

chipboard and medium-density fiber (MDF) present considerable differences in efficiency and market orientation. Fiberboard, plywood and chipboard are basically oriented to the internal market, with exports representing less than 50% of total production. In contrast, the newly started plants producing MDF are focused on the external markets.

In just a couple of decades, this industry has changed its orientation from the internal to the external markets. Along the process, it has become one of the most dynamic sectors in the Chilean economy.

As of 1993, pulp production is considerably smaller than installed capacity, due to a major revamping of existing plants since 1990. Despite this, the depressed price of pulp in the international markets has provoked a difficult situation for the industry during the last year.

For all papers and cardboards, exports from Chile almost double imports from the rest of the world. Except for newsprint, which is produced by two medium-sized modern mills, the rest of the papers and cardboards are produced in small scale plants. The production of newsprint is focused on the external market (Latin America), while the rest of the paper and cardboard production is centered almost exclusively in the domestic market.

#### **19.5 Possible elements in NAFTA negotiations**

Tensions or eventual conflicts in the forest sector during Chile's negotiations to join NAFTA are not expected. First, Chile