

Fearing China, South Korea targets firms building Taiwan navy submarines

SEOUL, Oct 16 (Reuters) - South Korean authorities cited the risk of Chinese economic retaliation when they charged marine technology firm SI Innotec last year with violating trade laws for its work on Taiwan's new military submarine program, according to a police document seen by Reuters and two people familiar with the matter.

In a Feb. 17, 2022 affidavit to a judge seeking the arrest of SI Innotec executive director Park Mal-sik, police said authorities feared a repeat of the sweeping sanctions imposed by Beijing in 2016, after Seoul decided to install THAAD, a U.S. anti-missile system. China agreed to lift those measures in late 2017.

The affidavit said SI Innotec's deal to supply Taiwan with submarine manufacturing equipment "directly impacts the overall security of South Korea" and police, who had consulted with the country's arms sales regulator, were "concerned about a crisis similar to a second THAAD deployment, such as economic retaliation".

The Defense Acquisition Program Administration (DAPA) regulator had told an unidentified subcontractor that the government had "export concerns" regarding Taiwan, and "takes a very cautious stance" on such approvals, the affidavit said.

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