Rio Tinto Sentencing "Very Harsh"

SHANGHAI, China — A Chinese court slapped four employees of mining giant Rio Tinto with jail terms of seven to 14 years on bribery and commercial secrets charges, unexpectedly harsh sentences that include a decade of imprisonment for Australian Stern Hu.

The punishment for Hu was a "very tough sentence," Australia's foreign minister said after the verdict was read out Monday by the lead judge at the Shanghai People's Intermediate Court. It was unclear whether Hu or his coworkers would appeal.

The judge said the crimes committed by the four had caused major losses to the Chinese steel industry. The stiff sentences were meant "to protect market order and the normal management of business," he said. All, however, apparently received some reduction in sentence because they had pled guilty to some of the charges.

The four defendants stood impassively as their sentences were read aloud in a hearing that foreign media were allowed to watch by closed-circuit television.

Rio Tinto said the four would be sacked because the evidence in court showed beyond a doubt that they had engaged in the "deplorable behaviour" of accepting bribes.

The arrests of the Rio Tinto employees last August were initially thought linked to Beijing's anger over high prices it paid for iron ore — a key commodity for China's booming economy. Rio Tinto, based in London and Melbourne, is one of the top suppliers of ore to China and a key industry negotiator in price talks with China's state-owned steel mills.

The secrets the four Rio Tinto employees were accused of obtaining were largely related to the annual price negotiations, according to the charges read out in court.

Industry analysts say that Chinese steel mills often seek to line up shipments from suppliers at preferential prices. The Rio Tinto case could herald a crackdown on that and other practices as the government seeks to rein in companies that fail to hold a united front in annual price negotiations.

This year's talks with global miners are under way, though in past years negotiations have usually run beyond the annual April 1 deadline.

Hu was sentenced to seven years on the bribery charges and five years on the commercial secrets charges but will serve 10 years. He was fined 1 million yuan ($146,000).

The longest term of 14 years was given to Wang Yong, of which 13 years was for accepting bribes. The court's charges against Wang said he received $9 million from Du Shuanghua, a steel tycoon whose company, Rizhao, has chafed at the state-dominated pricing arrangements, setting his own agreements with overseas suppliers. Wang was fined a total of 5.2 million yuan ($761,000).

The other two defendants, Ge Minqiang and Liu Caikui, were sentenced to jail terms of eight and seven years respectively.

The sentences were much tougher than had been expected in Australia, where the government had objected to the court's decision to close the hearings for the secrets charges.

The foreign minister, Stephen Smith, said the seven year sentence for Hu on bribery charges seemed to be "very harsh."

There were "serious unanswered questions" about the secrets conviction because that part of the trial was held behind closed doors, Smith said.

Rio Tinto's statement said it couldn't comment on the commercial secrets charges because it had no opportunity to consider the evidence.

The mining giant's CEO Tom Albanese said the company is now intent on protecting its Chinese business ties.

"I am determined that the unacceptable conduct of these four employees will not prevent Rio Tinto from continuing to build its important relationship with China. This is a high priority for me personally," he said.

Experts said the secrecy of part of the trial undermined hopes the Chinese legal system is becoming less opaque.

"There had been an expectation that the Chinese legal system was becoming more transparent and accountable, however on the evidence to date this trial has not met these expectations," said Ann Kent, a visiting fellow at the Australian National University College of Law.

Jin Chunqing, a lawyer defending Hu, said the defence team were gathering to discuss their next step. "We haven't decided yet if we would appeal to the higher court," Jin said. "We need to meet and discuss with Stern and his family face to face, as soon as possible."

"I think all of them were already mentally prepared to appeal both the bribery and secrets convictions, although they were very calm while hearing the sentence on the court," said Tao Wuping, the lawyer representing Liu.

Calls to lawyers for the others were not immediately answered.

All had pleaded guilty in a three-day trial held last week to the bribery charges, but

had disputed the amounts they were alleged to have accepted.

The judge mentioned several companies whose employees allegedly gave bribes to the defendants in exchange for lining up preferential contracts.

Companies named included Shougang Group, Tianjin Rongcheng Steel Co. and Hebei Jingye Steel and Iron Co.

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Associated Press Writer Rohan Sullivan in Sydney and Associated Press researcher Ji Chen contributed to this report.

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