

Projects under Indigenous Consultation in the SEIA Amount to \$12.956 Billion and Average 614 Days of Evaluation

Indigenous consultation procedures have emerged as a key tool for communities and a significant challenge for companies. According to the Environmental Assessment Service, 24 initiatives currently face such processes, with an average processing time of 614 days.

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Author: Leonardo Cárdenas.

The Indigenous Peoples Consultation Process (PCPI) for the Environmental Impact Assessment (EIA) of the "San Antonio Outer Port" project, driven by Empresa Portuaria San Antonio, began on February 26, 2021. The project, which involves an investment of \$3.5 billion, was submitted to the Environmental Impact Assessment System (SEIA) on April 30, 2020. It is part of a group of 24 projects currently undergoing indigenous consultation in compliance with ILO Convention No. 169, with a combined total investment of \$12.956 billion.

To date, the PCPI for these projects averages 614 days of processing. Other major initiatives include Codelco's DMH Future Development (\$2.5 billion), the HVDC Kimal-Lo Aguirre Electric Transmission Line by Conexión Kimal Lo Aguirre (\$1.48 billion), and the Zaldívar Mining Company's Life Extension with Water Transition (\$1.2 billion).

The Environmental Assessment Service (SEA), led by attorney Valentina Durán, states that consultations with indigenous peoples are based on ILO Convention No. 169, which has been in effect in Chile since 2009, and that any modifications to the process are outside their jurisdiction. The SEA has handled 24 ongoing processes and 65 completed ones, with records available to the public via the SEA's citizen participation portal.

Indigenous consultation procedures have become essential tools for communities and a significant challenge for companies and environmental law specialists. While companies aim to expedite investment project approvals, indigenous communities, supported by legal counsel, have shown increasing empowerment in defending their cultural and territorial rights.

An example is the complaint from the Diaguita Araya-Araya group, which reported that parts of the expansion works of the railway project by Empresa de Ferrocarriles del

Estado (EFE), designed to connect Valparaíso with La Calera, affect locations used for traditional ceremonies.

Paulina Riquelme, President of the Climate Change and Sustainable Development Commission of the Confederation of Production and Commerce (CPC), highlights that one of the main issues in indigenous consultation processes is constructing indigenous human environment baselines.

"One issue authorities should address is the primary-source indigenous human environment baselines. Some indigenous communities, not all, but those with legal advisors, charge for interviews or require the purchase of existing baselines. If you don't comply, you cannot build your baseline," explains Riquelme.

She notes this can create significant barriers for investment projects. "It's challenging because it can create gridlocks. Either you pay, or the project doesn't progress," she adds, founder of EeLaw.

Former Environment Minister Javier Naranjo expressed concern over potential fees for interviews. "Personally, I'm unaware of such charges, but if true, it is serious. It would constitute extortion to develop an EIA or DIA, undermining the legal order and certainty Chile needs for development."

Conversely, Alonso Barros, a lawyer and mediator between Albemarle and the Atacameños Peoples Council, disagrees. "Communities don't need to resort to coercion if they can negotiate agreements directly with the SEA," he says, referring to the ability of the Environmental Assessment System to establish formal agreements to mitigate project impacts.

Barros emphasizes the positive outcomes of such negotiations, which can lead to substantial benefits for communities, including environmental monitoring programs, infrastructure, and social development. "I've seen companies fund schools for children with special needs before presenting an Environmental Impact Assessment. This isn't just about money transfers; it's about building genuine relationships between communities and companies," he remarks.

Ezio Costa, Executive Director of NGO FIMA, comments on whether communities charging for interviews in consultation processes is valid. "Ideally, these activities should be voluntary, and if costs arise, the interested party should cover them. I haven't seen charges for interviews, but I've witnessed persistent approaches bordering on harassment to obtain community interviews. Both scenarios undermine the voluntary nature of the process."

Costa concludes, "Dialogue with indigenous peoples should adhere to international standards, ensuring free, prior, and informed consent. Recognizing this standard could streamline processes, allowing indigenous peoples to outright withhold consent, thus

avoiding protracted processes that yield misleading outcomes and delay project approvals or rejections."

The Deal

Lithium Expert Predicts an Upward Cycle in the Future Despite Price Volatility

Joe Lowry of Global Lithium, better known as "Mr. Lithium," analyzes the market and foresees the entry of new players, such as mining companies or even oil giants.

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By: Carolina Lathrop

With thirty years of experience working in the United States, China, Japan, and advising lithium companies worldwide, Joe Lowry, known as Mr. Lithium, has become a respected voice in the industry. In an interview with *Señal DF*, the founder of the consultancy firm Global Lithium shares his insights on market behavior and his perspective on companies in the sector.

On the decline in lithium prices, he stresses that the current situation is part of a recurring cycle. "This industry tends to swing from euphoria to depression," he says.

As such, he predicts that while the industry is currently in a downturn with high price volatility expected next year, the future points to an upward cycle due to insufficient investment and the need to meet demand, growing from the current 1 million tons to 3 million tons by 2030. By late 2026, he estimates the price of lithium carbonate will exceed \$15,000 per ton, potentially reaching \$20,000.

Q: How will companies deal with this new reality of low prices?

"We've already seen several players shutting down. Most lithium companies won't make significant investments until there is more price certainty. This opens opportunities for companies like Rio Tinto, which acquired Arcadium. Until now, we hadn't seen a major mining company with resources and a long-term vision enter the market. Companies with substantial capital, such as Exxon, Equinor, or Occidental, could also enter and even buy out the entire industry if they chose to. The coming years will be interesting, but Rio Tinto's entry shows that the lithium industry is no longer hostage to mid-sized or junior companies struggling for financing or poorly managed firms forced to cut costs whenever prices drop."

Q: How do you see Argentina's role in this scenario?

"Argentina has significant lithium assets but lacks infrastructure and water, which has always been a barrier. Over time, I believe these challenges will be overcome, and its

growth will outpace any other lithium region worldwide over the next 5-7 years. If Milei can remain in leadership for several years and attract investment, Argentina will surpass Chile as the top contender."

Lithium Companies in Chile

Q: What is your perspective on SQM, which announced over a 70% drop in earnings due to lower prices in the third quarter?

"Their strategy is too focused on short-term prices rather than long-term contracts, leaving them highly exposed to spot price fluctuations. SQM's issues are structural. Their situation with Codelco, where they lost their position in the Salar de Atacama, will eventually relegate them to a minority stakeholder. Additionally, their Australian strategy is a long-term loser due to high costs and a lack of focus, as they are not experts in hard rock mining. That's why I don't think SQM will maintain its leadership position in the future."

Q: Do you see the situation with Codelco as a risk for SQM?

"I think they are losing control. There are still five years before they have to hand over operations, and things could change. However, this is part of Chile's current culture, which has embraced a 'woke' ideology with notions like 'lithium for the people.' The political leadership lacks understanding of lithium but insists on Direct Lithium Extraction (DLE) despite no commercial full-scale DLE operations anywhere in the world."

Q: Why do you think SQM's Australian investment is a bad move?

"The project is a joint venture with Wesfarmers to exploit the Mount Holland lithium mine, making them a high-cost producer. No one has been successful there. Chinese firms have struggled, Albemarle's Kemerton hydroxide project has also faced challenges, and we'll see what happens with SQM. They lack expertise in Australian chemistry. If you're a brine expert, why not focus on South America, where they have experience and good projects in Chile?"

Q: Does SQM have a competitive advantage in Australia?

"I'd say no. They should have stayed in South America or focused on further developing brine extraction. If they continue down this path, SQM will no longer be the world's second-largest lithium company within five years. They'll benefit from the next upward price cycle, but their long-term prospects are uncertain due to structural and strategic issues."

Q: What is your assessment of Albemarle's strategy of cost-cutting and focusing on operations?

"Albemarle is the worst-managed of the major lithium companies. They need a new CEO and a revamped board. They own two of the best lithium assets globally—Greenbushes and Atacama—yet lack the efficiency to capitalize on these. In a downturn, companies with solid finances should invest for the long term. Albemarle, due to mismanagement, isn't in a position to do so."

Q: Will the new strategy announced by the CEO make a difference?

"It's not a strategy; it's just cost-cutting. A well-managed company would have the financial strength to make necessary investments during a downturn. Instead, Albemarle has retreated, unlike Chinese firm Ganfeng, which is advancing multiple projects globally despite low prices."

Q: What role do you see for China in the industry?

"China has been a success story after 25 years of effort and investment. It will continue dominating the battery market and EV supply chain for at least the next decade. The question is whether North America and Europe will become significant players in the long term. North America has potential, but Europe may have to capitulate and partner with China."

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