

CANADA - CHILE TRADE

Canada and Chile have enjoyed steady growth in their bilateral trading relationship through the 1980's. Industrial development strategies and levels of expertise are well-matched, which has been reflected in expanded two-way trade.

Bilateral trade for the years between 1983 and 1987 has grown consistently, from \$204.2 million to \$251.7 million. In 1987, Canada exported \$135.5 million of goods to Chile, a 37% increase over the previous year's export levels. For the same period, Chile increased its exports to Canada by approximately 8% and shipped more than \$164 million of products to Canada.

Chilean exports to Canada have concentrated on two major areas: agricultural commodities and ores and precious metals. In 1988, fresh grapes alone accounted for \$54 million of the total \$160 million in Chilean exports for that year. Fresh fruit (other than grapes), fruit juices and wines accounted for an additional \$34 million in exports in 1988, sustaining an upward trend which began in 1986.

Chilean exports of copper in ores and concentrates declined over the three year period from \$41 million in 1986 to \$23.7 million in 1988. Exports of silver and gold, however, fared much better; silver export values totalled \$2.6 million in 1987 and rose to \$11 million in 1988. Gold shipments amounted to \$7 million in 1987 and \$9.6 million the following year.

The composition of Canadian exports to Chile has focused on semi-processed natural resources and manufactured goods, and has been directed at specific sectors of concentration. Chile is an important customer of Canada's resource industry. Canada exported such mineral commodities as sulphur, coal, potassium chloride and molybdenum totalling \$47.5 million to Chile in 1988.

Canadian companies have been particularly successful in the mining and forestry sectors. Canada has recognized the great potential of Chile's forestry industry by becoming a very active participant in this sector. Forestry accounts for 11%, or US \$700 million, of Chile's total exports, making it second only to mining as a foreign exchange earner.

It is anticipated that the development of the forestry sector will require the execution of a number of important, new capital projects, with investment in machinery, equipment, and other capital assets totalling US \$3 billion during the next 15 years. The private sector is expected to figure prominently in this investment.

Canada's exports to this industry sector averaged \$4.6 million in 1987 and 1988. For example, exports in pulp and paper industry machinery and parts increased from \$.6 million in 1986 to \$2 million in 1988. Woodworking machinery, equipment and parts exports grew from \$.06 million in 1986 to \$1 million in 1988.

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