

4-13-1994

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### Recommended Citation

LADB Staff. "Government Agencies, Private Sector Active on International Bond Markets." (1994).  
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## **Government Agencies, Private Sector Active on International Bond Markets**

*by LADB Staff*

*Category/Department: Mexico*

*Published: 1994-04-13*

According to Grupo Financiero Bancomer, the Mexican private and public sectors have raised more than US\$1.55 billion in bond offerings on international markets since Jan. 1, 1994. The report noted that the largest issues have been placed by two government agencies the foreign trade bank (Banco Nacional de Comercio Exterior, Bancomext) and by the small business lender Nacional Financiera (Nafinsa).

In the private sector, the largest issues were placed by cellular telephone company Iuasell and construction company Grupo Mexicano de Desarrollo (GMD). Other large issues were placed by fruit juice manufacturer Jugos del Valle, financial services company GBM-Atlantico, and soft drink bottling company Grupo Embotellador de Mexico. During March, the Mexican public and private sectors also found other new sources of capital from institutions and markets overseas.

For example, late in the month, the Italian government announced creation of a US\$250 million line of credit for Mexican companies seeking to acquire high- technology equipment from Italian companies. Sergio Cattani, Italy's ambassador to Mexico, said the program is primarily intended to help small- and medium-sized businesses in Mexico. Cattani said the Italian government also sees this as an opportunity to improve trade relations with Mexico. For its part, the state-run railroad Ferrocarriles Nacionales (FERRONALES) has started negotiations with the World Bank to obtain a loan of US\$100 million to fund infrastructure upgrade projects this year.

FERRONALES director Jorge Tamayo told reporters the infrastructure upgrade is essential for the railroad to provide better service to customers and improve its competitive position relative to other forms of transportation. In addition, Tamayo told reporters the railroad needs to find a source of funds to substitute for government-provided subsidies, which will be reduced by about 60% during the remainder of this year.

Meantime, Britain's central bank, the Bank of England, on March 30 granted a permit for Nafinsa to open a subsidiary office in London. The main function of Nafinsa's British office will be to buy and sell Latin American debt titles, including so-called Brady bonds, Eurobonds, and certain certificates of deposit. Arturo Galan, who will head Nafinsa's British office, said the London facility is scheduled to begin operations on May 9. This is the first operating permit awarded by the Bank of England in 12 years to a subsidiary of a Latin American bank.

In addition, to raise funds for various infrastructure projects, the state-run oil company PEMEX placed bonds totaling US\$400 million on various European markets. Chase Investment Bank and Swiss Bank will serve as intermediaries for the three-year bonds, which carry a floating interest rate. According to a PEMEX statement, this particular bond issue allows the state-owned company

to "increase its liquidity at a favorable cost, at a time when Latin American debt markets are retreating."

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