

The Walk-Away Price

What Seoul's right to say no is worth, and what Alaska will charge for it.

Korea wired the first \$2.4 billion of its \$200 billion US strategic-investment commitment, part of a \$350 billion package, on 1 October 2026. The same day it protested the way Washington had announced the Alaska LNG project the night before. This assessment explains why both moves follow from the texts, what the contract allows, and what the walk-away price on Alaska is written to be. The text speaks as of 2 October 2026; it was released on 14 October with pre-publication corrections applied, listed at the foot of the page, and a dated postscript.

Declared interests.

The author manages Western operations for an international energy facilitation firm; the subject of this briefing is energy investment, an LNG pipeline and export plant, a gas-fired plant and reactors, and the interest is declared for that reason. Korea Pro paid the author for a commissioned essay in July 2026; this briefing extends Korea Pro's reporting and was not commissioned by it. It was researched and drafted with AI assistance (Claude); the author is responsible for every claim. Full declaration: /disclosure/.

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ASSESSMENT

Korea's right to refuse any project in its \$200 billion US investment deal is written down and real. The MOU that grants it creates no legally binding rights; what binds is Korea's own Special Act, and an operating agreement the two sides have agreed to draft would make the \$20 billion annual cap and the \$200 billion total legally binding. The MOU also lets Washington respond with tariffs "at the rate determined by the President," and names no maximum. What changed in 2026 is the instrument. On February 20 the Supreme Court voided the authority behind the reciprocal part of the President's January threat. A penalty now has to travel through a Section 301 docket, which is slower and reviewable, or through a change to the Section 232 auto rate, which the ruling left in the President's hands.

Alaska LNG is the first project to test the clause. Washington has put Seoul's share at "just over \$50 billion," against at least \$57.7 billion of room left in the envelope and a project whose developer puts the entire cost at \$44.5 to \$54.5 billion. This assessment finds that the walk-away price, what a selective refusal on Alaska would cost Seoul under the MOU and Korea's own Special Act, is a written one with two parts: a diversion of Korea's returns on the projects it did fund until Washington has recovered a sum equal to what Seoul declined to fund, and a tariff remedy that February made slower and reviewable. The moment to spend that refusal well is the advance of up to \$10 billion for reactor components that the two sides agreed to work toward before year-end, which is the only place in this deal where Seoul is asking for something money cannot buy.

\$57.7B

Room left in the \$200B envelope if Texas (\$22.3B) and the full nuclear framework (up to \$120B) are counted; more if the framework is drawn below its ceiling

>\$50B

Korea's Alaska LNG share as stated by Commerce Secretary Lutnick on September 30

\$44.5–54.5B

Glenfarne's estimate of the whole Alaska LNG project, pipeline and plant, June 2026

6-3

Supreme Court vote voiding IEEPA tariffs, February 20, 2026. The January threat's reciprocal part ran on IEEPA.

\$20B

Ceiling, by MOU and Korean statute, on what Seoul can be required to fund in any calendar year

~\$12B/yr

Gross duties from a ten-point tariff rise on \$122.9B of 2025 exports. Static illustration, not a forecast.

What this assessment adds. Korea Pro's John Lee has already established that the safeguards exist and that Alaska will show what the right to walk away costs. This document puts a number on that cost, traces how the Supreme Court changed the penalty, and names the one moment in the calendar where Seoul's refusal buys something it wants.

01 · NOBODY FROM SEOUL WAS IN THE ROOM

The Oval Office, September 30, and the two moves Seoul made the next morning

On September 30, Howard Lutnick stood near the Resolute Desk and watched the President announce two hundred billion dollars of Korean money. Doug Burgum was there. So was Senator Dan Sullivan of Alaska. No Korean official was present. [1, 2]

The Alaska figure arrived the way most of this deal has arrived: from the American side, on camera, before Seoul had agreed to it. Lutnick put Korea's share of the Alaska LNG project at "just over \$50 billion." A White House official had put the figure at \$54 billion that morning. [2, 3, 55]

Eight days earlier Seoul had told the National Assembly which project would go first. It was not Alaska. It was a gas plant in Texas. [4]

The next morning two things happened within hours of each other, and together they are the whole story. The Korea–US Strategic Investment Corporation wired the first \$2.4 billion of Korean money to the Texas project. The trade ministry, the same morning, lodged a protest with Washington over the unilateral Alaska announcement, which Minister Kim Jung-kwan said “went far beyond what was agreed.” He had already told reporters on September 22 that accepting the costs as presented “could exceed the cap,” and that Seoul had asked Washington to scale the project down. [5, 6, 7]

The joint fact sheet released with the announcement is more careful than the announcement was. It records that both sides “agreed to commence working on the Alaska LNG project, subject to meeting commercial reasonableness under the Strategic Investment MOU and all applicable domestic legal requirements.” [23]

Pay and protest, same day. That is not confusion. That is a government that has read its own contract.

Reuters described the announcement as one of a series of investment deals the President is highlighting ahead of November’s midterm elections. Alaska’s Senate seat is on the ballot. Sullivan is defending it against Mary Peltola. [2]

Keep that date in mind. It is the only clock in this story that Seoul does not control, and it is the one that runs out first.

“Korea may, in its sole discretion, elect not to fund an Investment Amount.”

ROK-US STRATEGIC INVESTMENT MOU, 14 NOVEMBER 2025, ¶9 [8]

That sentence is the reason the protest and the payment are not in tension. The payment honours a project Seoul chose and the Assembly saw first. The protest invokes a right Japan holds too, backed by protections Seoul negotiated for and Japan did not get: the annual cap, the commercial-reasonableness test and a Korean chair. To see why the clause matters, you have to read the sentences that follow it, which nobody reads on television.

What the MOU, the Fact Sheet and the Special Act say, and what Japan did not get

The deal is two documents and a law. The Joint Fact Sheet of November 14, 2025 (November 13 in Washington) set the headline: \$350 billion, split into \$150 billion for shipbuilding cooperation, already “approved by the United States,” and \$200 billion in strategic investment. Semiconductors were left out of the \$350 billion, presidential policy chief Kim Yong-beom said, though chip-tariff terms are in the Fact Sheet. Kim also said the Americans had “initially demanded a much larger amount.” [9, 10, 11]

The second document is the Strategic Investment MOU that Minister Kim Jung-kwan signed the same day. It is where the machinery lives. An investment committee, created by the US President and chaired by the Commerce Secretary, “will consult with Korea directly or through a Consultation Committee, chaired by the Korean Minister of Trade, Industry and Resources,” and “intends to only recommend Investments to the President which it believes are Commercially Reasonable.” The President makes the final pick. Commitments run until January 19, 2029. [8, 12]

THE FUNDING CLAUSE, MOU ¶19

“Korea may, in its sole discretion, elect not to fund an Investment Amount for an Investment and will consult with the United States prior to any decision to not so fund. ... [If] Korea does not fully fund any Investment Amount on or prior to the requested date (the ‘Unfunded Amount’), Korea will forfeit its entitlement to Distributions pursuant to the Deemed Allocation Amount ... Until the United States has received a Catch-up Amount equal to the Unfunded Amount, Distributions will be made in accordance with the Revised Allocation Amount ... In the case where Korea elects not to fund Investments, the United States may also impose tariff rate or rates on Korean imports into the United States at the rate determined by the President.” [8]

Read it twice. The first sentence is Korea’s. The next two are America’s. One diverts Korea’s returns until Washington has recovered a sum equal to what Seoul declined to fund, and that one has a number. The tariff sentence has none. Seoul may decline any

project; the tariff remedy has no stated limit. Kim himself has said he called the original memorandum an “uneven playing field” because of that tariff sentence, and on the page it is. [3]

Two things make it less uneven than it reads. The first is the cap. The Fact Sheet says Korea “shall not be required to fund an aggregate amount of U.S. dollars greater than \$20 billion in any calendar year,” and that the commitments “shall not be allowed to give rise to market instability.” The MOU itself, at ¶25, is “an administrative understanding” that “does not create legally binding rights and obligations.” On October 1 the two sides agreed to write the annual cap and the \$200 billion total into a legally binding operating agreement, which would also give Seoul financial and spending reports and consent rights over major changes. No currency swap was granted. In September 2025 Lee Jae Myung had told Reuters that a cash-heavy transfer of that size risked “a situation as it had in the 1997 financial crisis.” [5, 7, 8, 9, 14, 19]

The second is the law. On March 12, 2026 the National Assembly passed the Special Act on the Operation and Management of Strategic Investment between the Republic of Korea and the United States by 226 votes to 8, with 8 abstentions. It did so forty-five days after the President posted on Truth Social that Korea’s tariff would rise from 15 to 25 percent over the legislative delay. The Act requires every investment to be commercially reasonable, permits exceptions only on national-security or supply-chain grounds with the prior consent of the relevant standing committee, and obliges the government to report candidate projects to the Assembly before consulting Washington. It created a Korea–US Strategic Investment Corporation capitalised at 2 trillion won, funded from foreign-currency assets entrusted by the Bank of Korea and the FX Stabilization Fund, drawing first on their returns, and from government-guaranteed overseas bonds. [15, 16, 17, 47, 54]

The Assembly turned refusal from a political choice into a legal duty. Washington can negotiate with a president. It cannot negotiate with a statute.

FIGURE 1

What Seoul negotiated and Tokyo did not: the safeguards side by side

SAFEGUARD	KOREA (\$200B MOU)	JAPAN (\$550B MOU)
Right to decline	“Korea may, in its sole discretion, elect not to fund an Investment Amount” (¶9)	Same clause, word for word (¶8)
Annual funding ceiling	\$20 billion per calendar year (MOU and Korean statute; to be made binding by the operating agreement)	<i>None</i>
Commercial test	“Commercially Reasonable,” defined in Appendix A, and required again by Korean statute	<i>Term omitted</i>
Consultation	Committee “will consult”; Korean minister chairs the Consultation Committee	<i>Committee “should” consult; no Japanese chair</i>
Deadline language	Commitments by January 19, 2029	<i>Investments “should be made” by January 2029</i>
Project manager	US “should, where feasible,” choose a Korean-suggested manager	<i>No equivalent</i>
Profit split	50–50 until principal and interest recovered across the pooled portfolio, then 90–10 to the US	50–50 then 90–10, project by project
Walk-away penalty	<i>Returns diverted to the US until it recovers a sum equal to the unfunded amount; plus a tariff “at the rate determined by the President,” no ceiling</i>	<i>Same structure</i>
Where Tokyo did better	<i>Took on digital-regulation commitments; chip terms no less favourable than any future deal covering at least as much chip trade (read as a Taiwan deal)</i>	<i>Avoided digital commitments; no chip rate in the agreement texts; 15 percent sought, per press reports</i>

SOURCES: ROK-US STRATEGIC INVESTMENT MOU AND JOINT FACT SHEET, 13–14 NOV 2025; JAPAN-US MOU, 4 SEPT 2025; SPECIAL ACT, 12 MAR 2026; OPERATING TERMS REPORTED 21 SEPT AND 1 OCT 2026. [8, 9, 12, 13, 15, 18]

Which raises the question Lutnick answered on television before anyone in Seoul had asked it: how much of the remaining room does Alaska want?

Texas, the eight reactors, and the \$57.7 billion Alaska is being asked to consume

Project Star is the one that is real. A \$22.3 billion, 6,472-megawatt gas-fired combined-cycle plant in Encinal, Texas, built to feed AI data centres, led by Related Companies and NextEra Energy, with Lewis Energy Group supplying the site and the gas. Phases come online in 2029, 2031 and 2032. Korea funds all of it. Ownership is split equally. Seoul projects \$43.3 to \$45.4 billion in proceeds over twenty years, and the first \$2.4 billion was wired on October 1. [4, 5, 19, 20]

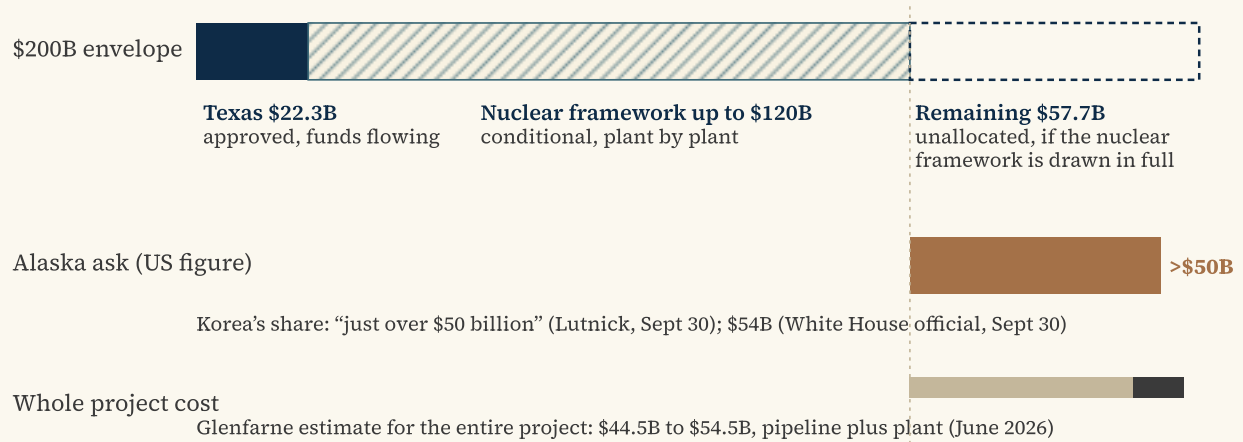
Project Power is the one that is large. Up to \$120 billion for eight reactors: six Westinghouse AP1000s and two Korean APR1400s, the first Korean-designed units ever built on American soil. The envelope is \$100 billion of construction plus \$20 billion of contingency, capped at \$30 billion per pair. Lutnick named Ohio, Tennessee, South Carolina and Kentucky as host states; Seoul says the sites still need review. A framework agreement among the two governments, Westinghouse, KEPCO and KHNP would authorise none of them individually. Each plant needs its own commercial review and its own Korean approval, and President Lee has said viability “must be guaranteed on a plant-by-plant basis.” Korean investors would take a 5 to 10 percent stake in Westinghouse. [6, 19, 20]

Subtract both from \$200 billion and \$57.7 billion remains, if the nuclear framework is used in full. Draw the framework below its ceiling and the room grows.

Project North is Alaska. An 807-mile pipeline from the North Slope to Nikiski and a 20-million-tonne liquefaction plant. On June 3, 2026 the developer, Glenfarne, gave the Alaska Senate Finance Committee its first public cost estimate: \$44.5 to \$54.5 billion for the whole thing, of which the pipeline is \$13.2 to \$16.9 billion. Reuters reports a pipeline investment decision targeted for 2026, a terminal decision in 2027 and first LNG exports in 2031. [21, 22]

FIGURE 2

The envelope: what is committed, what is conditional, and what Alaska is asking for



BARS SHARE ONE SCALE: 3 PX PER \$1B. KOREA'S STATED ALASKA SHARE IS DRAWN FROM THE SAME ORIGIN AS THE REMAINING ROOM SO THE OVERLAP IS VISIBLE. SOURCES: MINISTRY OF TRADE, INDUSTRY AND RESOURCES BRIEFING AND JOINT DOCUMENTS, 1 OCT 2026; LUTNICK REMARKS, 30 SEPT; GLENFARNE TESTIMONY, 3 JUNE 2026. [2, 3, 19, 20, 21, 55]

Read the bronze bar against the pale one beneath it. Washington is asking Seoul to finance roughly the entire project, pipeline and plant, from a pot that has \$57.7 billion left in it, and then to share the profits on a split Kim Jung-kwan has described as 50-50 though "the U.S. is not contributing a single penny." That is the same structure as Texas. It is not the same project. [12]

Glenfarne needs 16 million tonnes a year, 80 percent of capacity, under contract before it can take a final decision. It reports 13 million tonnes under preliminary agreements with TotalEnergies, JERA, Tokyo Gas, Taiwan's CPC, Thailand's PTT and POSCO International, against the 16 million tonnes it needs. What the list does not contain is KOGAS. Korea's state gas buyer has no reported offtake commitment to the pipeline Korea's treasury is being asked to build. [22, 23, 55]

Kim Jung-kwan concedes the commercial case is weaker than Texas. His argument for a second look is route risk: Hormuz, Malacca, the Taiwan Strait and Panama. Alaska gas crosses none of them. Washington has offered sweeteners: tariff relief on steel-containing equipment, favourable terms for Korean suppliers and, in the joint fact

sheet's words, assurances "to the extent possible, regarding offtake agreements at economically viable prices granting Korea priority access to Alaska LNG." [6, 7, 19, 23]

So why would any finance minister sign a cheque like that? Because of what used to sit behind the last sentence of the funding clause: a tariff rate the President could set by proclamation. In January that instrument worked. By late February it no longer existed.

04 · THE INSTRUMENT CHANGED IN FEBRUARY

How the snapback moved from a presidential post to a Section 301 docket

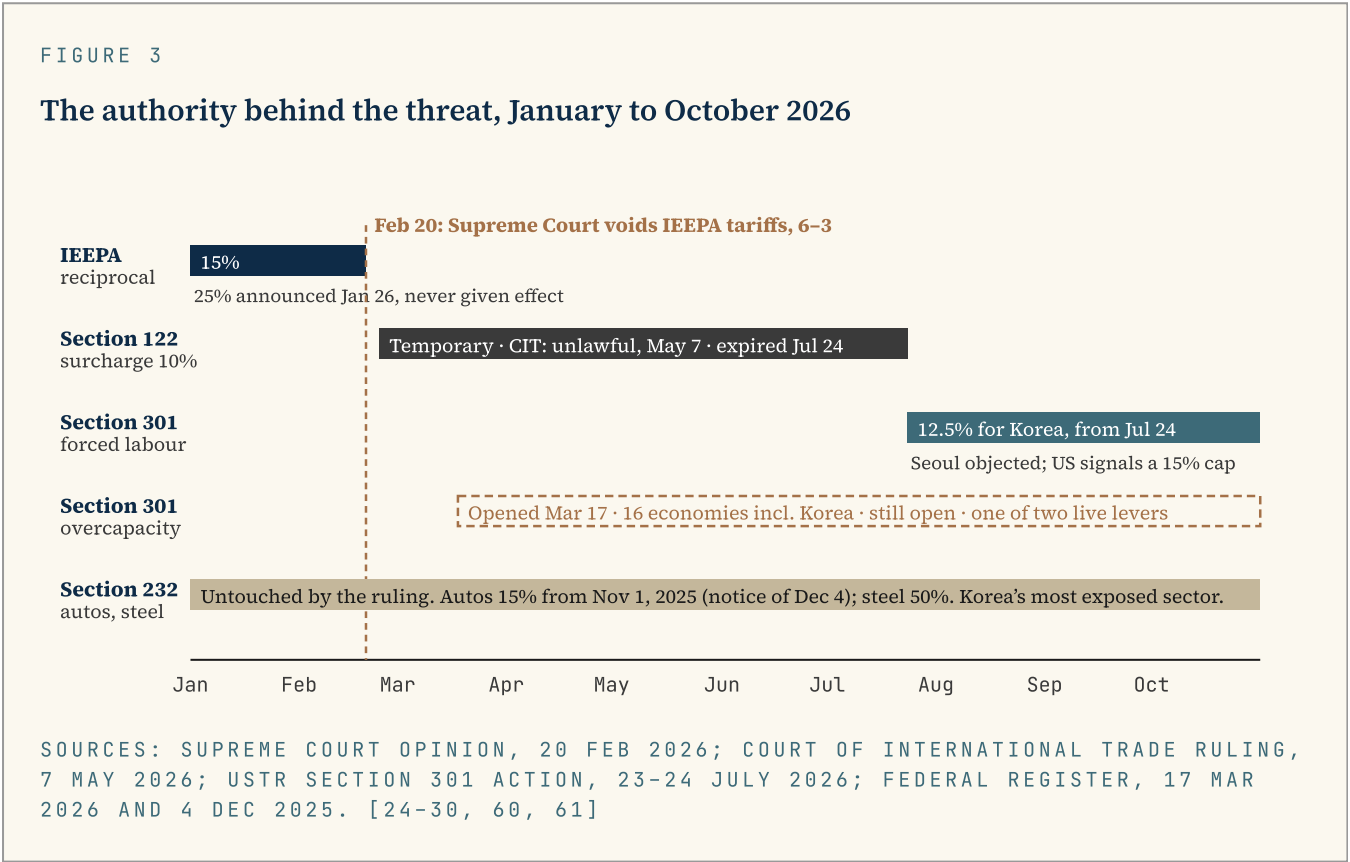
On February 20, 2026 the Supreme Court ruled six to three in *Learning Resources, Inc. v. Trump*, consolidated with *V.O.S. Selections*, that the International Emergency Economic Powers Act does not authorise tariffs. Korea's 15 percent "reciprocal" rate ran on IEEPA and was void. The 25 percent the President announced on January 26 covered that rate and the Section 232 rates on autos, lumber and pharmaceuticals; no notice gave it effect, and the ruling removed only its IEEPA part. [17, 24, 53, 56]

What followed was a scramble through the rest of the trade statute book. From February 24 to July 24 a temporary 10 percent Section 122 surcharge applied (the President said on February 21 it would rise to 15 percent; it did not). The Court of International Trade held it unlawful on May 7; that ruling is on appeal, and the surcharge expired by statute on July 24 regardless. The same day, the US Trade Representative imposed Section 301 "forced labor" tariffs on sixty economies. Korea, Japan and Switzerland face a combined most-favoured-nation-plus-301 rate of 12.5 percent. The EU and Taiwan face 10. Goods already under Section 232, autos, steel and aluminium, are excluded. Seoul filed an objection and says Washington has signalled the final rate will not exceed 15 percent. [25, 26, 27, 60]

One case is still open. On March 17 the Federal Register recorded the start of a Section 301 investigation into "structural excess capacity" in sixteen economies, Korea among them. Shin Won-kyu, a research fellow at the Korea Economic Research Institute, has

said that pursuing the two cases separately may give Washington more time and leverage. It is one of two live instruments Washington could aim at a Korean refusal; the other is the Section 232 auto rate. [28, 29]

Section 232 is untouched by the ruling. Autos, parts, lumber and timber sit at 15 percent under the deal, applied from November 1, 2025 for autos and November 14 for lumber by a Commerce and USTR notice published in the Federal Register on December 4, 2025. Steel and aluminium sit at 50 percent, because the deal never covered them. [30, 61]



Here is what the ruling does to the threat. In January the President announced with a post that Korea’s rates would rise from 15 to 25 percent. In October he cannot do that under IEEPA, though the Section 232 rates remain his to change. A penalty for refusing Alaska now has two realistic paths. The first is an overcapacity finding under Section 301, which needs a record and a comment period and survives only until a judge disagrees. The second is a change to the 15 percent auto rate under Section 232, which the Court left alone. Hyundai Motor and Kia paid a combined 7.2 trillion won in US tariffs in 2025, 4.1 trillion of it by Hyundai Motor alone, most of it at the 25 percent rate that ran from April until the November deal. Daol Investment & Securities puts

the cost of a return to 25 percent at about 11 trillion won a year for the two companies. Autos are where Korea is most exposed, and the second path is the one that should keep Seoul honest. [31, 53]

The snapback moved from a post to a docket. It did not disappear. It became slower, narrower and reviewable, and in a negotiation those three words are worth billions.

05 · WHAT NO ACTUALLY COSTS

The claw-back, tariff math, two precedents, and why Tokyo's record proves nothing about refusal

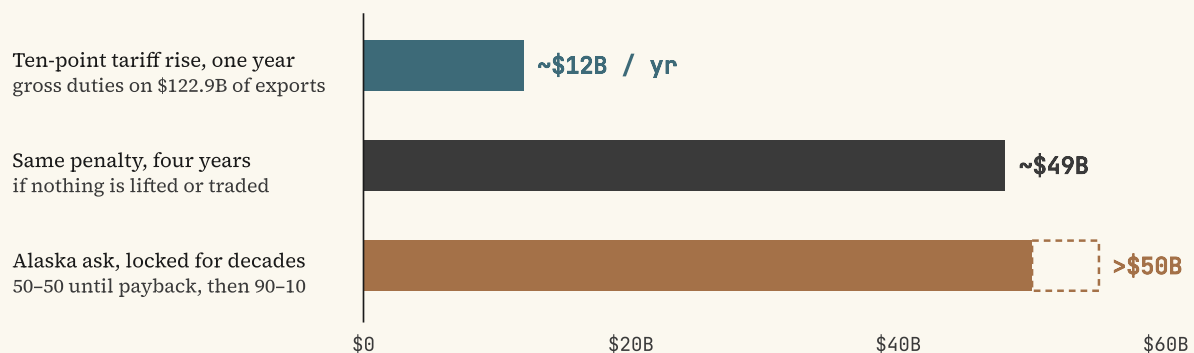
Korea exported \$122.9 billion of goods to the United States in 2025, down 3.8 percent on the year. Raise the tariff on all of it by ten points and the gross duty is about \$12 billion a year, before any of it passes through to American buyers and before the exemptions that every tariff action carries. That is a static illustration, not a forecast. It is also the harshest plausible shape of a tariff penalty under the authorities that still exist. [32]

The MOU's own written remedy sits beside the tariff and is different in kind. If Korea declines to fund after consultation, its returns on the projects it did fund are paid on the Revised Allocation until Washington has received a sum equal to the unfunded amount, a cost measured in Korea's share of future profits rather than in duties, and one that bites only as those profits arrive. [8]

Set both beside the Alaska ask. More than \$50 billion, wired over several years, locked into a pipeline and a plant for decades, returning fifty cents on each dollar of profit until Korea's principal and interest are back. Four years of the harshest plausible tariff penalty roughly equals the Alaska cheque. The difference is that a tariff can be lifted, litigated or traded away, and a wire transfer cannot be un-sent.

FIGURE 4

The price of no against the price of yes



STATIC COMPARISON ON ONE SCALE. TARIFF FIGURES ARE GROSS DUTIES BEFORE PASS-THROUGH AND EXEMPTIONS; EXPORT BASE FROM KOREAN GOVERNMENT DATA AS REPORTED BY YONHAP. ALASKA FIGURE PER LUTNICK, 30 SEPT 2026. THE MOU'S CLAW-BACK OF RETURNS (¶9) IS NOT DRAWN: ITS SIZE DEPENDS ON FUTURE DISTRIBUTIONS. [2, 8, 32]

Seoul has walked away from an American number before, and the record says how it ends. In 2018 it renegotiated KORUS, conceded a steel quota set at 70 percent of its 2015 to 2017 average and let the 25 percent US truck tariff run to 2041, and gave up little else. In the first Trump term it refused a reported demand of \$4.7 billion a year in cost-sharing for US forces. The dispute was settled in 2021 under the next administration at 1.1833 trillion won, an increase of 13.9 percent. [33, 34]

Seoul's refusals have worked when it could outlast the American calendar. The midterm makes that calendar one month long.

Tokyo has not publicly refused a project. Its first \$36 billion tranche landed on February 17, 2026: a \$33 billion Ohio gas plant, the \$2.1 billion Texas GulfLink terminal and a \$600 million synthetic-diamond plant, announced days after Japan's negotiator, Ryosei Akazawa, said the two sides remained far apart on which projects would come first. The second tranche was \$73 billion of Tennessee and Alabama nuclear and Pennsylvania and Texas gas. A third is pending, and Akazawa said the two sides had confirmed that no tariffs would be imposed on Japan beyond last year's agreement. Japan's offtake letters with Glenfarne cover more than 10 percent of Alaska's export capacity. [35, 36, 37, 62]

Japan's record proves that paying is safe. Nobody has yet shown what refusing costs, which means the first refusal sets the price for everyone, Tokyo included. That may be why Washington wants the first test to be a \$50 billion one. A country that says no to Alaska has established that no is possible. A country that says yes has established that the cap is negotiable.

06 · THE REASON SEOUL GIVES FOR A SECOND LOOK

Hormuz, 62 to 70 percent, and the honest case for a smaller Alaska

On September 18, at a news conference at Cheong Wa Dae, Lee Jae Myung drew a line on a request Washington had made publicly. “There will be no deployment that involves or intervenes in the war. We will not send troops in such a form, nor will we dispatch military assets in such a form.” He left room to protect Korean ships, oil routes and nationals. Options under review included P-8A Poseidon aircraft, a Navy explosive ordnance disposal team and a logistics ship, and a fact-finding team had just returned from the UAE. [38, 39]

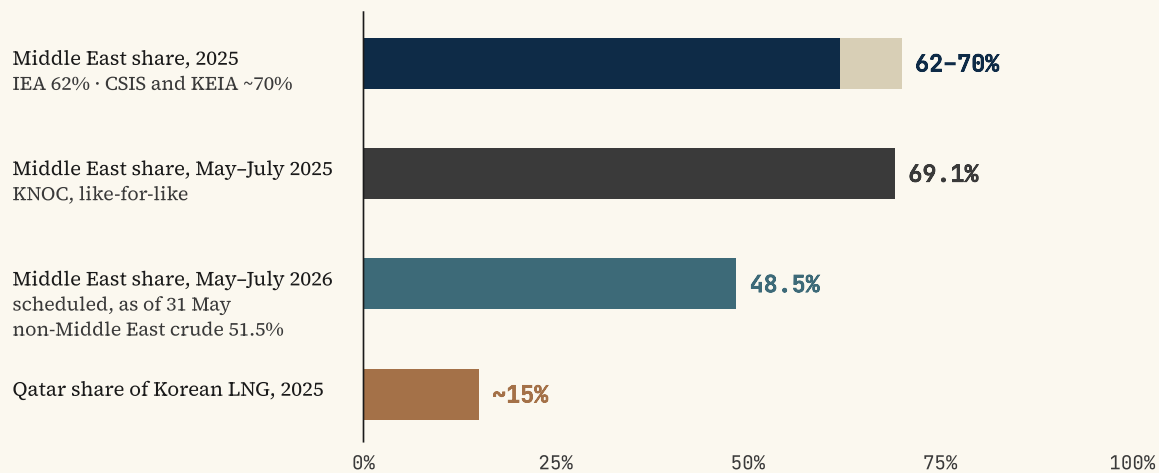
The President had spent the preceding weeks criticising what he saw as a lack of Korean support against Iran. Foreign Minister Cho Hyun told Secretary Rubio of Seoul's willingness to make a “substantive contribution” to freedom of navigation, and met Iran's Abbas Araghchi at the UN General Assembly on September 24. That is a government building a diplomatic case for a limited role rather than a military one, and Korea Pro has covered it as such. [40, 41]

The exposure behind the line is not rhetorical. The IEA's March 2026 Oil Market Report put Korea's Hormuz-transiting Middle East crude at 62 percent of imports. CSIS and KEIA use a figure near 70 percent; the gap reflects different years and definitions, and both are reported here rather than averaged. Qatar supplied about 15 percent of Korea's LNG in 2025. A month into the conflict, CSIS counted 26 Korean-flagged vessels stranded in the Gulf. [42, 43, 44]

Then the number moved. Korea National Oil Corporation figures released on May 31 put non-Middle East crude at 51.5 percent of the cargoes lined up for May to July 2026, the first time above half. KNOC's own comparison is like-for-like: a Middle East share of 69.1 percent in May to July 2025 against 48.5 percent in 2026. [45]

FIGURE 5

Korea's crude supply is already walking away from Hormuz



THE 2025 BAR SHOWS A RANGE BECAUSE THE IEA, CSIS AND KEIA FIGURES USE DIFFERENT BASKETS; THE KNOC PAIR IS LIKE-FOR-LIKE. SOURCES: IEA OMR, 12 MAR 2026; CSIS; KEIA; KOREA NATIONAL OIL CORPORATION FIGURES AS REPORTED 31 MAY 2026. [42-45]

This is where Alaska becomes a real argument as well as a demand. Kim's case for a second look is the map. Alaskan gas reaches Korea without passing Hormuz, Malacca, the Taiwan Strait or Panama. A government that watched 26 of its ships trapped in the Gulf this spring is allowed to pay something for that.

The honest position is therefore not "never." It is "smaller, later, and on terms the Special Act can sign." And the tell for what those terms are is sitting in the offtake list. If KOGAS, the buyer that would actually burn the gas, has not signed for it, then Korea's treasury should not be financing the pipeline that carries it. The day KOGAS signs is the day Alaska becomes a Korean project rather than an American announcement.

07 · TWO CLOCKS

November 3, the \$20 billion cap, and why the 1997 argument is gone

Washington's clock runs out on November 3. Seoul's clock runs for a decade, twenty billion dollars at a time. Everything about the next five weeks follows from that mismatch.

Washington's timetable runs to November 3; Seoul's runs to the Special Act review. The September 30 event put Alaska's senator in the frame, and the Korean officials who would have had to agree to the Alaska number were not present. The Korean need is cash discipline, and the cap serves it: Texas could be approved quickly because the money goes out in tranches tied to construction milestones, not all at once. A delay on Alaska matters more to the first timetable than to the second, but only until November 3. After that the pressure returns to the tariff dockets, which is why the post-February legal map in section 04 matters more than the political map in this one. [2, 5, 6, 55]

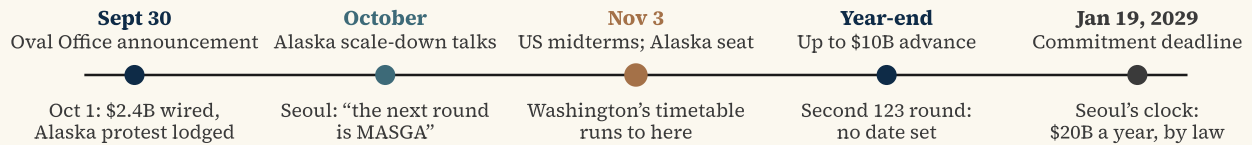
The old Korean argument against the deal has quietly expired. In 2025 the fear was 1997: a dollar drain, a run on the won. The numbers no longer support it. Foreign reserves hit \$442.28 billion at the end of August 2026, after a record monthly jump of \$14.33 billion driven by chip-export dollars. The won closed at 1,352.8 to the dollar on September 30, after averaging 1,502 in the second quarter, when the authorities sold a net \$9.6 billion to defend it. The investment draws first on returns from reserve assets, not on spot dollar purchases. [46, 47, 48]

Seoul can no longer plead a currency emergency. That is better news than it sounds, because the cap's force is now legal rather than financial, and law does not move with the exchange rate.

The capital-markets picture is the one caveat. KOSPI closed at 7,080.92 on September 23, down from the 8,800 range in June; foreign investors sold Korean stocks for seven straight months to July before turning small net buyers in August; and the US ten-year yield has risen above 5.1 percent. Lee is in the middle of selling a "Korea premium" to BlackRock, Citi and PIMCO. A \$20 billion annual outflow is a rounding error against the reserves. A front-loaded Alaska cheque stacked on an advance of up to \$10 billion in the same quarter is not, and the market would read it as the cap being negotiable. [47, 49, 50, 58, 59]

FIGURE 6

What falls due, and for whom



The only deadline between now and 2029 that Seoul does not control is the one in the middle.

SOURCES: MINISTRY OF TRADE, INDUSTRY AND RESOURCES, 1 OCT 2026; REUTERS, 30 SEPT 2026; JOINT FACT SHEET, NOV 2025; KOREA TIMES, 1 OCT 2026. [2, 9, 19, 51]

08 · THE ONE MOMENT TO SPEND THE REFUSAL

The reactor advance, the 123 Agreement, and five steps

Buried in the October 1 documents is a date and a number that belong in the same sentence as Alaska. The two sides agreed to cooperate on an advance payment of up to \$10 billion before the end of the year, for long-lead reactor components, subject to commercial review and parliamentary procedure. It is the one disbursement in this deal that Washington wants before Christmas and only Seoul can deliver. [19, 20]

Now look at what Seoul wants that is not for sale on any market. Fuel-cycle rights. The Joint Fact Sheet says the United States “supports the process” toward Korean enrichment and reprocessing under the 123 Agreement. A second round of those talks has no date. First Vice Foreign Minister Park Yoon-joo told lawmakers in September that investment issues are “closely linked to security matters.” She is correct, and so far no Korean official has publicly tied the ten billion to the 123 round, though Seoul says that at the New York summit in late September the two leaders agreed to move security issues forward in tandem with the investment talks. [9, 51]

Korea Pro’s John Lee set out the full list on September 23: nuclear submarines, enrichment and reprocessing, shipbuilding, wartime operational control. Every item on it depends on a future American decision. Only one of them has a Korean payment attached to it with a date, and that is the one Seoul should be slow about until the other date exists. [52]

Alaska is where the refusal is cheapest. The nuclear advance is where it is worth the most. A government that reads its own contract will keep the two apart in public and together in the room.

Five steps for the Consultation Committee

- 01 Hold Alaska to the Special Act's commercial-reasonableness test and say so in the National Assembly first, as the Act requires, not in Washington. A refusal that arrives as a legal finding cannot be bargained down.
 - 02 Take Minister Kim's scale-down request to one number: the stake KOGAS will sign an offtake contract against. If the buyer will not commit, the treasury does not.
 - 03 Complete the Special Act review before any Alaska commitment is written down; the review, not either capital's calendar, should set the date. The MOU's own ¶7 points the same way: Korea funds no sooner than 45 business days after being told the President has selected an Investment, so even a selection on October 1 puts a first Alaska payment no earlier than about December 10. [8]
 - 04 Date the second 123 round before the \$10 billion advance clears the Assembly. Nobody has to say the two are linked. The calendar will say it.
 - 05 Make MASGA the next round, as Kim has already signalled. It is the part of the \$350 billion where Korean companies build and sell as well as invest, and where Seoul can press for orders and ship financing to count toward the total. [7, 8]
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None of this requires Seoul to blow up the deal, and nothing in the record suggests it wants to. The Texas wire went through. The nuclear framework is real. What the record shows is a government that negotiated a cap, a commercial test and a chair, then passed a law to make them bite, and is now being asked to treat all three as settled. The sensible answer is the one it gave on October 1: pay for what it chose, and refuse what it did not.

Every project Seoul approves without testing the clause raises the price of the first refusal. The walk-away price is set by whoever walks first. For now, that is still Seoul's choice.

Caveats, stated plainly. Hormuz dependence differs by source (62 percent IEA versus about 70 percent for CSIS and KEIA). The tariff-cost figure is a static gross illustration, not a forecast of what Washington would do. Quotations from Korean officials carried in English-language Korean press may be translations; Seoul Economic Daily's English edition is machine-translated, and "could exceed the cap," "the next round is MASGA" and the sweetener wording come from it. Korea Pro articles were consulted through their published summaries and openings; this document builds on their argument rather than reproducing it. No fresh polling on the deal was found.

J.J. · VICTORIA, BRITISH COLUMBIA · 2 OCTOBER 2026

POSTSCRIPT

Added at release, 14 October 2026

The text above was closed early on 2 October 2026. Later that day, US time, the President told reporters of Korea and Alaska: "I'll just charge them more," and "Tell them if they don't sign shortly, I'm going to double it up." What would be doubled was not specified. It is the first public test of section 04's claim that a post no longer moves the rate by itself; as of this release, no order or notice has followed. [63]

The same day he posted that Korea would invest \$8.4 billion in an oil-production project that is not in the agreement. Seoul has not confirmed it. If it were counted, the room in the envelope would fall from \$57.7 billion to \$49.3 billion, below the Alaska ask. [63]

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Method. Every figure in this document is traceable to a listed source. Where two credible sources disagree, both numbers are shown and neither is averaged. Korea Pro’s reporting is cited as the thread this assessment extends; Korea Pro paid the author for a commissioned essay in July 2026, and this document was not commissioned by it. Researched and drafted with AI assistance (Claude); the author is responsible for every claim. The author’s other interests are declared at /disclosure/.

NOTE ON THIS RELEASE

What changed between 2 October and 14 October

The assessment was closed on 2 October 2026 and checked against its primary texts before release. The argument and the figures’ geometry are unchanged; the following were corrected so that the text matches the documents it cites. Readers who find a further error can write to editor@npsi.ca; corrections are credited.

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- 01 **The funding clause.** MOU ¶9 is now quoted with the sentences the first draft cut: the forfeiture of the Deemed Allocation and the Catch-up Amount equal to the Unfunded Amount. That claw-back is the one quantified price of refusal in the deal, and section 05 and Figure 1 now say so. The bottom line no longer calls the walk-away price “lower than Washington implies”; it describes the two parts the MOU writes down.
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- 02 **What binds.** The MOU says at ¶25 that it creates no legally binding rights; the operating agreement that would make the cap and the total binding was agreed on 1 October, not signed. Japan’s MOU carries the same refusal clause (¶8); what Japan lacks is the cap, the commercial test and a chair.
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- 03 **Named people.** Lutnick said “just over \$50 billion.” Minister Kim’s “could exceed the cap” was said on 22 September, and his 1 October words were that the announcement “went far beyond what was agreed.” Vice Minister Park spoke to lawmakers in September. Shin Won-kyu’s remark is the reporter’s paraphrase. The 25 percent announced on 26 January was never given effect, and only its reciprocal part ran on IEEPA.
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- 04 **Figures and dates.** The Section 122 surcharge was 10 percent throughout; the auto rate applied from 1 November 2025; four years at \$12.29 billion is about \$49 billion; foreign investors sold for seven months and turned net buyers in August; the ten-year yield is cited above 5.1 percent; the KNOC figures are for cargoes scheduled for May to July, and the like-for-like 2025 share of 69.1 percent is added; four host states were named; the White House official’s \$54 billion was given on 30 September; Glenfarne’s 16 million tonnes is the target and 13 million the signed volume.
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- 05 **Sources and register.** The MOU and the Japan MOU are cited from their official texts, the Supreme Court from its opinion, the 2018 and 2021 precedents from the USTR fact sheet and the press; the Korea–US Strategic Investment Corporation, not the ministry, wired the first \$2.4 billion. Eleven phrases were reworded to the imprint’s register, which takes no position critical of the United States; the declared interests above were added; the first-person recommendations are now addressed to the Consultation Committee.
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ENGAGE WITH THIS SPECIAL BRIEFING

Substantive comment, technical critique, and named response are welcomed, from trade lawyers, energy-project financiers and readers of the Korean texts above all. The briefing publishes its caveats rather than smoothing them over; a correction will be published and credited.