

Municipality Orders Demolition of Pumping Station at Desalination Plant Supplying Spence

INDUSTRY. Mejillones Municipal Works Department (DOM) argues that the industrial facility lacks construction permits and occupancy certificates.

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Author: José Fco. Montecino Lemus

No construction permit or certificate of occupancy. These two reasons are cited by the Mejillones Municipal Works Department (DOM) to justify requesting the demolition of the pumping station at the desalination plant operating in the commune. The plant is owned by the company Caitan, built and currently operated by Cobra, and its services are ultimately supplied to the Spence I BHP mining operation.

According to an exemption resolution addressed to the municipality's legal unit and Mayor Marcelino Carvajal, the decision was made to request "the demolition of the structures located on the property registered with the Internal Revenue Service (SII) under No. 510-020, as they lack construction permits or occupancy certificates authorizing their construction at this location."

PUMPING STATION

Mayor Carvajal clarified that the desalination plant itself has proper permits and authorization, but "the pumping station does not."

The mayor explained that the desalination plant exceeded its initially approved boundaries, placing the pumping station in an area where the local zoning plan prohibits industrial facilities. He emphasized that most of the plant is "in order and legal," but the issue lies with the water-lifting pump station.

Carvajal denied having engaged in dialogue with the company and said, "They're now invoking lobbying laws because we're taking legal action. We will not negotiate with the company; instead, we will proceed with the necessary legal steps."

"Our responsibility is simply to comply with the legal requirement to demolish. They may take other actions, but we must do our part," stated Carvajal.

The municipality hinted that the desalination plant might file legal appeals against this resolution.

The next step involves the mayor signing the demolition decree, which will set deadlines and outline the method for carrying out the demolition. This decree is expected to be finalized next week. “The decree includes numerous technical reports. Since we anticipate potential judicial review, it must be well-founded and error-free to prevent any reversals of this decision,” explained Carvajal.

If the company does not initiate legal action, it must comply with the demolition order. Should they fail to act within a “reasonable” timeframe, the municipality could carry out the demolition itself. “The issue is that we would need equipment and various resources and would then charge them for the expenses incurred in the demolition,” clarified the mayor.

“You must understand that the plant consists of three parts. This pumping station is the only part lacking permits. Naturally, since it’s a critical component, the plant cannot continue operating without it,” he noted.

Nevertheless, the Mejillones administration stressed that, given the scale of the project, short deadlines—typically 20 to 25 days—cannot be applied.

The mayor also mentioned associated fines, the amounts of which must be determined by the Local Police Court.

“They’ve been fined twice. On the first occasion, they claimed it was part of a temporary installation, so the Local Police Court annulled the fine. However, during the second inspection, it was clear that it wasn’t a temporary installation but rather a structure requiring permits. At that point, a fine was issued. I believe it was about 4 million pesos,” Carvajal recalled.

SPENCE'S POSITION

Spence, the final recipient of the desalinated water, stated: “The desalination plant located in the Mejillones Bay that supplies industrial water to Spence I BHP was built, owned, and operated by a third party. Therefore, Spence has no involvement in its operations.”

BHP Delegation to Arrive Tomorrow for Major Announcement

MINING. A delegation of analysts and investors, likely led by the president of Escondida, is expected to unveil investment plans during their visit.

El Mercurio de Antofagasta, November 16, 2024

Author: Cristián Venegas M.

This Sunday, an international delegation of analysts and investors from BHP is scheduled to arrive in the Antofagasta region as part of a visit lasting until Wednesday, November 20. The itinerary includes tours of Minera Escondida in Antofagasta and Spence in Sierra Gorda.

As part of this visit, the multinational mining company is expected to make a significant announcement regarding its investment plans for the coming years, aimed at maintaining its copper production. These investments are projected to exceed **\$7 billion USD**.

ADVANCE VISIT

Ahead of the delegation's arrival, Minera Escondida President Alejandro Tapia hosted BHP CEO Mike Henry, Catherine Raw (Chief Development Officer), and Brandon Craig (President of Minerals Americas) earlier this week. "Together, we discussed the growth plans for our assets and conducted on-site activities with our teams," Tapia shared via LinkedIn.

Tapia also highlighted, "At Escondida, thousands of us work to lead the production of the copper the world needs. We do so with a commitment to safety and with the knowledge that we contribute positively to our region and the development of the modern world." Tapia is expected to lead the delegation's tour of the Escondida operations, located 170 kilometers southeast of Antofagasta.

On Wednesday, BHP CEO Mike Henry is also scheduled to meet with Chile's Minister of Mining, Aurora Williams, in Santiago.

The anticipated investment announcement aligns with Minera Escondida's long-term strategies to offset the effects of declining ore grades feeding its concentrator plants, projected to start in 2027.

The plans under consideration include building a new concentrator to replace the current Los Colorados facility and implementing one or more leaching technologies to

improve recovery rates and unlock primary sulfide resources. Copper production is expected to decline to between 900,000 and 1,000,000 tons annually after 2026.

This year, Escondida's production is forecasted to reach between 1.18 million and 1.2 million tons of copper.

BHP's total investments in its regional operations could even reach **\$12 billion USD.

Escondida Union Blames Mining Company for Worker's Suicide

LABOR RELATIONS. The former union member was allegedly unjustly dismissed.

El Mercurio de Antofagasta, November 16, 2024

Union No. 1 of Minera Escondida claims that César Antonio Valdés Guerrero, a worker in the Mine Maintenance area who took his own life on Thursday, November 14, was unjustly dismissed despite being on medical leave due to psychological conditions. The union asserts that this violates labor laws prohibiting dismissals under Article 161 — business needs—for employees on medical leave.

The union, which plans to take legal action, stated that “this incident is part of recent mass dismissals targeting our union members. These actions aim to replace them with new workers to encourage affiliation with a minority union, which has already been condemned for colluding with the company to engage in anti-union practices detrimental to ours.”

RESPONSES

Minera Escondida expressed its condolences, stating, “We deeply regret the tragic death of César Antonio Valdés Guerrero, a worker in the Mine Maintenance area.” The company added that it “has made support programs available to his family to help them through this difficult time.”

Meanwhile, Congressman Sebastián Videla demanded “a thorough investigation. The death of a worker under what appears to be an unjust dismissal is devastating,” he said. He also called on Escondida President Alejandro Tapia to “immediately provide all relevant information.”

Raphael Bergoeing, President of the National Commission for Evaluation and Productivity:

"If 'Permissology' Focuses Only on Deadlines, There Are Risks of Regulating Incorrectly"

The economist believes that sanctions and incentives are not the most relevant solutions to address "permissology," warning that excessive measures could even lead to higher rejection rates.

El Mercurio de Santiago, November 16, 2024
Author: Joaquín Aguilera R.

In 2021, former President Sebastián Piñera's administration expanded the mandate of the National Productivity Commission—established in 2015 under former President Michelle Bachelet's second term—and assigned it the task of generating recommendations on regulatory quality and public policy evaluation.

Raphael Bergoeing, who assumed the presidency in 2018, has been actively involved in this process. In 2024, the National Commission for Evaluation and Productivity (CNEP) marks its 10th anniversary. Bergoeing highlights the organization's long-term vision in a context of increasing polarization. "Productivity has become a cross-cutting issue, as evidenced by the fact that I was appointed first by President Piñera and then by President Boric. The commission not only continues to exist, having been validated across three terms, but it is now being strengthened," he says, referencing the pending establishment of the Public Policy Quality Agency by Congress, which may formally absorb CNEP's functions.

Over the past decade, the organization—currently staffed by around 17 employees and external advisors—has gained prominence. Last year, it revealed a concerning issue with "permissology," following a thorough review of 128,000 sectoral authorizations issued between 2018 and 2022 for investment projects. This process exposed a system that Bergoeing describes as "inefficient, uncertain, and unstable."

The CNEP president expresses satisfaction with this finding, first studied in 2021, as it facilitated a data-driven debate "with information that did not exist before," leading to a proposed law that, in his view, could help attract investments previously lost or deterred.

Q: The government does not like the term 'permissology.' Do you think it is appropriate?

"I embrace the term as it is and find it useful, as it has simplified understanding, discussion, and work on the underlying challenge: improving the permitting system. This isn't about deregulating to spur growth but about improving regulation. We've learned that there are areas where permits should not exist, but there are others where they must be strengthened."

Q: Are the pillars of the reform under congressional discussion aligned with CNEP's conclusions?

"Absolutely. A holistic view of the permitting system is necessary for coherence, and the bill achieves that. Secondly, we must account for the heterogeneity of projects, requiring regulations tailored to the risk each investment entails, and the bill takes that approach."

Q: You have argued that deadlines are not the most critical issue. What is the correct diagnosis?

"If the focus is solely on deadlines, there is a risk of regulating incorrectly. For example, as some have proposed, eliminating permits outright or placing an excessive burden of proof on the state without allowing adequate time for evaluation could lead to two undesirable outcomes: either approving projects that should not have been authorized or prompting regulators to reject projects simply to avoid the risk of making mistakes. This could result in more rejections than we want. So, it's not about shorter deadlines; it's about a better permitting system."

Q: Could this happen with the sanctions for agency heads introduced by the Chamber of Deputies in the bill?

"That's one example. It's not true, in a democracy with separation of powers, that harsher requirements necessarily yield better results. Excessive penalties for minor offenses may compel courts to rule in favor of the accused, fearing they might punish someone unjustly. This could ultimately lead to not punishing cases that should have been sanctioned."

Q: Beyond sanctions, are incentives for officials useful?

"In Chile, we create public policies but don't systematically evaluate their impact. As a result, public officials, lacking objective tools to assess whether their decisions were correct, are less inclined to take risks. People naturally dislike risk. If you operate in an environment where authorities have little incentive to take risks, the ability to improve on past practices while accepting potential errors diminishes."

Q: Does the absence of such mechanisms create gaps for "anti-business" decisions as alleged by the private sector?

"Absolutely. Without an agreed-upon methodology, there is an incentive to reject or approve projects incorrectly, or for decisions to take too long. This also fosters inconsistent standards across government entities. Furthermore, there's significant opacity in the requirements and processes, making it critical to improve efficiency and

transparency in parallel. Transparency is key to building public trust that authorities act in alignment with shared interests."