

Nuclear corruption 2012 to date



The NAPSNet Policy Forum provides expert analysis of contemporary peace and security issues in Northeast Asia. As always, we invite your responses to this report and hope you will take the opportunity to participate in discussion of the analysis.



Recommended Citation

"Nuclear corruption 2012 to date", NAPSNet Policy Forum, July 04, 2012,
<https://nautilus.org/napsnet/napsnet-policy-forum/nuclear-corruption-2012-to-date/>

Nautilus Peace and Security Weekly Report Contributor's blog entry for Climate Change and Security.

[Go to the Weekly Report for 5 July 2012.](#)

Fukushima will teach many lessons, but one that does not seem to have sunk in yet is the global link between nuclear power and corruption. There is plenty of evidence that the corruption, collusion and nepotism that characterized the Japanese "[nuclear village](#)" contributed to what former Japanese PM Kan Naoto called the "[myth of nuclear safety](#)" in his country. Yet, this is far from being something peculiar to Japan with its squirrely politics and industry-regulator-politics with feet happily inter-twined under the *kotatsu*.

It's already been a busy year for nuclear corruption. Last month a US company, [Data Systems & Solutions \(DS&S\)](#), agreed to pay \$8.8 million in fines to resolve charges of bribing officials at a Lithuanian nuclear power plant to obtain orders. DS&S executives paid substantial bribes in return for influence in awarding contracts to a range of officials at the Ignalina Nuclear Power Plant (INPP)

which included the plant Director-General, the heads of the International Projects Department and the Instrumentation & Controls Department, and “[the lead software engineer at INPP with influence over the award of contracts](#)”. [Court records](#) show that DS&S executives involved knew exactly what they were doing, with one asking colleagues “[How do I put my nerves on an expense report?](#)”

DS&S, a subsidiary of global power company Rolls Royce, has a [very large number](#) of contracts for “reactor integrity solutions” and reactor support services in nuclear power plants in both North America and Europe. In the case of the Lithuanian Ignalina NPP, the [Department of Justice objected to DS&S’s activities](#) over a number of years to

“obtain and retain contracts for DS&S from INPP to design, install, and maintain INPP’s instrumentation and controls systems through the promise and payment of bribes to foreign officials employed by INPP.”

In Taiwan in June this year the Control Yuan [impeached](#) four senior officials of the state-owned Taiwan Power Company (Taipower) and the former Bureau of Energy director-general over procurement corruption that led to orders exceeding requirements by [NT\\$5.9 billion](#) (US\$196 million). Charges against other Taipower personnel are [expected](#) in the face of a \$4 bn. loss in 2011.

In April this year South Korean prosecutors charged four Korean Hydro and Nuclear Power (KHNP) executives with [bribery](#):

“[The arrests were made](#) after ongoing investigations of relevant procurement officers and employees, brokers and suppliers of KHNP uncovered evidence that (i) purported lobby funds amounting to KRW 700 million (approximately USD 600,000) were actually payments made to the lobbyist by various parts suppliers of KHNP in exchange for his promises to use his personal connections to high-ranking officials of KHNP to ensure that such suppliers would win supply contracts with KHNP and (ii) certain technology managers of KHNP had received kickbacks from various suppliers amounting to KRW 180 million (approximately USD 150,000) for their roles in ensuring that supply contracts would be awarded to such suppliers through recommendations of their products for KHNP’s new product/technology and green product/technology programs.”

Optimistically, it could be said that such cases are egregious, but should not be taken to say anything about the nuclear industry as such – rather, they do not affect the safety or operating capacity of nuclear reactors. In fact, we often do not know enough to make such judgments – for example, almost nothing is known publicly about the Kang Ximin case. However, in some cases, such as the ongoing KHNP bribery scandal in Korea, there are serious [questions](#) to answer about the reliability of the reactor equipment provided as a result of the bribery.

—[Richard Tanter](#), NAPSNet Contributor

*The **Nautilus Peace and Security Weekly Report** presents articles and full length reports each week in six categories: Austral security, nuclear deterrence, energy security, climate change adaptation, the DPRK, and governance and civil society. Our team of contributors carefully select items that highlight the links between these themes and the three regions in which our offices are found—North America, Northeast Asia, and the Austral-Asia region. Each week, one of our authors also provides a short blog that explores these inter-relationships.*

View this online at: <https://nautilus.org/napsnet/napsnet-policy-forum/nuclear-corruption-20-2-to-date/>

Nautilus Institute

608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email:

nautilus@nautilus.org