

Zespri's China-based subsidiary and one of its employees have been found guilty of cargo smuggling by a Shanghai court, the New Zealand-based company reported today. 

Zespri had pleaded not guilty on Jan. 17 to charges that it had been an accessory to under-declaration of customs duties by a former-independent importer between 2008 and 2010.

The Chinese court, however, has charged Zespri with the following:

-Zespri Management Consulting Company (ZMCC) was found to be accessory to the crime of smuggling general cargo, resulting in a fine of RMB 5 million (US\$804,450).

-A ZMCC employee was found to have played a "minor role" in the offense of smuggling and was given what was described as a light sentence of five years imprisonment.

Zespri will also have to pay back illegal gains, which may refer to money paid by the importer to ZMCC for marketing services. Such gains are estimated by Zespri to be around US\$8.3 million.

Smuggling allegations have been under investigation by Chinese customs since 2011.

Zespri's former Shanghai-based independent importer Liu Xiongjie pleaded guilty to criminal smuggling in May 2012. He is now appealing a 13-year sentence and has repaid RMB 37 million (US\$5.95 million) in unpaid customs duties.

Zespri limited its public comments following the ruling but did express disappointment. The company said it would remain committed to China and refresh its Chinese strategy. No lasting impact was expected on Chinese sales.

"The immediate challenge for Zespri, regardless of any possible appeal process, is to move forward positively in China," CEO Lain Jager said in a press statement.

"In doing this our priority is to ensure that our relationships with our partners - importers, distributors, customers and Government officials alike - are based on solid and transparent principles of best-practice.

"The Zespri brand and our relationship with China are simply too valuable to compromise."

[www.freshfruitportal.com](http://www.freshfruitportal.com)