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NEWS

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President George Bush and President Ricardo Lagos after their working meeting at the White House.

An active contribution to the region

The four-day tour that took President Ricardo Lagos to the United States, Jamaica, and Haiti gave him the opportunity to reaffirm Chile's commitment to Latin America and his government's special interest in helping resolve the problems plaguing the region. In his working meeting with President George Bush, President Lagos expressed his concern about the situation in Haiti as well as the importance of dispatching international observers to the recall referendum in Venezuela.

Bush characterized "Chile's role in our neighborhood" as "very important," emphasizing the country's contribution "to the stability and, hopefully, the prosperity, of Haiti," and the naming of Chilean diplomat Juan Gabriel Valdés as U.N. Secretary-General Kofi Annan's special representative in that country.

Both Presidents drew a positive balance from the seven months of operation of the FTA between Chile and the United States, which has led to expanded exports in both countries, in addition to an increase in jobs. "We are very satisfied with this meeting, which I believe permits us to stress the excellent state of relations between Chile and the United States and our high level of agreement on these issues," President Lagos commented.

In Washington, the President also met with Enrique Iglesias, president of the Inter-American Development Bank (IDB), and with the new managing director of the International Monetary Fund (IMF), Rodrigo Rato, to whom he stressed the need to find ways to modernize the procedures of international financial institutions.

At U.N. headquarters in New York, President Lagos accepted Kofi Annan's plea that Chile head the second stage of the recovery of democracy in Haiti. He pledged to dispatch 80 engineers from Chile's Military Work Corps and 36 instructors from the Carabineros police service, who will assist in road reconstruction and the restructuring of Haiti's police force, respectively. Annan also conveyed the Iraqi authorities' interest in hosting Chilean electoral experts, a matter which Chile is considering and "can satisfy," the President reported.



After visiting Jamaica, where he met with the Prime Minister and Chairman of the Caribbean Community, Percival Patterson, President Lagos landed in Port-au-Prince near midnight. There, he met with President Boniface Alexandre and later traveled to Cap-Haitien to confer with the 456 Chilean troops charged with maintaining public order and protecting the population of one of the island's most impoverished cities.

After touring the city, President Lagos – the first President to visit Haiti – delivered 70 tons of humanitarian aid, consisting of blankets, tents, light mattresses, and non-perishable foods. The Chile Battalion in Haiti is the first military mission

DID YOU KNOW?

- ★ Chile's polo team won the traditional Coronation Cup in a 10-8 victory over none other than England. The game, played at Windsor Park, London, was attended by Queen Elizabeth, who presented the trophy to the captain, Gabriel Donoso (handicap 8). Donoso was also honored as best player.
- ★ One of the smallest birds on the planet, the Chilean hummingbird measures only six centimeters from the point of its beak to the tip of its tail. It can hover at a fixed point in the air, beating its wings 20 times per second.
- ★ Chile is about to become a caviar-producing country. In Coihaique, in the extreme south, the Fisheries Development Institute (IFOP) has cultivated 3,000 Siberian sturgeon and 270 white sturgeon, which are now ready to produce the coveted delicacy.

FACTS

The most recent survey of the Center for Public Studies (CEP, a conservative institute), released on July 29, showed a 57% approval rate for President Ricardo Lagos, 10 points higher than in December 2003.

The Canadian mining company Barrick has decided to reactivate the Pascua-Lama project, aimed at exploiting one of the world's largest gold deposits, located on the border between Chile and Argentina. The extraction, which had been postponed from 2000 due to low prices for the mineral, will require an investment of 1.4 to 1.5 billion dollars. Its startup is now planned for 2009.

A bill is about to be enacted into law making Chile a center of International Commercial Arbitration for the resolution of trade disputes. This will position Chile at the cutting edge of international standards in the area, permitting it to offer arbitration services, mainly to South America and the Asia-Pacific region.



With the export of its 200-millionth crate of fresh fruit, Chile became the Southern Hemisphere's leading producer in this industry. The figure, reached for the first time in a single season, marked a new record for this export sector.

The Chilean justice system will soon have a powerful scientific tool at its disposal which will help it solve a range of crimes and determine the identity of their perpetrators. Congress has approved the creation of the country's first DNA registry of offenders convicted of violent or sexual crimes, which will be put into operation starting next year.

composed of personnel from the three branches of Chile's Armed Forces, as well as the largest sent by Chile to a foreign country.



A royalty in defense of resources

In Chile, large-scale mining is one of the sectors attracting the highest levels of foreign investment. The country is the world's leading copper producer, harboring the largest known reserves of this mineral. It is also an important producer of molybdenum (second after the United States), as well as saltpeter, iron, lead, and zinc. The large mining companies which exploit the riches of Chile's soil obtain profits exceeding 4.5 billion dollars per year, while paying only 500 million dollars for the extraction of these non-renewable resources.

After months of study and analysis, the government presented a bill proposing the application of a special payment or royalty to the mining companies. The proposed royalty charge would defend the State's right to receive compensation in exchange for placing a natural, exhaustible resource at the disposition of mining producers, while still respecting the country's commitment to investors.

According to the government's analysis, offering these minerals to private entities represents an economically-valuable transaction, although up to now, the mining concessionholders have taken advantage of these resources as if they had no economic value; thus, in practice, the system amounted to a subsidy. The government's aim is to modernize current legislation to bring it into accord with Chile's progress and development, as is happening in the majority of countries.

The opposition parties question the advisability of altering the tax structure, contending that the royalty will send a negative signal to foreign investors and serve as a disincentive for economic recovery. In response, the administration points out that royalty payments of this type are assessed in 170 countries, and that in comparative terms, the proposed charge (3% of annual sales for metallic and 1% for non-metallic minerals) would be one of the world's lowest, lower than in countries such as Argentina, Australia, Canada, the United States, and South Africa.

The government's proposal would lead to the collection of some 100 to 150 million dollars, which would be used to create an Innovation Fund for Competitiveness, aimed at promoting and developing human capital in the fields of science and technology, especially in Chile's regions. "The subsidy to the mining companies is equivalent to a current value of 20 billion dollars," a sum that could be used to "double the educational subsidy for a complete generation of Chilean children," observed Minister of Finance Nicolás Eyzaguirre.

The administration's bill was rejected by the Chamber of Deputies with the votes of the conservative opposition, but President Lagos resubmitted it to the Senate. He expressed confidence that the Senate would place Chile's interests first, recognizing that the proposal will help ensure the country's future and that it involves the dignity of the Chilean people and their right to defend what belongs to them.

A majority of Chileans agree with this position; a recent poll showed 74.5% in favor of applying the royalty, with only 25.5% opposing it.

In Neruda's name

The verses of Pablo Neruda resonated in Chilean embassies during the week of July 12. In various parts of the world, emotion-filled ceremonies were held to award the Pablo Neruda Presidential Medal of Honor in the name of the President of the Republic and of Chile. The award was inaugurated to commemorate the

QUOTATIONS FROM THE PRESIDENT

"What happened this weekend in Geneva shows that we were right. It is an important effort for the United States and for Europe, but I also believe that it represents a challenge for our countries. I believe that our agricultural producers will now be in a better position to compete."

On the advances in WTO negotiations to eliminate subsidies for agricultural exports among the developed countries.
Santiago, August 2, 2004

"It was an excellent working meeting. We reviewed the state of bilateral relations and noted the progress we have enjoyed thanks to the FTA, and the growth of exports, which have meant more jobs in both countries. We assessed the situation in the region, and I pointed to the importance of what we Chileans are doing in Haiti, and President Bush made a commitment to continue supporting the reconstruction efforts in Haiti."

At a press conference after meeting with President George Bush.
Washington, July 19, 2004

"We are in a struggle against time, trying to ensure that hope triumphs over disillusionment. This is perhaps the most fundamental task. There is a profound opportunity here, and what is important is the way we achieve it. To do so, we must make a tremendous effort, and my presence here, as President of Chile, shows our commitment to the effort we are making, in keeping with our obligations."

After visiting the Chilean soldiers in Haiti.
July 21, 2004

"The task to which we have committed ourselves is that of constructing a country in which its inhabitants can have confidence, and in which the world today also has confidence. This coalition has given Chile stability, respect for its institutions, a strong international reputation, and continuity in its State policies, which are leading us toward development." In this context, "we hope to have solid local authorities, in whom the people can have confidence in their quest for a better life."

During the announcement of the Concertación de Partidos por la Democracia's candidates for the municipal elections to be held on October 31, 2004.
Santiago, July 14, 2004

centennial of Neruda's birth and to recognize outstanding representatives of culture, literature and the arts in each country.

During these ceremonies, poetry traversed great distances, breaking through the barriers of language and politics as well as the idiosyncrasies of each place to serve as a language recognized by all. In Beijing, Foreign Minister Li Zhaoxing received the distinction with pride, reciting verses from Neruda's *Alturas de Machu Picchu*; Chinese translators of the poet's work were also praised. In India, the medal was awarded to teachers Aparajit Chatopadhuay and Vibha Maurya; in Lebanon, to professor Nadia Zaafer Chaaban; in Croatia, to translator and journalist Jerko Ljubetic; in Australia, to writer David Malouf; and in Egypt, to the director of the Alexandria Library, Ismail Serag El Din.

In Spain, poets Angel González, Marcos Ana, and Pedro Shimose were honored, as well as the president of the Federico García Lorca Foundation, Manuel Fernández Montesinos; singer Víctor Manuel; and the director of the Pablo Picasso Foundation, Marilú Reguero. In England, the award was presented to actress Julie Christie, Mexican writer Carlos Fuentes, and Neruda expert Robert Pring-Mill. In Switzerland, thinker and writer Adolf Muschg was honored, and in France, translator Claude Couffon and former Minister of Culture Jack Lang received the award. The medal was presented to playwright Arthur Miller and writer and documentary filmmaker Ilan Stavans in the United States.



In London, Carlos Fuentes receives the Medal of Honor from Chilean Ambassador Mariano Fernández.

In Colombia, the honor was received by former President Belisario Betancur and writer José Luis Díaz-Granados. President Alvaro Uribe, who presided over the ceremony, recited *Poem 5* from Neruda's *Twenty love poems and a song of despair*. Other award recipients included Cuban National Literature Award winner Cintio Vitier, Bolivian poet Julio de la Vega, and the writers Mario Vargas Llosa in Peru and Augusto Roa Bastos in Paraguay. Argentine writer Ernesto Sábato, Brazilian poet Thiago de Mello, Ernesto Cardenal of Nicaragua, and Pablo Guayasamín of Ecuador received their awards from the hands of President Ricardo Lagos at La Moneda Palace.

The honorees in Chile included, among others, writers Jorge Edwards, Volodia Teitelboim, Antonio Skármeta, and Hernán Rivera Letelier; artists José Balmes, Mario Toral, Roser Bru, and Marie Martner; the musical group Los Jaivas; poets Armando Uribe, Gonzalo Rojas, and Jaime Huenún; journalists Luis Alberto Mansilla and José Miguel Varas; and Neruda specialist Hernán Loyola.

Palín, a national sport

It looks like a kind of field hockey, but it has been played by the Mapuche people since ancestral times. Thanks to the recent recognition of *palín* as a Chilean national sport, the 140 existing clubs will now be able to organize themselves in leagues and associations and create a federation.



The sport combines spirituality with skill and recreation; a game of *palín* brings together the entire community, including the *machi* or traditional healer. The competition involves two teams with an equal number of players ranging from 5

OVERHEARD

"Ricardo Lagos is a very wise man, who understands the politics of South America very well and is very worldly, and so I always enjoy visiting with him. He's a man of good advice and sound counsel."

"One of the things that has worked well is the Free Trade Agreement with Chile, and we talked about that today. It turns out, Chilean exports to the United States are up, but United States exports to Chile are up, as well. And that's a positive development. It's good for the people of Chile and it's good for the people of the United States. And our relations are strong and they're important relations."

President George Bush.
The White House, Washington, July 19, 2004

"I want to take this opportunity to thank Chile, France, and Canada for joining us in contributing troops to the multinational interim force which brought stability in early March (to Haiti)."

Colin Powell, U.S. Secretary of State.
Conference of Donor Countries for Haiti.
Washington, July 21, 2004

Chile has "a stable and predictable economy, and the policies of the Chilean government are friendly to investors (...). The region definitely has much to learn from Chile, ranging from its investment policies, to its stability, to its emphasis on growth."

Carly Fiorina, chairman and CEO of Hewlett-Packard.
Santiago, July 28, 2004

CHILEANS AROUND THE WORLD

- ★ Chilean singer Eduardo Peralta was awarded the Order of Arts and Letters by the French government, which emphasized the bridge his music has created between the two countries during the past 25 years.
- ★ At the General Assembly of FLACSO (Latin American Faculty of Social Sciences) held in Quito, Chilean doctor of political sciences Francisco Rojas was unanimously named Secretary-General of that body, a position he will hold for a four-year term.
- ★ Designer María Celina Rodríguez was elected president of the World Crafts Council, a group affiliated with UNESCO. A professor at the Catholic University of Chile, Rodríguez was also responsible for organizing the Traditional Crafts Exhibition held annually in Santiago.

to 15 representing particular communities. They struggle to gain control over a wooden ball, called a *pali* or *füngül*, and to carry it to their goals, or *tripalwe*. Anyone who is able to make a goal obtains a point, a *tripal* or mark. The sport is practiced barefoot and uses a *weño*, similar to an inverted walking stick. A game of *palín* may appear rough and brusque, but the opposing teams face each other as brothers, not enemies. There is no need for a referee, and no harsh words are exchanged; only jokes are permitted, because they are a way of expressing *ayekán* (happiness or laughter).

Ten representatives of the southern Mapuche community of Lafquenche have traveled to Barcelona to teach the sport at the Forum of Cultures being held in that city.

Investing at the tip of the globe

Less than a decade ago, very few investors would have been interested in land covered of impenetrable forests, glaciers, fiords and exuberant, rebellious vegetation. Today, that same overwhelmingly beautiful land is coveted by Chilean and foreign businessmen for conservation and ecotourism ventures.

The area covers 216,000 hectares of government property in the Aisén Region up for sale and concession through the Ministry of Housing and National Property. The goal is to encourage sustainable investment, grow wealth and employ labor in the region. Opportunities abound for hotels, fishing lodges, sailing and kayaking facilities, trekking and hiking.

Proposals must be submitted to the government by November 2. Initial calculations on the likely investments for the area in the mid and long term stand at some 2.5 billion dollars.

Managing their roots

For first-time visitors or those who come back to San Pedro de Atacama periodically, located in the high plateau of Chile's Second Region, the picturesque village and surrounding areas are hard to forget. If they have the chance to visit accompanied by a descendent of the ethnic group that lived in the region centuries ago, the experience is all the better.

The ancient village of Tulor, the natural reserve of the Puna wetlands, Lakes Miscanti and Meñique, the Atacama Salar, and Valley of the Moon are managed by indigenous Atacameño communities. The experience has been tremendously positive: tourists can learn more about the culture and traditions of the aboriginal peoples, while the communities involved have a real chance to earn a living and thus stem the tide of massive emigration by their young people to major urban centers.

The government, through the Ministry of National Property, National Forestry Corporation (CONAF), National Monuments Council, and Indigenous Peoples Development Corporation (CONADI) have started a campaign to return management of local tourist attractions to original peoples. The program includes training for trilingual tour guides: Spanish, English and *kunza* (the largely-forgotten aboriginal language).

The 3,000 year-old Tulor was once abandoned and almost destroyed. However, 25 Atacameño families from the town of Coyo have restored the site. Today they have a small restaurant and a mini-museum displaying items left by their forefathers.



Valley of the Moon



Village of Tulor

PEOPLE OF CHILE

The weavers

From their skilled hands, and from the heritage of an occupation transmitted from mother to daughter, generation after generation, come wall hangings, blankets, *ponchos* and a great variety of articles of clothing created with age-old techniques. The cultural expression of handmade textile art is practiced in Chile's north, center and south, surviving the passage of time and the danger of being forgotten.

In close contact with nature and their environment, the weavers incorporate elements from their homelands in their work. It reveals features of the climate and territory surrounding them: the warm colors of the fabrics of Aymara women reflect the generous sunlight of the northern Andean plains, while the dark and severe tones of Mapuche carpets evoke the cold and rain of the south.

Artisans begin learning their vocation as young girls. Aymara women create their first pieces at age six, using the fine wool of llamas and alpacas. First, they practice the spinning, twisting (with an instrument called *pusca*) and winding of the wool. Later they learn the traditional weaving method,



Aymara textiles

pechuño, which does not require a loom, using it to create a *llijilla* or many-colored blanket. At the age of 14, they are expected to know how to make a woven belt and a small bag or *talaga*. When they have learned to weave the *salda*, a characteristic figure in their designs, they are ready to make *chales*, scarves, and various kinds of *ponchos*.

Mapuche women also start at a young age. They weave using a *huitral* (a rectangular wooden loom measuring a little over two meters), producing *chamales* (women's cloaks), blankets or *pontros*, and the coveted *choapinos* (woven rugs of extremely high quality).



Mapuche weaver

In the village of Doñihue, in central Chile, 12 rural women practice a unique profession. They are the only weavers who produce the traditional *chamanto*, the elegant and time-honored garment of the Chilean *huaso*. Creating this garment, woven using a thread that combines cotton and silk, is arduous and complex work, taking approximately three months of eight-hour days. The complicated technique has its origins in a Mapuche garment called the *sobremakuñ*. The *chamanto* is a two-sided weaving, with drawings incorporated into the fabric; no garment is identical to

Foreign Minister Soledad Alvear admires a *chamanto* weaver's delicate work in the village of Doñihue.



another. A finished *chamanto* costs about 1,400 dollars.

Its creation is a challenge to the weaver's patience and perseverance: it involves a number of different stages and requires the interlacing of 4,000 strands of thread. "The work must go slowly to keep the warp in good shape. The backgrounds must remain intertwined with each other, like lovers. And the long strands must not be left hanging," explains Yolanda Bravo, who has been creating *chamantos* for over 70 years.

Since March, eight weavers have been working ten hours a day on the 20 *chamantos* which will be presented as gifts to the leaders participating in the APEC Summit, to be held in Chile in November.

Effort and tenacity are also required to keep the weavers' profession alive. The Fundación Artesanías de Chile (Chilean Handicrafts Foundation), presided over by the President's wife, Luisa Durán, works to recover, preserve, and publicize this and other forms of traditional handiwork, by offering a commercial platform that helps independent artisans and groups sell their products.

www.artesantiasdechile.cl

AGENDA

- ★ July 28-30: Latin American Meeting of the Econometric Society (Lames 2004). ECLAC headquarters, Santiago.
- ★ July 29-31: Visit of Hewlett-Packard Chairman and CEO, Carly Fiorina. Santiago.
- ★ August 2: Inauguration of National Mining Month 2004.
- ★ August 3: Working visit of the Foreign Minister of Ecuador, Patricio Zuquilandá. Santiago.
- ★ August 8: Visit by Martín Torrijos, President-elect of Panama. Santiago.
- ★ August 8-12: Visit of Algeria's Minister of Energy and Mining, Chakib Khelil. Santiago.
- ★ August 13: Working visit of the Foreign Minister of Argentina, Rafael Bielsa. Santiago.
- ★ August 18-20: Participation by Foreign Minister Soledad Alvear in the Rio Group Meeting of Ministers of Foreign Affairs. Brasilia.
- ★ August 23-24: State Visit of the President of Brazil, Luiz Inácio Lula da Silva. Santiago.

EDITOR IN CHIEF: Javier Luis Egaña, Director Communication and Culture Secretariat / EDITOR: María Paz del Río, Chief International Press Department / TEXT: International Press Department / PHOTOGRAPHS: Presidencia de la República, Comisión Asesora Presidencial Pablo Neruda COMMUNICATION AND CULTURE SECRETARIAT / MINISTRY GENERAL GOVERNMENT SECRETARIAT depreint@segegob.cl / www.segegob.cl / www.gobiernodechile.cl