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President Michelle Bachelet greets U.S. Secretary of State Condoleezza Rice.

President celebrates two years in office

It is one of the most profound and significant transformations in Chile's history: the Pension Reform Law, unanimously approved by the National Congress. Its enactment was the best possible way to celebrate the second anniversary of President Michelle Bachelet's inauguration, on March 11. Thanks to the reform, thousands of Chileans will gain access to pensions that allow them to retire with dignity (ChileNews No.91). "In less than two years, we have continued to achieve, one by one, the challenging transformations to which we committed ourselves before the citizens," stressed the President.



DID YOU KNOW?

★ Between the towns of Puerto Tranquilo and Puerto Mármol, on General Carrera Lake, Aysén Region, lie the Mármol Caves, a geological marvel created by the lake's constant wave action. Over thousands of years, the water has excavated intricate galleries within a rocky promontory, producing formations colored grayish blue, pink and pure white.



★ Researchers from Chile's Catholic University and the Chilean Army's Military Polytechnical Academy have created a new anti-personnel mine detector which uses radar from the air. The invention, a pioneer in this type of technology, will help prevent fatalities and injuries during demining operations, becoming an important tool for humanitarian assistance efforts around the world.



At La Moneda Palace, the President pointed to the advances and achievements of her government and the other Concertación administrations in public policy and social programs, in the areas of housing, health, education and social protection.

The achievements of the President's first half-term include laying the foundations for a comprehensive social protection system: the pension reform; increased coverage under the AUGE Plan, which guarantees access to health care; further development of the "Chile Crece Contigo" (Chile is Growing With You) program, which provides comprehensive protection to the country's children; and the construction of more than 1,700 free day care centers. Further advances include a new housing policy, providing better homes with more living space, as well as a profound transformation in Chilean education, ensuring quality instruction for all students.

Substantial support has also been given to small and medium-sized businesses, through the program "Chile Emprende" (Chile Gets Down to Business), reductions in gasoline taxes and the elimination of the stamp tax, as well as the creation of the Innovation Fund for Competitiveness, aimed at supporting the country's development, especially in the regions. The country's sports infrastructure has also been upgraded, with new world-class stadiums, among other advances.

"We have been very active during the first two years. We have planted many seeds," noted the President. "The two years that lie ahead of us will be a time to continue planting seeds, but also a time to reap the benefits and show our achievements to the people. It will be a time to work, work, work."

QUOTES FROM PRESIDENT BACHELET

"My administration and all of the Concertación coalition will continue to exert maximum efforts during the next two years. We intend to remain a political option in government, because we believe it is the Concertación which guarantees that our sons and daughters can live in and enjoy a better Chile."

At the ceremony celebrating the second anniversary of her inauguration.
La Moneda Palace, March 11, 2008.

"It is time for all of us to show openness and flexibility, in the understanding that women are active in every area, and we are here to stay; this is also true for politics and for pursuing politics of quality. Greater integration of women can have a refreshing effect on politics, providing women's points of view and women's ways of doing things, as well as the necessary gender perspective so that women's issues are never left off the table."

Commemorating International Women's Day.
Santiago, March 8, 2008.



"It seems to me that Latin America does not need or deserve conflicts such as these. What our citizens are crying out for, what we are all demanding, is the ability to

preserve and guarantee peace, to work together for a Latin America that gets up on its feet and can effectively ensure that our countries offer quality of life to our citizens."

During her address to the 20th Rio Summit,
Dominican Republic.
Santo Domingo, March 7, 2008.

"The social focus that I have defined for my administration requires ongoing evaluation to guarantee that its benefits effectively reach the people (...), extending a hand to those who are facing problems and providing incentives to those who want to go into business."

Announcing measures to stimulate the economy.
Santiago, March 3, 2008.

Pension reform

The most significant change brought about by this reform is the replacement of the assistential pension with a basic solidarity and disability pension, which will enter into force in July 2008. With this, for the first time in Chile, all retirees from the lowest-earning 60% of the population will enjoy a guaranteed pension of 136 dollars per month, increasing to 170 in 2009, even if they have never paid into the system. In addition, low-income individuals will receive a solidarity contribution to their pension funds to help boost their retirement checks.

Strategic association with Ecuador

A highly positive outcome was registered for the visit of Ecuadorian President Rafael Correa to Chile from March 9 to 11. A joint declaration highlighted the excellent state of bilateral relations as well as the two leaders' full agreement on the validity, scope and content of the South Pacific System Treaties.



The visit's most significant result was the signing of a Strategic Association Agreement, the third of this type for Chile and the first between two South American countries. The accord sets up a broad-based association to strengthen political and social dialogue, cooperation, economic relations and cultural ties between the two nations.

The leaders also took advantage of the occasion to sign an updated version of the current trade agreement, converting it into a much broader accord that addresses areas such as technical barriers to trade, inspection and phytosanitary standards, rules of origin, customs issues and temporary entry for business travelers. In addition, both governments made a commitment to begin negotiations on services, investments and public purchasing within a fixed time period.

Another important agreement was signed by Chile's National Petroleum Company (ENAP) and PetroEcuador for the joint exploitation of gas reserves in the Gulf of Guayaquil. In the area of pensions, a new social security agreement – already approved by Chile's National Congress – will benefit 14,000 Chilean workers and 11,000 Ecuadorians, who will be able to maintain pension continuity in both countries and retire in either one.

Smiles for all

Starting this April, more smiles will be seen in all parts of Chile, from north to south. "Chile Sonríe" (Chile Smiles), an initiative advanced by the Ministry of Health and the AreaDent Society for Odontological Services, will provide low-cost dental care to individuals aged 25 to 59 who belong to the National Health Fund, Fonasa, and lack the resources to pay for private services.



FACTS

In 2007, foreign investment in Chile totaled some 15.41 billion dollars, nearly double the amount from the previous year.

Chile placed first among 125 developing and transitional nations for the performance of its political administrators, according to the most recent Transformation Index prepared by Germany's Bertelsmann Foundation. The study pointed especially to the country's economic, social and administrative reforms.

Raising its score in comparison with 2006, Chile ranked among the top 30 countries in the world for its environmental protection measures and fifth in the Americas, according to the 2008 Environmental Performance Index (EPI) prepared by Yale and Columbia Universities. The project evaluated 149 countries on the basis of 25 environmental indicators in six categories.

The specialty publication Wine Spectator placed two Chilean wineries among the top three in the world: Viña Montes, in the Colchagua Valley, and Viña Santa Rita, in the Maipo Valley.

Chile led the countries of the Americas in tourism growth, enjoying a 12% expansion in the number of visitors during 2007, according to figures from the World Tourism Organization (WTO). Hard currency entering the country also increased by 13%.

France's National Center for Scientific Research (CNRS) has signed a memorandum of understanding with the Chile's National Commission for Scientific and Technological Research (Conicyt), which includes a working plan for the 2008-2012 period in areas such as seismology, astronomy and marine biology.



With 1,500 participating dental professionals, the project will extend for two years, correcting common oral pathologies such as cavities or missing teeth. To pay for services, patients can apply for special loans from financial institutions or work out forms of payment appropriate to their situations directly with the dentists.

"Chile Smiles" aims to improve the quality of life for 100,000 Chileans, allowing them to smile without embarrassment, free themselves from social limitations and enjoy broader opportunities. The new mass campaign, which joins the country's 11 existing public dental programs, was inspired by the highly successful "Sonrisa de Mujer" (Woman's Smile) initiative, launched in 2000. The new version of the project is extended to men as well as women.

Support for the national economy

Boosting growth while also reducing the strain on Chileans' wallets is the main objective of a package of economic measures recently announced by the President: the idea is to "continue growing, successfully face economic turbulence and advance toward our goals for future growth." The proposal represents an active step by the administration to confront the new economic environment generated by the international financial crisis and rising oil prices.

The initiative, already approved by Congress, reduced gasoline taxes over a 24-month period and allocated five million dollars to a biofuels research fund open to private-sector bidding, which is aimed at promoting the development of cleaner and more environmentally friendly technologies. In addition, it instituted a refund for the cost of registering hybrid vehicles for four years in the case of vehicles priced below \$32,000, and two years for more expensive models.



The economic package also eliminated the stamp tax which has affected small and medium-sized enterprises when they obtain loans. "We will move forward with this tax rebate which has already been passed by the legislature, so that it will be available now rather than in January 2009," announced the President.

In addition, the initiative modified the tax exemption for housing construction, which previously applied to high-cost homes as well as social housing. The aim is to focus the exemption more effectively, targeting its benefits toward middle-class and low-income families.

Rally in the Chilean desert

In 2009, the arid landscapes of the Atacama desert – the driest on the planet – will be invaded by the roar of motors. From January 3 to 18, the world's leading rally competitors will participate in the Dakar Series, the sport's most important contest, covering 9,000 kilometers of Chilean and Argentine territory.



OVERHEARD

"Chile is a strategic partner with which we would like to deepen and extend our relationship."

Giorgio Napolitano, President of Italy.
La Moneda Palace, March 17, 2008.



"What is really great about President Bachelet's program is that Chile is determined that those economic benefits are going to be there for people across the economic sectors."

Condoleezza Rice, U.S. Secretary of State.
Santiago, March 15, 2008.

"I am the one who must be thankful for the firm, unshakable stance taken by the President – based on principles and convictions, not convenience and coincidence – which permitted us, together with other countries, to resolve such a serious crisis (with Colombia)."

Rafael Correa, President of Ecuador.
Santiago, March 10, 2008.

"If the plans of the Chile Crece Contigo program, coordinated by the Ministries of Education, Health and Planning, are maintained over time, I would venture to say that ten years from now, Chile will be among the countries in the world with the most favorable levels of child development."

Clyde Hertzman, WHO expert in early childhood development.
Santiago, January 29, 2008.

"Chile is experiencing a very positive period with its agricultural food sector and enjoys a strong export profile. We would like to be more like Chile. The European Union seeks a more liberal agricultural sector that is more open to the international market."

Aldo Longo, director of International Agricultural Affairs for the European Union.
Santiago, January 28, 2008.

The idea of racing in Chile arose after the 2008 competition was canceled due to security issues. Facing problems with the competition's emblematic route across northern Africa, the Dakar organizers called for new route proposals. Jaime Pizarro, director of the Chilean sporting organization Chiledeportes, traveled to Paris to present his country's case, emphasizing its suitable geography for this type of race as well as its experience with a similar event: the Atacama-Patagonia rally. Since Argentina also presented a solicitation, it became possible to combine the territories, allowing the rally to celebrate its 30th anniversary with its first event in South America.

The route will include 15 segments, five of them on Chilean territory, heading north from the Valparaíso Region. The exact route has yet to be determined. Approximately 600 journalists representing a wide range of media from around the world are expected to cover the competition on location. In Europe alone, the race is followed by some 150 million television viewers.

World-class tourism

Thanks to Chile's unique and attractive geography, the country is currently fashionable in rankings of the world's most outstanding tourism opportunities. In their most recent editions, numerous specialized media have recommended locations and itineraries in Chile.

Describing "25 don't-miss destinations in 2008 for those who enjoy nature and outdoor activities," *National Geographic Adventure* and *The New York Times* included Easter Island's Posada Mike Rapu, a new lodge from the Explora chain, eight kilometers from Hanga Roa. For *National Geographic Traveler*, the thermal springs in Puyehue, Los Lagos Region, and Puyuhuapi, Aysén Region, are among the "world's 50 best places to relax."



Travel+Leisure ranked three Chilean haciendas among the 15 best country inns in South America: Los Lingues, in the Colchagua Valley, O'Higgins Region, with buildings and installations dating from the 17th century; Tres Lagos, nestled amid an imposing Patagonian environment of glaciers and nature preserves; and Viña Santa

Rita's Casa Real Hotel in the Maipo Valley, Metropolitan Region, built in 1880, which features 40 hectares of native forest, a lake with black-necked swans and gardens with European and indigenous plants. The same publication selected the Hotel Awasi of San Pedro de Atacama as one of the world's 25 best hotels.

In addition, the British newspaper *The Guardian* ranked the Montaña Mágica (Magic Mountain) – located in the Huilo Huilo Reserve, Los Ríos Region – among the world's five best unusual hotels, with its construction in the shape of a volcano, a waterfall cascading down its façade, and its unconventional access paths which include a canopy and suspension bridge.



CHILEANS AROUND THE WORLD

The World Peace Foundation awarded the 2007 Peace Prize to the Chilean battalion in Haiti, for restoring order, providing internal security, and participating in the material and institutional reconstruction of the Republic of Haiti.

Ambassador Mario Matus was selected by the World Trade Organization (WTO) to preside over the Dispute Settlement Body (DSB). Together with the General Council and the Trade Policy Review Body, the DSB is one of the WTO's three most important functional units.

Scientists Francisca Brown and Guisella Gacitúa have become the first Chileans to reach the South Pole by land. Representing the Glaciology and Climate Change Laboratory of the Valdivia Center for Scientific Studies (CECS), they traveled to the pole to study the impact of global warming.

In Jakarta, golfer Felipe Aguilar won the fourth annual Indonesia Open, a tournament belonging in equal parts to the Asian and European Circuits. He placed 25th on the European Tour, securing his status up to the year 2010.

Pole vaulter Carolina Torres triumphed in the Swiss National Indoor competition held in the city of Saint Gallen, where she set a record of 4.10 meters.

AGENDA

- ★ **March 9-11:** State Visit of the President of Ecuador, Rafael Correa. Santiago.
- ★ **March 14-15:** Working visit of the U.S. Secretary of State, Condoleezza Rice. Santiago.
- ★ **March 17-19:** Visit of the President of Italy, Giorgio Napolitano. Santiago and Valparaíso.
- ★ **April 2-5:** Official Visit of President Michelle Bachelet to the United Kingdom.
- ★ **April 5:** President Bachelet participates in the Progressive Leaders' Summit. London.

Ancestral highway

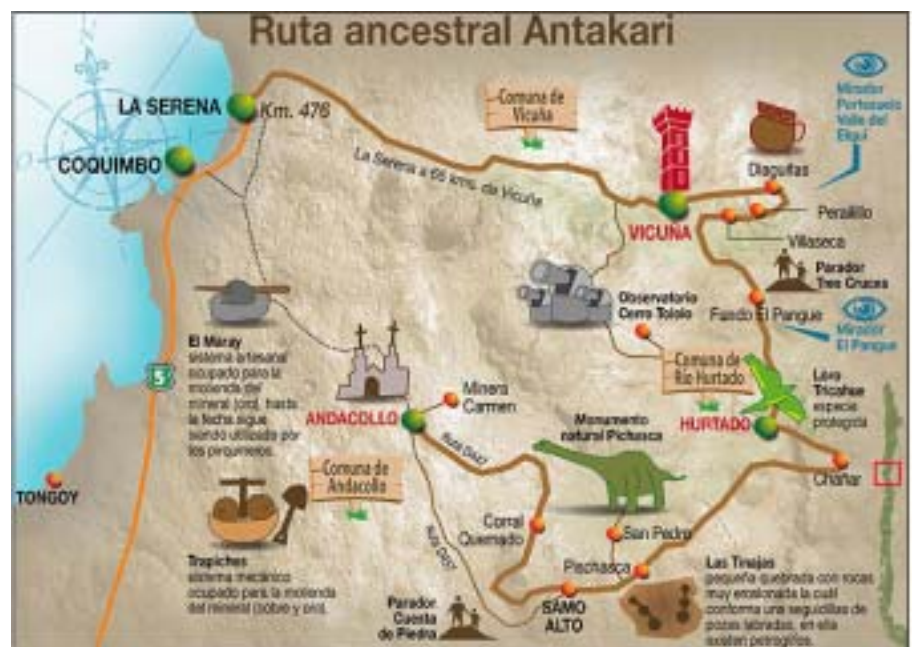
Inspired by the high mountain routes used by the Inca, Molle and Diaguita peoples in the mid-15th century, the Antakari Route – a Quechua name meaning “Great Man of Copper” – was born. Following the indigenous peoples, the Spanish conquistadors traveled here to search for gold mines, pursue trade and establish the settlements which today give life to the townships of Vicuña,



Andacollo and Río Hurtado in the Coquimbo Region. These three municipalities are now inviting visitors to follow the route, thanks to a project financed by their own funds, the government and the European Union.

The itinerary, covering 237 kilometers of rural roadways – passable in any type of vehicle – can be traveled in three segments: Vicuña-Hurtado, Hurtado-Samo Alto and Samo Alto-Andacollo. Common to the entire route are pure air, a pleasant climate, cloudless skies and the colorful beauty of mountain peaks and valleys.

Notable places along the way include Vicuña, the hometown of Nobel Prize-winning poet Gabriela Mistral, where visitors can tour a museum dedicated to her life and work; the Mamalluca astronomical observatory; and Villaseca, a town known for a restaurant operating solely with solar cookers. Attractions near Andacollo include the Collowara observatory, the Hurtado River valley and the Pichasca Natural Monument, where hunters took refuge 7,000 years ago and numerous dinosaur fossils have been found. As a whole, the route revitalizes ancestral customs and allows visitors to discover marvels which were known until now only to the region's herders and villagers.



TASTES OF CHILE

Gastronomy, Chilean style

Soil quality, climatic diversity as well as sound and reliable phytosanitary conditions make Chile an outstanding place to cultivate fruits and vegetables not found in other parts of the world. These advantages – along with a rich culinary tradition and a new entrepreneurial spirit – have come together in unique exports which have strengthened the country's portfolio in its increasingly successful quest to conquer the demanding international market.

Some samples from a unique gastronomic tour:



In the Elqui Valley, the Chilean papaya is cultivated – a flavorful, moderately sweet fruit, bright yellow in color and rich in papain, an enzyme with powerful anti-inflammatory properties. Most commonly exported in its own juice, the fruit is cooked whole until tender, without excess added sugar, and packed in vacuum-sealed jars. Known abroad as the “Chilean Carica” or “Chilean Desert Papaya” to distinguish it from the tropical papaya, it is already being served and enjoyed in 100 New York restaurants.

Another Chilean product which sweetens breakfast each

morning for hundreds of people in the United States is Ulmo honey. The management of ChileanGourmet – an enterprise dedicated to exporting high-quality native products – arranges international sales of this delicacy, harvested by hundreds of beekeepers in the Araucanía Region.



The Ulmo, a tree abundant in the humid southern rain forests, rewards the bees pollinating its flowers with the characteristic aroma that permeates their honey. A product with guaranteed purity, Ulmo honey is a soft white in color, with gentle crystallization and a creamy texture, and rich in sugars, vitamins, minerals, proteins and enzymes.



A creation of Mapuche cuisine now beginning to reach export markets is the powerful *merkén* spice mix. Under

the name of “Chilean Gourmet Merkén,” it consists of roasted, smoked and ground *cacho de cabra* pepper, called “goat’s horn” because of its shape and extreme spiciness.

The seasoning made its international debut after its 2007 presentation at the Fancy Food Show in New York. A first shipment of 360 kilos was the culmination of an initiative which began in 2005 and aims soon to extend to Europe and Asia, attaining exports initially projected at over 100,000 dollars.

Farther south, on the island of Chiloé, Los Lagos Region, Chilote garlic is cultivated. It is also called “elephant garlic” due to its enormous size: a single clove can be as large as an entire head of ordinary garlic. Small farmers working together in microenterprises export paste in five flavors made from this variety of garlic. Under the label “Sabor Chilote” (Taste of Chiloé), they have expanded sales to Belgium, broadening the product's reach on the international market. Thanks to its 2007 certification as an organic product, the producers hope to ship more than 30,000 kilos of the flavorful bulb to the United States this year. According to figures from the Office of Agricultural Policy and Research, Chilean garlic exports totaled 4.8 million dollars in 2007, and the leading buyers were Spain, England and the United States.



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