



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 4/28/1999

GAIN Report #CH9618

## **China, Peoples Republic of Market Development Reports**

### **Wal Mart and Pepsi Cola Upbeat about China 1999**

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#### **Report Highlights:**

**Wal Mart's stores in South China are carrying the largest number of grocery products from the United States. They plan to open five new stores. Pepsi plans an orange juice processing plant using local oranges.**

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Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Guangzhou[CH3], CH

#### **I. Upbeat about China, Wal Mart to open five stores in Pearl River Delta**

The following article appeared in Shenzhen Daily of April 7, 1999

Since its entry into China two years ago, Wal Mart, the world's biggest retail chain store, achieved a sales turnover of Rmb 3 billion (USD 363 million). The rapid growth has strengthened Wal Mart's confidence in China. As per a senior official in charge of the China Area, Wal Mart will expand its business from Shenzhen to other cities of the Pearl River Delta.

Wal Mart set up a joint venture - Shenzhen Wal Mart Pearl River Department Store Co. Ltd. with Shenzhen International Trust & Investment Co. Ltd. in August 1996. Wal Mart has a 70 percent stake in the joint venture. So far, the joint venture has opened five large-scale department stores and one member-only warehouse store (Sam's Club), a combined investment of USD 112 million. (Four stores are in Shenzhen on the border with Hong Kong, one is in nearby Dongguan and one is in Kunming in Western China). The stores have a total floor area of 70,000 square meters, selling 20,000 kinds of goods. Wal Mart-style management methods are adopted in these store. The bountiful supply of goods and the membership system are highly thought of by the customers.

As the Wal Mart (China Area) person-in-charge puts it, they have accumulated the experience of doing business in China and they have full confidence on China's economic growth and the improvement of the investment environment. With the recent approval of the Chinese Government, they will invest another USD 40 million to open another five chain stores in Shenzhen and other cities of Pearl River Delta, and gradually expand their business to other parts of China. It is their estimate that the opening of the five new stores will bring in additional Rmb 1.5 billion (USD181 million) in turnover.

## **II. Pepsi to set up juice factory in Beihai**

Following is a translation of an article from People's Daily of April 8, 1999:

Pepsi Cola's Chairman and CEO, arrived in Beihai recently. He will inspect the orange plantation which is the biggest in Asia and owned by Chunpin (Beihai) Food Co., a subsidiary of Pepsi Cola and Tropicana and finalize the plan to establish their first juice factory in Asia.

Note: The orchard first began producing oranges in November 1998. With an area of 4,000 hectares, the orchard has reportedly experienced some disease problems due partly to its far southern location.