

1. The Chilean Forestry Industry

Chile, located on the southwest coast of South America, is a country whose economy makes abundant use of renewable and nonrenewable natural resources. Over the past two decades, Chile has evolved from being principally a copper exporter into a very diversified open economy where forest resources play an important role.

1.1 Overview of the Industry

Chile has a surface area of 75.7 million hectares, which includes vast expanses of natural and cultivated forests. Approximately 16 million hectares are woodlands, of which 10% (1.8 million hectares) represents cultivated forests; the remaining 90% (14.4 million hectares) are native forests which are mostly on federally protected land that cannot be used commercially or private land that can be used commercially.

At the heart of Chile's forestry sector development are the world's largest non-native tree plantations. These are privately owned operations that now supply close to 90% of the industry's raw materials. Through the successful development of its forestry plantations, Chile has almost 1.36 million hectares of Radiata Pine and 200 000 hectares of Eucalyptus, as well as 100 000 hectares of other species (about 10% of the nation's total productive forests). These plantations are under forest management plans controlled and approved by the Chilean National Forest Corporation (CONAF).

Since 1974 more than one and a half million hectares have been planted, mostly with Radiata Pine. During the same period, the area covered by native forest, which is 5 to 6 times larger than that of the non-native species planted forest, decreased by

