

Executive Summary

During the past decade, due to its open economy, its highly educated population and the entrepreneurial spirit of its private and public sectors, Chile has achieved one of Latin America's most spectacular growth rates.

Chile's economic growth has been based upon its endowment of both renewable and nonrenewable natural resources. Over the last two decades, Chile has evolved from being principally a copper exporter into a very diversified open economy where forest resources play an important role. An eminent trend to be considered is the growing tendency of value-added goods in the forestry industry and the economy in general. In fact, industrial exports indisputably surpassed copper and mining exports in 1994.

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).

Although small compared to the traditional forestry industries of the Northern Hemisphere, Chile now counts on a significant and rapidly growing forest sector. In 1994, total forestry exports totalled US\$1.564 billion or 13.5% of total Chilean exports for that year. 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 (CORMA).

The globalization of forestry in Chile this past decade and growing awareness of the impact of deforestation within the country have generated both internal and external demands to raise environmental standards. Environmental responsibilities, recessionary pressures and lower commodity prices are pushing companies to become more cost-effective, thereby creating a greater demand for better equipment and newer technologies that are both cost-effective and environmentally acceptable.

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.