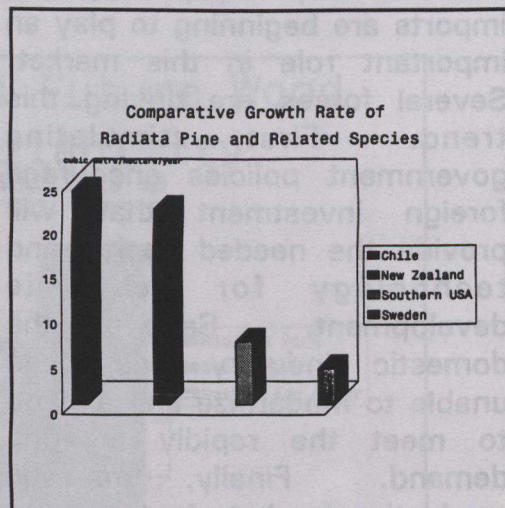


3.0 Subsector Opportunities

Chile's forest industry is rapidly evolving from a structure intended originally for a small protected local market, to a more modern one intended to be internationally competitive and able to export most of its output. Generally speaking one branch can be considered fully modernized: the chemical pulp industry and others are following suit: sawmilling, paper production and some segments of the wood based panels.

Close to 70% of the country's forest and forest industry output, in value terms, is exported and this proportion is expected to increase in the future.



Canadian goods and services are currently concentrated in engineering services for the pulp and paper industry. In a development context, Canadian goods and services could increase their presence in the market in other promising areas such as:

- silviculture;
- tree harvesting and logging;
- sawmilling: engineering and equipment;
- lumber drying kilns;
- chipping equipment;
- lumber remanufacturing: engineering and equipment; and
- pulp and paper machinery and equipment.

In addition, there is significant potential in forest fire fighting, environmental studies, pest control and forestry operations safety equipment.

3.1 Silviculture

In sharp contrast to natural forests, the privately-owned plantations, are typically managed under intensive silviculture practices. This is particularly true of the estates owned by large corporations which account for around 60% of the 1.5 million hectares now under plantation. Modern silviculture can be identified in the following basic activities:

- tree breeding or genetic improvement, with two decades of practice and