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NEWS

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Presidents Ricardo Lagos and Luiz Inácio Lula da Silva are greeted by residents of Santiago's Joao Goulart neighborhood, named after the Brazilian President who inaugurated it in 1963.

DID YOU KNOW?

- ★ Several tons of Chilean salt were used to filter and sanitize the 12 swimming pools for the Olympic Games in Athens. The Punta Lobos mining company, which supplied the mineral, is Latin America's leading salt producer.
- ★ Chileans are fond of bread; their average consumption level of 93 kilograms per year ranks them at third place in the world.
- ★ On August 14, the Spanish city of Guernika was "bombed" again. This time, however, the objects falling on the city were 100,000 verses by Chilean and Basque authors. The initiative, previously undertaken in Santiago and the Croatian city of Dubrovnik, was carried out by three young Chileans with the assistance of the local municipality.

The right to health care

Fifteen-year-old Iván Troncoso Niepán, suffering from a severe congenital malformation, needed a heart transplant. However, his grandparents, a Pehuenche couple from an isolated southern border area, were unable to pay for it. The AUGE program stepped in, making Iván the first pediatric patient whose transplant was completely covered by the new health care system.

Since its inauguration as a pilot plan in 2002, the Sistema de Acceso Universal con Garantías Explícitas, AUGE (Universal Access System with Explicit Guarantees), has provided care to more than 50,000 individuals, with guaranteed coverage for 17 medical conditions. The program is a key element of the Health Care Reform being implemented by President Ricardo Lagos' administration, which aims to ensure that all Chileans receive the health care they need, under equal conditions of access and quality.

From August 2002 to June 2004, the number of doctor's visits for congenital cardiopathies and chronic kidney failure within the system tripled. Consultations for childhood cancers rose from 400 to 1,600, while those for cervical and uterine cancer increased from 7,500 to 11,000. From April to June alone, 14,000 patients were seen for the 12 new conditions added to the program in 2004, including acute myocardial infarction, type 1 diabetes mellitus, adult lymphoma, breast cancer, schizophrenia, harelip and cleft palate. Next year, a further eight disorders will be added, with the total rising to 56 covered medical conditions by 2007.

Starting in mid-2005, the AUGE system will be extended to the entire population, without discrimination on the basis of age, gender or ability to pay. The result will be quality health care, provided within set time periods and with financial protection: individuals earning more than 270 dollars per month will contribute a 20% co-payment, provided that the total does not exceed 10% of annual family income, while indigents or those earning less than this amount will receive care totally free of charge.



A commitment to the region

An enthusiastic demonstration of affection greeted President Luiz Inácio Lula da Silva during his visit to a low-income Santiago neighborhood. During his first State visit to Chile, during the third week of August, the Brazilian leader accompanied President Ricardo Lagos to an event for families benefiting from Chile Solidarity (Chile Solidario), the social protection system implemented by the Lagos administration. "Chile Solidarity can serve as an example for so many countries around the world. It can serve as an example for Brazil, and it can serve as an example for very many African countries; what is important is that we begin to communicate our experiences," the Brazilian President stressed.

Hunger and poverty in the region were among the main topics discussed by the two Presidents, which they pledged to confront jointly. They also agreed to increase efforts to support Haiti's democratic recovery and to promote the

FACTS

Chile holds first place in Latin America's democratic development index, according to a study of 18 countries in the region sponsored by Germany's Konrad Adenauer Foundation.

Nearly 9,000 candidates presented themselves for Chile's municipal elections, to be held on October 31. They will compete for 345 mayoral posts and 2,200 council seats throughout the country.

The advertising agency OMD Chile obtained the first Grand Prize in the country's history at the 51st Cannes International Advertising Festival. Its campaign "The Force is With Cristal Beer" was considered the best in all media categories. OMD also won two Golden Lions, in the "Best Use of Television" and "Young Adults" categories.



The port of San Antonio, on Chile's central shore, is the leading terminal of South America's western coast, processing more than 1.5 million tons during the first two months of 2004. It offers highly diversified services, with facilities for chemicals and bulk products both as cargo and in containers.

The Empresa Nacional de Petróleo, ENAP (National Petroleum Company) has purchased 100% of Shell's fuel distribution operations in Peru, in association with the Romero business group, that country's largest. With this acquisition, ENAP became the area's leading operation, with a market share of 20%.

To preserve the endangered languages of the Kawashkar and Yamana peoples, the Chilean government will train monitors to teach the languages in the indigenous communities of Chile's extreme south.

integration of the South American countries. The two leaders further concurred on the need to strengthen Mercosur, while at the same time achieving closer ties among the region's countries, as a foundation for the construction of a "South American community of nations."

At an informal breakfast at President Lagos' residence, they conversed about the Meeting against Hunger and Poverty, to be convened in September 20th at United Nations headquarters in New York. The Chilean President was one of the first to sign on as a co-convoker of this meeting. Brazil also obtained Chile's support for its aspiration to become a permanent member of the U.N. Security Council.

Chile celebrates

From one end of Chile to the other, in every city and village from Arica to Magallanes, people spontaneously spilled out into the streets in jubilation. The triumphs of Chilean tennis at the Olympic Games in Athens became a moment of celebration for the entire country.



On Saturday, August 21, top Chilean tennis players Nicolás Massú and Fernando González mounted the highest step on the Olympic podium after defeating German contenders Nicolas Kiefer and Rainer Schuettler in an electrifying marathon match in the final men's doubles competition. Only hours later, on Sunday, Massú returned to the court to win the singles championship, defeating Mardy Fish of the United States in a five-set contest. González obtained the bronze medal after winning his game against Fish's compatriot, Taylor Dent.

Both young men were celebrated as heroes by the world press. In an emotional salute, President Lagos declared that both athletes "represent the best of Chile, and I am sure that with many more triumphs, it will become an even better country for all of us."

Good times for the economy

A number of record statistics, vigorous external trade figures and a rebound in domestic spending give account of the favorable times currently being experienced by the Chilean economy.

The Monthly Index of Economic Activity (Imacec) reached 4.5% in July, and the country's GDP grew by 4.9% in the first half of the year, compared to the same period in 2003. Retail sales increased by 6.9% in June, while shipments of forestry products expanded by 30% between January and July, reaching the historic figure of 1.891 billion dollars.

Meanwhile, Chile's country risk declined to a new low – 70.81 points above the U.S. Treasury bond – and Chile was placed 16th among 50 countries in the World Economic Forum's competitiveness ranking. The Santiago Stock Exchange also registered a historic value: the IPSA, the country's leading share index, exceeded 1,596.53 points, its highest level during the past 27 years.

To all of this is added Chile's consolidation as the world's leading copper producer, with 4.9 million metric tons in 2003, nearly 2.7 million more than in 1994. The proceeds of the national copper company, Codelco, registered another record, reaching 1.54 billion dollars during the first half of 2004, seven times those obtained in 2003.

The IMF congratulated Chile for the implementation of "healthy policies, centered

QUOTATIONS FROM THE PRESIDENT

“The family is the basic nucleus of society; it is the place where values are formed and ethical concepts are transmitted; the family is the central core around which Chilean society is based. We must care for it – and what better way than to create an appropriate set of institutions, which will open opportunities while protecting human emotions.”

**On the law creating the Family Courts.
Santiago, August 30, 2004**

“In times of great economic difficulty, particularly in the area of job creation, we were able to continue diminishing poverty. In the past, during difficult years, social programs were reduced; here, in 2001, 2002 and 2003, they were maintained and expanded.”

**On the 2003 Casen Survey.
Santiago, August 18, 2004**

“I had a very agreeable conversation with President Hugo Chávez. I called him to communicate the satisfaction with which one observes a political solution to a complex and difficult issue. I believe that this is an example which will strengthen the region's democratic system, and I also believe that it will enable our Venezuelan friends to overcome a relatively complex and difficult situation through democratic means.”

**On the referendum in Venezuela.
Santiago, August 17, 2004**

“When the history of public health in Chile is written, what happened in the first decade of this 21st century will be considered the founding element of the edifice of health care for the next 50 years (...). Never in Chile's history has the topic of health been closer to the center of attention than in these years, precisely because of the changes we wanted to introduce.”

**On the Health Care Reform.
Santiago, August 17, 2004**

on prudent fiscal management, trade integration and a successful framework of inflation targets.” The organization pointed to Chile as a “leader in opening its markets” and emphasized the “success” of the government's framework established to control inflationary expectations.

The Swiss investment bank UBP cited the country as one of the most attractive emerging markets for foreign stock market investors, while the investment banks Morgan Stanley, Santander Investment and Citigroup advised increasing the proportion of Chilean stocks within the investment portfolios recommended to their clients. And in an report entitled “Buy Chile,” the Bank Credit Analyst stressed the double advantage of entering a rising stock market with the peso at a favorably low level.

The goal: eliminating poverty

Between 2000 and 2003, more than 170,000 Chileans succeeded in escaping from poverty. Today, there are less than half as many poor Chileans than in 1990. These were among the findings of the ninth National Socioeconomic Survey (Casen), the leading instrument used by the State to evaluate the social programs and policies implemented in the country.



One of the most significant findings of the study, which surveyed 68,400 homes in 302 townships, was the shrinking of the poverty rate, from 20.6% in 2000 to some 18.8% in 2003.

For the first time in 30 years, the survey also detected an improvement in income distribution, although the President stressed the need to continue increasing the country's efforts in this area.

To protect the family

As of October 2005, 60 courts exclusively dedicated to resolving family issues will be operating in Chile. They will be staffed by 258 judges devoted solely to these types of cases, an increase of 500% compared to current levels. In addition, each court will be supported by an interdisciplinary technical council, composed of social workers, psychologists and family counselors, who will advise the judges in cases involving adoption, domestic violence, custody, alimony, visitation, paternity and divorce petitions.

The law creating the Family Courts, enacted in late August, establishes a specialized and interdisciplinary justice system for the family. Along with the country's new civil marriage, domestic violence and paternity laws, this measure represents a fundamental part of the reform and modernization of Chile's judicial system being undertaken by the government.

The courts will conduct flexible and focused oral proceedings, supplemented by a comprehensive mediation system, which – for the first time under Chilean law – will include cooperative and non-adversarial solutions. That is, before sentence is passed, an attempt will be made to resolve the complaint through a mediation body. The idea is to prioritize the search for agreement among the parties, while lessening the emotional costs involved in these types of conflicts.

The mediation efforts will be voluntary, occurring only with the agreement of both parties, and they will be prohibited in cases of divorce, marital annulment, child abuse and adoption.

Yesterday's children

September 1973 in Chile is a period which has been addressed from all political, social and artistic angles. However, in *Machuca* – the latest production from Chilean cinematographer Andrés Wood – it is illuminated again through new

OVERHEARD

"For his seriousness, his representativeness and his life history, I believe that all of the most recent South American Presidents – and especially in my case – always enjoy talking with President Lagos and finding out what he thinks about many of the things we intend to undertake in the international arena."

President Luiz Inácio Lula da Silva.
La Moneda Palace, August 23, 2004

"Chile is taking great steps forward in agricultural production. Furthermore, thanks to its enormous longitude, it can look forward to a brilliant future in the area of agricultural production, in both variety and quantity. Its abundant water sources and fantastic climate can lead it to achieve world-class exports. In summary, it has great potential."

Haim Rabinowitch,
Rector of the Hebrew
University of Jerusalem.
August 16, 2004

Chile "continues to hold a very prominent position in the region. Its economy is positive; the Central Bank's activity has been appropriate and effective. We see consumer confidence (...). There are clear rules of the game and significant business opportunities (...). There is an entrepreneurial class in Chile, offering great opportunities – which are even greater in the presence of a stable and well-managed economy."

Michael Klein, CEO of Citigroup Global Banking.
Santiago, August 14, 2004

"These (Chilean social and economic) policies, along with a robust financial system, have led to sustained economic growth and contributed to a strong reduction in poverty, constituting a good example for other countries."

International Monetary Fund.
August 5, 2004

CHILEANS AROUND THE WORLD

- ★ The musical group La Ley won a Latin Grammy in the category "Best Rock Album by a Duo or Group" for its disc *Libertad*, produced by Warner Music in mid-2003.
- ★ Chilean clowns Juan Toro and Mikio Tsunekawa spent a month in the Gaza Strip and West Bank, entertaining Palestinian children in refugee camps. The pair belong to the non-profit group Clowns Without Borders.

eyes. The film tells the story of a friendship between two children, forged in polarized times, which the film depicts with realism and nostalgia.

Gonzalo Infante and Pedro Machuca get to know each other in an adult world which is breaking apart in the midst of the country's political and social crisis. The film does not explore beyond the historical events which are widely known; what is interesting is the children's perceptions of their environment and their lives, as well as the memories these views may evoke among the film's audience.

The background of the story is formed by the student integration initiative carried out in the 1970s by Santiago's Saint George School. Many of the details were passed along to Wood by the priest Gerardo Whelan, who died in 2003. Whelan served as director of the school, which integrated low-income children into its student body.

Machuca was presented in May at the Cannes International Film Festival and inaugurated in Spain in June, where it met with an excellent reception from critics. In Chile, the film attracted more than 120,000 viewers during its first week in theaters, and Peruvian audiences selected it as the most popular film at Lima's Latin American Cinema Encounter. In November, it will be shown at Montreal's 28th Film Festival, and its distribution has already been secured in 12 countries, including the United Kingdom, France, Italy, Japan and Turkey.

Southern tourism with a seal of quality

"El Rincón de la Nieve" (Snowy Retreat) is a welcoming, wood-shingled house situated on the broad plain where the Azul and Moro Rivers meet. The open valley allows sweeping views of the landscape, including pastures, forests and stands of young trees on the banks of both rivers. At its shoulder are two crystalline waterfalls, rounding out the extraordinary natural panorama offered by this inn in the community of Alto Palena, in southern Chile.

An additional five lodgings with similar characteristics are situated directly on Chile's Carretera Austral. All are officially designated as Bed & Breakfasts (B&B) by Fundación Chile, which guarantees the establishments' quality. Most of the inns' hosts are farmers and ranchers, the descendants of longstanding colonial families.

The B&B program also includes training to help communities develop and manage touristic services. Modeled on the Gîtes de France system, it is also operating successfully in La Serena, Santiago, Valparaíso and Viña del Mar. New lodgings will soon be opened in Iquique and in the indigenous villages of Pica and Putre, in Chile's far north.

The program offers tourists abundant hospitality and the warmth of home. The idea is for the visitor to feel "like one more member of the family," explains María Levín, owner of the "Don Nibaldo" inn, 180 kilometers south of Coihaique. The lodgings also offer visitors the opportunity to participate in country chores, go fishing, take excursions on foot or on horseback, or simply to let themselves be absorbed by the extreme beauty of Chile's southern lands.



Machuca is a film that "addresses the exact, solid and unpredictable," said *El País*. *El Mundo* described it as "a privileged moment in film, and in life, which returns us to the deepest and most painful aspects of human existence." *Libération* stressed that the film could have become "a cloying tale" of "the last days of Salvador Allende's government," but instead it is "filmed with simplicity, and it elegantly overcomes the always-hazardous challenge of reconstituting the Seventies."



The inn "El Rincón de la Nieve," in Alto Palena.



The hosts of "El Mirador," in Lago Verde in the Aisén region.

PEOPLE OF CHILE

The miners

The illusory vision of abundant riches drove Spanish explorers, in spite of danger and sacrifice, to colonize the remote southern territory which is Chile today.

In earlier eras, the area's indigenous peoples delivered minerals to the Incas as tribute. During the past three centuries, miners have toiled to extract copper, silver, salt, sulfur, saltpeter and coal. And although each group has been defined by the conditions of its particular epoch and geographical environment, their courage and valor have been enduring common traits.

Today's miners – highly specialized and receiving ongoing training – are very different from their predecessors. Approximately 80,000 people currently work in the field, a figure that rises to 400,000 if peripheral activities are included.



A large proportion descends from the generations of men who dedicated their lives to extracting the treasures of the earth. In the country's north, center and south, miners' families, shaped by tenacity and

hard work, preserve the same longstanding codes of conduct. The extreme working conditions experienced during past eras have given rise to novels and poems, which capture the profession's pride, mystique and religious fervor.



The miners' camps or *campamentos* arose around the deposits. In the country's extreme north, the saltpeter mining towns offered social and sporting activities, with an advanced level of infrastructure for the late 19th century.

In the second half of the 20th century, along one edge of Chuquibambilla, the world's largest open-pit copper mine, a city sprang up complete with all types of services and trade.

Earlier, the most notable mining town was Sewell, "the city of staircases," in Chile's central zone. The miners active today at the El Teniente mine are the successors



Salt peter miners

of the pioneers who initiated the industrial exploitation of this copper deposit in early 1905, and whose numerous and interrelated families formed the peculiar city clinging to the mountainside.

Coal miners were immersed in an unpredictable and unforgiving environment, isolated for long workdays in tunnels extending for kilometers under the sea, threatened by firedamp gas and collapses.

In 1996, coal extraction ceased in the southern city of Lota. Today, some of the subterranean galleries have been rehabilitated for tourism. Visitors can descend to the "Chiflón del Diablo" (Devil's Draught) and feel the cold, darkness and humidity of the mine for themselves. Down in the tunnels, whose walls are coated with lime and egg yolk, one can breathe in more than a century of history.



"Chiflón del Diablo"

Machines have replaced the labor of many men, but years of experience within the mines continue to reveal themselves in the character of today's workers, who perform their tasks in remote areas and under difficult physical and climatic conditions. Working hours are long, separating the miners from their families, sometimes for prolonged periods.

The country's leading mines lie 2,500 to 5,000 meters above sea level, with temperatures reaching 25° below zero in the mountains.

AGENDA

- ★ August 23-24: State Visit of the President of Brazil, Luiz Inácio Lula da Silva. Santiago.
- ★ August 31: Working visit by President Ricardo Lagos to Argentina. Homage to Pablo Neruda in Congress and at the Casa Rosada. Buenos Aires.
- ★ September 1: Attendance of President Lagos at the Presidential inauguration in Panama.
- ★ September 1-3: Eleventh Meeting of APEC Finance Ministers. Santiago.
- ★ September 1-3: Visit of the IMF managing director, Rodrigo de Rato. Santiago.
- ★ September 6-14: Official Visit of the Defense Minister, Michelle Bachelet, to Netherlands, Belgium, Russian Federation and Argentina.
- ★ September 20: President Lagos participates in the Meeting against Hunger and Poverty. United Nations Headquarters, New York.
- ★ September 20-22: Participation by President Lagos in the United Nations General Assembly. New York.

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