Leader of Historic Escondida Union Criticizes New Union: “It Serves the Company’s Interests”

■ Patricio Tapia, president of Chile’s largest mining union, stated that the company “is determined to weaken us.”

Diario Financiero, December 13, 2024
By Patricia Marchetti

The first interview with Marcelo Fonseca, president of the new Union No. 3 of Minera Escondida, drew sharp reactions from mine workers. Following his testimony to Diario Financiero, where he detailed the union’s origins stemming from divisions caused by the 2017 strike led by Union No. 1, the president of the latter, Patricio Tapia, responded strongly to Fonseca’s remarks.

For Tapia, who has led Chile’s largest private mining union for nearly 12 years, with 2,404 members, Fonseca’s comments are part of what he describes as a “repeated strategy” coordinated with Minera Escondida, which, in his view, has intensified recently.

He highlighted—backed by documents—that the company has been convicted six times for anti-union practices and faces six additional cases. These include charges of illegal strike replacements, violations of good faith principles, and promoting membership in the Intercompany Union, which was previously joined by those who established Union No. 3.

“Unfortunately, the company is determined to weaken our union,” said Tapia, who has worked at BHP’s operations for 35 years. He claimed it was unprecedented for the company to provide transportation and leave for workers to sign the statutes of a new union, as allegedly happened with Fonseca’s group.

“Every worker has the right to choose which union to join, but this is clearly an anti-union operation. The so-called ‘dissidents’ from our organization numbered fewer than 50 workers as of August this year. This group has never gained significant support because workers know it serves the company’s interests. The membership numbers Fonseca celebrates are not real,” Tapia argued.

Regarding the 350 members reportedly affiliated with the new union, Tapia dismissed their legitimacy, claiming that “everything has been designed to artificially bolster this supposed dissent: 300 of these members were excluded from the collective bargaining in August and were steered under the company’s direct influence.”

Fonseca, in his interview, stated that most of the new members joined after “fearing the destructive and aggressive dialogue of Union No. 1.” Tapia denied Fonseca’s claim that he was expelled from Union No. 1, asserting instead that Fonseca resigned voluntarily. Pedro Marín, current secretary of Union No. 3, and eight other dissidents were expelled for breaking ranks during the 2017 strike.

When asked why Union No. 1 had filed legal actions to prevent the dissident group from acting as a negotiating body or intercompany union, Tapia explained, “It’s very simple. This group didn’t meet the quorum required by law to negotiate. The Court of Appeals ruled in our favor and condemned the company for anti-union practices.”

The 61-year-old union leader from Antofagasta also voiced concerns about a series of layoffs that have already been reported. “It seems the company is retaliating for the collective bargaining process—in which workers secured a conflict termination bonus of $30 million—that was unnecessarily contentious. Why didn’t they present the agreement before the strike?”

Regarding Union No. 3, Tapia acknowledged its existence and stated, “We’ll have to coexist with them. We need to look forward.” On the relationship with BHP, he added, “This is like a marriage—we need to find a way to get along, because the way we’re working now isn’t sustainable.” He concluded, “I always say I want my company to do well because that benefits us all, but not at any cost.”

“It seems the company is retaliating for the collective bargaining process,” said the union leader.

Bank of America Lowers Copper Price Forecast for 2025 but Still Sees "Strong Fundamentals"

■ The bank also projected a decrease in lithium carbonate prices from $10,250 per ton to $10,000 in 2025, a 2.4% drop.

Pulso, By Maximiliano Villena

Bank of America (BofA) foresees a world of economic uncertainties in 2025 that could weigh on pro-cyclical commodities. Despite this, the U.S. investment bank highlighted "strong fundamentals" for copper, even as it projects a price decline.

BofA has reduced its copper price forecast for 2025 by 12%, from $4.88 per pound to $4.28, citing the U.S.-China trade dispute, which is expected to increase challenges for most cyclical metals, especially in the first quarter of the year. For 2026, the forecast has been cut by 20%, from $5.44 to $4.88 per pound.

The bank explained that the copper concentrate market is under pressure due to an excess in smelting capacity and limited mine supply. “With few new projects on the horizon, refined copper surpluses are unlikely in the short term. The uncertainty for next year lies in demand, expected to be driven by increased activity in the U.S. and China as well as by the energy transition, leading to a market deficit,” the report stated.

“The Asian country has become much less dependent on the U.S., which should reduce copper demand sensitivity to another trade conflict. At the same time, the U.S.’s direct share in Chinese copper demand has decreased,” the report added.

The analysis also detailed that the copper mining project pipeline has been steadily declining over the past decade as producers have reduced capital expenditures, resulting in less copper ore availability. In 2024, global copper production grew by 0.3%, and an increase of 1.2% is expected in 2025.

According to BofA, “The reduced availability of copper ore, combined with massive investment in smelting capacity, has led to a sharp drop in treatment and refining charges, pushing global smelter utilization rates below 70%.”

The report also pointed out that “a 4% real GDP growth rate requires a 5%-7% annual expansion in power generation capacity just to keep the lights on. Metal demand should remain supported!”

Lithium

Regarding lithium prices, BofA noted that they have been pressured by new supply entering the market, while high-cost and marginal operators have been reluctant to cut production despite exponentially expanding demand. That said, BofA sees 2025 as a turning point for surpluses.

The investment bank projects that lithium carbonate prices will drop from $10,250 per ton to $10,000 in 2025, a 2.4% decrease. Meanwhile, lithium hydroxide prices are expected to decline from $10,625 per ton to $9,500 during the same period, a 10.6% reduction.

BofA reported that global lithium production increased by 33.6% this year and is expected to grow by 27.3% in 2025. On the other hand, lithium demand rose by 29% in 2024 and is projected to grow by 26% next year.

“Electric vehicle manufacturers such as Tesla and BYD have started replacing 12V lead-acid batteries with lithium-ion batteries, but adoption is not widespread due to costs. This trend is evident in China, where electric vehicles now account for nearly 35% of automobile production,” the report explained.

It also noted that electric bicycles, which are very popular in China, are increasingly using lithium-ion batteries (LIB), holding a one-third market share among new bicycles and accounting for 14% of the 350 million bicycles in circulation. Although LIBs offer advantages such as higher energy density and lower weight, China’s Ministry of Industry and Information Technology (MIIT) has raised concerns about their safety.

“Lithium producers have reduced output due to the recent price drop. These cuts are beginning to impact projected surpluses, with 2025 expected to be a turning point. By 2026, the oversupply is expected to decrease, potentially leading to a lithium deficit by 2027,” the report concluded.

Rio Tinto Confirms It Is on the Shortlist to Partner with Codelco at Salar de Maricunga

■ The company's CEO discussed the potential alliance with the state-owned copper giant to develop the so-called Paloma Project.

Diario Financiero, December 13, 2024
By Patricia Marchetti

At Salar de Maricunga, Codelco plans to develop the Paloma Project with an investment of $2.3 billion.
Rio Tinto's CEO, Jakob Stausholm, expressed optimism about the company's plans in Latin America's lithium sector and revealed that the firm is on the shortlist to partner with Codelco at Salar de Maricunga.
This is the second-most promising salar in Chile after Atacama, where the state-owned company is seeking a strategic partner to develop an exploitation project as part of the government's National Lithium Strategy.
"We expect, as a board, to receive proposals from potential candidates for our partnership by the end of the year and, in this way, define who will be Codelco's partner to develop the Maricunga Project during the first quarter of next year," Máximo Pacheco, Codelco's chairman, stated in April.
Stausholm's remarks, reported by Reuters, confirm that Rio Tinto is on the shortlist of interested parties in the so-called Paloma Project (formerly known as Blanco). The project's Phase I is set to begin operations by 2030, with an initial investment of $1.2 billion by the state-owned company. Phase II is planned to start in 2033, also requiring an additional $1.2 billion investment.

Entry into the Sector

Rio Tinto, the world's largest iron producer and the second-largest miner by market capitalization, confirmed in October its acquisition of Arcadium Lithium, Argentina's leading lithium producer, for $6.7 billion. This makes Rio Tinto the only major producer of the white mineral not currently operating in Chile.
Regarding Maricunga, it is worth noting that the selection of a strategic partner is being managed by Rothschild, the investment bank that was expected to finalize the shortlist by the third quarter of this year. Among the major lithium companies interested in partnering with Codelco at the salar are Tianqi, BYD, CATL, Grupo Errázuriz, and Rio Tinto.

At Salar de Maricunga, Codelco plans to develop the Paloma Project with an investment of $2.3 billion.

Workplace Harassment at BHP and Rio Tinto: Class Actions Highlight Toxic Environment in Australian Mining

■ A recent Rio Tinto report revealed that 39% of surveyed workers experienced workplace harassment in the past year.

CRISTIAN RECABARREN ORTIZ
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Accusations of Workplace Harassment in Mining Companies
Two of the world's largest mining companies, BHP and Rio Tinto, are facing serious allegations of fostering hostile work environments in their Australian mining operations.
Class-action lawsuits were filed this Wednesday in Australia's Federal Court, according to Reuters.
The lawsuits allege that both companies deliberately exposed women to high-risk situations and retaliated against those who reported incidents.
Heartbreaking Testimonies and Alarming Patterns
In one lawsuit against Rio Tinto, the lead claimant reported experiencing weekly sexual harassment while working as a security guard.
The allegations include receiving unsolicited explicit messages, videos, and photos from a colleague, including material recorded in her camp room.

Company Responses and Industry Context

BHP issued a statement expressing deep regret over the incidents and offering an unconditional apology to those affected by harassment. The company highlighted a multimillion-dollar investment aimed at improving safety in accommodation camps, according to Bloomberg.
Rio Tinto acknowledged the lawsuits and stated it takes these allegations with the utmost seriousness.
A recent report by Rio Tinto revealed that 39% of surveyed employees experienced workplace harassment over the past year, a significant rise from 31% in 2021.
BHP recorded 417 reports of sexual harassment during the fiscal year ending in June 2024, according to internal documents.
Additionally, 41% of female mining workers reported being treated condescendingly due to their gender, while 34% received offensive sexist remarks questioning their ability to perform the job.
These persistent issues within the Western Australian mining industry were highlighted in a study by the Centre for Transformative Work at Curtin University.

"At times, I didn't report incidents out of fear for my job, career, and personal safety," stated an anonymous Rio Tinto worker.
"These legal actions aim to give a voice to women who have been too afraid to speak out," said Joshua Aylward, a lawyer specializing in mining cases.

Morgan Stanley's Forecast for the Next Three Years:

Gradual Rise in Lithium Prices and Slight Decline in Copper

■ The lower lithium value in 2024 has impacted Chilean producers and state revenues due to reduced royalty payments.

MERCURIO DE SANTIAGO
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A mixed outlook for fiscal revenues: investment bank Morgan Stanley projects a gradual increase in lithium prices over the next three years, while it predicts a slight decline in copper prices, Chile's main export, during the same period.

The U.S. bank forecasts that lithium prices will rebound to $11,125 per ton in 2025, with the recovery from current levels expected to start in the second quarter of that year, according to Valor Futuro.

This is an encouraging signal, given that lithium prices have shown sustained weakness throughout 2024, directly affecting producers operating in Chile and reducing state revenues from royalty payments.

In the third quarter of 2024, the average lithium sales price reached approximately $9,700 per metric ton, a 67.1% drop compared to the average sales price reported for the same period in 2023, according to SQM's latest financial report. The mining company also indicated that this trend would likely continue in the year's final months.

The lower lithium prices have translated into reduced income for the state. For instance, SQM reported paying $318 million to Corfo by the end of the third quarter, a significant drop from $1.728 billion in the same period last year.

Morgan Stanley attributes the expected recovery in lithium prices to current prices being well below the cost curve, with supply cuts accelerating. The bank foresees "a smaller surplus for 2025. Additionally, despite an uncertain outlook for electric vehicles, ESS (energy storage systems) are likely to contribute more to demand in 2025," according to a report sent to its clients.

The firm also noted that high inventory levels have affected demand in 2024, limiting restocking despite record electric vehicle sales in China.

However, "inventories are now down 18% from their peak, providing a better scenario for 2025," the report added.

By the third quarter of 2025, lithium prices are projected to reach $11,500 per ton, climbing to an average of $12,750 per ton in 2026 and $13,000 per ton in 2027.

Opposite Effect

For copper, Morgan Stanley forecasts a slight decline in the average price for 2025 to $4.46 per pound, although this remains higher than the $4.16 per pound expected for 2024.

The bank maintained its 2026 forecast at $4.31 per pound, while its 2027 estimate increased by 3% to $4.42 per pound.

The report noted that "growth in mine and refined copper supply is expected to be lower than initially projected."

COPPER MARKET

The bank anticipates a 190,000-ton deficit in the copper market for 2025, with a more balanced scenario expected in 2026.

Lithium prices are forecast to rebound to $11,125 per ton in 2025.

Chile-Argentina: 25 Years of Mining Integration

Opinión By Ramón Rada Jaman, Manager Ferrostaal.

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To the Editor:

The Treaty of Peace and Friendship between Chile and Argentina recently marked four decades of a strengthened relationship that holds significant economic importance, particularly for the mining sector. Under this treaty's framework, it became possible to establish a sectoral integration instrument that serves as a cornerstone for copper, lithium, and other mineral exploration and exploitation along the border. Additionally, it facilitates synergies that can substantially contribute to the productive economic development of both nations.

In this context, the Mining Integration and Complementation Treaty between Chile and Argentina—signed by Presidents Eduardo Frei and Carlos Menem in 1997—has been a foundational element for executing joint mining activities. This treaty allows for the creation of special operational areas along the shared border, where the boundary can be temporarily redefined to accommodate specific projects.

This agreement, which came into force 25 years ago, deserves equal recognition alongside the Treaty of Peace and Friendship that recently celebrated its 40th anniversary. The reasoning is straightforward: it enables both countries to temporarily adjust their borderlines, establishing operational zones with coordinated border control for entry and exit, facilitating seamless project execution from Chile to Argentina and vice versa.