

CHILEAN NEWS

Bulletin of the Anglo-Chilean Society

Editor - John Naylor

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OFFICIAL VISIT TO BRITAIN OF H.E.SR.EDUARDO FREI, PRESIDENT OF THE REPUBLIC OF CHILE AND SRA.MARTA LARRAECHEA DE FREI

The President and Sra. de Frei, with their daughter Sra. Veronica Frei, arrived at Heathrow Airport by special flight from Santiago on 13th October. He was accompanied by H.E.Sr. José Miguel Insulza, Minister for Foreign Affairs, H.E.Sr. Alvaro Garcia, Minister for the Economy, Sr. Carlos Massad, President of the Central Bank, The Hon. Sr. Ricardo Nuñez, Senator, Sr. Roberto Davila, Minister of the Supreme Court of Justice, The Hon. Sr. Francisco Bartolucci, Member of Parliament, The Hon. Sr. Tomás Jocelyn-Holt, Member of Parliament, and other members of his official delegation.

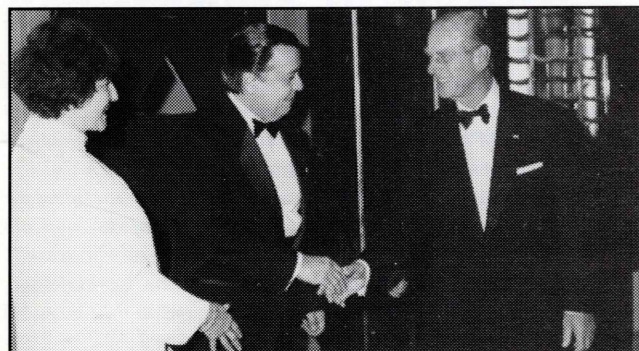
Some idea of the very busy schedule carried out by the President during their stay in London may be gathered from the itinerary shown below:

13th October:

Arrival at Heathrow Airport.

Met by H.E. Sr.

Mario Artaza, Ambassador of the Republic of Chile to the Court of St. James and Sra. Anita de Artaza, by the Baroness in Waiting to Her Majesty The Queen, Baroness Miller of Hendon and the Special Representative of the Secretary of State for Foreign and Commonwealth Affairs Sir Roger Hervey. Arrival at Claridge's Hotel.

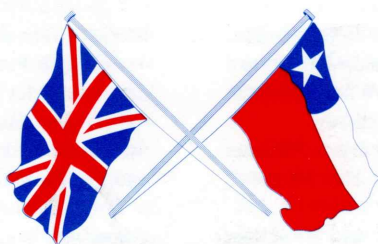


H.E. Sr Mario Artaza and Sra Anita de Artaza meeting H.R.H. The Duke of Edinburgh

14 October

Arrival at the Palace of Westminster and met by the Principal Private Secretary of the Lord Chancellor Mr. Paul Kennedy. Talks with the Lord Chancellor the Rt. Hon. The Lord Mackay of Clashfern.

Visit to the Department of Trade and Industry. Met by the President of the Confederation of British Industry and Chairman of



British Airways plc Sir Colin Marshall, and the Director General, Confederation of British Industry Mr. Adair Turner.

Attended Confederation of British Industry Seminar where the President gave an address entitled "Chile: Country of Opportunities".

Briefing for the Chilean Press at Claridge's. Dinner at the Mansion House, accompanied by Sra. de Frei, given by the Corporation of the City of London hosted by the Lord Mayor and Lady Traill.

15 October:

Working breakfast with representatives of British Invisibles.

The Secretary of State for Foreign and Commonwealth Affairs the Rt. Hon. Malcolm Rifkind MP called at Claridge's.

Visited Canning House and met by the Vice President of Canning House The Viscount Montgomery of Alamein and the Director General Mr. Julian Amey. Reception during which the

President gave a brief address. Signing of Memorandum of Understanding.

Arrival at Buckingham Palace accompanied by Sra. de Frei and received by Her Majesty The Queen and HRH The Duke of Edinburgh. The President inspected the Guard of Honour provided by the 1st Battalion The Royal Regiment of Wales accompanied by HRH The Duke of Edinburgh. Luncheon given by Her Majesty The Queen.



Chairman Roger Venables meeting President, H.E. Sr Eduardo Frei & Sr Marta de Frei

Representatives of the Chilean Community call at Claridge's. The Leader of the Opposition The Rt. Hon. Tony Blair MP called at Claridge's.

Briefing for the Chilean Press and Broadcast Media.

The Anglo Chilean Society dinner held in the Ballroom of the Park Lane Hotel, Piccadilly, in the presence of HRH The Duke of Edinburgh. H.E.The President and Sra. de Frei with their daughter Sra Veronica Frei were met by the Chairman of the Anglo Chilean Society Mr. Roger Venables.

16 October:

The Secretary of State for Defence the Rt.Hon. Michael Portillo MP called at Claridge's.

Arrival at the British Council. Met by the Secretary of State for Education and Employment the Rt.Hon.Gillian Shephard MP and the Director General of the British Council Sir John Hanson and held discussions with them. Signing of Memorandum of Understanding. The President gave a brief address. Meeting with British Council sponsored students and other guests.

Arrival at Westminster Abbey accompanied by Sra. de Frei and met by the Rector of St.Margaret's the Rev.Canon Dr. Donald Gray. Laid wreaths on the Tomb of the Unknown Warrior and the Memorial to Lord Thomas Cochrane. Tour of the Abbey.

Visit to 10 Downing Street and met by the Prime Minister the Rt.Hon.John Major MP. Luncheon given by Her Majesty's Government hosted by the Prime Minister.

Briefing for the Chilean and British Press and Broadcast Media.

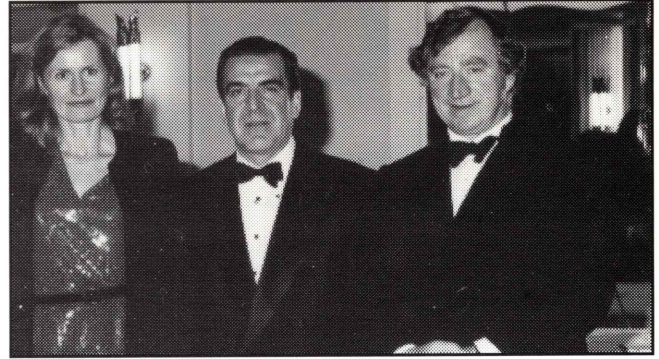
17th October:

Departed by special flight from Heathrow Airport to Santiago. H.E.Sr. Mario Artaza and Sra. Anita de Artaza, Baroness Miller of Hendon and Sir Roger Hervey bade farewell.

THE ANGLO CHILEAN SOCIETY DINNER FOR PRESIDENT FREI OF CHILE.

This was held at the Park Lane Hotel, Piccadilly, attended by 354 members of the Society and their guests.

H.R.H.the Duke of Edinburgh arrived (attended by Sir Brian McGrath and Chief Inspector Richard Griffin). Met by H.E.Señor



H.E. Sr Eduardo Frei with Dr Edward Haughey and Mrs Haughey

Mario Artaza and Señora Anita de Artaza.

H.E.President Frei arrived with Señora de Frei and their daughter. Met by the Chairman of the Society Mr.Roger Venables.

The Executive Committee of the Anglo Chilean Society were presented to H.E.the President and to H.R.H. by the Chairman and H.E.Sr.Mario Artaza respectively.

Once all the guests were assembled at their tables among whom was Jonathan Callund, secretary of the Society in Santiago, the Chairman said grace in Spanish. At the conclusion of dinner the Chairman proposed the Loyal Toast to "The Queen", and the Duke of Edinburgh proposed the toast to "The President of the Republic of Chile".

The Chairman made the following speech:

Your Excellency Señor Presidente. Your Royal Highness, Ambassadors. My Lords, Ladies and Gentlemen.

It is a very great honour for the Anglo Chilean Society that you, Sir, Señora de Frei and Señora Veronica Frei are able to dine with us tonight.

I have it on the highest authority that Chileans are at heart ROYALISTS. As evidence of this the best country club in Chile is known as the "Prince of Wales Country Club". Being Royalists is one of the many characteristics we share with you, so we are doubly delighted that Your Royal Highness is able to be here this evening.

President Frei originally trained as a Civil Engineer, specialising in hydraulics at the University of Chile. (Useful if you need to regulate economic pressures). Our guest then went on to complete a course in Administration and Management in Milan, Italy.

In 1958 he joined Chile's Christian Democratic party and played an active role in supporting his Father's presidential campaign which resulted in Eduardo Frei (Senior) being elected President in 1964.

During the military regime, Señor Frei became one of the founders of, and a prime-mover in, the Committee for Free Elections - a stance which must have demanded considerable courage.

As president of the Christian Democratic Party, he was chosen as their candidate for the Presidency. In December 1993 he was duly elected President of the Republic of Chile, as his father had been before him, with a healthy majority.

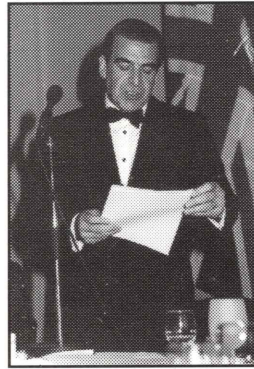
He has, in addition to all these skills, a very great talent for diplomacy. He was offered the Honorary Presidency of the ColoColo football club. So as not to upset their bitter rivals, whom he secretly supported, the football club of the University of Chile, he would only accept the Honorary Presidency of one on condition that he could have the Honorary Presidency of the other.

Sir, Señora de Frei and you have four daughters, one of whom Señora Veronica is here tonight. You are very welcome Señoras. Is it possible that the Frei dynasty will one day provide Chile with its first lady President?

During the preparations for this event it was necessary to do some telephoning from our home - "una casita, linda, chiquita". One morning, when I had made calls to Buckingham Palace, the Foreign Office and the Chilean Embassy an illusion of grandeur began to overcome me; then I had to feed the hens, and reality returned.



The Chairman of the Society Roger Venables making his speech



H.E. Sr Eduardo Frei, President of the Republic of Chile Making his speech



Jorge Tagle and Ester de Toro

The reality for the Anglo Chilean Society is that, thanks to your visit and to the generosity of our many sponsors, from this day on the Anglo Chilean Society will be in a much more secure financial position from which to pursue our charitable aims.

I want to mention these sponsors who have been very generous to us and we are most grateful to them. They are Antofagasta Holdings, Blue Circle Industries, Five Arrows Investment Trust, Guinness plc, Ing Barings, Latinvest Securities Ltd, and RTZ-CRA. And for the gift and sponsorship of the wonderful wine we have been enjoying this evening we have to thank Caliterra, Jose Canepa and Viña Undurraga.

While we are in a thanking mode I think it absolutely right to thank the sub-committee who worked so hard and with such dedication to get this evening to the point that it is now at, and they are Peter de Bruyne, Alasdair Grant and Hennie Subercaseaux. The one person who kept us on track, and it was not always easy, with her cool sense of humour was our superlative Secretary Valerie Buxton.

Now...The Anglo Chilean Society is not an artificial creation of the kind that is promoted to establish relations which are not there. It is a natural growth born of the similarities and affinities of British and Chilean, evolved over a century and a half of friendship, close, true and warm. We, the members of the Society, have only one loyalty - our own country - but our affections and devotion are shared by both Chile and Britain.

Those words, Sir, were spoken 31 years ago by the then Chilean Ambassador to Britain, Victor Santa Cruz, on the occasion of this Society's hosting a lunch in honour of your father, President Frei. They are as true today as they were in 1965. It is a friendship founded in the years 1818 to 1820 when Admiral Lord Cochrane, later Earl Dundonald, was helping the newly liberated Chile to rid their 4500 km long coast of the Spanish Fleet. It is a great honour for us that we have as a member one who is currently serving in the Royal Navy, Commander Cochrane. He is not here tonight But another member of the family, Countess Dundonald, is here with us this evening.

My own first taste of Chile came when I boarded a Lan Chile flight in New York bound for Santiago. Within moments I realized that "Las Azafatas de Lan Chile son las Azafatas mas lindas del Mundo". If you need a translation, that means that "the cabin staff of Lan Chile are extremely efficient".

Santiago was shrouded in fog and we had to divert to Mendoza in Argentina. As this was shortly after the Falklands War and I was still serving in the Royal Navy I became a little apprehensive about the reception I might get. But I need not have worried. We were not permitted to leave the aircraft, and my fellow passengers, all Chilean, helped me to count the Argentine Air Force Pucara and Super Etandard aircraft taking off from that airfield as we awaited clearance to take off.

The Anglo Chilean Society has been in existence for 52 years. Following a gradual decline in membership our numbers are now growing again and the very good news is that a lot of young people are joining. We now have a membership of 450.

Our aims are to encourage a knowledge of Chile within the United Kingdom, to foster educational exchanges between our two countries and to make donations to children's charities in Chile.

None of these activities would be possible were it not for the friendship, support and hospitality of Ambassador Mario Artaza and his staff, and to them I would like to express our very grateful thanks.

The first Englishman to visit Valparaiso was, as everybody here knows, Sir Francis Drake in 1578. He helped himself to the Church Plate and sailed on. Although he did not return, it is said today that any Briton who has visited Chile longs to return. Ojala that any of us who have been to Chile will soon be able to return and ojala those who have not made the journey will be able to visit Chile soon.

Finally, a health warning: a visit to Chile can seriously increase your happiness.

H.E.the President then rose and made a speech, a translation of which follows:

His Royal Highness the Duke of Edinburgh, the Rt,Hon.John Gummer, Secretary of State for the Department of the Environment, Mr. Roger Venables, Chairman of the Anglo Chilean Society, Ladies and Gentlemen:

May my first words will be to thank this Society for the welcome it has given us, a Society as rooted in our traditions as it is in those of the British. Throughout our stay in the United Kingdom, we have felt the warmth with which the President of Chile has been received by everyone. In particular, I cite the reception of Her Majesty the Queen and her Government, the high level of the meetings we have attended up to now and their productive nature, which are in addition to the constant flow of investment, business and cooperation coming from the United Kingdom. This kind of reception is, therefore, one more example of the vitality of the bonds that link our two nations.

Thirty years ago my father, also as President of the Republic of Chile, visited the United Kingdom and he addressed this very same Society. On that occasion he pointed out the reasons for the deep friendship that exists between two such distant countries: "our extensive contact through history; the love for personal freedom and independence; individual and national hatred for all types of tyranny, and the struggle that has led both nations to entrust their destinies to debates between government and opposition in democratic Parliaments". I make these words my own, since they clearly represent why the United Kingdom and Chile have maintained such a prolonged and fruitful relationship.

Your Society plays a very important role in this relationship. Since 1944, you have made a great effort to promote our country and its traditions in the United Kingdom and to help the underprivileged sectors of our nation through numerous, generous contributions. You have become a bridge of understanding between Chile and Great Britain, interpreting our reality and increasing awareness of our country amongst sectors of the British community.

Today Chile has a truly historic opportunity. Our democratic institutions have been fully consolidated. The economic system, which is continually growing, offers the hope of a better life for many Chileans who for generations have not known the advantages of development. Both the Government and the Chilean society as a whole find themselves making enormous efforts to overcome social injustice. A consensus, that has existed on few occasions in our history, has been born from this challenge, and also from that of upholding the rules of representative democracy and free trade.

However, we are far from falling into complacency. We know that stability and progress can only be consolidated if we improve our education system, if we give politics and government a new impulse involving the whole of society, if we encourage cultural and ethical values that economic growth has held back, if we reinforce the mechanisms for controlling the deterioration of the environment, if we are capable of thinking beyond purely economic well-being.

The tasks to be accomplished are large. In many cases we look with interest at the experiences and lessons of the historical processes of friendly countries like the United Kingdom. My Government, together with large sectors of our society, is determined to respond to these challenges. We need the support of everyone, including those who from abroad are able to endorse some specific initiative in these many fields. I would like to raise my glass, therefore, to the generous work of the members of the Anglo-Chilean Society, to the persistence of these efforts, and I would especially like to invite them to develop an innovative role in Chilean-British links adapted to new circumstances and challenges. That role would be inscribed - within the framework of maintaining solid traditions based on genuine historical pride - amongst the best characteristics of this country.

Your Royal Highness, Secretary of State, Ladies and Gentlemen, I invite you to toast the Anglo-Chilean Society. This concluded a very pleasant evening.

EVENTS

THE ANNUAL GENERAL MEETING

This took place at Canning House for the approval of the Annual Report and Financial Statement for 1995 and election of the Committees and Officers for the coming year. It was followed by a wine and cheese party.

PRESENTATION OF CREDENTIALS

The incoming Ambassador H.E.Sr.Mario Artaza presented his credentials to HM the Queen at Buckingham Palace on 15th May, and the occasion was marked by a reception at the Ambassador's residence. The Society extends a warm welcome to H.E.Sr. Mario Artaza and his wife Sra. Anita de Artaza.



The Ambassador and Sra de Artaza arriving at the residence with from L. to R Vice Admiral Sir James Wetherall, HM Marshall of the Diplomatic Corps, Col Fernan Gonzalez Military Attaché, Admiral Jorge Arancibia, Head of the Chilean Naval Mission and Sr José Luis Morales - Minister Counciller



The Ambassador & Sr Anita Artaza with Embassey and Consulate Staff L to R Francisco Lourido, Cristian Faundez, Miguel Caicedo, Mario Benavente and Manuel Condesa

CHILEAN NAVY DAY

On 21st May there was the customary laying of a wreath on the tomb of Lord Thomas Alexander Cochrane in Westminster Abbey performed by the Ambassador and the Head of the Chilean



The Earl of Dundonald, Michael & Cherida Cannon, The Countess of Dundonald and Claudia Munro Kerr



Admiral Arancibia, Head of the Chilean Naval Mission with a group of Chilean Naval Officers



Countess Dundonald, Valerie Buxton and Colm Maguire

Naval Mission Admiral Arancibia. There was a one minute silence, and the Dean of Westminster then conducted a short service.

There followed the usual brilliant reception hosted by Admiral and Señora Arancibia at the One Great George Street Conference Centre.

LATIN AMERICAN GOLF SOCIETIES COMPETITION

The 1996 Latin-American Golf day was again held at West Surrey Golf Club on 20th June, and while the weather could have been kinder the event was very well supported with 44 golfers participating including six ladies. Golf was followed by a very good lunch attended by 50 people. The wine was provided by the Anglo-Brazilian Society who were this year's hosts.

The Anglo-Chilean Society's interests were particularly well looked after by John Hay who came out as the overall winner (again!!) with 37 points and took away with him the Ambassador's Cup and the Punta Arenas Cup for the best score by an Anglo-Chileno. The Rosebowl (Argentina) was won by Tony Robinson, the Jangada (Brazil) by David Odams, the Lan-Chile trophy went to Bob Sutton and the Ladies' prize was won by Mrs.Gillian Feary (Anglo-Argentine Society).

PIANO RECITAL

The Embassy of Chile organised, in association with the Ministry of Foreign Affairs, Dirección de Asuntos Culturales e Informacion, two concerts entitled "Classical Music by Chilean Performers".

The first London recital appearance of Maestro Oscar Gacitua, pianist, was held in the Purcell Room of the Queen Elizabeth Hall on 21st June. He played music from Bach-Liszt entitled "Prelude and Fugue in A Minor BWV 543", also "Three Impromptus" by Schubert and "Thirty two Variations in C Minor" by Beethoven.

During the interval the Ambassador of Chile and Señora de Anita de Artaza hosted a reception in the foyer of the Hall.

TALES FROM THE RIVER BANK

By Georgina Roberts

Spring was late this year and hope of another hot summer seemed just wishful thinking. But the thought of a cruise on the

Thames was nevertheless very appealing.

On the 14th July some fifty members and friends of the Society met at Salter's landing Stage in Mill Meadows, Henley-on-Thames, to go for a sail on board the "Mary Stuart". Mr. Salter's river steamers have been operating since 1888 and his idea was to provide a service for those who did not want to row or sail a boat themselves.

Setting sail under inauspicious dark, overcast skies did not deter many of the more adventurous passengers from favouring the rear open deck, promising uninterrupted views of the natural beauty. Those more cautious members settled down under the awning of the foredeck.

The party relaxed with rich Chilean wines, renewed old acquaintances and met new friends while enjoying the intimacy of shared picnics "al fresco" as the boat glided smoothly over the water.

Henley and the Thames are intricately linked. The town, with its quaint pubs, restaurants and tea rooms, is strung along a river vibrant with activity. Yachts, motorboats and houseboats ply up and down a waterway which still had evidence of the recent famous regatta: marquees, viewing stands, etc. The river is also home to a great variety of birdlife such as swans, herons, ducks, moorhens and Canadian geese.

The splendid riverside homes outside Henley with their beautiful manicured lawns, weeping willows and hanging baskets full of dazzling flowers, created a scene straight off the canvas of a landscape painting. It was so quintessentially English that it produced gasps of admiration not only from those coming from as far away as Japan and Peru, but also those living in places closer by, such as Wargrave, Maidenhead and Bath.

When we got to Marsh Lock, the "Mary Stuart" changed crew, much to the amusement of the passengers. Thomas Drysdale and Freddy Holmes, 8 and 10 years old respectively, took the helm for a little while, as if following the steps of their illustrious ancestor, Admiral Lord Cochrane. There was no shortage of supervision since Roger Venables, Chairman of the Society, was in his element as a former officer of the Royal Navy

A short stop at Shiplake Lock allowed everyone to stretch their legs ashore before starting the return trip in brilliant sunshine, as the dark clouds which had accompanied the start of the trip had long since disappeared



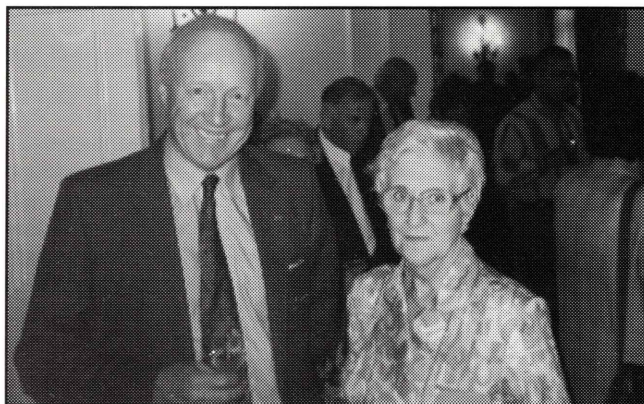
From L to R Mr Arthur Richardson, Mrs Patricia Richardson, Mrs Amalia Gilkes and Mr Michael Roberts.



In the foreground Mr David Bouch, Mrs Henriette Subercaseaux and Mrs Heather Bouch Behind Mrs Bouch Lady Dundonald, Mrs Rosemary Drysdale, Freddy Holmes and Thomas Drysdale.

DIECIOCHO COCKTAIL PARTY

This took place at Canning House on 17th September. A most animated and well attended affair, with pisco sours, wine and the traditional empanadas. A further contribution to the enjoyment of the evening was provided by Comandante Sergio Wall and his wife with his guitar, aided by a singalong of Chilean favourites.



Michael Cannon and Joan Richardson

DINNER IN HONOUR OF H.E. EDUARDO FREI, PRESIDENT OF THE REPUBLIC OF CHILE

This took place on 15th October at the Park Lane Hotel

FORTHCOMING EVENTS

THE SIR LESLIE BOWES MEMORIAL LECTURE will take place at Canning House on 31st October. The speaker will be Julia Crossley and her talk will be entitled "The Uttermost Part of the Earth". She crewed a sailing vessel from New Zealand to Punta Arenas and here, with her companions, she ran sailing voyages for the most adventurous to the archipelago and channels of Southernmost Chile. She also found time to explore the hinterland of Chile's Antarctica and Atacama extremities. A full account will appear in our next issue

THE 1996 ANGLO- LATIN AMERICAN FIESTA will take place on 9th November from 2.00 to 10.00 pm at The Royal Horticultural Halls, 80 Vincent Square, Westminster, London SW1

THE CHRISTMAS PARTY at Canning House on 11th December

A DECADE OF LOVE AND CARING

By Georgina Roberts

The Group of Chilean Ladies in London is celebrating ten years of charitable work for Chile.

It was formed in 1986 by Sra. Marta Silva Concha, wife of the then Chilean Ambassador H.E. Sr. Mario Silva Concha.

In 1987 clothes, blankets and medicines were collected on behalf of the victims of floods and earthquakes. The basement of the Chilean Embassy was so full that there was practically no room for anything else.

In 1988 The Group of Chilean Ladies, all dressed in beautiful national costume, not only operated the Chilean stand during the first Anglo-Latin American Fiesta but also made a special contribution of £600 to go in aid of the Children of Latin America. The same year a donation of £1000 was sent to the Fundación del Cancer in Santiago.

The highlight of 1991 was the visit to England of President Patricio Aylwin and his wife. Sra. Aylwin went back to Chile with my promise of aid for the Talleres de Trabajo in Santiago. Before

the end of the year seven sewing-machines were on their way, two of which were donated by the Group of Chilean Ladies.

The torrential rains and landslides that devastated Antofagasta in June 1991 prompted us to send 120 boxes with clothes, blankets, etc. to the disaster zone and, once again, the Chilean Air Force came to our assistance.

In 1993 a cheque for £3,300 was sent to the Refugio de Cristo in Valparaiso while rural schools in the Valle del Elqui received a consignment of writing materials. Also in that year US\$700 were given to the Hermanas Misioneras de la Caridad to purchase bed linen and curtains for the Old People's Home they run in Antofagasta.

In 1995 our thoughts were with the terminally ill children. The Luis Calvo MacKenna Hospital was the recipient of a Personal Computer to be used to maintain a database for the administration of drugs to children suffering with cancer. The dispatching of 26 boxes with children's clothes and soft toys to the Centre Los Jazmines of COANIL (Fundacion de Ayuda al Niño Limitado) was made possible with the help of the Chilean Naval Mission in London. We still need money for the tragic children of "Los Jazmines" (Chilean News, May 1996) and any contribution of any size will be most welcome. Please help us to help others.

The Group of Chilean Ladies warmly welcomes its new Honorary President, Sra. Anita de Artaza.

THE ANDEAN PROJECT

Patricia Vincent, Chairman of the Andean Project, will be showing a video on its objectives at Canning House on November 25th at 6.30pm. Pisco sours will be served.

Application for tickets from:

John Barker

**The Andean Project, 10 Osterley Lodge, Church Road
Isleworth, Middlesex TW7 4PQ
Singles £9 - Couples £15
Telephone: 0181-560 8057**

SWITZERLAND OF SOUTH AMERICA

By Avril Connard

Larkspur Communications

While the rest of South America has languished in the wake of Mexico's financial crisis, Chile is Latin America star performer and continues to attract huge investment.

Its standing as the darling of the Latin American capital markets was recently endorsed by Standard and Poors, the major US credit rating agency, which upgraded Chile's investment rating from BBB to A, making it the highest-ranking country in Latin America, behind only Malaysia and Thailand among all the emerging economies.

Proof of Chile's star credentials on the international investment scene was evident in London during the visit by the minister of the economy, Alvaro Garcia. Invited by the Foreign Office, Garcia was feted by the major investment banks, including Kleinwort Benson and Salomon Brothers, LIFFE (the London International Financial Futures Exchange) and British Gas, all eagerly soliciting information on the country's investment opportunities.

What Garcia had to say was enlightening. He told them the country's high economic profile was due not to Chile's vast copper deposits, its enormous natural resources of wood or its position as the world's largest exporter of fishmeal or its quality wines.

Its success was a direct result of the way the country is run, its tight monetary and fiscal policies together with political stability, which have ensured domestic savings and investment rates far closer to those of the Asian tigers than to the rest of Latin America. All part of the government's ambitious plans for Chile to become the gateway to Latin America and port of exit for the Pacific Rim.

The economy has expanded by 75 per cent, and annual growth is set to exceed 6 per cent this year and next. Inflation is in single figures and declining. Foreign reserves, at \$14.8bn, are high

and rising, and the government consistently runs a healthy budget surplus.

Exports grew by more than 25 per cent last year. Foreign investment exceeded \$5.6bn (11 per cent of GDP) and of this only 100 million was short term investment.

The unemployment rate, less than 6 per cent, is one of the lowest in Latin America. This has been underpinned by free trade agreements which have increased exports and penetrated new markets. Last year, Chile was invited to negotiate with NAFTA. Talks with the EU for a bilateral trade agreement were expected to be concluded by December.

Much of Chile's economic success is attributed to one particular policy - the creation of the country's private pension funds, known as AFP's.

Formed in 1981, these government-regulated funds, to which workers must contribute 10 per cent of their income, have more than \$22.3bn under management. They continue to grow at some \$2bn a year and have helped to bring about the dramatic rise in Chile's savings rate, a success unmatched by richer countries.

These pension fund assets represent about half its GDP and have served as the base of a vibrant capital market. The government's far-sighted regulation means that the AFP's must invest 37 per cent in Chilean companies and only 9 per cent abroad in AAA-rated foreign government debt.

While the restrictions on "hot money" investment into Chile undoubtedly cushioned the country from the Mexican peso crisis, the government realises that it must attract more foreign investment, and moves are in hand towards liberalising rules on investment in Chile and opportunities for the AFP's funds to invest abroad.

A new Capital Markets Law aimed at deepening and modernising the Chilean capital market was approved earlier this year. In the case of pension funds, the largest institutional investors in Chile, it permitted them to invest in open companies, in risk-capital investment funds, securitised credit-backed bonds, foreign equities and debt instruments.

The largest foreign investor is the US, then Canada and the UK. Although mining still accounts for the bulk of investment, services are fast catching up and are the area which the government predicts will be the fastest growth sector, together with tourism.

Foreign investors in Chile form a roll-call of the world's most prestigious companies, including Exxon, RTZ, Sumitomo, Proctor and Gamble and Mitsubishi - a measure of the confidence in the country's ability to perform.

This is good news for the foreign funds currently investing in the country.

The average daily trading volume on the Santiago stockmarket increased by 90 per cent last year, from \$11 million to \$21 million, but continues to be concentrated in a few of the large cap stocks, with 10 companies making up on average 60 per cent of the daily turnover. Electricity generator Endesa and telecoms company CTC alone make up over 25 per cent of the total. The electricity and pulp, paper and wood sector showed the greatest growth in 1994.

A sample of 42 Chilean companies conducted by the UK's Rothschild Investment Management revealed that those with the highest earnings per share were Colbun (399 per cent), Elecmetal (284 per cent), Iansa (254 per cent), Copec (122 per cent), Pehuenche (117 per cent) and Edelnor (11 per cent).

One of the most successful funds has been the Rothschilds Five Arrows Chile Investment Trust, which reported a substantial increase in net assets in the first half of this year with net assets rising by 18.5 per cent. Over the 12 months to June, it was up by 40.5 per cent.

The Chilean stock exchange's IPSA index of blue chip shares rose by 40.9 per cent over the 12-month period while the IGPA all-share index rose by 57.2 per cent. This is put into perspective by the Morgan Stanley Capital International index for all emerging markets, which suffered a decline of 1.7 per cent over the year.

Former Bank of England director Leopold de Rothschild, chairman of Five Arrows, commented: "The performance of the

Chilean economy so far in 1995 has exceeded even the most optimistic forecasts.

"Chile's show of strength during a very difficult year for all emerging economies gives us every confidence that it will remain one of the world's most exciting investment opportunities in years to come."

THE GEMINI 8-METER TELESCOPES PROJECT

THE GEMINI PROJECT is an international venture to construct two 8-meter optical infrared telescopes, one for the northern and one for the southern skies. The international partners in the project are the United States of America, the United Kingdom, Canada, Chile, Argentina and Brazil. The new facilities will be available for use for all astronomers in the partner countries and by the international community at large as is common astronomical practice.

The technical challenges of the project are very great indeed, but the Gemini Project team has developed imaginative solutions to the many problems, in a number of cases, in collaboration with the other 8-meter telescope projects in the "8-meter club".

The Northern telescope, to be constructed on Mauna Kea in Hawaii, will see first light in 1998 and the Southern telescope, to be located on Cerro Pachon in Chile, in 2000. Together they provide complete sky coverage in the Northern and Southern hemispheres. The sites selected for the telescopes are of outstanding quality, both of them offering a high percentage of clear weather and excellent atmospheric stability.

At an elevation of 4200 metres, Mauna Kea is certainly the best all round observing site in the Northern hemisphere. Of special importance is its high altitude which means that the telescope is well above the inversion layer of the atmosphere and indeed is already 40% of the way through the atmosphere. This is of special importance for infrared observations.

The site at Cerro Pachon is located close to the U.S. National Optical Astronomical Observatories (NOAO) facilities at Cerro Tololo and is at an altitude of 2700 metres. The atmospheric quality is as good as at any other site in the Southern hemisphere. Although somewhat lower in altitude than the Mauna Kea site, it is planned to have a full suite of instrumentation for infrared as well as optical wavelengths.

CHILE'S HOT PENSION MODEL FOR BRITAIN

By Bill Jamieson

As published in the Sunday Telegraph of January 28th

"A great failure haunts the world. It is the failure of state-run pensions systems. They are rooted in a fundamental flaw; a false conception of how human beings behave."

The words are those of a man who knows more than any about this flaw and, more important, about how to correct it. Dr. Jose Piñera, former minister of Labour and Social Welfare in Chile and founder of the country's privatised pension system.

Piñera is one of the hottest properties in global economics. To meet him in his office here in Santiago was an experience equivalent to having a dynamite charge through notions of the electoral untouchability of pensions reform.

The "Chilean model", now entering its sixteenth year, has proved a huge popular success. Nine out of 10 of Chile's working population have individual pension accounts - complete with an account book that is computer updated every month.

The Chilean model is more relevant to Britain than that of Singapore, first because the pension fund money is free of state control and second, because workers can choose from more than 21 competing fund management groups. In the Santiago subway huge posters display the investment performance of the Administradoras de Fondos de Pensiones or AFP's. Some are trade union run or sponsored.

"This" says Piñera, waving his personal passbook in the air, "is 21st-Century socialism. In Britain I believe only Tony Blair or John Redwood would have the courage to introduce it.

"It is the ultimate empowerment of millions of workers. You give people control of their money in old age. It is the system that will spread round the world - the 21st Century against failed Bismarkian state welfare."

Chile introduced radical pension reform in 1980 to replace a state-run pension system that was bust.

Workers now pay no social security tax to the state. Instead, 10 per cent of pay is deducted automatically each month and credited to an individual investment account. The AFP's are subject to strict regulation to guarantee a diversified and low-risk portfolio.

After 15 years pensions are already between 50 and 100 per cent higher than they were in the old system. The mandatory savings levels provide a pension equivalent to 70 per cent of final salary. Additional voluntary contributions can be made into the account, taking the total up to 80 per cent of salary. This personal account is free of all taxes - income, capital gains and inheritance - and benefits paid out are tax free.

For supporters of liberal economics, the Chilean model is a showcase for freedom of choice and individual responsibility - people save more in their individual accounts than they would ever agree to paying in social security or income tax.

But for Blair's New Labour the macro-economic benefits will have enormous appeal. The total now saved in individual accounts is more than \$25bn, equivalent to 40 per cent of Chile's gross national product. This has liberated the economy here from dependence on capital influence - hot money - and helped Chile to ride out the "Tequilla Wave" last year.

The Chilean savings rate has shot to 26 per cent of GDP, providing a huge domestic pool of capital for long-term investment and infrastructure spending on a scale Gordon Brown could only dream of. Pension reform has been a key contributor to a growth rate here that has averaged 6.4 per cent during the last 12 years and pushed unemployment down to 5.5 per cent.

The system is not without its flaws. The head of supervision, Julio Bustamante, tells me of his continuing battles to bear down on charges and commissions - a theme familiar to regulators in Britain.

More serious is the exited expectation that early success has brought. Last year fund values, reflecting the downturn in the local stockmarket fell by 2.5 per cent, compared with an average annual 15-year gain of 13 per cent. Chile is no longer an emerging market - it is maturing fast and asset values are more likely to perform in line with those of mature economies. It is likely that the fund management groups will be allowed to increase the amount they can invest in overseas markets.

Piñera, one of the most engaging economists it has been my privilege to meet, is advising Spain on how to adopt this model, and will visit London in the spring.

He is the pensions world's equivalent to José Carreras or Plácido Domingo. Grab, beg, borrow or steal a ticket. From this man and this scheme Britain has much to learn.

The following was published in The Independent:

PETER LILLEY, The Secretary of State for Social Security, is to visit Chile - a move that observers believe could herald an attempt by a future Tory government to privatise the rest of Britain's pension system. In 1980 Chile pioneered a switch to a system which provides private pensions for all. Contributions are invested on the stock market by pension providers who pay out benefits from the proceeds.

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