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Televisa Subsidiary Wins Government Concession For New Television Network

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In early December, the Communications and Transportation Secretariat (Secretaria de Comunicaciones y Transporte, SCT) awarded rights to operate a new 62-channel network to Red Televisora de Mexico Norte, a subsidiary of the Grupo Televisa entertainment industry conglomerate. The Televisa subsidiary, which offered a higher price than five other bidders, agreed to pay at least 284.3 million nuevo pesos (US$85.7 million) for rights to start the new network. With the new concession, Televisa and its subsidiaries will now control four national television networks. Alberto Aniz, owner of MVS Multivision, one of the losing bidders, charged that the concession to a Televisa-owned company in effect "closed the door" to the possibility of creating competition in the Mexican television broadcasting industry. In fact, Televisa created Red Televisora de Mexico Norte in order to circumvent Mexican anti-monopoly legislation (see SourceMex, 12/02/92). According to media analysts, Televisa programming absorbs about 85% of the Mexican television audience, while the enterprise takes in about 90% of all television advertising revenues. The conglomerate has seen revenues soar over the past few years. In early 1993, Televisa increased its advertising rates, a move which significantly boosted revenues. According to the Vector brokerage house, during the first six months of this year, Televisa's operating income jumped 98%, net income increased 71%, and revenues expanded by 62%. The expansion of Televisa's domination over the Mexican television market through the new concession now places its only competitor, Television Azteca, in an even weaker position. Television Azteca is comprised of the Channel 7 and Channel 13 networks, which the government sold to a consortium headed by businessman Ricardo Salinas Pliego in July of this year (see SourceMex, 07/21/93 and 08/11/93). Ironically, the same day that Televisa's subsidiary was awarded the concession, Television Azteca was also awarded a separate token concession, which includes the right to add 10 new stations to its Channel 13 network. According to El Financiero International weekly business newspaper, Televisa which has long enjoyed a cozy relationship with the governing Institutional Revolutionary Party (PRI) had advance notice of the SCT decision. For example, on Nov. 26 the company advised the Mexican Stock Exchange (BMV) of plans to invest about US$120 million to create a new broadcasting network. In related news, on Dec. 12 Televisa announced plans to offer 10% of the company's stock in a US$1 billion worldwide offering. The issue will be handled by a dozen international securities firms, led by US-based Goldman Sachs. Announcement of the sale followed approval by Mexican authorities for Televisa to conduct a 3-for-1 stock split. The international stock offering will consist of shares owned by Grupo Televisa's principal owner, Emilio Azcarraga, and his family members. After the sale, Azcarraga will still hold 5% of Televisa stock in his own name. In conjunction with the offer, Televisa has applied to be listed on the New York Stock Exchange (NYSE), although approval was still pending as of Dec. 14. If approved, Televisa would become one of more than ten Mexican enterprises listed on the NYSE. In addition to its national television networks in Mexico, Televisa is partial owner, or has cooperative agreements with, television networks in Chile, Peru, Venezuela, and Argentina. Televisa also owns one-third of the US-based Spanish-language network Univision. Finally, Televisa controls vast studios in Mexico for production of soap operas, movies, sports, and news programs that are
broadcast throughout the Spanish-speaking world. (Sources: La Jornada, 12/01/93; El Financiero International, 12/06/93; Notimex, 12/12/93; New York Times, 12/15/93)

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