



CHILENEWS

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Did You Know?

This year, for the first time in the history of Chile's Congress, a woman will preside over the Chamber of Deputies. Adriana Muñoz is a member of the Party for Democracy (PPD). She will be succeeded in 2003 by another woman, Socialist Isabel Allende.

In February, Chile ratified at the OAS the Inter-American Convention on the Elimination of All forms of Discrimination Against Persons with Disabilities.

The first Chilean settlement in Antarctica was founded on February 6, 1947: Arturo Prat Naval Base. Located at Port Sovereignty on Greenwich Island, the base was built in just 29 days. Today it houses a meteorology and radiotelegraphy station.

1.563 billion dollars was the trade surplus in 2001.

Government Anniversary

On March 11th, a huge party was held to celebrate President Ricardo Lagos' two years in office. Under the catchphrase "With You, This is How Chile Grows," some 200,000 people watched performances on four stages set up along the Alameda, Santiago's main avenue. The shows included musical groups, plays and presentations by typical Chilean figures. Similar activities were held all over the country as well.

Members of the cabinet and Deputy Secretaries also fanned out around the country to visit neighborhoods door-to-door and listen to people's opinions and petitions. Even President Lagos visited an area on the outskirts of Santiago. The effort is part of the administration's ongoing policy of keeping in touch with the people and opening up public spaces.

The government views its achievements in securing institutional stability, the consolidation of democracy and the strengthening of social harmony as particularly important.

President Lagos noted: "We have been able to reform labor laws and battle tax evasion. Chile now has unemployment insurance; if we had had it before, things would have been different because those who are unemployed today would have at least a basic income. While progress has been made, we nonetheless still have much work to do."

Over the next two years, the government plans to stress three major points: bolstering growth, generating more and better employment, and implementing a reform to the health care system that will ensure higher quality and easier access for patients.

Broad Support of Chile-EU Agreement

Following a 10-day tour through Sweden, Finland and Italy, President Lagos returned home confident that Chile will sign a political and economic agreement with the EU during the European Union-Latin American and Caribbean Summit, to be held in Madrid in May. On his European visit, the senior political officials and business leaders with whom the President met unanimously agreed to support a successful conclusion to the negotiations.

Facts

On his latest report, U.S. investment bank Merrill Lynch recommended acquiring shares in just three Latin American countries, including Chile. The bankers suggest investors place 8.7% of their portfolio here.

Over the past seven years, Chile has risen from 8th to 5th place among wine exporting countries. Whereas in 1994 Chile accounted for just 1.7% of worldwide production, by 2000 that figure had risen to 4.6%.

Since 1997, when Chile signed a bilateral free trade agreement with Canada, exchanges between the two nations have expanded by some 34%.

Australia was Chile's largest foreign investor between January and October 2001 with a total of 3.41 billion dollars. That accounted for 45.9% of all foreign capital.

According to a report by the World Economic Forum and Harvard University, Chile ranks 34th in the world in terms of the roll-out of new information technologies.

In Sweden, he signed a Fourth Generation Cooperation Agreement with Prime Minister Göran Persson. The accord establishes a common fund of three million dollars to support small and medium sized business activities.

President Lagos also participated in the Progressive Leaders Summit held in Stockholm, where he expressed his concern for conditions in Latin America.

In Finland he was received by President Tarja Halonen and Prime Minister Paavo Tapio Lipponen. They discussed new areas of cooperation, especially in education and mining.

In the final phase of his tour, the President called on the President of Italy's Council of Ministers, Silvio Berlusconi. His host highlighted the soundness of Chile's economic system and noted the importance of a free trade agreement between Chile and the European Union. The two presidents signed a series of cooperation documents, including the mid-term implementation of an open skies policy in both countries.

New Army Chief

For the second time since the return to democracy in 1990, Chile has a new commander-in-chief of the Army. On March 10th, General Juan Emilio Cheyre took over the post, following General Ricardo Izurieta, who served for four years after succeeding General Augusto Pinochet.

During the ceremony at the Military Academy, President Lagos highlighted the normalcy with which the change in command took place: "What we are seeing today speaks well of our Army, of the new leadership that General Cheyre will exercise and, most importantly, it seems to me that we have an Army prepared to be an effective deterrent and to ensure the peace."

The 54 year-old Cheyre is originally an infantryman. During his stellar career in the military and in academia, he has led 13 different Army units, served as military attaché in Spain, as Director of the War College, Commander of the Military Institutes and Chief of Staff. He is a Ph.D. candidate in political science at Madrid's Universidad Complutense, speaks several languages and maintains fluid relations with political leaders across the spectrum.

Savings Help Bolster Pensions

As of March 1, the way retirement savings are managed in Chile has changed. Previously, such funds were handled exclusively by Pension Fund Administrators or AFPs.

With the implementation of the capital market reform, voluntary retirement savings can now be managed either by AFPs or by banks,

Quotes from President Lagos

“What we have done over the past two years is interpret what the majority of Chileans want. Today I have asked those who work with me in the administration, our members of Congress who support us continually, to visit as many homes as possible.”

On the government Anniversary.
March 10, 2002

“The process of integration with the world is a path that we Chileans have chosen because we are firmly convinced that such integration brings benefits to the entire population, if we do it right. And doing it right means researching, studying, proposing; doing it right means accepting that in the modern world Chilean society is always being tested.”

At the University of Chile,
before 600 social sector leaders.
March 7, 2002

“The most important thing is that it has been tremendously successful in light of the expectations we had. This includes endeavoring to bring to fruition in May Chile’s long-sought aspiration of a scientific, cultural, political and economic partnership with Europe.”

On the results of his trip to
Sweden, Finland and Italy.
Rome, February 28, 2002

insurance companies, mutual fund administrators or housing funds. The change benefits both employed and independent workers.

The new system allows workers to allocate up to 50 UFs (some 1,200 dollars) of their monthly income to a capitalization plan designed to bolster their future pensions. Such savings are tax-free until retirement. If withdrawn early, the toll stands at between 3% and 7%, considerably below the rates for other types of saving.

Papelucho Celebrates His Creator

It would be hard to find a Chilean child has not read the adventures of Papelucho. For the last 50 years, the comic book figure, ingenious, skinny boy with hair that sticks straight up and rabbit-like teeth, has fascinated children and adults alike. His creator, Esther Huneeus, wrote the series under the pseudonym Marcela Paz.

On February 28th, Huneeus would have turned 100. To celebrate her birthday, the 12 original novels starring Papelucho were reprinted with color illustrations (previously they were black and white). The volumes include: *Papelucho*, *Papelucho Historiador*, *Papelucho Detective*, *Papelucho y El Marciano*, *Papelucho en Vacaciones*.

The books feature Papelucho’s follies and the humor the author uses to represent the childhood conundrums that has captured the attention of young and old, while reflecting Chilean idiosyncrasies. Marcela Paz was awarded the National Literature Prize in 1982.

Fly Fishing

Although Chile’s offerings in the realm of tourism are varied (deserts, beaches, glacier, exotic islands), some travelers have only one thing in mind: fly fishing. International political figures and movie stars have been known to fly directly to southern Chile to enjoy the sport. After arrival, their desire for anonymity is scrupulously respected.

Experts say that the low temperatures, clarity and high oxygen content of the waters in southern Chile are ideal for fly fishing. In addition, the practically virgin landscapes of densely forested mountainsides cut by fast-flowing rivers blessed by abundant fish – especially trout and salmon are renewed. The fishing season runs from October through April with an accent on such species as rainbow, river and brown trout and salmon. These fish grow to impressive sizes in Chilean lakes and rivers.

To make life more comfortable for sportslovers, some 20-odd lodges – welcoming cabins in native woods – specially equipped for fly fishing enthusiasts are available around the region.

Overheard

“Chile’s economy today appears to the EU today to be sound and solid. If Chile were in Europe, it would be a member of the European Community.”

Silvio Berlusconi, President
of Italy’s Council of Ministers.
Rome, February 27, 2002

“Democracy, solid institutions and the continuity of an economic policy that combines thoroughness with liberalization, along with consistent growth and social progress, make Chile a source of regional stability and an inspiring model.”

Carlo Azeglio Ciampi, President of Italy.
Rome, February 28, 2002

“Chile is a stable country, both politically and economically. That’s why its presence is so important and highly thought of to us. Furthermore, as a part of Latin America, Chile’s importance is growing actively as it participates in integration processes, both regionally and around the world.”

Tarja Halonen, President of Finland.
Helsinki, February 24, 2002

“My company has been in Chile since 1989. We have always found the country to be very much open to free trade and investments. In my view, those features are the key to their success. I have just returned from Chile and am extraordinarily optimistic, as I see how the nation is moving forward actively, whereas here in Sweden I see no such signs. Chile is ahead of the game.”

Jan Dhrister Ericsson, Chairman of JCE Grupen AB.
Stockholm, February 22, 2002

Q&A

Technical Cooperation Service (Sercotec)

What is Sercotec?

A government agency that reports to the Ministry of Economy. Sercotec’s mission is to assist micro and small enterprises to develop, strengthen their management capabilities and improve and bolster their productivity.

What does Sercotec do?

With offices around the country, Sercotec serves entrepreneurs from all sectors of economic activity, on a case-by-case basis. An accent is placed on the neediest locations or townships where a series of programs and instruments provide support in the forms of financing, technical assistance and training.

How does it work?

Most programs are designed and implemented in conjunction with entrepreneurs. Regional Allocation Committees operate in each region, composed of the area’s economic officials who, with Sercotec, target and allocate resources on a decentralized basis to support local and regional development.

In addition, through the RedSercotec network, entrepreneurs receive information on loans, leasing programs, company start-up procedures, labor laws, government support programs, export assistance and services such as business opportunities, training seminars, self-diagnosis and consulting.

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Agenda

- March 18-20: State Visit by the President of Brazil, Fernando Henrique Cardoso
- March 21-22: President Ricardo Lagos participated in the International Conference on Development Funding. Mexico
- April 8-12: XI Round of negotiations, Chile-U.S.

EDITOR -IN-CHIEF

Javier Luis Egaña
Director, Communication and Culture Secretariat

EDITOR

María Paz del Río
Chief, International Press Department

TEXT

International Press Department

COMMUNICATION AND CULTURE SECRETARIAT
MINISTRY GENERAL GOVERNMENT SECRETARIAT

depreint@segegob.cl

www.segegob.cl