banks in the late 1970s, the authorities decided not to accept more applications to open new banks. This was importantly influenced by the 1982-83 crisis, and by the authorities' perception that the banking sector was overextended. In any case, this restriction does not discriminate between local and foreign investors.

A negotiation of Chile's accession to NAFTA would therefore differ to that with Mexico in at least two aspects: (a) Mexico was a very closed market and Chile is very open; and (b) Mexico is a very large and potentially attractive market, whereas Chile is a smaller market. As a consequence, Mexico had a large stake to trade in for concessions in other sectors. Chile's objective, on the other hand, may be focused on gaining additional access to the NAFTA-expanded financial markets and to facilitate the flow of financial services to and from Chile.

One important aspect in facilitating the opening of these markets and the flow of funds and cross-border services may be the mutual recognition of national regulatory institutions as responsible for the solvency and soundness of financial institutions. The same is true for regulatory agencies responsible for overviewing stock markets and stock transactions.

A final word is necessary about Canadian financial institutions. In spite of the openness of Chile's financial industry, and of the participation of 23 foreign banks in this market, it is important to mention that only two Canadian banks (Bank of Nova Scotia and National Bank of Canada) have participation in the Chilean market through their ownership of