

Sector Opportunitites

As Chile continues to liberalize trade and investment and modernize production, substantial opportunities for Canadian business are rapidly unfolding. Listed below are the sectors that promise significant potential for Canadians.

Mining

Chile's highly export-oriented mining sector generates close to 8 per cent of its GDP, with total exports of US\$5.1 billion in 1994. Canadian mining equipment exports (excluding machinery) to Chile have doubled since 1992, reaching \$15.4 million in 1994.

Chile is the world's largest copper producer and exporter, accounting for 27 per cent of total Western production, and is also the largest producer and exporter of potassium and sodium nitrate.

Chile's inability to meet its mining equipment demands (supplying only about 10 per cent) and its favourable tariffs have led to significant import activity, valued at US\$600 million annually.

The extensive mining activity in Chile, combined with Canada's excellent reputation as a dependable supplier, have greatly enhanced the potential for sales and technology transfers with Canadian companies. As a result, Canada's presence in Chile's mining operations has grown dramatically. For several years, Canada has been Chile's largest foreign investor in the mining sector, with over US\$5 billion in actual and planned investment. This will likely increase with several new projects in copper, silver and gold mining under way. Today, there are 32 Canadian mining companies operating in Chile, and another 10 with Chilean representatives.

Forestry

Forestry is one of Chile's most dynamic sectors, growing 9 per cent a year since 1978. At the heart of Chile's forestry development are the world's largest non-native tree

plantations; privately owned operations that supply close to 90 per cent of the industry's raw materials. The plantations, which account for over 1.8 million hectares (ha) of forest, are bolstered by an additional 7 million ha of native forest.

Although small compared to traditional forest industries in the northern hemisphere, forestry exports (US\$2.4 billion in 1995) make up 14.4 per cent of Chile's total exports.

There is growing awareness in Chile of the impact of deforestation, creating strong demand to raise environmental standards. Combined with recessionary pressures and lower commodity prices, Chilean companies are being pushed to increase their efficiency, resulting in the need for better equipment and new technologies.

Specifically, opportunities for Canadian companies can be found in harvesting and sawmill machinery, pulp and paper, silviculture, firefighting and transportation equipment and services, safety-related products, and geographic information systems.

Environment

The government has made environmental responsibility a priority, particularly in light of Chile's desire to enter the NAFTA and its environmental side agreement. It has had a framework law in place since March 1994 which encompasses many fundamental aspects of environmental regulations, including clear legal definitions; environmental assessment systems and management instruments. CONAMA, Chile's

environmental agency, is now developing standards, regulations and criteria for environmental impact assessments and decontamination and remediation plans, particularly for mining, forestry, agriculture and industry.

In January 1995, Canada and Chile signed a MOU on environmental co-operation which should open up the sector to Canadian environmental technology and expertise. As a result of the MOU, several successful activities, including workshops, seminars and the transfer of Canadian expertise in environmental legislation, have taken place. Excellent opportunities exist in solid and liquid waste management, site remediation, potable water, municipal/domestic waste management and coastal zone management.

Information Technology and Telecommunications

The potential for business in the key telecommunications sector is very strong due to the privatization and deregulation of the industry and the government's decision to permit full competition in all aspects of the sector.

Chile will soon boast more telecom companies per capita than anywhere in the world, as it offers national and foreign operators the chance to experiment with a multi-carrier system for long-distance calls. There is also substantial scope for joint cable and telephony services as many investors are using Chile as a test site for multimedia and information highway applications in Latin America.

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