

## Perspectives for the Forestry, Agriculture, and Livestock Sector

Medium term evolution of this sector will depend on several variables related to the competitiveness of this activity, which is eminently "tradable"; in other words, it is totally immersed in international markets and affected by the values of these markets.

Some macro-economic factors that will influence the development of the sector are the real exchange rate (now close to its bottom value, given the projections for the balance of payments of the country), real wages (supported by the high economic growth which showed a mean growth rate of 6.0% during the period from 1986 to 1992), and the proliferation of bilateral trade agreements which, in general, will be to the detriment of this sector.

In some branches of agriculture there is talk of a "crisis" in the sector. It is hard to assess objectively whether this statement is indeed true; however, one must not disregard the fact that - as has been mentioned already - there has been a significant reduction in the returns of several of this sector's products.

In items destined for export, the challenges will once again involve the search for new markets, the adaptation of the products to the requirements of these markets, the organization of a marketing effort for the exportable supply, and the particular care to be taken with regard to the standards of quality (technical, ecological, etc.) of these shipments. Nevertheless, there are factors that fall outside the sphere of influence of the exporter within the country, such as the conditions of demand associated with the recession currently being experienced by industrialized economies.

As far as traditional, import substituting, items are concerned, the School of Agronomy of the Catholic University ("An Economic Overview of Agriculture") a few weeks ago pointed out the challenges faced by these activities: "(a) the introduction of new, more competitive, items that are more profitable for the producer; (b) greater economic efficiency in the production of current items (competitiveness); and (c) greater integration into the production-marketing chain."