

1. THE COUNTRY

1.1 Area and Geography

Chile is a long, narrow ribbon of land stretching almost 4,320 km (2,700 miles) along the southwestern coast of South America. Although one of the longest countries in the world, it ranges from only 96 km to 400 km (60 mi. to 250 mi.) wide. Chile is wedged between the Andes mountains on the east and the Pacific ocean on the west; it borders Peru on the north, and Bolivia and Argentina on the east. Southern Chile is an archipelago with Cape Horn at its tip. Here the Atlantic and Pacific oceans meet.

Chile has four distinct and well-defined geographic regions: the northern desert (one-fourth of the country's land area); the high Andean sector; the central valley; and the southern lake district and archipelago. In order to decentralize the administration of existing and potential natural resources the country has been divided into 13 Regions, including the Metropolitan Region, an area that encompasses the capital Santiago and its surroundings.

The northern part of Chile (Regions I to IV), which includes some of the most barren desert in the world, is rich in mineral deposits such as copper, gold, sulphur, phosphates and nitrates. The fishing industry is also important in this area. The central valley (Regions V to X) has the largest population and contains most industrial and agricultural development. Climatic conditions make forestry and agriculture of considerable importance in this area. The far south of Chile (Regions XI and XII), which includes Tierra del Fuego, the largest island in the southern archipelago, is mostly dedicated to cattle and sheep raising. The area produces some natural gas and supplies about 23 per cent of Chile's petroleum consumption.

1.2 Government and Political Situation

The much heralded success of Chile's return to democracy was marked by the successful December 11, 1993 elections and the inauguration of President Eduardo Frei on March 11, 1994. With the election of President Frei, the Concertacion Nacional centre-left coalition was able to retain its solid majority in the House of Deputies, although The Senate is still being controlled by senators oriented to the right.

President Frei was elected with 58% of the popular vote as Chileans considered he was best able to continue the sound management, consistent economic growth and expanding social programs which were the hallmarks of former President Aylwin. While Frei is a businessman who is somewhat more to the centre than Aylwin, he has promised a strong campaign to reduce poverty. Major domestic issues to be addressed include education, health care, and improved infrastructure. Frei has indicated that he will seek broad consensus on major issues which bodes well for continued stability during his six year term of office.