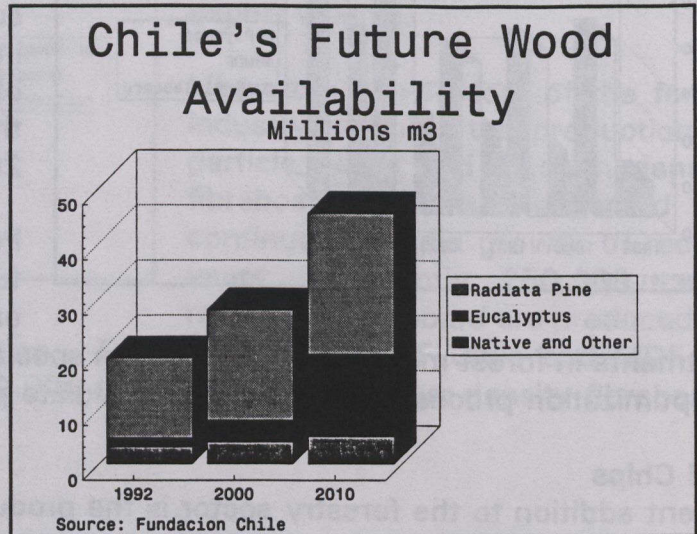


Although the rapid development of Chile's forestry industry started some 15 years ago through a vast upswing in rate of Radiata Pine and Eucalyptus planting, the more tangible industrial results have only been showing recently. This growth in the industrial exploitation of the now maturing plantation growths will continue in the coming years.

Plantations and not natural forests, currently provide the bulk of the industrial wood that Chile consumes and exports. This reliance on transplanted and managed growths is expected to be accentuated in coming years. Nevertheless, natural forests do maintain productive potential and are included in the following exhibit:



The above numbers suggest an interesting potential for forest industry development in the coming years. Simply put, industrial wood availability will more than double current volumes.

The combination of forestry resource growth and favourable economic conditions provides a strong platform for sustained growth through the next decade and beyond. Chile's forestry exports are projected to reach US\$ 2.7 billion a year within the next 20 years. Reaching such levels would require a steady growth rate of 4% annually, which seems attainable if compared with the 12% average growth which occurred over the last five years.

2. The Role of Imports

The expansion of the forestry sector over the last decade and the surge of forestry projects in preparation have generated a high and continuous demand for forestry equipment and services. Favourable tariffs in Chile and the limitations of the domestic industry to meet equipment demands have led to a significant level of imports. They were valued at US\$ 353,3 million in 1994 including consumable, capital and intermediate forestry goods. Imports are expected to be similar in the future depending on the start up dates of new projects.