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Remarks by

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Chairman

Board of Governors of the Federal Reserve System

at the

United States-Mexico Chamber of Commerce Annual Gala

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Good evening. I am very pleased to join the United States-Mexico Chamber of Commerce at this gala dinner as its members look back on another year of working to build the mutually beneficial trade and investment relationship between our two countries. The ties between Mexico and the United States, both economic and cultural, are close and enduring--in no small part, I am sure, because of the nearly 40 years of effort by the chamber. Thus, I am especially honored to join Agustín Carstens, the distinguished governor of the Bank of Mexico, in receiving your Good Neighbor Award. Thank you very much. *Muchísimas gracias.*

I have benefited from many years of contact and shared experiences with Agustín and his colleagues at the central bank of Mexico. Some years ago, I had the opportunity to visit the Bank of Mexico. As an economist, I found the visit very stimulating. But I must confess that I enjoyed the trip as much for the cultural excursions as for the economics. I remember in particular the beauty of Diego Rivera's monumental mural in the National Palace in Mexico City. As with so many things, I credit my wife, Anna, who has a graduate degree in Latin American literature, for my greater-than-average appreciation for the arts of Mexico and the other Latin American nations. Perhaps Agustín might also credit his spouse, the writer Catherine Mansell Carstens, for an appreciation of culture that encompasses both of our nations.

I met Agustín not long after I came to Washington to serve on the Federal Reserve Board. He was then a highly regarded deputy managing director of the International Monetary Fund. In late 2006, not long after I became Chairman, he became finance minister of Mexico, and last year he succeeded Guillermo Ortiz as governor of the Bank of Mexico. We have had many opportunities to meet and share views about the

U.S., Mexican, and global economies. My appreciation for his wisdom and insight as an economist and policymaker has grown with each encounter.

Our productive and, I hope, mutually beneficial relationship reflects the close relationship of the United States and Mexico. Our countries are tightly linked through trade. The United States is by far Mexico's largest trading partner, accounting for about two-thirds of total Mexican merchandise trade. Mexico, in turn, accounts for about one-eighth of the United States' foreign trade, ranking it--along with Canada and China--among our three largest trading partners. Not surprisingly, then, the growth of the Mexican and U.S. economies are strongly related.

I'd be remiss if I concluded without noting Mexico's tremendous economic strides during the past two decades. It has tamed the rampant inflation that prevailed before the 1990s, placed its budget on a sounder footing, and avoided the repeated financial crises to which it was once prone. Great credit goes to the thoughtful policies designed by Agustín and other economic leaders in Mexico. Because the prosperity of our countries is so closely linked, we in the United States benefit from their foresight and hard work.

Our economies continue to face challenges that require mutual cooperation. We are working together to promote international financial stability, both bilaterally and through international forums such as the Group of Twenty and the Basel Committee on Banking Supervision.

In closing, I deeply appreciate receiving the chamber's Good Neighbor Award.
Agradezco profundamente su gentileza.