

Since DL-701 was enacted in 1974, total investments made by the government through subsidies amounted to US\$91.3 million as of August 1990.

Chile's rapid expansion was thought to be due to the private sector's concern that the DL-701 subsidies would be reduced or eliminated after the law expired in 1994. Plantings are expected to continue to increase at a rapid rate until the future of DL-701 is decided which is expected to take place by the end of 1995.

#### **4.2 Environmental Legislation**

Although the environmental regulatory system in Chile is very young compared to North America or Europe, it has been exceptionally dynamic in the past five years. Environmental policy did not exist in Chile until 1990 when CONAMA (Comisión Nacional del Medio Ambiente, *National Environmental Commission*) was created to review and coordinate the environmental legislation, norms and regulations of government ministries into a coherent legal framework. This led to the passing of the Environmental Framework Law (*la Ley Marco del Medio Ambiente*) in March, 1994. Among CONAMA's current functions are the administration of environmental impact assessments (EIA), maintenance of a national environmental information system and support of activities or projects oriented to the protection of the environment. CONAMA's organizational structure includes regional commissions for the environment (COREMAs) which are responsible for reviewing and approving environmental impact statements.

The globalization of forestry in Chile this past decade and growing awareness of the impact of deforestation within the country have generated both internal and external demands to raise environmental standards.

In February of 1995, Chile hosted the latest meeting of the Working Group on Sustainable Management of Temperate and Boreal Forests. Following 18 months of discussions, the seven criteria for the conservation and sustained management of these forests was presented. Known as the Santiago Declaration, these conclusions will be presented at the Meeting of the United Nations Commission for the Sustainable Development, which will take place during April, 1996 in New York.

#### **4.3 Foreign Investment**

The Chilean government's policy is to actively seek foreign investment that will provide the needed capital and technology for economic development. Chile's foreign investment policy is based on three main principles: equal treatment of domestic and foreign investors, free access to domestic markets and minimum intervention by the government. There are three legal vehicles to invest in Chile that are within the formal market:

- Foreign Investment Law (Decree Law 600)
- Chapter XIV of the Foreign Exchange Law
- Chapter XIX: Capitalization of the Chilean Foreign Debt