

Australian Rio Tinto Exec Will Not Appeal 10-Year Sentence

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SHANGHAI (AP) — An Australian former Rio Tinto executive decided voluntarily not to appeal a 10-year prison sentence in a high-profile bribery and commercial spying case and is "peaceful and relaxed," his lawyer said Friday.

Stern Hu's decision, announced Thursday, prompted suggestions he was concerned an appeal might lead to an even more severe sentence in a case that rattled foreign businesses in China.

"After a great deal of repeated and in-depth research and consideration, he chose not to appeal. I assure you that his decision was fully rational and voluntary," his lawyer, Jin Chunqing, said in an e-mailed response to questions.

Hu, the manager of Rio Tinto's China iron ore business, and three Chinese coworkers were detained in July during contentious price talks with state-owned steel mills. They pleaded guilty and received prison terms ranging from seven to 14 years, which observers said were unusually severe, especially for a case involving civilian business dealings. Australian Foreign Minister Stephen Smith called Hu's penalty "very harsh."

"When he received his sentence, it was not easy at all for him," Jin said in separate comments to the Australian Broadcasting Corp. "But we have done a lot of research of our own and he has consulted other lawyers and close friends. Now he is peaceful, very much so. He's happy to decide not to appeal and is in a good mood, peaceful and relaxed."

London-based Rio Tinto Ltd. is a key industry negotiator in price talks with Chinese mills and the arrests were initially thought to be linked to Beijing's anger over high prices it paid for iron ore — a key commodity for China's booming economy. That belief was shaken after the four pleaded guilty to taking bribes from steel mills trying to get preferential access to ore supplies.

Jin said Hu's sentence was "a bit heavy" but he said the case was not targeted at foreign businesses.

"It makes no sense at all to deem the Rio Tinto case ... as any indicator or evidence of change in the investment climate. They are irrelevant to each other," Jin said.

Industry analysts say the investigation that led to the arrests might have begun as part of government efforts to tighten control over China's sprawling steel industry and the release of sales and production data that might help foreign miners in price talks.

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The case came as faultlines appear between Beijing and global corporations eager to tap a fast-growing market of more than 1 billion people. A recent survey showed a growing number of foreign businesses in China feel shut out under government policies promoting homegrown technology. Internet search giant Google's high-profile decision to move its Chinese site to Hong Kong after a spat over censorship and hacking added to the unease.

Lawyers for Hu's three Chinese coworkers — Liu Caikui, Ge Minqiang and Wang Yong — said they will appeal their sentences of between seven and 14 years. Rio Tinto fired all four after the court convicted them following a three-day trial in March.

"We think the sentence is much too tough," said Liu's lawyer, Tao Wuping.

Si Weijiang, a prominent Shanghai lawyer and blogger who was not involved in the Rio Tinto case, said Hu might have felt he would gain nothing by attempting to appeal.

"Hu might not hold any hope for the sentence change, and if it changes, it might go even tougher, I'm afraid," Si wrote on his blog.

Chinese news reports say authorities plan to prosecute Chinese business figures, mostly working for steel mills, who are alleged to have given bribes to the Rio Tinto employees in exchange for favorable deals on iron ore shipments.

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Associated Press researcher Ji Chen contributed to this report.

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