

Dateline Mexico by Josefina Menéndez

Can Moctezuma Brewery take revenge?

U.S. banks implement debt-for-equity schemes against a Mexican company—and this time, the Mexican government is mum.

The story of how Mexico's Moctezuma Brewery is being taken over by its foreign creditors is instructive in demonstrating what's behind the recent Mexican deal to "reschedule" its debt which some foolish people think has solved everything. Unlike the case of the ALFA industrial group earlier this year, where the government stepped in to stop creditors from devouring the firm as repayment for debt, this time the Mexican government—by looking the other way—has set a dangerous precedent for the recolonization of the country under Henry Kissinger's "debt for equity" schemes.

Moctezuma Brewery, founded 138 years ago, is one of the oldest enterprises in Mexico. The Superior Court of Justice of the Federal District put the firm into receivership on Sept. 27, in response to a lawsuit by the firm's American bank creditors who demanded the action.

The attackers argue that the Moctezuma Brewery, which employs 12,858 blue collar and white collar workers with 51,432 dependents, has paid neither interest nor principal on its \$300 million debt with these banks, principally the Bank of America and Citibank, since 1982. The reality is that since that date, the Bank Committee which was managing the renegotiation of the debt of the firm had proposed to its owner, the well-known entrepreneur Alberto Bailleres (who also owns Industrias Peñoles, El Palacio de Hierro, and until Sept. 1,

1982, Banca Cremi), to pay the debt with stocks in his company. Since Bailleres (who is by no means a nationalist) refused, the banks decided to act by force and take it.

But that's not all. To further humiliate this "daring" opponent of Henry Kissinger's debt-for-equity scheme, both he and the general manager of the company, Juan Riveroll, were legally enjoined from leaving the country without leaving behind a legal representative, under penalty of spending five days in jail. The next court appointment will be on Oct. 10.

The haughty attorney for Bank of America and spokesman of the majority of the international and Mexican creditor banks of Moctezuma Brewery, Miguel Angel Harta Sánchez Noguera, told newsmen that "not even by revaluing its stocks can the company manage to pay the 60 billion pesos it owes. Besides," he said, "we know that the firm owes 7 billion more pesos in back taxes." He also explained that Bank of America is the only creditor which asked the Superior Court of Justice of the Federal District to declare Moctezuma Brewery bankrupt, but that the other 40 creditors have presented 31 lawsuits of various kinds.

In reality, the company, just as its owners argue, fell on bad days starting with the 1982 devaluation of the currency, and contrary to what the banks say, they were perfectly willing to negotiate the debt even though, in effect, they were in no condition to pay after

1982. Besides, it is known that the \$300 million debt is greater than the totality of the firm's fixed assets, estimated at about 50 billion pesos. In the first six months of 1983, the firm registered losses of 6 billion pesos, whereas their unpaid interest amounted to more than 17 billion pesos.

A source close to Bailleres told *EIR* that the extremely dirty maneuver of the international banks has aroused the dander of the boss of the company, and that he, together with other employers, considers this action a direct threat to all companies in a similar situation who do not want to accede to turning over their stock. The main companies immediately on the banks' blacklist are the PLIANA Group and the HYLSA steel-making firm. The source added that the ALFA industrial group's yielding to the voracious pressures of the banks and accepting the proposal of turning over its assets in early 1984 was what cued the banks to continue with this policy. In that case, a last-minute maneuver by the government stopped ALFA from turning everything over, and the debt is still being renegotiated.

The banks are also stirring up a defensive reaction from the labor movement. From Jalapa and Orizaba in the state of Veracruz, to Guadalajara in Jalisco, and in the other states where the 50 branches of the Moctezuma Brewery are located, there is generalized discontent and fear among the workers. The state representatives of the CTM national labor confederation in these states have said that they will intervene in defense of the workers' and their families' rights, and will not permit such an important company to be shut down.

The precedent is in place; the denouement will have serious consequences all over the continent if international usury is not stopped.