

management plan must be submitted for approval by this agency before the exploitation of a native forest. But some species, like **Araucaria araucana** and **Fitzroya cupressoides** (Alerce) cannot be harvested at all.

The following tax incentives exist for forestry operations: an exemption from territorial taxation (2% of the value of the land), and a 50% reduction of personal taxes applied to income earned from these operations.

As with native forests, regular private ownership rights also apply to plantations. In contrast to native forests, however, there are no restrictions on forestry practices, unless the owner has declared that his estate is suitable only for forestation ("forestry land"). In this case, a Management Plan must be submitted to CONAF, with the only requirement being that the owner must commit to keep the land forested.

If located in soil unsuitable for agriculture, the plantations have the same tax incentives described above. In addition, however, about 70% of the costs of plantation and silvicultural practices are reimbursed to the plantation owner. This has been the most important incentive for the development of the forestry sector over the last two decades.

The practical effect of this legislation has been the creation of a substantial plantation base of around 1 million hectares (see Table 2 in the statistical appendix) with a relatively small cost in subsidies of around US\$71 million.

In contrast, the regulation of native forests has ensured