

The region is set to host the country's largest investment initiatives by 2025

ECONOMY. Both Cochilco's investment initiative report and specific company announcements reveal significant capital injections into the companies operating in this region.

El Mercurio de Antofagasta, December 14, 2024

The industrial activity in the region is experiencing a wave of major investment announcements in the mining and renewable energy sectors. In recent weeks, new and substantial investments have been announced by major companies that are developing or planning projects in the area.

At the beginning of December, the Chilean Copper Commission (Cochilco) released the report *"Investment in Chilean Mining: 2024–2033 Project Portfolio,"* which outlines the initiatives mining companies intend to implement over the next decade. The report lists 51 projects collectively valued at \$83.181 billion, representing a 26.6% increase from the previous year's catalog.

A significant portion of these plans is concentrated in the Antofagasta Region. In fact, Antofagasta accounts for 38% of the total, amounting to \$31.318 billion in investments, according to Claudia Rodríguez, Cochilco's Acting Executive Vice President.

These include the \$7.511 billion expansion of El Abra and an increase in Codelco's investment plan by \$7.527 billion.

Other initiatives, separate from Cochilco's report, have also been announced. For instance, BHP plans to inject resources into Escondida to extend the lifespan of key operational areas and maintain an annual production of 1.1 million metric tons.

In the energy sector, Colbún's Paposo Power Plant—valued at over \$1.4 billion—remains uncertain, while AES Chile has begun discussions with authorities to present an ambitious megaproject near Taltal.

IMPACT

María Teresa Véliz, Regional Secretary of Economy, emphasized that these figures "reflect the follow-up being carried out at the regional level through the Pro-Growth and Employment Cabinets. These are initiatives we have been leading and developing recently, enabling detailed monitoring of investment development to foster economic synergy and employment."

She added, "We are not only addressing these initiatives but also making significant changes to expedite permit processes through the *smart permitting* law. This new legislation aims to reduce permit processing times by 30% to 70%, providing greater investment certainty and promoting Chile as a stable economy."

Fernando Álvarez, Dean of the Faculty of Economics and Administration at UCN, commented, "This investment should significantly impact regional economic activity, with notable effects on job creation."

However, Álvarez pointed out, "These new projects do not always result in substantial local employment, as a large portion of these jobs often go to other regions, increasing regional commuting levels and limiting the local retention of benefits from these investments."

BHP: A Billion-Dollar Investment in Escondida

BHP's operations for the next eight years can be summed up in a single figure: \$14.7 billion. Of this amount, the majority—\$10.8 billion—will be allocated to Escondida, the world's largest copper producer. This investment aims to sustain its current production level of 1.1 million metric tons annually. Projects include extending the life of the Laguna Seca concentrator plant, building a new concentrator plant, and extending the life of Los Colorados plant before its eventual demolition to access higher-grade mineral phases. Additional projects focus on optimizing tailings treatment using proprietary leaching technologies.

The Expansion of El Abra

El Abra, a subsidiary of U.S.-based Freeport-McMoRan, has joined the mining project portfolio with its expansion initiative. This \$7.511 billion investment includes constructing a concentrator plant, a seawater desalination plant, and a desalinated water pumping system. Operations are expected to begin in 2033, following three years of permitting and four years of construction. The project aims to produce 750 million pounds of copper annually and add 20 billion pounds of potential reserves.

Nueva Centinela in Development

Nueva Centinela, poised to extend Minera Centinela's lifespan by at least three decades, is among the region's most significant projects. With an investment of \$4.4 billion, it will employ 13,000 workers at its peak. The first production is anticipated in 2027, boosting annual fine copper production by 144,000 metric tons. It will also require an additional workforce of 1,000 employees, including contractors.

Uncertainty Surrounds Paposo

The Paposo Pumped Storage Power Plant project by Colbún has faced controversy. As Latin America's first closed-circuit desalinated water recirculation energy generation project, it could provide nearly half a million homes with energy from an alternative to solar or wind sources. With a \$1.4 billion investment, the project is currently suspended due to environmental permitting challenges.

AES Chile's Ambitious Plan

Still in its preliminary stages, AES Chile has started presenting its INNA project. Valued at \$10 billion, it involves the production of green hydrogen and ammonia. Construction alone is expected to generate 5,000 jobs at its peak, with 600 workers needed for operation. Located north of Paposo, the project will cover 30,000 hectares of usable land.

Codelco's Investment Plans

Codelco has also expanded its portfolio of industrial projects, increasing its investment plan by \$7.527 billion. This funding will go toward operational and structural projects. This adjustment highlights a recalibration of its capital plans, significantly boosting state mining investment alongside Enami's projects.

Antofagasta Minerals to Present Closure Plan for Minera Zaldívar: "We Hope It Won't Be Necessary to Implement It"

The CEO of the Luksic Group mining company, Iván Arriagada, outlines expectations for 2025, with efforts focused on ensuring the operational continuity of Minera Zaldívar, which employs approximately 4,000 people. "It is critically important that we obtain a response from the authorities," he emphasizes.

Pulso. December 14, 2024.

By Víctor Guillou

The Luksic Group mining company is preparing to become the second-largest investor in Chile's mining sector in 2025, with projected investments ranging between \$3.5 billion and \$3.9 billion. Only Codelco, with \$5 billion allocated for structural projects, would surpass this figure.

What Are Antofagasta Minerals' Priorities? The company aims to continue the Nueva Centinela project, a \$4 billion investment to add a second concentrator to its operation in Sierra Gorda. It also plans to advance the expansion of the Los Pelambres desalination plant and the construction of a new concentrate pipeline. These initiatives, totaling \$2 billion, are expected to take about three years to complete.

Additionally, \$1.2 billion has been allocated for Minera Zaldívar, which employs 4,000 people directly and indirectly. The challenge? Its current permit expires in May 2025.

"Our development plan focuses on completing these two projects while also ensuring the continuity of Minera Zaldívar," says Iván Arriagada, CEO of Antofagasta Minerals.

The company has submitted a second addendum to its project, seeking a temporary permit to continue sourcing water from the current supply. This process began in June 2023, two years before the permit's expiration, although studies had been ongoing prior to submission.

What Are the Chances of Obtaining Environmental Approval (RCA) Before the Deadline?

"Zaldívar has a lifespan until 2050, with a transitional period of three years during which we need to continue sourcing water from the current supply. This will allow us to

connect to our long-term solution, which is still being evaluated—either untreated seawater or an alternative source," Arriagada explains. "This addendum incorporates responses to the authority's comments. We've worked with public agencies to ensure a favorable review. However, we are racing against time—only six months remain until the permit expires, so timely review is crucial."

What Happens if the Permit Isn't Approved Before May?

"There are limited options. If the permit expires, we will have to initiate closure, which we want to avoid. We believe this can be prevented, but we are filing a temporary closure plan with Sernageomin."

When are you submitting it?

-Within the next five days. Evidently, if we reach May without having the permit approved, we will have to take a series of measures outlined in this plan. However, we hope it won't be necessary to implement it. Our goal is precisely to achieve continuity. We have a solid, robust case to continue operating and carry out this transition.

Is Six Months Enough Time to Review the Addendum Changes?

"Yes, because the original permit was submitted in 2023. Several iterations of the project have been evaluated. The authority must adhere to legally established deadlines, and we are closer to meeting environmental requirements."

Was the 2023 Timeline Reasonable?

"Yes, although the permitting system can be more effective and efficient in processing timelines. In this specific case, the permit expires in May 2025. We need to confirm whether obtaining the necessary response within the timeframe is possible. However, we submitted the first continuity permit in 2018, which was reevaluated based on discussions with the authorities. We decided to withdraw it and replace it with a new one that addresses many of the raised issues."

Should the RCA Review Have Been More Expedient?

"Timelier responses to environmental impact studies are always desirable, and there is consensus on this. Proposed reforms to the Environmental Assessment Service and sectoral permitting are steps in the right direction. In this case, significant time has passed. We are now in the final stage, working against the clock, and resolving this before May is critical. We are optimistic this will happen."

Trump's Effect

Arriagada also commented on the company's activities in two other countries: Peru, where it joined Buenaventura a year ago, and the U.S., where it has held the Twin Metals copper, nickel, and cobalt project since 2015, despite facing challenges.

"Peru has always been an attractive mining jurisdiction. Culturally, we share similarities in language and values. We have a team conducting exploration on several targets, and

we are also familiarizing ourselves with Buenaventura's portfolio of operations and projects."

How Is Progress With Buenaventura?

"We've made good progress. We have a cordial working relationship at both the board and management levels. I believe we share a common goal of identifying the best opportunities for Buenaventura's continued growth."

What Are the Expectations for Twin Metals Under Trump's Policies?

"We've worked for several years to develop Twin Metals, but the project has faced setbacks with mining licenses. Given its scale, development will take several years. The newly elected U.S. administration has expressed pro-growth and pro-investment views, which is positive, but we still don't know the specifics of implementation."

Will the New Administration Resolve the Licensing Litigation?

"Yes, there are licenses currently in litigation with the federal government. It's premature to say more, but we'll have to see once the new administration is in place."

The Deal

Two Decades of Iconic Projects That Never Materialized

This week, Dominga dominated the headlines after the First Environmental Court of Antofagasta ruled in favor of the project, overturning a decision by the Committee of Ministers.

DF Señal, December 14, 2024

By: Natalia Saavedra

The fate of the Dominga mining project has been under discussion for 12 years. It returned to the spotlight this week when the First Environmental Court upheld an appeal against the Committee of Ministers' June 2023 decision, which rejected its environmental approval.

Andes Iron—the company behind the project, linked to the Délano and Garcés families—has called for an end to the “spiral” of delays surrounding the \$3 billion megaproject in La Higuera. Dominga aims to extract iron and copper via open-pit mining but has faced strong opposition, mainly from environmental groups.

The court’s ruling sparked varied reactions, catching the government somewhat off guard. “It’s shameful that the Environmental Court claims the committee’s decision is illegal. The government must address the damage this does to environmental governance,” commented former Environment Minister Pablo Badenier.

But Dominga is not the only project to face prolonged reviews and opposition from environmental, citizen, or political groups. Over the past 10 years, many projects have joined the list of those that failed.

The First to Fall

On June 10, 2014, headlines announced the rejection of the HidroAysén project, a series of run-of-the-river power plants that promised to address a significant portion of the country’s energy shortages.

Despite objections from the project’s backers—Endesa and Colbún—the decision was upheld in 2017 by the Environmental Court of Santiago, permanently halting plans to build five plants on the Baker and Pascua rivers.

The project was definitively shelved in November 2017, nearly a decade after its application process began. Colbún and Endesa relinquished the water rights critical to

the project and cited a ballooning cost that had risen from \$3.2 billion to \$8 billion. “It’s not economically feasible,” the companies said in closing the chapter on HidroAysén.

“One of the central issues is that, in the absence of proper mechanisms like strategic territorial planning, debates over these projects are confined to the environmental review process. This approach, which should focus on technical aspects, becomes mired in social, political, and cultural conflicts that lack clear institutional resolution. This creates uncertainty not only for project developers but also for communities and the country as a whole,” says Rodrigo Castillo, a partner at Táctica Consultores.

Piñera’s “No”

During Sebastián Piñera’s first term as president, another megaproject faced rejection: Suez Energy’s Barrancones initiative. The former president fulfilled a campaign promise by announcing the relocation of the project in August 2010, just months after taking office.

The thermoelectric plant, planned for construction south of Punta de Choros, had an estimated cost of \$1.1 billion at the time. In November of that year, regional authorities accepted the company’s withdrawal from the project.

“Chile’s Environmental Impact Assessment System (SEIA) reviews an average of 800 projects annually, representing an average investment portfolio of \$50 billion. Therefore, the rejection of a single project isn’t significant in terms of aggregate investment,” explains Badenier.

He adds that despite the impact of these projects, rejection rates in Chile remain below 10%. “Project sponsors facing environmental assessments with challenging or outright negative outcomes are choosing to withdraw, revise, and resubmit their applications,” he says.

Andrés Romero, former Secretary of the National Energy Commission, notes that while the effects aren’t immediate, rejected energy generation projects have historically led to high costs. “Between 2010 and 2013, there was very little energy and competition, which resulted in expensive energy contracts. These contracts have contributed to the high electricity tariffs we’re still dealing with today,” he explains.

Other Rejections

Described as “Chile’s most important investment,” the Alumysa project under President Ricardo Lagos’ administration was the first major megaproject to fail. Planned as an aluminum smelting plant in the Aysén Region, it faced opposition from authorities. During a visit to the area, Lagos remarked, “I don’t think Alumysa is suitable for this bay in Chacabuco,” effectively sealing its fate.

Another project was Mina Invierno. In June 2020, the Supreme Court rejected plans to extend the life of the operation—linked to the Von Appen and Angelini families—on

Riesco Island. The extension relied on the use of controlled blasting, which was not approved.

“Looking at emblematic cases like Barrancones, HidroAysén, Pascua Lama, and Dominga, common patterns emerge: their scale and environmental impact, but also their role as focal points of political and social conflict,” adds Castillo.

Environmental opposition has even impacted operational projects. For example, the Agrosuper pork plant in Freirina faced significant backlash over odor complaints, leading the Vial family-owned company to shut it down indefinitely.

In Viña del Mar, another project involving the Said and Bolocco families—the Punta Piqueros hotel—became a white elephant along the Cochoa coast. Disputes over environmental management and tsunami evacuation plans led to the project being abandoned after several legal battles.

Most recently, the Itahue-Hualqui transmission line by Celeo Group was rejected in April of this year. The company announced it would appeal the decision to the Committee of Ministers.