On Recent Communications Media Transactions

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The strong growth potential for Mexico's electronic communications media has created heavy competition in various sectors of the industry, including cable television. On May 19, Cablevision, a subsidiary of the entertainment industry conglomerate Grupo Televisa, launched a strong challenge to dominant cable company Multivision by forming a partnership with one of the world's largest television companies, US-based Tele-Communications Inc. (TCI). According to media analysts, the joint venture will allow Cablevision to draw on TCI's expertise in order to challenge Multivision's dominance of the cable television industry in Mexico. In addition, the TCI-Cablevision partnership plans to market cable, pay and multi-channel television services to most Latin American countries. Plans also call for production of Portuguese-language programs for the Brazilian market. Media analysts said this represents a major step forward in Grupo Televisa's ambitious plans to dominate the Latin American television market. According to El Financiero International weekly business newspaper, TCI is the world's largest cable television operator, with 10.2 million customers in 49 US states and investments in nine foreign countries. Meanwhile, competition remains strong for acquisition of the government's package of media enterprises. The privatization package includes the television networks Channels 7 and 13 (representing 168 affiliated stations), local Chihuahua television station Channel 2, daily newspaper El Nacional, the cinema chain Compania Operadora de Teatros S.A. (COTSA) and the film production unit Estudios America. On May 23, the Finance Secretariat (Secretaria de Hacienda y Credito Publico, SHCP) announced that offers from four finalists competing for acquisition of the media package are due at the SHCP by July 16. Results of the bid will be announced on July 23. In making the announcement, the SHCP reiterated that the media enterprises will only be sold as a single package, not separately (see SourceMex, 04/28/93). Francisco Gonzalez, owner of Cinematografia Estrella de Oro, had submitted a bid only for COTSA and Estudios America, while a partnership of editors and reporters from El Nacional had placed a bid to purchase that newspaper from the government. According to the SHCP, these parties were offered the opportunity to enter into partnerships with any of the four finalists, all conglomerates with large amounts of capital. The four finalists are: * Corporacion Medcom. The group is composed of Multivision owner Joaquin Vargas Guajardo and business partners Adrian Sada Gonzalez of Banca Serfin and Clemente Serna Alvelar of Radio Red. * GEO-Multimedia. This is a Jalisco-based partnership comprised of Banca Cremi president Raymundo Gomez Flores and the owners of Mexico's largest truck and bus manufacturer, Dina. * Proyecto Cosmovision. The conglomerate is led by Tabasco businessman Carlos Cabal Peniche of Banca BCH and radio broadcasters Javier Perez de Anda, Francisco Javier Perez Campuzano and William Karab Kassab. * Radiotelevisora del Centro. The group is led by broadcaster Francisco Aguirre, in partnership with Ricardo Salinas, director of Elektra, a furniture and appliance chain. (Sources: La Jornada, 05/20/93; Notimex, 05/23/93; El Financiero International, 05/24/93, 05/31/93)