

FOIA MARKER

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Folder Title:

Chile State Visit [1998] [2]

Staff Office-Individual:

Inter-American Affairs-Piccone, Theodore

Original OA/ID Number:

1522

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. talking points	Poisoned Grapes Dispute (2 pages)	n.d.	P1/b(1)
002. email	White House Situation Room to Jeffrey DeLaurentis, et al., re: Presidential Visit: Briefing Material Input (14 pages)	03/20/1998	P1/b(1)
003. cable	Re: VAT and Surcharge Negotiations (7 pages)	11/05/1997	P1/b(1)
004. list	Biographies (11 pages)	03/16/1998	P1/b(1)
005. report	Assistant Secretary's Daily Activity Report (1 page)	03/11/1998	P1/b(1)
006. agenda	Summit of the Americas/Clinton-Frei State Visit Communications Planning Meeting (2 pages)	03/09/1998	P1/b(1)
007. letter	Ambassador Christopher Ashby to President Bill Clinton (3 pages)	02/25/1998	P1/b(1)
008. report	Assistant Secretary's Daily Activity Report (2 pages)	03/05/1998	P1/b(1)
009. list	POTUS Chile State Deliverables (1 page)	02/20/1998	P1/b(1)
010. email	White House Situation Room to Jeffrey DeLaurentis, et al., re: Chile Bilateral State Visit (2 pages)	02/18/1998	P1/b(1)
011. list	April 1998 Bilateral State Visit to Chile - Results of Initial Planning Meeting (1 page)	02/13/1998	P1/b(1)
012. agenda	Notional Agenda, April 1998 Bilateral State Visit to Chile Initial Planning Meeting (1 page)	02/10/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs (Piccone, Theodore)
OA/Box Number: 1522

FOLDER TITLE:

Chile State Visit [2]

2009-1155-F
ke2482

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

P1 National Security Classified Information [(a)(1) of the PRA]
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013. email	White House Situation Room to Robert Bell, et al., re: [President's April 1998 Visit to Santiago] (3 pages)	02/11/1998	P1/b(1)
014. email	Karl Hoffman to Theodore Piccone and Patrick DeSouza, re: Possible State Visit "Deliverables" (7 pages)	02/04/1998	P1/b(1)

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March 18, 1998

**FAX TRANSMISSION
OFFICE OF FOREIGN MISSIONS
Vehicles, Tax & Customs
Department of State, SA-33
or
3507 International Place
Washington, D.C. 20008**

TO: NSC - Mr. Ted Piccone
Fax: 202-~~56~~-09130

From: Kathleen Austin
Phone: (202) 895-3504
Fax: (202)895-3533

SUBJECT: Cable on Chile Negotiations

Mr. Piccone -

Per our discussion last night, attached is the report of our negotiations with the GOC delegation on the subject of the surcharge we imposed on the construction of their office building and the broader issue of VAT exemption for both our missions.

It might interest you to know that the initial action was reviewed and approved by Mr. Geoff Pyatt, Mr. Dobson's predecessor. Additionally, Mr. Nelson Cunningham, General Counsel, Office Administration, who was working with Mr. McClaraty, reviewed the action. He asked scores of questions and was more than satisfied with the answers.

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EMBASSY OF THE UNITED STATES OF AMERICA

Santiago, CHILE
FAX 56-2-330-3118
Phone 56-2-330-3394

FAX

TO: Wendy Arends
First Lady's Scheduling Office

FROM: Diana Page
Econ/Pol Section

FAX: (202) 456-5340

DATE: 03/03/98

SUBJECT: Visit to Chile -- Information on Lake Region in the South, etc.

Pages plus cover sheet: 8

Options:

- Mapuche Indian **Peace Corps** project: The remaining Mapuche indians are scattered in rural areas and villages, often without access to more than grade school education. The Peace Corps has worked with Mapuche community leaders on a project to open a center in the town of Temuco, where students can board while going to secondary school.
- The Regional Museum in Temuco is dedicated to Mapuche history and culture. The people in the market place also reflect the mixture of indigenous and European roots that characterize this region.
- The other region of Chile that reflects its indigenous past in a colorful way is the oasis in the Atacama Desert, San Pedro de Atacama. The Atacamenos live in small communities called aylllos; there is a good museum and some Inca ruins. (NB: The chances of good weather are much better in the desert! The southern region is known for generous amounts of rain, especially in April.)

Substantive Options:

- Easter Island: SERNAM (National Women's Service) would like the First Lady to inaugurate their Support Center for Women heads of households and victims of domestic violence. The Center would serve women of the Polynesian community in a male-dominated culture, where economic opportunities are few and the rates of alcoholism are high.
- Atacama (North 900 miles): In the village of San Pedro de Atacama, the mayor is a woman who has emphasized training for women heads of households in leadership, integral health care and job skills. The majority of the women belong to the indigenous ethnic minority (atacamenos). SERNAM supports these projects and they are hoping to establish a day care center this year.
- Paihuano (North 350 miles): Peace Corps Volunteer working in community development, overcoming damage of October earthquake, could arrange a visit to the town's womens' project or school.

Cultural Options:

- Easter Island: A visit to the National Park, under the administration of Chile's National Forest Service (CONAF), for an explanation of the archaeological research being done on the Polynesian culture that created the monuments and ruins typical only of Easter Island.
- Atacama Archaeological Museum (North 900 miles): Belgium priest Gustave le Paige began this major collection (ceramics, gold masks and mummies) which now occupies 13 rooms and shows the Atacamano cultural evolution. Outside of town are the ruins of Inca fortresses.
- International Observatory (Cerro Tololo - North 350 miles): The telescopes on this mountain top shared by U.S. and Chilean astronomers allow a close-up view of stars and planets during more nights than any other place on earth due to lack of clouds. (National Science Foundation supports this project.)
- Monte Grande- Gabriela Mistral Museum - North 350 miles: Chile's Nobel Prize-winning poet's home town has a museum in her school. Gabriela Mistral (1889-1957) was a teacher, diplomat and poet.

Schedule Option A

Note: The following schedule reflects a stop in Manaus, Brazil, but does not allow time for bilateral meetings, Amcham event, Codel time and requires that we do our press conference and message event on the same day.

WEDNESDAY, APRIL 15TH

8:40 pm Depart Washington or Miami en route Santiago

RON AIR FORCE ONE

THURSDAY, APRIL 16TH

7:00 am Arrive Santiago/Arrival Ceremony

7:45 am- Down Time
8:45 am

9:00 am- (T) Wreath Laying Ceremony
9:15 am

9:20 am- Restricted Bilateral with President Frei
9:50 am

9:55 am- Expanded Bilateral with President Frei
10:45 am

10:50 am- Briefing for Press Conference
11:50 am

11:55 am- Joint Press Conference
12:55 pm

1:00 pm- OTR Lunch/Hold for Press
3:00 pm

3:15 pm- Message Event TBD (Education)
4:15 pm

4:30 pm- Down Time (Possible 9 Holes of Golf)
8:30 pm

9:00 pm- State Dinner
11:30 pm

RON SANTIAGO, CHILE

FRIDAY, APRIL 17TH

8:45 am- Speech Prep
9:15 am

9:45 am Depart Santiago en route Valpariso/Vine Del Mar
[helo time: 1 hour]

10:45 am Arrive Valpariso/Vine Del Mar

11:15 am- Address to Congress
12:15 pm

12:30 pm- Lunch with President and Mrs. Frei
1:45 pm

2:00 pm- Down Time
TBD

TBD Depart Valpariso/Vine Del Mar en route Santiago
[helo time: 1 hour]

TBD Arrive Santiago

TBD Optional Jazz Performance by Herbie Hancock

RON SANTIAGO, CHILE

SATURDAY, APRIL 18TH

8:30 am- Briefing
9:00 am

9:15 am- Opening Ceremony
9:45 am

9:45 am-	Break (Pull Aside Opportunity)
10:00 am	
10:05 am-	Session One
12:45 pm	
12:50 pm-	Official Photo
1:00 pm	
1:30 pm-	Leaders Lunch (Pull Aside Opportunity)
3:00 pm	
3:30 pm-	Session Two
6:30 pm	
7:00 pm-	Down Time
8:30 pm	
8:45 pm-	Summit Gala
11:00 pm	

RON SANTIAGO, CHILE

SUNDAY, APRIL 19TH

8:45 am-	Briefing
9:15 am	
9:30 am-	Summit Session Three
1:00 pm	
1:30 pm-	(T) Peru/Ecuador Signing
2:30 pm	
3:15 pm-	Embassy Event
4:00 pm	
4:30 pm	Depart en route Manaus, Brazil [flight time: 4 hours, 30 minutes] [time change: none]
9:00 pm	Arrive Manaus, Brazil

RON MANAUS, BRAZIL

MONDAY, APRIL 20TH

TBD Possible Environmental Event

Down for the Day

TBD Depart Manaus, Brazil en route Washington, DC
[flight time: 7 hours, 15 minutes]
[time change: - 1 hour]

TUESDAY, APRIL 21ST

TBD Arrive Washington, DC

DATE: February 25, 1998
TO: DCM - Jim Derham
THROUGH: Edward Kadunc, USAID/REP
FROM: Eric Stoner, USAID Environmental Advisor
SUBJECT: Expanded Options for a POTUS Stopover in Manaus

NOTIONAL SCHEDULE OF ACTIVITIES:

Arrive at Manaus Airport (Aeroporto Internacional Eduardo Gomes) without ceremony, greeting by Brazilian officials (including President Cardoso) - 15 minutes in VIP lounge. President Cardoso would accompany President Clinton throughout the Manaus visit.

Proceed to Tropical Hotel Manaus which is situated on a well-secured property north of the city proper, on the shores of the Rio Negro, the major black water tributary that joins the Solimões River in a spectacular meeting of the waters just south of Manaus to form the Amazon River - 15 minute motorcade drive time airport to hotel.

Environmental Event:

The Tropical Hotel Manaus is a spacious 601 room hotel that is part of the Varig chain. Visit grounds and zoo featuring Amazon plants and animals; use the tropical greenery on the hotel grounds or the waters of the Rio Negro as a backdrop for general comments on the U.S. - Brazilian Common Agenda for the Environment. President Cardoso would also make a brief environmental statement. 45 minutes for walkthrough and comments.

note: The Tropical Hotel Manaus recently upgraded its phone system and could be used as a press filing center.

Rainforest Overview. Option 1:

Proceed to heliport on Tropical Hotel grounds; 15 minute helicopter fly time northwest of the Tropical Hotel over water (Rio Negro) to helipad at the Arian Towers, an ecotourism lodge with 200 rooms, built on wooden platforms in the forest at the water's edge. Walking tour on the elevated wooden walkways of Arian Towers for viewing of the diverse plant and animal life typical to the Amazon region, including parrots and macaws, toucans, egrets, monkeys, Amazon alligators, etc. - 30 minute walking and talking time. Depart Arian Towers by helicopter for meeting of the waters of the Rio Negro and Solimões - estimate 25 minute fly time from Arian Towers to the meeting of the waters.

note: April in Manaus is the peak of the "wet" season, meaning 95° F heat and the chance of scattered afternoon showers with the possibility of daylong steady downpours. We are told by the owner of Arian Towers that there are two helipads at the hotel.

Proceed by helicopter to the meeting of the waters, viewing giant water lilies and riverfront dwellings on the way, on backwater channels of the Solimões River. Flying low along the meeting of the waters, there is a chance to view pink river dolphins.

Return northwards to the Tropical Hotel following the Rio Negro, affording a view of the industrial park and downtown port areas of Manaus - estimate 15 minute fly time from the meeting of the waters to Tropical Hotel.

note: most of the triangular flight line is over the open waters of the Rio Negro, the Solimões River, or tributaries. Only a short stretch would be over closed forest. If the helicopter overflight is not possible, the meeting of the waters can be viewed by boat or ship (as done by Warren Christopher), departing either from the dock at the Tropical Hotel or from the navy pier on the south side of Manaus. Time on the river would be two hours at least for a south side departure or as much as four hours departing from the Tropical Hotel.

Depart Tropical Hotel for airport - 20 minute motorcade drive time.

Manaus Opera House, Option 2:

Tour of the "Teatro Amazonas", the 102 year old opera house in downtown Manaus built during the height of the Amazon "rubber boom" and only the third opera house in the world at the time of construction. A fascinating well-restored performance hall that is still in use and very worthwhile visiting. Recent renovation included installation of energy-saving cool compact fluorescent lighting and energy efficient air conditioning with the help of a USAID-supported energy demand side management program carried out by ELETRONORTE and PROCEL (the national electric energy conservation program). 20 minute motorcade drive time from the Tropical Hotel to the opera house; recommend 30 minutes walking and talking tour of the opera house; 20 minute motorcade drive time to return to airport.

Smithsonian study site, Option 3:

The Smithsonian Institution in collaboration with INPA, Brazil's Amazon Research Institute, is entering the 20th year of managing the biological dynamics of forest fragments (BDFF) study site north of Manaus. This project was started by Tom Lovejoy when he was with WWF and followed him to Smithsonian. Several field camps serve as bases for research of the effects of forest fragmentation (mostly by clearing for pastures) on species diversity. USAID supports an annual field course in tropical ecology at this site. The main base, camp 41, site of numerous CODELS has no clearings large enough for helicopter landing and takes about 2.5 hours to reach by car from Manaus, followed by a 20 minute hike through the forest to the camp itself. Other base camps are reachable by helicopter as well as by road (2 hours) with only minimal hiking required. This option is sure to be at the top of the "must do" list from Tom Lovejoy's perspective.

Precious Woods timber operation, Option 4:

About 2.5 hours from Manaus by car (with ample helicopter landing space in the sawmill patio), near the Amazon River port town of Itacoatiara, this Swiss-owned timber operation is the only one that has been fully certified in the Brazilian Amazon by the Smartwood program of the Rainforest Alliance for its sustainable forest management for timber harvest. The Project Mil Madeireira Itacoatiara covers 80,000

hectares of which 25,000 hectares is held as a permanent reserve and 50,000 hectares is being managed for reduced impact timber harvest of as many as 65 species of tropical hardwoods. USAID support for this operation has been indirect, through the Forest Stewardship Council as an accrediting entity of certifying organizations, through host institution WWF/Brazil. However, USAID partner Tropical Forest Foundation (TFF) has used the Precious Woods site for training purposes and recently honored Precious Woods as a pioneer in integrated forest management in Brazil. Only 15 minutes from the Precious Woods sawmill is the impressive new port and storage facility of the Madeira-Amazonas Waterway, now fully operational, loading ships with soybeans grown in central Brazil.

Suggestion for homebound leg:

Manaus is at 3° South latitude and sunset occurs around 6:00pm. If takeoff is possible by 5:45pm, it is possible to chart a course northwest of Manaus upon takeoff, following the Rio Negro for about 100 kilometers to view the Anavilhanas Archipelago at sunset, highlighting the complex of lush green forested islands braided mid-channel in the black waters of the Rio Negro.

cc. Xenia Wilkinson, SCI

revised Feb. 25, 1998

file: c:\pub\env\gov\amazonas\2.doc

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Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. agenda	Summit of the Americas/Clinton-Frei State Visit Communications Planning Meeting (2 pages)	03/09/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs (Piccone, Theodore)
OA/Box Number: 1522

FOLDER TITLE:

Chile State Visit [2]

2009-1155-F
ke2482

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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Summit of the Americas / Clinton-Frei State Visit
Communications Planning Meeting

Monday, March 9, 1998

11:00am

Roosevelt Room

US Government Participants:

Office of the Special Envoy for the Americas

Thomas F. "Mack" McLarty

Steve Ronnel

Nelson Cunningham

Eric Farnsworth

National Security Council

Amb. Jim Dobbins

Pat DeSouza

Tony Blinken, NSC Strategic Planning

David Leavy, NSC Strategic Planning

Eric Rubin, NSC Press Office

White House Press

Barry Toiv

White House Scheduling

Laura Graham

Chilean Government Participants:

Ambassador John Biehl, Chilean Amb. to US

Ambassador Genaro Arriagada, Presidential Advisor for the Summit of the Americas

Dr. Pablo Halpern, Director General of Communications

Melvin

- Chile as Pacific power most people don't know
- 60-75% lists
- education
 - 3 truckloads of Carlos's remarks

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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007. letter	Ambassador Christopher Ashby to President Bill Clinton (3 pages)	02/25/1998	P1/b(1)
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COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs (Piccone, Theodore)
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Chile State Visit [2]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
008. report	Assistant Secretary's Daily Activity Report (2 pages)	03/05/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs (Piccone, Theodore)
OA/Box Number: 1522

FOLDER TITLE:

Chile State Visit [2]

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Piccone, Theodore J.

From: SitRoom
Sent: Thursday, March 05, 1998 12:52 PM
To: Busby, Scott W.; DeLaurentis, Jeffrey J.; DeSouza, Patrick J.; Dobbins, James F.; Hofmann, Karl W.; Jordan, Donald L.; Lawson, Chappell H.; Naplan, Steven J.; Orfini, Michael H.; Piccone, Theodore J.; Ragan, Richard F.
Subject: CHILE-PINOCHET

a1589

^BC-CHILE-PINOCHET

^Chile's Frei calls for calm in Pinochet drama

SANTIAGO (Reuters) - Chile's President Eduardo Frei called Thursday for nationwide calm and unity in the run up to the controversial swearing in of former dictator Gen. Augusto Pinochet as a life-long, unelected senator.

Pinochet, who ran the country with an iron fist from 1973 to 1990, retires as commander-in-chief of the army on March 10 and plans to swear himself into the Senate, which his opponents claim makes a sham of Chile's ongoing democratic transition.

Frei told reporters his government did not believe in unelected seats in Senate but that during his office it had not been possible to put forward initiatives to abolish them.

In 1980, Pinochet changed the Constitution while he was in power, giving past presidents with at least six years in office the chance to take up an unelected seat in the upper house of Congress.

"We have learned that there are no short cuts nor easy formulas to move forward toward a full democracy. We must advance on a path of national unity, doing otherwise would be to weaken what we have managed to build so far," Frei said, reading a statement.

It was the first time Frei had spoken publicly about the controversy surrounding Pinochet who has been head of the army for 24 years. Frei did not accept questions after his speech at the La Moneda Presidential Palace.

"The presence in our Senate of someone who for 17 years ran an authoritarian government puts the feelings of many Chileans in an awkward situation," Frei said.

"But let's be clear. The Constitution allows for designated and life-long unelected senators. Everyone knows that our continued attempts to change the Constitution on this issue have been frustrated," Frei added.

Right wing senators in Chile's upper house, many of whom are ardent Pinochet supporters, alongside other designated senators, currently have enough votes to block any initiatives to reform the Constitution.

^REUTERS

RB-- 03/05/98 12:47:00

FOR YOUR INFORMATION

BEHIND THE NEWS

Businesses support waiver for Colombia

The Clinton administration's decision on Thursday to issue a national security waiver for Colombia, which again failed to win a U.S. seal of approval for its anti-drug efforts, has the business community relieved. Harsh measures could have raised U.S. tariffs on imported flowers.

Because of the waiver, Colombia again will have access to U.S. aid — mainly support for its antinarcotics efforts — and U.S. officials will no longer veto loan requests to multilateral banks or export financing or guarantees from the U.S. Export-Import Bank.

Chile has the freest economy in Latin America and the 17th most open in the world, according to the 1998 Index of Economic Freedom, a 408-page survey published by the conservative Heritage Foundation and The Wall Street Journal.

The study analyzes economic freedom — or the lack of it — in 156 countries. As in past years, Hong Kong was found to have the world's freest economy (ahead of the United States), while Cuba, Laos and North Korea had the most repressive.

Factoring in trade and monetary policy, taxation, government intervention, wages, property rights and black-market activity, rankings for a sampling of other Latin nations were: Argentina (39th); Bolivia (44th); Uruguay (47th); Peru (53rd); Ecuador (69th); Colombia (74th); Brazil (96th); Venezuela (107th).

For more information on purchasing the report, call Dow Jones & Co. at (800) 975-8625 or fax (413) 598-2259.

Quote of the week: "We are no melting pot. Miami is the greatest, largest paella in the world," said Lars Hummerhielm, president of the Association of Bi-National Chambers of Commerce in South Florida.

So how does greater Miami resemble the Spanish rice dish that features fish, seafood and often pieces of chicken?

"There's a common flavor but each piece retains its own distinct taste," said Hummerhielm, who was participating in a conference last week on U.S.-Africa trade.

AMERICAS REPORT

AGRICULTURE

CARIBBEAN exporters and the United States, as the European Union plans changes to its controversial banana import arrangements, are discussing how to cushion the impact of the changes on the region's economies. Caribbean banana exporters and the United States have ended a round of negotiations in Kingston, Jamaica on the banana marketing arrangements, which favor exporters in the Caribbean and other former European colonies. "We did get from the U.S. officials some of their own ideas, which we examined critically, and communicated our feelings on those issues," said Earle Hunteley, permanent secretary in the St. Lucia Foreign Ministry, and leader of the Caribbean delegation to the talks. He said general reaction remains negative to the EU plans.

COMMUNICATIONS

SHERRITT International, a Toronto-headquartered company that operates in Canada, Cuba and internationally, announced Friday that it had acquired 37.5 percent of Cuba's cellular telephone company, Telefonos Celulares de Cuba, or Cubacel. Cubacel, which holds the sole cellular telephone concession in Cuba and has rights for a 20-year monopoly on service in the 800 MHz band, is a 50-50 joint venture formed in December 1991 between the Cuban Ministry of Communications and a Mexican company.

MINING

CHILE'S Minera Escondida Ltda., the biggest copper mine in the world, is deciding the fate of its Coloso cathode processing plant as copper prices are hitting four-year lows of about 75 cents a pound. The \$200 million plant at the vast, open pit mine in Chile's northern Atacama Desert has been plagued with technical problems and lagging production for years. The Chilean financial daily El Diario Thursday said executives at the plant have already decided on a temporary shutdown of Coloso. An Escondida spokeswoman declined comment.

Herald business writer Jane Bussey and Bloomberg News contributed to this report.

Environmental battle rages over wild river, Chile's power needs

Dam would flood Indian homes, kill native species

By KATHERINE ELLISON
Herald Foreign Staff

RALCO LEPOY, Chile — When the man from the energy firm came to ask Nicolasa Quintreman for her land overlooking the Bio-Bio River, she dispensed with social niceties.

"I said I'd get my machete and smash his car," said the Pehuenche Indian matron, standing outside her small wooden shack amid fields of purple wildflowers.

"The only way I leave this land is dead."

Twenty Pehuenche families, including the Quintremans, are fighting plans to build a giant dam on this south Chilean river, a 240-mile-long, wild emerald waterway with world-class rapids. Flowing through native forests and steep granite canyons, the river is a mecca for U.S. rafters. And its banks are the Pehuenches' ancestral home.

So far, the Indians' resistance has delayed construction of the \$480 million Ralco dam. But the

Pehuenches' resolve may be fading. Besieged with offers of new homes and cash, the other 76 Pehuenche families who would be flooded out recently agreed to move. Men in hard hats are widening the riverside roads, and heavy construction is scheduled to begin in August.

The fate of the Bio-Bio has become one of Latin America's leading environmental battles. A classic standoff between conservationists and proponents of large-



ALEJANDRO HOPPE / KRT

ANCESTRAL INDIAN HOMELAND: Nicolasa Quintreman, a native Pehuenche, vows to fight efforts to dam the Bio-Bio River in Chile.

scale development projects, it is fueling an international debate about the costs and benefits of large dams.

"The dam-building era in the United States is over," says Dan Beard, a senior vice president of the Audubon Society, a conservation group based in Washington. From 1993 to 1996, he was head of the U.S. Bureau of Reclamation — the agency in charge of dams.

"We've recognized that not only were there benefits from large dams, but there were also significant problems — problems we're now spending billions of dollars every year to correct."

By conservative estimates, some 30 million people have been flooded off their land by dams — most of them in China, now the world's leading builder of large dams — according to *Silenced*

Rivers, a new book by Patrick McCully. According to McCully, large dams also contaminate water, destroy fisheries and reduce the fertility of the land.

Thirst for electricity

The 570-megawatt Ralco dam, to be completed in 2002, would provide 18 percent of the electricity needs for central Chile, including Santiago, where demand for electricity is doubling every decade.

With Chile's population steadily increasing and its booming economy growing in recent years by an annual average of 6.5 percent, it's clear that new sources of energy must be found. Hydroelectric power is clean and cheap, making use of the main natural resource in a country with no coal and very little oil or gas.

But environmentalists question whether the Ralco dam will prove worth the sacrifices it demands. It would turn much of the mighty Bio-Bio into a kind of toilet bowl, periodically flushing water over 8,500 acres, including the homes of 385 Pehuenches and their ancient burial grounds, according to Juan Pablo Orrego, head of Chile's Action Group for the Bio-Bio.

Orrego said it would also lead to the destruction of rare plant species that have never been studied and the extinction of six species of fish. Recent studies at the University of Concepcion predict a drastic loss in fishing productivity in the coastal areas where the Bio-Bio empties into the Pacific, Orrego said.

"It would be the biological death of the whole river biosystem, one of the richest biodiversity areas in Chile," Orrego said.

All that stands in the way is Chile's 1993 Indigenous Law, which says native land can't be sold or taken over, although it can be traded with the Indians' consent. Any such deals would have to be approved by the National Corporation for Indigenous Development, whose director, Domingo Namuncura, is skeptical of the project.

"The dam will only provide energy for 50 years," he said, "while the Indians may be subjected to a sudden and irreversible change in their culture. Future generations may look back and think this was stupid."

Managers of Endesa, the dam

Environmental battle rages over wild river, Chile's power needs

builders, remain optimistic.

"We are spending \$20 million on relocation," says Cristian Maturana, head of the Ralco project, in his penthouse office in Santiago. "We'll get the cooperation we need."

Dam would be second one

Endesa has already built one dam on the Bio-Bio, inaugurated last March, several miles downriver from Ralco. But construction on the Pangue Dam, which received World Bank funding, began in 1993, just before the Indigenous Law was approved. And Ralco would be five times bigger — nearly 500 feet tall — affecting much more land and many more Indians.

The Bio-Bio's plight has drawn major international support. Last year Orrego, the former rock band leader who heads Chile's Action Group for the Bio-Bio, won the prestigious, San Francisco-based Goldman Environmental Prize for his work in calling attention to the river's peril.

Virtually all of Orrego's funding comes from the United States, Canada and Europe. Within Chile, where democracy is only eight years old, the Bio-Bio debate is a frequent news topic. Posters of the river hang in hip Santiago restaurants, and each summer, college students flock to the Pehuenche homes to support the holdouts, building fences and providing medical and legal aid.

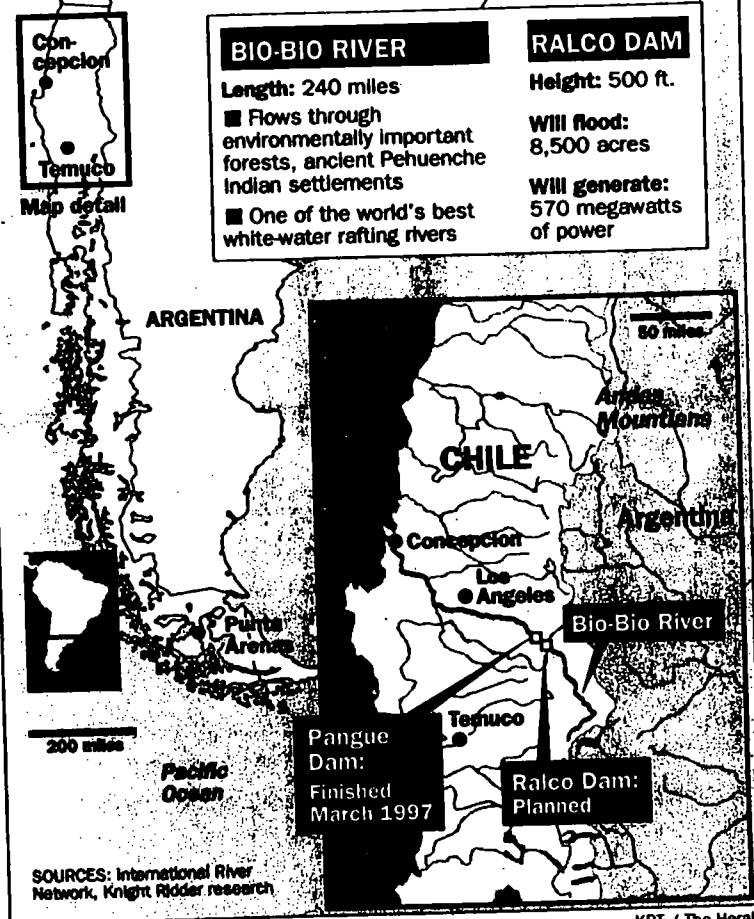
Opponents of the dam say alternatives are available, such as energy derived from the sun or wind, or conservation. Natural gas, which Chile only a few months ago began importing from Argentina, is also cited as an option, although it would be slightly more expensive for consumers.

"Is the Ralco dam absolutely, positively necessary? The answer is no," says David Hurd, a specialist in Latin American energy at Merrill Lynch in Santiago.

International rafters are as despondent as environmentalists about the danger to the Bio-Bio.

Ierco Ivelic, of Adventure Tourism, which organizes rafting trips, rates the Bio-Bio as the world's

Chile's plan to build a second hydroelectric dam on the picturesque Bio-Bio River has pitted developers against environmentalists.



A022598

third-best rafting site, after the Colorado and Africa's Zambezi River. But he says the Ralco dam "would make the Bio-Bio uninteresting to anyone outside of Chile and to very few within Chile."

Endesa's Maturana insists the large dam — a power scheme conceived more than a decade ago, during the military rule of Gen. Augusto Pinochet — is the most cost-effective choice. It isn't fair to ask Chile to increase its energy efficiency, he said, when it consumes a tenth of the energy, per capita, of the United States.

As for the rafters, he says, "Ask the Pehuenches what rafting gives them. Maybe at best a T-shirt or a Redskins cap. The rafters are an elite — and an elite that isn't even Chilean."

"You must understand that in a country like ours that has to use its resources, choosing not to do so because there's a foreign elite that does this sport — well, we cannot make that sacrifice."

Chile's remaining 5,000 Pehuenches are a subgroup of the Mapuches, one of the largest native groups in South America,

and a people famed for their centuries-long resistance to the Incas and Spaniards. Nicolasa Quintreman and her sister, Berta, are proud of their warrior past, and troubled over the future of the ancient burial grounds that hold the remains of their great-great-grandparents.

The deals proposed by Endesa have persuaded many of the Pehuenches to leave their homeland and sacred sites.

"I'm going to get a pair of oxen, a horse and a saddle, eight calves, a house, stables, and 100 acres in return for my 52," said Mateo Levi Carrasco, 74, who signed his agreement on Jan. 12, and will be relocated downriver, to a settlement outside the town of Santa Barbara.

Levi's expectation of a financial gain was tinged with resignation at what seemed the inevitable.

"The Endesa man at the notary's office where I signed was saying that we'd better seize the moment, because this was our last chance," he said. "After all, Endesa has all the support in the world, and we have nothing."

Levi expects to miss the land he has lived on all his life. The land has been in his family for 500 years, he said, but added, "It's like when a family member dies. How long do you go on missing him?"

Aging tribal chief

So many of the Pehuenches have come to the same conclusion that the old cacique, Manuel Neucuman, is a particularly lonely figure, in his thick, black glasses and torn, green sweater. Chosen as the tribe's chief in 1968, he is now 86 years old.

"No one wants to talk to me anymore," complains the chief, whose pleas for his people not to bargain with Endesa have largely been ignored. "They make their own deals, and leave tradition behind."

About 120 Pehuenches have taken jobs from Endesa contractors, earning less than \$200 a month to work on the roads on which progress will pass.

MONDAY, MARCH 2, 1998, THE HERALD

Broward family hopes to cash in on dam

By KATHERINE ELLISON
Herald Foreign Staff

In the midst of Chile's standoff between environmentalists, Pehuenche Indians and the mighty Endesa energy firm, a Broward County plumber and his family have been searching for a profit.

Enrique Covian Zor, 52, a naturalized U.S. citizen who lives in Tamarac, is one of eight children of a Chilean investor who bought 22,000 acres in the Bio-Bio River Valley in 1937. Details of the sale are sketchy, but Covian says his father bought the land from someone who said he had purchased the land from the Pehuenches.

The land is within the site where Endesa plans to build the huge Ralco Dam, and that has made it suddenly valuable. So, for the past several weeks, Claudio Arteaga, the Covian family's Santiago attorney, has been shuttling between Endesa and the environmentalists, trying to sell the deed.

"If Endesa says 'Si,' no problem, we sell and stay on the sidelines," the lawyer said recently. "If they say no, we can sell to the environmentalists."

At first a deal seemed likely. One wealthy Chilean conservationist even offered \$600,000 of his own money to buy the land, in hopes it might help the Action

Group for the Bio-Bio block plans for the dam.

Yet as the Covians have held out for a higher price — Arteaga is asking \$3 million — both Endesa and the environmentalists began questioning the validity of the Covians' titles. The land is within the traditional Pehuenche settlement, meaning the Indians also have claim to it.

Last week, Endesa manager Cristian Maturana said his firm has "no interest" in buying the land. He said the titles were "arguable at best" and that to take them seriously would be to imply the Pehuenches' claim was invalid.

"Our position is to negotiate with the

Indians," he said.

Reached by telephone in Tamarac, Covian said he knew little about the status of the case, which his mother and siblings are supervising in Chile. But Arteaga said a government land deeds office in the southern Chilean town of Santa Barbara has verified the Covian deed. And Covian's brother, Angel, in Santiago, said the family won't give up.

"It is a large family that has a lot of money needs, so we don't want the thing to drag out," he said. "You can't get the same peace of mind from 22,000 acres as you can from a few million dollars."

Withdrawal/Redaction Marker

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009. list	POTUS Chile State Deliverables (1 page)	02/20/1998	P1/b(1)

COLLECTION:

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
010. email	White House Situation Room to Jeffrey DeLaurentis, et al., re: Chile Bilateral State Visit (2 pages)	02/18/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs (Piccone, Theodore)
OA/Box Number: 1522

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Stephane S
Glyr
Tony
Laura
Laura

OAS Conf -
POTUS presence
conf
press VP

SANTIAGO SUMMIT -- SCHEDULING OPTIONS

DATE	SCHEDULE I	SCHEDULE II	SCHEDULE III
4/15 Wed.	Dep. Washington -- Miami scenesetter -- overnight to Santiago / New Orleans?	Dep. Washington -- Miami scenesetter -- overnight to Santiago	Dep. Washington -- Miami scenesetter -- overnight to Santiago
4/16 Thurs.	Arr. Santiago -- down day - Visit site near Santiago -- hacienda -- vineyard eve. in Santiago (Herbie Hancock?)	Arr. Santiago -- lunch with Frei -- bilateral meeting -- State Dinner <i>combine?</i>	Arr. Santiago -- lunch with Frei -- bilateral meeting -- Peace Corps event? -- State Dinner
4/17 Fri.	Peace Corps event (?) Bilateral meetings - essential ones only	Peace Corps event? Visit site near Santiago -- hacienda -- vineyard eve. in Santiago (Herbie Hancock?)	Speech to Congress (Valparaiso) -- Lunch with Frei ?? -- Afternoon free (golf?) -- Return to Santiago Eve. in Santiago (Herbie Hancock?)
4/18 Sat.	Summit -- Leaders Dinner at La Moneda <i>is POTUS speech open to press</i>	Summit -- Leaders Dinner at La Moneda	Summit -- Leaders Dinner at La Moneda
4/19 Sun.	Summit -- State Dinner at La Moneda	Summit -- Down evening (on dinner w/ Frei) <i>press conference</i>	Summit -- Down evening
4/20 Mon.	Speech to Congress (Valparaiso) -- Bilateral meeting -- Lunch with Frei (Vina del Mar) -- Dep. Santiago -- overnight to Washington	Speech to Congress (Valparaiso) -- Lunch with Frei ?? -- Afternoon free (golf?) -- Dep. Santiago -- overnight to Washington <i>PABLO NEBUJA</i>	Peace Corps event? Visit site near Santiago -- hacienda -- vineyard Dep. Santiago -- overnight to Washington

FLOTUS - stops on way back

2/19/98

THE DIRECTOR OF THE PEACE CORPS
WASHINGTON, D.C.

MEMORANDUM

TO: Thomas F. Mack McLarty III
Counselor to the President and Special Envoy to the
Americas

FROM: Mark Gearan 
Peace Corps Director

DATE: February 19, 1998

RE: President's Trip to Chile

When President Clinton travels to Chile in April for the Summit of the Americas, I would like to propose that he keynote Peace Corps' closing ceremony as part of his trip. The event could be held at the 150 year-old national monument, Municipal Theater, in Santiago, Chile as part of the Peace Corps' graduation from the country and allow the President to celebrate our partnership with Chile and commend their initiative for volunteerism.

The purpose of the event would be to highlight the themes of both domestic and international volunteerism and the important roles they play in strengthening the roots of democracy. Also, to thank Chile for hosting 2,500 Peace Corps Volunteers since 1961, and to congratulate President Frei and the Council to Overcome Poverty for creating Servicio Pais (Chile's AmeriCorps).

The ceremony would include President Clinton giving the keynote address and President Frei highlighting Peace Corps achievements over the years, including the time when his father was President (1964-70). At the end of the event, President Clinton and President Frei could greet Peace Corps Volunteers, returned Peace Corps Volunteers who have traveled back to Chile for the event, and Servicio Pais.

In September 1998, Peace Corps will close its program in Chile because of the record number of successes. These successes include the country's return to a vibrant democracy, the enormous economic progress, the reduction in the number of people living in poverty, and the establishment of a national volunteer service (Servicio Pais), many of whom have been working side-by-side with Peace Corps Volunteers in the poorest areas of the country. Peace Corps is proud of the tremendous contributions the Volunteers have made and the progression that has occurred during our time there. We also look forward to a continued

relationship with Servicio Pais, which is helping the country improve their ability to address their own basic needs.

PEACE CORPS BACKGROUND:

Years in Chile:	1961-82; 1991-98
Number of Volunteers:	2,434
Volunteers Currently Serving:	51

Examples of Peace Corps Work:

- A Peace Corps Volunteer initiated a project that resulted in the planting of more than 10,000,000 trees. Today, these Monterey pines, which grow twice as fast in Chile as in California, are the mainstay of the Chilean export industry. He will be at the closing ceremony.
- A Peace Corps Volunteer, who was a marine biologist, started fisheries farms and taught other Volunteers how to take the technology across the country. This revolutionized the fishing industry in Chile, including making salmon farming one of the countries major exports.
- Peace Corps Volunteers have helped create and design trail systems in national parks, including training park rangers.
- A Peace Corps Volunteer created and trained the first forest firefighters in Chile.
- Peace Corps Volunteer Dan Peterson is almost single-handedly responsible for bringing basketball to Chile. He has gone on to an extraordinary career as a coach all over the world, presently coaching a professional team in the Italian premier league.

I hope this event will be given full consideration in the planning of the President's trip. I look forward to discussing this with you. Best wishes.

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
011. list	April 1998 Bilateral State Visit to Chile - Results of Initial Planning Meeting (1 page)	02/13/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs (Piccone, Theodore)
OA/Box Number: 1522

FOLDER TITLE:

Chile State Visit [2]

2009-1155-F
ke2482

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

United States Department of State
Office of Brazilian and Southern Cone Affairs

FAX



FAX

TO:	TED PICCONE
FAX #:	450-9130
PHONE #	
Pages:	2
FROM:	TRACY ROBERTS
FAX #	202-736-4475
PHONE #	647-2179

COMMENTS:

Agenda For tomorrow's meeting.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
012. agenda	Notional Agenda, April 1998 Bilateral State Visit to Chile Initial Planning Meeting (1 page)	02/10/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs (Piccone, Theodore)
OA/Box Number: 1522

FOLDER TITLE:

Chile State Visit [2]

2009-1155-F
ke2482

RESTRICTION CODES

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United States Department of State

Washington, D.C. 20520

FACSIMILE TRANSMISSION COVER SHEET

DATE 2/11/98 PAGES TRANSMITTED: 11 PLUS COVER

TRANSMITTED TO:

FAX NUMBER: 456-9130

NAME:

Ted Piccone

ORGANIZATION:

NSC

TELEPHONE:

DESCRIPTION:

Papers re Problems in
Extradition Relationship w/ Chile

TRANSMITTED FROM:

FAX NUMBER: 647-4802

NAME:

Pablo Di Rosa

TELEPHONE:

647-9773

Comments: Ted - as discussed in yesterday's mtg,
attached -- in chronological order -- are
some documents that explain the problem.
Call to discuss, as necessary. -P.

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Extrad. Treaty

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INFO: LARA(01) LOR(01) LT(01)

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TO AMEMBASSY SANTIAGO IMMEDIATE

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E.O. 12356: N/A

TAGS: CIAN, PREL, KTIA, CI

SUBJECT: NONPAPER ON EXTRADITION TREATY

1. AT MEETINGS HELD IN SEPTEMBER 1994 IN SANTIAGO BETWEEN USG AND CHILEAN OFFICIALS ON THE ISSUE OF IMPROVING OUR BILATERAL EXTRADITION RELATIONSHIP, CERTAIN ISSUES OF PARTICULAR CONCERN WERE DISCUSSED. SET FORTH BELOW AT PARAGRAPHS 2-16 IS THE TEXT OF A NONPAPER THAT ADDRESSES THESE ISSUES AND PROPOSES SOLUTIONS TO THE PROBLEMS RAISED. EMBASSY IS REQUESTED TO SUBMIT THE NON-PAPER TO THE APPROPRIATE CHILEAN AUTHORITIES. (EMBASSY FYI: MFA LEGAL ADVISER EDUARDO VIO HOSTED THE SEPTEMBER 1994

MEETINGS, WHICH WERE ALSO ATTENDED BY OFFICIALS OF THE INTERIOR AND JUSTICE MINISTRIES. END EMBASSY FYI). EMBASSY'S PROMPT REPORTING OF ANY DEVELOPMENTS WILL BE GREATLY APPRECIATED.

2. BEGIN TEXT OF NONPAPER. AT DISCUSSIONS HELD IN SANTIAGO IN 1993 AND 1994 BETWEEN REPRESENTATIVES OF THE GOVERNMENTS OF CHILE AND THE UNITED STATES, IT WAS MUTUALLY AGREED THAT THE EXISTING EXTRADITION TREATY BETWEEN OUR COUNTRIES IS AN ANTIQUATED INSTRUMENT THAT FAILS TO MEET THE LAW ENFORCEMENT NEEDS OF MODERN TIMES.

PARTICULARLY IN VIEW OF THE INCREASINGLY INTERNATIONAL CHARACTER OF CRIMINAL ACTIVITY. IT WAS ALSO AGREED THAT THE MATURING ECONOMIC AND POLITICAL RELATIONSHIP BETWEEN CHILE AND THE UNITED STATES DEMANDS COMMENSURATE DEVELOPMENT IN THE AREA OF LEGAL AND LAW ENFORCEMENT COOPERATION, INCLUDING IMPROVEMENT IN THE BILATERAL EXTRADITION PROCESS.

3. DESPITE OUR GENERAL AGREEMENT ON THE NEED TO MODERNIZE OUR EXTRADITION RELATIONSHIP, WE BELIEVE THAT VIABLE SOLUTIONS TO TWO PERSISTENT PROBLEMS IN OUR CURRENT RELATIONSHIP MUST BE EXPLORED BEFORE WE CAN MAKE A KNOWLEDGEABLE DECISION ON THE FEASIBILITY OF NEGOTIATING A NEW TREATY AT THIS TIME. THE FIRST PROBLEM INVOLVES LEGAL REPRESENTATION OF THE UNITED STATES IN EXTRADITION PROCEEDINGS BEFORE THE CHILEAN JUDICIARY. THE SECOND INVOLVES THE STANDARD OF PROOF REQUIRED BY CHILEAN COURTS TO SUSTAIN A FINDING OF EXTRADITABILITY AND THE TYPE AND AMOUNT OF SUPPORTING EVIDENCE THAT MUST BE SUBMITTED.

REPRESENTATION IN EXTRADITION CASES

4. THE CURRENT EXTRADITION TREATY BETWEEN CHILE AND THE UNITED STATES CONTAINS NO PROVISION REGARDING LEGAL REPRESENTATION OF THE INTERESTS OF THE REQUESTING PARTY BY AUTHORITIES OF THE REQUESTED PARTY. DESPITE THE ABSENCE OF A TREATY PROVISION ON THE SUBJECT, HOWEVER, THE UNITED STATES DEPARTMENT OF JUSTICE HAS BEEN AND REMAINS WILLING TO PROVIDE ACTIVE REPRESENTATION FOR THE GOVERNMENT OF CHILE IN EXTRADITION MATTERS BROUGHT BEFORE OUR COURTS, IN THE INTERESTS OF BOTH INTERNATIONAL COMITY AND EFFECTIVE LAW ENFORCEMENT COOPERATION.

5. IN THE COURSE OF ONGOING DISCUSSIONS WITH CHILEAN AUTHORITIES, THE UNITED STATES HAS BEEN INFORMED THAT ATTORNEYS IN THE CHILEAN GOVERNMENT ARE NOT AUTHORIZED TO REPRESENT THE UNITED STATES IN EXTRADITION MATTERS. AS A CONSEQUENCE, THE UNITED STATES HAS BEEN REQUIRED TO SECURE THE SERVICES OF PRIVATE COUNSEL IN CHILE TO PRESENT OUR CASES AND ADVOCATE OUR POSITIONS AND INTERESTS, AT A COST OF APPROXIMATELY DOLLARS 20,000 U.S. PER CASE. MANY JURISDICTIONS IN THE UNITED STATES ARE SIMPLY UNABLE TO BEAR THE COSTS OF HIRING LAWYERS TO REPRESENT THEM IN CHILEAN EXTRADITION PROCEEDINGS AND ARE THEREFORE FORCED TO FOREGO THE PURSUIT OF FUGITIVES WHO HAVE FLED TO CHILE TO ESCAPE JUSTICE. UNFORTUNATELY, AS FUGITIVES BECOME MORE AWARE OF THIS SITUATION, THEY ARE LIKELY INCREASINGLY

TO PERCEIVE AND USE CHILE AS A PLACE OF REFUGE AND SAFE RESIDENCE.

6. DURING DISCUSSIONS HELD WITH UNITED STATES GOVERNMENT REPRESENTATIVES IN SANTIAGO IN SEPTEMBER 1994, THE REPRESENTATIVES OF THE GOVERNMENT OF CHILE INDICATED THAT THE ESTABLISHMENT OF A PUBLIC MINISTRY, WHICH COULD REPRESENT FOREIGN GOVERNMENTS IN EXTRADITION MATTERS, WAS BEING CONSIDERED AS PART OF A MAJOR PROJECT ON JUDICIAL AND CRIMINAL JUSTICE REFORM. CLEARLY, THE ESTABLISHMENT OF SUCH AN INSTITUTION WOULD BE GREATLY BENEFICIAL TO THE U.S.-CHILE EXTRADITION RELATIONSHIP AND TO INTERNATIONAL LAW ENFORCEMENT COOPERATION AS A WHOLE, AND ITS ACTIVE ADVOCACY BY THE CHILEAN GOVERNMENT IS STRONGLY ENCOURAGED. UNFORTUNATELY, AS DESCRIBED BY CHILEAN AUTHORITIES, THE PROJECT WAS LIKELY TO TAKE TWO OR MORE YEARS TO COME TO FRUITION.

7. THE UNITED STATES WOULD, OF COURSE, HOPE THAT A SPEEDIER REMEDY TO THIS PROBLEM, EVEN ON AN INTERIM BASIS COULD BE ACCOMPLISHED, BOTH AS A MEANS OF IMPROVING THE EXISTING U.S.-CHILE EXTRADITION PROCESS AND AS A MEANS OF ENSURING THAT THE PROVISIONS OF ANY NEW TREATY COULD PRACTICABLY AND EQUITABLY BE BROUGHT INTO EFFECT. TO THESE ENDS, WE WOULD COMMEND FOR CONSIDERATION BY THE GOVERNMENT OF CHILE CERTAIN POSSIBLE INTERMEDIATE SOLUTIONS. FOR INSTANCE, A SEPARATE LEGISLATIVE PROPOSAL TO AUTHORIZE ATTORNEYS FROM THE CHILEAN JUSTICE MINISTRY TO ACT AS THE LEGAL REPRESENTATIVES OF FOREIGN GOVERNMENTS IN EXTRADITION PROCEEDINGS MIGHT BE CONSIDERED UNTIL A PUBLIC MINISTRY CAN BE CREATED TO PERFORM THAT FUNCTION. AS AN ALTERNATIVE INTERIM SOLUTION, IT MIGHT BE POSSIBLE FOR THE GOVERNMENT OF CHILE ITSELF TO RETAIN PRIVATE

COUNSEL TO REPRESENT FOREIGN GOVERNMENTS IN EXTRADITION MATTERS, PERHAPS LINKED TO A RECIPROCAL COMMITMENT BY THE OTHER COUNTRY TO REPRESENT OR SECURE REPRESENTATION FOR CHILE IN FURTHERANCE OF CHILEAN EXTRADITION REQUESTS IN THEIR COUNTRIES.

8. IN THE LONGER TERM AND AS A MEANS OF ENSURING THAT THIS ISSUE CAN BE DEFINITELY RESOLVED IN FUTURE CASES, THE UNITED STATES BELIEVES THAT ANY NEW EXTRADITION TREATY

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ENTERING INTO FORCE BETWEEN OUR COUNTRIES MUST CONTAIN A
SPECIFIC OBLIGATION FOR RECIPROCAL REPRESENTATION. WE ARE
UNSURE, HOWEVER, WHETHER SUCH A TREATY PROVISION WOULD BY
ITSELF BE SUFFICIENT TO AUTHORIZE CHILEAN GOVERNMENT
ATTORNEYS TO ACT AS ADVOCATES FOR THE UNITED STATES OR
WHETHER INDEPENDENT AUTHORIZATION UNDER CHILEAN LAW WOULD

BE REQUIRED TO ACHIEVE THE DESIRED RESULT.

STANDARD OF PROOF AND EVIDENTIARY REQUIREMENTS

9. PRIMARILY BECAUSE OF THE DIFFERENCES BETWEEN THE LEGAL
SYSTEMS IN CHILE AND THE UNITED STATES, THE LANGUAGE OF
THE CURRENT BILATERAL EXTRADITION TREATY IN PRACTICE
DEMANDS THE SUBMISSION OF VERY DIFFERENT LEVELS AND TYPES
OF PROOF FROM OUR RESPECTIVE GOVERNMENTS IN ORDER TO
SECURE A JUDICIAL FINDING OF EXTRADITABILITY. UNDER THE
UNITED STATES SYSTEM, CHILE IS REQUIRED ONLY TO SUBMIT
EVIDENCE SUFFICIENT TO SHOW THAT THE CRIME WAS COMMITTED
AND THAT THE DEFENDANT MORE PROBABLY THAN NOT WAS THE
PERPETRATOR. THE EXPERIENCE OF THE UNITED STATES WITH
RECENT EXTRADITION REQUESTS TO CHILE, ON THE OTHER HAND,

INDICATES THAT OUR REQUESTS MUST BE SUPPORTED BY EVIDENCE
SUFFICIENT TO SUSTAIN A FINDING OF GUILT OR AT LEAST A
WELL-FOUNDED "PRESUMPTION OF GUILT", OFTEN INCLUDING THE
PERSONAL APPEARANCE IN CHILE OF WITNESSES AND LAW
ENFORCEMENT OFFICIALS TO TESTIFY DIRECTLY AS TO THE
SUBSTANTIVE FACTS OF THE INVESTIGATION AND PROSECUTION OF
THE DEFENDANT OR CONVICTED INDIVIDUAL.

10. THE PRACTICAL AND LEGAL OBSTACLES TO HAVING TO
"PROVE" IN A CHILEAN COURT THAT A DEFENDANT IS GUILTY OF
HAVING VIOLATED THE LAWS OF THE UNITED STATES SERVE AS
STRONG DETERRENT FACTORS TO PROSECUTORS IN THIS COUNTRY IN
DETERMINING WHETHER TO PURSUE EXTRADITION. THE EFFORT AND
COST INVOLVED IN COMPILING EVERY PIECE OF RELEVANT
EVIDENCE, TRANSLATING ALL PERTINENT DOCUMENTS,
TRANSMITTING THE ENTIRE CASE TO CHILE, AND EVEN PROVIDING
LIVE WITNESS ARE OFTEN PROHIBITIVE. THE PRACTICAL
IMPEDIMENTS TO EXTRADITION IMPOSED BY THE CHILEAN SYSTEM
ARE PARTICULARLY FRUSTRATING TO U.S. PROSECUTORS BECAUSE
THEY WOULD APPEAR TO INDICATE A MISTRUST OF THE UNITED
STATES CONSTITUTIONAL GUARANTEE OF A FAIR TRIAL FOR ALL
INDIVIDUALS PROSECUTED HERE.

11. IT IS ESSENTIAL TO THE IMPROVEMENT OF THE U.S.-CHILE
EXTRADITION RELATIONSHIP THAT A CLEAR AND REALISTIC
STANDARD OF PROOF BE ESTABLISHED THAT CAN BE ACCEPTED AND
APPLIED BY THE JUDICIAL AUTHORITIES IN BOTH COUNTRIES AND
THAT WILL IMPOSE REASONABLE AND PRACTICAL EVIDENTIARY
REQUIREMENTS ON THE AUTHORITIES OF THE REQUESTING
COUNTRY. AS AN INITIAL STEP IN SEEKING RESOLUTION OF THIS
ISSUE, WE HAVE BEEN ASKED BY CHILEAN AUTHORITIES TO

PRESENT SUGGESTIONS FOR SUCH A STANDARD AND AN

EXPLANATION OF THE POTENTIAL BENEFITS OF THE ESTABLISHMENT
OF MORE EQUITABLE AND PRACTICABLE GUIDELINES FOR
APPLICATION IN FUTURE EXTRADITION CASES.

12. AT THE OUTSET, WE NOTE THAT THE DISPARITY IN THE
CURRENT TREATY'S APPLICATION IN THE AREA OF REQUIRED PROOF
APPEARS TO STEM PRIMARILY FROM THE STANDARD ARTICULATED IN
ARTICLE I -- THAT IS, EVIDENCE SUFFICIENT TO JUSTIFY
APPREHENSION AND COMMITMENT FOR TRIAL ACCORDING TO THE
LAWS OF THE (BEGIN UNDERLINE) REQUESTED (END UNDERLINE)
STATE. (FOOTNOTE: WE ALSO NOTE THAT ARTICLE III OF THE
TREATY PURPORTS TO SET FORTH A DESCRIPTION OF THE
DOCUMENTS REQUIRED TO SUPPORT A REQUEST FOR EXTRADITION,

STATE 178070 261518Z 021987
BUT THE CHILEAN JUDICIARY HAS CONSISTENTLY FOUND THAT THE
PRODUCTION OF THE EVIDENCE ENUMERATED IN ARTICLE III HAS
BEEN INSUFFICIENT TO SUSTAIN A FAVORABLE DECISION ON U.S.
EXTRADITION PETITIONS. (END FOOTNOTE). AS STATED EARLIER
THE SIGNIFICANT DIFFERENCES IN THE LEGAL PROCEDURES AND
PROCESSES OF OUR RESPECTIVE JUSTICE SYSTEMS HAVE LED TO
SIGNIFICANT DIFFERENCES IN THE EVIDENTIARY REQUIREMENTS
IMPOSED BY THIS LANGUAGE IN THE TREATY. AN INITIAL
SUGGESTION FOR REMEDIAL ACTION ON THIS ISSUE WOULD
THEREFORE BE TO ELIMINATE THE ABOVE-REFERENCED LANGUAGE IN
ARTICLE I FROM ANY NEW TREATY THAT MAY BE NEGOTIATED IN
THE FUTURE, AND TO REPLACE IT WITH A STANDARD THAT WILL
ENSURE THAT A MORE REASONABLE BURDEN IS IMPOSED ON THE
PARTY REQUESTING EXTRADITION.

13. IN CHILE'S RECENTLY NEGOTIATED EXTRADITION TREATIES

WITH SPAIN AND AUSTRALIA, WHICH WERE KINDLY PROVIDED TO US
BY THE GOVERNMENT OF CHILE FOR REVIEW, A MORE PRECISE
DESCRIPTION OF THE TYPE OF DOCUMENTATION AND EVIDENCE
REQUIRED TO SUPPORT EXTRADITION IS SET FORTH IN SPECIFIC
ARTICLES OF THE TREATIES -- ARTICLE 5 OF THE TREATY WITH
SPAIN AND ARTICLE IX OF THE TREATY WITH AUSTRALIA. IN OUR
VIEW, SUCH A DETAILED DESCRIPTION OF THE REQUIRED PROOFS
IS FAR PREFERABLE TO THE MORE GENERAL AND UNPREDICTABLE
STANDARD IN ARTICLE I OF OUR CURRENT BILATERAL TREATY.
UNFORTUNATELY, HOWEVER, THE PERTINENT PROVISIONS IN THE
SPANISH AND AUSTRALIAN TREATIES APPEAR TO RELY ONCE AGAIN
ON THE LAWS OF ONE OF THE PARTIES -- THIS TIME, THE (BEGIN
UNDERLINE) REQUESTING (END UNDERLINE) PARTY -- ON EVIDENCE
NEEDED TO SUPPORT ISSUANCE OF A WARRANT, THUS LEADING TO
THE PROBABILITY OF DISPARATE APPLICATION OF THE TREATY
PROVISIONS IF THERE ARE MARKED DIFFERENCES IN THE LEGAL
SYSTEMS AND CRIMINAL PROCEDURES OF THE PARTIES. BECAUSE
OF THE NOTICEABLE VARIANCES IN THE JUSTICE PROCESSES IN
CHILE AND THE UNITED STATES, WE BELIEVE THAT THE STANDARD

OF PROOF AND THE TYPE OF EVIDENCE THAT MUST BE SUBMITTED
BETWEEN US IN SUPPORT OF EXTRADITION SHOULD NOT BE PHRASED
IN TERMS OF THE LEGAL REQUIREMENTS OF EITHER COUNTRY, BUT
INSTEAD SHOULD BE CLEARLY ARTICULATED IN A MUTUALLY AGREED
AND ACCEPTABLE ENUMERATION OF REQUIRED EVIDENTIARY
SUBMISSIONS.

14. TO THIS END, WE WOULD SUGGEST THAT THE PROOF NEEDED
TO SUSTAIN A FINDING OF EXTRADITABILITY (BEYOND THE
CHARGING DOCUMENT OR JUDGMENT OF CONVICTION, THE ARREST
WARRANT, AND THE APPLICABLE STATUTES) SHOULD SIMPLY

INCLUDE A DESCRIPTION OF THE FACTS, BY WAY OF AFFIDAVIT OR
OTHER WRITTEN AND SWORN DECLARATION OR STATEMENT, SETTING
FORTH REASONABLE GROUNDS TO BELIEVE THAT AN OFFENSE WAS
COMMITTED AND THAT THE PERSON SOUGHT COMMITTED IT -- OR
SUCH INFORMATION AS WOULD PROVIDE A REASONABLE BASIS TO
BELIEVE THAT THE PERSON SOUGHT COMMITTED THE OFFENSES FOR
WHICH EXTRADITION IS REQUESTED. IN OUR VIEW, THE
ESTABLISHMENT OF A STANDARD ALONG THESE LINES WOULD AVOID
DEPENDENCE ON THE INTERPRETATIONS AND FLUCTUATIONS OF THE
LAWS OF EITHER COUNTRY AND WOULD THEREFORE ALLOW FOR A
MORE EQUITABLE, PREDICTABLE, AND PRACTICAL APPLICATION OF
AN EXTRADITION TREATY BETWEEN OUR COUNTRIES. IT WOULD
ALSO SERVE AS A SIGN OF MUTUAL RECOGNITION OF THE
ABILITIES OF OUR RESPECTIVE CRIMINAL JUSTICE SYSTEMS TO
PROVIDE EXTRADITED INDIVIDUALS WITH A FULL FAIR, AND
IMPARTIAL ASSESSMENT OF CRIMINAL RESPONSIBILITY.

15. WE WOULD, OF COURSE, APPRECIATE HEARING THE
GOVERNMENT OF CHILE'S REACTIONS TO OUR SUGGESTIONS ON THIS
ISSUE AND WOULD LOOK FORWARD TO REVIEWING AND COMMENTING
ON ANY PROPOSALS YOUR AUTHORITIES MIGHT WISH TO PROVIDE.

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WE WOULD ALSO BE INTERESTED IN ASCERTAINING WHETHER AN
EVIDENTIARY STANDARD ESTABLISHED IN A NEW TREATY PROVISION
WOULD BE BINDING ON THE JUDICIARY IN CHILE OR WHETHER
FURTHER LEGISLATIVE OR CONSTITUTIONAL ACTION WOULD NEED TO
BE TAKEN TO CORRECT THIS LINGERING PROBLEM IN OUR
EXTRADITION RELATIONSHIP.

PDR

CONCLUSION

16. THE GOVERNMENT OF THE UNITED STATES IS EAGER TO

UNDERTAKE ANY NECESSARY STEPS TO IMPROVE AND MODERNIZE OUR
LAW ENFORCEMENT RELATIONSHIP WITH CHILE, PARTICULARLY IN
THE AREA OF EXTRADITION. IT IS OUR HOPE THAT ANY
IMPEDIMENTS TO SUCH IMPROVEMENT CAN BE ADDRESSED AND
REMOVED IN THE IMMEDIATE FUTURE SO THAT BOTH COUNTRIES CAN

MOVE FORWARD IN OUR BILATERAL AND GLOBAL EFFORTS AGAINST
THE CRIMINAL ACTIVITIES OF INDIVIDUALS AND ENTERPRISES
SEEKING TO USE DIFFERENCES BETWEEN OUR LEGAL SYSTEMS TO
THEIR OWN ILLICIT ADVANTAGE. FOR THESE REASONS, WE
COMMEND THE SUGGESTIONS AND IDEAS DESCRIBED ABOVE TO THE
GOVERNMENT OF CHILE FOR REVIEW, CONSIDERATION, AND
COMMENT. END TEXT OF NONPAPER. CHRISTOPHER

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02/12/1996

Language: Spanish

Folder Title Chile State Visit [1998] [2]

OA/ID: 1522

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Subgroup: National Security Council

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Document Title Jefe Division Juridica to Sr. Direct de Asuntos Juridicos

Language: Spanish

Folder Title Chile State Visit [1998] [2]

OA/ID: 1522



Office of the Attorney General
Washington, D. C. 20530

March 19, 1997

Her Excellency Soledad Alvear
Minister of Justice
Republic of Chile
Santiago, Chile

Dear Minister Alvear:

We, in the United States, were very pleased to host President Eduardo Frei during his recent state visit, an event illustrative of the strong and cordial relations between our countries. In the spirit of those excellent relations, I wanted to take this opportunity to write to you in regard to our bilateral extradition relationship, which is a matter of great significance to the United States Department of Justice and of special concern to me.

As we are both aware, the ability of a nation to protect its citizens and ensure justice through the equitable enforcement of criminal laws is essential to the survival of a free and democratic society. In today's world, as a result of the globalization of crime and the ease with which criminals can cross international borders, each nation must rely heavily on the cooperation of foreign states to meet our common law enforcement objectives. A vital part of such cooperation is international extradition, which allows the return of fugitives to face justice in the country whose laws they have violated and whose society they have victimized. Criminals are ceaselessly attempting to exploit weaknesses in extradition relationships and differences between countries' legal systems to their own advantage. Without strong and effective means of extradition, all countries are in danger of becoming attractive "safe havens," to which criminals believe they can flee and live with impunity.

For these reasons, maintaining and improving our bilateral extradition relations throughout the world has been a top priority of mine and the U.S. Department of Justice. Particularly with regard to South American countries, the United States has been making great and long overdue advances, having recently negotiated progressive new extradition treaties with two of your country's neighbors, Argentina and Bolivia. Both treaties have modern and forward-looking provisions on the scope of covered offenses and the extradition of nationals, two issues to which I know we have a shared commitment.

Her Excellency Soledad Alvear
page 2

We would like to make similar progress with your government and have therefore sought over the last few years to address lingering problems in our extradition relationship, so that we can proceed to negotiate a new bilateral extradition treaty that will meet the needs of the modern world. To further this effort, we have sent delegations to Chile and, at your government's request, submitted a non-paper for your consideration in August 1995 describing ongoing extradition problems and exploring possible interim and long-term solutions.

As discussed by our delegations and in the non-paper, we believe there are two principal problems that plague our extradition relationship. The first involves the virtually insurmountable standard of proof imposed on the United States by the Chilean judiciary in extradition proceedings there. The second involves the requirement that the United States retain private counsel, at tremendous expense, to represent our interests throughout the extradition process in Chile. Together, these problems serve as strong deterrents to authorities in the United States in determining whether or not to seek extradition from Chile. Moreover, as the United States has discovered through recent experience in the case against United States citizens Harold and Alan Lieberman, even when U.S. authorities spend tens of thousands of dollars on private counsel and go to painstaking lengths to comply with the Chilean evidentiary standard, extradition still seems to be unattainable.

We appreciate the recent response to our non-paper from the Juridical Division of your Ministry, and we are encouraged by the report that legislation now pending in the Chilean Congress will address the principal problems in our extradition relationship. Our encouragement is somewhat tempered, however, by predictions from Chilean officials that it may be the year 2002, at the earliest, before the legislation can be fully implemented to resolve the problem of representation. I am sure we agree that improvements in our bilateral law enforcement efforts simply cannot wait that long, and I urge you to give immediate consideration to possible interim measures to alleviate the representation problem until the pending legislation can take full effect. If workable interim measures can be put into place, I am confident that we will be in a position to proceed with the negotiation of a new extradition treaty.

I am very pleased that your President's recent visit gave our governments the opportunity to renew our dialogue on the wide range of issues and interests we confront and share in today's world. With our continuing commitment to progress, I have no doubt that our achievements will be numerous.

Sincerely,



Janet Reno

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 AID FOR LAC

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SUBJECT: JUDICIAL REFORM TAKES IMPORTANT STEPS FORWARD

REF: A) SANTIAGO 3193; B) SANTIAGO 2671 AND PREVIOUS

SUMMARY

1. USG INTEREST IN JUDICIAL REFORM GENERALLY AND SPECIFICALLY IN BETTER EXTRADITION/DRUG ENFORCEMENT RELATIONS WITH CHILE ADVANCED SEPTEMBER 1 WHEN THE CHILEAN CONGRESS APPROVED THE CREATION OF A NEW "PUBLIC MINISTRY" (MINISTERIO PUBLICO). THE MINISTRY IS DESIGNED TO HELP TRANSFORM CHILE'S NAPOLEONIC CRIMINAL JUSTICE SYSTEM INTO ONE MORE CLOSELY RESEMBLING ITS ANGLO-AMERICAN COUNTERPART. WHEN IMPLEMENTED VIA COMPANION LEGISLATION, THIS NEW MINISTRY -- ESSENTIALLY A NATIONAL OFFICE OF PROSECUTING ATTORNEYS -- WILL TAKE OVER FROM CHILE'S JUDGES THE INVESTIGATION AND FILING OF CHARGES IN CRIMINAL CASES. THIS REFORM (TO BE PHASED IN OVER A PERIOD OF SIX YEARS) IS EXPECTED TO RESULT IN A FAIRER, MORE TRANSPARENT, AND FASTER ADMINISTRATION OF CRIMINAL JUSTICE.

2. SEPARATE LEGISLATION THAT WOULD ENLARGE FROM 17 TO 21 THE NUMBER OF CHILEAN SUPREME COURT JUDGES, FIX RETIREMENT AGE AT 75, AND SET A TWO-YEAR LIMIT ON THE TENURE OF SUPREME COURT CHIEF JUSTICES HAS PASSED THE CHILEAN SENATE, AND APPROVAL BY THE LOWER HOUSE WITHOUT AMENDMENT IS EXPECTED BY THE END OF THE YEAR. THIS MEASURE IS DESIGNED TO DIMINISH THE POWER OF THE CHIEF JUSTICE AND TO GIVE THE CHILEAN EXECUTIVE AND LEGISLATIVE BRANCHES MORE INFLUENCE OVER THE COURT'S COMPOSITION. ACTION REQUESTED IN PARAS 11-12. END SUMMARY.

INQUISITIONAL CRIMINAL JUSTICE SYSTEM ON THE WAY OUT

3. ACTION BY THE CHILEAN CONGRESS ON FREI ADMINISTRATION BILLS TO REFORM CHILE'S JUSTICE SYSTEM TOOK AN IMPORTANT STEP

SANTIAGO 03454 00 OF 03 301424Z 039093 S034065
 FORWARD DURING THE FIRST WEEK OF SEPTEMBER WHEN THE CHILEAN CONGRESS APPROVED THE CREATION OF A "PUBLIC MINISTRY" (MINISTERIO PUBLICO). ESSENTIALLY A NATIONAL HIERARCHY OF PROSECUTING ATTORNEYS, THE NEW MINISTRY WILL COMPRISE A CORPS OF 600 ATTORNEYS ANALOGOUS TO U.S. DISTRICT ATTORNEYS IN THE UNITED STATES. THEY WILL ORDER AND SUPERVISE INVESTIGATIONS, BRING CHARGES, AND PROSECUTE CASES IN COURT. LONG IN GESTATION, AND WITH EARLIER USAID SUPPORT, THE CREATION OF THIS MINISTRY IS THE FIRST, AND MOST IMPORTANT, STEP TO END THE COLONIAL LEGACY OF CHILE'S INQUISITIONAL PROSECUTORIAL SYSTEM. THE REFORMS WILL BRING CHILE'S JUDICIARY INTO CONFORMITY WITH ITS NEIGHBORS. IN ADDITION, CURRENT ACTIVITY ON THESE BILLS IN CONGRESS ADDS IMPETUS TO CONGRESSIONAL ACTION TO MODERNIZE PROCEDURES IN CHILE'S CIVIL AND LABOR LAWS.

4. THE PUBLIC MINISTRY WILL BE HEADED BY AN ATTORNEY GENERAL ("FISCAL NACIONAL") NOMINATED BY THE PRESIDENT AND APPROVED BY A 2/3 VOTE OF THE SENATE, AND WILL BE PHASED IN GRADUALLY DURING THE YEARS 2001-2003. FIVE PIECES OF COMPANION LEGISLATION NEED TO BE PASSED BEFORE THE MINISTRY CAN FUNCTION FULLY; TWO ARE IMPLEMENTING BILLS, LARGELY ADMINISTRATIVE IN NATURE, AND THREE CONTAIN SUBSTANTIVE CHANGES TO CHILE'S CRIMINAL PROCEDURES CODE. THIS LEGISLATION ALSO STRENGTHENS AND EXPANDS CURRENT AUTHORITY FOR PROSECUTORS TO "PLEA BARGAIN" AND CREATES A NATIONAL NETWORK

OF PUBLIC DEFENDERS.

5. UNDER CURRENT INQUISITIONAL CRIMINAL JUSTICE PROCEDURES, JUDGES CONTROL EACH PHASE OF THE CASE FROM DISCOVERY OF EVIDENCE TO THE FINAL VERDICT. UPON THE ARREST OF A DEFENDANT, FOR EXAMPLE, A SINGLE JUDGE IS ASSIGNED TO ORDER AND SUPERVISE THE INVESTIGATION OF EACH CASE, BRING CHARGES, AND TRY THE DEFENDANT. CRITICS ARGUE THAT THIS SYSTEM GIVES JUDGES UNCHECKED AND UNREASONABLE POWER OVER THOSE ACCUSED AND THUS IS SUBJECT TO ERROR AND PREJUDICE. IN THE NEW SYSTEM, CRIMINAL CASES WILL BE TRIED BY TEAMS OF THREE JUDGES, NOT JURIES.

6. THE FIVE PENDING BILLS IMPLEMENTING THE MINISTERIO PUBLICO WILL ALSO PHASE IN ORAL ARGUMENT AND TESTIMONY, WHICH SHOULD SPEED UP THE ADMINISTRATION OF JUSTICE. CURRENTLY, ALL COURT BUSINESS IS CONDUCTED IN WRITING. THIS PROCEDURE SLOWS DOWN TRIALS CONSIDERABLY AS ALL EVIDENCE AND TESTIMONY MUST BE LABORIOUSLY COLLECTED IN WRITING. FURTHERMORE, IT EXCLUDES THE POSSIBILITY OF SUMMARY CROSS EXAMINATION, WHICH CAN AFFORD A JUDGE (OR JURY) THE ABILITY TO QUICKLY COMPARE AND COLATE TESTIMONY AND FACTS.

IMPACT ON U.S. EXTRADITION/DRUG ENFORCEMENT INTERESTS

7. THE NEW SYSTEM WILL MAKE IT EASIER FOR THE UNITED STATES TO EXTRADITE FUGITIVES FROM CHILE. UNDER THE CURRENT LEGAL SYSTEM, THE JUDGE -- HAVING COMPLETED HIS ROLE AS INVESTIGATOR -- WAS OBLIGATED TO GIVE THE BENEFIT OF THE DOUBT TO THE DEFENDANT IN

ORDER TO COUNTER THE BUILT-IN BIAS OF THE SAME INDIVIDUAL SERVING AS PROSECUTOR, JUDGE, AND JURY. IN PRACTICAL TERMS THIS MEANS THAT, IN ORDER TO SECURE THE EXTRADITION OF A FUGITIVE, THE REQUESTING STATE HAS TO CONVINCE THE JUDGE OF PROBABLE GUILT AS OPPOSED TO PROBABLE CAUSE. UNDER THE NEW SYSTEM, THE STANDARD FOR EXTRADITION WILL BE PROBABLE CAUSE. IN ADDITION, THE NEW CORPS OF PERSECUTORS WILL REPRESENT THE REQUESTING STATE IN COURT, THEREBY OBVIATING THE NEED TO HIRE A PRIVATE ATTORNEY TO PURSUE THE EXTRADITION.

8. IN ADDITION, THE EXISTENCE OF A CORPS OF PROSECUTING ATTORNEYS LEADS ITSELF TO THE CREATION OF A MORE SPECIALIZED, AND THUS MORE EXPERT, ADMINISTRATION OF JUSTICE. THE ADVENT OF A

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 CORPS OF PROSECUTORS VERSED, FOR EXAMPLE, IN DRUG TRAFFICKING
 CASES WOULD INURE TO THE BENEFIT OF U.S. DRUG ENFORCEMENT
 EFFORTS. CURRENTLY, THE APPORTIONMENT OF CRIMINAL CASES AMONG
 CHILEAN JUDGES FOR INVESTIGATION IS BASED ON CHANCE, AND THUS
 GENERALLY THESE JUDGES HAVE NOT ACQUIRED THE KIND OF EXPERTISE
 NEEDED TO INVESTIGATE OR PROSECUTE THE DRUG-RELATED CRIMES FOR
 WHICH THEY ARE RESPONSIBLE. WE UNDERSTAND FROM THE PRESIDENT OF
 THE COUNCIL FOR THE DEFENSE OF THE STATE (CDE), CLARA
 SZCZARANSKI, THAT THE CDE WILL TRANSFER ITS MONEY LAUNDERING
 INVESTIGATION UNIT TO THE MINISTERIO PUBLICO WHEN THE MINISTRY IS
 CONSTITUTED, AND THE INVESTIGATORS WILL SERVE AS THE PROSECUTORS
 IN MONEY-LAUNDERING CASES.

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 SUPREME COURT TO EXPAND

9. PROPELLED BY RECENT ALBEIT UNSUCCESSFUL EFFORTS TO IMPEACH

FOUR SUPREME COURT JUDGES (SEE REFTELS), JUSTICE MINISTER SOLEDAD
 ALVEAR CONVINCED THE SENATE TO APPROVE SIGNIFICANT REFORMS TO THE
 SUPREME COURT. THESE CHANGES, ALMOST CERTAINLY WILL BE APPROVED
 WITHOUT AMENDMENT BY CHILE'S LOWER HOUSE BEFORE THE END OF THE
 YEAR AND ENTER INTO FORCE ON JANUARY 1. THEY WILL:

-- INCREASE FROM 17 TO 21 THE NUMBER OF SUPREME COURT JUSTICES;

-- ELIMINATE THE CURRENT FIVE "INTEGRATED ATTORNEYS" WHO ACT AS
 SUPPLEMENTAL JUSTICES OF THE COURT. (THESE ARE APPOINTED BY THE
 SUPREME COURT PRESIDENT AND SERVE AT HIS PLEASURE.) THE REFORM
 EMPOWERS CHILE'S PRESIDENT TO APPOINT THE FIVE ATTORNEYS TO SERVE
 AS INTEGRAL JUSTICES OF THE COURT. THEY WILL ENJOY THE SAME
 RIGHTS OF TENURE AS PERMANENT JUDGES;

-- ALLOW THE PRESIDENT TO CHOOSE NEW SUPREME COURT JUSTICES
 FROM A LIST SUBMITTED BY THE COURT; THE APPOINTED JUSTICE MUST BE
 APPROVED BY A 2/3 MAJORITY OF THE SENATE;

-- FIX MANDATORY RETIREMENT OF THE COURT'S JUSTICES AT 75;

-- LIMIT THE PRESIDENCY OF THE COURT TO TWO YEARS (WICE THREE,
 CURRENTLY).

10. THE EXPECTED CHANGES TO THE SUPREME COURT WILL DIFFUSE
 POWER AND AUTHORITY AMONG MORE JUSTICES AND WILL MAKE THEM LESS
 BEHOLDEN TO THE CHIEF JUSTICE. THE CHANGES ALSO CONFER ON THE
 PRESIDENT AND SENATE MORE INFLUENCE OVER THE COURT'S COMPOSITION.
 THESE OUTCOMES ARE THE PRODUCT OF WIDESPREAD CONCERN THAT THE
 AUTHORITY OF THE SUPREME COURT IS CURRENTLY INSUFFICIENTLY
 CHECKED AND THAT THE POWER OF THE SUPREME COURT CHIEF JUSTICE --

BOTH INTERNALLY AND OVER THE JUDGES OF SUBORDINATE COURTS (SEE
 REFTELS) -- HAS PROVED EXCESSIVE.

 TIMING ON NEW EXTRADITION TREATY

11. THE CHANGES ARE MAJOR STEPS TOWARD ESTABLISHING AN
 EFFECTIVE, MODERN JUDICIAL SYSTEM IN CHILE. EMBASSY RECOMMENDS
 THAT WE BEGIN NEGOTIATING A NEW EXTRADITION TREATY IN TIME TO
 HAVE IT RATIFIED BY BOTH COUNTRIES PRIOR TO THE FINAL
 IMPLEMENTATION OF CHILE, JUDICIAL REFORM IN 2003.

12. ACTION REQUEST: PLEASE ADVISE.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
013. email	White House Situation Room to Robert Bell, et al., re: [President's April 1998 Visit to Santiago] (3 pages)	02/11/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs (Piccone, Theodore)
OA/Box Number: 1522

FOLDER TITLE:

Chile State Visit [2]

2009-1155-F
ke2482

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
014. email	Karl Hoffman to Theodore Piccone and Patrick DeSouza, re: Possible State Visit "Deliverables" (7 pages)	02/04/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs (Piccone, Theodore)
OA/Box Number: 1522

FOLDER TITLE:

Chile State Visit [2]

2009-1155-F
ke2482

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release
February 26, 1997

FACT SHEET

Chile: Political-Economy and International Relations

Over the past decade, Chile has made a difficult, but highly successful transition from military rule to democracy and sustained economic growth. In addition, Chile has begun to assume a leadership role in regional and global fora. Chile's record of good government makes it an ideal partner with the United States in shaping the direction of the hemisphere for the 21st century.

Economics

In all areas of economic performance, Chile's modernization policies have produced positive and, in some cases, outstanding results. Its sustained turn towards free markets and growth strategies have made it a leader in the hemisphere. Importantly, the Frei Administration is now attempting to alleviate poverty and improve distribution of the benefits that free market policies have produced.

Domestic Economy

Chile has achieved solid macroeconomic performance leading to stable and sustainable economic growth.

Macroeconomic

Real GDP growth has averaged approximately 6 percent annually since 1994.

Inflation fell to 6.6 percent in 1996, the lowest level since 1960. Economic growth for 1996 was approximately 6.9 percent. Unemployment in 1996 declined to an average of 6.4 percent, the lowest rate in 36 years. In 1996, real wages rose by 4.1 percent. In 1996, foreign investment increased by

approximately US\$6 billion. U.S. investment in Chile amounted to US\$ 2.24 billion. The Chilean Government has generated fiscal surpluses since 1988 and public sector debt has declined steadily. Chile has become a capital exporter to other countries in the region, particularly Argentina.

Budget

In recent years, Chile has maintained a budget surplus equivalent to about 2 percent of GDP. Current expenditures have been reduced from about 30 percent of GDP in 1984 to about 18 percent of GDP in 1994. Taxes also declined during this period from about 19 percent of GDP in 1984 to about 17 percent currently.

Domestic Savings

Chile has a high level of domestic savings which reached about 25 percent of GDP in 1994. These extremely high levels of domestic savings make Chile unique throughout the Western Hemisphere. High levels of domestic savings are a key factor in Chile's economic stability, offering the country a buffer against short-term capital flows.

Financial System

Chile has a soundly supervised banking system.

Infrastructure

The Frei Administration seeks to continue the economic gains achieved thus far through continued privatization, liberalization of capital markets and upgrading of Chile's transportation and public works infrastructure. Social/Economic Indicators

Infant mortality was reduced from 66 per 1000 live births in 1973 to 15 per 1000 in 1991. Over the last 20 years, access to safe water in urban areas increased from 67 percent to 98 percent of the urban population. Life expectancy at birth of the population grew from 64 years in the mid-1970s to 72 years at the beginning of the 1990s. Real per capita GDP has more than doubled over the last 20 years, measured in 1994 dollars, from \$1,715 in 1973 to \$3,719 in 1994. Minimum wage in Chile is roughly \$155 per month, adjusted annually. Chilean labor law reflects basic international norms. Approximately 95 percent of the adult population is literate.

Politics

Democracy

Chile has shown a growing and deepening commitment to democracy.

The Frei Administration took office in March 1994. His Administration is the second democratically-elected government since the country's return to democracy in 1990.

President Frei remains committed to pursuing constitutional reforms that would deepen democracy in Chile.

Law Enforcement

Chile has shown a commitment to the rule of law.

Although illegal narcotics is not a major problem in Chile, Chile has strengthened laws against trafficking.

Chile's agenda includes training law enforcement officers, prosecutors, magistrates, interdiction and prevention.

Chile was one of the strongest supporters of concerted OAS action against corruption. Chile was among the first Latin American nations to sign the OAS Inter-American Convention Against Corruption - the world's first binding international agreement that criminalizes transnational bribery.

International Security

Chile is assuming an expanding role in making contributions to peace and security in the international community.

Chile is currently a non-permanent voting member of the UN Security Council. Its term expires on December 31, 1997.

Chile is a guarantor of the Rio Protocol which addresses the Peru-Ecuador border dispute. In its capacity as guarantor, Chile has joined the United States, Brazil and Argentina in providing observers to the Military Observer Mission for Ecuador and Peru (MOMEP), a peacekeeping mission that monitors the demilitarized zone while the parties work to settle their differences peacefully. In November 1995, Chile hosted a successful OAS meeting on confidence and security-building measures (CSBMs). The goal of such meetings is to reduce tensions and rivalries in the region.

The Santiago Declaration resulting from the CSBM meeting seeks to promote transparent defense policies and doctrines, observation of military exercises, sharing of military acquisition information, and other confidence-building steps.

Chile provided police trainers to the UN mission in El Salvador.

Chile provides helicopters to the UNSCOM mission in Iraq.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release
February 26, 1997

FACT SHEET

U.S. - Chile Trade Relations

At the 1994 Summit of the Americas in Miami, President Clinton committed to completing a comprehensive free trade agreement with Chile, working with our North American partners. Since then, both countries have made progress towards this goal, deepening their trade relations and achieving mutual gains.

U.S. exports to Chile in 1996 totaled US\$4.1 billion placing Chile above the large emerging markets of India, Indonesia and Russia in value. The largest U.S. export items to Chile have been machinery and mechanical appliances, transportation equipment, chemicals and plastics.

Bilateral trade relations are growing rapidly: Compared with 1990, U.S. exports to Chile have increased 148 percent and imports have risen 72 percent. U.S. imports from Chile in 1996 were US\$2.26 billion resulting in a surplus for the United States of US\$1.9 billion.

Chile has a uniform tariff of 11 percent ad valorem and no quantitative restrictions. A comprehensive free trade agreement with Chile would not only reduce these tariffs, but also yield gains for the U.S. in additional areas such as intellectual property rights, market access for services and technical barriers to trade. Also, issues such as greater access for U.S. agricultural products and sanitary and phytosanitary matters would be addressed.

Chile has pursued open markets in its international relations and is achieving gains from trade. Primarily, Chile has sought bilateral trade agreements with countries in Latin America and Asia and with the European Union. Most notably, Chile has trade agreements with U.S. NAFTA partners Mexico and Canada. Chile has

concluded an agreement with Mercosur, the Southern Cone Common Market. As a result, Chile will eliminate its tariffs on most products from Mercosur countries, including Brazil and Argentina, within the next decade.

Chile has grounded its successful open market approach in a solid domestic economic performance that is sustainable. Chile has a particularly high rate of domestic savings and investment. In addition, it has a strong record of job creation and poverty reduction.

Chile's success in maintaining free markets at home and encouraging open markets abroad make it a strong partner for the U.S. in furthering President Clinton's vision of economic progress in the hemisphere.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 26, 1997

PRESS CONFERENCE OF PRESIDENT CLINTON AND PRESIDENT FREI OF CHILE

Room 450 Old Executive Office Building

1:16 P.M. EST

PRESIDENT CLINTON: Good afternoon. Please be seated.

First, let me say it's been a great pleasure to welcome President Frei to the White House. We meet in an historic moment for our hemisphere, when the foundation of democracy and free markets is firmly in place. Now we must lead in building on that foundation to forge a future of peace and prosperity.

Chile is the window through which we see the Americas of tomorrow -- a multiparty democracy, a firm commitment to human rights, proven economic reform. President Frei is working hard to make sure that all Chileans benefit from Chile's economic growth, lifting people from poverty and raising their aspirations. Chile is also an active global citizen, promoting peace from El Salvador to Iraq, sending civilian police to Bosnia, ratifying the Chemical Weapons Convention.

At the crossroads of trade among the world's most dynamic economies, Chile can be a cornerstone of the vibrant free trade area we are working to build in our hemisphere. Together, the United States and Chile are showing the promise of partnership in the Americas. Today, President Frei and I reaffirmed our commitment to build on that partnership at the Summit of the Americas that Chile will host in March of 1998.

At the Summit in Miami in 1994, we charted a road map for collective action. Now we must set further milestones for progress that will benefit our people, deepening democracy,

advancing trade, expanding opportunity, fighting drugs and protecting the environment. I look forward to attending the Santiago Summit and to working closely with President Frei to build on Miami's success.

We also discussed the importance of open trade, both in boosting prosperity and in bolstering freedom and democracy. I repeated to the President what I told the Congress: I believe we must have fast track authority to conclude new trade agreements that open markets to America's products and that advance our values. The United States simply cannot afford to sit on the sidelines while others share in the fruits of Latin America's remarkable growth.

Chile's strong record of reform, good government, and sound fiscal policies make it an excellent candidate for the first use of such authority. Our administration remains committed to concluding a comprehensive free trade agreement with Chile. In that regard, I'm pleased to announce that I've asked the Secretary of Agriculture, Dan Glickman, to travel to Chile to inaugurate a new consultative process to promote our agricultural trade.

Our countries have also agreed to launch negotiations on an open skies agreement. And, finally, I want to mention something near to my heart -- our Fulbright Exchange program, the oldest in Latin America. Today, Chile's decision to share this program's cost will help our people to build even stronger ties as we enter the 21st century.

Over the next several months, as I visit Latin America and the Caribbean, I'll continue to advance the important agenda we focused on today, consolidating the historic journey of the Americas toward democracy, open markets, mutual respect and cooperation. We are weaving a fabric of an integrated hemisphere -- a community where people live, work and learn together as friends on behalf of peace and progress.

Before I ask President Frei to speak, I'd like to say just a few words, if I might, to the American people and the American press about our continued determination and our ongoing efforts to get to the bottom of the question of Gulf War illnesses. This week, as a result of the ongoing review we instituted several months ago, new documents have come to light further suggesting that our troops could have been exposed to chemical agents during the Gulf War. As soon as we get any new information we share it

with our veterans and the American people, and we will act appropriately on any information we uncover.

I want to caution everyone that it is important not to prejudge the actions of the developments that occurred in the previous administration. We simply have to get to the bottom of it. Today I've written to Dr. Joyce Lashof, the Chair of our action committee on Gulf War illnesses, and asked the PAC (Presidential Advisory Commission) to focus on the documents that have come to life this week. It is essential that we get all the help we can from the PAC in understanding the full significance of the documents and any other new information that might come to light. We cannot stop until we get all the answers about Gulf War illnesses.

And now I'd like to ask President Frei to make an opening statement. And we'll take your questions.

Mr. President.

PRESIDENT FREI: Mr. President, I would like in the first place to reiterate our thanks for this invitation. Chile is a country that in the recent years has consolidated its democracy. It has had sustained growth in the last 14 years, with average development and growth rate of seven percent a year. And that has strengthened and consolidated our economy.

We have given a front battle against poverty, bringing down to half the level at which we had it during the '80s. And at the same time, we've done it within the framework of a tremendous opening to foreign trade -- international trade. Chile has today the economic complementation agreements with more than 30 countries. We are members of Mercosur starting October of last year. We are members of APEC, as the only South American country. And we are negotiating an agreement with the European Union.

For all these reasons, at this working meeting we have discussed all the items -- hemispheric ideas, the Summit of the Americas to be held in March of '98 in Chile, what are the main items and subjects and what we will focus on during the year -- consolidation of democracy, free trade, struggle against poverty, and also very preeminent subjects that we have agreed to include in that Summit of the Americas, and that is education science technology and training as the essential and foremost tool to leave under development.

We have talked also about our participation in the United Nations, and in all those issues of world peace we have representatives of our armed forces in Iraq, and we will take part with members of our police forces in Bosnia. And we are very active, seeking in Latin America the peaceful settlement of disputes. And this has been proven by our participation in several conflicts we've had in Latin America, and very recently in those difficulties between Peru and Ecuador, whereby we have actively participated to consolidate peace in the region.

Also, we have reviewed our bilateral relation. In the last years of my government the increase of bilateral trade between Chile and the U.S. has had an explosive increase; it has increased more than 50 percent in the last two or three years. Only 1996 we've had investments of American firms equivalent to all of the American investment we had in Chile in the previous 15 years -- and so with an exchange of more than \$6.2 billion. Of course, there are sensitive issues, especially in agricultural sectors. And we have expressed our way of thinking and our ideas as to trade, the point of interest to Chile, to the United States. And as the President has stated, our Secretaries of Agriculture will meet so as to jointly look for a solution to these problems that we believe always can emerge in a trade -- such a vast, broad and diversified trade relation as the one we have.

Also, we have spoken of politics. We are interested in the 1998 summit to speak of politics as we did in the Iberia American Summit of Santiago. Usually we used to discuss environment, free trade and education. This time we raised the subject of democratic governance, good government, how to make our democracies effective in Latin America, how to solve the very specific and concrete problems of the people.

And that item, that subject, we want to include it in the summit of next year. We know that democracy has to be built every single day, with great effort and sacrifice. And that is why this conversation has been very open, candid. We are a small country. We are no power neither as to population, nor are we an economic power. But with certain dignity we do have the capability of raising before the United States a very wealthy bilateral relation of great development and to work together in the hemisphere and in global policies.

I believe that Chile, and this I say here solemnly, Chile is no example, nor model. What we've done is to build an experience based on our history. And, of course, drawing upon the lessons

and work of many, many generations we have been able to consolidate this development model -- this development process. And we have a historic opportunity. Never before has the country been in a position to view upon the future in a different manner.

If we act in this way, well, I think that in the next years we can leave underdevelopment behind. That is what we want in Chile. That is what we want to build. And we feel partners with the United States in this major endeavor, that as a Latin American country I will be able to leave behind poverty, marginalization, and build a better future for our children. That is our task, the major project.

And I feel today that, upon arrival to the United States, being received by the President and highest authorities, and when speaking to more before the joint session of Congress -- first time a Chilean President will have this honor -- it's not an honor for the President, it's an honor to the country, for what we've been, for what we are, and what we are building.

Thank you, Mr. President.

Q Sir, the documents yesterday show you raised a great deal of money from people you entertained at the White House. Did you pay for their food and such? And can you really say the White House was not used as a fundraising tool?

PRESIDENT CLINTON: Absolutely. Look at the list of the people. We put it out there. A vast majority, I think almost seven eighths of them were people that I had relationships with that were independent of my campaign for President in '92. But some people did come and stay with me who helped me. And I think that's entirely appropriate. I don't think people who support you and help you through tough times and who believe in what you're doing should be disqualified from being the President's guests at the White House.

But any presidential guest at the White House, whether they're family members or dignitaries, or whatever, their costs are not born by the taxpayers.

Mr. President, would you like to call on someone?

Q President Clinton, in Chile, your political will with regard to Chile's accession to NAFTA is well known. However, at this point, with all the time that's gone by, we're asking for

more concrete steps. Among those steps you are about to take, are you going to ask for fast track authority from Congress?

PRESIDENT CLINTON: Yes. I am going to ask for fast track authority from Congress. In my State of the Union address I said that I would. And I want to reiterate today that I believe the first use of that authority should be to conclude a comprehensive trade agreement with Chile. And I would hope that the Congress would support that endeavor.

I believe the President's speech to the Congress tomorrow will be very helpful in that regard. And I'm delighted that he came here. I'm delighted that this is my first state visit since I was reelected President. And I wish it had been done before, but it was simply not possible to pass through Congress. I do believe we'll get the fast track authority and I believe we'll conclude an agreement. But we have a lot of work to do. And, as I said, the fact that the President is going to speak to Congress tomorrow to a joint session is a historic thing not only for Chile, but it's very important for the United States and for the future of this whole region.

Terry.

Q Mr. President, in the documents that were released yesterday, two high ranking White House officials, Harry Ickes and Evelyn Lieberman, refer to DNC coffees at the White House as "fundraisers." That, of course, would be illegal. How do you explain their choice of words, and do you think that any of the fundraising activities came close to skirting the line, going across the line into illegality?

PRESIDENT CLINTON: No. We got strict advice about -- legal advice about what the rules were and everyone involved knew what the rules were. Did we hope that the people that came there would support me, particularly after we got into a political season when we were doing this? Of course, we did. But there was no solicitation during the events. And the guidelines, which I believe were made available to you also yesterday, and the documents made it clear that there was to be no price tag on the events. Did the people hope that the folks that came to the events would subsequently support me? Yes, they did. And I think that was clear to everyone involved at the time. But there was no solicitation at the White House, and the guidelines made clear that there was to be no price tag on the events.

Q But the language in those memos?

PRESIDENT CLINTON: I think my own view is -- and I haven't talked to the people, but that's how much they hoped would come out of their endeavors after the coffees were over. And I think if you will ask them you'll find out that sometimes they did and sometimes they didn't.

Q President Clinton, Chile is a country with a small economy and a small population. Why do you think it deserves to be part of NAFTA?

PRESIDENT CLINTON: I think that Chile deserves to be part of NAFTA because it is the most successful democratic free market economy in Latin America, with high rates of growth, a deeply entrenched democracy, having overcome very well documented, extreme difficulties in building that democracy over the last few decades. And really, I think Chile is looked to as a leader in our hemisphere on political and economic matters. And I can't imagine how we could have a set of free trade agreements with our neighbors in Latin America that Chile was not a part of.

And what I'm hoping is that others in our hemisphere who have now embraced democracy will see what Chile has done economically, not simply in having high rates of growth, but also in reducing poverty, spreading the benefits of economic growth to more people.

The commitments that the President has articulated in education, for example, that the First Lady saw so clearly when she was down there two years ago -- I'm hoping that that will spread across our hemisphere, and that when we come to Santiago next year there will be a deep feeling among all the other nations there represented that we should press on to create a free trade area of the Americas, and that it should help more countries to bring the benefits to their people that the Chilean people are beginning to realize.

So the symbolic significance of Chile is far beyond the size of the economy, although I wouldn't minimize the size of the economy and its potential for growth.

Claire?

Q Mr. President, given all the public attention at this point on the fundraising issue, and the calls now from Capitol Hill from Democrats and Republicans for an independent counsel,

don't you think it might make sense at this point to have an independent counsel to take some of the pressure off?

PRESIDENT CLINTON: I think what I always think about that. There is a statute and that is a decision for the Attorney General to make, it should not be a political decision. It's a legal decision; the Attorney General has to make it.

Q Would you be opposed to an independent counsel?

PRESIDENT CLINTON: I'm not going to comment. I never have. It is a decision that should be made strictly on the law, based -- by the Attorney General, not based on any politics. But the evidence that we made clear yesterday is I think -- I've answered the questions about that, and I don't think there is a legal issue there.

Q President Frei, have you been told by President Clinton the strategy he will use in the months ahead to propose fast track on Congress? And also, a domestic question -- have you decided -- are you close to a decision to who will be president of the Christian Democrats in Chile?

PRESIDENT CLINTON: I'm glad you asked him a domestic question. Thank you. (Laughter.)

PRESIDENT FREI: What we think as to free trade is to show exactly what our experience has been, more than taking part as to -- or referring to the decisions that the U.S. government or Congress have to make. We are interested; of course, we are. Why? Because as I said before, we have economic complementation agreements with more than 30 countries. Our foreign trade is highly diversified in Asia, Europe and America. Our trade with Latin America is very similar to the one we have with the United States. That is why we have aggressively sought these agreements, allowing a small nation to consolidate those markets. Today, we have foreign trade -- I mean, imports, exports and related services -- they account for practically 55 percent of our GDP. And so today at least six or seven out of 10 jobs in Chile depend on international trade.

And that is why we believe that this has been beneficial for the country. And also, Chilean firms have gone abroad and invested more than \$15 billion in the southern cone of America -- unprecedented fact -- practically 20 percent of our GDP. And this has meant the creation of an area not only of free trade, but of integration. We are working in physical integration,

energy integration, and we are contributing to improve the quality of life in the continent and particularly in our country.

That is why we've grown in recent years at rates -- permanent rates about 6 or 7 percent, I would say. The last 14 years, we have a savings and investment rate that reaches unprecedented figures. Last year we had a saving investment rate of 28 percent, 28.5 percent of our GDP. And domestic savings, there the state contributes with 5 percent to domestic savings. And for five years we've had fiscal surplus.

Our accounts are in order, and thus we are firmly convinced that free trade not only is a pillar and foundation for Chile's development, but an essential condition to consolidate our political, social, and economic project. And that is why, of course, we are interested, and we are certainly interested in the agreement with the United States. We signed with Canada in November an agreement following the guidelines of NAFTA and that includes labor and environmental clauses that we are also ready and willing to accept.

So this is our vision of the country, how is our country going to be in the 21st century and we are working towards that. And that is why we expect and the U.S. government and Congress to define this, which is a road for Chile, of course, but it is also a road to be followed by the Americas.

And as to the Christian Democrat Party in Chile, the President of the Republic is President of all Chileans and does not take part in active politics. There in Chile, I am head of state and head of government, and the decisions of the parties are independent decisions. And the Christian Democratic Party, of which I've been a member for more than 35 years, elects its authorities democratically, universal suffrage process which is underway, and at the end of March they will hold that election. All the members will vote, and they will democratically elect their authorities.

Q Mr. President, are you ready to endorse Senator Lott's call for a commission of economists to once and for all settle this issue of whether the CPI overstates inflation?

THE PRESIDENT: Let me say, first of all, I support a cost of living increase that is appropriate. I think it's important that it be accurate. There have been questions raised and opinions offered about that. And I think it's important that we agree to a procedure that will have credibility not only among

both parties and their leaders in Congress, but even more importantly out there among the American people.

This is not a question for the budget; this is a question about the long term viability of our systems and whether the CPI is an accurate reflection of how much the cost of living of Americans goes up every year.

I appreciate Senator Lott's suggestion and I have -- it is one of the things that I have considered, and I think we'll have some sort of an announcement on that in the not too distant future. But I think it's important for me to make sure that whatever we do has not only the confidence of Senator Lott, Senator Daschle, Speaker Gingrich and Leader Gephardt and the members of their caucuses, but also of the people out there in the country that will be living with whatever decision is made on this.

So I think he made a good, constructive suggestion. I think we ought to take that under advisement. And we need to see what other options there are out there and then we need to go forward, and I expect to do that.

Q President Clinton, since the Miami Summit not much progress has been done with regard to the free trade areas of the Americas. Do you think that the various regional processes in Latin America have been making much more headway, and do you think that the next summit is going to concentrate more on that than that FTAA?

PRESIDENT CLINTON: Well, I think the answer to your question is it depends in large measure on what we do here. Since the United States did not renew fast track authority, there was not much more we could do. But a lot of progress has been made within South America, for example. Chile reached an agreement with Mercosur countries, and a lot of other things have been going on there. And then we've been working on some specific issues with a lot of nations in our hemisphere.

But I believe that our ability to get a free trade area of the Americas -- Chile also, I think, made separate agreements with both Canada and Mexico. So our ability to get a free trade area of the Americas and to build what I think is potentially the most powerful economic unit in the early part of the next century now rests with the willingness of Congress to approve the fast track authority, and our ability to get back on track and try to

be a constructive, cooperative part of this process. And I intend to do whatever I can to achieve that.

And, as I said, I'm delighted that the President is going to address Congress tomorrow. There's an enormous amount of admiration for Chile in the United States Congress, across party lines, for all kinds of reasons. And I think his words will be heard and I think they will be exceedingly helpful.

Thank you very much.

THE PRESS: Thank you.

END

1:43 P.M. EST

COUNTRY: **CHILE**

SUBJ: Air Force Chief Views Possible Purchases

SOURCE: Santiago El Mercurio in Spanish 19 Mar 98 p C-4

TEXT:

[Unattributed Article: "General Rojas Vender: 'FACH Does Not Fear Embargoes'"]

[FBIS Translated Text]

No country can provide total assurance to its clients that at no time in its history will it apply embargoes or restrictions on the sale of armaments, which means that at this point the four aircraft under examination by the Air Force for possible purchase are under equal conditions.

This was made clear by the commander in chief of the FACH [Chilean Air Force], General Fernando Rojas Vender in a press conference held yesterday in the Armed Forces building.

Rojas Vender spoke of the acquisition process for a new combat aircraft, the launching of the FASat-Bravo satellite on 24 April, the sale of 10 T-35 Pillan aircraft to El Salvador and the purchase of a UH-60 helicopter for the FACH.

Regarding the purchasing program Caza F-2000, the senior Air Force officer reiterated that the FACH will announce the names of the two combat aircraft to be the preliminary choices once the Second Summit of the Americas had ended and, soon afterward, the name of the winner. The final decision, Rojas Vender said, would be announced jointly by the government and by the Commander in Chief's Headquarters at the end of May.

The FACH is currently evaluating the combat aircraft JAS-39 Gripen, manufactured by a Swedish consortium composed of Saab, Volvo and Erickson, built with parts from the United States and other European countries, the French Mirage 2000-5 built by Dassault, and from the United States, the F-16 Fighter Falcon built by Lockheed Martin and the F/A-18 Hornet built by Boeing-McDonnell-Douglas.

The four aircraft will be exhibited by their manufacturers at the International Air and Space Fair (Fidae '98), which will begin next Monday [23 March] at Los Cerillos.

Rojas Vender said that the purchase will be worth about \$500 million, which will be paid over 10 years.

Regarding possible apprehension over the purchase of US aircraft, because of possible embargoes, the general said that the FACH had made a long-term calculation and "we have concluded that the United States has been gradually freeing up arms systems that until a few years ago were not authorized to be sold."

He said that one should not think only about restrictions by the United States, as restrictions have also taken place with European countries, which are also competing in the current selection process.

As for the reliability of the United States compared with France and **Sweden**, Rojas Vender said that in his view there are some complications in the US system of authorization of arms sales, but they can be overcome.

A "Black Hawk"

from:
Carter Carter &
called to
confirm AFP
report That Saab
was the best.
AFP is wrong.
See enclosed.
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This is not bad

Rojas Vender also announced that the FACH had purchased a US helicopter, the latest model of the UH-60 "Black Hawk," which will arrive in **Chile** at mid-year.

* good news

The general said that this will be the first phase in the replacement of the FACH's UH-1H helicopters, designed in the 1960s, by a newer, more powerful aircraft.

Regarding the UH-60, the general said that the first one was purchased completely new, with a combat configuration, at a cost of \$10 million.

"One Black Hawk replaces three UH-1Hs because it has the capability and an impressive range of 1,500 miles, with auxiliary tanks," he said.

The Sale of the Pillan

The Commander in chief of the FACH also announced the sale to El Salvador of 10 basic training aircraft, the T-35 Pillan, manufactured in **Chile** by ENAER [National Aeronautical Enterprise] and the possibility that this aircraft could be marketed in other Central American countries.

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Chile to Decide Next Month on Fighter Contract, Saab Says

Stockholm, March 19 (Bloomberg) -- The Chilean government is expected to decide next month on the winning bidder for a contract to supply the nation's air force with at least 16 fighter planes, according to Saab AB, one of the bidders.

Saab spokesman Jan Ahlgren said the company expects a decision by the end of April. Ahlgren declined to comment on a Swedish newspaper report that said its Gripen fighter had been short-listed for the contract along with the Mirage fighter made by France's Dassault Aviation SA.

Such a decision would surprise analysts because it would eliminate the fighters offered by two American companies, Lockheed Martin Corp.'s F-16 and Boeing Co.'s F-18. They'd been favored after President Bill Clinton last August lifted a 20-year U.S. ban on arms sales to Latin American nations.

"The F-16 has clearly been the favorite, but however much it's upgraded, it's still an older design," said Chris Avery, an analyst with Paribas Capital Markets in London. "A lot of technology has gone into the Gripen and it's not quite the competitive minnow that people have assumed."

The report in the newspaper Dagens Industri cited unnamed people close to the Chilean government as saying that the Gripen was set to win the contract. Saab, a unit of Investor AB, formed a joint venture two years ago with British Aerospace Plc to sell the Gripen outside of **Sweden**.

"There are no announcements that indicate a decision," Ahlgren said. Simon Raynes, a spokesman for British Aerospace, declined to comment.

They wouldn't say how much the contract would be worth. A Swedish order last year for 64 Gripen fighters was worth \$4 billion, possibly putting an order for 16 at \$1 billion.

The Gripen has so far only been sold to **Sweden**, which has bought 200 in separate batches, according to Jane's Aircraft. Production began in 1992 compared with 1978 for Lockheed Martin's F-16, which consistently faces criticism that its technology lags compared with newer rivals like the Gripen or the four-nation Eurofighter project, which also includes British Aerospace.

Bethesda, Maryland-based Lockheed Martin maintains that it's added so many features that the latest versions of the fighter are effectively an entirely new plane.

Whichever firm wins the Chilean contract, defense industry analysts have said it could spur more sales in the region because other nations, such as Brazil and Argentina, will want to keep pace with **Chile**.

Ahlgren said **Chile**'s plan to supply one division of its air force with 16 new planes also puts the winning bidder in strong position for orders that could eventually total 60 planes as the nation re-equips

its entire air force.

--Peter Robison in the London newsroom (44-171) 330-7646 and Jenny

Penser in the Stockholm bureau (46-8) 611-8421/js

Story illustration: INVEA SS <Equity> GP to graph Investor shares.

Company news: BA/ LN <Equity> CN British Aerospace

INVEA SS <Equity> CN Investor

AM FP <Equity> CN Dassault

LMT US <Equity> CN Lockheed Martin

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COUNTRY: **CHILE**

SUBJ: TAKE 1 OF 2--FACH Acquisition Process Detailed

SOURCE: Santiago El Mercurio in Spanish 14 Mar 98 p C-6

TEXT:

[Unattribute Article: "The Acquisition Process for the New Aircraft"]]

[FBIS Translated Text]

The Chilean Air Force (FACH) Reportedly Will Select Only Two Companies.

The Air Force will make known the names of its preliminary choices from among the manufacturers of the F-16, the F/A- 18, the Gripen or the Mirage 2000-5, once the 1998 International Air and Space Fair (Fidae 98) is completed.

The competition over the selection of a new multi-role aircraft for **Chile's** Air Force will be reduced from four to two candidates in the next few weeks, sources connected to the Air Force confirmed yesterday.

It was learned that the FACH will communicate the names of the companies that will remain in competition to the US companies Lockheed and McDonnell Douglas, and to Dassault and the Swedish consortium headed by Saab, perhaps at the end of the Fidae 98.

The institutional evaluation of the F-16, F/A-18, Gripen and Mirage 2000-5 aircraft is now completed and the economic terms of the transaction are under discussion.

Once this process is concluded, the FACH will submit the findings to the government, which must examine the political aspects of the transaction and decide together with the FACH which offer is best for the country's defense.

According to the basic requirements of the selection process, the FACH is seeking a multi-role aircraft equipped with the most up-to-date armament possible, which would be able to become the standard fighter-bomber of the future for the Chilean Air Force.

Although the names of the possible preliminary choices have not been learned, analysts believe that the FACH could choose the Europeans, or include one company from that continent and one from the United States. Unofficial sources said yesterday that the alternative chosen by the FACH may have been the former of these two.

The cost figures that have been mentioned regarding the transaction are in the neighborhood of \$550 million, which could be reduced by later negotiations and offers by the competing companies.

With regard to when the name of the successful aircraft might be made known, it has been indicated that this would not occur before May or even at the beginning of September.

The four competing aircraft will be in Santiago starting this week, in order to participate in the Fidae 98, from 23 to 29 March.

Yesterday [13 March] at about mid-day, two JAS-39 Gripen combat aircraft, manufactured by a consortium of Swedish firms led by Saab, arrived at Los Certillos airport in Santiago from Antofagasta.

The aircraft had arrived in **Chile** from **Sweden** without weapons on 26 February aboard a merchant ship, and were assembled and tested by

European pilots and technicians at the base at Cerro Moreno.

This aircraft will be exhibited at the Fidae 98 together with the other three aircraft that are taking part in the competition. Unlike the Swedish aircraft - whose initial version possesses little flight autonomy and has no system for in-flight refueling - the other competitors will arrive by flying from their respective countries. For 20 March the arrival is expected of seven French Mirage 2000-5 fighter-bombers of the Armee de L'Air, that will fly in from a base near Paris, via Brazil, to **Chile**.

Subsequently arriving in **Chile** will be a group of F-16s and another of F/A-18s, competitors in the replacement program of the FACH, called Caza [Fighter] F-2000.

Restrictions

One of the most delicate subjects to be discussed during the selection is that of possible restrictions to which three of the four aircraft that are candidates in the FACH competition would be subject, that have components made in the United States.

Political restrictions could be placed on the purchase by **Chile** of the F-16, the F/A-18, and even the Gripen. Recently, a US court suspended the sale of the Swedish aircraft to South Africa, because of a pending judicial procedure.

According to the political scientist and professor of Anepe [expansion not given], Miguel Navarro, the subject of political restrictions is important because all countries seek independence with respect to their systems of armaments, as **Chile** has already demonstrated.

"But no country can give its clients a 100 percent guarantee that there are not going to be political restrictions on technical support during the life of the system, i.e., between 20 and 30 years. It must be kept in mind that restrictions can occur in the future whether it be for internal or external political events in the selling or the purchasing country," Navarro said.

He said that all of **Chile's** traditional arms suppliers (France, the United States, Israel, Great Britain, Belgium, **Sweden** and Austria) have at some time carried out an embargo.

Therefore, according to Navarro, the possibility of restrictions is valid for all countries. "Even in the case of the United States it is interesting to note that, in general, there is a positive evolutionary process in the sale of advanced armaments to Latin America," he said.

The political scientist said that current studies show that these embargos are not a kind of catastrophe that affected countries suffer, but that they can be prepared for.

"The greater a country's capacity for maneuver, the less likely it is that it will suffer a restriction of arms sales. Even the political system of the United States makes it easier to take into account in a country's plans than in other countries, where decision making is more centralized," Navarro said.

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