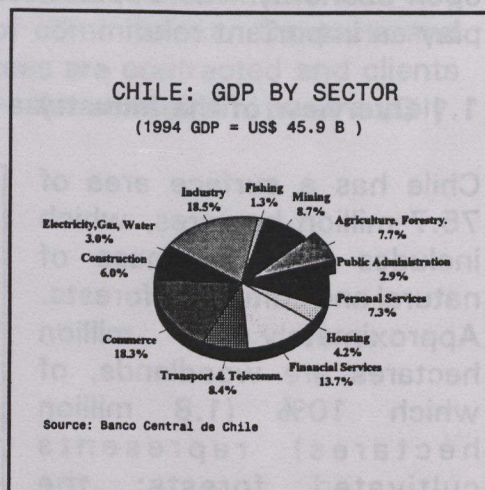


some 0.2 million hectares. The growth of tree plantations has meant a net increase of total afforested area.

Most of the industrial wood harvested in Chile, some 13 million cubic meters per year, is processed locally, while some 4 million are exported as raw material, either in the form of logs (1.3 million cubic meters) or in the form of chips (some 3 million cubic meters). Projections indicate that through both plantations and native forests, there will be a large increase in the availability of industrial wood by the end of the century. Current estimates suggest that some 30 million cubic meters will be harvestable annually about 10 years hence.

1.2 Economic Trends

Chile is now entering its twelfth consecutive year of economic growth, with Gross Domestic Product (GDP) having realized an average increase of 4% per annum over this period. In 1994, GDP reached US\$ 43.73 billion, a gain of over 6% from 1993. While mining still represents the single most important component of Chile's export revenues (43.4% in 1994), increasing diversification of the economy into forestry and agriculture have ensured a reduction in the relative importance of the mining sector.



The forestry industry is one of the most active engines driving sustained economic growth in Chile. In 1994, total forestry exports totalled US\$1.564 billion or 13.5% of total Chilean exports for that year¹. This is up from the US\$1.207 billion that the sector generated in 1993. Forestry exports are expected to reach US\$ 1.855 billion in 1995 (Source: CORMA) with an expected increase in sawnwood of 20%, in sheet wood and boards of 22%, in pulp of 39%, and 56% in processed wood,. The forestry sector, along with the fishery sector, is now considered to be the core of Chile's non-traditional export effort.

1.3 Key Forestry Sub-sectors

The Chilean forestry industry is based on the production of four product groups: sawnwood, wood based panels, pulp and paper and wood chips.

¹Indicadores de Comercio Exterior, December 1994: Banco Central de Chile.