

China's ZTE halts share trading following US export ban

April 17 2018



ZTE has been banned from purchasing sensitive technology from the US over its illegal sales to Iran and North Korea

Chinese telecom giant ZTE halted trading of its shares in Hong Kong and Shenzhen Tuesday following the announcement of a US ban on its

purchase of sensitive technology that drew a pledge from China to "safeguard" its companies if necessary.

In a statement on its [web site](#), the [company](#) said it was "assessing the possible impact of the incident".

Before Tuesday's open, ZTE said it would halt trading "pending the release of an inside [information](#) announcement".

Following an investigation into the illegal sale of goods to Iran and North Korea, the company pleaded guilty in March 2017 to unlawful exports and was hit with \$1.2 billion in fines, the largest criminal penalty in US history in an export control case.

But US Commerce Department investigators said it made additional false statements multiple times about having taken actions against the employees responsible, when it had not.

In a statement on its web site, the Chinese Ministry of Commerce said "China has always asked Chinese enterprises to abide by the host country's laws and policies and operate legally and properly in the process of overseas operation."

"ZTE has launched extensive trade and investment cooperation with hundreds of American businesses, and contributing tens of thousands of jobs to the United States," it added, saying that it was "ready to take necessary measures to safeguard the legitimate rights and interests of Chinese enterprises."

The five-year US government investigation into ZTE's actions was first revealed in March 2016.

From January 2010 to March 2016, the company shipped \$32 million of

US cellular network equipment to Iran, and made 283 shipments of cell phones to North Korea, with the full knowledge of the highest levels of company management, officials said.

ZTE used third-party companies to hide the [export](#) of US components to the sanctioned countries, and then hid the information by "sanitising databases" with information on the sales.

The firm deleted emails of employees involved in the scrubbing of records, and required employees with information about the illegal exports to sign non-disclosure agreements.

It also covered up the fact that ZTE paid full bonuses to employees that had engaged in illegal conduct, and failed to issue letters of reprimand.

© 2018 AFP

Citation: China's ZTE halts share trading following US export ban (2018, April 17) retrieved 26 April 2024 from <https://phys.org/news/2018-04-china-zte-halts-export.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.