INVESTMENTS

Coke plans investment in Myanmar

Aung San Suu Kyi, Myanmar's Nobel Prize-winning opposition leader, will soon be able to sip a Coke in her own country.

By Alan Rappeport in New York

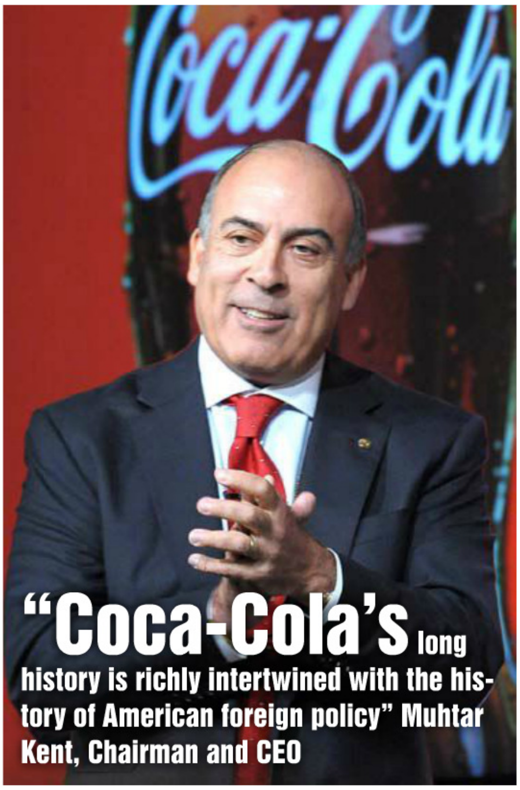
Coca-Cola is planning to begin doing business in Myanmar, one of just three countries - along with North Korea and Cuba - where the US beverage group does not operate. The world's largest beverage company by revenues said last week hat once the US government gives it a general license to do business there, it will begin making "significant" investments across the country during the next three to five years.

Coke also said that its charitable arm would make a $3m investment to promote employment among women across Myanmar.

The move comes as Myanmar's new government has been moving quickly to liberalise its economy after decades of oppressive military rule and looking to lure western companies to make investments.

"Coca-Cola has always stood for optimism at times of change and progress around the world," Muhtar Kent, Coke's chief executive, said in a statement.

Initially, some Coke products will be imported from neighbouring countries, but the company said it would eventually sell, distribute, market and manufacture its products there locally. Coke stopped doing business in Myanmar more than 60 years ago. During a speech in March, Mr Kent said that he hoped the company would be able to eventually sell Coke there, as well as in North Korea and Cuba.



"Coca-Cola's long history is richly intertwined with the history of American foreign policy," Mr Kent said at the time, pointing out that the company made its first foray into Asia in 1912 when it entered the Philippines.
Coke has been notorious for quickly entering markets after the US lifts sanctions.

The company had originally operated in China in 1927, but left in 1949 after Mao Zedong's communist regime expelled most foreign businesses. In 1979, after president Jimmy Carter re-established full relations with China, Coke immediately sent 20,000 cases of the soft drink from Hong Kong to the mainland.

In 1989, after the Berlin Wall fell and Germany reunited, Coke employees in West Germany began handing out free soda to east Germans that day.

The US lifted its ban on investing in Myanmar last month and General Electric and Caterpillar have signalled that they will make investments. However, lingering sectarian violence and mixed signals from the Obama administration over possible penalties for breaking disclosure and licensing rules have made some companies wary of moving too fast. ● *(ft/bmg)*

BUSINESS BRIEFS

COMPANY

Finalist of the European Business Awards

SMI Group has been selected among 30 Italian finalists in the European Business Awards 2012/13. In particular, the Company competes in the category "The UKTI Awards for Innovation", reserved to European companies who have distinguished themselves for their efforts in developing innovative solutions as a strategy to influence the ongoing business development. The European Business Awards is the most prestigious European award competition for companies; this award, totally independent, is supported by organizations committed to the promotion of business goals focusing on economic, industrial and environmental development in the EU.

"It's a great honour for SMI to have been selected as a finalist in the European Business Awards contest. This nomination is a further international acknowledgement for the innovative technologies we have brought in the packaging industry, thanks to which we are now able to provide our customers of the food & beverage sector with complete packaging solutions and systems devised to allow cost and energy savings and low environmental impact," said Paolo Nava, President & CEO of SMI Group. Last year revenues from SMI Group sales and services reached a high of 101.2 million Euros, with a flattering increase of +21.6% compared to 2010. ● *(bmg)*

NEW MARKETS

China's Bright Food buys Diva Bordeaux

China's appetite for French wine has expanded from buying vineyards and chateaux to acquiring one of the country's wine merchants, in a deal aimed at accelerating the development of wine in the Chinese market. *By Scheherazade Daneshkhu*

Shanghai Sugar Cigarette and Wine, a subsidiary of Bright Food, the state-owned food group, has acquired 70 per cent of Diva Bordeaux, one of the largest of the roughly 300 merchants in the French wine-growing region. The sale, for an undisclosed price, leaves 30 per cent in the hands of Pierre Beuchet, Diva's founder and chairman, and Jean-Pierre Rousseau, its managing-director. It is the first time that a Chinese company has bought a French wine merchant, through which Bordeaux wines are traditionally sold. Mr Rousseau said Diva, which last year had sales of €33m, had been seeking capital to expand, but that this deal also gave it access to Bright Food's large distribution network in China. "The Chinese offer was of cash as well as a new customer base in the world's most spectacular market in

terms of progression for all luxury items, such as fine Bordeaux wine," he said. Already 50 per cent of Diva's sales are to China, which is the biggest importer of Bordeaux wines. Ge Junjie, vice-president of Bright Food and chairman of SSCW, said: "Thanks to their [Diva's] wine culture, we will be able to establish the Chinese wine culture and support the international development of Diva Bordeaux." The agreement allows for the development of a Bordeaux wine aimed specifically at the Chinese market, partly to allay fears about the authenticity of wine sales. The industry has been tarnished in China in recent years by scandals involving fake wines, according to FT. Mr Rousseau said Diva sought to develop a wine branded for the Chinese market from a Bordeaux chateau. "We want to say, this chateau is producing a certain amount of wine – we buy half of it and sell it under a brand name in China so we can guarantee its traceability." In addition Diva will help SSCW in marketing its wines. Cyril Benoit, chairman of Benoit & Associés, adviser to Diva, said that control of Diva allowed SSCW to demonstrate it had a reliable wine source. It would also develop the culture of wine drinking in China, which although growing fast is very small compared to spirits. The move would help make wine a mass market product in China through the promotion of affordable wines, as well as premium labels, he said. ● *(ft/bmg)*

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