

the GATT talks are successful in limiting the degree of domestic protection to agricultural producers, the Chilean import substituting sector could face increasing foreign competition, in particular from important grain producing countries such as Canada and the United States.

In contrast, Chile's agricultural export sector is highly competitive, and subsidies to export activities are non-existing. The main barriers for the development of this sector lie in tariff and non-tariff barriers in the developed world. These are particularly high in processed products, like apple juice and canned fruits and vegetables. A reduction of these barriers resulting from a free trade agreement would imply a substantial increase in exports of these products, probably inducing the adoption of new technologies and new methods of production in the agroindustrial sector.

The experience of Canada in fruit growing and agroindustry could prove valuable for the continuing expansion of these sectors. In case Chile joins NAFTA, some large Canadian firms may become interested in establishing joint ventures with large local producers or exporters, oriented to the international markets.