

*According to Cochilco data*

## **Codelco's own production in 2024 slightly surpassed 2023 but declined in total output**

Copper production in Chile, including private companies, was only 1.7% higher than 20 years ago.

**La Segunda. February 11, 2025**  
**By María José Giménez**

Máximo Pacheco, president of Codelco, has passed the test. In 2024, according to data released last Friday by Cochilco and an analysis by consulting firm Plusmining, the state-owned company produced 1.329 million tons of copper, surpassing 2023 production by 4,000 tons.

According to information available on Codelco's website, the company's 2024 production expectations (announced in March of that year) ranged between 1.320 million and 1.390 million tons of copper. However, in October, expectations were adjusted to a range between 1.325 million and 1.352 million tons.

The increase is modest, considering that 2023 marked the lowest production level in 20 years for the state-owned mining company. At that time, Codelco's board chairman, Máximo Pacheco, stated, "The figures from 2023 do not satisfy us; they hurt us and push us to act, because we understand the expectations of Chileans who expect a greater contribution from Codelco."

Considering only Codelco's own production—from its Chuquicamata, Radomiro Tomic, Ministro Hales, Salvador, Andina, El Teniente, and Minera Gaby operations—the 2024 result was 4,000 tons higher than in 2023, achieved thanks to record production in the last quarter of the year. According to Plusmining executive director Juan Carlos Guajardo, this increase was due to "intensive processing of inventories, as reflected, for example, in the Salvador division showing production between October and December 2024, even though mining operations had not yet resumed."

If Codelco's total production (including its stakes in Anglo Sur and El Abra) is considered, it fell compared to 2023. Total production in 2023 was 1,423,800 tons, while in 2024 it was 1,422,100 tons, according to Cochilco. Experts attribute this to issues at Anglo Sur. According to Plusmining's mining industry analyst Andrés González, "Los Bronces was a key factor, facing a period of low ore grades and the temporary shutdown of one of its plants, all in the context of water scarcity in the region where it operates."

### **Private mining**

Meanwhile, private mining increased its output by 257,000 tons in 2024. Experts explain that this rise was driven by major mining projects, including Quebrada Blanca, Escondida, and Mantos Copper.

According to Cristian Cifuentes, senior analyst at the Center for Copper and Mining Studies (Cesco), these three projects were "the main drivers of private sector production, closely tied to the investments these companies have made in their projects."

However, both state-owned and private mining companies face common challenges. One of the most pressing issues is water scarcity, according to Cifuentes, particularly regarding the desalination plant for the Northern District. "The water supply needs of that entire district are enormous, so delays in that project could obviously impact production," he noted.

#### **Industry trends in perspective**

Experts take a long-term view beyond year-to-year variations in the industry. "The key issue is understanding the real state of major structural projects that will define Codelco's production not just for a year, but for decades to come," says Guajardo.

A similar perspective is offered by Gustavo Lagos, professor of Engineering at PUC, who argues that the modest increase in copper production in 2024 warrants analysis rather than celebration: "Production was only 1.7% higher than 20 years ago. Chile has failed to increase its copper production despite the mining sector investing \$200 billion (in 2023 dollars) between 2004 and 2023," he stated.

In 2024, Chile's total mining production was 5.5 million tons, compared to 5.3 million tons in 2023—a 3.7% increase.

Cifuentes remains optimistic about Codelco's production outlook: "I believe the most challenging phase for Codelco in terms of production is now behind us. We should see sustained increases over time," he stated. The importance of analyzing the mining industry's 2024 results lies not only in its role as Chile's leading production sector but also in its ability to drive growth in other industries.

For Gustavo Lagos, Chile's economic model must be rethought:

"Copper must be the platform for creating wealth in other sectors of the Chilean economy. In the future, copper mining's contribution to GDP growth may be small, but the wealth it generates will be crucial for the development of other industries."

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"Chile has failed to increase its production despite \$200 billion in mining investment between 2004 and 2023,"

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*Juan Carlos Guajardo, Executive Director of Plusmining*

## **Trump's Tariffs: "In the mining industry, the impacts would be rather limited"**

The diversification of Chilean copper exports protects the industry, according to the expert. However, a greater trade conflict would pose a risk.

**MERCURIO DE SANTIAGO  
CATALINA MUÑOZ-KAPPES**

The tariffs imposed by U.S. President Donald Trump on aluminum and steel imports are expected to have a limited effect on the copper mining industry. Although following Monday's announcement, the metal's price fell by 0.46% to US\$4.19 per pound at the London Metal Exchange close, and copper futures dropped by 2.38%, the industry should not suffer a major impact, according to Juan Carlos Guajardo, executive director of Plusmining. "Fortunately, Chile is far less dependent on a single market compared to countries like Canada and Mexico, which are closely connected and linked to the United States. Chile has a level of diversification that helps mitigate the impact. In the case of the mining industry, I believe the effects would be rather limited," he asserts.

—Is there any impact on the aluminum and steel industry that could affect copper?

"So far, it's more about macroeconomic effects. That is, if a broader trade war unfolds, with retaliation from affected countries, it will ultimately lead to higher costs and inflation, forcing interest rates to remain high for a longer period, affecting financing and ultimately economic growth. That is the main concern at the moment. In terms of direct measures on copper, we are still in the realm of speculation because we don't know what may ultimately happen."

—How does a trade war affect industries that demand copper?

"That's where the link to copper comes in, because if there is a major macroeconomic impact and less economic growth, it means there will be less demand for goods and services, and ultimately, lower demand for raw materials like copper."

—The Association of Metallurgical and Metalworking Industries has stated that it is on alert regarding the impact on the domestic market. Could this situation affect copper?

"Chile produces a relatively small amount of finished metal products. Steel and aluminum production would follow a more parallel path. I see it as a very indirect effect."

—What other impacts could U.S. tariffs have on the mining industry?

"We don't know if these measures by Trump are part of a long-term industrial development plan or if they are more about creating leverage in negotiations. If we assume that all of these measures remain in place, we could expect a reorganization of supply chains. Companies like Alcoa, which manufacture a large amount of aluminum in Canada, might consider relocating to the United States. A dynamic could emerge where more companies seriously consider reorganizing their manufacturing centers. And that could be significant."

—How would a redistribution of supply chains affect Chile?

"Apart from the fact that copper demand remains very strong, there are many opportunities to diversify trade. The problem would arise if Chile became embroiled in a larger-scale conflict. That is, if a conflict were to extend beyond copper—though that does not seem to be the case—Chile has other industries where the United States plays a much more significant role in our trade. While in the mining industry the risk is well contained because our production is highly diversified, if it escalated into a broader trade conflict, then there would be a significant risk."

—In what state does the mining industry enter this period of increased uncertainty?

"Chile's mining industry has resolved many uncertainties in recent years. The regulatory framework and political environment, which were quite volatile a few years ago, have now shifted toward greater predictability. We don't have many new projects, which I believe is the industry's Achilles' heel. However, there is a great need to develop projects for operational continuity and expansion of existing mines."

"If an economic and financial crisis were to unfold as a result of this trade war, it would create greater difficulties for Chile's projects to be completed. Apart from that scenario, I believe Chile's mining industry has positive prospects. It would take a very extreme situation to threaten the development of the mining industry in the country."

# Colbún expects Chile's "largest wind farm" to be fully operational in the first half of the year

■ In a conference with analysts, the company stated that all 140 wind turbines of the initiative are expected to be fully operational by that time. The firm told DF that 110 of them are already energized and generating power.

**Diario Financiero – February 12, 2025**

**By Karen Peña**

New information has emerged regarding Colbún's Horizonte project, located in the municipality of Taltal, Antofagasta Region, which—according to the Matte family-linked firm—is Chile's largest wind farm and the second largest in Latin America. The initiative, set to be inaugurated on March 20, will have an installed capacity of 816 MW, enabling it to produce 2,450 GWh per year.

During the latest analyst conference on the company's fourth-quarter 2024 results, several questions arose about the project. It was confirmed that as of December 31, the project had reached 97% completion. In 2024, the company reported the assembly of its last wind turbine—number 140—thus completing the construction phase. According to Colbún's CFO, Miguel Alarcón, of the US\$900 million investment allocated for the project, US\$800 million had already been spent by the end of 2024.

When asked about the timeline for full operation, Alarcón stated that "approximately half of the units are already injecting energy into the system, and we expect to gradually bring the remaining 70 wind turbines online within the first half of this year." This was confirmed by Colbún's CEO, José Ignacio Escobar, who assured that the rest of the turbines "will be delivered to the system operator by mid-year."

When consulted about this update, Colbún told DF that "by November, 100% of Horizonte's 140 wind turbines had completed assembly. Of those, 110 are currently energized and generating power. The expectation is that all turbines will be fully operational, with all testing completed, during the first half of the year." Meanwhile, an environmental assessment is underway for the Horizonte expansion, which could require an additional investment of up to US\$200 million.

## Opportunities

During the analyst conference, Colbún was asked about the possibility of mergers and acquisitions. Alarcón responded that these are always an opportunity: "We have a team analyzing many different possibilities in Chile and abroad." He added that while they expect to succeed "in at least a couple of these initiatives," there is currently no specific financial figure attached to such deals.

Regarding the recently signed US\$300 million green loan—of which US\$200 million was disbursed in December—Colbún reaffirmed that they aim to take advantage of the highly competitive market conditions and use those funds to pre-finance future disbursements.

The company assured that it has a strong portfolio of projects at various stages of development and expects to announce investment decisions for additional initiatives throughout the year: "We are also exploring some merger and acquisition opportunities, and we may have disbursements on that front that we cannot foresee at this time." Colbún also addressed Tesla's role following the agreement to supply 228 MW of battery storage for the Celda Solar project in northern Chile. When asked whether Tesla is solely a supplier or has a larger role, Colbún's CEO explained that an international tender was held for the supply of key components and EPC services.

"And Tesla's battery storage division, Megapack, participated in this bidding process and was awarded the contract. It is solely an agreement for the Celda Solar project (...) so there are no additional agreements beyond this particular project," he added.

Regarding concerns that there might not be enough available energy in Chile's market for contracts in 2026-2028, Escobar stated that "Chile's power generation market is highly competitive, and private tenders are always very active." He elaborated that "we do not see major changes in terms of increased or decreased competition. What we do observe is a shift in technology."

He emphasized: "We are very confident that our portfolio of solar energy, battery storage, and wind power projects will allow us to remain a highly competitive player in the market in the near future."

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"Our portfolio of solar energy, battery storage, and wind power projects will allow us to remain a highly competitive player in the market in the near future," said Colbún CEO Juan Ignacio Escobar.

# **Lithium Chile finalizes new joint venture: partners with France's Eramet for project in the Llamara salt flat**

After partnering with the Errázuriz Group in Coipasa, the Canadian company has now agreed to a phased exploration program in the salt deposit located south of Pampa del Tamarugal, in the Tarapacá Region. Eramet will gradually increase its capital in the joint venture and has the option to reach 100%.

## **PULSO**

**By Víctor Guillou**

Canadian firm Lithium Chile remains active in the domestic market for the critical mineral used in electromobility. Following the establishment of an equal partnership with the Errázuriz Group to bid for a Special Lithium Operation Contract (CEOL) in the Coipasa salt flat, the company announced on Tuesday a new joint venture in areas where it holds mining rights. This time, it involves the Llamara salt flat, a relatively unknown deposit located south of Pampa del Tamarugal in the Tarapacá Region, notable not only for its lithium content but also for its rare earth elements.

In a statement, the Calgary, Alberta-based company announced the "successful execution of a joint venture agreement with Eramet, a renowned European mining company headquartered in Paris, France."

"Known for its expertise in metal extraction and processing, Eramet is the ideal partner to advance the development of Lithium Chile's property in the Llamara area through the Molle Verde project," the company said. The agreement outlines that Eramet will implement a phased exploration program over the next three to four years. With the completion of each phase, Eramet will have the opportunity to increase its equity stake in the joint venture holding the mining rights, potentially acquiring up to 70% by the end of the third phase. However, it also retains the option to acquire 100% of the joint venture's equity.

Meanwhile, Lithium Chile will be entitled to a success bonus, the amount of which remains undisclosed but will be "based on the amount of lithium carbonate equivalent resources outlined, in accordance with an NI 43-101 instrument or similar standard."

Steve Cochrane, President and CEO of Lithium Chile, highlighted the significance of the partnership, stating, "Eramet's unparalleled experience and credibility significantly strengthen our position in the mining industry."

"This partnership underscores our shared commitment to driving sustainable mining projects in Chile. We look forward to leveraging their expertise to maximize the potential of our Chilean properties," he added.

Cochrane concluded by asserting that "the joint venture with Eramet also reinforces the fact that Lithium Chile's lithium project portfolio in Chile holds significant potential value, which is currently not reflected in the company's valuation."

Lithium Chile is listed on the Canadian TSX Venture Exchange, with a market capitalization of 138.44 million Canadian dollars, equivalent to approximately US\$96.4 million.

# Freight prices plunge 20% so far this year but remain well above pre-pandemic levels

■ The Santiago Chamber of Commerce explains that this is primarily due to a seasonal factor, stemming from a drop in demand after Christmas. Projections for 2025 are complex due to Trump's tariff increases, the threat of a trade war, and, on the other hand, the normalization of traffic through the Suez Canal.

**PULSO**

**By Paulina Ortega**

Freight prices in the maritime cargo transportation market have been affected by various factors recently. Last year, prices soared due to the crisis of attacks in the Red Sea and the Suez Canal, which connect Europe with Asia. But now, the situation is different.

According to the Global Container Freight Index (FBX), in the first week of January 2025, global average freight prices stood at \$4,290 per container, marking the highest point since the end of September, when they peaked at \$4,564. Since then, prices have steadily declined each week.

In concrete terms, freight prices have dropped nearly 20% so far this year. Currently, container shipping rates are at \$3,435, with prices falling 5% in the last week alone, from an average of \$3,600.

George Lever, head of research at the Santiago Chamber of Commerce (CCS), explains the reason behind this sharp price drop in less than two months:

"It is mainly due to a seasonal factor: demand typically increases before the Chinese Lunar New Year celebrations, pushing transport prices up, and then normalizes, bringing rates back down. This is exactly what we are seeing in the average rates so far this year."

Along these lines, comparing current prices to those recorded at the same time in 2024, they are at a similar level, though last year's prices were slightly lower. Thus, freight costs are currently 1.2% higher than the \$3,392 recorded in the first week of February 2024.

However, other long-term factors are also influencing freight rates.

"In a slightly longer horizon, we see a 45% decrease in average rates compared to last July's peak. This is mainly due to better adaptation to new routes forced by geopolitical conflicts, the easing of the water crisis in the Panama Canal, and the post-pandemic market normalization. However, costs are still more than twice as high as in 2019, before the pandemic and the container crisis," noted Lever, based on CCS data.

Globally, FBX data indicates that the peak was reached at the end of August, when prices hit \$5,551. In Chile, however, the highest freight costs in 18 months were recorded during the same period.

"Previously, the highest historical value had been recorded in August 2022," Lever previously stated.

Although CCS's final data for 2024 is not yet available, Lever anticipates that there should be a reduction compared to 2024's peak levels, but still far above pre-pandemic rates.

Until 2019, the average container shipping cost was around \$1,200. During the COVID-19 crisis, it soared past \$10,000. By 2023, it briefly returned to pre-pandemic levels before rising again due to the Red Sea crisis and other disruptions, reaching a peak of \$5,551 in August 2024.

The return of Donald Trump to the U.S. presidency has generated uncertainty in maritime freight and exports due to threats of tariff increases, which have gradually materialized. Recently, Trump announced a 25% tariff increase on all steel and aluminum imports to the U.S.

"For now, we expect a short-term surge in import demand before tariffs reach their highest levels. This could add upward pressure on shipping rates, delaying full normalization. However, once the tariff surcharges hit their theoretical peak, the impact will reverse: trade flows to and from the U.S. would decline, theoretically reducing container congestion," estimated Lever.

On the other hand, the impact of the Red Sea and Suez Canal disruptions could start to ease.

"Although the Houthis have announced they will stop attacking non-Israeli-flagged vessels under the Gaza agreement, shipping companies have yet to restore those routes due to high risks. A slow return to normal operations could gradually resolve the Red Sea crisis, but no concrete effects are visible yet," said Lever.

According to Lever, forecasting freight rates for 2025 is complicated:

"On one hand, global trade demand is expected to rise this year, pushing prices up. However, tariff threats could first trigger a surge in shipments due to speculation, followed by a decline. A trade war could also impact

commodity prices. Meanwhile, the gradual normalization of Suez Canal traffic could help lower freight rates," he concluded.



*According to BMI, a research firm belonging to the Fitch Group:*

## **New U.S. tariffs on steel and aluminum could pave the way for copper surcharges**

Experts in Chile debate the next steps the government should take to mitigate the impacts.

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The tariffs on steel and aluminum imposed by U.S. President Donald Trump are a sign that more restrictions are coming, according to BMI, a company owned by Fitch Group, the same parent company of credit rating agency Fitch Ratings.

The firm stated in a report yesterday that, "given Trump's comments in recent weeks, we expect additional tariffs to be implemented on goods he previously identified, including certain pharmaceuticals, copper, computer chips, and 'things associated with chips.'"

In particular, BMI highlighted the impact these tariffs could have on Chile. "This means that economies like Chile, which accounts for around 6% of U.S. copper imports, could be affected, as well as major semiconductor exporters such as Taiwan, China, Vietnam, Thailand, Malaysia, and South Korea, among others, since they represent more than 70% of all semiconductor and integrated circuit imports into the U.S.," the report stated.

### **Impact on Chile**

The surcharges on global imports of steel and aluminum will take effect in early March. Experts assert that the impact on Chile will come through macroeconomic effects.

For Juan Ignacio Guzmán, CEO of GEM Mining Consulting, there is a positive side to this situation. "Basically, the signal being sent to the market is that the United States is willing to pay more in order to secure these materials, which are necessary to stimulate domestic industry. That means that, all else being equal, commodity prices rise in the U.S., and because it is one of the key drivers of the global economy, markets tend to level out and increase prices elsewhere as well," he explains.

On the other hand, higher raw material prices lead to decreased industrial demand for these materials, and sectors such as construction may experience a downturn.

### **Diplomacy**

In this context, Jorge O'Ryan, former executive director of ProChile during Trump's first term and current director of International Development at the UC Innovation Center, emphasizes the importance of diplomacy and fostering closer ties with the United States. "The good news for Chile is that the U.S. is not self-sufficient in copper, and copper is crucial for the energy transition. Therefore, I believe there needs to be a state policy focused on strengthening ties with the U.S.," he says.

He also notes that "President Trump is demonstrating that he wants to protect U.S. industry and private sector activity while aiming to balance trade deficits. In Chile's case, the good news is that the trade balance is favorable to the U.S. We have a lot to offer, not just in copper but also in lithium and all matters related to food exports." Chile's Foreign Ministry has stated that it is closely monitoring the developments.

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The Republican Party, to which Trump belongs, has emphasized the importance of steel for military equipment, which would explain the need to strengthen the domestic industry, according to BMI.

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### **The economy experiences its best month for non-copper and non-lithium exports**

Cherry shipments in January reached US\$1.903 billion, a third more than a year ago. This product reflects the increase in exports beyond copper and lithium, which collectively set a record for any month in the history of Chilean foreign trade.

A report from ProChile indicates that exports of goods and services excluding copper and lithium saw a 10.5% annual increase in January, reaching US\$5.757 billion. "This result represents the best monthly performance recorded, demonstrating the strength and diversification of the Chilean economy, as well as the sustained

evolution of various macro-sectors in foreign trade,” ProChile stated. The agriculture sector contributed US\$2.719 billion.

China was the most dynamic destination, with an annual increase of 16.2%.