 by Carlos Cota Meza

Mexican industry: going, going, gone

Bush's policy means only one thing for Mexican industry: First bankrupt 'em, then buy 'em out.

Pepsi Cola's takeover of the Mexican consortium Gamesa signaled the wave of the future for Mexican industry.

Gamesa was one of Mexico's leading producers of pastas and cookies, and it controlled the purchase of a significant percentage of the national wheat crop. As its principal stockholder, Alberto Santos de Hoyos, declared, if it had not been sold to Pepsico, its only alternative would have been to drastically cut back operations due to lack of financing, lack of market, and unfair competition because of the duty-free imports of the very products Gamesa produced.

Under the Free Trade Agreement being negotiated with the United States, this will be the future of Mexican industry: Either shut down or be taken over by U.S. companies.

This is already happening. In what has come to be known as the "international war of the Colas," Coca Cola company has also begun its takeovers in Mexico, but in a different manner from that of its rival Pepsico, which, through the takeover of Gamesa, now controls the majority of the junk-food market in Mexico, as well as part of the production of wheat flour, potatoes, and chicken.

Coca Cola is now repurchasing its own bottlers and distributors, concessions which for years had been majority controlled by the infamous Monterrey Group. The carbonated liquid is packaged through the conglomerate Visa, in glass bottles produced by another Monterrey conglomerate, Vitro. Plastic bottles and labels are produced by the petrochemical division of the conglomerate Alfa.

Alfa produces for the manufacturers of soft drinks, and controls a major part of the secondary petrochemical industry and all exports of polyester used in the production of videotapes in Japan. Vitro melts glass for bottles, and produces the majority of the glass used in the automotive industry, as well as glass exports. Vitro has been a disguised property of the U.S. firm Anchor Glass Co. for over a year.

By repurchasing the stocks of its front companies, Coca Cola will end up controlling a substantial part of Mexico's secondary petrochemical industry along with those international markets recently sold by the Mexican government.

Other "Mexican" groups are not faring as well as the Monterrey Group. DESC, for example, with more than 50 member companies, has announced its reorganization, with an eye toward the imminent U.S.-Mexico Free Trade Agreement. Its primary industry, Resistol, SA, already has problems in the national market because of the unrestricted import of glues and adhesive tapes. Resistol is seeking to "associate" with its U.S. competitors—selling itself to them.

The Mexican division of Bayer (the German pharmaceutical firm with Mexican managers) is seeking U.S. partners to corner its own export niches. It wants to export Alka-seltzer, aspirin, cold medications, digestive aids, products that have been hard hit by the uncontrolled import of foreign competitors. The advantage Bayer had enjoyed in controlling a large percentage of the Mexican market for more than 60 years stemmed from its cheap product "presentation" (labels, flavorings, publicity, etc.). With the Free Trade Agreement, that advantage will end, and Bayer of Mexico will end up being absorbed by the U.S. pharmaceutical industry.

The story is the same in the automotive sector. Eight months after the Dina Group—one of the largest producers of heavy transport vehicles in Ibero-America—was privatized, the Mexican "businessmen" who acquired it, Consorcio G, have already been displaced, and ownership is now being fought over between FAMSA-Mercedes Benz and Chrysler.

Aeromexico, the airline which less than two years after its reprivatization had to be rescued from bankruptcy by the government, has expelled the Mexican economic groups Bachoco and Protexa from its board of directors and has recently announced its association with Polaris, Inc., a subsidiary of General Electric. GE now controls part of Mexico's aerospace sector.

Industrias San Cristobal (one of Mexico's largest paper and cleanser manufacturers), suffered a collapse in sales due to the lifting of import controls on toilet paper, tissues, diapers, sanitary napkins, industrial disinfectants, soaps, etc. San Cristobal is now owned by the U.S.'s Scott Worldwide, the major supplier of cleaning goods to U.S. factories, schools, and public buildings. Its subsidiary, Rubbermaid, is taking over the Mexican market in hospital instruments and materials, capturing the market from the "national" monopoly of more than 50 years, Kimberly Clark, a U.S. company whose Mexican owner is Claudio X. González, adviser to the presidency on foreign investment.

With the Free Trade Agreement, Mexican producers are disappearing along with the longstanding company fronts of the multinationals.