

and sectors that have had a hard time adjusting to the economic changes. Improvements to basic infrastructure—education, transportation, access to capital and telecommunications—can have a significant impact on labor mobility, capital investment and the overall export capacity of smaller firms in these markets.

There are many success stories in Mexico, Chile, Peru, Brazil, and other countries where market reforms spurred foreign investment and led to further economic development. These successes need to be leveraged—especially through assistance for further institutional and infrastructure development. In this effort, the new American strategy should be sensitive to the importance of key sectors such as infrastructure, telecommunications, energy, and financial services to economic development.

Scotiabank's experience in Mexico is a strong example, in our view, of how the liberalization of financial services facilitates broader economic development and reform. We

were the first foreign bank—and, for quite a while, the only bank, despite our previous losses—to reinvest in Mexico immediately after the 1994 Peso Crisis. Today, we are a profitable and growing bank with nearly 8,800 employees, serving more than 1.4 million customers in over 600 national branches—with plans for 50 more branches by the end of this year.

We were the first bank in Mexico to lower credit-card rates and we were the leaders in reintroducing residential mortgage lending. The result has been increased competition, improved access to new products, better regulatory standards, and wider access to credit for Mexican consumers. Overall, the country's financial system is on solid footing and far more competitive than in the past. That soundness is due to a partnership between the government, the central bank and private-sector banks, that provided needed support to the financial system.

In addition, foreign banks

have introduced stronger risk management, greater efficiency and solid corporate governance and sales practices—all of which have provided a significantly stronger foundation for economic growth.

A strong financial sector in Mexico, spurred by public and private sector collaboration, is strategically important to Mexico, the U.S. and Canada, as well as the region. Beginning with the support provided by the U.S. during Mexico's Peso Crisis, the sustained commitment helped facilitate significant government reform, while leveraging private-sector investment and expertise. The success of the effort was then and still is crucial to the modernization of the region's economies, in sectors such as manufacturing, agriculture and energy.

Emerging economic changes elsewhere in the hemisphere offer new opportunities. They require governments, the private sector and foreign investors to reinforce reform efforts by focusing on economic development. ●

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Andrónico Luksic Craig

● Expand Trade—Even with Cuba.

CONGRATULATIONS, MR. PRESIDENT-ELECT. Amidst the celebratory post-election fervor of the past few weeks I hope you have caught glimpses of the transcendent significance of your victory, and the powerful inspiration that it provides to the citizens of the U.S. and, indeed, the world. In fact, there can be little doubt that your ascension to the presidential office validates and illuminates many of the core tenets of your nation.

Andrónico Luksic Craig

Mr. President-elect, it is time for the U.S. to present a “New Deal” to the international community, one which restores the integrity of multilateralism and the precedence of global institutions.

You have pledged to inspire change in the administration of the domestic matters that confront you. I hasten to encourage you, at the same time, to address the global impact of your election and the possibilities that new, distinct and modern U.S. policies might represent to nations around the world and this hemisphere.

You must provide very clear and powerful signs that a new era has opened, in which things will be different, when the U.S. is willing to reach out to the world with a friendly, open hand.

As an entrepreneur and businessman from Chile, I would like to offer three suggestions for your global policy that I feel are most relevant to Latin America but which may also provide a clear message to the world.

It is fundamental that you conduct an extensive review of the current U.S. trade embargo of Cuba, with the intention of ending it. This antiquated policy, marooned in the Treasury Department, has produced a very negative image throughout the Americas. The

embargo is not only demonstrably inefficient; it lacks economic rationale. All attempts to blockade commerce are vulnerable in one way or another and, at the end of the day, they are counterproductive. The recent change of government in Cuba, as well as the start of a new administration in the U.S., provide an opportunity to re-think a policy which may have made sense in the past under different conditions—but now no longer does.

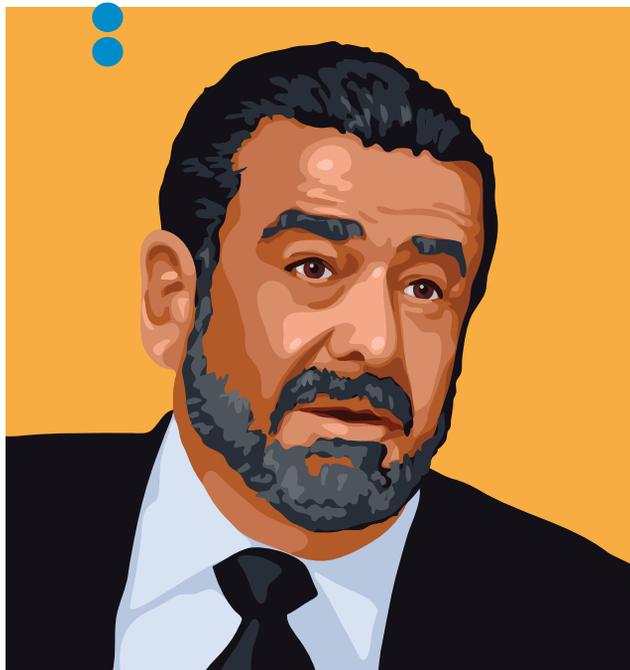
Second, it is important that you play an active role in advancing multilateral trade agreements. Further trade liberalization will deliver a significant economic boost and a powerful impetus to speed the recovery from the current global economic slowdown. This is a more reasonable alternative than allowing the trajectory of inflation and recession to continue and imposes a lower cost upon the Americas in both economic and social terms, namely by attacking unemployment and poverty.

Despite the recent failure of the Doha Round, the U.S. can still push for trade liberalization initiatives at the World Trade Organization. Alternatively, such liberalization schemes can be achieved at the APEC level or indeed even at regional or sub-regional levels.

Third, you must address immigration early in your tenure. It will undoubtedly be a politically volatile subject. But it may also be the first opportunity you have to demonstrate to the world the goodwill of the U.S. and, as such, would become the cornerstone of your global policy. This matter is of preeminent concern to the entire Latin American region as it affects most of our nations either directly or indirectly.

On these three issues, we anxiously await your leadership, with the same hope for real change that so many citizens of your nation believe you represent. I look to your administration to be the author of real change for global policy, but especially hope that you will focus due attention on normalizing policy toward Latin America, a region that has long been either too prominent in U.S. policy or almost entirely neglected. ●

Further trade liberalization will deliver a significant economic boost and a powerful impetus to speed the recovery from the current global economic slowdown.



Andrónico Luksic Craig is the vice-chairman of the Board of Directors of *Banco de Chile*.

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