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Interest Grows in Privatization of Port Services, Warehouse Facilities

by LADB Staff

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The government's plan to privatize state warehouses, which are currently under the control of the government-owned Almacenes Nacionales de Deposito (ANDSA), plus the announcement that the state will contract private companies to take over the facilities for handling shipping containers at four major ports around the country, have generated strong interest among domestic and foreign private investors. In early May, the Transportation and Communications Secretariat (SCT) reported that foreign and domestic companies had submitted a total of 40 bids for concessions to operate container terminals and multiple-use terminals at Mexico's four largest ports: Altamira and Veracruz in the Gulf of Mexico, and at the Lazaro Cardenas and Manzanillo ports on the Pacific Ocean.

Earlier this year, the SCT announced that bids would be awarded for 20 years for terminals exclusively handling shipping containers, and 15 years for multiple-use facilities. At that time, the SCT said preference would be given to those companies whose proposals offer the best opportunity for development of the ports (see SourceMex, 03/15/95). The SCT communique said 23 of the 40 bids received thus far have been placed by Mexican-based companies, while the other 17 have been by foreigners. SCT officials said they expected the total number of bids to increase considerably before the deadline of June 2. The SCT did not name any of the foreign bidders. However, according to the official news agency Notimex, a group of French companies has placed a bid for the concession for the container terminal in Veracruz and for the port facility that handles tour cruises at that same port.

According to Notimex, the French bidders already operate similar container facilities at the French port of Bordeaux Sud Ouest. A spokesman for the group, Guilles Guyonnet Duperat told the news agency that the French companies have expressed preference for Veracruz over the other three ports because of the high volume of traffic at that port. Separately, ANDSA earlier this year reopened the privatization process for grain elevators, warehouses, and distribution centers under its control. According to ANDSA, the agency will be considering 82 preliminary bids in the next round of privatization, which includes 97 distribution and storage centers around the country. The majority of the bidders are agricultural organizations or cooperatives, although five private companies have also placed bids. Because preference will be given to agricultural cooperatives submitting bids, the government has encouraged private bidders to submit their bids in partnership with a non-profit agricultural organization.

Among the cooperatives bidding for these properties are the Confederacion Nacional Campesina (CNC) and the Union Nacional de Organizaciones Regionales Campesinas Autonomas (Unorca). The cooperatives have access to loans from such institutions as the national rural development bank (Banco Nacional de Credito Rural, Banrural) and the domestic development bank (Banco Nacional de Comercio Interior, BNCI). In an earlier phase of privatization in late 1993, which was also open

only to agricultural cooperatives, the agency sold off a number of grain elevators capable of holding 760,000 metric tons of grain and oilseed (see SourceMex, 11/10/93). According to a report released by ANDSA, the long-term strategy followed by President Ernesto Zedillo's administration is to build a system similar to those existing in the US, Canada, and Europe, which focus on integrating the various stages of distribution and marketing of grain and oilseeds.

The privatization of the warehouses and port facilities is part of the Zedillo administration's long-term plans to sell off another US\$14 billion to US\$20 billion in state-owned industries in the next six years. New legislation has already been passed since the beginning of the year that allows the government to open up the rail, telecommunications, and natural gas sectors to private investment. (Sources: Notimex, 04/26/95; La Jornada, 05/02/95, 05/03/95, 05/06/95; El Financiero, United Press International, 05/08/95)

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