

SEA favorably qualifies DIA of the Escondida I BHP project

The initiative will allow the mining company to advance towards its global goal of achieving net-zero operational Greenhouse Gas emissions by 2050.

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The Environmental Evaluation Service (SEA) has favorably assessed the Environmental Impact Statement (DIA) for the project “Implementation of Electric Trucking System at Escondida Norte,” from Escondida I BHP, which aims to assist the transport of these trucks inside the mine through a trolley system.

The initiative includes the construction of a new electrical substation and transmission lines, both inside and around the Escondida Norte pit. These facilities will provide electrical support for the trucks traveling to areas of the mine where they are loaded with mineral, and as a result, consume more fuel. With this new technology, instead of using diesel, the trucks will be powered by electricity, thus reducing operational Greenhouse Gas emissions and improving productivity related to truck performance due to higher travel speeds.

According to estimates from BHP, the initiative involves an investment of approximately US\$250 million, and during the construction phase, an estimated 112 people will be employed on average daily, with a maximum of 160 people.

The trolley project adds to other technological transformation initiatives that the company is carrying out in various stages of study and implementation, including the gradual incorporation of autonomy into its mining equipment.

Key Factors in Copper's Comeback: Tariffs, Transfers, and China's Role

After the intense supply concerns that marked 2024, the focus has now shifted to the trade war. Experts do not rule out the possibility of a new bout of high-caliber volatility in metal prices.

DF Señal. February 15, 2025.
By Benjamin Pescio.

The persistent rise in copper prices in New York is bringing back the high levels seen in mid-2024, amid tariff threats from the White House and the subsequent transfers of inventories from one commodity exchange to another.

Copper futures closed the week at around US\$ 4.7 per pound on the U.S. Comex market, having briefly touched US\$ 4.89 in the early hours of Friday. This marks a 17% increase so far in 2025.

One striking aspect is the growing gap between these prices and those on the London Metal Exchange (LME), currently at around US\$ 4.4 per pound. The same phenomenon occurred in May 2024, when only Comex copper surpassed the historic US\$ 5.1 per pound mark.

This time, the movements are driven by tariffs, following the trade war initiated by U.S. President Donald Trump.

"The price differential between Comex and the LME has widened due to a possible tariff that the U.S. government may impose on copper imports," said Francisco Donoso, an analyst in research and public policy at Cochilco, to Señal DF.

Javier Vergara, a partner at Valtin Consulting, noted that the tariff threat is generally affecting inventories, considering that copper stockpiles on the LME have seen a seventh consecutive week of depletion.

"If we look at what has happened with copper in New York, it mirrors the trends in gold and silver. There has been a transfer of inventories, mainly from the London market to New York. That is the main driver, largely due to the risk of Trump imposing new tariffs," he explained.

Supply Situation

The way market participants assess the supply-demand balance has also changed. Cochilco projects a copper deficit of 118,000 tons for 2025, which "is not significant for the market, so no supply risk is expected like the one seen in the first half of 2024, which triggered a sharp price surge," Donoso stated.

However, he emphasized that copper consumption for clean energy remains strong and continues to make it an attractive asset, despite weaker demand for electric vehicles due to the end of U.S. government subsidies.

"The copper supply deficit is still present, although its magnitude is smaller than initially projected in 2024. Several factors explain this, primarily improved production in certain countries such as Chile and the Democratic Republic of Congo, and fears of a slowdown in China's demand, as the downturn in sectors like real estate has cooled consumption," assessed Juan Carlos Guajardo, executive director of Plusmining.

China's Moment?

According to Juan Ignacio Guzmán, CEO of GEM Mining Consulting, the latest copper surge is largely driven by expectations of higher demand from China, given the possibility that the Asian giant could emerge as "the big winner in this economic war."

The executive highlighted that China "has the strength to offset the decline in trade with the U.S.," and that "Trump has removed the exclusive tension between China and the U.S. from the equation," unlike what happened in his previous administration.

Guajardo, for his part, also pointed out that China could partially benefit if trade flows are redirected.

"If U.S. restrictions make copper and other commodities more expensive for its importers, China could access larger volumes at better prices. Additionally, it has invested significantly in increasing its refining capacity, positioning itself as a key player to capitalize on any opportunity arising from the disorganization of the global market," he analyzed.

From Cochilco, Donoso dismissed the idea that China could benefit, arguing that "these disputes are not beneficial for global economic growth, as they reduce trade between countries."

Watching for Short Squeezes

The 2024 rally went down in history as a highly speculative and financial phenomenon, as it was exacerbated by a "short squeeze."

This term refers to a situation where short sellers—those who place forward contracts betting on a price drop—face such a sudden price surge that they are forced to close

their positions at a loss. The resulting spike in spot market demand to settle these contracts further drives up prices.

Vergara observed that "although trading volumes are not very high, there is a risk of a squeeze due to inventory shortages, especially in London. In such a case, short sellers would be forced to close their positions as there wouldn't be enough stock available for delivery. This could trigger a squeeze at any moment, particularly near futures contract expiration dates."

"I don't yet see a speculative wave in the market. However, if copper prices continue to rise in the coming weeks and China strategically positions itself amid this trade war, prices could surpass US\$ 4.8 per pound. I believe that once that level is breached, more significant financial speculation could emerge, potentially leading us back into a period of substantial volatility," Guzmán predicted.

Without Ministers or Sonami: The New Corporate Governance for Enami Proposed by the Executive

The state-owned company could see a reduction in the number of board members, decreasing from the current ten members to seven, with half of them chosen by the Public Senior Management (ADP). Both the Minister of Mining and the Undersecretary will be removed, and no individuals with potential conflicts of interest will be appointed: neither the National Mining Society (Sonami) nor the Institute of Engineers will remain on the board. The executive vice president will no longer be appointed by the President of the Republic but by the board itself.

Pulso. February 15, 2025.

By Víctor Guillou.

The Executive has proposed a major overhaul of the corporate governance of the National Mining Company (Enami). The long-awaited project to restructure its board and key aspects of its administration was submitted for parliamentary processing at the end of January. This was done through the Chamber of Deputies.

However, the timing of its submission—during the last week of January, when Congress only convened to extend the State of Emergency in the Macrozona Sur and vote on pension reform—meant that the initiative could not be formally presented in an ordinary session of the House. As a result, its content remained unknown until now.

Calls to modify Enami's governance have been part of the public mining debate for years. After the state-owned company sold its 10% stake in Quebrada Blanca to Codelco, the issue returned to the agenda, particularly within the National Mining Society (Sonami). The historic trade association, with over 140 years of history, currently holds a seat on Enami's board. However, it criticized the requirement that directors maintain absolute confidentiality regarding the Codelco transaction.

"The sale of this asset has forced directors to maintain total secrecy regarding this transaction," remarked Jorge Riesco, president of Sonami, at the time, with a strongly critical tone toward the approval of the divestment, accusing a "complete lack of

transparency." However, now the participation of the trade association and the Institute of Mining Engineers in Enami could become a thing of the past. This is reflected in the proposed legal text obtained by Pulso. But its changes go far beyond that.

Currently, the state-owned company is governed by a board of ten members, chaired by the Minister of Mining, Aurora Williams. The board also includes the Undersecretary of Mining, Suina Chahuán, who represents Cochilco. By law, the board consists of one representative from the Minister of Finance, three appointed by the President of the Republic, one from Corfo, two from Sonami, and one from the Institute of Mining Engineers.

That number and its composition will change significantly. First, under the Executive's proposal, the board will be reduced to seven members: two appointed by the President of the Republic, who must be of different genders. One of them will chair the board, and in their absence, another member will assume the role, as designated by their peers. Another four will be proposed by the Public Senior Management Council (ADP), which must conduct a special search and selection process for candidates, with the option of consulting specialized headhunters. The President will appoint these members in pairs.

Another seat will be designated by Enami's workers. All company employees will be able to participate in the selection, whether through federations or unions. They will have 30 days to propose candidates, the same timeframe for non-unionized workers, who must have the backing of at least 35% of non-unionized employees.

According to the proposal, board members will serve four-year terms, renewable for one consecutive term only. For ADP-appointed directors, replacements will be staggered.

With this new structure, ministers, trade associations, and Corfo will be removed from the board. This aims to resolve conflicts of interest, particularly those arising from individuals tied to the government in power, which currently has four direct representatives on the board, in addition to mining officials. "We've already seen what happens when these parties fail to reach an agreement," said sources familiar with the proposal, who view strengthening Enami's corporate governance as a positive step.

Requirements and Powers

The proposed requirements to serve as an Enami board member include holding a professional degree from a program of at least eight semesters and demonstrating at least eight years of professional experience—whether continuous or not—as a director, manager, administrator, or senior executive in either public or private companies. Additionally, individuals convicted or accused of crimes carrying serious penalties, or those with substance abuse issues, will be ineligible.

Other government officials will also be barred from serving on Enami's board, including deputies, senators, Constitutional Court or Supreme Court justices, Central Bank advisors, the national prosecutor, the comptroller general of the Republic, and senior

military or law enforcement officers. Likewise, current ministers, undersecretaries, heads of public services or autonomous state institutions, and members of political party leadership, trade associations, or unions will be prohibited from serving.

Additionally, each board member will be required to submit a sworn statement confirming they do not have any incompatibilities or disqualifications for the role, along with a declaration of assets and interests.

As is currently the case, board members will be "obligated to maintain absolute confidentiality regarding Enami's business and its subsidiaries, as well as any information accessed in their official capacity, especially if it is deemed commercially sensitive," according to the proposed law.

The board will be required to present a five-year strategic plan to the shareholders' meeting, which may be adjusted or updated annually.

"The development and business plan will include, at a minimum, the company's profitability objectives and targets; investment and development plans, including a breakdown of annual investment amounts and their funding sources; financial performance projections for the period; and guidelines or proposals for the creation and dissolution of subsidiaries or partnerships with third parties. It will also outline the company's debt policy and potential borrowing needs, asset disposition programs, and the sale of non-essential business units, if applicable, as well as partnership and business expansion plans," the proposal states.

Additionally, the board will be responsible for approving profit distribution policies, the creation of companies within and outside Chile, the sale of assets, and authorizing loans or issuing debt and bonds.

Enami will remain under the oversight of Cochilco.