

Wal-Mart Says Good-Bye Moscow, Hello New York?

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U.S. retail group Wal-Mart Stores will close its Moscow office amid a lack of acquisition opportunities, abandoning for now its long-running quest to enter the Russian market.

"Since we have decided to enter the market through acquisition ... and since there is no clear acquisition partner in the near term, there is not a business reason to continue our Moscow representative office," Doug McMillon, CEO of Wal-Mart International, said in a statement on Monday.

With the move, Wal-Mart will be able to focus more on other emerging markets, including South Africa, where it recently agreed to pay \$2.3 billion for control of Massmart Holdings.

The world's largest retailer is also looking to expand in inner cities in its home U.S. market.

Wal-Mart has been talking with New York's construction unions to try to get their backing for entering the city.

"We continue to believe that the highest return emerging markets, for Wal-Mart, are the inner cities of the U.S.," Janney Capital Markets analyst David Strasser, said in a note to clients.

He said closing down the Moscow office was a "really good idea," and that he was concerned that the company was trying to focus on too many countries internationally.

McMillon said Wal-Mart, the world's biggest retailer, would continue to focus on other major overseas markets.

"We continue to be excited about our international business, including markets where we already operate, such as Brazil, China and India, where we have tremendous growth opportunity," McMillon said in the statement.

Overseas retailers have found it tough to succeed in Russia from scratch, with Sweden's IKEA at times complaining openly about corruption and a surplus of red tape.

Rare success stories include Germany's Metro and France's Auchan, which have more than 100 Russian stores between them.

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