

Senate Environment Committee to Finalize SEIA Reform on Tuesday Amid Complex Proceedings

■ While the reform is set to reach a new milestone, several setbacks have occurred, leaving the Government to decide whether to push to reinstate its proposals.

Diario Financiero, January 14, 2025
By Karen Peña

A pivotal moment is expected this Tuesday at 12:30 p.m. for the reform of the Environmental Impact Assessment System (SEIA), as it could mark a new step forward in its legislative process. This comes after two previous governments attempted to advance similar initiatives with little progress. However, the debate has been challenging for the current administration, as various amendments were introduced to untangle key issues. During an extended session of the Senate Environment Committee on Monday, it was agreed to finalize voting on the text today so it can be sent to the Senate floor, with only a few provisions remaining. Despite this imminent progress, the reform has faced some setbacks.

One significant defeat occurred when a proposal by the Executive, introduced through an amendment by Senator Isabel Allende (PS), was rejected. This proposal sought to reopen discussions on how substantial modifications to projects with an existing Environmental Qualification Resolution (RCA) should be evaluated.

“For modifications to a project or activity with a favorable RCA, where the parts, works, or actions take place within the same areas of influence already evaluated and intervened, the regulation may establish specific entry criteria for such cases, without prejudice to the analysis of whether such changes are significant under the terms of Article 8 bis of this law.”

Instead, the committee opted for Senator Aravena's approach. For the Government, this represents a critical issue, and sources indicate they plan to challenge this decision in the lower house. Senator Aravena's approach would allow any project with a favorable RCA to make changes without requiring a new evaluation, potentially enabling small projects to expand into large-scale operations without undergoing further assessment.

Reacting to the rejection, Environment Minister Maisa Rojas stated, “I find this level of deregulation alarming.”

Meanwhile, Senator Rafael Prohens (RN) criticized the Executive for failing to present an amendment on time.

During the session, which included discussions on transmission infrastructure examples, it was confirmed that the second phase of the SEIA regulation modification will be presented for public consultation later this month.

Sebastián Aylwin, head of the Environmental Assessment Office at the Ministry of the Environment, announced, “We will soon begin the public consultation for a modification to the SEIA regulation to ensure that transmission lines under two kilometers never require evaluation.”

Recent votes have proven difficult. The Executive's proposal to establish a Claims Council as a replacement for the Committee of Ministers was rejected. Opposition senators on the committee have already declared that the text will inevitably face a bicameral committee.

In recent days, the proposal to create a Claims Council to replace the Committee of Ministers was rejected. Opposition senators now anticipate that the reform text will be referred to the bicameral committee for resolution.

Despite Improved Community Relations:

Environmentalists Criticize Barrick's New Project in Pascua Lama Area

The company revealed yesterday to "El Mercurio" its plans to develop a gold project in the same area, claiming it would be more environmentally friendly than the project permanently closed four years ago.

MERCURIO DE SANTIAGO
CÉSAR SOTTOVIA JARA

The announcement of Canadian company Barrick Gold's intention to initiate a drilling campaign near the Pascua Lama site, closed four years ago, has sparked a wave of criticism from environmental groups.

In an interview with El Mercurio, Marcelo Álvarez, executive director of government relations for Barrick South America, stated that such a project could require at least \$3 billion USD. The final investment would depend on the results of the El Alto exploration project, which begins with an early citizen participation process (PACA) lasting two to three months.

Opposition

The announcement of a new initiative in the Atacama Region immediately triggered criticism from environmentalists.

Sara Larraín, director of the Chile Sustentable Foundation, issued a statement saying, "The news that Barrick wants to persist with its gold extraction project in Atacama, in the Alto del Carmen basin, feels like a nightmare." She added, "Although the Barrick representative claims it's in an adjacent area [to Pascua Lama], it's obvious that it's the same deposit, the same mining rights, and, as hinted, the same 'water rights' (because they are too far from the sea for desalination plants, they say). This is why it's a nightmare for a basin where glaciers, although receding, still exist, and where water is extremely scarce."

Larraín argued that mining in the headwaters of such basins is unviable, recalling that Pascua Lama was permanently closed due to "serious sanctions related to glacier damage prevention, discharge of contaminated 'contact waters' into the Estrecho River—a tributary of the Huasco River—and a blatant lack of integrity and transparency in water contamination alerts, among other issues."

"Pascua Lama 2.0, now called El Alto, is not viable, especially in today's context of an aggravated climate crisis, with global warming surpassing 1.5 degrees in 2024. It's as if Canadians, with their abundant water resources, think they live on another planet," she said.

Flavia Liberona, executive director of Fundación Terram, noted that while the company claims to have improved its relationship with the community and is conducting a PACA before submitting an Environmental Impact Statement (EIA) for 56 mining drill sites near the former Pascua Lama project area, the initiative "could spark a new socio-environmental conflict."

She emphasized, "It's important to note that the PACA doesn't exclude or prevent citizen participation during the environmental review process. Likely, the main concerns of the community will revolve around water resources and the environmental impact a project of this magnitude could have in the area."

"It's a nightmare for a basin where glaciers, though receding, still exist, and where water is extremely scarce."

Sara Larraín
Director, Chile Sustentable Foundation

"This new Barrick Gold project in the Atacama Region could trigger a new socio-environmental conflict."

Flavia Liberona
Executive Director, Fundación Terram

Barrick invested over \$8 billion USD in Pascua Lama. For its new project, the baseline investment is estimated at around \$3 billion USD.

Beyond Dominga: The "Circus" of the Ministers' Committee

Opinion by Tomás Rau

PULSO

January 14, 2024

The recent rejection of the Dominga project by the Ministers' Committee adds yet another chapter to this regrettable saga. Nearly 12 years have passed since this initiative began its evaluation by the Environmental Assessment Service (SEA) in 2013. Since then, it has endured a calvary of technical approvals, judicial appeals, and political rejections. Too much time has passed. Beyond this particular project, the outcome illustrates a broader reality: a country mired in circular debates with questionable institutions while development stagnates. Let us recall the history. In 2017, the project was rejected by the Coquimbo Environmental Assessment Commission, a decision upheld by the Ministers' Committee in a split vote, resulting in the resignation of the Ministers of Finance and Economy—a political earthquake. The company appealed to the First Environmental Tribunal, which in 2018 ordered a review of the case. In 2021, the SEA approved Dominga, stating it met all technical requirements. Yet in 2023, the Ministers' Committee rejected it again, citing environmental risks and threats to the biodiversity of the Humboldt Penguin National Reserve.

In 2024, the First Environmental Tribunal of Antofagasta annulled this resolution for lack of impartiality, mandating a new vote. Another opportunity. By 2025, Dominga was rejected again, this time by a Committee of Undersecretaries, appointed after the ministers were disqualified due to the principle of impartiality, having already voted in previous committees. Is it credible that a subordinate can remain impartial when their superior has already expressed their stance? Such scenarios explain why many describe this process as a circus. Meanwhile, Chile continues to rack up failures. Dominga symbolizes the arrogance of a political system that disregards technical and strategic considerations—a complete disconnection. This project has met all the technical requirements of our legislation, yet a committee of six individuals can decide its fate based on criteria that seem more political than environmental. How can it be justified to waste years in assessments and committee sessions while the country faces urgent economic and social challenges?

Here lies the greatest inconsistency: halting development projects only to later propose tax reforms or state loans to finance the treasury. Blocking projects that could generate jobs and fiscal revenue while lamenting the lack of resources is absurd. In a country with a growing debt, now at 42% of GDP, the worst economic growth since the return to democracy, unemployment above 8.3%, and an unprecedented security crisis, we remain bogged down in endless debates over projects that have already passed technical scrutiny.

The fundamental question is: Do we really need a Ministers' Committee to approve investment projects? Absolutely not. The SEA should have the final say, guided by clear technical and strategic criteria. In case of disagreements, environmental courts should be the appeals forum, as is the case in many developed countries. This would reduce legal uncertainty and restore trust among investors and communities.

A little more than a year remains before the change of administration, but the country cannot wait. To paraphrase Gardel's "20 years is nothing," in today's Chile, "a year is too much." It is far too long to continue "with a faded forehead," trapped in a system that prefers to delay progress while the country flounders in seas of urgency, resigned to the stagnant waters of neglected people.

Use of AI, Expanded Powers, and Sanction Reforms: Proposals to Strengthen the Labor Directorate on its Centennial

■ A package of ideas aimed at improving the agency's work has been developed, agreed upon by a commission that included former directors of the institution.

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By Carolina León

In early November 2023, the Labor Directorate (DT) formed a commission to reflect on the institution's mission and historical role. The commission was chaired by Juan Somavía, former Director-General of the International Labor Organization (ILO), and Laura Vásquez, Deputy Director of Labor, alongside former DT leaders and other labor market stakeholders.

The commission concluded its work in 2024, producing the Centennial Report of the Labor Directorate, which includes various proposals to enhance the effectiveness and role of the oversight body.

The commission—composed of former directors Patricia Silva, Marcelo Albornoz, Cecilia Sánchez, Christian Melis, Mauricio Peñaloza, and Lilia Jerez—proposed several measures, such as incorporating artificial intelligence (AI), reforming sanctions, and expanding the agency's powers.

1. Changes to Sanctions

The report identifies sanctions as a cornerstone of the labor inspection system, critical to its credibility and mission of enforcing regulations. However, the commission noted that changes in the labor landscape have diminished the deterrent effect of sanctions, particularly monetary fines, which often fail to influence the behavior of larger companies.

To address this, the group recommends revising the general sanction framework to include elements proportional to the severity of violations, the number of affected workers, the extent of the damage, and a new classification system for companies based on current realities.

The report also suggests empowering the DT to refer severe or persistent violations directly to the judiciary as an additional tool to strengthen the enforcement system.

2. Predictive Models and AI

"AI offers unique opportunities to analyze large data sets, identify patterns, and predict potential violations, thereby improving the effectiveness and efficiency of labor inspections," the report states.

It also highlights that an increasing number of countries, such as Brazil, Albania, and Spain, have begun integrating AI into their inspection systems.

3. Expanded Powers

The report notes that despite persistent efforts by various administrations to enforce labor laws and improve job quality, these efforts have been hindered by limited authority.

It asserts that effective enforcement requires both enforceability and the capacity for monitoring compliance. Without these, labor laws risk becoming mere moral guidelines, subject to the discretion of those in power.

The commission emphasizes the need for legislation to explicitly grant the DT the authority to declare labor relationships in cases of informality, labor subterfuges, or triangular arrangements, with decisions subject to judicial review.

4. Budget

Another issue raised by the commission is the growing workload caused by recent labor laws, which require more training and operational capacity. However, these new laws have not always been accompanied by corresponding budgetary, technological, or human resources, leading to an increased workload that hampers the agency's ability to implement new laws effectively.

To address this, the group proposes adopting a legislative best practice that includes a budgetary component to assess the impact of new laws on staff workloads and determine necessary reinforcements to ensure their effective implementation.

5. Greater Support for Micro and Small Enterprises

The commission also advocates for continued efforts to support micro and small businesses.

It proposes that the DT enable mechanisms for fully digital contract creation and management, including amendments.

This approach would offer two benefits: first, providing a quick and efficient tool to formalize employment relationships, ensuring that contracts include all essential elements. Second, it would allow the DT to gather a significant volume of updated information, enhancing its understanding of a sector with substantial gaps in the current Electronic Labor Registry.

The commission included former directors Patricia Silva, Marcelo Albornoz, Cecilia Sánchez, Christian Melis, Mauricio Peñaloza, and Lilia Jerez.

SEA admits CMP project to evaluation for extending Mina Los Colorados operation

■ The CAP Group subsidiary seeks to update the mine's current operating plan, extending its operational phase to 2033.

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By P. Marchetti

The Environmental Assessment Service (SEA) has accepted the Environmental Impact Assessment (EIA) of the Compañía Minera del Pacífico (CMP) project, a subsidiary of Grupo CAP, named “Modification of the Mina Los Colorados Project: Adjustments and Operational Continuity.” The project aims to update the current mining plan for the mine located 47 km from Vallenar, extending its operational phase to 2033 with an investment of US\$ 343.8 million.

According to the EIA submitted by the company, the initiative includes increasing the mine's annual movement to 95 Mt/year (million tons per year), which involves expanding the processing capacity of the beneficiation plants from 14.3 Mt/year to 14.5 Mt/year of ore and boosting production from 9.15 Mt/year to 9.8 Mt/year of iron preconcentrate.

As a result, the project plans to expand and reconfigure major existing infrastructure within the mine site, including the pit, southwest and northeast waste rock dumps, low-grade ore stockpiles, and the plant reject stockpile. It also includes relocating temporary preconcentrate stockpiles to a new area above the southwest waste dump.

The works

To increase the mineral processing and preconcentrate production capacity, operational adjustments will be made to the beneficiation plants, and the existing product stockpile will be relocated, necessitating modifications to a section of the existing railway line.

Additionally, some auxiliary facilities will be relocated, including the laboratory, the effluent pool at the mining truck washing station (CAEX), contractor facilities, and others.

As reported during Grupo CAP's Capital Market Day in November, the company is working on a brownfield project aimed at extending the operational life of Mina Los Colorados until 2059. This project, with an investment ranging from US\$ 1.2 billion to US\$ 1.5 billion, envisions a 20% production increase, reaching 10 million tons starting in 2030.

Analysts Predict Lithium Prices Will Stabilize in 2025

■ Project Blue forecasts prices around USD 11,092 per metric ton.

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By Reuters

Lithium prices are expected to stabilize in 2025 after two years of steep declines, as mine closures and strong electric vehicle (EV) sales in China absorb excess supply. However, the possibility of mine reopenings may limit price gains, analysts and traders said.

The nearly 86% plunge in prices for the battery metal since their peak in November 2022 forced companies to shut down mines worldwide. Market participants now say these closures mean robust demand should outpace supply this year as China ramps up policy support to boost sales in the world's largest EV market.

According to Antaike, China's state-run commodity data provider, the global lithium surplus is expected to shrink by half to about 80,000 tons of lithium carbonate equivalent, down from nearly 150,000 tons last year.

"We anticipate a recovery in lithium prices in 2025, as the cuts seen in 2024 and the potential for further reductions will significantly reduce the market surplus," said Cameron Hughes, a battery market analyst at CRU Group, referencing mine closures.

China doubled EV subsidies in July, and more than 5 million vehicles sold by mid-December had benefited from the incentives.

Chinese subsidies for EVs contributed to a rebound in lithium prices late last year and are expected to continue supporting prices in 2025, according to three analysts and two traders.

Projections

Any price recovery is likely to be felt towards the end of 2025, as inventories are depleted and buyers return to the spot market, said David Merriman, a metals market director at analytics firm Project Blue.

Project Blue forecasts average lithium prices to stabilize at around USD 11,092 per metric ton in 2025. Chinese brokerage Guotai Juan predicts a price range of 60,000 yuan (USD 8,184) to 90,000 yuan (USD 12,276).

Peru: 32 Exploration Projects Worth US\$ 252.6 Million Underway

More than half of the 32 initiatives located in 13 regions of Peru focus on copper exploration.

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According to the latest statistical bulletin from the Ministry of Energy and Mines (Minem), as of October 2024, Peru has a total of 75 mining exploration projects in its portfolio, of which 32 are in the execution phase or about to start. These projects are spread across 13 regions in the country and represent a cumulative investment of US\$ 252.6 million.

Of these 32 exploration projects, the regions of Áncash and Arequipa host the largest number, with seven and six ongoing initiatives, respectively. Regarding the metals attracting the majority of investments, copper is the most sought-after mineral, with 18 projects focused on exploring this red metal, which is considered essential for the global energy transition.

Improvements in Exploration Initiatives

In statements to the Institute of Mining Engineers of Peru (IIMP), Fernando Castillo, a consultant in social management for mining and energy, highlighted the improvement in exploratory initiatives in the country, driven particularly by high international metal prices.

“There is an improvement in companies' exploratory initiatives, especially due to the attractiveness of current global prices. The upward trend in mineral prices will not stop. Analysts suggest there might be mining inflation, but even so, the outlook remains very encouraging,” he told the IIMP.

Regulatory Challenges

Among the exploration projects in the portfolio, at least eight have had their Environmental Management Instrument (IGA) approved since 2020. This reflects the long permitting timelines faced by companies wishing to develop exploration projects in Peru.

Castillo compared Peru's regulatory framework to those of other mining nations, criticizing the time-consuming procedures and the delays they cause for projects. “An environmental instrument delays a project by six months for something that causes no harm. In contrast, the possibility of conducting exploration in other countries is much simpler: in some cases, a sworn statement suffices because it has been proven that exploration causes no environmental damage and is a minor activity,” he explained.

Finally, the expert suggested that Peru should look to other mining countries for inspiration. “The issue of bureaucratic procedures should be reviewed so that Peru can truly become a promoter of legal frameworks similar to those in mining countries we compete with. We should look at what Australia, Canada, Mexico, the United States, and China are doing,” he concluded.