Simply put, subsidiary A owns shares in subsidiary B, which owns shares in subsidiary C, which in turn owns shares in subsidiary A. This arrangement grants an owner with a small ownership stake in several of the group's subsidiaries stronger voting rights, allowing the owner to dominate decision-making and exclude other minority owners. The chaebol families exploit this to appoint relatives and people who are loyal to the family's interests to the subsidiaries' corporate boards and top management.[297] Notably, under Korean corporate law, companies are not primarily accountable to their shareholders, but to the interests of the company.[298] This allows the conglomerates to act on interests that are deemed best for the group (and the owning family) as a whole, rather than pursuing actions that are the most profitable for the individual subsidiary. The chaebol conglomerates may also freely share intangible assets within the group, which in practice often involves concentrating corporate R&D activities in one or a few central research departments.[299] The ten largest groups carry out just over half of all R&D conducted in the South Korean corporate sector.[300]

Table 4e A summary of chaebols with subsidiaries in the defence industry, ranked by size.

Rank	Chaebol	Total assets 2024 (KRW trillion)	Subsidiaries with defence manufacturing (business areas)
1	Samsung	566.8	Sold all its defence subsidiaries in 2010s
2	SK	3334.4	SK Oceanplant (maritime equipment)
3	Hyundai Motor Group	281.4	Rotem, WIA, KIA, Transys (military vehicles and vehicle parts, firearms)
4	LG	177.9	LG does not own any subsidiaries in the defence industry, but has great informal influence over LIG
7	Hanwha	112.5	Aerospace, Ocean, Systems, Korea Defense Industry, KAES, Satrec Initiative (ground, maritime, aerospace, weapons)
8	HD Hyundai	84.8	HD HHI, Hyundai Infracore (naval vessels, engines)
13	CJ	39.9	SG Safety Corporation (protective equipment)
14	Hanjin	39.1	Korean Air (UAVs, aircraft)
16	LS	32.0	LS Mtron (tracks for military vehicles)
17	Doosan	27.0	Doosan Enerbility (engines and propulsion)
33	Hyosung	16.5	Hyosung Heavy Industries (precision machinery, engines)
40	Kolon	13.1	Kolon Spaceworks (aircraft parts, advanced materials)
44	SeAH	11.8	SeAh Aerospace & Defense (armour)
61	Korea Aerospace Industries	7.2	KAI (aircraft, space systems)

Source: Korea Fair Trade Commission. Annual Report 2025 (23/5 2025) & KDIA.

293 Korea Fair Trade Commission. *Annual Report 2024* (25/9 2024): pp. 366–368.

294 Sae Jin Chang & Jaebum Hong. Economic Performance of Group-Affiliated Companies in Korea: Intragroup Resource Sharing and Internal Business Transactions. *The Academy of Management Journal*. 43:3 (2000).

295 A great many defence companies that do not belong to any chaebol today were originally established as chaebol subsidiaries: LIG Nex1, for example.

296 Il Chong Nam. *Corporate Governance in the Republic of Korea and Its Implications for Firm Performance* (Korea Development Institute, 2004): p. 14; Chan-Kyoo Park, Y.W Seo & H.J. Shin. An optimization approach to resolving circular shareholding in large business groups. *Journal of the Operational Research Society*. 66. (2015).

297 Listed companies are required by law to appoint at least half of their board members externally. Interview 7.

298 "Commercial Act" art. 382 para. 3 (2018:15755).

299 Chang & Hong. Economic Performance of Group-Affiliated Companies in Korea.

300 OECD. *OECD Reviews of Innovation Policy: Korea 2023*, p. 40.

The chaebol system was introduced to Korea in the 1930s, when Japanese conglomerates (today known as *keiretsu*) moved their operations from Japan to capitalise on inexpensive labour and resources during Japan's colonisation of Korea. The Japanese companies did not last beyond the end of the occupation, but the underlying concept survived and was reintroduced under President Park Ching-hee in the 1960s. One restriction that differentiates chaebols from keiretsu and conglomerates elsewhere in the world is the prohibition on owning banks. President Park believed that financial capital should be managed by the state, in part because he wanted to leverage the state's unitary right to lend credit as a tool to coerce private companies to adhere to political objectives, and thus initially disallowed private companies from operating in the financial sector altogether. However, corporate law has since been liberalised and private firms are today allowed to own a maximum stake of four per cent in financial institutions that engage in banking companies and unlimited shares in other financial institutions, such as insurance companies.[301] The possibility of owning shares in financial institutions has been significant for the chaebol families' ability to exercise circular share ownership.[302]

The chaebols of today would likely not have reached their current levels of prominence if it had not been for the emergence of the defence industry in the 1970s. After the Korean War, South Korea initiated a comprehensive industrialisation programme to rebuild the nation. The state provided selected companies with favourable loans, lower taxes, and subsidies, and protected them from market competition in return for their commitment to develop industries that aligned with political needs. It was in this context that several of the chaebols (including Hyundai, Samsung, and Hanwha) first established themselves as manufacturers in civilian heavy industries. The state covertly used civilian industrialisation as a cover to invest in the establishment of a domestic defence manufacturing base (see Chapter 2.4.2). To maximise speed and efficiency, Park Chung-hee instructed companies to manufacture military materiel in their existing factories, rather than to build separate defence plants. The expansion from their original business involved high-risk investments, and so several companies were initially opposed to producing defence goods, but they grudgingly obeyed because non-compliance with the president's initiatives could lead to criminal prosecution.[303] However, the expansion into defence manufacturing soon proved highly lucrative. Despite a steep learning curve, sales flourished thanks to high government demand. Arms manufacturing also had positive spill-over effects on civilian manufacturing. In the process of learning to produce weapons, the companies were introduced to new technologies, advanced manufacturing methods, and safety and quality control procedures that in turn benefited the quality of, for example, cars and consumer electronics.[304] Since the national economy was undeveloped at the time, it was less costly for the companies to build and internalise entire value chains than to trade with foreign suppliers. As a result, the companies grew rapidly in size and became the chaebols we know today.[305]

The dynasty-like organisational structure of the chaebols promotes long-term and stable relationships between the corporate and government spheres. As a consequence, the chaebols are more likely than other companies to win public tenders, especially in for the most profitable deals.[306] Over the past five years, DAPA has procured ever smaller volumes of materiel from small- and medium-sized enterprises (SMEs) but ever larger volumes from the conglomerates.[307] This trend is corroborated by researchers who state that large companies account for up to 80 per cent of all equipment purchased by DAPA on the domestic market.[308] Yet, this does not necessarily mean that SMEs are marginalised. A more realistic interpretation would be that their main role is as subcontractors, not as sellers of finished products, and that they therefore have a less visible role in the ecosystem.

4.3.2 State ownership

The South Korean government does not directly own any defence companies, although it does have indirect ownership as well as business interests in the defence

301 "Banking Act" art. 16. para 2 (2023:19261).

302 Sook Jong Lee. The Politics of Chaebol Reform in Korea: Social Cleavage and New Financial Rules. *Journal of Contemporary Asia*. 38:3 (2008): p. 440.

303 Kwon. *Cornerstone of the Nation*, pp. 79, 119–128.

304 Kwon. *Cornerstone of the Nation*, pp. 152–157.

305 Chang & Hong. Economic Performance of Group-Affiliated Companies in Korea, pp. 430–431.

306 Eunyoung Cho. The Power of Political Connections: Evidence from Korean Chaebols and Government Procurement. *Emerging Markets Finance & Trade*. 60:13 (2024).

307 DAPA. "*2025 Defence Acquisition Statistics and Yearbook",* p. 115.

308 Interview 11.

industry. About 30 defence companies are listed on the Korean stock exchange, which opens up opportunities for investments from state investment funds and state-owned banks.

Firstly, the National Pension Service (NPS), the government authority that manages the public pension system and retirement funds, owns a relatively large share in all the major defence companies (see Table 4d above). In some cases, NPS holds the second-largest ownership share. This means that NPS is theoretically in a position to exert influence at board meetings. Observers disagree on the extent to which NPS actually exercises ownership control. Some analysts believe that NPS is uninterested in financial or strategic control over the defence companies and views its ownership stake solely as an economic investment.[309] After all, NPS is a major investor that owns shares in many domestic and international firms. While NPS holds at least a five percent stake in one in four listed South Korean companies, the Korean manufacturing industry as a whole currently accounts for only 3.7 per cent of NPS's investment portfolio.[310] Other observers note that the government has been caught on several occasions exerting politically motivated pressure on companies via NPS.[311] In one high-profile 2016 case, the government pressured NPS, in its capacity as a major shareholder in the Samsung Group, to support a controversial merger of two companies that would benefit Samsung's consolidation of power. The case revealed close ties between the Samsung family and then president Park Geun-hye, who was later impeached for using the presidential office for personal gain.[312] After this scandal, NPS adopted new, more restrictive guidelines to clarify how and when NPS may exercise its voting rights as a shareholder, but these also give it a broad mandate to act in whatever ways it deems necessary to grow the national retirement savings stock.[313] It is important to note that the ageing population places considerable strain on NPS's ability to fulfil its objective (see Chapter 2.5.2). According to government forecasts, public pension funds will run dry in 30–40 years due to longer life expectancies and low birth rates.[314] It is therefore imperative that NPS's investments generate good returns, which could impact political interests in more actively guiding corporate governance of invested companies.

Secondly, two state-owned banks, the Korean Development Bank (KDB) and the Korea Export–Import Bank (KEXIM), own significant stakes in Hanwha Ocean and KAI. KDB's ownership stake in Hanwha Ocean was carried over during the acquisition of DSME, in which KDB invested in 1999 to save the shipyard from bankruptcy as its parent group Daewoo collapsed.[315] KAI is jointly owned by KEXIM and NPS, and some observers therefore view KAI as a *de facto* state-owned enterprise.[316] It is not entirely obvious why these two state-owned banks have ownership stakes in the defence industry. One explanation for this is that the government views foreign ownership in the defence industry as undesirable, even though it is technically legal, and uses state entities to prevent foreign investment.[317] This approach is legally supported by the Export–Import Bank Act, which stipulates that KEXIM shall carry out tasks assigned to it by the government and finance activities that generate income for the national economy.[318]

4.3.3 Political signalling

In addition to ownership stakes, the government uses legislation to govern the business sector. For historical reasons, South Korean defence sector legislation is quite restrictive. President Park Chung-hee personally controlled much of the defence sector, and when he was assassinated in 1979, there was no formal institutional mechanism to assume oversight of how the defence sector spent public funds. This enabled large-scale financial corruption within the armed forces and defence industry, which came to light in a 1993 scandal. The incident gave the defence industry a bad reputation for being

309 Interview 2.

310 The Dong-A Ilbo. South Korea's pension fund risks overreach in corporate governance (25/3 2026); National Pension Service Investment Management. *Our Investments—Portfolio Breakdown* (31/12 2024); domestic equity accounts for 17 per cent of the portfolio, of which 22.1 per cent is in the manufacturing industry.

311 Interview 7.

312 BBC News. South Korea pension fund head arrested in scandal probe (28/12 2016).

313 Yoon Young-sil. Stewardship Code Opens Way for NPS to Participate in Management of Listed Companies. *Business Korea* (31/7 2018).

314 Ri-Ahn Kim, J.M. Nam & G.J. Min. S. Korea's NPS to double pension fund size by 2050, hike risky assets. *The Korea Economic Daily* (24/3 2025).

315 Kim Jisun. KDB to Sell Hanwha Ocean Shares After 25 Years as Major Shareholder. *Alpha Business* (29/4 2025).

316 Kwon Hyun-won. "Will KAI, which both is and isn't a public enterprise, be able to weather the storm?" *Newslock* (28/3 2021).

317 Richard A Bitzinger. The defense industry of the Republic of Korea in *The Economics of the Global Defence Industry*, K. Hartley & J. Belin. (eds.) (Routledge, 2020): p. 384.

318 "Export-Import Bank of Korea Act" art. 18 (2020:17339).

corrupt and shady.[319] In an effort to improve the industry's reputation, the government has since implemented strict regulations, and the establishment of DAPA as an independent government agency should be understood in this light. These efforts have been largely successful in restoring public confidence in the defence industry, but have also made it more conservative.

The Defence Acquisition Programme Act states that companies must possess a defence contractor licence to manufacture defence materiel. This licence is the foremost legal mechanism regulating the relationship between the defence industry and the state. Licence-holders gain certain benefits, as well as certain obligations. Among other benefits, licensed contractors are exempt from value-added tax on sales of regulated defence equipment, can receive direct procurement orders without competitive bidding, and gain preferential treatment over international suppliers. At the same time, in a crisis or in wartime, defence contractors must manufacture arms for the state, and are obliged to keep an emergency stock of components and maintain operational readiness for this scenario.[320]

The contractor licence also sets high integrity standards. If a contractor acts dishonestly or in any way manipulates procurement processes, the government may withdraw the licence. Companies are therefore careful to comply with existing regulations to the letter so as to ensure they cannot be accused of corruption.[321] At the same time, and somewhat paradoxically, Transparency International assesses that Hyundai Rotem, LIG Nex1, KAI, and other contractors, demonstrate extremely poor risk awareness regarding corruption and lack routines for managing, for instance, conflicts of interest.[322] In one incident, DAPA banned KAI from participating in public procurement for almost two years in 2017–2019 due to the company's fraudulent business practices.[323] According to Transparency International, the presence of corruption is due to insufficient competition on the defence market.

The state also exerts influence through informal channels. One important channel is regular meetings between the Minister of Defence and the defence company CEOs, which serve to relay the defence industry's needs and wishes for policy support to the government.[324] That said, the companies' influence on defence policy is reportedly very limited and the government grants far from all the wish list items. For example, the defence industry is known to push for more flexible contracts and a partial return to the past procurement model that provided manufacturers of niche products with a profitability guarantee.[325] In theory, informal channels are intended to build the contractors' trust in the government so that companies will be more inclined to implement government defence industrial strategies, even if doing so means lower profitability.

On a final note, South Korean political discourse features widespread criticism of the government's *inability* to control the chaebols, which include many defence companies. For at least the last 20–30 years, progressive politicians have promised to reform the chaebol system.[326] Yet, it has proven very difficult to achieve substantial change. Even the current President Lee has shown a great willingness to adapt economic policy to the chaebols' interests.[327]

4.4 Summary

In 2024, the defence industry's sales of defence materiel amounted to KRW 26,774 billion (equivalent to EUR 16.1 billion). The industry is comprised of 85 companies that manufacture arms in the categories of artillery, ammunition, armoured vehicles, communications and electronics, missiles, naval systems, aircraft, electro-optical systems, and CBRN defence. The South Korean government is the industry's primary customer (accounting for approximately 75 per cent of sales), but the domestic-international sales distribution varies between companies. As a result of a large order intake in recent years, the defence industry has achieved both higher profit margins and a higher capacity utilisation rate.

The defence industry is principally constituted by private firms and is dominated by chaebols. However, the government has tools at its disposal to exert political influence on companies. State ownership is one such tool, and government bodies own shares in all the major contractors. The extent to which the government actually uses its ownership stakes to exert control

319 Kwon. *Cornerstone of the Nation*, pp. 253, 280.
320 "The Defence Acquisition Programme Act" art. 35, 54, 55.
321 "The Defence Acquisition Programme Act" art. 6 para 2. and art. 48; Interviews 10, 11.
322 Transparency International. *Defence Companies Index (2020)*.
323 Kwon. "Will KAI, which both is and isn't a public enterprise…"
324 Yoon. *"K Becomes a Defense Industry Genius"* pp. 38–39.
325 Interviews 10 & 11.
326 Nam. *Corporate Governance in the Republic of Korea and Its Implications for Firm*s, p. 4.
327 Yi Wonju. Lee vows to lift unnecessary regulations, offer trade support for companies. *Yonhap News Agency* (13/6 2025).

is difficult to determine. The contractor licence is formally the legal mechanism through which the government may hold defence companies accountable. If deliveries do not meet DAPA's requirements or if business operations do not meet standards of integrity, the licence may be revoked, in which case the company must exit the domestic defence market. For the largest contractors, who make millions of euros in revenue from domestic sales each year, a revoked licence would be very bad news. The licence mechanism thus provides an incentive for companies to over-comply with procurement rules and DAPA requirements, reinforcing industry conservatism and inflexibility, while complicated bureaucracy surrounding procurement acts as a barrier to entry for non-traditional contractors into the defence market.

5. Arms exports

States with defence industries often seek to export materiel once the domestic needs for security and armament are satisfied.[328] The primary reason for this is economic. In the South Korean case, the defence sector has long been aware of the industry's low capacity utilisation and has tended to interpret this as evidence of the domestic market's limited potential for continued growth. Although defence budgets have swelled in size, there is an upper limit to how much equipment the ROKAF can purchase. By turning to international customers, the defence industry can fill its spare capacity and achieve more cost-effective manufacturing. An additional advantage of a high capacity utilisation rate is the creation of employment opportunities and stimulation of national economic growth. States may also pursue arms exports for strategic reasons. In addition to economic gains, arms exports serve to build inter-state trust in security and defence issues more broadly and provide a means of confirming bilateral foreign policy alignment. Trade in defence materiel is a strong political signal: the sale of a high-status platform typically signals that the seller wants to deepen its political relationship with the buyer, and conversely, the denial of a purchase request signals distancing.[329]

In 2010, the ROK government initiated a campaign to make South Korea one of the world's ten largest exporters of defence equipment. At the time, South Korea held approximately 0.8 per cent of the global market, placing it in fifteenth place. By 2022, South Korea had advanced to tenth place with a 2.3 per cent market share.[330] In the same year, the Yoon administration adopted a new goal: to enter the global top four behind the US, Russia, and France, with five per cent of the market by 2027. The incumbent Lee administration has similar but slightly higher ambitions, hoping to enter the global top four with six per cent of the market by 2030.[331] This is up from today's share of 3 per cent. This chapter describes trends in ROK arms exports, domestic legislation, and market strategies. The chapter aims to answer the following analytical questions:

- How have South Korean arms exports developed in terms of volume, delivery times, and regional distribution over the past 25 years?
- What factors are credited with causing the increased export volume?
- Which export markets and products have been prioritised over the past five years?
- What restrictions and regulations are imposed on arms exports by legislation?
- In what ways does the government promote the defence industry and arms exports?
- What is the outlook for strengthened ROK competitiveness on the global market?

The analysis in this chapter is largely based on data from SIPRI's Arms Transfers Database. SIPRI calculates export value according to the TIV metric, which assigns arms a score based on estimated manufacturing costs in relation to tactical value. The TIV score does not correspond to monetary value (see Chapter 1.2). The analysis also uses supplementary export statistics from DAPA. SIPRI and DAPA calculate and register export values differently. SIPRI registers export values on the date of delivery, whereas DAPA registers values on the order date. SIPRI's calculation method gives high scores to weapons with high expected military utility, while DAPA statistics are based solely on monetary value. Finally, SIPRI's data is limited to major arms, while DAPA's data covers all materiel types.[332]

328 C.f. Ann Lundberg, A. Björk & M. Lougui. *Svensk konkurrenskraft på försvarsmarknaden*. FOI-R-5741--SE (FOI, 2025): p. 12.

329 Jennifer Spindel. Boom, Bling, Backbone, or Blip? The Signaling Inherent in Arms Transfers. *International Security*, 49:3 (2024).

330 All data in this chapter is sourced from the *SIPRI Arms Transfers Database*, with calculations by the author, unless otherwise stated.

331 ROK Government. "The Lee Jae-myung administration's 123 National Policy Initiatives," initiative no. 113; DAPA. *About DAPA—Major Goals.*

332 *SIPRI Arms Transfers Database: Sources and methods*. SIPRI data only includes major arms and excludes materiel such as small firearms, ammunition, support systems and other equipment etc.

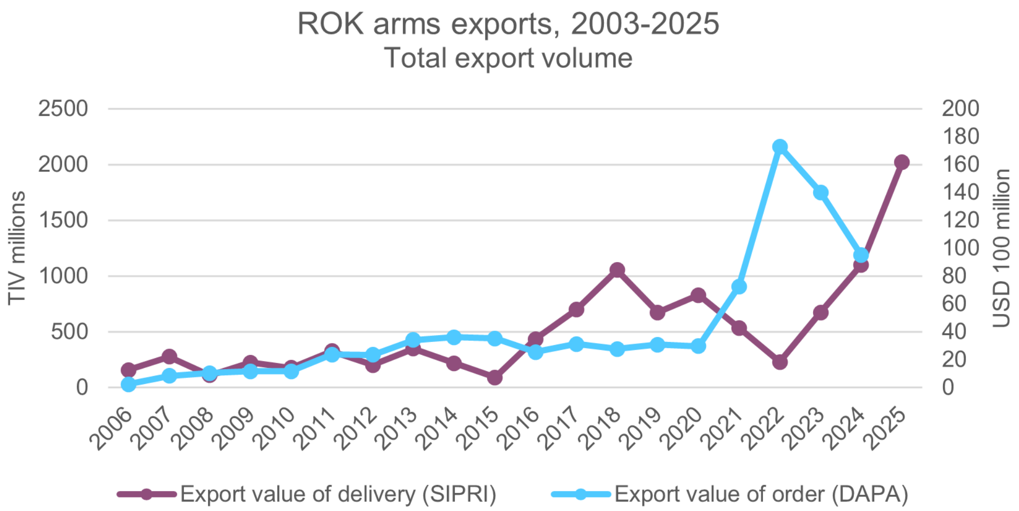

Figure 5a A graph displaying growth trends in South Korean arms exports since 2003.
Source: SIPRI & DAPA.

5.1 Export volumes and noteworthy sales

South Korea exported materiel for the first time in 1975. It took another 30 years for contractors to begin to sell arms internationally on a more regular basis, and another 15 years before the export business really took off. Since 2003, South Korea has completed at least one export delivery per year. According to DAPA, the annual export value exceeded USD 1 billion for the first time in 2008. Between 2010 and 2020, South Korea on average exported arms worth USD 3.1 billion every year. In 2021–2024, the average yearly export value was USD 12 billion, which corresponds to a fourfold increase compared to the previous ten-year period. The export volume in 2021–2025 was 40 times greater than in 1996–2000. In comparison to 2006–2010, this past five-year period saw a 480 per cent increase (see Figure 5a).

Figure 5a shows that Korean arms exports have increased in both monetary value (DAPA) and military utility (SIPRI) in recent years. The trend lines show an increase in deliveries in 2023–2024 (SIPRI) approximately two years after a corresponding increase in order intake in 2021–2022 (DAPA). This indicates that arms are delivered after approximately two years, which is corroborated by further analysis in Chapter 5.1.2 below.

Table 5b below shows a selection of major business transactions that form the basis of SIPRI's trend line in Figure 5a above. The peak in 2018 is explained by the simultaneous deliveries of an auxiliary ship to Norway,

Table 5b A selection of major arms deliveries in 2017–2024.

Buyer	Purchase(s)	Total amount (of which licensed production)	Order year	Year(s) of delivery
Indonesia	Type-209/1400 submarine	3 (1)	2011	2017–2021
Norway	AEGIR-18R auxiliary ship K9 field artillery K10 armoured vehicle	1 24 6	2013 2017 2017	2018 2019–2021 2019–2021
Philippines	HHI-2600 frigate	2	2016	2020–2021
New Zealand	Support vessel	1	2016	2020
India	K9 field artillery	100 (50)	2017	2018–2021
Thailand	T-50 trainer aircraft	8	2017	2019–2020
UAE	K239 rocket artillery Cheongung air defence system Cheongung SAM	32+ 10 1000	2021 2022 2020	2021–2024 Ongoing Ongoing
Poland	K9 field artillery FA-50 fighter jet K239 rocket artillery K2 tank K10 armoured vehicle	212 (96) 12 290 (290) 180 (84) 400 (400)	2022 2022 2022 2022 2023	Ongoing 2023 Ongoing Ongoing Ongoing

Source: SIPRI.

four T-50 trainer jets and a frigate to Thailand, two auxiliary ships to the United Kingdom, and a submarine to Indonesia. In 2020–2021, South Korea delivered field artillery K9 and infantry fighting vehicle K10 to Norway, two frigates to the Philippines, an auxiliary ship to New Zealand, and the multiple-rocket launcher system K239 to the United Arab Emirates (UAE). The statistics also reflect the licensed manufacture of 50 K9s in India and the production of one submarine under licence in Indonesia. The 2024 peak was generated by deliveries of K9 to Finland; K9, rocket artillery, armoured vehicles, and missiles to Poland; rocket artillery to Saudi Arabia; and rocket artillery as well as air defence systems with surface-to-air missiles to the UAE.

5.1.1 Materiel categories

A few trends can be discerned in terms of the types of exported arms. During the period 2003–2025, see Figure 5c, ships accounted for the largest share of ROK arms exports (36 per cent), followed by artillery (30 per cent), aircraft (15 per cent), armoured vehicles (10 per cent), missiles (7 per cent), and lastly, air defence systems (1 per cent). Since SIPRI's method for calculating value is based on estimated manufacturing costs, it is unsurprising to see ships and aircraft at the top of the list, given that these platforms are generally expensive to produce. The reason why the share of artillery is so high could be the large volume: a total of 967 units were exported. The aircraft category comprises the delivery of 208 aircraft (fixed- and rotary-wing), while the ship category comprises 51 vessels, some of which were sold second-hand.

In the last five-year period (2021–2025), the distribution was slightly different. Artillery was the most exported category at 31 per cent. This was followed by ships (24 per cent), armoured vehicles (22 per cent), missiles (15 per cent), aircraft (5 per cent), and air defence systems (3 per cent). It is also notable that South Korea exported diesel engines for the first time in 2025. The fact that artillery overtook ships as the largest export category is understandable in light of the war in Ukraine and the ground combat-focused rearmament efforts in several European countries since 2022. In 2021–2025, the ROK defence industry signed new contracts for a total of 1,263 units of artillery, 14 ships, 2,915 armoured vehicles, 22,115 missiles, 93 aircraft, and 28 air defence system batteries. Only a very small share has been fulfilled at the time of writing in March 2026. Overall, the analysis shows that ROK exports are dominated by the same materiel categories that the defence industry manufactures in large quantities for the ROKAF: ships, artillery, and armoured vehicles (see Appendix 1).

To gain deeper insights, the study conducts an analysis of South Korea's global market shares in various materiel categories compared to selected competitors.[333] Calculations based on SIPRI data show that South Korea's total market share in 2003–2025 (including arms produced under licence but excluding second-hand sales) was 1.75 per cent; see Table 5d below.[334] There is considerable variation between different categories, however, and artillery in particular stands out from

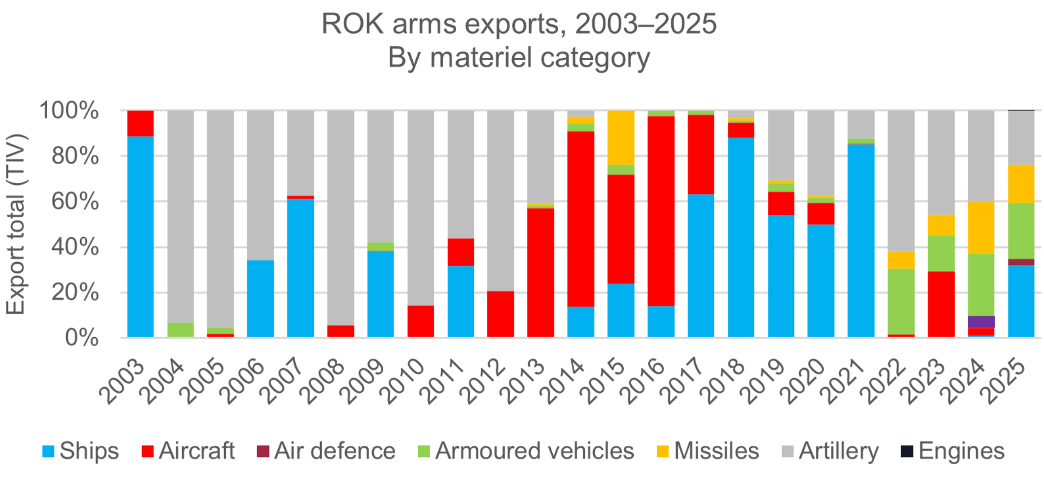

Figure 5c A graph showing trends in South Korean arms exports by materiel category.
Source: SIPRI.

333 Table and analysis method inspired by Lundberg et al. *Svensk konkurrenskraft på försvarsmarknaden*, p. 37.

334 If second-hand arms are excluded, the market share decreases by 0.1 percentage points. The dataset includes arms produced under licence. Note once again that SIPRI data does not include minor arms and munitions.

Table 5d South Korea's market share compared to selected competitors.

Category	South Korea	Sweden	United States	Russia	France	China	Germany	United Kingdom	Israel
Artillery	28.3	0.3	7.3	4.6	5.8	11.7	8.2	13.4	7.2
Air defence	0.4	-	35.2	33.6	4.3	6.9	1.6	0.6	10.0
Aircraft	0.6	1.1	49.0	22.0	8.8	3.6	1.5	4.2	0.4
Armoured vehicles	1.9	2.0	31.9	20.1	1.6	10.5	7.4	0.1	1.5
Engines	-	0.7	24.8	26.1	8.2	0.1	14.5	10.2	-
Missiles	0.9	0.9	41.4	24.1	7.0	5.8	3.3	2.9	7.3
Naval weapons	-	3.4	50.4	13.3	2.8	1.1	-	-	9.4
Satellites	-	-	-	28.9	48.1	-	-	-	9.6
Sensors	-	5.0	31.5	4.5	12.4	3.6	4.9	0.8	13.8
Ships	4.3	0.7	1.4	16.1	15.3	7.8	21.3	2.9	1.1
Total	**1.8**	**1.3**	**35.9**	**20.7**	**8.5**	**5.3**	**5.9**	**3.8**	**3.1**

Note: The share is given as a percentage of the total TIV of global arms transfers in 2003–2025, rounded to the closest tenth.
Source: SIPRI.

the rest at a 28.3 per cent market share. The Poland deal contributes to this high share, but South Korea held roughly a quarter of the global artillery market even prior to 2022. The second largest share is held in the market for ships (4.3 per cent), followed by armoured vehicles (1.9 per cent), missiles (0.9 per cent), aircraft (0.6 per cent) and air defence systems (0.4 per cent). As defined by SIPRI, South Korea did not export any satellites or sensors. South Korea's share of the engine market was less than 0.1 per cent. This is not surprising given that these categories are highlighted as areas where expertise is lacking (see Chapter 3.3).

The analysis shows that the ROK's market share in certain categories was slightly higher in the last five-year period (2021–2025). In 2021–2025, Korean arms accounted for 3.2 per cent of the global market for made-to-order arms (excluding second-hand sales and donations). The share drops by 0.2 percentage points when all transactions are included, likely an effect of the large volume of materiel that is being donated to Ukraine. In the past five years, South Korea held more than a third (39.7 per cent) of the global artillery market. It also held above-average shares in armoured vehicles (7.5 per cent), ships (5.2 per cent) and missiles (3 per cent).

5.1.2 Delivery times

Fast deliveries are often presented as one of South Korea's competitive advantages (see Chapter 5.2). This frequently-repeated statement warrants deeper analysis, to which end this study presents a quantitative analysis of SIPRI data on arms transfers from South Korea in 2003–2025 (202 transfers). Data for the period 2018–2025 was also analysed to give a sense of changes over time, and the results of this sub-analysis are presented when they differ from the full period. Second-hand sales (37 transfers) were excluded from the analysis, since the matter of interest here is the Korean industry's capacity to manufacture and deliver new equipment on demand. For the same reason, the analysis also filtered out equipment produced under licence in a foreign country (62 transfers). This required some manual data processing, because SIPRI marks all deliveries under a contract as licenced production, even if a tranche is delivered directly from South Korea. This mislabelling primarily affects armoured vehicle and artillery exports, for instance regarding exports to Poland since 2022. In this case, SIPRI marks all artillery and armoured vehicles as locally produced when, in fact, Poland has yet to initiate domestic production. To improve the accuracy of the analysis, the author examined all individual transfers in the artillery and armoured vehicles categories, relabelling those that were produced in South Korea and removing those that indeed were locally produced.

SIPRI data is the best open source for this type of analysis. Still, the data has three main limitations. First, SIPRI obtains its data from open sources, meaning it may be incomplete. Second, deliveries are registered per year. This means there is a ±1-year margin of error (the maximum potential difference between an order that is both placed and delivered in January and an order placed in January but delivered in December). For purposes of consistency and clarity of interpretation, this analysis assumes that all orders are placed in Q1 and delivered in Q4. This gives all averages a one-year downward margin of error. The results are therefore reported as "delivery *within* X years" instead of "delivery after ±1 years". Third, the data makes no assessment of whether the delivery is made on time as per the agreed timeframe.

All arms. The average delivery time for arms made on order in South Korea in 2003–2025 was 3.3 years: 25 per cent of orders were delivered within 2 years, 50 per cent within 3 years, and 75 per cent within 4 years. There was no difference between the first and second halves of the period. For added context, the average delivery time for second-hand arms was 2.5 years. This can be interpreted as showing that the "paperwork" takes up to 2.5 years and that the time beyond that is the time taken to produce and deliver the equipment. This interpretation suggests that deliveries quicker than 2.5 years benefited from both rapid administration and manufacturing, likely involving materiel that was already produced, or in production, at the time of sale.

Artillery. The analysis shows that artillery weapons are delivered within 2.9 years on average. 25 per cent of orders were delivered within 2 years, 50 per cent within 3 years, and 75 per cent within 4 years. The shortest delivery time was within 1 year, while the longest was 13 years. The analysis shows that delivery times have become on average 1–2 months shorter since 2018. Assuming that the amount of paperwork remains the same, this would indicate that manufacturing takes less time than previously. However, the periods 2003-–2017 and 2018–2024 are not wholly comparable, since different weapons systems were exported. It is also known that the first delivery of K9 to Poland in 2022 consisted of pre-produced equipment that was largely ready for shipment at the order date.

Ships. A customer who orders a South Korean warship needs to wait 5 years on average. 25 per cent of ships were delivered within 3.3 years, 50 per cent within 5 years, and 75 per cent within 6 years. The shortest delivery times (within 2–3 years) are identified for amphibious assault ships, patrol craft, and tankers. Auxiliary ships and frigates may be expected for delivery within 5.5 years. The average delivery time of HD HHI is six months shorter than that of Hanwha Ocean/DSME. Submarines have so far been exported twice with a 6–7-year wait time.

Aircraft. The analysis shows that the average delivery time for aircraft in 2003–2025 was 3.7 years. 25 per cent of aircraft were delivered within 3 years and 75 per cent within 4 years. A customer who orders a single aircraft may expect to wait four years. Delivery times appear to correlate vaguely with the order size, though the relationship is not linear: a customer who orders 10–12 aircraft receives the delivery sooner (within 1–3 years) than a customer who orders 3–8 aircraft (within 4 years). This clearly shows that delivery times are affected by factors other than the manufacturing process. The aircraft with the fastest average delivery time was the FA-50 (within 3 years), followed by the T-50 (within 4 years). Compared to the period 2003–2017, the average delivery time in 2018–2025 increased by 1–2 months.

Armoured vehicles. The average delivery time for armoured vehicles is 2.5 years. 25 per cent of vehicles were delivered within 1 year, 50 per cent within 2 years, and 75 per cent within 4 years. The platforms with the shortest delivery time were armoured personnel carriers (models KLTV and Promoter with deliveries within 1 year) and the K2 battle tank, which was delivered within 0–1 years (for 10 units) and within 2–3 years (for 56 units). Customers who order a larger number of vehicles do not necessarily need to wait longer than those who order fewer vehicles. The average wait time for 10–20 armoured personnel carriers is 1.5–2 years, while the wait time for 8 vehicles was 4 years. Once again, this indicates that other aspects aside from manufacturing impact the delivery time, for example host country politics. Delivery times have not changed over time.

Missiles and air defence. South Korea on average delivers a missile order within 3.4 years. 25 per cent of missiles are delivered within 2 years, 50 per cent within 3 years, and 75 per cent within 4 years. There appears to be no clear correlation between quantity and delivery time. However, delivery times vary between different models. The fastest delivery times are identified for the AT-1K anti-tank missile, the CTM-290 surface-to-surface missile, and the *Chiron* surface-to-air missile (within 2–3 years), followed by the *Cheongung* air defence system and missiles (within 3.5 years). The K745 Blue Shark anti-submarine and LOGIR surface-to-ship missiles were delivered within 4–4.5 years, and the C-STAR anti-ship cruise missile within 5 years. Deliveries have gotten about 3–4 months slower since 2018.

In an international comparison, the average delivery time of 3.3 years is comparable to that of other countries. Analysis by the Kiel Institute shows that equipment procured in Germany, the United Kingdom, and Poland (from various suppliers) is delivered on average after three to four years.[335] That said, there are examples of individual ROK export deals in which deliveries have been quicker than average, in some cases by a considerable margin. Delivery within one to two years

335 Alex Burilkov, K. Bushnell, J. Mejino-López, T. Morgan & G.B. Wolff. *Fit for war by 2030? European rearmament efforts vis-à-vis Russia* (Kiel Institute, June 2025): p. 64.

is certainly fast, by any measure. However, rapid delivery was in these cases enabled by favourable political circumstances rather than changes to the manufacturing process. The above analysis therefore does not support the claim that South Korea generally delivers considerably faster than other comparable suppliers.

5.1.3 Regional distribution

The analysis below examines the regional distribution of South Korea's exports across three time periods: 2003–2015, 2016–2020 and 2021–2025. The periods were defined based on trends in SIPRI data: in 2003–2015, export volumes were fairly stable, followed by a sharp increase in 2016–2020, and 2021–2025 being the past five-year period. The analysis includes all arms transfers in SIPRI's database.

During the period 2003–2015, South Korea exported arms to a total of 13 countries. Some countries imported more than others. The most loyal customers in 2003–2015 were Turkey (accounting for 54 per cent of the arms transfers) and Indonesia (35 per cent). Turkey's purchases consisted mainly of K9 field artillery, 280 units of which were produced under licence in Turkey between 2004 and 2013. The largest individual delivery during this period was that of 10 T-50 trainer jets to Indonesia in 2013.

During the period 2016–2020, South Korea exported arms to 22 countries, 13 of which were new customers. During this period, South Korea was the world's eighth largest arms exporter, accounting for 2.6 per cent of the global market. The three largest customers were the United Kingdom (14.5 per cent of exports), the Philippines (13.1 per cent), and Iraq (11.6 per cent); see Table 5e below. The UK's imports consisted of four auxiliary ships delivered between 2017 and 2019. The Philippines' imports consisted of 10 FA-50, one new frigate and one second-hand corvette, 12 anti-submarine missiles and one assault amphibious vehicle. Iraq's imports consisted of 24 T-50s and one 4x4 armoured personnel carrier. During this period, second-hand warships accounted for roughly 10 per cent of total exports.

During the last five-year period 2021–2025, South Korea exported arms to a total of 21 countries, ten of which were new customers. During this period, South Korea ranked as the world's ninth largest arms exporter at 2.96 per cent of the market. The lower ranking is not due to a decrease in ROK exports, as we can see that the market share has increased, but due to overall growth of the global market. South Korea's top three customers were Poland (57.5 per cent), the Philippines (17.7 per cent), and the UAE (9.5 per cent). The Polish imports consisted of various army equipment (see Chapter 5.5), whereas the Philippines imported naval warfare systems, including anti-ship missiles and a frigate. The UAE's imports consisted of air defence systems and surface-to-air missiles.

Table 5e A summary of the countries that have imported the most arms from South Korea.

	Top ten customers (TIV)	
	2016-2019	**2021-2025**
1.	United Kingdom (14.5%)	Poland (57.5%)
2.	Philippines (13.1%)	Philippines (17.7%)
3.	Iraq (11.6%)	UAE (9.5%)
4.	Thailand (11.6%)	Indonesia (3.4%)
5.	India (11.1%)	Peru (3.2%)
6.	Indonesia (10.5%)	Vietnam (1.3%)
7.	Norway (6.0%)	Finland (1.2%)
8.	Peru (4.4%)	Saudi Arabia (1.2%)
9.	Vietnam (3.3%)	Thailand (0.8%)
10.	New Zealand (2.6%)	Estonia (0.7%)

Source: SIPRI.

The largest regional market for South Korean arms exports in 2021–2025 was Europe (61 per cent), followed by Asia and Oceania (24 per cent), the Middle East and North Africa (11 per cent), and Latin and South America (3 per cent); see Figure 5f below. No transfers were made to Russia and Central Asia or North America.[336] The export volume to Poland was so significant that Poland by itself imported *more* arms than customers in Asia and Oceania, the Middle East and North Africa, and Latin and South America did combined. Exports to the rest of Europe were similar in size to exports to Latin and South America at 3.6 per cent. In terms of South Korea's share of these regions' total arms imports in 2021–2025, South Korea had the greatest success in Europe, claiming 5.4 percent of the market, followed by Latin- and South America (4.8 per cent), Asia and Oceania (2.3 per cent) and the Middle East and North Africa (1.2 per cent).

The data analysis reveals a "Ukraine effect." Figure 5f above clearly shows how South Korean exports shifted from Asia and Oceania as the primary market to Europe

336 It should be noted that the US imports large quantities of small arms and components from South Korea that are not included in SIPRI's statistics. In 2024, the United States imported Korean defence equipment worth $219 million; see Cho, "K-Defence exports could plummet by up to 22% if the US imposes reciprocal tariffs."

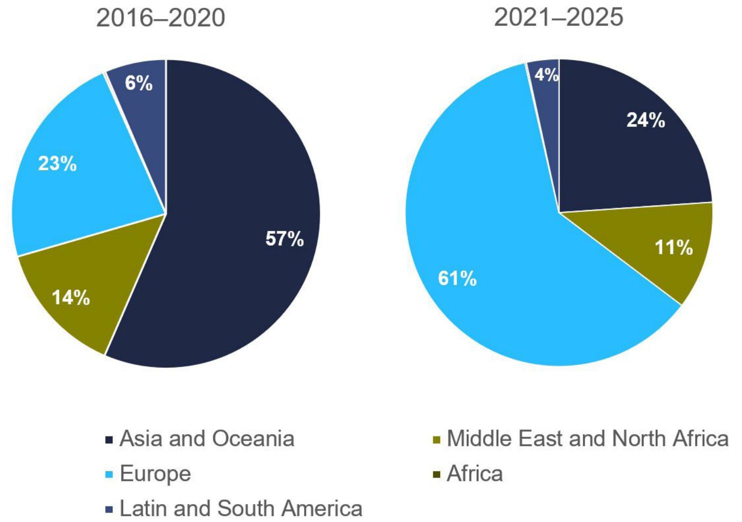

Figure 5f A summary of the regional distribution of ROK arms exports in 2016–2020 and 2021–2025.
Source: SIPRI.

and Poland in particular. During the first three years of the Ukraine war (2022–2024), Europe received 83 per cent of South Korean arms exports, 77.6 per cent of which were imported by Poland. By comparison, Europe accounted for only 12.6 per cent of ROK exports in 2020–2021.

A final aspect of regional distribution to consider is the types of arms that each region imports. Analysis of the total value of South Korea's arms transfers to different regions in 2021–2025 shows that Europe primarily imported artillery (45 per cent) and armoured vehicles (35 per cent). Asia and Oceania chiefly imported ships (88 per cent). The Middle East and North Africa imported air defence systems (23 per cent) and related missiles (50 per cent). Latin and South America's imports were limited to ships (96 per cent), whereas Africa's imports were split between ships (68 per cent) and aircraft (32 per cent).

5.2 Legal frameworks related to arms exports

South Korea has two major pieces of legislation that regulate arms exports: the Foreign Trade Act and the Defence Acquisition Programme Act. The Foreign Trade Act mandates Korean businesses to apply for a permit in order to export certain strategic goods. This export permit is issued by the Ministry of Trade, Industry, and Resources (MOTIR) if the ministry assesses that the transaction will not negatively affect national security or international peace. Defence materiel is a special sub-category of strategic goods regulated in the Defence Acquisition Programme Act, which states that export permits for arms are issued by DAPA. In 2024, DAPA issued a total of 2,269 export permits, 236 of which were related to weapons systems.[337]

South Korean authorities may deny an export permit if the transaction is assessed to fulfil any of the following three criteria: 1) the transaction is likely to cause harm to life, health, and safety of people, animals, plants, or the environment, or, in the context of arms, would pose a threat to international security or escalate ongoing wars, conflicts, or violations of human rights; 2) the recipient country is subject to UN Security Council sanctions, or 3) the transfer of weapons technology is regulated in international export control treaties.[338] It is important to emphasise that criteria number one does not entail an explicit ban on arms exports to a country affected by war. The legislation grants government authorities the *possibility* to deny exports that could negatively affect national interests or international peace, *not an obligation* to do so. This is an important distinction, particularly in the context of South Korea's support for Ukraine. It has frequently been stated that South Korea by law cannot export arms to war-struck states, and that this prevents Seoul from transferring weapons to Ukraine, but this is not the case. Criteria

337 The remaining 1,900 permits concern support systems. DAPA. "*2025 Defence Acquisition Statitics and Yearbook*", p. 159; "Defence Acquisition Programme Act" art. 57.

338 This is the author's summary of five provisions in "Foreign Trade Act" art. 5. (2022:18885) and additional provisions in "Enforcement Decree of the Foreign Trade Act" art 32. (2025:35382); see also Cho Jang-hyun. "A Legal and Institutional Examination of Arms Export Control Systems in South Korea and the United States." "*Gangwon Law*." 77 (2024): p. 666.

2 and 3, however, are clear. The ROK is a signatory to the Wassenaar Arrangement, the Nuclear Supplier Group, the Missile Technology Control Regime, the Australia Group, the Chemical Weapons Convention, the Biological Weapons Convention, and the Arms Trade Treaty.[339] DAPA has supposedly never denied an export permit request, which suggests that the institutional preconditions for exports are very favourable.[340]

However, even if DAPA tends not to reject requests, there are other legal restrictions that defence companies must keep in mind. If a weapons system contains foreign technology, the manufacturer must obtain consent from the technology's country of origin. The US, for example, can stop exports containing American technology under the International Traffic in Arms Regulations (ITAR) framework, and has previously exercised its right to do so by stopping exports of FA-50 fighter jets to Uzbekistan.[341] Contractors must also be mindful of informal norms. Experts assess that South Korea generally avoids exporting materiel to countries that have poor relations with the US so as to not push Washington to tighten the ITAR rules.[342]

In addition, the ROK export permit system is subject to complex and time-consuming bureaucracy, particularly under the Defence Technology Security Act. Authorities regulate the transfer of defence technologies abroad not least to strengthen US confidence in the ROK's ability to handle sensitive technologies.[343] The Act prohibits the dissemination of defence technology and related documents and was recently revised in light of several technology leaks. This means that defence contractors need to apply for individual export permits for every technology in a weapons system, which given the increasing complexity of modern arms means that the permit administration process may take up to three years at the expense of the possibility of making rapid deals.[344] Meanwhile, the Act on the Management of Military Supplies grants the Minister of Defence the possibility to transfer materiel to other countries as long as this does not compromise the ROKAF's capabilities.[345] As such, second-hand equipment transfers are potentially a much quicker process.

There is some momentum in the National Assembly for tightening laws on arms exports. Progressive lawmakers have argued that parliamentary approval should be required for all arms exports.[346] Another bill proposes that arms exports to war zones should be explicitly prohibited.[347] However, given the presidential office's high-profile campaign to increase arms exports combined with opposition from conservative lawmakers, it is not clear to what extent these proposals can secure broader support in the National Assembly.

5.3 Success factors

Analysts generally attribute South Korea's export success to three strengths: 1) the large and steady domestic demand for materiel; 2) competitive pricing; and 3) high performance.[348] First and foremost, observers tend to highlight South Korea's capacity to rapidly produce large quantities of equipment. As stated above, this stems from the country's precarious security situation as a neighbour of North Korea. Modernising the armed forces with more than half a million active-duty personnel who conduct daily operations and regular exercises requires that the domestic defence industry continuously produces military supplies. The end of the Cold War did not bring about a period of disarmament on the Korean peninsula, unlike in Europe. Chapter 4.1 discusses how the defence industry has had a fairly low capacity utilisation rate, which in this context was a favourable condition that meant companies had facilities and personnel to spare. Some also argue that South Korea's advanced civilian manufacturing base combined with long-standing technical cooperation with US defence companies is an important factor in recent successes. Most ROK defence contractors also combine civilian and military manufacturing and are therefore constantly operating even during periods of lower military demand.

Secondly, analysts highlight the competitive pricing of Korean materiel. Price is related to demand, and in this case, large production volumes allow for economies

339 ROK MND. *Defense White Paper 2022*.
340 Interviews 3 & 11.
341 Catherine Putz. US Stops Export of Korean Fighter Jets to Uzbekistan. *The Diplomat* (27/10 2015).
342 Interview 11.
343 Cho. "A Legal and Institutional Examination…" p. 658.
344 "Defence Technology Security Act" art 10. (2025:20540).
345 "Act on the Management of Military Supplies" art. 14. (2021:17997).
346 Kim Byung-ju. "Bill for Partial Amendment of the Act on the Management of Military Supplies." Bill no. 2203288 (28/8 2024).
347 Kim Jun-hyung. "Bill for Partial Amendment of the Defence Acquisition Programme Act." Bill no. 2204164 (23/9 2024).
348 These strengths and challenges were repeatedly highlighted in interviews with Korean and foreign industry experts, researchers, and practitioners, and the analysis below is based on the author's overall impressions.

of scale and lower costs per unit. South Korean defence contractors generally generate most of their main profits in the civilian market. This means that they are not as dependent on arms sales to make profits and therefore can cut prices in this segment. The relatively low cost of goods and services, including wages, on the Korean defence market also allows lower prices (see Chapter 3.1). Data from the finance company Mirae Asset suggests that exports are an important source of income for large defence companies, as they note a positive correlation between profit margins and export volumes.[349] Indeed, export deals could potentially be more profitable due to national regulations that cap the profit margins for domestic sales (see Chapter 3.3.2).

A third strength that is frequently raised in this context is performance. All weapons systems are tested according to US standards before delivery. The ROK government values reliability and strives to deliver arms that are mechanically flawless.[350] Official narratives describe Korean arms as "tried and tested," referring to the ROKAF's long experience in using domestically produced equipment. Domestic fielding has allowed the ROKAF to identify, and the contractors to fix, various deficiencies. For example, the powerpack in Hyundai Rotem's first battle tank (K1) and the initial models of K2 suffered from major mechanical flaws, which reportedly have been fixed in current models.[351] Moreover, the Korean peninsula's varied terrain and weather conditions (mountains and coastline; hot, humid summers and snowy winters) are said to contribute to the broad functionality of Korean equipment. South Korean arms are designed to defeat North Korean weapons, which are largely based on Soviet/Russian models, and to work seamlessly with US weapons systems and platforms. By extension, this makes Korean equipment interoperable with NATO standards and suitable for warfare against Russia, two characteristics that are attractive on the European market.

Finally, some Korean arms have seen actual battlefield use in peacekeeping missions and in combat. Both Turkey and India have fired live rounds with the K9 howitzer.[352] Turkey is expected to deliver 140 units of T-155 (the Turkish licensed model of K9) to Ukraine by the end of 2027, which will provide more performance data if the war is still ongoing by then.[353] The Philippines uses several Korean weapons systems in routine peacetime missions as well as in certain offensive operations. In 2017, the Philippine Air Force successfully carried out about 70 ground strikes using FA-50 aircraft.[354] Most recently, the UAE deployed its Cheongung air defence batteries to defend against Iranian missile and air strikes. According to UAE authorities, Cheongung intercepted 152 Iranian ballistic missiles and 506 UAVs in two days with a 90 per cent interception rate.[355]

5.3.1 Growth expectations

To date, South Korea has exported major arms to 39 countries.[356] During the period 2020–2024, a total of 168 countries worldwide imported arms and global defence spending increased by 12 per cent. Since 2015, global spending has increased by 135 per cent.[357] In other words, there is significant global demand. Moreover, Freedom House assesses that democracy is in worldwide decline, which it assesses heightens the risk of armed conflicts.[358] The global security environment has implications for several of the world's largest arms exporters, in particular the United States (no. 1), Russia (no. 3) and China (no. 4). Governments choose arms suppliers based on diplomatic, economic, and security policy relations. A government may reject arms with a low price tag or with high performance due to political power relations, historical events, and trade relations.[359] As a result of South Korea's geopolitical non-alignment and generally unproblematic foreign policy (see Chapter 2),

349 Mirae Asset. "*2025 Outlook: Defence- and aerospace industries"* (22/11 2024): p. 20.

350 Kwon. *Cornerstone of the nation*, pp. 132–133, 148.

351 Bitzinger. The defence industry in South Korea, p. 389.

352 Sakshi Tiwari. World's Most Popular Howitzer, Turkey's T-155 Firtina Aka K-9 Thunder Could Soon Be Headed to Ukraine? *EurAsian Times* (6/5 2024); Kim Nam-hee. India escalates tensions with Pakistan by deploying howitzers and Rafale jets. *Chosun Biz* (8/5 2025).

353 IISS. *Building Defence Capacity in Europe: An Assessment* (2024): p. 48.

354 Carmela Fonbuena. FA50 fighter jets grounded after air strike mishap in Marawi. *Rappler* (13/7 2017).

355 Kim Dae-young. "Cheongung-II intercepts 90% of Iranian missiles… Could it reshape the global air defence market?" *"Korean Sunday News"* (4/3 2026).

356 SIPRI *Arms transfer database*. According to Han, "*South Korea's National Defence"* (p. 364), South Korea has exported arms to 74 countries, but he does not elaborate on this. Most likely, Han includes countries that have imported firearms, ammunition, non-lethal equipment, etc., i.e., materiel that SIPRI does not assess.

357 *SIPRI Military Expenditure Database*. Calculations based on constant 2023 USD.

358 Freedom House. *Freedom in the World 2025: The Uphill Battle to Safeguard Rights* (2025).

359 Lundberg et al. *Svensk konkurrenskraft på försvarsmarknaden*, p. 49.

Seoul can position itself as a value-neutral alternative arms supplier to the US, China, and Russia. South Korea sells arms primarily to other democracies, but not exclusively, and without demanding political concessions in return (see Chapter 5.2). South Korea uses its democratic status to prop up the legitimacy of its arms exports, pushing the narrative that a democratic state that exports arms does so to preserve peace and not to encourage war. For example, KAI is marketing the FA-50 by claiming it contributes to world peace.[360]

If the US were to significantly lose international foreign policy credibility, there is an opportunity for competitors to seize market shares. States that have imported large quantities of US weapons, such as Canada, appear to be dissuaded by Trump's trade policy and as a consequence seek to diversify their supply.[361] This has naturally not escaped notice in South Korea. Hanwha Ocean and HD HHI are entering the Canadian submarine procurement process with a joint bid supported by the MND.[362] Other high-interest markets are the EU, especially following the Union's unprecedented rearmament goals, and NATO, especially its joint procurement programme.[363]

China, Russia, and Israel are major players on the Southeast Asian market. However, this market is increasingly opening up to nontraditional suppliers as countries such as Vietnam, Cambodia, Laos, and Thailand explore alternatives to China, Russia, and possibly even Israel. Southeast Asian countries are reluctant to purchase arms from Western manufacturers, including France, for reasons related to their colonial history, while deals with China and Russia involve political risks.[364] Here, South Korea may have a competitive advantage because it is not seen as a military or political threat (see Chapter 2.5.3). Vietnam, for example, wants to assert its territorial integrity vis-à-vis China without risking overly strong reactions from China. Against this background, it was confirmed that Hanoi will purchase the K9 howitzer.[365]

More generally, defence policy documents highlight South Korea's 52 bilateral MoUs on defence industry cooperation. These provide a preliminary indication of primary growth markets (see Table 5g).[366] Korean industry analysts expect strong near-term growth in ground combat systems as well as warships. Demand for army equipment is expected to rise as long as the war in Ukraine continues and the European defence industry falls short of production targets. South Korea is one of the few countries capable of meeting the growing demand for maritime capabilities arising from China's

Table 5g A summary of the ROK's bilateral MOUs on defence industrial cooperation as of October 2025.

Region	States	Arms with prosperous export outlook
Africa south of the Sahara	Botswana, Ethiopia, Kenya	Aircraft and warships
Asia and Oceania	Australia, Bangladesh, Philippines, India, Indonesia, Malaysia, New Zealand, Pakistan, Thailand, Vietnam	Armoured vehicles, air defence, artillery, tanks, aircraft, auxiliary ships
Europe	Denmark, Estonia, Finland, France, Greece, Italy, Croatia, Netherlands, Norway, Poland, Romania, Slovakia, Spain, United Kingdom, Sweden, Czech Republic, Germany, Ukraine, Hungary	Tanks, artillery, aircraft
Latin and South America	Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Venezuela	Aircraft, warships, submarines
Middle East and North Africa	Bahrain, Egypt, Israel, Jordan, Saudi Arabia, Turkey, UAE	Fighter aircraft, missiles, air defence
North America	United States, Canada	Submarines, naval MRO
Russia and Central Asia	Kazakstan, Russia, Uzbekistan	Aircraft
Total	**52 states**	**30+ potential export deals**

Source: Data on MOUs from DAPA *2024 Statistical Yearbook* and announcements on korea.kr. Estimates of potential exports by Ryu Yeon-sung et al. "Defence industrial and security studies," pp. 174–175.

360 Kim Ji-hun. "Preparing to serve as 'the arsenal of democracy'… Kang Gu-young: 'FA-50 must enter the US market.'" *Money Today* (18/7 2023).

361 David Pugliese. South Korea wants to sell submarines to Canada as relations sour with U.S. *Ottawa Citizen* (10/3 2025).

362 DAPA. "South Korea-Canada defence cooperation takes a leap forward, bolstered by the One-Team approach" (8/3 2025).

363 Kim Ji-soo & Park Joon-soo. "What is the NATO procurement system and how do we access it?" *KIDA Journal*. 24:37 (2024); European Commission. *EU boosts defence readiness with first ever financial support for common defence procurement* (14/11 2024).

364 Choi. Why China's loss could be South Korea's gain as Southeast Asia seeks new weapons suppliers.

365 Joon Ha Park. Vietnam's $276 million deal for K9 howitzers deepens ties with South Korea. *Korea Pro* (28/1 2025).

366 ROK MND. *2022 Defense White Paper*, p. 324.

aggressions in its vicinity. In the medium term, industry pundits hold high hopes for the domestically developed KF-21 fighter jet.[367]

Others expect a more modest market expansion and predict that markets with which the ROK has already established arms export relationships, primarily the United States and the Middle East, will account for the majority of future sales. Korean representatives hope to enter into a Reciprocal Procurement Agreement with the US to simplify access to the US procurement ecosystem.[368] In contrast to the appeal of the European defence market, which stems mostly from high demand, a stronger foothold in the US market is described as desirable because gaining the US military as a reference customer is a stamp of approval that in turn promotes exports to the rest of the world.[369] With regard to the Middle East, conditions appear favourable, as several regional governments are challenged by terrorism and military threats from non-state militia groups, as well as other states, driving demand.

That said, the growth expectations are fairly optimistic and previous export targets have proved too ambitious. In 2022, KAI announced its goal of exporting 1,000 FA-50s over the next 10 years, at a time when the company had sold only 12.[370] Media reports highlight the potential for defence industrial cooperation with states in Latin America and Southeast Asia, but this potential is limited by budget constraints in countries such as Peru.[371] It should also be noted that the threshold for purchasing South Korean arms is higher in countries that have a large Chinese or Russian equipment inventory. This equipment incorporates technical standards that are not directly compatible with weapons systems that adhere to US and NATO standards. In other words, a country that purchases Korean guided munitions or aviation technology to use with a Russian or Chinese-made aircraft would need to make (or order) technical adaptations, meaning extra costs.

Expansion in markets with strong purchasing power is not unchallenged, either. In the case of Europe, legal issues appear to be the main obstacle. The Korean defence sector has limited experience of European legislation, as was made evident when LIG Nex1 was disqualified from Romania's air defence procurement due to administrative errors.[372] In the Czech Republic, the import of Korean nuclear reactors (a comparable strategic export) was blocked after competitors appealed the decision in court.[373] In the US, defence industrial cooperation is complicated by the Trump administration's policy volatility. Out of the USD 350 billion investment package that South Korea pledged in return for lower trade tariffs (see Chapter 2.4.5), USD 150 billion was earmarked for the "Make American Shipbuilding Great Again" initiative to revitalise the US shipbuilding industry, with support from HD HHI and Hanwha Ocean.[374] When the present report was being translated into English in March 2026, the project it was part of was put on hold alongside other agreements due to US–ROK policy disagreements. Further, Seoul and Washington initiated negotiations on a Reciprocal Defence Procurement agreement in 2022, but in 2025 the Office of the US Trade Representative identified South Korea's offset policy as a trade barrier that must be "addressed" before the agreement can be finalised.[375]

5.4 Export promotion strategies

Korean scholarship divides arms exports into three generations: the first generation in 1990–2006, the second in 2006–2020, and the third ongoing since 2021.[376] This categorisation is based on developments in the government's managerial practices and strategies for export promotion. The first generation of arms exports was characterised by corporate-driven sales of simple arms with little government involvement. The second

367 Interviews 2 & 11.

368 Interviews 7 & 11.

369 Lee Gyung-gu. "Strategy for Entering the US Defence Market: From America, to the World." *Monthly Defense Diplomacy Journal* (September 2025): pp. 13–17.

370 Kyung-Min Kang & Dong-Hyun Kim. KAI targets to sell 1,000 units of FA-50 light attack aircraft worth $30 billion. *The Korea Economic Daily* (22/7 2022).

371 John Lee. Seeking new markets, South Korea sets sights on defense deals with Latin America. *Korea Pro* (25/11 2024).

372 Korea JoongAng Daily. LIG Nex1 disqualified from Romania's air defense bid over paperwork error (24/12 2024).

373 John Lee. South Korea's nuclear power export ambitions derailed by Czech court injunction. *Korea Pro* (7/5 2025).

374 Hyung-Kyun Kim & Ri-Ahn Kim. Seoul warns MASGA project at risk as $350 bn fund talks with Washington stall. *The Korea Economic Daily* (9/9 2025).

375 Chae Yun-hwan. U.S. sets sight on S. Korea's defense offset program as possible bargaining chip: experts. *Yonhap News Agency* (1/4 2025).

376 Jang Won-jun, Song J.P. & Kim M.J. "Analysis of K-Defence Export Support Systems and Future Tasks for Entering the Global Defence Export Top 4." *KIET "Industry Focus"* (2022): p. 28.

generation was defined by the establishment of DAPA and sales of increasingly advanced arms, partly through government-to-government (G2G) contracts. The G2G channel was made available for arms exports in 2009, at which point the government began to engage in promotional activities.[377]

The third generation of arms exports is characterised by the marketing of "package deals" that include various services on top of the base equipment, the increased use of G2G sales, and the launch of government support for companies to meet offset demands. At present, the government pursues four overarching export promotion strategies: tailored offers, R&D cooperation, innovation, and joint marketing.[378] The categories each include multiple policies. The following section analyses some of them.

5.4.1 Tailored offers

The first strategy is to make tailored bids that take into consideration the specific political, technical, and industrial demands of a given procurement. South Korea is willing to provide arms with technical specifications that are customised to local tactical requirements, engage in technology transfers, joint development or co-production, and/or establish local manufacturing.[379] The willingness to involve the purchasing country in the manufacturing process serves dual purposes: to appease customer demands for industrial participation, as well as to bypass procurement rules that favour regional or national suppliers. In the case of Europe, for example, Korean stakeholders seek to partake in the rearmament efforts by promoting "Made in Europe by Korea." By establishing local production facilities, as is the case for K2 battle tanks in Poland (see Chapter 5.4.4), the industry hopes to pass off Korean exports as European-made.[380] Another important objective is to capture aftermarkets for service, maintenance, and repair for long-term profit and bilateral trust-building. Industry representatives predict that maintenance, repair, and overhaul (MRO) will enable the industry to triple the value of its order intake by 2030.[381]

Government support for companies wishing to adopt this strategy became widely available in 2021, when new legislation was adopted that mandates DAPA to provide financial, strategic, and technical support to defence companies seeking to expand their international business.[382] Among other things, the law assigns DAPA the task of analysing challenges faced by Korean defence companies in international markets. In practice, much of this support is provided by DTaQ (see Chapter 3.3.1). For example, DTaQ publishes annual reports on international trends and guidebooks on how to navigate various markets in terms of both cultural differences and practical matters.[383]

While this strategy promises great flexibility, it is limited by stovepiped bureaucracy and conflicting interests among Korean state and private defence actors. A recent example of poor coordination is found in the sale of the Cheongung air defence system to the Iraqi government. Cheongung is co-produced by LIG Nex1 and Hanwha Aerospace, and the contract was signed on the condition of quick delivery. However, LIG Nex1 signed the contract before agreeing with Hanwha Aerospace on price and delivery date, meaning the delivery risks suffering significant delays.[384] Another example of intra-government conflict is provided by the sale of FA-50 to Malaysia. The Malaysian government requested to pay in part in palm oil exports. DAPA was on board with this suggestion, but does not have the legal mandate to import civil goods. This is within MOTIR's jurisdiction, which had no interest in accepting palm oil as payment. After three years of inter-agency negotiations, DAPA and MOTIR finally agreed to accept payment in palm oil for half of the contract's value.[385] Conflicts such as these have been resolved on an ad hoc basis through mediation by the Presidential Office and the National Assembly.[386] However, the lack of a coordinating body with a holistic perspective and comprehensive legal

377 Yang Nak-gyu. "Intergovernmental sales of defence materiel become possible." *Asia Kyungje* (11/11 2009).

378 Yoon. "*K Becomes a Defense Industry Genius*", p. 63.

379 ROK MND. *2022 Defense White Paper*, p. 145.

380 Jin-Won Kim & Eunhyeok Ryu. Korea's defense firms aim for global top 4 with "Made in Europe by Korea" strategy. *The Korea Economic Daily* (15/9 2025).

381 Kim & Ryu. Korea's defense firms aim for global top 4…

382 "Defence Industry Development and Support Act" art. 16.

383 Among other things, DTaQ publishes country-specific guidebooks with step-by-step instructions on how to navigate a country's procurement process, analysis of its material demand, methods for penetrating the market, and other circumstances that Koreans need to be aware of in order to do business in the country.

384 Jung Suk-yee. LIG Nex1 and Hanwha in Dispute over Cheongung-II Missile System Pricing. *Business Korea* (24/1 2025).

385 Interview 11; VOA. "South Korea exports 18 FA-50 light attack aircraft to Malaysia" (24/2 2023).

386 C.f. Park Suk-hyeon. Kwon Seong-dong highlights National Assembly's role in boosting K-defense exports. *Chosun Biz* (10/2 2025).

mandate to implement cross-agency solutions means that South Korea is likely to encounter further difficulties in delivering on its promised flexibility.

5.4.2 Cooperation in research and development

The second strategy is to promote research collaborations between civilian and military actors, both nationally and internationally. By bringing together expertise within the national technology ecosystem and acquiring knowledge from abroad, the strategy aims to improve the quality of Korean military supplies. In the national context, the government seeks to create synergies by investing in defence industrial clusters to strengthen cooperation among actors operating in the same geographical area.[387] Authorities also promote civil-military cooperation, for example by outsourcing defence-related research projects to universities. The Lee administration has launched a consultative body bringing together representatives from the ROKAF, academia, and the defence industry, with the aim of facilitating knowledge exchanges.[388] In an international context, South Korea is actively seeking research collaborations with counterparts with cutting-edge technological skills, and offers offsets in the form of transfers of at least 276 weapons technologies.[389]

Bureaucratic hurdles impede R&D cooperation within the domestic innovation ecosystem. In 2022, researchers assessed that civil-military synergies were essentially non-existent due to complex bureaucracy.[390] In a global context, South Korea has a generally good reputation in several high-tech areas, but its reactive approach to defence innovation (that is, designing projects based on catching-up objectives; see Chapter 3.4) could possibly make technology leaders less interested in collaborating with Korean researchers. From an innovation perspective, countries at the forefront of technology do not gain much from research collaborations with a country that just wants to "catch up." There are certainly other reasons to conduct joint defence research, such as confidence-building, but in this context, South Korea's stated ambition to catch up may discourage collaboration if states want to retain their competitive lead.

5.4.3 Innovation

Relatedly, the third strategy is innovation in defence technology. Innovation is critical for any economic actor to maintain long-term competitiveness: growth stagnates if you offer the same goods and services as other market actors. Korean authorities run several programmes to promote innovation in individual companies with the aim of strengthening the global competitiveness of Korean defence products. Government support packages include mentoring, financial contributions, and education grants. Several of the programmes specifically target SMEs.[391] Another key programme provides grants for the development of domestic alternatives to commonly imported components (see Chapter 3.3.3).

Korean defence experts unanimously agree that advanced technical performance is the most important factor for increased arms exports, and also doubt the effectiveness of government support packages.[392] This is because national policy tends to change with each new government to the detriment of long-term stable planning. Five years is simply too short a time to create a secure investment environment, especially for advanced technologies that require 10–20 years of stable financing. Additionally, government subsidies only partially cover corporate R&D costs and offer no guarantees of long-term profitability. In sum, the state can assume some of the financial risk up front, but without guaranteed demand, companies are unwilling to invest in potentially unprofitable activities.[393]

5.4.4 Joint marketing

The fourth strategy is joint marketing of South Korea's defence industry as "K-defence." The K-defence campaign essentially bundles the three above-mentioned strategies into one slogan to convey that the entire defence sector follows the same playbook. By alluding to South Korea's successful cultural exports (K-pop, K-drama, K-beauty, etc.), the K-defence slogan intends to brand the defence industry as modern and trendy, as well as to establish the understanding of Korean arms exports as a one-stop shop. The campaign is part of South Korea's broader "One Team" campaign, which

387 ROK Government. *"The Yoon Suk-yeol administration's 120 National Policy Initiatives"*, policy initiative no. 106.

388 Kang Jae-eun. S. Korea launches consultative body on defense technologies. *Yonhap News Agency* (24/7 2025).

389 The website defense-korea.com lists 276 technologies that are offered as offsets.

390 Sim et al. "*Assessment of the Global Competitiveness of Major Domestic Defence Products…",* p. 39.

391 KRIT. "*Support Measures and Initiatives for Defence Industry SMEs and Start-ups in 2025*" (January 2025).

392 Sang-ha Lee, C.S. Lee & Y.K Jung. Dominant Factors Affecting Promotion of Defense Export in South Korea. *The Korean Journal of Defense Analysis*. 37:2. (2025): pp. 284–285.

393 Interview 10.

aims to strengthen national exports overall through cooperation between the public and private sectors.[394] The main proponents of the K-defence campaign are KDIA, KRIT, and DAPA, but the MND, ROKAF, and the Korea Trade–Investment Promotion Agency (KOTRA), the government body that represents South Korea in G2G (government to government) channels, are involved as well. President Lee has personally assumed an active role, launching the TOP (Together, On Speed, Performance) initiative in October 2025. The objective of the TOP initiative is to bring together start-ups and SMEs with the large contractors, speed up procurement and export permit processes, and reward results-driven entrepreneurship, all with the aim of boosting export volumes.[395]

Flexibility and adaptability are two core values that the campaign seeks to convey. It highlights package deals and the opportunity for customers to piece together products and services from several different suppliers in one coherent package deal.[396] One example of this is the KDIA- and DAPA-managed website defense-korea.com, which provides information about all defence products, from bulletproof vests to warships, that South Korea offers, complete with a web-based inquiry form. The campaign also conveys high quality as an attractive aspect of Korean arms and equipment. DTaQ systematically tests and issues military supplies with a quality certificate, which is valid for three years. The institute annually compiles all quality-certified products in a catalogue on "the best Korean defence products."[397] The ROKAF acts as reference customer and regularly publicly demonstrates Korean materiel in action. Industry and government representatives also use traditional marketing channels such as trade expos.

While the government firmly supports the K-defence campaign, corporate representatives seem to identify the greatest obstacle to increased exports as the government's lack of experience in strategic exports. One issue is the institutional unpreparedness to handle large deals (see, for example, the case of export credits in Chapter 5.5.2). Another issue is the discrepancy between government rhetoric and action. Government representatives market Korean defence equipment as a comprehensively state-supported business, but have offered little or only passive support for individual business agreements. The government is aware that arms exports send stronger political signals than other types of trade and therefore refrains from exporting to certain countries, not primarily because the ROK government sees it as problematic from a Korean foreign policy perspective, but in order to maintain good relations with the United States, Russia, and other important trading partners. This is how Seoul's value-neutral approach to foreign policy, whereby other countries are primarily seen as potential trading partners (see Chapter 2.5.3), plays out in practice. This cautious predisposition is likely why the government has been reluctant to provide active diplomatic support to Korean companies in international procurement. The worst-case scenario imagined by defence companies is to lose a deal despite placing a highly competitive bid due to slow government administration and a lack of diplomatic support, as in the 2024 Australian ship procurement.[398] Defence industry representatives have expressed hopes that the government will make greater efforts to build confidence with potential customers.[399]

5.5 Case study: the Poland deal

How are the above-described strategies implemented? This section analyses the Poland deal, that is, the framework agreements signed by South Korea and Poland in August and October 2022 worth at least USD 44.2 billion, illustrated in Table 5h below.[400]

The delivery of 48 FA-50s is split into two tranches, with two executive contracts (EC) for 12 and 36 aircraft, respectively. Out of a total of 670 K9s, there are to date two ECs that detail a first tranche of 212 units in 2022–2025 and a second tranche of 152 units scheduled for delivery between 2025 and 2027, with local Polish production of the remaining units starting in 2026. As for the 980 K2 tanks, two contracts have been signed for 180 + 180 units, with EC1 delivery in 2022–2025 and EC2 delivery starting in 2026. EC2 comprises 119 tanks delivered from Korea, with local Polish production

394 The One Team campaign is primarily managed by MOTIR.

395 ROK Presidential Office. "Briefing by Spokesperson Kim Nam-jun on the Presidential Chief of Staff and Senior Advisers Meeting chaired by the President" (23/10 2025).

396 Jang et al. "*Analysis of K-Defence Export Support Systems…",* p. 28.

397 DAPA, DTaQ & KRIT. *2025 DQ Certified Products* (22/12 2025). The catalogue includes 87 products from 39 manufacturers.

398 Cho Cheol-oh. "(Exclusive) ROK govt. issues export permits component by component while German, Japan govt. provide 'blanket pass.'" *Hankyung* (25/11 2024).

399 Kim. "K-Defence's 'Big 4' saw 99% surge in operating profit last year."

400 Sim et al. "*Assessment of the Global Competitiveness of Major Domestic Defence Products…",* p. 77.

Table 5h The South Korea–Poland framework agreements of August and October 2022.

Equipment	Manufacturer	Number (delivered no.)	Full delivery due
FA-50	KAI	48 (12)	2028
K9	Hanwha Aerospace	670 (212)	2030
K2	Hyundai Rotem	980 (180)	2034
K239	Hanwha Aerospace	290 (174)	2029

Note: The table provides estimated delivery numbers as of February 2026.

Source: Compiled by the author.

of the remaining 61 tanks from 2028.[401] It was initially speculated that EC2 would conclude the K2 deal, however it seems the parties have agreed to divide the deal into more tranches due to frictions in negotiations.[402] Finally, deliveries of K239 were divided into two tranches with EC1 for 218 launchers (with rockets) and EC2 for the remaining 72 launchers by 2029, 60 of which will be manufactured in Poland.[403] In a third executive contract, Hanwha and Poland agreed to produce rockets for the K239 in Poland with deliveries starting in 2030.[404]

5.5.1 Success factors

Through conversations with Korean and international sources, this author has learned that Koreans tend to view the Poland deal as a great success providing a significant boost to Korean materiel exports. The deal has received considerable international attention for its large scope and later for its quick deliveries, and is credited with putting K-defence on the map. The deal highlighted precisely the properties of Korean arms that industry and government representatives want to promote: tailor-made package deals at a good price.[405] The section below analyses in more depth the three most important success factors: adaptability, technical cooperation, and package deals.

A critical condition that sealed the deal for Poland was quick deliveries to backfill stocks of equipment that had been donated to Ukraine. Warsaw rejected other offers that did not meet the speedy delivery criteria. South Korean analysts take pride in the successful cooperation between the government, the ROKAF, and the defence industry that made record-fast delivery possible through transferring materiel that was already produced (or in production) to Poland from the original customer (namely, the ROKAF). A first partial delivery, consisting of 10 K2 tanks and 24 K9 howitzers as "gap-fillers," was completed in only a few months, followed by the first 12 FA-50 within a year, supporting rapid delivery as a core feature of the K-defence brand.

Another condition from the Polish side was a high degree of domestic contribution. Poland was looking to not only import equipment, but also to establish local facilities for manufacturing, MRO, and continued technical development. South Korea met these demands. The contracts agree on extensive technology transfers and permit Poland to make its own adaptations of the equipment, both for domestic use as well as for export. EC1 with Hyundai Rotem includes the transfer of the K2's full technical specifications, and EC2 states that Rotem will establish a joint production plant with Polska Grupa Zbrojeniowa to manufacture the Polish version, K2PL. Korean representatives have also signalled an interest to jointly develop the next generation tank K3 together with Poland.

One final factor that secured the deal, according to Korean stakeholders, was the attractive package deals. In addition to the weapons systems, the sales included logistics support, education, and support systems such as ammunition and infantry fighting vehicles. In other words, the packages are deemed to offer good value for money. In the case of FA-50, the contracts state that KAI should also deliver an advanced flight simulator, training for Polish pilots and mechanics, and a logistics package including spare parts and consumables.[406]

401 Oskar Pietrewicz. A Maturity Test for the Poland-South Korea Partnership. *Korea On Point* (25/11 2025).

402 Jeong Jae-hwon & Kim Seo-young. Hyundai Rotem's K2 tank deal drags on, sparking worker protests in Poland. *The Chosun Daily* (2/4 2025).

403 Jakub Borowski. Poland becomes a rocket manufacturer—Contract for Homar-K signed. *Defence24* (29/12 2025).

404 Hanwha Aerospace Europe. *EC3 Homar-K Agreement Signing Ceremony* (8/1 2026).

405 Based on the author's overall impression from the interviews, supplemented with information from open sources.

406 Bartosz Glowacki. With Korean aircraft buy, Poland pushes beyond post-Soviet airframe legacy. *Breaking Defense* (20/9 2022).

The contracts with Hanwha for the K9 include the fire support vehicles K10 and K11, education and logistics packages, and a large stock of artillery shells.[407] EC1 with Hyundai Rotem includes 81 support vehicles and EC2 includes ammunition, education, and logistics packages.[408] The package deals also extend beyond the defence sector. Polish offset requirements motivated South Korean investments in the Polish semiconductor, battery, and energy industries.[409] Here too, Korean analysts are proud of the government's flexibility to meet offset requirements in other sectors.

The education and training that Polish military personnel have received has reportedly been of a satisfactory standard. In a 2024 interview, a Polish pilot recounts his experience of receiving an unexpectedly warm welcome during his FA-50 flight lessons in South Korea.[410] While these positive remarks could be diplomatically motivated, Poland has openly expressed criticism towards other parts of the deal. As such, there is no obvious reason to believe that the pilot was intentionally exaggerating.

5.5.2 Setbacks

While the initial deal was sealed quickly, deliveries have been challenged by delays and financial uncertainty. Even though the first batches of equipment were delivered swiftly, subsequent tranches have been delayed. As per the original agreement, Poland was supposed to begin local production of K2 by 2026, but will not be able to do so until 2028. The reason is that the manufacturer assigned to produce K2PL, WZM, charges more for the job than the price quoted by Hyundai Rotem, because WZM needs to invest in new production technologies. As such, EC2 could not be signed until the Polish government and WZM agreed on the pricing. The South Korean martial law crisis in December 2024 further delayed the process.[411] As a result, Polish contractors will produce fewer tanks than had originally been agreed, meaning benefits to the Polish economy will fall short of expectations.

Delivery of the final 36 FA-50PL as stipulated in EC2 with KAI has also been delayed. The delivery was supposed to begin in 2025, but is now expected for mid-2027 at the earliest. The reason for this is a misunderstanding regarding the aircraft's munitions. Poland claims that KAI agreed to equip the FA-50PL with US air-to-air missiles, whereas KAI claims that missile integration was offered but not finally agreed upon. As a consequence, KAI had not filed an export permit request with the US missile manufacturer. This unexpected administrative workload and the extra time needed to integrate the missiles with the aircraft translate into a two- to three-year delay.[412]

The framework agreement with Poland is the single largest business deal that South Korea has ever closed. For most public officials involved in the process, it was their first time managing a deal of this size and the lack of experience shines through. The fact that the agreement was signed before financing had been secured became a source of significant uncertainty. The total value of the framework agreement exceeded USD 40 billion, of which the first tranche was valued at USD 12.4 billion (approximately KRW 17 trillion). From the outset, it was known that Poland was able to finance at most one-third of the value of the first tranche and so it was agreed that the remainder would be financed by export credits issued by KEXIM. However, KEXIM's credit was already exhausted after the first tranche, which cast the rest of the deal into uncertainty.[413]

At the time, legislation stated that KEXIM must not offer loans exceeding 40 per cent of its equity capital to a single recipient. As the bank's capital stood at KRW 15 trillion, it was possible for an individual debtor to borrow a maximum of KRW 7.35 trillion.[414] Poland borrowed 6 trillion won to finance the first tranche. However, the remaining 1.35 trillion was nowhere near enough to finance the second tranche, worth KRW 30

407 Bartosz Glowacki. Poland's massive tank, artillery and jet deal with S. Korea comes in shadow of Ukraine war. *Breaking Defense* (29/7 2022).

408 Tim Martin. Hyundai Rotem expects delayed Polish K2 tank contract to be signed by November. *Breaking Defense* (12/9 2024); Lee & Lee. Korea finalizes second deal with Poland.

409 Jakob Bornio. South Korea Grounds Its Position in the Central and East European Defense Market (Part One). *Eurasia Daily Monitor/ Jamestown Foundation* (18/1 2023).

410 Kim Sung-hoon. "'I was amazed by the Korean FA-50 fighter jet'… why a Polish fighter pilot praises it so highly" *Maeil Kyungje* (1/12 2024).

411 Lee & Lee. Korea finalizes second deal with Poland to export 180 more K2 tanks.

412 Valeska. Groundbreaking delivery of FA-50PL fighters. When will they reach Poland? *Orla* (25/10 2024); Stefano D'Urso. Poland Moves to Arm FA-50PL with AIM-9X. *The Aviationist* (21/1 2026).

413 Yoon. "*K Becomes a Defense Industry Genius*", p. 97.

414 "Enforcement Decree of the Export-Import Bank of Korea Act" art. 17 para. 5 (2022:32528); "Export–Import Bank of Korea Act" art. 4.

trillion. To address this (highly predictable) predicament, a legislative amendment process was initiated to double KEXIM's credit limit to KRW 30 trillion. It took over six months from the time the bill was proposed until it was passed and came into force in April 2024, and in the end, the bank's equity was raised to only KRW 25 trillion.[415]

Meanwhile, over the course of autumn 2023 and spring 2024, Poland's ability to finance the deals was shrouded in uncertainty and it was widely speculated that they would be cancelled unless South Korea could somehow provide more financial support. In the absence of alternatives, the ROK government offered to grant Poland a commercial bank loan worth KRW 3.5 trillion, pooling capital from five different banks. However, this deeply offended the Polish defence minister, who described the offer as "unacceptable" and implied that Poland would withdraw from the deal.[416] The deal was eventually saved when the legislative amendment passed in the National Assembly. Polish confidence in South Korea appears to have recovered, too, seeing how the two countries have signed additional MOUs to expand bilateral cooperation.[417] Still, the export credits should not have been exhausted, since South Korea knew from the very beginning that Poland was in need of export financing. In this case, South Korea comes across as an unprepared business partner that rushed through the agreement before the details were in order.

5.5.3 Opportunities and limitations of the next Big Deal

All mainstream voices in the South Korean media and political spheres appear to agree that the Poland deal was a unique success for the domestic defence industry. Although stakeholders now realise that they aimed slightly too high, with this experience under its belt, the defence industry will not hesitate to sign deals of the same or even larger size if the opportunity should arise.[418] The single greatest takeaway was the importance of export financing, and lessons learned from KEXIM's credit limit have sparked interest in alternative models to secure financing for arms exports specifically. For example, Korean analysts are examining the Swedish Export Credit Agency as a potential role model.[419]

At present, KEXIM's lending to an individual debtor is capped at KRW 10 trillion (equivalent to EUR 6 billion), a sum that should be sufficient to finance a couple of export deals per year. However, if the industry indeed intends to expand its business within markets characterised by weaker state finances (for example, Latin America and Southeast Asia), the raised credit limit may still prove insufficient. The Poland deal presented South Korea with the opportunity to demonstrate its fast delivery times, willingness to transfer technology, and approach to package deals. There certainly are several potential customers who value these traits highly, especially among states that are in the midst of rearmament and military modernisation.

5.6 Summary

In summary, since 2003, South Korean arms exports have increased both in monetary value and military utility (TIV). In terms of monetary value, exports have increased significantly since 2020. The boost in European demand following the outbreak of the war in Ukraine is a key driver. In parallel with increased demand, the ROK defence industry's large production capacity, competitive pricing, and satisfactory quality have led more countries around the world to choose Korean materiel. The states that imported the most Korean materiel in the past five years were Poland (ground systems), the Philippines (ships and naval systems), and the UAE (air defence systems). The wide geographical distribution and wide range of capabilities of South Korean arms exports testify to the extent to which the Korean defence industry has developed since the early 2000s. The versatile sales performance supports the government's K-defence campaign and portrays South Korea as an all-round supplier with a product portfolio that offers everyone something of interest.

The average delivery time of Korean arms—3.3 years—is comparable to that of other countries. The delivery times for armoured vehicles and ships have

415 Kim Dong-gyu & Lee Sul-gi. "K-defence hampered by export financing… 'Nat Assembly must urgently process Export-Import Bank Act amendment'." *Yonhap News* (14/1 2024); An, Ok-hee. "K-defence's breakthrough in the '30 trillion won' export deal… Smooth sailing ahead as KEXIM Act passed." *Hankyung Business* (1/3 2024); "The Export-Import Bank of Korea Act" art. 4.

416 Jaroslaw Adamowski. Poland, South Korea wrangle over big-ticket weapons financing. *Defense News* (9/2 2024).

417 Vanessa Gera. South Korea signs security agreement with Poland to boost economic and defense cooperation. *AP News* (5/3 2025).

418 Interview 11.

419 Jang Won-Joon, Kim M.A & Park H.J. The Crucial Role of Financing in Defense Exports: Focusing on the Korea-Poland Deal. *I-KIET*. No. 158 (31/1 2024); An Tae-hun. "Defence Industry Export Status and Future Challenges." *NABO Focus*. 74 (National Assembly Budget Office, 31/7 2024).

not changed since 2018, while artillery weapons are delivered slightly faster, and aircraft and missiles are delivered somewhat slower, than previously. However, the short delivery time for army equipment is not primarily caused by quicker manufacturing processes, but by the political decision to prioritise foreign sales over domestic procurement. Analysts generally appear to have in mind deliveries of artillery and armoured vehicles when talking about short delivery times as a distinct Korean advantage. This claim is only partially true, however, because ground systems are not entirely representative of the defence industry as a whole.

5.7 Final reflections on South Korea's competitiveness in arms exports

How South Korea's competitiveness on the global defence market will develop remains an open question. Will South Korea rank in the global top five by 2030? It is possible to define competitiveness in various ways. It is frequently defined as an economic measure of productivity in relation to costs, or more broadly as a company or country's ability to generate economic wealth.[420] It has also been argued that export volume in itself is a measure of international competitiveness.[421] Competitiveness is here defined as national-level circumstances that boost or reduce the international appeal of domestic arms. The analysis does not compare South Korea's competitiveness to that of other countries, nor does it assess the economic performance of Korean defence companies. Rather, the aim is to analyse the extent to which South Korea fulfils four criteria of successful arms exports and how the degree of fulfilment supports or undermines the government's ambitions.

The analysis assesses the following four success criteria: 1) performance and functionality; 2) order volumes, delivery times, and pricing; 3) market access; and 4) business reputation. Performance and functionality refer to the competitiveness of Korean materiel in terms of technological edge and quality compared to market alternatives. Order volumes, delivery times, and pricing refer simply to how these aspects affect South Korea's competitiveness. Market access refers to various geopolitical and economic factors that facilitate or impede Korean exports to different markets. Business reputation refers to how South Korea's export and foreign policy strategies appeal to, or repel, international customers. These four criteria were identified based on the author's impressions while researching and conducting the study.

5.7.1 Performance and functionality

It is generally difficult to assess the performance and functionality of defence materiel, but South Korean arms do seem to perform well in relation to their price tag. The best quality appears to be found in mass-produced land warfare systems, while advanced platforms that incorporate a lot of electronics perform more poorly.[422] The ROKAF is the primary reference customer, though Korean arms have been operationally tested by other militaries in peacetime routine missions and peacekeeping operations, as well as in a few instances of active combat operations (see Chapter 5.1.1).

Several factors indicate a strong potential for South Korea to strengthen its competitiveness in terms of performance and functionality. A first factor is the industry's large order intake. More orders mean more experience and opportunities for innovation as the engineering workforce is presented with opportunities to learn by doing. The industry may also acquire new knowledge from abroad as it enters into cooperation agreements with more countries. Similarly, the wider international use of Korean arms will also generate more performance data and qualitative feedback on the basis of which the manufacturers can make adjustments and develop new models adapted to specific operational environments. A second factor is South Korea's extensive investments in STEM education and research. The ROK invests a significant share of its GDP in R&D and approximately one-third of Korean university students are enrolled in STEM programmes. Indeed, according to some measures, South Korea has the best conditions for technological innovation of any country in the world (see Chapters 3.1 and 3.4). In other words, South Korea appears to have good chances of making advancements in military technology in the medium to long term.

On the other hand, circumstances suggest South Korea's competitiveness in terms of performance will remain unchanged or even be reduced. First, the industry lags behind in advanced and integrated systems. The ten strategic priority areas in national defence research are one indicator of South Korea's knowledge gaps (see Chapter 3.3.4 and Appendix 2). Although the

420 C.f. Juhana Vartiainen. *Konkurrensutsatthet och konkurrenskraft* (Confederation of Swedish Enterprise, 2018): pp. 8–9.

421 Martine Durand, Jacques Simon & Colin Webb. *OECD's Indicators of International Trade and Competitiveness, Working Papers No. 120* (OECD, 1992).

422 Interview 3.

government is investing large sums to bridge these gaps, the national innovation system is characterised by hesitancy to undertake difficult research assignments out of fear of failure, which could hamper technical progress. Further, the stated aim of current defence science and technology strategies is to catch up, not necessarily to innovate. Besides, the defence industry remains an unattractive employer for many young engineers (see Chapter 3.4) and there is a lack of confidence in the industry's ability to absorb and implement the results of national R&D projects. Second, the economic outlook is not too positive. If economic growth stagnates, the government (and Korean businesses, which finance about 90 per cent of total national R&D expenditure) may be forced to invest less in R&D (see Chapter 3.1). Another aspect of Korean politics that inject uncertainty into this calculus is the "partisan pendulum," that is, the tendency of presidential administrations to engage in short-term (five-year) policy planning as political priorities change drastically from one administration to the next (see Chapters 2.2 and 5.4.3). Despite the government's efforts to promote cooperation and knowledge exchanges across civil and military research, the threshold for technology transfers to the defence ecosystem remains high.

5.7.2 Order volumes, delivery times, and pricing

The Korean defence industry is characterised by its capacity to manufacture large volumes of materiel relatively quickly. The analysis of delivery times above shows that international orders, on average, have a minimum lead time of 1–2.5 years, roughly equivalent to the time needed to clear administrative processes. In the case of made-to-order arms (in contrast to second-hand equipment), customers may expect to wait an additional 0.5–4 years (see Chapter 5.1.2).

There are several factors that suggest the defence industry is well-poised to strengthen its competitiveness in terms of these aspects. Global demand is high as a result of the unstable security landscape. Some states face an urgent need for defence build-up or modernisation due to emerging threats or donations of national equipment stocks to states at war. South Korea's capacity to manufacture large volumes of arms in a relatively short time span is well-suited to meet demands where volume and delivery time are more important than world-leading performance. The industry has not yet maxed out its capacity utilisation and is able to pick up the pace of production if necessary. Importantly, greater production volumes bring economies of scale and lower production costs per unit, which could lead to lower price tags. In addition, the analysis shows that export deals are more profitable than domestic procurement. Larger export volumes thus mean a higher profit margin, which could allow an even more competitive price point (see Chapter 5.3). Additionally, most defence companies derive most of their revenue from civilian manufacturing, and this business could compensate for lower profitability on the defence market.

Still, there are other factors that challenge the defence industry's pace of production and pricing competitiveness. One such factor is that the cost of manufacturing weapons systems has grown dramatically over the past few decades. The more advanced technology a system integrates, the higher the costs. Sustaining cost efficiency while climbing the complexity ladder is thus a big challenge. The defence industry's profit margin on arms sales is low relative to that on civilian sales, even though it has improved in the past few years (see Chapters 4.1 and 5.3). The question is therefore whether companies can afford to maintain current price levels if, or when, production costs rise. The large order intake makes the situation even more difficult. The industry has taken on a historically large order backlog, with a significant risk of longer delivery times as a result. That said, even delayed deliveries can be fast in an international comparison.

New orders may be subject to delays caused by external developments or administrative bottlenecks. Fast-track procedures are only available for domestic procurement, while export deals need to go through several legal reviews and the paperwork can probably only be expedited to a certain degree (see Chapters 5.1.2 and 5.2). The extremely fast deliveries to Poland were possible because delivery-ready equipment was available, the original customer was willing to wait, and the deal was supported at the highest political level; these are unique conditions that cannot be taken for granted in the future. Relatedly, local adaptations mean longer lead times. For example, the FA-50 is currently being manufactured in at least three parallel variants—FA-50PL (Poland), FA-50PH (Philippines), and FA-50M (Malaysia)—with each model having different technical specifications. Delivery times will therefore be longer than for standardised off-the-shelf products. In addition, there are shortcomings in the companies' collaboration and the government's marketing, which can mislead customers and delay deliveries. On a final note, delivery is only the first step towards fulfilling a contract. An increasing number of deals now take the form of so-called package deals that, in addition to the arms, also include aftermarket services such as spare parts supply and maintenance operations to keep the weapons systems operable for five, ten, or even 30 years. Given that South Korea introduced package deals fairly recently (within the past ten years or so), there is not enough data to make general assessments of how satisfied customers are with ROK performance in these areas. The long-term scope and strategic significance of these types of services mean that South Korea's ability to meet expectations matters for its reputation as a reliable security partner.

5.7.3 Market access

South Korea has established defence industrial trade relations with at least 38 countries, many of which are returning customers. The ROK's biggest export markets for major arms are Europe, Asia, and Oceania, with favourable trade relations also extending to the US, the Middle East and North Africa, and Latin and South America (see Chapter 5.1.3 and 5.3.1). Arms exports require an export permit from DAPA, and in case the weapons system contains foreign technology, from the technology's country of origin (see Chapter 5.2).

It appears South Korea has ample opportunities to expand its market access. The fact that governments are influenced not only by performance and pricing when choosing arms suppliers, but also by bilateral relations, power dynamics, and historical events, likely works in Seoul's favour. South Korea's unproblematic foreign policy could become a competitive asset both to deepen ties with existing customers such as the US and to connect with new trade partners. Although the Lee administration has not adopted a dedicated Indo-Pacific strategy, President Lee clearly wants to increase cooperation with neighbours in Southeast Asia (see Chapter 2.5.3). In comparison to European great (and former colonial) powers with an Indo-Pacific strategy, such as France, South Korea's political history as a previously colonised and war-torn nation is more likely to resonate with Indo-Pacific nations. In addition, South Korea offers generous offsets in the form of technology transfers, which equalise power asymmetries between buyer and seller. Southeast Asian countries that have previously purchased equipment primarily from great powers may thus view deepened cooperation with South Korea as a good geopolitical investment.

Another facilitating factor is South Korea's increasing component localisation rate. As the defence industry becomes more self-sufficient and uses domestic alternatives to components such as those made in the US, defence companies can more freely choose export markets and do not need to spend as much time and effort navigating the politics of technology transfers. At present, about nine in ten system components are domestically developed (see Chapter 3.3.2). A final beneficial factor is the industry's broad product portfolio that includes ground, maritime, and aerospace systems. The only types of materiel that K-defence has not so far exported are satellites and sensors (see Chapter 5.1.1). A wide range of products potentially appeals to a wide range of customers.

However, the prospects for stronger competitiveness in terms of market access are not entirely positive. The biggest concern is South Korea's dependence on foreign suppliers of critical weapons system components. While defence industry representatives are optimistic about export growth in warships and aircraft, the localisation rate for aircraft is relatively low at 52.5 per cent, whereas foreign components account for approximately 11.5 per cent of the value of exported ships (see Chapter 3.3.3). These dependencies not only limit South Korea's opportunities for free trade, but also pose risks for supply security.

Due to the great tactical and financial value of materiel, arms trade has far greater symbolic value than other types of trade. This means that arms exports may have far-reaching consequences for diplomatic and foreign policy relations. South Korea therefore must consider the risks of facing geopolitical backlash. For example, it is conceivable that Beijing will retaliate economically to reassert dominance if South Korea strengthens defence and defence industrial ties with states in China's vicinity. So far, South Korea has sought to balance the interests of its trade partners against US foreign policy interests (see Chapter 5.2), and declined to directly transfer arms to Ukraine so as not to disturb bilateral trade relations with Russia (see Chapter 2.5.3). Economic pressure campaigns by countries such as the US or China would most likely influence Seoul's calculus. Stability in state finances becomes even more important if South Korea intends to finance its increased arms exports with export credits (up to EUR 15 billion per year). On a final note, South Korean market expansion is constrained by path dependencies in states' equipment inventories and the incompatibility of weapons designs. A state that already possesses Chinese or Russian-made equipment and wishes to integrate Korean munitions with existing platforms would need to make costly adaptations that could lead the potential customer to opt for other suppliers.

5.7.4 Business reputation

Since 2021, an increasing number of export deals have been conducted through G2G contracts. The government's interactions with other governments and its sales, marketing, and confidence-building methods are thus of greater significance than before. South Korean government officials are relatively new to the global defence market. The first G2G deal was completed in 2009 and this procedure accounted for only a small portion of South Korea's export contracts until the 2020s. Public officials therefore have limited experience. The export credit debacle in the Poland deal portrayed South Korea as an inexperienced trading partner, but South Korea did manage to amend the legislation relatively quickly and also has many repeat customers. The fact that Indonesia, the Philippines, Thailand, and Poland, for example, have chosen to deepen their trade relations with Seoul indicates that they were satisfied with previous transactions.

South Korea's business reputation is also affected by developments in its domestic politics, not least the martial law incident and the ensuing domestic political crisis. Some argue that Yoon's actions exposed South Korea's true authoritarian nature, while others highlight civil society's resistance and the armed forces' respect for human rights as proof of South Korea's reliability as a staunch democracy even in difficult crises (see Chapter 2.2). The Lee administration has made clear its intention to get rid of authoritarian legacies in political institutions and rebuild trust internally and externally, though it remains to be seen how exactly the president will achieve this. Finally, Korean discourse seeks to portray Korean arms exports as promoting world peace and global democracy. Yet at the same time, South Korea has refrained from exporting weapons directly to Ukraine, despite considerable pressure to do so by European partners (see Chapter 2.5.3). Korean stakeholders claim that exports to countries at war are illegal, but a careful reading of the legislation shows that the government can grant exports even to active war zones if this is considered to be in the national interest. The unwillingness to assist a war-torn democracy when it is duly needed suggests that South Korea currently does not live up to its self-imposed role as an arsenal of democracy. Rather, it engages in defence cooperation only when doing so does not have negative consequences for Korean business and trade interests, which Russia has made clear will be the result of any Korean arms exports to Ukraine.

5.7.5 Future prospects

The ROK government appears to use SIPRI data to assess the growth of national arms exports. The MND and government research institutes cite SIPRI in calculations of market shares, and KOTRA recommends private companies to use SIPRI data to analyse defence market trends.[423] While the government most certainly also uses non-open sources, it appears likely that official assessments of export growth are at least partially based on SIPRI data. The following analysis assesses South Korea's prospects of reaching six per cent of the global market by 2030, as measured in millions of TIV.[424]

To achieve the six per cent target, South Korea must deliver arms worth a total of 9,250 TIV, assuming that the market in 2026–2030 is of equal size to that in 2021–2025. According to the SIPRI Arms Transfer Database, the ROK defence industry is due to deliver 19 contracts, worth a total of 4,772 TIV, by 2030.[425] The defence industry should have sufficient capacity to deliver these orders within the agreed-upon timeframe, but these orders alone fulfil just slightly more than half of the value needed to achieve the six per cent target.

An additional 24 contracts registered by SIPRI still lack an expected delivery date and have a total value of at least 8,750 TIV. If South Korea manages to deliver at least half of this volume by 2030, it would be possible to reach the six per cent target. However, it may not be that simple. About 75 per cent of the combined value of these 24 contracts entails partial or full delivery in the form of licenced production in the purchasing state.[426] In comparison to the delivery timelines of off-the-shelf goods, Korean actors naturally have significantly less control over licenced production, as exemplified in the Poland deal.

423 See for example ROK MND. *2022 Defense White Paper*, p. 323; Korea Trade Investment Promotion Agency. *Defense Exports Overall Guidebook*. 21–187 (2021): p. 23; Sim Sung-eun. "Strategies for the Positive Development of Arms Exports to Europe." *National Assembly Research Service*. No. 2276 (4/10 2024).

424 DAPA. *About DAPA—Major Goals*.

425 South Korea is expected to deliver approximately 440 artillery weapon units, 620 armoured vehicles, 6 air defence system batteries, 12 ships and 54 aircraft by 2030 in fulfilment of 19 contracts signed pre-2026. Another six contracts worth 980 TIV are expected to be fulfilled by 2031–2033. While it is possible that these could be delivered pre-deadline, the value is nonetheless insufficient to achieve six per cent of the market.

426 Out of 9,656 pieces of equipment, only 17 per cent are confirmed as produced in South Korea. 3 per cent are confirmed as fully licenced production, whereas 80 per cent of the arms will be produced partially under licence.

Another caveat is that the above calculations assume that the defence market remains unchanged in size. More realistically, the market will grow in step with increased global defence expenditures. A larger market would entail an upward adjustment of the six per cent target, in which case South Korea needs to secure more deals. In this context, South Korea appears to be well-positioned to win additional contracts, not least due to the current geopolitical landscape that generates high demand for rearmament and quick deliveries. Yet, administrative bottlenecks in South Korea's arms export process could delay both the signing and fulfilment of new contracts. In the medium term, the industry must find ways to manage cost overruns and delays that could arise as a consequence of the large order intake. If new contracts require customisation, delivery times may become longer than the 3.3-year average, which in turn would mean that the industry would be pressed for time to deliver contracts signed in 2027 or later. South Korea's foreign policy image and increasing technical self-sufficiency would also appear to be factors that benefit an expanded market share. The most promising markets appear to be Europe, North America, and Asia and Oceania, as well as states with unfriendly ties to China, Russia or Israel. At the same time, we may expect market competition to intensify as the revitalisation of the European defence industry picks up speed. In sum, the objective to gain six per cent of the market by 2030 appears ambitious but not entirely unrealistic. South Korea's ability to meet this target is supported by the industry's production capacity, with short lead times and competitive pricing. However, the industry's already full order books and the large share of equipment to be produced locally under licence risk leading to extended delivery times.

Beyond 2030, the government's targeted subsidies for the development of domestic components may facilitate export deals, as other countries' consent to technology transfer will become a non-issue, thereby reducing uncertainty in delivery timelines. In the medium term, over 10–15 years, investments in technology development are likely to yield results, and the conditions for improved performance in the next generation of Korean equipment appear favourable. At the same time, South Korea's limited edge in technological innovation appears to be the country's main competitive disadvantage in the long term. The Lee government is taking office with momentum for reform, but Korean presidents have previously struggled to break old institutional habits. The development of Korean arms exports in the future is also dependent on South Korea's national security situation. For example, domestic equipment needs could change as a result of changes in North Korean or Chinese threats or in the US military presence, in which case the government may pressure defence contractors to prioritise domestic procurement.

On a final note, a global market share of a certain percentage is not necessarily the best target for stimulating the development of the Korean defence industry in line with national policy objectives. Market share is certainly a relatively simple measure, both to calculate and to understand, but it says very little about the defence industry's independence, cost-effectiveness, or contribution to national economic growth. Rather, market shares carry symbolic political value, and South Korea's current approach of aiming at export growth in all materiel categories indicates that the strategy is driven primarily by prestige and identity politics to promote the image of South Korea as a medium-sized power and a major exporter of defence equipment.

6. Conclusion

South Korea has come a long way towards achieving its goal of a self-reliant defence industry. Few other countries have built a domestic defence industry almost from scratch and then become one of the world's largest arms exporters in just 50 years. In 2024, the South Korean defence industry's revenue amounted to KRW 26,774 billion (EUR 16.1 billion), a 32.5 per cent year-on-year increase, of which approximately 25 per cent came from international sales. In 2021–2025, South Korea held a 3 per cent share of the global arms market. This marks a near fourfold increase compared to 2010 and a 40-fold increase compared to 25 years ago.

The aim is to understand the development of South Korean arms exports. By analysing the country's political history, the structure and governance of its defence sector, and the characteristics of its arms exports, the study seeks to answer the question "*How, and why, has South Korea been able to achieve such remarkable arms export growth in the past 5–25 years?*"

The study highlights various explanatory factors: geography, political history, threats and military strategic interests, economic interests, and national identity issues. The North Korean threat has incentivised South Korea to build a strong defence industry with a large production capacity. Increased innovation has allowed the industry to market competitive weapons systems in terms of performance and price, laying the foundation for successful sales when demand rose significantly after Russia's invasion of Ukraine. None of these factors can alone explain South Korea's export successes. However, together they form a chain of preconditions that led to the establishment of a defence industry, its sustained development at a time when other countries reduced investment, and its growing foothold on the global market.

The country's geostrategic position and political history are the primary underlying explanations. The division of the Korean peninsula and the political conflict between North and South justify Seoul's perceived existential need for military capability. The North Korean threat, the potential destructiveness of which has increased over time, justifies large and well-equipped armed forces. A second underlying explanation is South Korea's decision to at least partially supply the ROKAF with domestically produced equipment. In the 1960s, South Korea was completely dependent on the US for national defence. The perceived unreliability of Washington's defence commitment created a need for diversified equipment supply. It is also extremely costly to equip more than half a million standing troops with solely imported arms. The ideological significance of autonomy and Korean self-determination, combined with the poor state of public finances at the time, made the development of a domestic defence industry the most politically attractive and cost-effective option that also met the requirements for security of supply. The importance of President Park Chung-hee's personal convictions and military background for the establishment of a domestic, privately owned but state-controlled defence industry cannot be overstated. Unlike China, which also built up a domestic defence industry to ensure its independence from foreign powers during the same period, President Park did not opt for state-owned defence companies. Instead, Park chose to take advantage of existing companies in the private sector, and more or less forced them to contribute to national industrialisation objectives by offering favourable terms inspired by the Japanese keiretsu model (today's chaebol) and by threatening legal consequences for firms that refused. The industry was then able to gradually shift from only selling to domestic customers to exporting arms during the 1970s and 1990s as national capability needs were satisfied. To uphold the industry's capacity efficiently, it became necessary to find new customers. The threat from North Korea remained, as did the need for continuing supply and modernisation of equipment. Cutbacks were therefore out of the question. Thus, there were both economic (absorbing overcapacity) and political (maintaining and further developing industrial capabilities) motives for arms exports.

This chain of events broadly explains why South Korea entered the international defence market. What lies behind the sharp increase in export volumes over the past 20 years? The biggest explanatory factor is the Roh administration's reform of the defence procurement system in the early 2000s. The establishment of DAPA in 2006 professionalised the management of materiel issues. The introduction of a competitive procurement model that did not grant companies any guaranteed revenue made it economically advantageous for the defence industry to broaden its customer base. The increased investment in innovation, research, and technical development by the business sector since the reform has borne fruit in terms of enhanced equipment quality. The transfer of responsibility for defence technology research from government institutes to the corporate level shortened the innovation chain that links new ideas to development and production, likely facilitating innovation processes. Prior to the reform, the defence industry was able to manufacture large quantities of arms relatively cheaply. However, this type of equipment does not appeal to countries that seek more high-tech defence solutions. By modernising its product catalogue to keep up with contemporary technological developments and satisfy its own national needs for high-tech warfare, South Korea has been able to carve out a niche for affordable alternatives with satisfactory technical performance. The temporal relationship between the above described internal explanatory factors are illustrated in Figure 6a below: with South Korea's geostrategic concerns as a baseline, the emergence of supply security as a core policy priority, the subsequent saturation of the domestic defence market, and finally a higher degree of technical innovation.

Other possible contributing explanations include the introduction of G2G contracts in 2009, which engaged authorities in export promotion. Having the state as guarantor can increase the reliability of Korean arms sales and attract states that would otherwise have chosen another supplier. Several high-value deliveries in the mid- to late 2010s were contracted through G2G channels.

In addition to these internal explanatory factors, South Korea has also benefited from favourable external factors. Exports take place in a market context, which means that demand is as important as supply. The geopolitical reality of today, marked by several parallel armed conflicts, is quite different from the perceptions of peace and security in the 1990s, characterised by careful optimism that the world had entered into a global age of peace. Since the year 2000, global defence spending has doubled as a result of increased security policy instability. This surge in demand for defence materiel, in combination with the global decline of democracy, has given South Korea an opportunity to advance its market position as a supplier of arms manufactured by a democracy, for democracies, without political concessions.

Developments since 2022 have created exceptional opportunities for South Korea to increase its exports of military equipment. Russia's invasion of Ukraine has driven demand in Europe, while Trump's approach to US alliance management is creating incentives for countries outside Europe to look for alternative suppliers of military equipment. Further analysis of factors that drive or inhibit global demand for arms over the next five to ten years appears to be important for understanding K-Defence's prospects for maintaining momentum over the longer term.

Finally, there are potential downsides to persistently high export volumes. The fundamental raison d'être for the South Korean defence industry is to fulfil domestic demand, after all, yet exports are associated with higher prestige and also appear to be more profitable than doing business with the country's own armed forces. If both political and economic incentives push Korean defence companies towards the international market and encourage them to fill their capacity with international orders, there is a risk that the ROKAF's equipment supply will suffer. Without a sustainable balance between imports and exports, the development trajectory risks collapsing.

6.1 Implications for European security

What lessons can other countries learn from K-Defence? A first conclusion is that security policy context matters. The conditions for defence industrial development are set by domestic policy, which in turn is influenced by country-specific circumstances. The importance of South Korea's constant perception of North Korea as an existential threat for the development of the defence

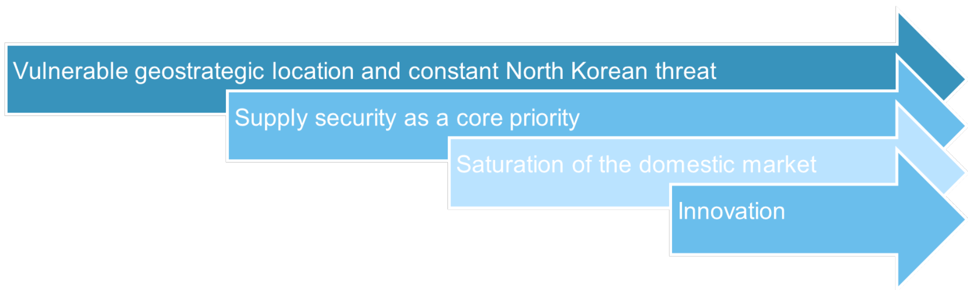

Figure 6a A graphical representation of internal explanatory factors for the rise of K-Defence.

industry cannot be overstated. South Korea has built up its defence industry over many decades by constantly prioritising it as a national interest. In some sense, the baseline for the record-high export volumes since 2022 was created on 25 June 1950, the day of the North Korean invasion. Maintaining a high defence industrial capacity over a long period of time is costly, and as is the case with all policies, political decisions have opportunity costs, that is, the hypothetical sum of funds that could have been invested elsewhere. Countries need strong geopolitical reasons to spend a high proportion of the state budget on defence consistently and over a long period. In other words, defence industrial policy cannot be pursued separately from other national policies.

The motives of arms imports also play a role, as states value different things depending on the political objective of their armament efforts. Countries that seek to increase their export volumes would likely benefit from drafting strategies to appeal to different types of customers, though there are certain aspects of defence industrial competitiveness that the government cannot control. While political will and government support may allow defence companies to meet demands for fast delivery, technology transfers, or other material benefits, at the end of the day, arms trade is strongly influenced by strategic motives. In some cases, the purpose of arms imports or R&D cooperation is to forge closer bilateral ties in defence and security affairs. In these cases, bilateral relations between buyer and seller play a major role and a government may reject potential arms suppliers due to historical or expected shifts in diplomatic relations. In other words, defence industrial sales are closely intertwined with national security policy in both the importing and exporting country. Two suppliers that offer technically identical weapons systems may appeal to different customers depending on the countries' overall geopolitical positioning. A defence industrial strategy therefore cannot be copied from one country to another.

South Korea's broader security policy trajectory may have various implications for Sweden and Europe. For starters, the Lee administration will express a cooler interest than the Yoon government in the war in Ukraine, European security issues, and the weakened transatlantic link. This reflects both the tendency of progressive governments to devote less political attention to international issues in general and the troubling momentum in trilateral cooperation between North Korea, Russia, and China, which compels South Korea to focus closely on its immediate neighbourhood. This means there is limited policy bandwidth to consider security commitments elsewhere, and the Lee administration is unlikely to pursue protection of the liberal international order as a top foreign policy priority. This does not necessarily mean that South Korea will distance itself from Europe or abandon established cooperation mechanisms. South Korea remains a strategic partner of both the EU and NATO and, on the whole, pursues similar policy objectives. However, Korean–European engagement through 2030 will be motivated by realpolitik and concrete geopolitical needs, rather than a values-driven liberal agenda.

As such, the Lee administration will likely seize opportunities to strengthen cooperation with European countries when this benefits South Korea's economic and diplomatic interests *and* allows Lee to promote South Korea as a protector of the liberal world order. South Korea may invoke liberal values to justify policy choices such as strengthening ties between democracies, but the Lee administration is not expected to take the lead in protecting liberal values unless South Korea stands to gain tangible economic or political benefits by doing so. For example, Trump's policy unpredictability gives South Korea sufficient reason to diversify its cooperation and possibly shift its investment focus from the US to Europe, not out of democratic solidarity with the EU, but in pursuit of its own interests. It is more difficult to operate within the EU because of its stricter regulations, but the rules provide a stable investment environment. In addition, countries that have formulated an Indo-Pacific policy, including Sweden, may prove attractive partners because of shared interests in South Korea's immediate region.

The K-Defence campaign aims to portray South Korea as a middle power, partly for reasons of prestige and identity politics. As a middle power, Seoul can safeguard its strategic autonomy vis-à-vis both the United States and China and advance an interest-driven foreign policy.[427] It remains unclear which issues South Korea wants to pursue in an international context (aside from gaining support in the deadlocked standoff with North Korea), as there is no domestic political consensus on the country's long-term strategic goals. Nonetheless, 15 years from now, FOI and other research institutes may perhaps publish studies on K-resources, K-demography, K-diplomacy—or why not K-peace?

427 For more analysis of South Korea's position as an emerging middle power, interested readers are referred to Gabriella Körling. *Bortom stormakterna: En forskningsöversikt över mellanstora och regionala makters aktörskap*. FOI-R--5754--SE (FOI, June 2025).

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Interview 4: Government officials, Seoul, 23/4 2025.

Interview 5: Researcher at the Institute for National Security Strategy [INSS], Seoul, 23/4 2025.

Interview 6: Dr. Park Jae Jeok, Yonsei University, Seoul, 24/4 2025.

Interview 7: Economic journalist, Seoul, 24/4 2025.

Interview 8: Researcher in political science, Seoul National University, Seoul, 25/4 2025.

Interview 9: Researcher at a private-sector think tank, Seoul, 25/4 2025.

Interview 10: Researcher in defence analysis, Seoul 25/4 2025

Interview 11: Researcher in defence industrial issues, Daejeon, 28/4 2025.

Appendices

Appendix 1: The share of domestically produced materiel in the ROKAF's equipment inventory

One way to conceptualise defence industrial performance is to calculate the share of domestically produced materiel in the equipment inventory of that country's Armed Forces; see Lundberg, Björk & Lougui, *Svensk konkurrenskraft på försvarsmarknaden* (FOI, 2025). The calculations below are based on data from IISS and includes materiel categories for which IISS provides an estimate of the number of individual objects, for example, one armoured vehicle.

Appendix 1

Armed service	Materiel category	Number of domestically produced objects (share)	Remarks
The Army	Armoured vehicles	4,676 (78.5%)	1,000 K1, 450 K1A1/2, 260 K2, 500 K21, 1,700 KIFV, 60 K806, 450 K808, 256 K1/K21
	Artillery	4,980 (41~82%)	200 K105A1, 1,240 K9/K9A1, 1,500 KH178, 1,800 KH179, 40 K136, 200 K239 The origin of approx. 6,000 mortars is unclear. Scope of estimated share is based on the assumption that either none or all units are domestically produced.
	Helicopters	200 (33.4%)	200 KUH-1
	Air defence systems	317 (66.4%)	150 KIFV, 167 K30
	UAV	76 (100%)	36 RQ-101, 40 RQ-102K
	Total	**55.1%**	Out of a total of 18,582 objects, an estimated 10,249 were produced in the ROK (assuming that 6k mortars are of foreign origin)
The Navy	Submarines	3 (14.3%)	3 Dosan An Chang-ho (KSS-III)
	Surface combatants	26 (100%)	3 Sejong (KDD-III), 1 Jeongjo (KDD-III), 6 Chungmugong Yi Sun-sin, 8 Daegu, 3 Gwanggaeto Daewang (KDD-I), 6 Incheon, 2 Ulsan
	Auxiliary ships	51 (59.3%)	5 Pohang, 18 Gimdoksuri, 16 Chamsuri, 6 Kan Kyeong, 4 Yang Yang, 1 Nampo (MLS-II), 1 Won San
	Amphibious assault ships	20 (51.3%)	1 Dokdo, 1 Marado, 4 Cheonwangbong, 4 Go Jun Bong, 7 Mulgae I, 3 Mulgae II
	Aircraft	27 (28.4%)	(The Marine Corps) 27 MUH-1
	Armoured vehicles	120 (41.9%)	(The Marine Corps) 60 K1E1, 40 K1A2, 20 K808
	Artillery	198 (83.2%)	(The Marine Corps) 40 K9, 20 K9A1, 120 KH170, 18 K230
	Total	**64.5%**	Out of a total of 746 objects, an estimated 481 were produced in the ROK
The Air Force	Fighter jets	60 (14%)	60 FA-50
	AEW&C and reconnaissance aircraft	19 (57.5%)	19 KA-1
	Transport aircraft	0 (0%)	-
	Trainer jets	185 (100%)	83 KT-1, 49 T-50, 9 T-50B, 22 TA-50, 2 TA-50-II, 20 KT-100
	Helicopters	0 (0%)	-
	UAV	0 (0%)	-
	Total	**47%**	Out of 561 objects, an estimated 264 were produced in the ROK
ROKAF total	**Total**	**55%**	Out of 19,889 objects an estimated 10,994 were produced in Korea

Appendix 2: prioritised technology areas

This appendix presents South Korea's ten strategic areas of defence technology research and innovation for the period 2025–2039 as defined DAPA & KRIT, *"Defence Technology Objectives Plan: General Edition (2025–2039)"* (2025), summarised and translated into English by the author. The ten areas are divided into 30 technologies, which in turn are divided into 378 research programmes. These research programmes are then concretised into 644 actionable research projects. "Maturity" in the leftmost column below refers to South Korea's self-assessed national technological competence compared to global cutting-edge and frontier technology. A score of 1 indicates backwards competence while a score of 10 indicates world-leading skill.

Appendix 2

	Strategic area (maturity)	Significance as motivated in the Plan	Technologies	No of research programmes
1.	**Artificial Intelligence (7/10)**	Crucial to realising national defence objectives in regard to upholding national security and dominating the future battlefield	1. Intelligent situational awareness systems	12
			2. Intelligent integrated C2 systems	6
			3. Smart decision and combat support systems	2
			4. Military AI platforms	2
2.	**Manned-unmanned integration (7/10)**	Reduces the risk of injuries and loss of life, reduces the need for manpower, and increases the effectiveness of combat and support functions	5. Manned–unmanned collaborative systems (land/sea/air)	25 (7/3/12)
			6. Autonomous functions (land/sea/air)	31 (14/5/12)
			7. "Warrior Platform," wearable equipment	8
3.	**Quantum (5/10)**	Allows secure communications and improves sensor performance	8. Quantum encryption	3
			9. Quantum sensing	12
4.	**Space (3/10)**	Increases ROK independence (vis-à-vis the US) and lays the foundation for new uses of the space domain	10. Space-based surveillance	18
			11. Ultra-precise satellite navigation	2
			12. Situational awareness in the space domain	1
			13. Spacecraft	5
5.	**Energy (7/10)**	Essential to optimise weapons system performance	14. Directed-energy weapons	22
			15. Next-generation energy sources	7
6.	**Advanced materials (5/10)**	Enhances the performance and properties of materials and components in weapons systems	16. High-performance semiconductors	1
			17. Materials for extreme environments	16
			18. Materials with special characteristics	12
7.	**Cyber and networks (7/10)**	Crucial to the conduct of and protection against cyber warfare	19. Hyperconnected networks	35
			20. Cyber defence	24
			21. Military training in virtual reality	7
8.	**Sensors and electromagnetics (6/10)**	Enhances ISR capabilities and countermeasures effectivity	22. Next-generation sensors	27
			23. Sensor fusion	11
			24. Electronic warfare defence	13
9.	**Propulsion (4/10)**	Stronger and faster propulsion in land, sea, and aerospace domains	25. High-performance engines	6
			26. Hypersonic propulsion	7
			27. Underwater propulsion	10
10.	**Counter-WMD (6/10)**	Essential to protect South Korea from CBRN threats	28. Missile defence system	5
			29. High-precision ballistic missiles	16
			30. Intelligent CBR protection	32

Appendix 3: licensed defence contractors

This appendix presents South Korea's 85 licensed defence contractors, categorised by industrial sector, based on the publication of the Korea Defense Industry Association, *"Status of defence companies"* (9/1 2026). There are two kinds of contractor licenses, primary and general, depending on the type of defence materiel that the company wishes to produce. Primary defence contractors are authorised to manufacture weapons systems and related components, while general contractors may engage in defence-related R&D and the manufacture of less strictly regulated components.

Appendix 3

Industrial sector (no. of companies)	Primary contractors	General contractors
Artillery (9)	C&G, Dasan Machneries, Doowon Heavy Industrial, Hyundai WIA, SG Solution, SNT Dynamics, SNT Motiv (7)	Jinyoung Electro Mechanics, iPEC (2)
Ammunition (9)	Hanil Forging, Korea Defense Industry, Poongsan, Poongsan FNS, Samyang Chemical, Samyang Fine Chemical, SeAh Aerospace & Defense (7)	Dongyang Junggong, Koryo Pyrotechnics (2)
Armoured vehicles (14)	Doosan Enerbility, HD Hyundai Infracore, Hyundai Rotem, Hyundai Transys, KIA, LS Mtron, MNC Solution, Pyung Hwa Industrials, Samju Rubber, Samjung Turbine, Sigong Co., STX Engine (12)	Kanglim, Shinjeong Development (2)
Communications and electronics (16)	Daeyoung S-Tech, EO System, GTNB, Hanwha Systems, Huneed Technologies, Hyundai J.Comm., Victek, Vitzro Miltech, WooriByul, Yeonhab Precision Co. (10)	Ewha Technologies Information, i3 System, Insopack, MIRAE M-Tech, Samyung ENC, TS Tek (6)
Ships and naval systems (10)	Hanwha Ocean, HD HHI, HJ Shipbuilding & Construction, Hyosung Heavy Industries, JK Heavy Industry, Kangnam Co., KS Batteries, Samjung TBM, SK Oceanplant (9)	Speco (1)
Aerospace and missiles (17)	Aviosys Technologies, DACC Carbon, Danam Systems, Dawin Friction, DS Navcourse, Firstec, Hanwha Aerospace, KAES, Kolon Spaceworks, Korea Aerospace Industries, Korean Air, LIG Nex1, Satrec Initiative, Spacepro , SungJin Techwin (15)	Fine Precision Industrial, UI Helicopter (2)
CBRN defence	Hancom Lifecare, HKC, SG Safety Corporation (3)	-
Other (7)	Daeyang Electric, Dong In Optical, Samyang Comtech, Utech, Woo Kyung Optics (5)	Daemyung, Daeshin Metal (2)
Total (85)	**67**	**17**

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