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After several failed attempts, the Mexican government has finally sold its California-based seafood-marketing company Ocean Garden to a consortium of Sonora shrimp producers. The consortium paid 161 million pesos (US$15 million) for Ocean Garden, which operates out of San Diego, California. The consortium also agreed to assume about US$100 million in debt owed by Ocean Garden.

Six groups initially registered to participate in the privatization, but the Sonora group was the only one to present a viable bid. The three companies that comprise the consortium Acuicola Boca, Granjas AquaTech, and Grupo Industrial Pesquero Mexicano are involved in the production of wild and farmed shrimp. Acuicola Boca, owned by the family of Sonora's Gov. Eduardo Bours Castelo, is also one of the main suppliers of feed to shrimp-aquaculture operations in Mexico.

Structural changes helped government sell company

This was the government's fourth attempt to sell Ocean Garden, including twice during the administration of former President Carlos Salinas de Gortari in 1993 and 1994 (see SourceMex, 1992-09-23, 1993-09-08 and 1994-03-09). In both cases, the privatization was called off after the bids presented by potential investors were far below the government's asking price (see SourceMex, 1993-09-29 and 1994-06-01).

In 1996, the Secretaria del Medio Ambiente, Recursos Naturales, y Pesca (SEMARNAP), which operated Ocean Garden, transferred the company to the government's foreign-trade bank (Banco Nacional de Comercio Exterior, BANCOMEXT). The fisheries division was transferred from the environment secretariat to the agriculture secretariat when Fox took office. The transfer to BANCOMEXT was considered only a temporary move, with the bank enacting structural changes to the company to make it more attractive to potential buyers (see SourceMex, 1998-06-10 and 2001-05-06).

"The company has improved the way it does business in the last one-and-a-half to two years," Gontran Hernandez, the BANCOMEXT official overseeing the privatization, said in June 2005. Ocean Garden also forged an alliance with Mexican fisheries companies in the upper Gulf of California, which supply most of its shrimp, and the international environmental organization Natural Resources Defense Council (NRDC).

The alliance allowed the company not only to improve its fishing techniques but also protect the vaquita marina porpoise and other endangered species. In addition to meeting the government's price, the Sonora consortium appears to be the ideal buyer for Ocean Garden, which relies on sales of Mexican shrimp for 75% of its business.
Ocean Garden which has about US$250 million in annual sales also distributes lobster, crab, abalone, squid, octopus, salmon, and other finfish. The company has offices in the mainland US and Mexico and employs sales agents in Europe, Asia, Hawaii, and Canada. "This sale will unlock the growth potential of Ocean Garden Products and greatly improve its competitive position in the US and Mexican market," said Jesus Lopez Borquez, a senior corporate banker with Rabobank International, which advised the Sonora consortium on the transaction.

Some analysts praised the government for coming up with a flexible financial scheme that allowed the sale to be completed. Under the plan, investors were allowed to negotiate with the government if an initial bid was rejected, as was the case with the Sonora consortium, which initially offered only 132 million pesos (US$12.3 million). "Until now, it appeared that Ocean Garden...was a cursed company, which prevented its sale to private investors," said financial commentator David Paramo. "Through this scheme the sale became possible." (Sources: La Cronica de Hoy, 05/06/05, 07/20/05; El Universal, 10/28/05; Notimex, 11/24/05; La Jornada, 11/02/05, 12/05/05; Radio Formula, 11/25/05, 12/05/05; www.just-food.com, 12/05/05; The San Diego Union-Tribune, 06/30/05, 08/16/05, 12/06/05; El Occidental, 12/06/05) [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Dec. 14, reported at 10.73 pesos per US$1.00]