

When looking at the destination of industrial investments, Paper and Chemicals manufacturing account for 81 % of total investments in the industrial sector.

Table Nr 11 shows the destination of the investments per region.

Table Nr. 12 shows the degree of potential of expected investment openings in different segments. These expectations are related to the destination of foreign investments, as well as export developments in the last years. Chile's open economy has eliminated inefficient and uncompetitive economic sectors. The remaining industries are in a strong position, and are mainly related to the areas where they have a competitive advantage due to the availability of natural resources and high productivity: wood, mining and fishing. Other industrial sectors that supply these mentioned areas, such as chemicals (for example, flotation reactivities and solvents) will follow a growth trend.

Higher potential segments should be those related mainly to wood (furniture, lumber, cellulose, paper), chemical products (methanol, urea, fertilizers, chemicals oriented to mining and forestry industries), garments and foodstuffs related to agribusiness, beef and dairy products.

Medium potential segments are expected to be the beverage industries, domestic household appliances, transport materials and electronic equipment, footwear, metal products and seafood/agribusiness canning and packaging.

Lower potential areas are expected to be textiles other than garments, rubber, basic steel industries, non-ferrous basic industries and oil refining.

Table Nr. 13 is related to the Joint Ventures which have taken place in the past years. It is interesting to note that most of these ventures have been directed towards the paper/cellulose business, and the mining industry. The venture in the foodstuff business (brewery - CCU) has been an exception, and has been mainly related to the acquisition of the company when it was privatized few years ago. The same happened with the airline venture, when SAS participated in the privatisation of Lan Chile.

5. INDUSTRIAL SECTORS ANALYSIS

Given the above mentioned sectors' potential for investment openings, as well as the requirements expressed by the client, we have focused our analysis on following industrial sectors:

- a - Food Industry
- b - Metal Industry
- c - Chemical Industry
- d - Forestry Industry