

trade in goods; (b) the financial sector is more regulated than most other sectors; and (c) countries have adopted national approaches to regulation that are not only different, but sometimes even incompatible.

Additionally, some financial services require active presence of the supplier of the service near the customer (e.g. retail brokering, consumer loans, retail deposit gathering, etc.), while others can be provided through a "long-distance" approach (e.g. loans to large corporations by international banks, underwriting of securities for corporations, etc.). In one case, the relevant issue will be that of the right of establishment, while on the other it will be that of freedom in cross-border transactions.

To further complicate negotiations in the financial sector, proper attention has to be given to existing national regulatory schemes, which cannot be dismantled in the short run without severe damage to the host country. NAFTA clearly accepts this principle, and in Article 1410 states that nothing in the agreement shall prevent the Signatory Party from: protecting investors, depositors and other market participants; maintaining the safety, soundness, and integrity of its financial institutions, and ensuring the solvency and stability of its financial system.

Just as Canada and the U.S. have adopted contrasting approaches for the regulation of their financial institutions, Chile has its own regulatory approach (as mentioned before). With respect to ownership restrictions, Chile, Canada and the U.S.A. have almost no barriers to foreign ownership in the banking sector.