PPG Subsidiary Fined For Sending Nuclear Tech To Pakistan

SHANGHAI (AP) — A Chinese subsidiary of U.S.-based PPG Industries Inc. has pled guilty to violating U.S. export controls by exporting high-tech coatings to a nuclear reactor in Pakistan, the U.S. Commerce Department said.

PPG and its wholly owned subsidiary PPG Paints Trading (Shanghai) Co. will pay a combined $3.75 million in fines and forfeit the $32,319 earned by the deal, said a statement seen Wednesday on the website of the department's Bureau of Industry and Security.

It said the fine is one of the biggest ever paid for an export violation. The coatings were sent from the United States to the Pakistan's Chashma 2 Nuclear Power Plant via a Chinese distributor.

Chashma 2 is a nuclear power plant under construction near Kundian, in Pakistan's Punjab province.

Pittsburgh, Pennsylvania-based PPG issued a statement saying it acted quickly to investigate and cooperate with the authorities after learning of the violation and has a "long and sustained commitment to compliance with the law."

PPG Paints Trading also will serve five years of "corporate probation" under a plea agreement in the U.S. District Court for the District of Columbia in Washington, D.C.

The fine includes $2 million to be paid by PPG Paints Trading and civil penalties of $1.75 million to be paid by PPG Industries and the subsidiary.

The Bureau of Industry and Security will also audit export transactions of PPG and its "relevant business units" in 2011 and 2012, it said.

"This case demonstrates our resolve to vigorously enforce U.S. export law," U.S. Attorney Ronald C. Machen said in the statement. "It should also serve as a warning to corporations that would violate U.S. export laws. It is not only unlawful, it is also bad business."

The violations, between about June 2006 and March 2007, involved exporting the coatings to the Pakistani nuclear facility without having first obtained a required export license.

Pakistan's Atomic Energy Commission and its facilities were added to a list of prohibited export end users following Pakistan's first successful detonation of a nuclear device in 1998.

According to the Commerce Department, PPG Paints Trading sought and failed to get an export license and later agreed to sell the coatings via another, unnamed distributor in China, which was to deliver the products to Pakistan.

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