

# Codelco's Alternatives to Finance \$35 Billion Investment Plan Through 2033

The state-owned company indicates that meeting its production goals will require “supplementing internal resources with market support.” Experts highlight risks for the copper giant due to its likely increased debt load.

**Diario Financiero, December 9, 2024**  
**By Patricia Marchett**

Codelco is preparing to invest \$35 billion over the next decade, marking a 53% increase in spending on copper mining as it tackles the challenge of recovering production in its structural projects while managing financial constraints.

To fund its portfolio, Codelco has several options, though not without risks, experts note.

According to Cochilco's report “Investment in Chilean Mining: Project Portfolio 2024-2033”, \$20.433 billion of the total will be allocated to initiatives through 2028, mostly for replacements due to declining ore grades and operational challenges.

Compared to 2023, Codelco's capital requirements have risen by \$7.527 billion, earmarked for operational and structural projects. Of this, structural project investments alone increased by \$3.659 billion compared to the previous year.

Considering the company's \$541 million loss in 2023—expected to improve by the end of 2024—and its net debt exceeding \$20 billion, with \$800 million in annual interest payments, the question arises: how will Codelco fund its investment plan?

When asked by *Diario Financiero*, the company replied: “Codelco has various internal financing sources, including depreciation and amortization, the possibility of deferring taxes, and the retention of 30% of profits announced by the government for 2021-2024.”

The company added that the challenge of extending the lifespan of its mines and reaching 1.7 million tons of annual production by 2030 “requires us to supplement our internal sources with support from the markets.”

“The amount of this financing will depend on factors such as copper price trends, operational results, future state support, and project progress, which we reevaluate annually in our budgets to safeguard the corporation's financial sustainability,” Codelco explained.

## Alternatives and Risks

Regarding depreciation and retaining 30% of profits, Gustavo Lagos, a professor at PUC, commented that while these are options, “they won't be sufficient.”

In this context, Juan Carlos Guajardo, director of Plusmining, pointed out that as of September, accumulated depreciation had reached over \$1.6 billion. “Debt remains the most likely avenue for Codelco to cover its financing needs, and thus, it's probable that its debt will continue to grow,” Guajardo said.

He noted that Codelco's financial debt—including bonds and loans—totaled \$21.34 billion by September 2024, up from \$19.549 billion at the end of 2023. The most recent issuance was a \$1.5 billion, 12-year bond in January.

Regarding the potential increase in debt, Lagos criticized that “Codelco's debt fundamentally stems from the Treasury not reinvesting in the company since 1976. It's an ideological, structural issue for the country and most developing nations with state-owned companies—not a Codelco-specific problem.”

Lagos also suggested that the company could turn to sovereign wealth funds, such as those in Norway or Saudi Arabia.

“The situation is complex, and this government won't resolve it (...), but the next one might reach a political agreement to attract sovereign wealth funds from other countries,” he said.

To understand the pressure that greater debt would place on Codelco's financial structure, Guajardo emphasized the importance of evaluating the sustainability of the debt level and its standing compared to other companies in the sector.

According to Plusmining, Codelco had a net debt-to-Ebitda ratio of 10.5x in the first half of 2024, surpassing First Quantum (9.7x) and MMG (7.8x), the next two companies in the ranking. Guajardo added, “Analyzing the evolution of total debt since the early 2010s, a persistent increase is evident, reaching relatively high levels.”

One of the main risks experts foresee is a downgrade in Codelco's credit rating. Moody's and Fitch lowered the company's rating at the end of 2023, and Feller Rate followed suit in October 2024.

“This adjustment reflects market concerns about the company’s ability to manage its debt. Recovering production and keeping debt levels under control will be critical factors in future evaluations,” Guajardo noted. Regarding the rising cost of Codelco’s debt, Guajardo estimated that for every \$100 million in additional debt, financial expenses would increase by approximately \$4.3 million.

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**12 YEARS:** THE TERM OF THE BOND ISSUED BY CODELCO EARLIER THIS YEAR  
**\$4 BILLION PER YEAR:** CODELCO’S AVERAGE ANNUAL INVESTMENT PLAN

# Opening to Private Companies: Court Upholds Aymara Community's Appeal to Participate in Indigenous Consultation for Coipasa Salt Flat

The Ancovinto community filed a legal appeal against the Ministry of Mining over the call for consultation to grant a permit for lithium extraction in the salt flat, where the Errázuriz group holds a leading position. While they accuse an inexcusable omission in the resolution initiating the process, the Court of Appeals in Iquique did not grant the requested suspension of the proceedings. The Ministry of Mining claims they contacted the community and invited them to participate.

**Pulso, Monday, December 9**  
**By Víctor Guillou**

The process of opening salt flats to private companies for lithium extraction, initiated by the Ministry of Mining, has encountered its first hurdle. One of the three indigenous consultations mandated by the ministry, concerning the Coipasa Salt Flat located at 3,700 meters above sea level in Colchane, Tarapacá Region, is under scrutiny. On Thursday, the Court of Appeals in Iquique accepted a protection appeal filed by the Aymara community of Ancovinto against the Ministries of Mining and Social Development. The appeal alleges serious errors and omissions in the decree convening the indigenous consultation for granting a Special Lithium Operation Contract (CEOL) for the deposit, situated near the Chile-Bolivia border.

The Errázuriz group's SCM Copiapó has a competitive edge in the simplified procedure—or fast track—for securing the permit, as it controls 87% of the area designated by the government for a lithium project. This exceeds the 80% threshold set by the government. Additionally, SCM Copiapó has an agreement with Lithium Chile, which owns another 11,300 hectares in the region.

Joel Gómez Mamani, president of the Ancovinto community, submitted the appeal, claiming that the exempt resolution 2748, dated October 25, 2024, and published in the official gazette on November 4, excluded the community "illegally and arbitrarily," violating the principle of equality before the law.

"The Ancovinto community is in an identical legal and territorial situation and is significantly affected, as the CEOL's delineation overlaps a substantial portion of Ancovinto territory, which is used for the subsistence of its families," the appeal stated.

The Ministry of Mining's resolution to initiate the indigenous consultation included six communities: Central Citani Aymara Indigenous Community, Colchane Aymara Indigenous Community, Pisiga Carpa Indigenous Community, Pisiga Choque Aymara Indigenous Community, Pisiga Carpa Aymara Indigenous Community, and Colchane Andino No. 2 Aymara Indigenous Community.

According to the administrative act, this list was provided by the National Corporation for Indigenous Development (Conadi) at the Ministry of Mining's request and was based on the National Registry of Indigenous Associations and Communities.

In their legal filing, Ancovinto claimed to have valid legal standing and argued that the omissions by the involved public agencies "disrupt, deprive, and threaten the fundamental rights of the people living in the area," particularly their rights to mental integrity, a clean environment, and equality before the law.

Gómez Mamani stated that "our community has been excluded from the list of those affected by the CEOL, despite a third of its territory falling within the CEOL's perimeter."

"This exclusion is an inexplicable omission by the state, as it overlooks one of the most, if not the most, impacted communities by the lithium exploration, exploitation, and development in the Coipasa Salt Flat," he added.

The community also requested a suspension of the administrative acts initiating the process. However, the Court of Appeals in Iquique denied this request.

**First Consultation Meeting Scheduled**

The Ministry of Mining has already scheduled the first meeting in the planning phase of the indigenous consultation for December 17 at 6:00 PM. The meeting will take place at the Nueva Esperanza Neighborhood Council headquarters in Alto Hospicio.

The meeting announcement was published in local media, including newspapers and radio stations. The ministry, led by Aurora Williams, stated that "as part of preliminary engagement, the Ministry of Mining contacted territorial communities to inform them of the consultation's initiation, including the Ancovinto community, which was also formally invited via certified letter in accordance with current regulations."

Although Ancovinto is not listed among the six communities identified by Conadi to begin the consultation, the ministry emphasized that the community is still welcome to attend the first meeting.

# The Texan entrepreneur aiming to launch a multimillion-dollar green ammonia project in Mejillones

James Calaway, who began developing the first private space station in the U.S. during the 1980s, is now pursuing an ambitious green ammonia venture in the Antofagasta region, valued at USD 2.5 billion. Two weeks ago, he visited Chile, meeting with Minister Marcel, energy industry executives, and even former President Eduardo Frei Ruiz-Tagle. He pioneered a major lithium deposit in Argentina and is now leading the largest "white gold" operation in the United States. Some call him a "moral miner," others the entrepreneur who can save the iPhone. He, however, avoids labels.

**DF Más. December 8, 2024.**

**By Mateo Navas.**

James Calaway, 67, is a man of contrasts. On one hand, he is a quintessential Texan: the son of a legendary oilman, he drives a tractor and owns a sprawling ranch near Houston. On the other hand, he owns a Tesla, believes in climate change, and distances himself from Donald Trump's upcoming government. "I'm somewhat pessimistic about the U.S. right now. Not everything will be bad, but it won't be very good," he told a group of Chilean entrepreneurs and executives two weeks ago at an exclusive event at El Golf 50, in Las Condes. Not only that, during the same meeting, he stated that although he used to be a fan of Elon Musk, he wouldn't buy another Tesla: "He's the most enigmatic person I've ever tried to understand. He's a genius, clearly, and the richest man in the world. Thankfully, he's launched rockets and undertaken all sorts of wild projects, but he seems to be a cryptic thinker with peculiar views about the world's future that need careful scrutiny given his newfound influence."

The reference to the founder of SpaceX and Starlink is not coincidental: like Musk, but 40 years earlier, James Calaway also wanted to send humans into space. In 1981, he co-founded Space Industries Incorporated alongside Max Faget, a prominent NASA engineer. The company developed the first private space station in the U.S. Everything was on track: they raised capital and lobbied the U.S. government to become a key tenant of the project. In 1988, the Reagan Administration requested \$700 million in the annual budget to participate, but Congress rejected the proposal, and the station was never built.

"It was a great disappointment for me," Calaway recalls to DF Más, sitting in a conference room at MAE, the company he founded and chairs, now aiming to establish a green ammonia project in Mejillones, in the Antofagasta region.

## In Search of Kuwait

Despite the setback with Reagan's administration, Space Industries diversified. "We pivoted because we had 200 engineers working on this and ended up building many things that went to space. Ultimately, we sold the company to Martin Marietta Corporation for a significant amount of money."

This was the first of many successful ventures Calaway achieved. Since then, he has founded and led various companies. For instance, he helped develop the software company Forefront Group, which later went public with an IPO valued at \$160 million. Then, he joined his twin brother John at Edge Petroleum, which also went public on Nasdaq.

But those years, seemingly filled with success and wealth, were complicated, he says: "I lost part of my purpose in life."

In 2007, things changed. He first encountered the concept of vehicle electrification and was fascinated by the idea of creating cars powered by electricity. Initially, he thought about founding an electric vehicle company like Tesla. "But I couldn't go that far," he admits. He then shifted to batteries but also faced challenges. Finally, he

zeroed in on what all these industries had in common. “What they all needed was a lot, a lot of lithium,” he recalls.

To that end, he hired three experts in the field. He told them: “I know where the Saudi Arabia of lithium is: the Atacama Salt Flat. I want to find Kuwait.” Calaway referred to an emerging and secondary player in lithium development, akin to Kuwait in the oil sector. That led them to Argentina.

“A small public Australian company called Orocobre had drilled two 30-meter holes in the Olaroz Salt Flat in Argentina. They had to report the water chemistry from these holes as they were a public company. The day before the announcement, the firm’s value was \$27 million. The day after, it was the same. No one noticed. My team, upon seeing this, were astonished. They said, ‘We don’t know much about this salt flat; there might be issues, but the chemistry is fantastic.’”

That was all Calaway needed. “I called Orocobre’s CEO and met with him at the first International Lithium Conference held in Santiago. I said: ‘I want to buy as many shares of your company as you can sell. Also, I want to be your chairman. Let’s build this company together.’ Eventually, he agreed to sell me 15% of the firm because that’s what he could do without requiring shareholder approval in Australia.”

From \$27 million, Calaway says, Orocobre’s value reached \$2.5 billion. But it wasn’t an easy journey: “I practically lived in Argentina dealing with the crazy Kirchneristas. It was a terrible time.” Nevertheless, it became one of the region’s leading lithium deposits.

## **Argentina, the U.S., and Chile**

After selling his stake in Orocobre, Calaway retired. However, that retirement lasted only a few months. In 2016, he got a call from an American entrepreneur developing a lithium project in Nevada, inviting him as an investor. He accepted.

That was eight years ago, and only five weeks ago, they received final approval to begin construction in the U.S. “Everyone in Chile talks about how terrible it is to get permits, but this is a universal issue,” Calaway notes. “The problem with permits is they create existential risks for companies because if you don’t get them, no matter how good your idea or investment is, you’re doomed.”

If successful, Loneer will be a \$1.5 billion project that will “quadruple U.S. lithium production.” Forbes, in its April edition, dubbed him “the miner who could save the iPhone’s future,” due to the high concentration of “white gold” at the site.

While working on Loneer, Calaway had another idea: developing a green hydrogen and ammonia project in Chile. He began collaborating with Chilean engineer Gonzalo Moyano, whom he had met through another solar energy project.

Unlike most of the industry, which focused on Magallanes, they chose Mejillones, recognizing its existing ammonia industry and robust infrastructure.

## **USD 2.5 Billion**

They started working four years ago, and the project began to take shape in 2023. The company was named MAE (Mejillones Ammonia Energy), and the project is called Volta. In February, after three years of technical and environmental studies, they submitted the Environmental Impact Study (EIA) to the Environmental Impact Assessment System (SEIA).

The project involves constructing a green hydrogen plant as an intermediate input for producing green ammonia. So far, estimates are on track: the first shipments of green ammonia are expected in 2027 and will target both local and international markets.

It is projected that, at full capacity, the green ammonia plant will contribute to reducing over 1 million tons of CO<sub>2</sub> emissions per year—equivalent to the pollution from more than 200,000 internal combustion vehicles annually. Additionally, the project involves an investment of over USD 2.5 billion, generating approximately 1,700 jobs during the construction phase and around 500 direct and indirect jobs during full operation.

They have already received their first round of questions from SEIA. “Part of the success in project approval is listening to people. Many times, they don’t understand something or have concerns. So, we try to listen a lot,” Calaway says.

He adds, “We have worked very hard to ensure the community has enough simulations to understand how safe it is.”

During his visit to Chile in mid-November, Calaway participated in various events and maintained a busy schedule of meetings. He met with former President Eduardo Frei Ruiz-Tagle, the Minister of Energy Diego Pardow, and the Minister of Finance Mario Marcel. “I’ve been very impressed by how kind they’ve been to me, genuinely listening and paying attention to some of the things we have to say.”

What is your perspective on Chile as a place to do business?

"I've been doing business here for 13 consecutive years. Obviously, I think it's a place to do business. The capital markets are very efficient at risk allocation, and they don't set particularly high premiums for Chile. If you go to Argentina, you'll pay two or three times the amount of capital. That said, I think Chile, like any country, needs to continue working on improving the security of permits and timelines. The energy transition will be highly intensive. It won't be easy and will require us to produce a lot of things. And you are in a unique position: but to achieve this, efforts must be focused in that direction."

Calaway concludes: "Part of the magic is that Chile has the best wind and solar energy on the planet. The reason I knew how good Atacama was is because I asked why all the astronomical telescopes were there. And it's because there's almost no humidity, so the amount of radiation per square meter is extraordinary. It's like Saudi Arabia's oil—something gifted by nature. The Saudis didn't do anything; they just said, 'We have the cheapest oil in the world,' and capitalized on it. I believe Chile can do the same. Maybe I'm wrong, but what I'm trying to do right now—and the reason I'm putting my money into this company—is because I think Chile will be essential for synthetic materials derived from wind and solar energy."

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# Mining Company Sued by the State for Aquifer Damage Seeks Alternative Water Source to Avoid Closure

With around 4,000 employees, the Zaldívar mining company has been sued by the State for environmental damage to the Montarqui-Negrillar-Tilopozo aquifer. The company proposes to continue using water from the aquifer for four more years while replenishing it from another aquifer and searching for a definitive solution.

**El Desconcierto. December 6, 2024**

**By: María del Mar Parra**

For "irreparable environmental damage" to the Montarqui-Negrillar-Tilopozo aquifer, which feeds the Atacama Salt Flat, the State Defense Council (CDE) has filed a lawsuit against three mining companies. One of them, Zaldívar Mining, part of the Luksic Group, has submitted a project to continue using the aquifer for four more years while searching for a definitive water source to maintain operations until 2051.

The mining company's proposal involves continuing to use water from the aquifer until 2028 while exploring new water sources to operate from 2029 onwards, allowing operations to continue for 22 more years. Without this plan, the company could face closure in 2025.

To compensate for the aquifer's use, the company offers to reinject an equivalent amount of water from another aquifer in the Neurara sector, where it holds water rights. During these four years, Zaldívar plans to explore alternative water sources, including seawater desalination, as a long-term solution.

This proposal is currently under environmental assessment and an indigenous consultation process to address the concerns of Atacameño communities, who are co-plaintiffs in the State's environmental damage lawsuit.

A recent addendum to the project addresses observations from the public, authorities, and technical agencies, including the proposal to reinject extracted water into the aquifer from another sector.

"Our goal is to achieve the best possible project and secure approval that not only prevents the company's closure next year but allows us to continue operating for another 25 years if conditions permit," said the company's general manager, Leonardo González.

## Damage to the Aquifer

Zaldívar is one of three mining companies sued by the State Defense Council for "irreparable environmental damage" in the Atacama Salt Flat due to water extraction from the aquifer feeding the salt flat.

The CDE's team presented reports from the General Directorate of Water and the Environmental Superintendency, "which verified through on-site inspections the water reduction in the area as a combined effect of extractions by the three mining companies," the CDE explained.

This claim is further supported by a study conducted by researchers from the University of Chile, which describes how the Atacama Salt Flat is sinking by 1 to 2 cm annually due to brine extraction. Researchers warn that this soil compaction reduces the salt flat's ability to retain water, exacerbating the ecosystem's water stress.



## 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.

**Diario Financiero. December 7, 2024**

**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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"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."

# 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.

**Pulso. December 7, 2024.**

**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."