

Ricardo Salinas

CHAIRMAN OF GRUPO SALINAS

*The Mexican entrepreneur
looking beyond Nafta.*

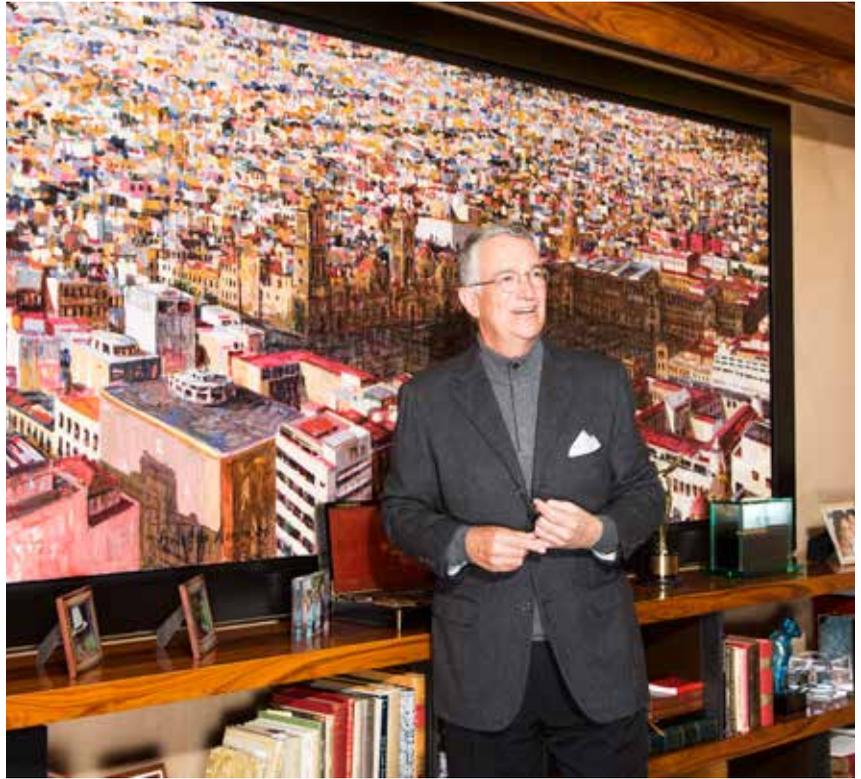
The earliest manifestation of Ricardo Salinas's entrepreneurial acuity came when he was 10 years old. "I was in my family home very close to here and this big swarm of honey bees showed up," he says. With the assistance of a "crazy uncle" he managed to catch the insects and build makeshift hives for them on the roof of his Mexico City house. "Some months later we had a lot of honey and I sold it door-to-door. It was fun and very interesting."

Today he is the head of Grupo Salinas, a conglomerate that includes appliance retailer Grupo Elektra, Banco Azteca, Spanish-language broadcaster TV Azteca – with subsidiaries in the US and across Central America – and Italika, a motorcycle manufacturer. We meet him in his office at TV Azteca, in the Tlalpan district. The wood-paneled room is filled with curios and intriguing decorations, from paintings by 20th-century Mexican artist Doctor Atl to a chunk of meteorite that's more than four billion years old. "I'm a big fan of geology," he says, admiring the football-sized piece of jet-black rock. "It puts you in perspective. We're nothing, just a speck of dust in time."

In this moment Salinas appears pensive, philosophical and eccentric. Yet it's been decisiveness, rigour and a willingness to take risks that have enabled him to transform Elektra – founded by his grandfather in the 1950s as a manufacturer of TV sets – into the cornerstone of one of Mexico's largest business empires.

Salinas returned from working in the US just as the 1982 economic crisis hit and Elektra's debts were spiralling. "We had borrowed in dollars to finance the accounts receivable in pesos; that was a bad idea," he says. "When devaluation came, the exchange rate went from 25 pesos to the dollar to 400. Our company went bankrupt, effectively." In 1987, he took on running the whole company. "That period from 1983 to 1987: it felt like 40 years, not four."

Under Salinas's guidance the company got back on its feet. "Mexico started to open itself up to imports,"



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he says. He began to source parts – then whole TV sets – from South Korea and to sell them in his shops under the Elektra banner.

"My father and grandfather saw themselves as manufacturers," he says. "I said, 'No, we're really in the store business.' I had to convince them to close down the factory. That was a traumatic decision because it cut at the core of what we had started off doing: building radios and TVs."

Salinas owes much of his success to globalisation. So how does he feel now that US president Donald Trump has threatened to walk away from Nafta? "Regardless of what this maniac in the US does, we cannot control that," he says. "It's not in our hands. What we can control as Mexicans is our response to that maniac. And the response should be to open up our country even more. The risk is a tit-for-tat exchange where, because they closed the market for our products, we close the market for their products. That's a double shooting in the foot."

A trade war, he says, would also impact the Mexican consumer. "Mexico used to be very modest: low-income, low-education and a lack of opportunities. Over the past 30 years we have seen a tremendous increase in quality of life. So it's worrisome to see in some countries, like the US, the rise of protectionism, which means you as a consumer cannot buy what you want. It's bad news for consumers."

The renegotiation of Nafta has been extended into 2018 but a former Mexican ambassador to China has said that "psychologically, Mexico has accepted that Nafta is coming to an end". For Salinas it's a chance for his country to look beyond the US for growth markets – maybe even to show its neighbour how much it has come to depend on Mexican goods. "Since they don't want our stuff we should send our avocados to Europe," he says, with a mischievous smile. "It seems guacamole is very powerful all over the world. So Americans won't have their guacamole at the Super Bowl." — MAL