

Experiences Around The World



China

Comparison with China is often cited as a prime example for allowing FDI in Retail to open in India. However, in the case of China FDI in Retail was opened only 26% in 1992, ten years later to 49% and only as recently as 2004 to 100%. Even with 100% FDI allowed there continues to be caps on the number of outlets allowed and only in specified locations. Additionally, Wal-Mart, a vehemently anti-union company was forced to allow store workers a union!

An ACNielsen Report (2003) on the Retail Structure in Asia has shown that for all South-East Asian countries that have allowed the multi-national retail chains to operate (China, South Korea, Malaysia, Singapore, Taiwan and Thailand) the growth in the number of supermarkets have been invariably linked to a concomitant decline in the number of traditional grocery stores-Left Parties Note, October 24, 2005



France

Enacted the Raffairin's Act of France in 1996 that regulated the growth of hypermarkets larger than 300 square feet.



Japan

Even in as liberal an economy as Japan, the large-scale Retail Location Law of 2000 stringently regulates factors such as garbage removal, parking, noise and traffic. Recently Carrefour decided to exit Japan by selling off its eight struggling outlets after four years.

Foreign Direct Investment (FDI)

There is a parliamentary ban on Foreign Direct Investment in Retail. Large Multinational Retailers like Wal-Mart (US), TESCO (UK), Carrefour (France) and Metro (Germany) are forbidden from opening retail stores in India. But now these powerful companies are aggressively lobbying the Indian government to open up 100% FDI in Retail. In anticipation of this many Indian companies like Reliance have announced aggressive plans to enter or expand into Retail.

Why No FDI in Retail Sector?

Retail is the world's largest Industry, and is controlled by a handful of powerful corporations. These corporations from the West have saturated home country markets and are now looking to expand into India, where organized retail trade is only 3% and they see huge growth potentials. These companies will operate in food retail, along with all other retail goods.

Because of tremendous market power these corporations will have devastating impacts on the agricultural and retail sectors, the two largest employment sectors in India. With over 12 million small kirana stores, India has the largest number of small businesses in the world.

Wal-Mart was reported to be talking with Reliance Retail and DLF for a partnership to enter the Indian Market. Reliance Retail has announced support for Wal-Mart and other Multi National Retailers Entry into India.-NAMNews, October 9, 2006

The Indian Government has gone on record encouraging Foreign Direct Investment in Retail in Special Economic Zones (SEZs)-The Hindu, October 16, 2006

Lacks of small and medium businesses, traders, farmers, hawkers, manufacturers, vendors, workers and consumer cooperative stores will be impacted!



India FDI Watch Campaign

India FDI Watch Campaign seeks to prevent FDI in Retail in India & the take-over of corporate retail generally. Specifically, we want to prevent the insertion of giant Multi-National Retailers from entering and expanding in the Indian market unless they make satisfactory guarantees that would protect communities; insure the livelihoods of retailers and farmers; guarantee fair wages and working conditions for their own employees and source employees along with union protection and agreements; and insure that a significant percentage of sourcing derives from the Indian market.



Activities

Broad-based coalitions are currently organizing in Bangalore, Chennai, Delhi and Mumbai to oppose the entry and expansion of Foreign Retailers. Coalitions are working to build a broad-based grass-roots movement by spreading awareness among mass-based constituencies that stand to be impacted. These constituencies are; consumer cooperative stores, farmers groups, hawkers unions, shopkeepers associations, traders associations and unions.

We are working at the city, state and national level to develop policy and legislative demands that will either bar the entry of MNC retailers or ensure that local communities and livelihoods are protected and/or enhanced.



Latin America

Eight countries-Mexico, Puerto Rico, Costa Rica, Argentina, Dominican Republic, Brazil, Uruguay and Chile-joined together to condemn “predatory practices’ and wrote national laws to prevent Wal-Mart from having a high concentration of stores in their countries. In Province of Sante Fe, Argentina lawmakers passed legislation that no business could control more than 30 percent of the market in one sector.



Malaysia

Demands that FDI should be routed through Joint Ventures, with a minimum of 30% of the equity held by indigenous Malaysians (Bhumiputras).



Mexico

In less than 10 years of entering Mexico, Wal-Mart has gained control of over 50 percent of the market. The government is now evaluating laws to protect domestic businesses.



Philippines

Has imposed “sourcing” and reciprocity requirements on foreign retailers.



Puerto Rico

Wal-Mart entered Puerto Rico in 1993 and soon became the largest retailer. Over the course of several years approximately 130 smalls businesses went bankrupt. A study showed that for every \$15.8 million of sales Wal-Mart generated it cause one small business to go bankrupt.

As a result, six business groups joined together to form a coalition to stop Wal-Mart from expanding on the Island, they were joined by labor unions and other civil society groups to successfully block Wal-Mart’s expansion.



Thailand

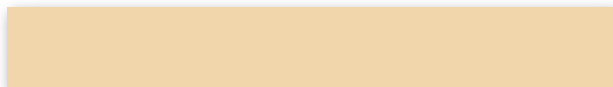
Over 60,000 small shop-keepers have been adversely impacted since the opening of FDI in Retail. The Thai government which once opened its doors to MNCs has now set up a separate fund to help local retailers. Local laws have also been enacted such as prohibitions from mega-retailers opening within 15 kilometers of city centers.



United States

Thousands of small and medium businesses have closed down because of Multi-national Wal-Mart. Wal-Mart currently faces a number of workers’ violations suits. Studies have shown that Wal-Mart drives down wages in local communities where they operate and on average two small stores are closed down for every one Wal-Mart store built.

More than 300 local communities have blocked the entry of Wal-Mart in their neighborhoods. Small businesses, labor unions and community groups have been successful in keeping Wal-mart out of major US cities like New York and Los Angeles. Upon being allowed to open their first store in the city of Chicago, Wal-Mart was ordered to pay a living wage to their workers.



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Stop Foreign

Direct Investment & the Corporate Hijacking of Retail!

“A retail supermarket encompasses the entire chain and shrinks the intermediaries – lowering costs and removing jobs. In a country with no social security net – the replacement of thousands of retailers and farmers by a single large intermediary will shrink jobs by the millions. What option will these millions have then except to take to the streets?”

-Eminent Indian Parliamentarian

