



# CHILENEWS

No. 10 – April 2, 2001

## **Did You Know?**

The schooner *Ancud*, weighing no more than 50 tons, took possession of the Strait of Magellan on September 21, 1843. Captain Juan Williams and his crew completed the feat just two days before a French vessel arrived in the region with the same task in mind.

*Chile is home to 10% of the world's volcanoes. The country's 150 are located on the mainland, islands and underwater off Chile's Pacific coast.*

In the Tarapacá Region, at Chile's northernmost tip, seven *pukará* are located. These stone fortresses served the native peoples in defending their villages and crops from enemies.

## ***The Bottom Line***

387.6% growth was logged in foreign investment in the first two months of 2001 as compared to the same period last year.

## ***Meeting of Three Continents***

On March 26-29, Chile was the setting for dialogue among three continents: Latin America, Europe and Asia. On consecutive days, the 20<sup>th</sup> Meeting of Ministers of Foreign Affairs of the Group of Rio, the 10<sup>th</sup> Meeting between the Group of Rio and the European Union, and the First Meeting of the East Asia-Latin American Forum (Ealaf) were held.

As Chilean Foreign Minister Soledad Alvear noted, this “reflects the dynamism of the globalized world and the necessary relationship that must exist among regions” and that it “shows the trust the world has in our country, the seat of the Pro Tempore Secretariat of the Group of Rio for the year 2001.”

At the Group of Rio gathering, held in preparation for the Presidential Summit scheduled for August in Santiago, the discussion focused on such topics as the strengthening and sustainability of democracy, good governance, poverty reduction, equal opportunity growth, the new economy, the technological divide that increasingly separates rich nations from poor ones and its direct effect on employment; other topics included: natural disasters, humanitarian intervention, transportation of radioactive materials and arms trafficking.

Under the scope of the Group of Rio-European Union meeting, Chile and the EU subscribed a memorandum of understanding that sets the thematic areas, priorities and amounts of cooperation between the two parties.

At the Ealaf gathering, to be known henceforth as the East Asia and Latin American Cooperation Forum (Focalae, in Spanish), over 35 bilateral and regional development cooperation projects were approved. One of the novelties was the addition of three new countries to the group: Costa Rica, El Salvador and Cuba.

## ***Democracy Clause***

Ten years ago, the member nations of the Organization of American States (OAS) signed the “Commitment of Santiago.” Known as the “democracy clause,” it gave rise to Resolution 1080 on Representative Democracy and has been the primary legal instrument available to the OAS in defending democracy in the

## Tips

*According to a U.N. study of 62 nations, Chile is one of the countries with the lowest number of robberies, coming in third after Cyprus and Jordan.*

*The French foreign trade insurance company, Coface, a public-private sector partnership, rated Chile A3 for international investment risk, alongside the U.S. and Canada and at the top of the Latin American listing.*

*The National Copper Corporation, Codelco, made over 750 million dollars in profit in 2000, some 32% more than the preceding year.*

*Chile ranked third in an international cooking competition organized by the Corporation des Restaurateurs du Québec in the framework of the Third Summit of the Americas. Chef Sabine Acklin took the bronze medal in the individual competition.*

region. On March 27, a special session was held at OAS headquarters in Washington, DC, to commemorate the signing. Chilean Deputy Foreign Minister Heraldo Muñoz and the former U.S. Deputy Secretary of State for Inter-American Affairs Bernard Aronson attended. Both men participated actively in the negotiations surrounding the accord.

Heraldo Muñoz commented that both the Commitment of Santiago and Resolution 1080 “have served as a dam in containing authoritarian temptations” and fostered recognition that democracy must be defended through peaceful, collective action. In that regard, he proposed that measures be taken to strengthen prevention and to protect democracy and to improve the organization’s reactive mechanisms when institutional breakdowns occur: “The inter-American community has a transcendental role to play in the democracy of our nations.”

## *Silicon Valley Office*

On March 28<sup>th</sup>, the first official Chilean office opened its doors in the heart of the new technology mecca, Silicon Valley. Located in the International Business Incubator – a center specializing in facilitating entrepreneurship by companies from around the world – the effort is a joint public-private sector endeavor.

The office will seek to attract high-tech investments to Chile and serve as a bridge for Chilean technology companies interested in accessing the U.S. market. An accent will also be placed on disseminating local professional competencies and on the nation’s sound economic conditions.

This year, activities will focus on continuing to develop the network of executives from U.S. technology companies forged by President Lagos during his visit last November, organizing and facilitating trade missions from and to Chile, providing service and support for Chilean companies interested in locating in Silicon Valley, and promoting and facilitating the continuing education of Chilean professionals.

## *Chilean Copper in Space*

In 2005, an impactor made of Chilean copper will collide with the Comet Tempel 1 on its closest approach to earth in its 5.5 year orbital period circling the sun. The undertaking, the Deep Impact project, is one of NASA's most ambitious missions and seeks to discover the materials that gave rise to the universe.

The projectile will be made exclusively of copper, chosen for its resilience and because it minimizes corruption of the lines used to analyze the comet’s nucleus. In a symbolic transaction, the National

## Quotes from President Lagos

“Undoubtedly, Chile’s position in the world has changed. The maps may be unaltered, but the way they are regarded is different. Increasingly, we understand that we must all share and interact in a single, common space. And we like to dream that in that space, this small nation of Chile, thanks to its geographic position, can serve as a pivot to facilitate cultural, political and economic exchange among the regions of the world.”

At the dinner offered to the Foreign  
Ministers of the Group of Rio,  
European Union and Ealaf.  
March 28

“We have a very sound economy from the macroeconomic perspective and all the international analysts recognize that. We would be hard pressed to have a more solid economy, as those who are participating in the current meeting of the Inter-American Development Bank are aware. In that sense, while I cannot deny that there may be external situations that will affect us, we are very well prepared to handle them.”

At the opening ceremony of the 42<sup>nd</sup>  
Meeting of IDB Governors.  
March 19

Copper Corporation (Codelco) priced a tone of ore at one dollar in order to donate it to the project.

Chile has been working for over two decades in the development and study of space science. Since 1998, the *FASat-Bravo*, a Chilean low orbit micro-satellite has been compiling information through six on-board trials, including the Ozone Layer Monitoring Experiment (OLME) project whose original design makes it possible to measure the depth of the ozone layer with a resolution greater than that obtained through other instruments currently used in space.

## *The Harvest: Grapes before Wine*

From February through May, the valleys of the central region prepare for a party. Year after year, grapes are gently harvested from the vine at this time. After a long, delicate process, this fruit will become a delicious must: Chilean wine.

Work begins at dawn because, experts say, it is best for the grapes to reach the winery with a natural morning chill. The traditional form of grape harvesting involves a *collera*, a pair of seasonal grape pickers who situate themselves on each side of the row of vines to cut the tender bunches of grapes. Together, they can harvest up to 1,000 kilos a day. The grapes for white wine are harvested first as they usually mature earlier, followed by the red wine varieties. The most important factor, however, is clear skies: an unexpected rainfall on harvest days can cause the grapes to become rancid.

In the villages near the vineyards, the harvest is celebrated with parties and festivals as a means of thanking the earth for her generosity.

## *Where Does Math Come From?*

The latest publication by Chilean psychologist Rafael Núñez is a blockbuster in the U.S.: with 25,000 copies sold, it tops the New York-based *Village Literary Supplement's* best-seller list.

In *Where Mathematics Come From*, Núñez, and U.S. linguist George Lakoff, suggest that “the universe is not governed by mathematical laws. Rather, they are a form of human conceptualization that gives things meaning and are really extensions of daily cognitive mechanisms, metaphors not too different from the ones we use in our daily conversation.”

Rafael Núñez is a professor at the Swiss universities of Freiburg and Lausanne and an associate researcher at the University of California where he is currently studying spontaneous gestures made in concert with spoken language.

## Overheard

“Chile and the European Union share many values, a common vision of the world and aspire to greater prosperity for our peoples.”

Christopher Patten,  
Commissioner for External  
Relations of the European Union.  
Santiago, March 28

“This is an agreement that I have long supported, recognizing the complementarities of our economies and the openness of our system of trade.”

Robert Zoellick, U.S. Trade  
Representative in a letter to the  
Chilean negotiators to the FTA.  
March 26

“We have confirmed our trust in the government and in justice in Chile. We are very much impressed by the work undertaken since President Lagos came to office and by the degree of democratic political maturity that Chile has demonstrated in the last year.”

Louis Michel,  
Foreign Minister of Belgium.  
Santiago, March 27

## Q&A

### Internal Revenue Service (SII)

#### What is special about the Chilean tax service?

In the last 20 years, a series of reforms have adjusted Chile's tax structure to the needs of an open economy while maintaining fiscal equilibrium. The performance of the Internal Revenue Service (SII), the governmental agency responsible for applying and managing the tax system, has attained international prestige in such areas as technology modernization, tax control and enforcement. The investment in technology has brought greater efficiency to the service, reduced collection times and improved taxpayer access. Today it is one of the leading agencies in terms of the modernization of the State in Chile.

#### How important has the investment in technology been for the SII?

To facilitate compliance with tax obligations and avoid complex procedures, the SII continually strives to provide faster service and offer an expedient, efficient system to users. The investments and the use of the Internet have made the SII one of the world leaders in this arena. Taxpayers not only receive information but also interact with agency officials online. The web site, [www.sii.cl](http://www.sii.cl), lets taxpayers correct their returns, get information, and track and learn about information provided by companies or organizations with whom they have a formal working relationship.

#### What are the novelties for this year?

In April, over 1.9 million taxpayers, both corporations and individuals, will file their tax returns for income received in the year 2000. The SII will offer some one million people a, free, on-line “draft return.” All they have to do is press click to confirm that the information is accurate. Naturally, the SII also offers taxpayers the opportunity to rectify erroneous information on-line and to file the corrected return electronically.

## Agenda

- 📅 April 2-3: 2<sup>nd</sup> South American Conference on Migration.
- 📅 April 2-5: 35<sup>th</sup> General Assembly of the Inter-American Center of Tax Administrations.
- 📅 April 4-5: visit of the U.S. Trade Representative, Robert Zoellick.
- 📅 April 5-7: Official visit of the President of China, Jiang Zemin.

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