Update On Privatization Of Media Enterprises

Carlos Navarro

Follow this and additional works at: https://digitalrepository.unm.edu/sourcemex

Recommended Citation
Update On Privatization Of Media Enterprises
by Carlos Navarro
Category/Department: General
Published: Wednesday, April 28, 1993

The Finance Secretariat (Secretaria de Hacienda y Credito Publico, SHCP) took another step in the lengthy process of privatizing government-owned media enterprises on April 1 with closure of the period for potential buyers to submit bids. A final decision on the winning bid is expected in June. Four conglomerates and several smaller firms submitted bids to the SHCP for acquisition of the media package, which includes the television networks Channels 7 and 13 (which represent 168 affiliated stations), local Chihuahua television station Channel 2, daily newspaper El Nacional, and the cinema chain Compania Operadora de Teatros S.A. (For previous coverage see SourceMex, 01/06/93 and 02/03/93). According to El Financiero International weekly business newspaper, two of the top four bidders apparently have ties to US-based media enterprises. The partnership of Joaquin Vargas (head of cable television company Multivision), Adrian Sada Gonzalez of Banca Serfin, and Clemente Serna Alvelar of Radio Red, is reportedly linked to Fox Inc. and Turner Broadcasting Systems Inc. This group is considered to be the leading contender for acquisition of the media package. A second partnership led by Banca Cremi president Raymundo Gomez Flores is thought to be associated with Capital Cities/ABC Inc. and Paramount Communications. A Mexican media chain, Radio Centro network, has also submitted bids for the media enterprises, in partnership with consumer electronics company Elektra and Bancomer, Mexico’s second largest bank. The fourth group, led by shareholders of Banca BCH, has little experience in the broadcast industry. However, some media analysts suspect the BCH bid may be the highest. Under new anti-monopoly legislation passed in late 1992, Mexico’s media conglomerate Televisa was barred from directly participating in the bidding process. The privatization "package deal" is thus expected to result in the first serious competition for Televisa, which controls most broadcast facilities and programming in the country, in addition to its extensive presence in other branches of the entertainment industries both in Mexico and internationally. According to the Journal of Commerce, the implications of the media privatization transaction go far beyond the simple transfer of ownership of the enterprises involved. The privatization will have the net effect of providing all kinds of businesses with new broadcast outlets for advertising their products, since until now marketers of consumer goods have had to play the game by Televisa’s rules, or simply not advertise at all. "Buying television air time in Mexico is almost Machiavellian," said one television executive referring to Televisa’s monopoly. "You're required to pay up front. You don't really get to negotiate anything. It's in their terms or in their terms." Joe Cueto, vice president of sales for New York-based Telemundo Group Inc., said he expects almost immediate changes from the privatization transaction. "I think the Mexican government has realized that in order to attract US corporations they have to be able to do business in a fashion relative to what they do in their country." (Sources: Journal of Commerce, 04/01/93; El Financiero International, 04/12/93)