

## Dateline Mexico by Josefina Menéndez

### Government stops debt-for-equity

*The bankers' advisers have mishandled the situation, provoking an explosion of nationalism.*

On Monday, May 21 the official government newspaper *El Nacional* reported that the de la Madrid government will halt all negotiations of debt for equity between Mexican private companies and their foreign creditors. The Mexican government also said that it will regulate all future debt-for-equity negotiations, considering whether each such transaction is "in the national interest."

This announcement was the government's response to the recent negotiations between the industrial Alfa Group of Monterrey and its creditors that led to the sale of 35% of the total shares of the Alfa holding company in exchange for \$300 million in debt—about a third of the company's outstanding debt.

Our Monterrey office reports that other businessmen made jokes about what they called the "beggars' financial package" that Alfa achieved with its creditors. The arrangement in effect gives the coordinating committee of Alfa's creditors the power to name seven out of the fifteen members on Alfa's board of directors!

Alfa's decision created a scandal, and financial dealers in Mexico City believe that the decision was taken on the advice of investment bankers Lehman Brothers-Kuhn Loeb and Goldman Sachs, who have been functioning as advisers to Alfa on its foreign debt negotiations. Former U.S. Secretary of State Henry Kissinger, who has pushed debt-for-equity schemes as a "solution" to the debt crisis for American banks holding unpayable

outstanding loans in Ibero-America, has a business connection with Goldman Sachs.

The dissatisfaction of most of the business community with the Alfa Group agreement was voiced by its representative paper in Monterrey, *El Norte*, which complained that Alfa had invited "gringos" to sit on its board of directors. On May 23, the creditors' group announced that "no gringos" would be assigned to the board, only Mexicans designated by the gringo bankers. The bankers' advisers have mishandled the situation, provoking an explosion of Mexicans' well-known nationalism, according to our sources in Mexico City.

More important, however, is that the humiliation of the Alfa Group has convinced other businessmen that other options have to be found. Among them is Eugenio Clariond, president of Industrias Monterrey, S.A. (IMSA), the fifth largest industrial group in Monterrey, and vice-president of Concamin, the industrialists' umbrella organization.

Clariond has been touring South America recently looking for new trade options and markets. He has become an advocate of "looking to the south" and is giving lectures to several business organizations on the benefits of trading with South America. He just reached a barter deal with Argentina to exchange wheat for manufactured goods produced by IMSA.

His point of view is shared by Jacobo Zaindenweber, who is president of Concamin. Zaindenweber is con-

vinced that the business community has to reach an agreement with the government to launch a new process of economic growth, reversing the painful depression that began in 1983. His group of businessmen thinks that in order to do that, it is necessary to increase the purchasing power of the workers. For his positions, Zaindenweber, a Jew, has been viciously attacked by Confederacion Patronal de la Republica Mexicana (Coparmex), headed by former president José María Basagoiti and his circle, who are supporters of the anti-Semitic Partido Acción Nacional (PAN), Mexico's fascist party.

The split in the industrialists' Monterrey Group is so profound that the newspaper *El Norte* recognized some days ago that "there is no leadership" inside the group.

But a regroupment is now underway that, according to our sources, aims to bring the most radical right-wing militants of Monterrey to the fore.

According to our informants in Monterrey, the group is led by Grupo VITRO chief Rogelio Sada Zambrano and his brother Andrés Marcelo Sada. Rogelio Sada is connected to some right-wing figures in the United States, including Jesuit-influenced Michael Novack, who is closely tied to the Heritage Foundation. Heritage, according to intelligence sources in the United States, has been exposed on several occasions as a favorite nesting place for Soviet KGB moles.

This information tends to cohere with what we know. The VITRO group's former manager, Pablo Emilio Madero, just resigned his post to become president of the PAN. This group of declared Nazi sympathizers is formally allied with the Partido Socialista Unificado de Mexico (PSUM), which formerly called itself the Communist Party of Mexico.