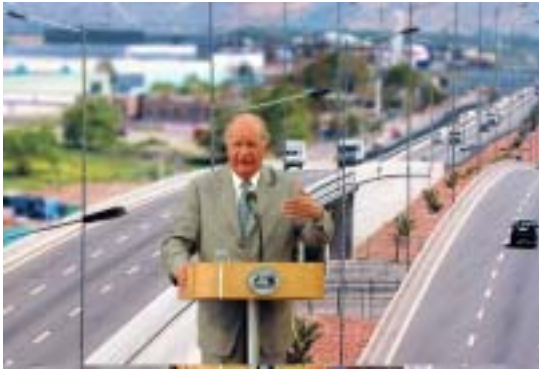




GOBIERNO DE CHILE
MINISTERIO SECRETARÍA GENERAL DE GOBIERNO
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CHILE NEWS

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President Lagos inaugurating the new Vespucio Norte Express highway project in Santiago.

DID YOU KNOW?

- ★ The website of Santiago's Museum of Pre-Columbian Art received Unesco's "Infolac Web 2005" award for the best web portal of a cultural institution in Latin America and the Caribbean.
- ★ In 2006, for the first time, the Miami International Film Festival (MIFF) will be dedicated to a particular nation. The first chosen was Chile, thanks to the "tremendous resurgence of the cinema" in the country. The program will include the screening of seven films, including Alicia Scherson's *Play*, selected by Chile to represent the country in the Oscar competitions.
- ★ More than 300,000 people participated in the 137 activities comprising the fifth Valparaíso Cultural Carnival, which featured Buenos Aires as its guest city.



Second presidential round

The anticipation about who will be the next President of Chile has been extended for another month. Although Michelle Bachelet, the candidate of the Concertación de Partidos por la Democracia coalition, received the largest number of votes in the December 11 elections, she did not achieve the required level of 50% plus one, and thus it is necessary to hold a second round on January 15. In that contest, she will face the candidate of the opposition Alliance for Chile, Sebastián Piñera.

With all of the valid ballots counted, Dr. Bachelet received 45.95% of the vote; while Piñera, of the Renovación Nacional (RN) party, obtained 25.41%; former Santiago mayor Joaquín Lavín, of the Independent Democratic Union (UDI), had 23.22%; and the fourth candidate in the race, Tomás Hirsch, representing the humanist and communist pact Juntos Podemos Más, achieved 5.4%.

President Ricardo Lagos pointed to the strong support among voters for the Concertación candidate, and especially to the positive results obtained by the coalition's member parties. "In the second round, there is a single candidate for President from each coalition," he noted. "Thus, the choice is clear to the citizens. But it is also clear to the citizens that they chose the Concertación today, because they gave it a majority in Congress."

Election Day proceeded, as usual, in full normality, with 7,156,554 Chileans – 87.05% of registered voters – going to the polls. Two hours after the voting stations closed, officials released preliminary reports based on some 12% of the vote. At 11 p.m., with nearly 90% of the ballots counted, the final results were announced.



A new composition for Congress

For the first time, the Concertación coalition – in government since 1990 – will have a majority in both houses of Congress, thanks to the high levels of voter support for its representatives, which are grouped into two blocs: the candidate list of the Christian Democrats (DC) and the alliance composed of the Socialist Party (PS), Party for Democracy (PPD) and Radical Social Democratic Party (PRSD).

President Lagos thanked voters for supporting the governing coalition: "This time we elected more deputies, with 51% of the votes. And the same was true in the national Senate."

As of March 11, the Senate will be composed of 20 Concertación legislators, 17 from the opposition Alliance for Chile and one independent. The

FACTS

In 2004, Chile's per capita GDP reached an average of 7,000 dollars per year, a figure which doubles the 1993 value (\$3,463) and nearly triples that of 1990 (\$2,400).

After three years of negotiations, the U.S. Secretary of Agriculture authorized the entry of Chilean beef into the United States. The first shipment left Chile in late December.

In a study by the international consulting firm A.T. Kearney, Chile was ranked eighth in the world among the most favorable places for outsourcing services. It stood in first place in the Americas, surpassing Canada, Brazil and the United States.

Appointments

In March, General Oscar Izurieta will take over as Commander in Chief of the Army, replacing General Juan



Emilio Cheyre. With a master's degree in political science, General Izurieta has served as director of the Military Institute (1995-1997), military attaché in Great Britain (1998) and head of Chile's Military Mission in the United States (1999).

Attorney Enrique Tapia, 73, was elected as the new president of Chile's Supreme Court. He took office on January 6, replacing Marcos Libedinsky.

Enrique Marshall, a commercial engineer with a master's and doctorate in economics from the University of Notre Dame, has been named to the Board of Directors of Chile's Central Bank. He replaces economist María Elena Ovalle.



Chamber of Deputies will include 65 Concertación deputies, 54 from the Alliance for Chile and one independent.

The Concertación's first national majorities in both the Senate and House of Deputies were achieved with the help of two women from the DC. Former Foreign Minister and preliminary presidential candidate Soledad Alvear was elected senator for Santiago with 43.76% of the vote, while sitting deputy Alejandra Sepúlveda was reelected by the central province of San Vicente with a 54.42% majority.

Although these results foretell strong support and governability if Michelle Bachelet is elected President, Lagos stressed that "once more, all Chileans have been able to observe the injustice of the binomial system. It should not be possible for 60% of the citizens to elect one senator and 32% the other."

Under the binomial system, two representatives are elected from each voting district. The winning coalition takes one seat, but it cannot fill both unless it receives twice as many votes as the opposition.

On December 21, the Lagos administration submitted a bill to modify the system. The proposal was rejected first in the Chamber of Deputies and then in the Senate, with the majority of opposition legislators abstaining. It was the government's seventh attempt.

The eyes of the world on Chile

The vote in Chile received broad coverage from media around the world, with election results and analysis appearing on publications' front pages and in other prominent positions. Reports, interviews, columns and editorials, including projections for the second round, were produced using information provided by the news agencies or dispatched by over 175 correspondents and special envoys who covered Election Day from Santiago.

Spain's *El Periódico* noted that Michelle Bachelet "achieved a lead of more than a million votes over the better-situated candidate of the right." "The provisional figures show a great equality of forces between the right and left, a decisive factor going into the second round," observed *El País*. The *BBC* suggested that this will make the run-off contest "tight," a term that was repeated in many reports.

One aspect noted by many was the tranquility of Election Day, which was characterized by "mass participation, the absence of significant incidents and great interest among many voters." (*El País*). "With the first round of this fourth presidential election since the reestablishment of democracy in 1990, Chile has fully recovered political normality," observed *Diario Vasco*.

Many articles focused on Bachelet, "a rather unconventional Chilean woman," as she was described by Belgium's *Le Soir*. *The Economist*

QUOTES FROM PRESIDENT LAGOS

"We have a new law that makes the actions of authorities, officials and public institutions more transparent. With these measures, we are constructing a strong institutional structure that prevents corruption through transparency and publicity."

On the regulation requiring officials exercising public functions to report their assets. December 27, 2005

"Chile enjoys enormous prestige throughout the world, and Chilean men and women today enjoy full social and individual liberties. Our democracy is more solid. Our cultural renaissance is flourishing in all corners of Chile. Our fatherland today is a society which has conquered fear, and which wants to leave behind its times of terror."

End-of-year address, December 31, 2005

"I believe that candidate Morales offered a proposal with respect to the topics having to do with Chile; it seems to me that, if we continue along the lines we have followed until now, we can reach a satisfactory result. What is important is that we will now have a counterpart with a high level of support, which will also permit us to engage in a more profound dialogue."

On the election of Evo Morales as President of Bolivia. December 19, 2005

remarked that "as a woman in a socially conservative country, Bachelet represents both change and continuity," further pointing out that she may become the first woman elected to the Presidency in Latin America "who was not the widow of a public figure."

President Lagos at Mercosur

In December, President Lagos participated for the last time in the gathering of Mercosur Heads of State in Montevideo, as well as taking his last trip abroad as President of Chile.

In his address, he urged the members of the trading bloc to implement the integration process which has been debated for over 20 years. He also expressed his appreciation for the experiences gained during those years, characterizing them as "enriching what we are and what we can be." He added that for Chile, "Mercosur is much more than a customs agreement. We see it as a project with a historic perspective."



President Lagos also called for the inclusion of energy agreements in the group's working agenda. "The question of energy is of growing importance in our relations, and Chile maintains its support for and commitment to regional energy integration in its various forms."

At the end of his speech, he received praise and applause as well as invitations from the attending leaders to continue working with the regional body. The host, Uruguayan President Tavaré Vásquez, told him: "Ricardo, we're going to miss you. But not too much, because beyond all of the mandates and duties, we want to continue to count on you." President Nicanor Duarte of Paraguay emphasized Lagos' "talent, wisdom, capacity for understanding and tolerance."

More trade with Bolivia

After three months and five meetings between Presidents Ricardo Lagos and Eduardo Rodríguez, an agreement has been reached which deepens and broadens trade between Chile and Bolivia.

President Lagos stressed that the Economic Complementation Agreement (ACE 22) "is the most open and free that Chile has signed with any country in the world," and it is also asymmetrical, taking into account each country's level of economic development. In accordance with the signed Additional Protocol, only three Bolivian products – wheat, sugar and flour – will be subject to duties, and sugar will enjoy a duty-free quota. All others will be able to enter Chile free of tariffs. Chilean products shipped to the Bolivian market will be subject to a progressive schedule of tariff reductions.



The agreement also provides for the establishment of Technical Committees in areas such as trade; phyto- and zoosanitary inspection; business promotion; agriculture and forestry; tourism; customs procedures; cooperation and technical standards, among others. Aimed at facilitating effective access to the Chilean market for Bolivian products, the Committees will be governed by principles of transparency, with agile time periods and procedures.

OVERHEARD

"With Chile, the point of our relations is clear. It is a task that we have confronted in a modest but intense manner and through numerous meetings on diverse topics; we can say that our relations with Chile have been empowered and strengthened."

Armando Loayza, Foreign Minister of Bolivia.
La Paz, December 15, 2005

"The coalition governments have been successful in achieving economic growth. Now, Chileans want a more hospitable country, with greater social convictions and tools to protect the most vulnerable."

Joseph Contreras, Latin American editor of the U.S. periodical *Newsweek*.
December 27, 2005

"Twenty years after emerging from the violent political battles of the 1970s and 1980s, Chile has become Latin America's most successful economy and its most solid democracy."

Richard Lapper, international editor of the *Financial Times*. December 21, 2005

CHILEANS AROUND THE WORLD

For the past six years, agricultural engineer Alamiro Morales has operated a farm located 150 kilometers from Beijing, which is aimed at promoting the interchange of experiences and techniques in fruit cultivation.

Chilean athlete Paula Infante was honored with the "Honda Award" as the best female field hockey player of the year in the United States. Resident in that country for the past three years, she is a scholarship student at the University of Maryland, studying physical education and kinesiology.

Leonor Varela was named Best Actress of 2005 by Miami's *El Nuevo Herald* for her role in the Mexican film *Voces inocentes*, by Luis Mandoki. "We have never seen her in such a controlled and convincing performance as her portrayal of Kella the seamstress," observed the newspaper.



Lagos added that the signing of this accord, in addition to eliminating the need for passports and visas as citizens move between the two nations, opens "a new stage of trade relations between our countries."

"The Chile brand"

"Chile, isn't that a kind of hot pepper?" "Chile, what's that?" "Where is it?" These are some of the questions that have been heard for many years by Chilean diplomats, exporters and travelers abroad. It appears that Chile's geographical isolation from the world's leading industrial and cultural centers has limited knowledge of the country among many people elsewhere.



To remedy this situation – and in keeping with the world trend to consider a country's international

image a relevant component of its competitiveness – the State and the private sector have come together to create a "Chile brand," which will help strengthen the country's messages abroad and allow more effective use of the resources dedicated to communication and marketing.

The effort also forms part of the country's international integration strategy, complementing the public and private initiatives and activities being carried out on the global level. These include trade agreement negotiations, scientific and technological exchanges, and efforts to promote exports, investment, the arts and culture.

After more than a year and a half of joint work, the Expanded Committee for the Country's Image and the international consulting firm Interbrand developed the slogan "Chile sorprende, siempre" along with its English version, "Chile, All Ways Surprising." As ProChile director Hugo Lavados explains: "This 'ability to surprise' has to do with the feelings, emotions and perceptions which, according to the studies we carried out, are generated by Chile's attributes among tourists, buyers and consumers of Chilean products and businesspeople."

According to its creators, the "All Ways Surprising" motto integrates three broad ideas: the country's breathtaking, diverse and unusual geography; its warm, efficient and enterprising inhabitants; and its stability, openness to the world, solid institutions and people who are true to their word.



AGENDA

- ★ **January 17-23:** Working visit of Foreign Minister Ignacio Walker to Singapore, Malaysia, Thailand and Vietnam.
- ★ **January 19-20:** Official visit of the President of Panama, Martín Torrijos. Santiago.
- ★ **January 23-24:** Official visit of the President of Ecuador, Alfredo Palacio. Santiago.
- ★ **January 25-26:** Official visit of the President of Mexico, Vicente Fox. Santiago.
- ★ **January 28:** Participation of Foreign Minister Walker in the inaugural ceremonies in Honduras. Tegucigalpa.

The new country image will be incorporated into the events and productions which have already been planned by governmental and private entities for 2006, including international trade fairs, business missions, gastronomical events, brochures, merchandising materials, specialized publications, publicity releases and websites.

In the first phase, the new logo will appear in English and Spanish, with later translations into Korean, Chinese and Japanese, among other languages.

Barrio Cívico for the Bicentennial

With the inauguration in early December of the Chilean Foreign Ministry's new headquarters, in the former Hotel Carrera, along with the completion of the first stage of the Citizens Square, Santiago's Barrio Cívico, or "civic quarter," initiated its third transformation process since it was constructed between 1927 and 1935 to shelter the main offices of the State. The renovations are among the diverse projects being undertaken in the country to celebrate its Bicentennial of Independence in 2010.

At the inauguration of the Plaza, President Lagos explained that "it is related to our ideas about how to revitalize the center of each of our cities" calling the new public space "a nice present for the city of Santiago."

The Plaza, located in front of La Moneda Palace's south face, includes an 10,565-square-meter esplanade with green areas and a terrace with an atrium and reflecting pool. The southern section, projected for completion in March, will be the site of the Altar of the Nation, sheltering the remains of national hero Bernardo O'Higgins, as well as a monumental flag on a 75-meter pole, which will symbolically embody the civic heart of the nation while providing a visual counterpoint to La Moneda.

The idea is for the Plaza to become a gathering place for the city's residents, encouraging the development of a collective Chilean memory with its monuments, symbols and inscriptions, and paying tribute to those who have dedicated their lives to promoting peace, culture, development, liberty and hope in the country.

Below the esplanade lies the La Moneda Palace Cultural Center, which will be inaugurated during the visit of Mexican President Vicente Fox in late January. Its debut exhibition, entitled "México del cuerpo al cosmos", includes 200 sculptures from the pre-Columbian period in Mesoamerica.



The 7,200-square-meter Center aims to become one of the country's most important venues for artistic and cultural exhibitions. Its central hall and two galleries will be equipped with state-of-the-art lighting, climate control, security and controlled storage systems. It will also include an Audiovisual Center, aimed at familiarizing the broadest possible audience with the country's cinematic heritage by screening film productions ranging from the early 20th century up to today.

PEOPLE OF CHILE

Michelle Bachelet (54)



She admits herself that she is an atypical woman: “socialist, separated and agnostic.” And according to *Newsweek* magazine, that is precisely “what Chileans like about her.”

“La Michelle,” as she is affectionately called in Chile, was born in Santiago on September 29,

1951. A pediatrician with a medical degree from the University of Chile, she has also undertaken postgraduate studies in military science. In 1997, she completed the Hemispheric Defense course at the Inter-American Defense College in Washington DC.

After Chile’s military coup and the detention and death by torture of her father, Air Force General Alberto Bachelet – an official of former President Allende’s government – she and her mother were detained and tortured. After being released, they went into exile.

Bachelet lived in Australia and the German Democratic Republic, where she studied German and medicine at Berlin’s Humboldt University. She also married Chilean architect Jorge Dávalos, father of her two older children. She returned to Chile in 1979.

Starting in 1990, she entered the field of public health, serving in a various positions. When President Lagos took office in 2000, she was named Minister of Health. Under her leadership, the first legislative bill for the country’s Health Reform was submitted.

In early 2002, after a significant reorganization of the cabinet, she was appointed as Minister of Defense: the first woman in this position in Chilean and Latin American history. She has always stated that she considers herself part of the “military family,” and established solid relations with the Armed Forces.



On October 1, 2004, Bachelet left her post to become a candidate for the Presidency of the Republic, with a prominent position in public polls.



Bachelet has three children: Sebastián, Francisca and Sofía. She speaks English, French, German and Portuguese fluently, as well as a little bit of Russian, as Spanish journalist Carmen de Carlos noted in an *ABC* report, adding that “languages are her strength, and the one she speaks best is that of the people.”

Sebastián Piñera (56)



In his campaign for the Senate in 1989, he was referred to as “The Locomotive.” The term seems to accurately reflect his assertive and dynamic personality. In recent years, however, he has changed his mode of transportation: he currently pilots his own helicopter.

Born in Santiago on December 1, 1949, Piñera earned a degree in economics from Chile’s Catholic University of Chile and a master’s and doctorate in the same field from Harvard University in the United States.

In 1979, he launched his business career, joining with three partners to found the company Bancard S.A., which brought the credit cards Visa and MasterCard to Chile for the first time. During most of the decade of the 1980s, he also served as general manager and president of Citicorp Chile.

In 1989, at the age of 40, inspired by the “vocation for public service” that he admits inheriting from his father, José Piñera – who served as ambassador under Christian Democratic President Eduardo Frei Montalva – he switched to the political arena and was elected senator for Santiago, representing the Renovación Nacional [National Renewal] party of the right. During his eight years in office, he served on the Finance, Health, Human Rights and Justice and Democracy committees.

In 1999, he was named as a preliminary presidential candidate for his party, but withdrew his candidacy in favor of fellow coalition member Joaquín Lavín. In 2001, he was elected president of Renovación Nacional (RN), a position he held until March 2004.



Between 2000 and 2005, thanks to favorable investments, including the airline LAN, his personal fortune reached 1.2 billion dollars. In 2005, he purchased the television channel Chilevisión for \$20 million, an acquisition which led the press to dub him “the Chilean Berlusconi.”

On May 14, 2005, at a meeting of RN’s National Council, he unexpectedly launched his candidacy for president, in competition with his “partner”, Joaquín Lavín.



He is married to Cecilia Morel and has four children: Magdalena, Cecilia, Juan Sebastián and Cristóbal, as well as a seven-month-old grandson, León, with whom he often appears in campaign photos.

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