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HD Rio's man in **China** walks the fine lines
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As the markets contemplated the formation of the world's biggest **mining company** last week, "Glentinto", there was no mention of Ren Binyan.

But perhaps there should have been.

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Rio Tinto's managing director in **China** is set to be one of the most important players in this unfolding drama.

The 57-year-old **Chinese** Australian executive is in charge of the relationship between Rio and its major shareholder, the state-owned Aluminum Corporation of **China** (**Chinalco**). He is little known in Australia, but he could very well be the man who stands between Ivan Glasenberg, chief executive of the Swiss commodities trader Glencore, and his dreams of a \$182 **billion** merger with Rio.

Ren was drafted into the Anglo-Australian miner in 2010 as a vice president for its **China operations** and a successor to then-local managing director and **company** veteran Ian Bauert.

Three years later, he was elevated to the top country position. He came to the job with a diverse business background, having built up the **China** businesses of both insurance **company** HIH Winterthur and US aluminium giant, Alcoa.

But he had one equally important attribute. In a country that values "guanxi" or connections, he came to Rio with a powerful personal and business network that allowed him access to the often impenetrable inner circle of **China's** elite politics. Family connection

Ren's late father-in-law Jiang Minkuan was governor of Sichuan Province, a key economic hub in **China's** southwest, for three years until 1988 and he subsequently sat on the Central Committee, which appoints the most powerful people in the Communist Party, for more than 10 years.

Ren also has high-level connections at **Chinalco**, having worked closely with its president Xiong Weiping when he was at Alcoa. The American aluminum **company** became a strategic investor in **Chinalco** and helped it list on the **Hong Kong** and New York stock exchanges. Ultimately, plans to build a joint venture **alumina** refinery and aluminium smelter didn't work out and Alcoa sold out of its shares in **Chinalco** in 2007, but Ren and Xiong remained close.

When Rio was looking to repair its relationship with **Chinalco** after it abandoned a \$US19.5 **billion** deal in mid-2009, which would have given the **Chinese** state-owned **company** an 18 per cent **stake**, it turned to Ren.

"Ren's appointment shows the **company** had confidence in its **Chinese** leadership," Peter Arkell said, a Shanghai-based head hunter and chairman of both the Australian Chamber of Commerce in Shanghai and the Oriental **Mining** Club.

It had been a tumultuous few years for Rio. Months after the miner walked away from the **Chinalco** deal, one of its **iron ore** traders, Stern Hu, was arrested in Shanghai for corruption and subsequently jailed for 10 years, marking a low-point in Australia-**China** relations. Increased investment

Rather than pull back from **China**, Rio made the strategic decision to throw more money and resources at the relationship.

The **company's** Shanghai headquarters were renovated with the important addition of a jade horse statue in water to improve Rio's "feng shui."

And Ren, who was born in Harbin in **China's** northeastern Heilongjiang Province and had worked in London, New York, Sydney and Melbourne, was recruited to manage the **Chinalco** relationship.

Like many of his contemporaries, Ren's schooling was cut short by **China's** Cultural Revolution. In 1975, at age 18, Ren was sent to the countryside for "re-education." He worked on a farm and also practiced acupuncture on villagers, having learned from his brother.

"You needed to be able to adapt to all the changes, coping with the changes and dealing with ambiguities all the time, and have strategies to deal with those changes," he told Sophie Loras, an author of the book; "Unearthing Wisdom: Insights from 20 **Mining** Leaders."

When **China** opened up its universities in 1977, Ren competed in an entrance exam with 10 **million** others vying for 200,000 places and was successful. He studied science and metallurgy and thought about becoming a pilot, but started working at a factory producing aluminium parts for commercial planes. Boeing sponsorship

In 1985, he won a Boeing scholarship to Washington State University, which led to his first job with Comalco, now part of Rio, and later a transfer to Melbourne.

After Comalco's fabrication business was sold, he went to work for HIH Winterthur, which was looking to break into the **Chinese** market, but when the insurer collapsed in 2001, he was recruited to head up Alcoa's **China** business. In that role he worked closely with senior executives from **Chinalco**.

China has ambitions to have a **company** among the top four resources players in the world and is unlikely to support the formation of a **mining** giant unless it is made a compelling offer.

One Beijing-based industry insider said this week that ultimately, any decision regarding **Chinalco's** role in a Glencore-Rio merger bid would be made at the State Council level.

They said if Glencore really wanted to have **Chinalco** onside it would need to "pay a hefty price", which could include some of Rio's Pilbara **operations**. Glencore and the **Chinese** government have made deals in the past.

The commodities trader was made to sell its Las Bambas **copper** mine in Peru before gaining **China's** approval for its takeover of Xstrata. **China's** MMG and its partners Guoxin International Investment Corp and state-owned CITIC Metal agreed to pay \$7 **billion** for it, with the deal finalised in August this year.

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