Senate Environment Committee Advances Bill

Environmental Reform of "Permitting" System Progresses

The initiative seeks to eliminate the Ministers' Committee, strengthen the SEA's technical role, and increase citizen participation.

EL MERCURIO DE SANTIAGO
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Alongside the framework bill on sectoral authorizations, commonly referred to as the "permitting" law, progress is being made on a proposal to strengthen environmental governance and improve its efficiency. The Senate Environment Committee yesterday approved the bill—one of its key provisions being the elimination of the Ministers' Committee—and forwarded it to the Finance Committee.

The proposal, which is in its first constitutional stage, is part of the fast-track package of economic bills. Its primary goal is to untangle bureaucratic bottlenecks in environmental permitting that investment projects face.

The bill proposes amending Law 19,300, the General Environmental Framework Law, to eliminate the Ministers' Committee as a forum for reviewing appeals. This legislative process is unfolding amid the third rejection of the Dominga mining-port project by the Ministers' Committee, sparking criticism about the political composition of the body.

The proposed legislation seeks to replace the Ministers' Committee with a ruling by the Executive Directorate of the Environmental Assessment Service (SEA). Following the elimination of this body, both communities and project developers would be able to immediately appeal to environmental courts, thereby shortening the timeframes for the appeal phase, according to the Ministry of the Environment.

Currently, Law 19,300 stipulates that the SEA's executive director must address appeals concerning Environmental Impact Declarations (DIAs), while the Ministers' Committee oversees appeals related to Environmental Impact Studies (EIAs).

"The main objective of this reform is to strengthen environmental governance, making it more efficient without lowering environmental standards. This reform has been attempted twice before without success, so we are pleased to complete this important stage. Further steps lie ahead so that we can hopefully implement the reform soon," said Environment Minister Maisa Rojas yesterday after the Senate committee's approval.

If the Finance Committee approves the bill, it could be voted on in the Senate floor during its first constitutional stage.

Other Amendments

The proposed legislation aims to bolster the SEA's technical oversight by granting it authority to limit the scope of rulings by State Environmental Competency Organizations (Oaeca) to matters strictly within their jurisdiction.

Additionally, an emergency procedure is proposed to reduce evaluation timelines by up to half for projects addressing urgent public needs, while maintaining the required technical standards for approval. For instance, this would apply to initiatives needed to address emergencies, calamities, or services whose suspension would harm the country.

The reform of the Environmental Impact Assessment System (SEIA) also seeks to enhance citizen participation. According to the proposal, changes will lift current restrictions on projects processed via DIAs, allowing any affected community to request involvement.

Furthermore, the bill formalizes the State Defense Council's (CDE) ability to act in all cases of environmental damage, enabling the State to demand ecosystem restoration. The Ministry of the Environment emphasized that this measure reflects the State's role in environmental repair.

Debate Highlights

During yesterday's session, discussions focused on the Executive's rejected proposal to create a public registry of SEIA consultants. Minister Rojas explained that this initiative was intended to address the poor quality of some studies submitted during the initial environmental permitting stages, which delays project approval timelines.

FIRST STAGE
The bill will next be reviewed by the Finance Committee before being voted on in the Senate floor.

Environment Minister Maisa Rojas stated, “The main objective of this reform is to strengthen environmental governance, making it more efficient.”

Warning of a Shortage of Young Workers in Mining: "It's a Concern"

■ New generations, their interests, and their perception of mining pose a challenge to attracting talent in the country's leading economic industry.

Diario Financiero – January 15, 2025
By Patricia Marchetti

The lack of young talent is emerging as one of the greatest risks for Chile's mining industry, various sector representatives warn. This comes as the industry prepares for growing demand for strategic minerals and investments exceeding $80 billion over the next decade, the largest figure since the copper supercycle.

A report by McKinsey & Company reveals that this phenomenon is not exclusive to Chile. In the United States and Australia, the number of mining engineering graduates has dropped by 39% and 63%, respectively, over the past 10 years. In Canada, 70% of young people say they would not work in mining.

In Chile, the "2023–2032 Labor Force Study for Large-Scale Mining," prepared by the CCM-Eleva Alliance, projects a demand for over 34,000 new workers in the next decade, representing an increase of more than one-third compared to previous estimates.

The largest gaps are seen in key operational roles, such as electrical and mechanical maintenance technicians, as well as fixed and mobile equipment operators. According to workers at major mining companies, starting salaries for these positions are approximately 1 million pesos, excluding bonuses. Including benefits, net monthly salaries reach around 1.5 million pesos.

"The attraction of young talent is a concern for the mining industry," states Jorge Riesco, president of the National Mining Society (Sonami). He emphasizes that with upcoming investments, new personnel and skills will be required, in addition to replacing retirees. This, he says, "forces companies to focus on attracting talent for various levels and roles."

Vladimir Glasinovic, director of the Eleva Program (CCM-Eleva Alliance), explains that "the perception that 'young people are not interested in mining' is a global phenomenon with specific characteristics in Chile." He notes that while the industry is valued in key regions, the increasing environmental awareness of younger generations negatively affects their perception of the sector.

"If ten years ago one in three newly hired workers was under 30, today it's just one in four. Furthermore, over the past decade, enrollment and graduation rates in exclusively mining-related technical and professional programs have decreased," he adds.

Glasinovic cites other factors, such as long shifts, remote locations, disconnection from urban centers, and the loss of appeal compared to the booming renewable energy sector.

Riesco acknowledges these challenges and stresses the importance of understanding what young people aged 19 to 28 are looking for. "Salary alone is not enough to attract and retain talent. Many prioritize the flexibility of other jobs." More challenging still, he adds, "they demand an inspiring purpose aligned with their personal convictions," which has revealed "the highly biased ideas that new generations have about the sector."

Gary Warden, country manager in Australia for Vantaz, Chile's largest mining consultancy, agrees: "Many students perceive mining as outdated, which presents the challenge of demonstrating that we are heavily investing in new technologies." For Warden, attracting young talent "is one of the greatest challenges for the global mining industry."

Compromiso Minero, a network of 115 organizations in the sector, has launched various initiatives to dispel myths and attract young people. "We aim to highlight that the industry needs more than engineers; it also requires technicians and specialists in diverse areas such as health, social sciences, and humanities," says Paula Arenas, the network's executive director.

Just a few months ago, they launched the "Con Tu Talento" platform, offering over 1,300 mining-related training programs, as well as job listings, scholarships, and internships.

Glasinovic emphasizes the need for coordinated efforts between industry, education, and government to attract young talent to the sector.

Victor Pérez, a professor at the Faculty of Engineering and Sciences at UAI, argues that beyond specific industry or educational measures, "the key lies in redefining the image of mining, showcasing its challenges related to cutting-edge technology and environmental stewardship. Generational transition must be a priority for the sector's competitiveness and stability."

ONLY ONE IN FOUR NEWLY HIRED WORKERS IS UNDER 30 YEARS OLD.

Aconcagua Desalination Plant Seeks to Double Water Production; Investment Reaches $1.48 Billion

The company Aguas Pacífico has submitted a modification to the Aconcagua desalination project, proposing to increase its capacity by 1,000 liters per second. The initiative, critical for supplying water to the Los Bronces mine, agricultural use, and human consumption in communities such as Colina and Tiltil, involves an additional investment of $280 million. This adds to the $1.2 billion already committed to the original project, which faced strong opposition from fishermen during its construction.

ex-ante.cl
January 14, 2024

What to Know. On Tuesday, Aguas Pacífico submitted an Environmental Impact Assessment (EIA) to modify the Aconcagua desalination project in the Puchuncaví district. The goal is to increase the plant's desalination capacity by 1,000 liters per second.

- According to the company, all physical works will be located in areas largely already impacted by the current project under construction. The same infrastructure will be used, with the addition of a new desalination plant adjacent to the approved unit.
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- The investment involves an additional $280 million and includes hiring 400 workers. This adds to the original project’s cost of $1.2 billion, according to the company.
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- The increase in desalinated water production capacity will be implemented progressively in two independent phases of 500 liters per second each. Phase I of the modification will be built in the first and second years of the project, while Phase II will be constructed in the fourth year, with a one-year gap. The entire plant is expected to be operational by 2030.
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- The initiative is highly significant for the central region of the country, as it will meet the water needs of Anglo American’s Los Bronces mine. The water produced will also be allocated for agricultural and human use, particularly in communities like Colina and Tiltil.
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- The project is over 50% complete, and the first phase is expected to be operational by late 2025.

Early Public Participation. In November, Aguas Pacífico launched an Early Public Participation process. This voluntary initiative—prior to submitting the EIA—allowed the company to assess the project’s impact, address potential issues, and streamline the environmental review process.

- The process garnered 134 questions and comments.
- Based on this input, the company included several Voluntary Environmental Commitments in the EIA, grouped into four areas: 1) Water and infrastructure to provide desalinated water locally through partnerships with the APRs in Quintero and Puchuncaví. 2) Hiring local labor and services. 3) A local development fund to finance projects that improve community quality of life. 4) Protecting the bay through a publicly accessible online monitoring platform.

Challenges Faced by the Original Project. In the first half of 2023, fishermen organized under the Narau Quintero-Puchuncaví Bay Fishermen’s Federation blocked access to the desalination plant construction site. The protests halted work for 86 days.

- The issue was discussed at seminars and business events, where the private sector urged the government to intervene, support investment, and address the security of workers and project owners.

- On July 26, 2023, Colbún Vice President Bernardo Larraín called on Economy Minister Nicolás Grau to address the matter. “There are projects facing persistent uncertainty, even after securing permits, as they cannot proceed with execution,” he said.
- Aguas Pacífico filed a legal protection claim against those responsible for the blockade.
- In August 2023, Valparaíso Regional Presidential Delegate Sofía González ordered the eviction of the fishermen.

Stagnation in Productivity Persists in Chile: No Progress in 2024, Dragging Down GDP

■ According to the National Commission for Evaluation and Productivity (CNEP), productivity has failed to contribute to GDP growth for 16 consecutive years.

Diario Financiero – January 15, 2025
By Catalina Vergara

Raphael Bergoeing, president of the CNEP, presented the report on Tuesday, highlighting how productivity continues to hinder economic performance.

According to the Annual Productivity Report from the National Commission for Evaluation and Productivity (CNEP), productivity varied between -0.2% and 0.1% last year, having an "almost null" impact on economic growth.

Although the projected range for 2024 interrupts the successive declines in productivity recorded in previous years (-1.1% to -1% in 2023; -4.6% to -4.5% in 2022), the report cautioned that this "cannot be interpreted as a structural recovery or a change in trend."

The CNEP noted that this figure aligns with a 16-year trend where productivity fails to contribute to GDP expansion.

Total Factor Productivity (TFP) measures how efficiently an economy utilizes and combines resources like labor and capital to create value. It determines how much GDP growth stems from efficiency improvements rather than merely increasing resource use.

The report indicates that TFP remains 1.5% below pre-pandemic levels, reflecting a decline in the efficient use of resources.

In 2024, total employment grew by 0.8%, driven by a 2.9% rise in the number of workers, despite a 1.6% decrease in average hours worked. Capital accumulation increased by 1.4% to 1.6% over the same period. Together, labor and capital posted a combined growth of 2.4% in the last year.

Raphael Bergoeing warned that "the economy is not managing to generate more value by optimizing resource use, which limits its ability to sustain robust, competitive, and sustainable economic development over time."

Rodrigo Krell, executive secretary of the CNEP, stated: "The most significant causes of slow productivity growth in recent years revolve around the global deceleration of productivity; inefficiencies in the allocation of resources within the economy; labor market rigidities; delays in the government's issuance of necessary permits for investment; lagging education and skills training systems; and low levels of innovation, research, and development."

Krell added, "The productive impacts of artificial intelligence (AI) are not yet evident," noting that globally, no country has significantly increased productivity through AI integration, reflecting both the complexity of adopting this technology and its early development stage.

Labor Productivity Insights

The report also analyzed labor productivity, which grew by 1% in 2024 compared to the previous year. This increase was primarily driven by a rise in capital per worker, while other factors like human capital and overall efficiency had lesser impacts.

Regarding the reduction in average working hours in 2024 due to the 40-hour workweek law, Krell remarked, "You don't become more productive by working fewer hours," noting that the effects will be observable in the future.

Between 1991 and 2010, labor productivity grew by an average annual rate of 3.3%. However, between 2011 and 2024, this rate fell to 1.3%.

Sectoral Results

The report revealed that six of eight productive sectors reduced their TFP last year.

The mining sector experienced a 5.4% drop in productivity due to structural factors like declining mineral grades, operational issues, and reduced output at Codelco. The sector remains 24 percentage points below pre-pandemic levels.

Similarly, trade, hotels, and restaurants saw a significant contraction (-5.3%).

In contrast, the electricity, gas, and water (EGA) sector and construction reported TFP increases of 12.3% and 1.6%, respectively.
Positive results in the EGA sector were linked to the use of lower-cost renewable inputs, such as hydro, solar, and wind energy. In construction, the departure of less productive companies may explain the sector’s improved average performance.
“At this rate, without efficiency improvements, the Chilean economy would take 30 years to double its income. In contrast, achieving a 1% annual increase in productivity could shorten that period by almost a decade,” Bergoeing emphasized.
He added, "Chile's growth reliance on resource increases—such as a larger workforce or new infrastructure investments—rather than TFP improvements, represents a structural limitation to the country’s long-term development potential."

Maricunga: Errázuriz Group Outpaces Codelco in Community Agreements

PULSO

Simco, a company associated with the Errázuriz Group, described as "unprecedented" a recent agreement to produce lithium in the Maricunga salt flat with the Colla Pai Ote community. The company announced that the agreement includes "the creation of a permanent working group, the provision of contributions and benefits to the community, commitments and responsibilities of the parties, and mechanisms for resolving disputes."

Ercilia Araya, president of the Colla Pai Ote community, highlighted that "the governance of the agreement establishes a working group to address environmental and social issues, ensuring the protection of flora, fauna, water rights, and the preservation of the communities' way of life."

Regarding the relationship with Simco, Araya emphasized that the agreement was achieved based on "guiding principles of good faith, transparency, the pursuit of symmetry, horizontality, respect, institutional strengthening, and accountability, among other aspects."

In this context, Araya contrasted the collaboration with Simco against their experience with Codelco: "We greatly value that the agreement surpasses what is offered under Codelco's Special Operations Contract in Maricunga, both in terms of social investment and respect for water rights."

Finance Ministry Submits Bill Covering 21 Areas to Boost Growth, Competitiveness, and Simplify Regulation

The initiative includes measures ranging from amending the tax compliance law to enhancing the Chilean Lottery's prize structure. It reflects a commitment by the ministry, led by Mario Marcel, and legislators.

PULSO
By Sadha Rumie

Finance Minister Mario Marcel had previously committed to legislators to introduce a miscellaneous bill aimed at refining existing regulations and improving the regulatory framework.

In its main message, the bill, submitted to the Chamber of Deputies, states that its primary objective is "to remove certain obstacles affecting various sectors of the national economy at a time when economic reactivation is of utmost importance."

Additionally, the bill aims to strengthen "the country's competitiveness through specific regulatory adjustments that provide greater legal certainty and facilitate decision-making in both the public and private sectors."

To underscore its message and the characteristics of the proposal, the Finance Ministry notes that "in a globalized economic scenario, having a clear, predictable, and harmonized regulatory framework is essential to attract investment, foster technological innovation, and promote the sustainable development of strategic sectors." The ministry further asserts that "this project reflects the State's commitment to the continuous improvement of its regulatory system and its adaptation to the requirements of an ever-evolving economic environment."

One of the measures involves amending an article of the recently enacted tax compliance law. It clarifies that for a court to impose a fine for an act of tax avoidance, it must follow a "final ruling," meaning the court must have fully adjudicated the matter. Additionally, the court must determine that there was an abuse of legal form or a simulation of a contract for the act to be considered tax avoidance. This applies to both taxpayers and their advisors.

The proposal notes that this provision was omitted initially due to an error: "This change aligns with those made following the working group established with Senate Finance Committee advisors but was mistakenly not included at the time."

The bill also addresses the competitiveness of the Chilean Lottery (Polla Chilena de Beneficencia) amidst the rise of online betting platforms, which currently offer significantly higher payouts—up to 30% more than the lottery. The proposal seeks to "liberalize the prizes it can pay" and includes creating a sports prediction system with similar goals.

Current regulations limit the payouts for lottery games to 55% of net sales after taxes, whereas online platforms offer between 85% and 90% of bets as prizes. The bill also seeks to reverse the fiscal decline experienced by the Chilean Lottery by allocating 5% of total ticket sales (excluding a specific tax) to a beneficiary fund and another 5% to general government revenues.

Commercial license regulations are also addressed. The bill proposes extending the validity of expired provisional licenses, with new expiration dates set for 2025 or 2026, depending on their original deadlines. This adjustment acknowledges delays caused by the COVID-19 pandemic, which reduced the capacity to manage and approve definitive municipal licenses. Despite a prior extension granted on September 1, 2024, there remains a backlog of regularization requests, along with new provisional license applications issued since January 1, 2024.

To address this, the bill proposes extending the initial validity of provisional licenses to two years, with an additional one-year extension. Applicants must submit a work plan detailing the steps taken and pending actions to secure definitive permits, which municipal authorities must approve.

These changes aim to "provide a regulatory framework that promotes economic activity formalization, taxpayer accountability, and increased municipal revenue," addressing a growing informal labor market.

The bill also seeks to restore the National Consumer Service's (Sernac) exclusive authority over consumer protection to prevent overlaps with the Financial Market Commission (CMF). It proposes increasing fines for abusive practices to up to 1,500 UTM, enhancing deterrence and consumer protection while clarifying the roles of regulatory authorities.

In addition, the bill introduces a unified sectoral mechanism for compensating users during service interruptions in utilities such as water, gas, sewerage, electricity, telecommunications, and telephone services. Currently, a supplementary rule applies in certain cases. The proposal establishes explicit compensation mechanisms, including suspension of tariff charges during unauthorized or uncertified service interruptions.
The compensation amount will depend on the duration, frequency, and number of affected users. It will be immediately credited, and the Superintendency of Sanitary Services will have oversight and enforcement powers to resolve disputes between providers and users.