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LADB Staff

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Mexico Begins Privatization of State-Run Newsprint Company, Paper Mills

by LADB Staff

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President Ernesto Zedillo's administration is considering bids from three private companies to acquire the state-owned newsprint company Productora e Importadora de Papel (PIPSA). Government lender Nacional Financiera (NAFINSA) is handling the privatization of PIPSA and three paper mills. A NAFINSA spokesperson said the government has received bids from Mexican companies Organizacion Editorial Mexicana (OEM) and Industrias Campos Hermanos, and US-based Newbridge Latinoamerica. The three bidders must submit their final proposals by Sept. 30. NAFINSA is scheduled to announce the winning bidders by Oct. 8. "The three companies participating in the process have sufficient economic resources and technological capacity to ensure a successful sale of Grupo PIPSA," a NAFINSA press statement said in mid-September.

PIPSA and the three mills will be privatized as two separate entities to prevent one buyer from monopolizing the domestic newsprint market. PIPSA and the three paper mills supply 80% of the newsprint used by Mexican newspapers. The anti-monopoly move is partly in response to concerns raised by the Asociacion de Editores de Periodicos Diarios de la Republica Mexicana (AEDIRMEX). In early July, the organization urged the government to keep PIPSA in government hands to ensure that newspaper publishers continue to have an uninterrupted supply of newsprint (see SourceMex, 07/08/98).

Under the privatization scheme, the government will sell PIPSA and paper mills Mexicana de Papel Periodico (Mexpape) and Fabricas de Papel Tuxtepec (Fapatux) to a buyer not affiliated with the Mexican newspaper industry. Mexpape is in Veracruz state and Fapatux in Oaxaca state. The government is offering the paper mill Productora Nacional de Papel Destintado (Propanade), located in San Luis Potosi state, separately. OEM, which is not eligible for the first package, is competing with Industrias Campos Hermanos to acquire Propanade. OEM is publisher of the El Sol newspapers, which cover many of the largest cities in Mexico.

Industrias Campos Hermanos is also competing with Newbridge to acquire the first package. State-run newspaper El Nacional faces closure In mid-September, the Zedillo administration also announced plans to close the government-owned newspaper El Nacional. The closure of El Nacional and the sale of PIPSA are part of the government's plan to sell off state enterprises to ease budget pressures. El Nacional was scheduled to cease operations Sept. 30, with a loss of 340 jobs.

However, the union representing El Nacional workers (Sindicato de Trabajadores de El Nacional) has asked the government to delay the closure by three months to allow workers to consider all options. "During this three-month period, we will draft a formal proposal for the workers to acquire the equipment and machinery so we can continue publishing the newspaper," the union said in a letter to Interior Secretary Francisco Labastida Ochoa. El Nacional publisher Enriqueta Luna was scheduled to meet with Labastida and Finance Secretary Jose Angel Gurria Trevino to consider

other options besides closing the operation. But the newspaper is unlikely to gain a full reprieve, since the Zedillo administration must reduce spending in the face of low oil-export revenues. Luna said the decision to close El Nacional is also based on an extended analysis of the newspaper's finances.

Under the current closure plan, the government will move some operations of the daily register (Diario Oficial de la Federacion) to the building currently housing El Nacional. Guanajuato state would assume control of the building that houses El Nacional de Guanajuato. El Nacional, traditionally a mouthpiece for the governing Partido Revolucionario Institucional (PRI), was founded in 1929. Representatives of opposition parties welcomed the closure of the newspaper. "This was a newspaper subsidized by taxpayers to promote the interests of one political party," said Guanajuato Gov. Vicente Fox, a member of the center-right Partido Accion Nacional (PAN). [Sources: The News, 09/14/98; La Jornada, 09/14/98, 09/15/98; El Economista, 09/09/98, 09/18/98; Excelsior, 09/14/98, 09/15/98, 09/18/98; Novedades, 09/18/98; El Nacional, 09/17/98, 09/22/98, 09/23/98]

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