

President of the New Union No. 3 of Escondida: “Sticks and Stones Are a Thing of the Past; Good Leaders Seek Agreements”

Marcelo Fonseca prepares for the first collective bargaining with the mining company. In his first interview, he shares the minimum demands they will present to the company and the path that led him to become the union leader at the world's largest copper mine.

DF Online. December 3, 2024.

By Patricia Marchetti

When Marcelo Fonseca started working at BHP's Minera Escondida, his father, also a miner, gave him only one piece of advice: “Don't get involved with a union.” He chuckles, recalling those words, because today, 16 years later, he is preparing for the first collective bargaining session of the newly formed Union No. 3, the same union that elected him president after he led the dissent within Union No. 1 of the world's largest copper mine.

“The only path left to us was to form another union. That's why we always say the dissident union was formed by them (Union No. 1), because they left us no other choice,” Fonseca says in his first interview as president.

Fonseca's journey as a union leader began in 2018, the same year he and 100 other workers were expelled from the mine's primary union. During an assembly with hundreds of members, they were labeled “traitors” and, “like in a Roman circus,” he recalls, their fate was decided by a show of hands. All were expelled.

The iconic Escondida strike of 2017 — which lasted 44 days, making it the longest in Chilean mining history — not only strained relations with the company, which lost \$740 million, but also triggered a union rift. “A strike should be a union's last resort if dialogue fails, but for Union No. 1, it seems to be their starting point,” he states.

“That strike could have been shorter, and we saw more political maneuvers than genuine worker advocacy.”

Thus, the “dissident” group was born, led by Pedro Marín, a former member and spokesperson for Union No. 1 during the 2006 negotiations and a former president of the Chilean Mining Federation (FMC). Alongside him were Frankie Fritis, a former union leader from Cerro Colorado, and Marcelo Fonseca.

Amid rumors of a dissident union, the harassment from other members escalated to workplace bullying, Fonseca claims. Fritis even filed a complaint over threats against him.

After their expulsion by a show of hands — an act Fonseca calls “social punishment” — came the conclusion of the August 2018 collective bargaining session, where they received no benefits. They attempted to negotiate with Escondida as a workers' group, but a legal challenge filed by Union No. 1 in the Appeals Court invalidated the ruling recognizing their efforts.

“This left all workers with the impression that if you didn't follow the directives of the leadership, you could end up like us, punished, without benefits or bonuses,” Fonseca explains.

Between February 2019 and November 2024, the dissidents joined an intercompany union, with which they negotiated with the company three times. During this period, Union No. 1 filed 11 complaints against the intercompany union, alleging anti-union practices and collusion with the company, among other accusations. “The hostility from them never stopped, leaving us no choice but to form a new union,” he recounts.

During this time, the idea of a new union gained momentum and supporters, mostly women, who “feared the destructive and aggressive dialogue of Union No. 1,” Fonseca says. After its statutes were approved a few weeks ago, Union No. 3 now has 360 members and several milestones: 67% are women, the board has a female majority (three women and two men), and they secured a 24-month collective agreement.

Union No. 3's First Negotiation

A fan of Universidad de Chile and an accountant by profession, Fonseca worked in human resources for various companies before becoming a haul truck operator at Escondida. One of his principles: “A good leader doesn't seek conflict but rather good agreements.”

“We aim to make a difference. We believe constant conflict is unproductive and ultimately exposes workers because union leaders are protected. We must be clear about our responsibility as leaders, especially in large unions,” the president says.

He approaches his first negotiation “with optimism” and emphasizes the respectful and constructive relationship they’ve built with Escondida, despite the inevitable debates.

Their demands include: a 5% salary adjustment; increases in the base amounts for production and management bonuses; adjustments to the exceptional results bonus so both minimums and maximums pay more; and shorter timeframes for promotions and advancements than the current three years. Sources familiar with the process anticipate a conflict termination bonus exceeding 20 million pesos.

Additionally, they will reinforce benefits achieved in previous negotiations with the intercompany union: three vacations over 24 months with bonuses; work shifts from 7:00 AM to 7:00 PM to improve productivity; a daycare bonus of 6 million pesos (up from 2 million); exclusive training for women; and a joint committee to advance career development for operators and maintenance workers.

“We will continue to seek benefits that extend job longevity, making autonomy an ally rather than an enemy.

Mining is changing, and autonomy is here to stay at Escondida. Companies of this scale won’t make decisions differently just because we protest with sticks and stones — that’s a thing of the past. Fighting global change is futile; instead, we need to embrace it and make our members more employable,” he says.

Facing this new challenge, Fonseca sees “an opportunity to modernize unionism.” He adds, “We need a new perspective, one of collaboration and construction, to contribute to the country’s growth. The polarization we’re seeing is not constructive, and we want to send a different message and make a difference.”

“The precarious conditions that once existed in mining are a thing of the past, at least in large-scale mining. As I said, sticks and stones are outdated. While strikes will always be an option, I insist that good leaders should always seek agreements.”

We believe constant conflict is unproductive and ultimately exposes workers because union leaders are protected. We must be clear about our responsibility as leaders, especially in large unions”

AURORA WILLIAMS, MINISTER OF MINING

Mining Sector Achieves Largest Investment Portfolio Since Copper Supercycle 10 Years Ago

"We expect to reduce the timelines of major initiatives by 30%"

Diario Financiero, December 4, 2024

By Patricia Marchetti

Chile's mining investment portfolio has surpassed USD 80 billion in projects for the 2024-2033 period, marking a significant 26.6% increase compared to 2023 and reaching its highest level since the copper supercycle a decade ago.

According to the report "Investment in Chilean Mining: 2024-2033 Project Portfolio" by the Chilean Copper Commission (Cochilco), accessed by *Diario Financiero*, the updated investment portfolio for the next decade includes 51 projects totaling USD 83.18 billion.

This figure excludes BHP's recent USD 13.7 billion investment announcement due to methodological criteria, meaning the portfolio could rise to nearly USD 100 billion. In contrast, the 2023-2032 portfolio consisted of 49 projects with a total investment of USD 65.71 billion.

The year-on-year increase was driven by 11 new initiatives, contributing an additional USD 15.66 billion, and by increased investment in existing projects, adding another USD 10.23 billion.

Notable projects driving this surge include Freeport-McMoRan's El Abra expansion with a new concentrator (USD 7.51 billion), operational adjustments at Codelco's Chuquibambilla Underground Mine (USD 4.43 billion), Anglo American's modification of the Los Bronces facilities involving water resource adaptations and the removal of Tranque Pérez Caldera (USD 1.10 billion), and Codelco's Paloma project for lithium extraction and processing (USD 1.10 billion).

Codelco has increased its investment plan by USD 7.53 billion for both operational and structural projects, while private sector investments have risen by USD 2.33 billion.

Projects scheduled for 2024 to 2028 amount to USD 42.96 billion, representing 51.6% of the portfolio.

Meanwhile, 21 projects planned post-2028 will require an estimated USD 30.03 billion, equivalent to 36.1% of total investments.

Copper: 89% of Total Investment

Investment in copper projects rose from USD 57.35 billion in 2022 to USD 73.70 billion in 2024, the highest figure since 2014, representing 89% of the total investment portfolio through 2033.

Codelco accounts for 40% of this amount, with USD 33.03 billion, a 53% increase from 2023. Between 2024 and 2028, its Capex for both ongoing and structural projects will reach USD 20.43 billion.

In the private copper mining sector, large-scale mining investments total USD 36.10 billion for the next decade, with medium-scale mining expected to invest USD 3.18 billion by 2033.

The report estimates that copper production capacity will increase by approximately 2,223 kilotons annually between 2024 and 2033. Fifteen expansion projects will add 1,687 kilotons/year, while seven new projects will contribute 537 kilotons/year.

Greenfield projects, which develop new deposits, make up 18% of the portfolio, with half dedicated to copper extraction. In contrast, brownfield projects, involving expansion or renewal of existing operations, account for 80%.

Claudia Rodríguez, acting Executive Vice President of Cochilco, explained that brownfield projects dominate due to lower risks: "They build on existing infrastructure, reducing initial costs and implementation times." Conversely, greenfield projects "require higher initial investments, face more regulatory and environmental challenges, and carry greater return risks."

Other Minerals

Besides copper, the 2024 portfolio highlights lithium, molybdenum, gold, and silver.

Gold projects include Ciénega Exploradora, Santo Domingo, and Costa Fuego, with a combined capacity of 14,534 kilograms of gold and 18,315 tons of silver.

Despite a 38.2% decline in gold and silver investments from 2023, they remain 57% higher than in 2017 and 96% above 2016 levels.

Iron production is expected to contribute 20.68 million tons, primarily from Los Colorados (CMP), with a capacity of 9.48 million tons; Santo Domingo (Capstone), a co-production project; and Dominga (Andes Iron), with 7.20 million tons.

While Andes Iron remains committed to advancing the controversial Dominga project in La Higuera, there is no definitive ruling as of September 2024 on whether it will proceed.

Regional Investment Distribution

Investment is concentrated in northern Chile, with Antofagasta and Atacama regions accounting for USD 45.49 billion, or 55% of the total portfolio through 2033. Atacama stands out for its diverse projects, with USD 4.75 billion allocated to non-copper minerals: USD 1.50 billion in gold and USD 2.90 billion in lithium.

In Biobío, Aclara and CAP are investing USD 130 million in a rare earth project.

Of the USD 83 billion portfolio, USD 40.39 billion are classified as "base" projects already underway, while USD 8 billion are "probable," USD 14.42 billion "possible," and USD 20 billion "potential."

Minister Williams Highlights Efforts to Accelerate Project Timelines

Aurora Williams, Chile's Minister of Mining, emphasized that 88.6% of the investment portfolio is tied to copper. When asked about reaching the copper supercycle's investment peak of over USD 110 billion, she stated, "If long-term copper prices remain high, there will be strong incentives to develop new projects and expand the investment portfolio."

Williams underscored copper's strategic importance for the energy transition, predicting sustained demand growth. She also addressed concerns about environmental permitting slowing project execution, noting a pending law to create an Intelligent Permitting System.

"This initiative will speed up projects of all types and sizes, both public and private, significantly benefiting the mining industry," she said. "We expect to cut timelines for major projects by 30% and for smaller companies by up to 70%."

Regarding lithium, Williams revealed plans to double production over the next decade through at least four new projects.

A more favorable investment scenario for 2025 driven by the mining and energy sectors

■ Analysts expect reduced local uncertainty and more favorable financial conditions to allow gross fixed capital formation to rebound. Projections align with official forecasts and reach a maximum of 8%.

Diario Financiero, December 4, 2024
By Catalina Vergara

After two consecutive years of decline, investment is preparing for a more favorable wind in 2025, which could allow it to recover and perhaps strongly.

Although 2024 is not yet over, the Central Bank anticipated in its September Monetary Policy Report (IPoM) an annual decrease of 0.8% in Gross Fixed Capital Formation (GFCF), an indicator of investment trends, adding to the 1.1% decline in 2023. A similar situation occurred in 2016-2017.

Next year, however, the scenario is expected to return to positive figures. In fact, the Central Bank projected an annual expansion of 5.1% in its latest IPoM, while the Ministry of Finance, in its third-quarter Public Finance Report (IFP), forecast an annual increase of 5.9%. Should either of these predictions materialize, it would be the largest increase since 2021 (16%).

Favorable winds

But what does the market say? Among the most optimistic is Scotiabank Chile. While forecasting a 1.5% decline in GFCF for the current year, the team led by economist Jorge Selaive expects a rise of between 6% and 8% in 2025.

The key drivers of this result will be the private and public mining sector, followed by the energy sector, according to the bank.

In the case of mining, several projects have already started, with disbursements beginning in this last quarter and a peak expected in 2026. In energy, investments are estimated at around USD 1.5 billion, according to Scotia. In fact, the Chilean Association of Engineering Consulting Firms (AIC) has already noted an increase in consulting hours for detailed engineering and prefeasibility studies. Additionally, mining-related companies have a high demand for work, confirmed its past president, Iván Rayo.

Credicorp Capital also aligns with a strong 2025 for mining and energy, expecting a GFCF rebound of between 5% and 6%. The approval of the mining royalty is influencing mining investment performance, explained their chief economist for Chile, Samuel Carrasco.

However, for other sectors, investors will continue weighing the likelihood of a political shift and a more market-friendly administration, Carrasco added, warning that "non-mining investment has shown stagnation for several years."

César Guzmán, macroeconomics manager at Inversiones Security, projected a 5.3% investment increase in 2025, "which implicitly reflects an improvement in the level of local uncertainty, currently at elevated levels."

Meanwhile, Santander expects growth above 5%, partly due to fewer financial restrictions and the launch of major mining projects.

On the other hand, EuroAmerica's chief economist, Felipe Alarcón, predicts a 4.5% increase driven by a rebound in machinery and equipment, while Fynsa's chief economist, Nathan Pincheira, forecasts a 4.3% rise influenced by production maintenance activities.

Despite these positive numbers, some agents remain cautious about investment growth in the coming year.

Coopeuch, for instance, anticipates only a 2.1% annual rebound. "Non-mining investment would remain weak in 2025, in line with depressed confidence levels and a lagging credit market," said their chief economist, Felipe Ramírez.

External financial tightening due to Donald Trump's re-election and Chile's upcoming presidential elections, which could delay some investments until resolved, are also not helping, Ramírez added.

A Judicial Precedent for the Karin Law

Opinion By Óscar Olivares

diarioestrategia.cl

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Mr. Director,

In recent days, we have witnessed an intense debate centered around the recent ruling by the Santiago Court of Appeals (dated November 11, 2024), which accepted a labor nullity appeal filed by BHP against the verdict issued by the First Labor Court of Santiago. This initial ruling had condemned the company to compensate a worker dismissed for sexual harassment.

The Santiago Court of Appeals overturned the lower court's decision, declaring the dismissal justified on the grounds that, regardless of the workplace location, "the conduct exhibited by the plaintiff constitutes an act of sexual harassment—an aggression by one coworker against another, who has been affected and whose dignity has been undermined by this improper, unwanted, and clearly non-consensual approach."

What is noteworthy about this judicial decision is its sanctioning of sexually inappropriate conduct occurring outside the workplace. Thus, this ruling represents a significant judicial precedent for the application and interpretation of the Karin Law, offering guidelines for resolving future cases of mistreatment against women occurring in extralaboral contexts.

Óscar Olivares

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Mining Sector Urges Authorities to Take Immediate Action Following New Mine Robbery

MINING. Industry leaders emphasize the need for public-private collaboration to tackle this issue. The Regional Presidential Delegation has expressed its willingness to cooperate.

MERCURIO DE ANTOFAGASTA
DECEMBER 4, 2024

A violent robbery at Minera Michilla in the early hours of Monday, in which a gang of at least ten criminals overpowered and isolated workers before stealing more than 12 tons of copper valued at \$100 million, has reignited concerns in the mining sector over such crimes, which have become increasingly frequent in the region over recent years.

In response, industry representatives have called on authorities to implement concrete measures to address this growing issue.

Notably, past criminal incidents include 39 robberies in 2022 targeting the Antofagasta-Bolivia Railway (FCAB), and repeated thefts at Minera Guanaco near Taltal. One of the most severe incidents occurred in August 2022, when six individuals tied up security guards, injured one, and made off with 500 ounces of gold valued at over 700 million pesos.

While Chile produces 5.6 million metric tons of copper annually, and these thefts may seem minor in scale, they are extremely lucrative. In 2021, Chile exported \$53.424 billion worth of copper, meaning even a 1% loss equates to approximately \$530 million.

MINING SECTOR CONCERNS

Cristián Argandoña, Vice President of the National Mining Society (Sonami), expressed deep concern over the situation, which he described as becoming "routine."

"Our criticism stems from the fact that there must be an illegal market facilitating this. While mining companies are rigorously monitored and regulated, it's inexplicable how such large quantities of stolen copper can exit undetected. The prosecution's efforts have been inefficient in this regard," Argandoña stated.

He added that companies have been forced to invest heavily in security measures, including alarms, perimeter fences, nighttime patrols, and drone surveillance.

"This allows us to detect criminal organizations approaching mining sites, particularly at night and on weekends, and alert nearby law enforcement authorities early on," he said.

Argandoña also stressed the urgency for authorities to establish intelligence teams to prevent these criminal activities.

Patricio Céspedes, President of the Antofagasta Mining Association (AGREMA), highlighted that this is a nationwide problem, with remote plants being attacked by gangs of up to 20 individuals arriving in trucks and threatening workers with firearms. He emphasized the need for concrete governmental action.

"Despite numerous discussions with authorities, the issue has not been taken seriously. The focus on protecting small and medium-sized companies has waned, and even smaller firms are losing compressors and drilling machines. This is becoming commonplace, and the authorities are not responding," Céspedes emphasized.

He pointed out that Antofagasta has yet to establish a dedicated task force with authorities to safeguard infrastructure for small and medium-sized miners, underscoring the need for immediate action.

Fernando Cortez, General Manager of the Antofagasta Industrial Association (AIA), called the Minera Michilla robbery a "serious" incident and reaffirmed the importance of consolidating a robust public-private effort to combat crime and insecurity in the mining sector.

"In La Negra Industrial District, this is a particularly severe issue. Small, medium, and large companies have voiced their concerns. It's time to launch a significant public-private initiative, taking advantage of the new administration, to develop a strategy against thefts and assaults and address security more effectively," Cortez said.

REGIONAL PRESIDENTIAL DELEGATION RESPONSE

Regional Presidential Delegate Karen Behrens described the Michilla incident as severe, given the potential risks faced by the workers. She highlighted the ongoing *Security and Mining Task Force* initiative.

She also noted that copper and copper cathode thefts are prioritized by the Organized Crime Council and are being addressed inter-institutionally.

Behrens added that the government has made strides in various security areas, including the implementation of Law 21.659 concerning private security.

"Private security in strategic companies must be tackled collaboratively, and we are open to cooperation. Some companies that filed protective orders have not implemented security measures as mandated, preventing law enforcement from inspecting their systems or coordinating security efforts with them," Behrens concluded.

Chuqui Begins Early Negotiations with Its Five Unions

INVOLVES 3,500 WORKERS

Mercurio de Calama
December 3, 2024

Early collective bargaining negotiations between the administration of Codelco's Chuquicamata division and the five unions—Syndicates 1, 2, 5, Chuquicamata, and Minero—kicked off yesterday at different times at the El Peuco Sports and Recreation Complex (CDR). Together, these unions represent approximately 3,500 members. These negotiations, expected to last at least two weeks, are seen as a strategic effort by Codelco. "These early collective bargaining negotiations reflect Chuquicamata's team spirit and commitment to building partnerships that support the division's immediate challenges through participation, dialogue, and collaborative work, with the shared goal of making this mining business more profitable and sustainable," stated a representative from Codelco.

Yasna Barraza, president of Syndicate No. 5, emphasized her union's longstanding commitment to open dialogue and mutual understanding with the company. "Today, we begin a new collective bargaining process, and we hope our requests and proposed improvements will be considered and approved to benefit our members," she said. Barraza also urged union members to remain vigilant and stay informed through the official communication channels of Syndicate No. 5 throughout the negotiation process.

Kinross Announces Plan to Extend La Coipa Mine's Lifespan Until 2040

MINING. The initiative will maintain the current water consumption rate of 66 liters per second, equivalent to 4% of the authorized water rights.

DIARIO DE ATACAMA
DECEMBER 4, 2024

Kinross has unveiled plans to extend the operational life of the La Coipa mine through a new project set to be submitted for Environmental Impact Assessment (EIA) in early 2025. This initiative aims to maintain current water usage levels and preserve 2,500 jobs in the Atacama region.

During a presentation of the project, the company confirmed that water consumption would remain at 66 liters per second, representing 4% of the total authorized water rights. "Although the project is still finalizing its environmental impact study, identifying potential impacts and corresponding mitigation measures, responsible water use has been a fundamental pillar from the outset. Our goal is to build a sustainable initiative that respects the environment and addresses community concerns," said Rodrigo Gomides, Vice President and General Manager of Kinross Chile.

The project will be submitted to Chile's Environmental Impact Assessment System (SEIA) in the first half of 2025. If approved, it would extend the operational life of La Coipa and the nearby Purén site beyond 2040, securing 2,500 jobs in Atacama. "These jobs are rotated, and we need to ensure that young people from the region can join La Coipa. This is deeply tied to how the industry creates opportunities in the community," stated Patricio Pinto, Kinross's Director of External Affairs.

Community Engagement and Indigenous Collaboration

To foster dialogue with authorities and local residents in Copiapó, Kinross will launch an early citizen participation process. According to the company, this initiative has been developed in collaboration with indigenous communities, specifically the Colla people, who have contributed to baseline studies, including human, flora, and fauna assessments. "This project has been socialized with the community well before entering the environmental impact system," Pinto emphasized during the project's launch.

In December, Kinross will present the initiative across various locations in Copiapó. During the week of December 16, presentations will be held at Paipote facilities, Kaukari Park, and Copiapó Mall, offering the community an engaging way to learn about the project and the company's future. "We want the community to understand the project details in a more interactive manner," Pinto added.

Kinross's Other Projects in Atacama

Kinross currently has three projects in the Atacama region: La Coipa, the gold deposit Lobo-Marte, and Maricunga.

Lobo-Marte is expected to enter the environmental impact evaluation process in the second half of next year.

This fully new project is intended to begin operations once La Coipa's lifespan concludes.

Regarding Maricunga, which has been inactive for several years following a Supreme Court ruling upholding the closure of its wells by the Second Environmental Tribunal, Kinross is exploring potential reopening options. "We are studying alternatives to reopen Maricunga in full compliance with legal and environmental regulations," Pinto confirmed.

The company highlighted La Coipa's significant role in gold extraction and processing in the region, underlining its importance to Atacama's mining landscape.