



GOBIERNO DE CHILE
MINISTERIO SECRETARÍA GENERAL DE GOBIERNO
SECRETARÍA DE COMUNICACIÓN Y CULTURA

CHILE NEWS

International Press Department • Communication and Culture Secretariat • August 17, 2005 • No.73



The constitutional reforms approved the Senate on July 13 were ratified into law by both houses of Congress during a session attended by former interior minister and current secretary general of the Organization of American States José Miguel Insulsa. Valparaiso, August 16, 2005.



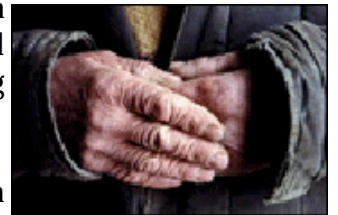
DID YOU KNOW?

- ★ María Luisa Solari, winner of National Prize for the Performing Arts in 2001, was a talented dancer and passionate teacher. Her work opened new spaces for dance in the 1940s and 1950s, teaching the discipline in both schools and universities. But her greatest concern was for the provision of free projects and courses for underprivileged children and students. "Malucha", as she was known, died on July 30 aged 85.
- ★ At just 23, lieutenant Loreto Vidal has become the Chilean Air Force's first female combat pilot. Along with 11 other young officers, she made up the first generation of women to enter the School of Aviation.
- ★ More than 2,000 young people from all over the country travelled to Cologne, Germany to take part in the 20th World Youth Day. Fund raising allowed youngsters from underprivileged backgrounds to join the group which is the largest delegation from a Latin American country.

No truce against poverty

On July 28, more than 5,000 volunteers throughout Chile, wrapped up against the cold and burdened with food, soup and hot coffee, set out into the night. Their important task was to survey the close to 7,000 Chileans who sleep rough in the streets. The results will be officially presented on August 18 when the country marks its annual Day of Solidarity.

This is the first time that a survey of this sort has been carried out and it proved so successful the United States' Census Office will ask the Ministry of Planning to provide information on the experiment.



The street census is the government's latest initiative in its fight to overcome poverty. Its target is lift 225,000 families and 10,000 senior citizens out of poverty by March 2006. After three years' work, a great deal has been achieved: through the Programa Punte, 180,000 families have joined the Chile Solidario social security system, improving the quality of life for hundreds of thousands of Chileans.

At the end of July, the United Nation's Economic Commission for Latin America and the Caribbean (ECLAC) highlighted Chile as the only country in Latin America that would achieve the Millenium Target of halving extreme poverty: from 38.5% of the population in 1990 to 18.8% by 2003. Less than 4.5% were categorized as homeless.



President Ricardo Lagos set his government the challenge of reducing poverty in his Message to the Nation in 2002 when he announced the creation of Chile Solidario, a system that would allow the State "to offer generous hand of solidarity to those whom life had treated harshly: for the first time in our history, the poorest of the poor will have guaranteed access to health, education and social security." The system's achievements are reflected in the faces of thousands of families who have seen that promise fulfilled.

Chile Solidario is an example of how the State has changed its traditionally passive role to go out in search of those most in need of help. A study

"We can all progress and the progress that each of one us makes implies, in sum, the advancement of Chile (...)." We want Chile's progress to make it a fairer, more charitable and more fraternal country, while benefiting everyone. This has been the effort that I've made during my years as President."

Presidente Ricardo Lagos

August 12, 2005

FACTS

Chile reduced its country risk rating to a new historic low: 52 base points. Investment bank JP Morgan awarded Chile the rating on August 11, putting the country in third place among the world's emerging nations (behind Poland and Thailand) and first place in Latin America.

The Central Bank announced that the economic growth index for June rose 6.4% against the same month of 2004. Based on these preliminary figures, the economy is estimated to have grown 6.1% during the first half of 2005.

Unemployment in the second quarter of 2005 fell to 8.7%, down almost one percentage point from the same quarter of last year, according to the National Statistics Institute. Unemployment fell in ten of the country's 13 regions while the number of people in work rose by 4.2%, implying the creation of 234,360 new jobs.

For the first time in its history, the Inter-American Development Bank issued an international bond in Chile's Unidad de Fomento index. The five year bond raised more than US\$65 million and achieved the best rate for an issue in a Latin American currency undertaken by an international organization.

Congress approved a bill which allows fathers to take five days off work following the birth of their child. The new law reflects the government's belief that in order to create a society with greater equality of opportunities and rights between men and women, the country should value the raising of children.

Chile's trade balance registered a US\$5.615 billion surplus for the first six months of the year, according to the country's Central Bank. Between January and July this year, the country exported goods worth US\$22.2557 billion while imports totalled US\$16.6399 billion.

by the University of Chile for the Ministry of Planning revealed that more than 95% of those who had benefited from the system evaluated it positively, a record level of approval for a social program.

Major investments

Chile began the second half of the year in optimistic mood: over the next six months more than US\$11 billion are due to be invested in a series of major projects. And the good news does not stop there. The Capital Goods Corporation estimates that some 19.405 billion dollars will be invested in Chile between now and 2009.

While the economy has been growing at a slower rate than it did during the 90s (at 6% against 7% in the last decade), growth has been more sustained and financing costs have fallen – with interest rates ranging around 4%, down from 8%-10%. Meanwhile, Chile's export products are fetching record prices making the country an attractive destination for both Chilean and foreign investors.



In the agro-industrial sector, the largest investment underway is Agrosuper's project to spend US\$500 million in 64,000 hectares in the Huasco Valley, in the north of the country. The conglomerate plans to develop a chicken and pork processing plant as well as orchards for the production of citrus fruits and olive oil. "When the project matures, approximately in 2010, we expect to be producing between 250,000 and 350,000 tons of meat a year," predicts CEO Ramón Arrau.



Major infrastructure projects being planned include two new urban highways for the Metropolitan Region to be developed at a cost of US\$200 million. The waste sector will see the construction of two new water treatment plants in the south of the country, worth a total of US\$165 millions.

In the energy sector, the largest investment is being made by the state oil company ENAP. The company plans to spend US\$430 million on a new plant on Chile's central coast that will allow it to process heavy crude oils. The retail sector will be boosted by a series of shopping malls. The Cencosud group alone plans to invest US\$200 million. Forty eight projects, worth a total of US\$1.339 billion, have been presented to the Superintendent of Gaming Casinos. Seventeen casinos are to be built creating 6,000 new jobs.

QUOTATIONS FROM THE PRESIDENT

"As a President who represents all Chileans, I thank all of you who fought for a Constitution on a par with our open and free spirit; I thank the political parties who worked on this issue; and I thank all the members of Congress who have made it possible for Chile to show the world a Constitution that allows it, as of today, to fully participate in the community of democratic nations."

On the ratification of the constitutional reforms by Congress.
Santiago, August 16, 2005

"I have always felt that we will only be able to solve the problems of the past by looking to our agenda for the future. We both have a lot to gain from more positive relations between us, and so I hope that we can keep heading in this direction."

Commenting on declarations made by the Commander-in-Chief of the Bolivian armed forces, Admiral Marco Antonio Justiniano, on the need to promote greater understanding between both countries.
Santiago, August 8, 2005

"We have had a chance to discuss the successes that we believe have been made possible by this agreement, the advances we have achieved and how important it is for this small country, with a very open economy and whose principal trade partner is Europe."

Following a meeting in La Moneda palace with the president of the European Parliament, Josep Borrell.
Santiago, August 8, 2005

"Today's inflation figure clearly indicates that we are going to achieve the inflationary goals that we set ourselves. This is a good sign. Despite some difficulties in the international economy, Chile is going to end up with a very low inflation. I also believe that we should celebrate the fact that ECLAC said that Chile's economy would be the fastest growing this year and next. This also indicates that our economy is on the right path."

Santiago, August 4, 2005

But the bulk of investment is concentrated in the mining sector. Anglo-Australian mining house BHP Billiton is investing almost US\$1 billion in developing the Spence deposit, while the company plans to spend another US\$870 millions on a sulphide leaching plant. Expansion of the Los Pelambres mine is due to cost another US\$1 billion. Two more big investment projects are awaiting final approval: Cerro Casale, belonging to Placer Dome (US\$1.65 billion) and Barrick Gold's Pascua Lama (US\$1.75 billion).



Innovation for the future

In order to build on Chile's strong position in international competitiveness rankings, the government has made it a priority to increase the country's capacity for technological innovation, an essential factor in economic development.



Working on this mission since the beginning of the year is Innova Chile, part of the development corporation CORFO, which promotes and stimulates business activity throughout the

country. The recently-created program will increase the amount of resources available for technological research and look for new areas for development. This year the program is expected to approve 400 innovation projects and hand over grants worth US\$35 million, a 50% increase from 2004.

As postulants must match the funds granted with money from other sources, it is hoped that scheme will raise a total of US\$70 million from the private and public sector. Around 1,600 businesses and technology centres are expected to benefit through the financing of projects which range from the manufacture of paper from seaweed and techniques to produce avocado oil and synthetic skin, to the extraction of hemocyanin from abalone to treat cancer and AIDS.



Innova Chile is headed by a 21-member board whose job is to analyse the projects which are presented under the areas of biotechnology, information technology and agricultural food technology. Projects may come from the public or private sector or from research centers. They are categorized into four areas: public interest, start up companies, business innovation and transfer of technology. Funds may be assigned by competition, convocations or

OVERHEARD

"Chile is one of the most economically dynamic countries in the world and Europe takes pride in the fact that this dynamism is due in part to the most ambitious, innovative and global agreement that the EU has signed with a non-candidate country."

Josep Borrell, president of the European Parliament. Santiago, La Moneda, August 8, 2005

"Chile's short-term outlook appears bright. A favourable global environment, continued strength of mineral prices, the ongoing rebound in private investment, and the pick up in domestic consumption are expected to contribute to strong economic growth in 2005 and 2006."

Executive Board of the International Monetary Fund. August 8, 2005

"Chile is characterized by its strong economic growth, a notable drop in the level of poverty and a healthy democracy that leads Latin American indices for transparency, probity, governmental efficiency and respect for the rule of law."

Arturo Valenzuela, director of the Centre for Latin American Studies at the University of Georgetown. Column in the Mexican newspaper *El Universal*. August 4, 2005

CHILEANS AROUND THE WORLD

Chile's ambassador to the World Trade Organization, Alejandro Jara, was appointed as one of the body's four joint directors. He takes up the post on October 1st and will remain there until 2009.

Esteban Tomic, ambassador to the Organization of American States, was unanimously elected president of the Permanent Council's Committee on Hemispheric Security at the OAS.

The French government awarded the Official Order of Arts and Letters to the poet Armando Uribe, winner of the National Prize for Literature in 2004. The poet announced the publication of three new books of poetry at the end of the year.

Motorcyclist Carlo de Gavardo became world champion for the second year running in the 450cc category, after taking second place in the Dos Sertoes Rally in Brazil.

King Juan Carlos and Queen Sofia of Spain presented the crews of *Pisco Sour* and *Masertai-Viñamar* with their trophies for coming third in their respective categories in the Copa del Rey yacht race.

through an "open window" system (postulants may present their projects for financing). Once received, the projects are evaluated and then approved or rejected.

Exporting good health

Chile soon hopes to add surgical operations and cutting edge medical treatments to its traditional exports of copper, wine and salmon.



"Santiago Salud" is Latin America's first public-private healthcare network that will offer Chile's excellent standards in medical care, highly qualified professionals and the latest treatments, procedures and surgical techniques to patients from across the region.

Five of Santiago's most prestigious medical centres have joined the program. From the public sector, Hospital del Trabajador – which specializes in work related injuries and illnesses – will supply its experience in trauma cases, rehabilitation, limb surgery and the reattachment of severed limbs as well as the treatment of severe burns; Hospital Calvo Mackenna, the country's leading children's hospital, will offer its expertise on complex procedures such as the separation of conjoined twins and marrow transplants; while the Hospital del Tórax will provide heart and lung surgery.

The private sector will be represented in the program by two of the city's university hospitals. The University of Chile will provide cancer treatment and heart surgery while the Catholic University offer its experience in bariatric surgery, hematocology, heart surgery, intrafetal medicine and various types of brain surgery.



Another advantages will be the cost of the services. Undergoing the same operations in countries like Mexico or the United States is likely to cost up to 50% than the same operation in Chile. According to health minister Pedro García, the alliance will promote world class standards of health care and the hospitals expect to earn US\$15 millions during the first five years of the program. That figure is expected to rise to US\$35 million within the first decade. The profits will be reinvested in the hospitals to upgrade or expand their services.

Cybernetic Detectives

Prototype "ground-tracking" robots known TR I and TR II (from *Trazadores de Ruta* or Pathfinders) surprised Chile and the rest of the world with two major discoveries – a secret arms dump in the grounds of the former Colonia Dignidad for which police had long been searching and the body of a businessman who went missing around a year ago.

AGENDA

- ★ August 3: Official visit by the vice-president of the Spanish government, María Teresa Fernández de la Vega. Santiago.
- ★ August 8-10: Official visit by the president of European Parliament, Josep Borrell. Santiago.
- ★ August 8-10: Official visit by commander-in-chief of the Army, General Juan Emilio Cheyre to India.
- ★ August 17-18: Meeting of government spokespersons from the member countries of the Organization of American States. ECLAC headquarters, Santiago.
- ★ August 29-31: Official visit by the Prime Minister of Jamaica, Percival James Patterson. Santiago.
- ★ August 30: Official visit by the President of Paraguay, Nicanor Duarte Frutos. Santiago.
- ★ September 1-3: Official visit by President Lagos to Colombia.



northern altiplano to Puerto Williams in the far south. According to Clara Budnik, director of DIBAM, the volunteers will be sent to wherever they are most needed to “teach people how to read, to love poetry and to dream.”

Karina Escobar, the monitor at Santiago’s female prison, hopes to influence her fellow prisoners “to become interested in reading, making their stay in this place more bearable.” Florinda Suárez, 68, is the monitor in a poor neighbourhood. She wants to show that “a book can even be better than a friend.” Meanwhile, librarian Carolina Zúñiga will focus on children and help them “to appreciate reading and to learn that books can be entertaining.”

It took engineer Manuel Salinas and former detective Gabriel Vargas ten years of research and support from around a hundred scientists and technicians to build “Arturito” and “Robocop”. The robots are capable of detecting antipersonnel mines, human remains and even water over a two kilometre square area. And this is just the beginning. The final model should even be able detect deposits of gas and oil.



These cyber-detectives use X-rays and ultrasound that, once programmed with a specific software for each case, allows them to “look” underground to find the atomic and biochemical profiles they are searching for. On making a find, the robots’ sensors send out a signal. The owners reckon that they will need to invest between two and three million dollars to move from the prototypes to the final design “which look quite similar to a buggy”.

But the success of the mobile earth trackers has encouraged the owners to continue with the project. Requests for information have arrived from as far a field as Angola while organizations in Europe and Latin America have asked the pair to give a series of talks on their invention once it has been properly patented.

Don Quijote, Chilean style

A group of 2,000 people with very different backgrounds and stories have taken on a common quest: to encourage Chileans from all across the country to take an interest in reading. They are taking their inspiration from Don Quijote, Cervantes’ tenacious knight who recklessly followed his dreams and who this year celebrates his 400th anniversary.

The volunteers come from all over Chile: from schools, shanty-towns, villages, small libraries, drop-in centres and even prisons. Every one of the monitors is deeply committed to the program, believing that if reading is promoted with sufficient passion and dedication it has the power to transform people’s lives.

To prepare for the challenge, the group has undergone four months of training by the Directorate of Archives, Libraries and Museums (DIBAM), the Fund for Solidarity and Social Investment (FOSIS), the Institute of Previsional Normalization (INP) and the National Council of Culture. The volunteers have also been provided with educational material, books and media coverage and can also count on the support of the country’s librarians – from Putre on the



PLACES OF CHILE

The south: diving in green

The southern regions of Biobío, Araucanía and Los Lagos share a landscape dotted with volcanoes, lakes, rivers and forests. Nature is present in every corner and offers the

chance for relaxation and reflection as well as excitement and adventure. The regions are home to 12 National Parks and 16 National Reserves and in many places, the environment has been untouched by humanity.

This extraordinarily beautiful landscape is also home to a series of tourist complexes. Built on the slopes of the Nevado de Chillán volcano, Termas de Chillán is one of the largest. As well as the thermal pools which give the

complex its name, visitors are also attracted by the chance to ski on 28 different pistes, including Las Tres Marias, which at 13 kilometres in length, is South America's longest. Hotel del Lago, in Pucón, combines a resort, convention centre and Spa in the middle of a village which attracts thousands of tourists every summer. It is also home to a modern casino with views overlooking lake Villarica to the front and the Villarica volcano to the back. Visitors can also enjoy water sports, such as white-water rafting, on the Trancura river.

If adrenaline is what you are after, the south of Chile has plenty to offer: skiing, snowboarding, windsurfing, canoeing, aerial runways, mountain climbing, horse riding and trekking are all possible here. Nature lovers can enjoy looking for the region's many unique species of animal and plant life. Footpaths crisscross native woods full of *oigües*, *raulies*, *tepas*, *laurels*, *lengas* and cypresses. The *araucaria*, or monkey-puzzle tree, is unquestionably the most majestic of Chile's tree species. Its seeds, known as *piñones*, are the staple diet of the indigenous Pehuenche people. But the tallest species are the *aleros* whose tree rings show that they can live for thousands of years.

This is also the land of hot springs. More than 30% of Chile's springs are to be found between the regions of Araucanía and Aisén, many of them on the slopes of volcanoes or on the banks of surging green rivers. Some of the pools are accredited by the Ministry of Health for their curative powers. Among the best known are the springs at Huife, in the middle of a natural forest, at

Menetué which are designed with families in mind, San Luis, Coñaripe and Aguas Calientes. And after skiing at Antillanca on the slopes of the Osorno volcano what could be better than indulging oneself with a mud bath at the springs at Puyehue.

At the recently inaugurated Malalcahuello Thermal Hotel and Spa Resort, life revolves around the indoor pool where the temperature of the water can reach 38 degrees. Guests can also enjoy the wave machine, water beds, therapeutic massages and herbal baths. The hotel's two smallest pools look out on the Lonquimay volcano.

In the Huilo Huilo biological reserve, the forest is king. The visitor is transported to a realm of towering trees and fairy tale landscapes. The Montaña Mágica spa and lodge resembles a volcano spewing forth water while the new Baobab hotel – which will

be inaugurated by the end of 2006 – sits up in the treetops. The size of the forest amazes the visitors but the service is also impressive: international cuisine, hot baths built into tree trunks, craft stores and hikes with names like the "Magnetic Stones Way". But without doubt its top attraction is an 80 meter-high aerial runway circuit which traverses canyons and waterfalls.



Araucarias



Alerce Andino National Park



Malalcahuello



Lodge Montaña Mágica

EDITOR IN CHIEF: Javier Luis Egaña, Director Communication and Culture Secretariat / EDITOR: María Paz del Río, Chief International Press Department / TEXT: Maureen Schäffer, International Press Department / PHOTOGRAPHS: Hospital Clínico Universidad de Chile, Lodge Montaña Mágica, Mina Los Pelambres, Presidencia de la República, Senado / COMMUNICATION AND CULTURE SECRETARIAT / MINISTRY GENERAL GOVERNMENT SECRETARIAT depreint@segegob.cl / www.segegob.cl / www.gobiernodechile.cl