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## Government Struggles to Find Buyers for Some State-Owned Operations

by LADB Staff

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Notwithstanding the success of Carlos Salinas de Gortari's administration in privatizing a significant number of government enterprises during 1993, the Finance Secretariat (Secretaria de Hacienda y Credito Publico, SHCP) continues to face difficulties in selling off three government-owned firms: daily newspaper El Nacional, the seafood marketing company Ocean Garden, and three paper mills operated by Productora e Importadora de Papel (PIPSA). In all three cases, the SHCP has been forced to reschedule auctions for these properties because initial bids were considered too low.

PIPSA, the state-owned company that supplies newsprint to Mexican newspapers, remained in the hands of the government after Banpais the private bank handling the auction on behalf of the government rejected bids in December for the three PIPSA mills: Mexicana de Papel Periodico (Mexpape); Fabricas de Papel Tuxtepec (Fapatux); and Productora Nacional de Papel Destintado (Propanade). According to El Financiero weekly business newspaper, the SHCP in an effort to attract higher bids for the PIPSA properties has decided to allow foreign companies to bid for as much as 100% ownership. In the December bid, foreign bidders were restricted to a maximum 49% share ([SourceMex, Oct. 13, 1993](#)).

Another criticism of the first auction was that potential foreign investors were not allowed sufficient time to find Mexican partners. In the case of El Nacional, the union representing editorial and production staff on the newspaper (Sindicato del Periodico El Nacional) has again offered to purchase portions of the firm, this time proposing to purchase the Mexico City and Guanajuato bureaus.

In a letter to President Salinas, union leaders complained that they were not allowed to participate in the bidding round which took place in January. In that round, all bids were rejected because they were considered "too low" ([SourceMex, Jan. 26, 1994](#)). In the letter, the union did not disclose how much it would be willing to offer for El Nacional facilities. However, in the El Nacional auction held in July 1993, the SHCP rejected an offer from the union of about US\$149,000, reportedly the highest bid at that time. In contrast, in the January bid, the SHCP rejected bids of US\$5 million and US\$10 million for the Mexico City bureau alone.

In the case of Ocean Garden, on Jan. 26 company president Enrique Guinea announced that the SHCP will begin accepting bids for the company sometime in February. According to Guinea, the SHCP is targeting sale of the company which is based in San Diego, California for May of this year at the latest. The SHCP suspended privatization of Ocean Garden in September 1993 because the offers received at that time were deemed too low ([SourceMex, Sept. 29, 1993](#)). One of the prospective bidders for Ocean Garden is the National Fisheries Industry Chamber (Camara Nacional de la Industria Pesquera, CANAIPE). However, CANAIPE president Jose Antonio Ramirez Thomas told La Jornada that the Chamber would not offer more than US\$30 million, which he described as

the "real value" of the company. The SHCP did not reveal how much prospective buyers had bid for the company during the September auction.

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