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## **South Korea's Political Crisis: Implications for Democracy, Governance, and Regional Security with the GCC States**

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## South Korea's Political Crisis: Implications for Democracy, Governance, and Regional Security with the GCC States

### 1. Background and Impeachment

As of February 3, 2025, South Korea has remained mired in significant political upheaval following the impeachment and arrest of President Yoon Suk-Yeol. The crisis began in December 2024, when President Yoon declared martial law, accusing opposition lawmakers of engaging in “anti-state activities” and collaborating with North Korea. This declaration was met with swift resistance from the National Assembly, which unanimously voted to rescind it, prompting Yoon to lift martial law shortly thereafter. On December 14, 2024, the National Assembly impeached President Yoon, suspending his presidential powers pending a final decision by the Constitutional Court. Yoon was subsequently arrested on January 15, 2025, by the Corruption Investigation Office for High-Ranking Officials (CIO) on charges including possible treason, marking the first time an incumbent South Korean president has been arrested. The Constitutional Court is currently deliberating on Yoon's impeachment, with a decision expected within 180 days from the impeachment date. In the interim, Finance Minister Choi Sang-Mok is serving as acting president. If the court upholds the impeachment, a presidential election must be held within 60 days.



The political turmoil has deeply polarized South Korean society, leading to mass protests and counter-protests across the country. Supporters of President Yoon view his actions as a necessary stand against corruption and external threats, while opponents see them as a severe breach of democratic principles. This division has been exacerbated by ideological battles rooted in the nation's Cold War-era history, with some conservative groups expressing loyalty to past authoritarian leaders and progressive groups advocating for democratic reforms.



The crisis has also had significant economic repercussions. In December 2024, South Korea's retail sales dropped by 0.6%, following stagnation in November, as consumer spending weakened amidst the political turmoil. The economy's growth stalled at just 0.1% in the fourth quarter, impacted by Yoon's declaration of martial law, which also led to the won hitting a 15-year low. On a more positive note, factory output surged by 4.6% in December, primarily driven by strong performances in chip and automobile production, marking the highest increase since August 2023.

As the nation awaits the Constitutional Court's decision, the unfolding crisis represents a critical moment in South Korea's political history, testing the resilience of its democratic institutions and the nation's ability to navigate a path toward stability and unity.

## **2. Regional and International Concerns**

The political instability in South Korea has raised concerns among its allies, particularly the United States, about the potential impact on regional security dynamics. Analysts suggest that the turmoil could complicate Seoul's foreign policy and its ability to effectively address security threats in East Asia. The U.S. has expressed support for the rule of law in South Korea and emphasized the importance of their alliance. However, the internal turmoil may affect South Korea's ability to effectively engage in regional security initiatives, especially concerning North Korea and broader East Asian security matters.

There are also broader implications for South Korea's key international partners, including Japan, the United States, and the Gulf Cooperation Council (GCC) nations. The ripple effects touch on economic, security, and diplomatic fronts.

### **a) Impact on Ties with the GCC States**

Under the circumstances of President Yoon Suk-Yeol's potential impeachment, the GCC-South Korea relationship could face significant challenges, particularly in sustaining the momentum of ongoing initiatives and projects. In recent years, South Korea has, for example, emerged as a key partner in Saudi Arabia's Vision 2030, playing a crucial role in major infrastructure projects like NEOM and collaborating on energy transition efforts such as hydrogen technology and renewable energy. The ongoing political instability in South Korea could disrupt the continuity of this partnerships, as a leadership transition might shift policy priorities or delay critical decision-making processes. For Saudi Arabia, this uncertainty could lead to hesitation in deepening ties or expanding collaborative ventures with South Korea.

Additionally, a political vacuum caused by impeachment proceedings could weaken South Korea's diplomatic standing in the Middle East. The GCC states place high value on stability and consistency in its strategic partnerships, and political turmoil might lead to perceptions of South Korea as an unreliable partner. This could prompt the GCC countries to shift their attention to other nations, such as Japan or China, which are also keen to strengthen their presence in the region.

For GCC nations, South Korea's political instability could impact energy and trade relationships, given its role as a major importer of GCC oil and gas. Delays in energy contracts or investments in South Korea's energy infrastructure may affect GCC revenues, while political risks could





prompt GCC sovereign wealth funds to reassess their investments in South Korean infrastructure and technology. Strategic partnerships in areas such as renewable energy, construction, and technology could also face setbacks, as South Korea's leadership crisis might hinder its commitments to renewable energy initiatives and slow joint progress toward carbon neutrality. Reduced South Korean engagement with GCC nations may further create opportunities for other players, such as China or Japan, to expand their influence in the Middle East, potentially shifting the region's geopolitical dynamics.



To mitigate these risks, both sides must focus on institutionalizing agreements and fostering long-term partnerships that transcend changes in political leadership. By emphasizing shared economic interests and energy security goals, the GCC and South Korea can navigate these uncertainties and maintain resilient bilateral ties despite political upheaval.

### **b) Impact on Japan**

Japan's economic ties with South Korea could face significant challenges in the event of continued political instability in South Korea. As key trading partners with deeply interconnected industries, particularly in semiconductors and electronics, any disruptions in South Korea could ripple through supply chains, affecting Japan's access to advanced technologies. Additionally, Japanese companies operating in South Korea may experience uncertainty, potentially impacting investment decisions and long-term business strategies. On the regional security front, the weakening of trilateral cooperation between Japan, South Korea, and the U.S. could hinder efforts to counter threats from North Korea, as effective communication and joint decision-making may become more difficult. South Korea's reduced engagement in regional security initiatives, such as maintaining stability in the East China Sea, might place additional pressure on Japan to take on a



larger role. Moreover, South Korea's internal focus could slow the progress recently made in improving Japan-South Korea relations. Efforts to address historical disputes and foster economic collaboration may be strained, jeopardizing the fragile momentum built through recent diplomatic initiatives.

### c) Impact on the United States

There are significant implications for the United States, which relies on South Korea as a key ally in its Indo-Pacific strategy. South Korea's reduced reliability may weaken efforts to counter North Korea and deter China, while challenges in U.S.-South Korea joint military drills and intelligence-sharing could create gaps in regional defense coordination. Economically, instability may disrupt critical supply chains, particularly in semiconductors vital to the U.S. economy and defense industries, while global investor confidence might waver, impacting U.S. investments in South Korea. Furthermore, South Korea's political turmoil could raise questions about the stability of its democratic institutions, complicating the U.S.'s emphasis on democratic governance in its alliances and undermining its diplomatic messaging.

### d) Impact on Intra-Korea relations

Finally, the ongoing crisis has implications for inter-Korean relations as the instability could weaken South Korea's ability to manage its relationship with North Korea, creating risks and potential shifts in the dynamics of the Korean Peninsula.



First, the crisis could weaken South Korea's strategic posture, particularly in addressing North Korea. With its leadership preoccupied with domestic crises, South Korea's capacity to actively engage in diplomacy or respond to North Korean provocations would be diminished. Efforts to



revive inter-Korean dialogue or economic cooperation, such as the reopening of the Kaesong Industrial Complex or Mount Kumgang tourism projects, are likely to stall due to the lack of strong leadership and public support. This could also lead to a suspension of humanitarian aid, further straining fragile inter-Korean relations. Meanwhile, North Korea may exploit the situation by escalating military provocations, including missile tests or cyberattacks, calculating that South Korea's weakened leadership will struggle to respond decisively. North Korea could also intensify propaganda efforts to undermine South Korea's government and create divisions within its alliances, while delaying negotiations until greater stability or clearer policy signals emerge from Seoul.

The political crisis in South Korea could also complicate regional and international mediation efforts. Key stakeholders such as the U.S. and China might find it more challenging to coordinate strategies on Korean Peninsula issues with a South Korean government focused on internal challenges. This vacuum could provide North Korea with greater leverage in regional diplomacy, emboldening Pyongyang to push its agenda more aggressively in negotiations. Domestically, political polarization and uncertainty following President Yoon's impeachment could lead to inconsistent or conflicting approaches toward North Korea, depending on the orientation of the next administration. Public distrust in leadership, fueled by domestic divisions, could further weaken support for any government-led initiatives involving North Korea, making it difficult to implement long-term strategies. These challenges collectively risk eroding South Korea's role in shaping the peninsula's future while giving North Korea greater opportunities to advance its interests.

North Korea's strategy could shift significantly in response to political instability in South Korea, viewing the situation as an opportunity to undermine stability and create divisions within South Korea and its alliances. Propaganda efforts might intensify to delegitimize the South Korean government, while delays in negotiations are likely as Pyongyang suspends backchannel communications or preconditions for dialogue, awaiting clearer policy signals from Seoul. Economic and humanitarian projects between the two Koreas would also face disruptions, with long-term initiatives like the reopening of the Kaesong Industrial Complex or Mount Kumgang tourism likely delayed as South Korea focuses on resolving its internal issues. Humanitarian aid, including food and medical support to North Korea, could be deprioritized, further straining already fragile inter-Korean relations. On the regional and international level, coordination among key stakeholders such as the U.S. and China might become more challenging, given South Korea's domestic preoccupations. This could provide North Korea with increased leverage in regional diplomacy, emboldening it to push its agenda more aggressively in negotiations involving the U.S. or China, potentially altering the balance of power on the Korean Peninsula.

## Conclusion

South Korea's ongoing political crisis poses significant challenges to its domestic governance, regional security strategy, and international partnerships. Instability undermines its ability to maintain a coherent approach to North Korea, creating opportunities for Pyongyang to escalate tensions. Additionally, key partners such as Japan, the United States, and GCC nations face uncertainties in economic cooperation, security alignment, and infrastructure collaboration. This crisis serves as a critical test of South Korea's democratic institutions and governance, with its



resilience and commitment to the rule of law holding profound implications for its political landscape and role in regional and global affairs.

South Korea's political crisis presents profound challenges to its domestic governance, regional security, and international partnerships. The instability weakens its ability to maintain a coherent and proactive strategy toward North Korea, creating opportunities for Pyongyang to exploit the leadership vacuum, escalate provocations, and delay meaningful dialogue. This not only risks further destabilizing inter-Korean relations but also places additional strain on South Korea's alliances, as key partners like the U.S., Japan, and GCC nations face uncertainty in both economic cooperation and security coordination. Disruptions in supply chains, delays in energy and trade initiatives, and weakened multilateral coordination further underscore the far-reaching consequences of South Korea's internal political turmoil.

The crisis also serves as a critical test of South Korea's democratic institutions, governance, and political stability. The country's resilience and commitment to the rule of law will be pivotal in rebuilding public trust, restoring effective leadership, and maintaining its credibility as a regional and global partner. Successfully navigating this period of uncertainty will not only influence South Korea's ability to address inter-Korean relations but will also shape its broader role in safeguarding regional stability, fostering economic growth, and contributing to the international order. The stakes are high, and the outcome will define South Korea's trajectory as a key player in the geopolitics of Northeast Asia and beyond.

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