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President-elect Michelle Bachelet's address after her victory. Santiago.

Michelle Bachelet elected President

By 7:30 p.m. on Sunday, January 15, the results were already clear: pediatrician Michelle Bachelet was the President-elect of Chile. She was chosen by 53.49% of the electorate to lead the country for the next four years, compared to the 46.5% support for Sebastián Piñera, candidate of the opposition Alliance for Chile.

Throughout the nation, thousands of people spontaneously poured out into the streets in celebration. The most prominent demonstration was on Santiago's main avenue, the Alameda.

At around nine in the evening, after performances by numerous Chilean artists, the new President-elect expressed her appreciation to the country: "Thank you for the confidence you have placed in me. Thank you for inviting me to accompany you on the path of liberty, equality and prosperity."



DID YOU KNOW?

- ★ A study carried out in 40 countries by Johns Hopkins University in the United States revealed that within Latin America, Chile has the largest number of individuals working as unpaid volunteers. According to the figures, 7% of Chilean adults have participated in voluntary work.
- ★ Copper and other raw materials are not Chile's only exports. During the past several years, the array of products sold internationally has expanded to less-traditional areas, ranging from gelatins, jams, toothpaste and beauty creams to a preparation made from snail secretions. Seeds from pepper and cauliflower plants take their place next to preserved snails, octopus, chicken wings, soapbark extract and prepared artichokes.

Bachelet recalled the numerous challenges confronted by the country. "After 17 years of dictatorship, we have achieved an exemplary transition to democracy. After decades of economic ups and downs, we have constructed a vibrant economy which many would like to imitate." She also pointed to some of the tasks that lie ahead: "Let us demonstrate that a nation can become more prosperous without losing its soul. That wealth can be created without polluting the air we breathe or the water we drink. That we can provide incentives to those who are entrepreneurial and move forward, but at the same time give help to those who are left behind. That we can construct a country which has a place for all of us: women and men; people of the capital and the regions; people of all colors, creeds and convictions."



With Army Commander-in-Chief Juan Emilio Cheyre.

On the morning after Election Day, Bachelet had breakfast in her home with President Lagos and his wife, Luisa Durán. Later, the country's highest authorities came to offer their formal congratulations, including leaders from the churches and the Armed Forces as well as the presidents of the Supreme Court and both houses of Congress.

FACTS

In 2005, the Chilean economy grew by 6.3%, according to data from the Central Bank.

Inflation in 2005 stood at 3.7%.

Chile and Panama have signed two cooperation agreements: one on political consultation and the other on educational issues.

Yahoo, the world's largest Internet media company, will install a research center in Chile, the first of its type outside the United States. The Chilean center, which will study Internet searches and the extraction of information, will be managed jointly by the Web Research Center and financed by the Chilean Ministry of Planning's Millennium Scientific Initiative.

In 2005, Chilean wine exports reached 890 million dollars, 4.7% higher than the figure for 2004. The main destination markets were the United States and the United Kingdom, each accounting for 17%, along with Germany (7%) and Canada (6%).



The Navy carried out an impressive fleet review in honor of President Ricardo Lagos. A large portion of the flotilla rendered him honors in the port of Valparaíso, with officers and sailors waving their caps amid shouts of "Viva Chile."

The new team

They were 15 intense days. After reviewing proposals and holding numerous meetings, the President-elect chose the team which will support her starting on March 11. As promised during her campaign, it is a gender-balanced cabinet.

"This cabinet reflects the new style of government I have set for myself. I am combining new faces with experience, because that is the way I think we must govern. The best of the experience accumulated in these years of effective government, united with the enthusiasm and freshness of new ideas," stated Michelle Bachelet.

To the post of Minister of the Interior – who assumes the duties of the vice president in that official's absence – Bachelet named attorney Andrés Zaldívar, former president of the Senate. The Foreign Ministry will be headed by a former Minister and Senator, economist Alejandro Foxley. A Harvard professor with a doctorate in economics from Yale University, Andrés Velasco will take on the position of Minister of Finance.



Alejandro Foxley



Andrés Zaldívar



Andrés Velasco

Especially notable among the posts to be held by women is that of Minister of Defense, which will go to Vivianne Blanlot, former executive secretary of the National Energy Commission. Additional women leaders will include attorney Paulina Veloso in the General Secretariat of the Presidency; commercial engineer Ingrid Antonijevic in Economics; current executive vice president of the Foreign Investment Committee, journalist Karen Poniatchik, in Mining; sociologist Clarisa Hardy in Planning and Cooperation; medical doctor María Soledad Barría in Health; economist Patricia Poblete in Housing and Urbanism; attorney Rommy Schmidt in National Assets; attorney Laura Alborno in the National Women's Service; and actress Paulina Urrutia in the Ministry of Culture.



Vivianne Blanlot



Karen Poniachik

To the position of Minister Secretary General of the Government and administration spokesperson was named Ricardo Lagos Weber, son of the current President and the Foreign Ministry's former director of Economic Relations. The Education portfolio will be handled by former regional governor Martín Zilic; that of Justice by attorney and former aviation undersecretary Isidro Solís; Labor by attorney Osvaldo Andrade; Public Works by industrial engineer Eduardo Bitrán; Transportation and Telecommunications by former Superintendent of Electricity and Fuels, Sergio Espejo; and Agriculture by veterinarian Alvaro Rojas.



Ricardo Lagos W.

Remaining for announcement in March are the appointments of the Ministers of the Environment and Public Safety, two new portfolios

which the President-elect intends to create to provide support in these areas during her administration, in accordance with her campaign promises.

QUOTATIONS FROM PRESIDENT LAGOS

"This strategic association between Chile and Mexico is unique; it is an example of integration between two countries, two economies and two peoples, and it also contributes in part to the development of the Latin American agenda in the region."

On the agreement with Mexico.
January 26, 2006.

"I do not want a country in which people must have money in order to study. I want a country in which all they need in order to study is ability."

On the new State-guaranteed university loans.
January 25, 2006.

(Common focal points in the social and political spheres) "are the consequence of shared visions and values with respect to democratic systems and human rights; the conviction that growth is achieved through openness; an understanding of the role which the market must play; and an understanding that social policies are indispensable."

During the visit of the President of Ecuador,
Alfredo Palacio. January 23, 2006.

"We began by talking about how our negotiations are going," and "we decided to speed them up. The negotiations will be resumed on February 1, and we hope that they will be successfully concluded at the end of these talks on February 3."

On the resumption of negotiations for an FTA
with Panama, during the visit of Panamanian
President Martín Torrijos. January 19, 2006.

Historic visit

President Lagos' presence at the inaugural ceremonies in Bolivia was described as a "historic" occasion by authorities and the press in both countries, which have not had diplomatic relations since 1978.

Before the ceremony, Lagos was invited to the private residence of the new Bolivian Head of State, Evo Morales, where the two leaders conversed for approximately 45 minutes. After the meeting, the Chilean President declared: "We have before us a leader with tremendous political and cultural legitimacy, who as of today is going to lead Bolivia. This is a historic moment, in which there is no room for fears."

Lagos announced that he and Morales agreed on "an agenda of closer relations, with realism and no exclusions" that will cover all of the topics of interest between the two countries. "We came to Bolivia to look toward the future," he stressed.

Bolivia's new President confirmed that "our culture is one of dialogue, and we want to place our confidence in this dialogue, this opening. As President Lagos affirms, it an agenda that does not exclude any topic. And the presence of the Chilean leader in Bolivia arises from and confirms the increased confidence between our two countries."

During his stay in La Paz, Lagos took advantage of the occasion to invite the new Bolivian Head of State to attend Chile's inaugural ceremony, which will take place on March 11.



Toward better integration

Mexican President Vicente Fox recently undertook a busy and productive official visit to Chile.

The tour's most noteworthy event was the signing of a Strategic Association Agreement (AEE), which had been initiated by the two countries in 2004, during the visit of Mexican Foreign Minister Luis Ernesto Derbez to Chile, and reaffirmed during President Lagos' trip to Mexico in December 2004. The bulk of the negotiations were carried out during the second half of 2005.



As President Lagos explained, the agreement, which is unique in the region, involves "coordination in the area of foreign policy, a cooperation agreement between our nations and toward third countries, and accords providing greater opportunities for civil society and for active cultural development."

OVERHEARD

"Chile and Mexico are closer and more united than ever, with more friendship and fraternity."

Vicente Fox, President of Mexico.
Viña del Mar, January 26, 2006.

"I come to reiterate Panama's commitment to achieve closer bilateral relations, common points of view, and a common commitment to share our experiences and work together on national initiatives."

Martin Torrijos, President of Panama, after his meeting with the Chilean President-elect. Santiago, January 19, 2006.

"I hope that the traditionally excellent and friendly relations between our two countries will be further deepened. I wish you strength, optimism and success in your new position."

Message to Michelle Bachelet from
Angela Merkel, Chancellor of Germany.
January 16, 2006.

"(Michelle Bachelet's) achievement is all the more remarkable given that she survived imprisonment and torture under the Pinochet regime thirty years ago."

Helen Clark, Prime Minister of New Zealand.
January 16, 2006.

The AEE is a "second-generation" bilateral treaty which rests on three foundations: political, economic and cooperation issues. The economic portion of the AEE is linked to the FTA between Mexico and Chile, in force since 1999, which has allowed the exchange of goods between the two countries to increase by a factor of 11.5, to two billion dollars in 2005.

In addition to bilateral topics, the agreement's cooperation mechanism will include common standpoints on cooperation with third countries. For this purpose, a fund of approximately two million dollars will be set up, using contributions from both countries.

The agreement also provides for a governing body, which will involve representatives from civil society, the academic and intellectual worlds and non-governmental organizations, with the aim of reinforcing the bilateral relationship on all levels.

Fox's visit served as a framework for the inauguration of the art exhibition "México. Del cuerpo al cosmos", the first display to be presented in the brand-new La Moneda Palace Cultural Center. Composed of approximately 200 pre-Columbian pieces from over 30 Mexican museums and architectural zones, the exhibit will be open to the public until the end of June.

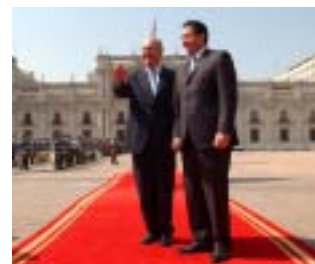


The Mexican President was also received by President-elect Michelle Bachelet, to whom he expressed his desire "that Chile will continue making progress and serving as an example, as it has been for Latin America, that it will continue to be a great friend of Mexico, and that we will continue working together on these projects that we have initiated."

Important visits

During January, the Presidents of Panama and Ecuador also visited Chile.

The resumption of negotiations for a Free Trade Agreement with Panama was the most significant achievement during the visit of President Martin Torrijos, who arrived in Chile on January 19. Presidents Lagos and Torrijos scheduled the new and final round for the first week of February.



On January 22, it was the turn of Ecuadorian President Alfredo Palacio. Several bilateral agreements were signed during his stay, and the validity of the tripartite maritime limits, also involving Peru, was confirmed.

"The terrestrial and maritime limits are based on the Treaties of 1998 between Ecuador and Peru, and the previous Treaties of Santiago and Lima from 1952 and 1954," noted Palacio.

Both leaders also took advantage of the occasion to meet with Chile's President-elect.



CHILEANS AROUND THE WORLD

On January 27 in Spain, the Commander-in-Chief of the Chilean Army, General Juan Emilio Cheyre, was honored with the Master de Oro award by the Forum, an association of Spanish intellectuals. Among other reasons, it was presented "for his ethical character, his international prestige and his contribution to better understanding among the Armed Forces of various nations."

On February 21, the book *Galemiri, Anthologie* will be launched in France. The work is a compilation of five works in French by playwright and scriptwriter Benjamín Galemiri. In addition, between March 2 and 8, university theater companies will perform a three-part montage of his works.

The audience of the Deutsche Oper in Berlin gave Chilean soprano Cristina Gallardo-Domas a resounding ovation for her role as Suor Angelica in Giacomo Puccini's *Il trittico*.



AGENDA

★ **January 30-31:** Visit of the World Trade Organization (WTO) Director-General, Pascal Lamy. Santiago.

Record exports in 2005

Chilean exports reached 39.536 billion dollars in 2005. This figure represents an increase of 23.5% with respect to 2004. Imports also rose, expanding by 31.7% compared to the previous year, to a total of 30.3 billion dollars. Thus, the country ended the year with a trade surplus of 9.236 billion dollars, the largest in its history.

The high prices of raw materials on the international market, especially copper and molybdenum, were the main driving forces behind the expansion – but not the only ones. Non-traditional exports, which include domestic manufactured products, reached 12.78 billion dollars, for a 19% increase with respect to the previous year.

The United States was the main destination country, accounting for 16.2% of the total. It was followed by Japan with 11.8%, China with 11.6% and the Netherlands with 6%. By region, the Americas and Asia represented 36.2% each, and Europe 25.3%.

In total, Chile exported 3,900 products to 184 markets through 6,900 companies.

Voluntary summer work

Each year, hundreds of university students postpone their vacations to assist the country's poorest and most isolated communities, in initiatives known as the "university summer projects."

For several weeks, the students take on a range of tasks, such as constructing simple housing, repairing school buildings, participating in cultural presentations in isolated settlements, or protecting wooded areas from fire or destruction. They also provide assistance in areas such as health care and senior citizens' activities.



The initiative, promoted by Chile's Division of Social Organizations (DOS), the National Institute of Youth and the Network of Volunteers

– which provide support in the form of funds for the participants' travel, room and board – aims to include young people in the life of the country in a unique manner.

This year, under the motto "Solidarity doesn't take a vacation," more than 2,000 young volunteers will seek to change the face of Chile in some manner, helping to make it a more humane country characterized by greater solidarity.

According to a study by the National Institute of Youth, 200,000 young people in Chile participate in voluntary initiatives, and more than a million would like to do so.

PLACES OF CHILE

Santiago, the capital



It is an extensive, dynamic city with a huge population. It also enjoys an impressive backdrop: the Andes mountains, which serve as a point of reference from every angle. In winter, the snowy peaks form an impressive amphitheater only a few kilometers from the city center.



Spanish conquistador Pedro de Valdivia founded it on February 12, 1541, at the foot of the Huelén hill – today called Santa Lucía – and along the banks of the Mapocho River. He gave it the name of Santiago del Nuevo Extremo, in remembrance of the apostle Santiago and his native land, Extremadura.

The Mapocho River, tinted brown by the soil it carries from the Andean heights, has been channeled into several causeways to make room for one of the capital's new state-of-the-

art highways, which features an electronic in-motion toll collection system.

Santiago lies 543 meters above sea level and has 6,061,185 inhabitants. Occupying a surface area of 2,269.2 square kilometers (twice that of Hong Kong), it is the seat of the country's executive and judicial branches.

Earthquakes and human action have prevented it from preserving – like others in the hemisphere – a colonial architecture worthy of its history. However, notable historical buildings can still be seen, such as the San Francisco Church, constructed between 1586 and 1628. In recent years, significant investments have been made to restore historic areas, renovate the city center and create new green spaces.

One of the most notable new projects is the Citizens' Plaza, outside the south face of the presidential palace, La Moneda. It is among the diverse initiatives being carried out to celebrate the country's Bicentennial of Independence in 2010. On an underground level beneath the plaza is the La Moneda Palace Cultural Center, inaugurated on January 26.



Different neighborhoods highlight the diverse faces of the Chilean capital. The Concha y Toro zone features

neoclassical architecture, while bohemian Bellavista, at the foot of San Cristóbal Hill – whose 880-meter summit dominates the city – is crowded with art galleries, cafés, theaters, restaurants and handicraft shops. The Vitacura and El Golf sections are the site of most of the city's new high-rise buildings, including the Latin American headquarters of several United Nations organizations and the main offices of numerous foreign investment companies.

One of Santiago's special advantages is its location. In just over an hour and a half by car, travelers can reach the Pacific coast or the country's leading ski centers, such as Farellones and Valle Nevado.



Among the city's tourist attractions is the picturesque Central Market, constructed between 1868 and 1872, which is an excellent place to sample the local cuisine, especially seafood. In the cultural arena, one particularly worthwhile stop is the Museum of Pre-Columbian Art, which displays more than 1,500 objects from the diverse cultures existing in the Americas during the past five millennia.



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