



CHILENEWS

No. 12 – May 3, 2001

Did you know?

Antonio Skármeta, the writer and current Ambassador of Chile to Germany, was awarded the “Premio de las Américas para Literatura Infantil” in 2000 for his children's book *La Composición*.

The Chilean palm tree grows up to 45 feet high. Its feathery leaves are 6 to 9 feet long. Syrup is made from the sap obtained by making a cut in the trunk and allowing the sap to flow for several months. It is then collected and cooked in vats.

Las Raíces Viaduct, located in the foothills of Lonquimay, in Southern Chile, is 2.7 miles long, the longest in South America. It is completely dark in winter and the temperature inside reaches around 22 degrees (F) below freezing.

The Bottom Line

8.9% increased the public spending in social programs in the period 1990-1999.

Presidential Trip

President Ricardo Lagos returned with firm results from his recent eight-day tour of the United States, France, Canada and the Dominican Republic. The most important accomplishments are a solid commitment from President George Bush to sign a Free Trade Agreement (FTA) before the year is out and the support of President Jacques Chirac for the political, cooperation and trade agreement between Chile and the European Union. These positive results are further enhanced by a series of cooperation agreements.

In Washington, D.C., Presidents Bush and Lagos agreed on the agenda for the negotiating committees after President Bush defined the start-up of a FTA before the end of the year as a “priority interest” for his administration. Previously that same day, President Lagos had received the support of major U.S. entrepreneurs associated to the Chamber of Commerce.

After a relaxed meeting between Presidents Lagos and Chirac in Paris, the “excellent” relations between Chile and France were confirmed by both dignitaries.

During the Third Summit of the Americas, in Quebec, President Lagos issued a call to view free trade as the means to increase equal opportunity and social justice in the continent. He spoke in favor of democracy in the region, reiterated the shared goal of enhancing health and education and stressed the importance of equal access to new technologies and improved connectivity.

The trip ended in Santo Domingo, culminating with an agreement between both nations in favor of preserving Historic Heritage.

Reforms to the Capital Market

The Ministry of Finance and the Central Bank announced important deregulating measures to boost the Chilean capital market.

Nicolás Eyzaguirre, Minister of Finance, said that the package is intended to significantly enhance the current and future growth prospects of the Chilean economy. These measures will help

Tips

Chile ranks 24th in the 2001 Competitiveness Report issued by the Swiss International Institute for Management Development (IMD). This is the highest ranking scored among Latin American countries.

According to International Data Corporation (IDC), a consulting firm, Chile is the safest country in Latin America for Internet purchases.

Compared to 1997, Chilean Internet "hits" increased eight-fold in 2000. They went from 62,750 to 557,000.

A 1997 Cabernet Reserve wine from the Maipo Valley produced by Viña Santa Ema was awarded the Great Gold Medal at the 2001 Brussels International Wine Competition.

encourage domestic savings, investment, increase competition and make more liquidity available to the financial market, while also eliminating barriers that prevented a larger inflow of foreign capital.

These reforms stress the significance of the capital market as the driving force of development and, as Minister Eyzaguirre said, "they will enable the country to recover its previous economic growth rate of 6% and 7%".

Changes that will have a direct effect on foreign investors include reduced taxes on interest paid to institutional investors; establishment of an emerging stock exchange and exemption from capital gains tax; elimination of taxes on interest paid by banks for operations whereby those same funds are invested or placed abroad; and improvement of bank law to increase competitiveness.

The Central Bank decided to eliminate a series of foreign exchange restrictions that applied to the free financing and flow of investments to and from Chile. No longer required, among others, are prior permits for incoming capital flows linked to foreign loans, investment in general, capital investment, securities and ADRs. Special requirements were also eliminated for capital return outflows, dividends and other benefits from capital investments and prepayment of foreign loans. The same goes for capital returns, profits and other benefits produced by investments made by people residing abroad, risk classification and minimum time frames for issuing securities. Legal reserve requirements for foreign capital were also eliminated.

In Favor of Freedom of Expression

There was good news for the government recently when – after complicated legislative proceedings that took eight years to complete – Congress passed a law on free speech, including the right to freedom of information, of opinion, and of the practice of journalism. Approval by the Constitutional Tribunal is now the only requirement for the law to become effective.

Better known simply as the Press Law, it entails several major changes, not only because it guarantees free speech but also because it eliminates the most polemical article in the State Security Law enforced during the military regime. That provision allowed the authorities to bring legal action for defamation against journalists, the media or private individuals. Another major accomplishment is that the Advertising Abuse Law was repealed and judges will no longer be able to prohibit the disclosure of information related to ongoing legal proceedings.

The media are happy. But these measures also benefit society since the amendment is a significant achievement for democracy and the modernization of the State.

Quotes from President Lagos

“To govern a country, one must think of long term prospects and the common good, and not merely of contingent situations.”

Referring to measures related
to the capital market.
April 24

“As a society, we have to make our economic growth enable us to establish a large social safety net for people who need it the most, such as children and senior citizens. That is the meaning of public service.”

In the launching of the National
Policy for Children and Teenagers.
April 25

“If we advance towards a free trade agreement with Europe and another one with the United States, we stand a much better chance of making a real impact on Chile’s economy.”

During his visit to France.
April 18

“The FTAA is an agreement intended to facilitate trade. One wishes to improve trade because one wants to grow, to have more education and cleaner air, and these are crucial to improve people’s living standards. (...) Trade is a means, not an end.”

Third Summit of the Americas.
Quebec, April 20

Pablo Neruda Conquers the 20th Century

Poem No. 20 by Pablo Neruda was chosen by Spanish-speaking readers as the most important poem of the 20th Century. The poem ranked first in a survey commissioned by the Spanish publishers, Debolsillo. The survey was conducted over the Internet and supported by most of the print media and radios in Spain. The selected works were recently published in the book *Fifty Poems of the Millennium*.

Starting with abandonment, a threat alien to no one, Neruda portrays the emptiness of absence with which thousands of readers have identified:

“*I can write the saddest poem of all tonight*”

“*The night is full of stars,*

And the planets, blue, twinkle far away”

“*To think that I don’t have her. To feel that I’ve lost her.*”

Elegía, by Miguel Hernández, ranked second, followed by *Poem No. 15*, also by Neruda. The other poems include a selection of verses by Antonio Machado, Jorge Luis Borges, Francisco de Quevedo, Gustavo Adolfo Bécquer and the Chilean poet Vicente Huidobro.

Twenty Love Poems and A Song of Despair, first published in 1924, is the most popular book by Pablo Neruda. Over one million copies of his work are re-printed every year in 25 languages.

“*Running with Christ*”

The Feast of Cuasimodo was celebrated in April as it is every year. This is the most authentic demonstration of popular religion in Chile. It takes place the Sunday after Easter throughout Central Chile. Priests are escorted by *huasos* who ride on horseback to deliver communion to the sick and elderly who were unable to attend mass. This is why the Feast is also known as “running with Christ”.

The tradition dates back to colonial times, when priests carrying valuable chalices and gold and silver goblets, had to travel long distances over country roads to deliver communion. Due to repeated attacks, it became customary to have *huasos* accompany the priests, forming a unique and colorful entourage. For the Feast, the *huasos* replace their traditional wide-brimmed hats for kerchiefs and their ponchos for short cloaks, as a sign of respect.

The name comes from the Introit of the Mass for that day which begins with *Quasi modo genite infantes* (like newly born children).

Overheard

“Chile is a remarkable country. It’s a country that is a strong democracy that has shown people in this hemisphere the importance of rule of law. (...) I also look forward to talking about free trade. I’m confident that by the time this year is over we will conclude a free trade agreement with Chile. It’s in our best interest to do so.”

President George W. Bush.
Washington D.C., April 16

“Without a shadow of a doubt, we would like negotiations with Chile to advance quickly.” “We are watching with great admiration and deep satisfaction the progress made under President Lagos to achieve economic and social development in the country.”

President Jacques Chirac.
Paris, April 19

“Chile is well on the way to eradicating the vestiges of its authoritarian past, particularly those that infringe on free expression.”

José Manuel Vivanco, Executive Director,
Human Rights Watch.
On the new press law. April 20

Agenda

- 7-14 May: Visit by the Governor of Canada, Adrienne Clarkson
- 7-11 May: Agreement between Chile and the EFTA (European Free Trade Association), Second Round of Negotiations.

Q & A

Unemployment Insurance

How does Unemployment Insurance work?

Unemployment insurance will help sustain workers when they are out of a job, regardless of the reason, by granting them guaranteed financial support that will decrease gradually over a period of five months. Lower-income workers will be assured a total minimum of 390 dollars.

Who is eligible?

All private sector workers hired one year after the law is published in the Diario Oficial will be eligible. The intervening year will be used to call for bids and to start-up the single administering company that will manage the new system. Unemployment insurance coverage will be optional for workers under contract when this insurance system becomes effective.

How is it funded?

Financing will be provided jointly by workers, employers and the State. Total payroll contributions will amount to 3% of a worker's monthly salary: 0.6% will be paid in by individual workers and 2.4% by employers. The State will contribute approximately ten million dollars per year to a Solidarity Fund.

Which organizations are eligible to manage the fund?

The call for bids in late May will be open to private agencies in charge of paying benefits to workers on behalf of the State, to Pension Fund Adminstrating Agencies (AFPs), banks and insurance companies.

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