

Codelco and Anglo American Prepare Joint Operation Announcement for Andina and Los Bronces

After a decade of back-and-forth negotiations, the Chilean state-owned corporation and the Anglo-South African multinational have advanced discussions to jointly exploit these neighboring copper assets, which hold significant mineral reserves at the border of the Valparaíso and Metropolitan regions.

PULSO

By Ignacio Badal

As early as this Thursday, Codelco and Anglo American are expected to announce a long-awaited agreement for the joint operation of two of their most important copper mining assets: Codelco's Andina division and Los Bronces, controlled by the Anglo-South African multinational. These mines are neighbors, sharing the same mining district in the central Andes.

Sources familiar with the negotiations said the announcement could even take place in the early hours of the morning in Chile, ahead of the opening of the London Stock Exchange, where Anglo American is publicly traded. This agreement comes after more than a decade of negotiations filled with setbacks and mutual concerns. Additionally, the political complexity of such a decision for a state-owned company like Codelco had made the deal even harder to finalize.

"After 10 years, we can say that negotiations for an agreement are well advanced," admitted another source.

The open pits of Los Bronces and Andina are located just meters apart, and experts have long argued that a joint operation would make sense, as it could lead to cost savings and better logistics for both sites.

People familiar with the discussions indicated that the deal will likely be structured as a 50/50 partnership, which could be controversial, especially given the difference in mineral quality between the two mines. "I think it will be controversial because it's a 50/50 deal, and Codelco has much better ore," said a source close to the state-owned company. "Andina's ore will be processed at Los Bronces' plant," added a former executive with knowledge of the negotiations.

When contacted, the communications teams of both companies did not respond to Pulso's inquiries.

Neighbors and Partners

Codelco's Andina division, located over 3,000 meters above sea level southeast of the Valparaíso Region in the Andes Mountains, operates both underground at the Río Blanco mine and via open-pit mining at the Sur Sur deposit. In 2023, the division produced 164,545 metric tons of fine copper, with a workforce of 1,452 employees. Codelco is also a minority shareholder in Los Bronces through Inversiones Mineras Becrux, a company it shares with Japan's Mitsui. Together, they hold a 29.5% stake in Anglo American Sur, the company that owns Los Bronces. Anglo American Plc, headquartered in London, is the majority owner with a 50.1% stake, while Japan's Mitsubishi holds 20.4%.

Los Bronces produced 215,500 metric tons of fine copper and 1,937 metric tons of molybdenum in 2023, with a workforce of 1,925 employees and 3,246 contractors.

Despite Codelco's stake in Anglo American Sur (AAS), the relationship between the two companies has not always been smooth, with tensions dating back to legal disputes in the 2000s over the ownership of Los Bronces. The conflict stemmed from a purchase option Codelco held for up to 49% of Los Bronces, based on a 1978 agreement between the Chilean state and U.S. company Exxon, which previously owned the mine—then called Disputada de Las Condes—before selling it to Anglo American in 2002, when it was renamed Los Bronces.

The disputes were resolved in 2012 when the two companies agreed to establish Anglo American Sur, requiring Anglo to reduce its stake in AAS from 75.5% to 50.1% and allowing Codelco, along with Mitsui, to enter as minority shareholders with a 29.5% stake. The agreement maintained Anglo American as the controlling shareholder and provided a framework for Codelco, Mitsui, and Mitsubishi to participate in the company's board. After years of attempts to find common ground and maximize the district's mining potential, the two companies reached governance and servitude agreements in June 2019 to facilitate synergies. However, this new agreement would be far more extensive.

A Strategic Move for Codelco

Codelco has been seeking ways to boost production, which has declined from 1.7 million tons annually four years ago to 1.4 million tons in 2024. The company has been exploring various strategies for recovery, including a potential alliance with Anglo American.

"The copper resources at Los Bronces are the seventh-largest in the world. Combined with Andina, this would be the largest copper deposit globally," said Gustavo Lagos, a mining engineering professor at Pontificia Universidad Católica de Chile, a few months ago. "If a single owner controlled the entire deposit, it could produce over a million tons per year," he noted, comparing it to the scale of Escondida, currently the world's largest copper mine.

The last significant deposit discovery was in 2016:

Despite Higher Mining Exploration Spending, Chile Sees Fewer Discoveries

The complexity of mining drillings, due to geological challenges, has increased the difficulty of finding new copper deposits. This situation persists even as budgets for these activities continue to rise.

MERCURIO DE SANTIAGO

By Catalina Muñoz-Kappes

Chile has experienced a significant decline in new mining discoveries. When considering only deposits containing more than one million metric tons of fine copper, it is evident that from 2011 to 2020, only 10.4 million metric tons of copper were discovered in deposits. In contrast, the previous decade saw discoveries totaling 109.1 million metric tons. Since 2017, no deposits exceeding one million metric tons have been found, according to GEM Mining Consulting, based on S&P Global data.

Despite the decline in discoveries, exploration budgets—covering both mining and early to advanced-stage exploration—have significantly increased over the same period. According to GEM's analysis, based on data from Chile's Copper Commission (Cochilco), exploration spending in Chile grew by 69% between the 2001-2010 and 2011-2020 periods, translating to an average increase of \$360 million.

Exploration Budget

In 2024, the copper exploration budget reached \$794 million, according to Cochilco. Chile remains the leading destination for mining exploration in Latin America and ranks fourth globally, accounting for 27.4% of the world's copper drilling budget. GEM reports that last year's exploration expenditure slightly surpassed the \$751 million average budget of the previous 20 years.

Claudia Rodríguez, acting executive vice president of Cochilco, explains that exploration budgets depend on factors such as metal prices—which either encourage or deter investment—financing conditions, which are crucial for junior mining companies reliant on stock exchanges like Canada's TSX or Australia's ASX, and regulatory frameworks, where changes in permits or regulations can affect activity. "In Chile, 65% of exploration projects remain active, reflecting a still-dynamic ecosystem despite certain challenges," she notes.

Challenges in Exploration Activities

According to GEM Mining Consulting, the existing budget for exploration suggests that the decline in discoveries is not linked to reduced spending. On the contrary, exploration budgets have been trending upward.

The primary reason for fewer discoveries is the increasing complexity of mining exploration. "This is mainly due to geological challenges, such as deposits being covered by extensive pampas in Chile's desert or being located at greater depths. In this sense, most shallow and surface-exposed deposits have already been discovered, making the search for new deposits increasingly difficult. Additionally, social and environmental restrictions present significant obstacles to prospecting activities," the firm explains.

Improving Exploration Strategies

Patricio Faúndez, a specialist engineer at GEM Mining Consulting, emphasizes that rethinking mining exploration strategies will be crucial to maintaining the long-term competitiveness of the copper industry.

"Following a structured sequence is key, as a drill hole that intercepts mineralization without first identifying a significant geophysical anomaly does not have the same value as one that does. The presence of a geophysical anomaly, backed by a confirmatory drill hole, allows investors to quickly estimate the potential of a mineralized body," he explains.

Furthermore, Faúndez notes that a well-structured exploration sequence "ensures a more efficient and effective direction of prospecting efforts, which not only significantly reduces the total number of drill holes required but also prevents potentially valuable areas from being overlooked in later exploration stages."

\$794 MILLION

was Chile's copper exploration budget in 2024.

Undiscovered copper deposits are often buried under pampas or located at greater depths, making them harder to identify.

PDA of Calama: the plan that has been in place for 16 years and still has not been implemented

ENVIRONMENT. In 2023, the project was ordered to be annulled and restarted from scratch.

MERCURIO DE ANTOFAGASTA

The decision by the Government to declare a saturated zone in a polygon of the Sierra Gorda commune took both the Municipality of Sierra Gorda and the mining sector by surprise. This area includes three major mining operations in the region: Spence | BHP, Centinela (of Antofagasta Minerals), and Sierra Gorda.

The details of the Government's decision, specifically from the Ministry of Environment, remain unknown.

However, what is known is that in 2009, the same measure was taken for Calama, a city located next to the state-owned copper company Codelco.

From 2009 to the present, the PDA of Calama has encountered more setbacks than real progress and positive impacts on the public.

The last major event occurred between 2022 and 2023 when the PDA was finally completed, only for the First Environmental Tribunal (1TA) to order its annulment and restart the process from scratch.

It all began in 2009...

On May 30, 2009, Calama and its surrounding area were declared a saturated zone due to exceeding the annual standard for respirable particulate matter (MP10). Two months later, on July 10, the process of developing the Atmospheric Decontamination Plan (PDA) began. However, the process was halted due to the repeal of MP10. On October 17, 2015, the Second Environmental Tribunal issued a ruling that reversed the repeal, opening the door to a new process for the city of Calama.

A light at the end of the tunnel?

By 2017, on July 11, the resolution reopening the decontamination plan process for Calama was published in the Official Gazette. During this period, on September 29, the Regional Operational Committee was established to oversee the PDA's development.

Its first session was held at the El Loa Governor's Office, with participation from representatives of various ministries, provincial authorities, and the Municipality of Calama. The committee's function was to provide background information for drafting the preliminary project and final PDA proposal.

In 2019, the Ministry of Environment published the preliminary project for Calama, and on May 12, 2022, it was announced that the decontamination plan for the city and its surrounding area would come into effect.

"Plot twist": Everything starts from scratch

However, the conclusion of this long history took an unexpected turn. Also in 2022, social and environmental groups from the commune filed a claim with the Environmental Tribunal, arguing that the decontamination plan only prevents pollution but does not effectively decontaminate. They stated that the plan's development did not consider the Medical-Legal Service station, which affected air quality assessments.

By 2023, the First Environmental Tribunal ordered the annulment of the decree approving the PDA for Calama and its surrounding area. The Ministry of Environment complied with the tribunal's decision. For this reason, the entire process returned to the drafting stage of a new plan.

Meanwhile...

What is the status of the PDA of Calama? The last official update was in March 2024, when "provisional measures" were approved while progress was being made on a new decontamination plan.

According to reports, these provisional actions aimed to "reduce emissions directly at the emission sources, primarily at Codelco's operations." Another key point was that Codelco would present an action plan to reduce 500 tons of emissions by December 2025 to the Regional Ministry of Environment. Additionally, Codelco would submit an annual report with information on implemented measures and estimated reductions, among other commitments.

Experts Predict Higher Probability of Climate Litigation in the Coming Years and Detail Emerging Challenges

According to Columbia University, there are over 1,000 cases globally, 12 of them in Chile. Lawyers identify challenges for companies and the local judiciary.

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By Karen Peña

The Second Environmental Tribunal's decision to partially uphold a claim against Google's data center project, ordering the Environmental Assessment Service (SEA) to revert the process to incorporate climate change effects, and its ruling on Cerro Colorado's operational continuity—requiring environmental authorities and the project owner to address the impact on the hydrological recovery of the Pampa Lagunillas wetland—are two cases in Chile where experts say climate change played a decisive role.

While specialists agree that climate litigation is still in its infancy in Chile, they warn that its frequency is likely to increase in the coming years due to a series of legal and regulatory changes.

Among these are the Framework Law on Climate Change, published in 2022; amendments to the Environmental Impact Assessment System (SEIA) regulations, implemented a year ago, which now mandate the inclusion of climate change considerations; the SEA's methodological guide for incorporating climate change into the SEIA, now in its third edition.

"This legislative and regulatory evolution is creating new requirements, criteria, and principles that were previously undefined, which could lead to greater litigation in the medium term," says Ignacio Urbina, head of the environmental area at Estudio Fernandois. He notes that environmental litigation in Chile has primarily focused on local pollution, which is understandable for a developing country with relatively late industrialization.

Romina Tobar, environmental director at Prieto, highlights that environmental components such as water, air, flora, and fauna already have established protections, even before the explicit consideration of climate change.

"In general, these aspects have always been part of project development, although it is clear that incorporating climate change sets a much higher environmental standard," she says.

For Paulina Riquelme, partner at Eelaw, climate change-related conflicts—litigated or not—will increase because environmental effects will exert pressure on natural resources, such as freshwater supplies, leading to disputes between different users and uncertainty regarding climate change's impact on groundwater reserves.

"In the coming years, we should expect greater pressure on authorities to incorporate climate change considerations into public policy and, consequently, higher litigation rates," she asserts.

Ezio Costa, executive director of Fima, believes it is highly likely that court rulings will increasingly reference climate change, as legal frameworks and instruments become more explicit. "For now, since no direct legal link exists, cases must rely on scientific evidence. This has led to a preference for more concrete, case-specific discussions, rather than broader systemic debates on the climate crisis," he explains.

Currently, it remains difficult to precisely identify disputes where climate change is a decisive factor in the ruling. According to Columbia Law School's Sabin Center for Climate Change Law, over 1,000 climate-related legal cases have been recorded globally across more than 55 countries (excluding the U.S.), with 12 cases in Chile—two of which are the Google and Cerro Colorado cases.

Tobar notes that Chile's experience with climate litigation has primarily focused on water-related issues.

The Challenges Ahead

Both businesses and the local judiciary face significant challenges.

For companies, Costa explains that a key challenge is recognizing that their actions in a given location not only have immediate, direct impacts but also contribute to the broader climate crisis.

"The second challenge is understanding how their operations affect an area today and how that area will evolve in the future due to climate change," he adds.

Urbina warns that businesses must adapt to a constantly evolving regulatory environment. Meanwhile, Tobar emphasizes the need for companies to invest in the most efficient technologies to maintain sustainable operations that are compatible with both the environment and local communities.

For local justice, Urbina highlights several challenges: "Resolving a greater number of cases within reasonable timeframes; analyzing scientifically complex evidence while adequately weighing its probative value; maintaining impartiality in environmentally and socially challenging cases; exercising prudence regarding variable interpretations of the law, among others."

Tobar stresses the importance of incorporating scientific knowledge into judicial rulings: "Environmental Tribunals in Chile already include scientific experts, but higher courts do not, even though they are ultimately responsible for resolving these disputes."

The Ministry of the Environment acknowledges that climate change has historically been addressed indirectly or tangentially by Chilean courts, mainly due to the lack of a national regulatory framework requiring its explicit consideration in policies, regulations, and project assessments.

Alongside the Framework Law on Climate Change, the ministry highlights that climate change has become a growing concern for businesses. Most report having been affected—at least to some degree—by its impacts, as noted in the 2024 Business Perceptions Report by the Central Bank of Chile.

The Ministry of the Environment indicated that climate change has so far been addressed indirectly or tangentially by Chilean courts due to the lack of a national regulatory framework.

Dominga: Government and Environmental Tribunal Stuck in a “Chinese Puzzle” Over New Ruling Interpretation

■ The acting Environment Minister emphasized that the SEA lacks the authority to alter the Committee of Ministers’ ruling. Legal experts weigh in on the debate.

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By Patricia Marchetti

In the latest chapter of what some are calling “a fascinating case for administrative law,” the new ruling from the First Environmental Tribunal (1TA) regarding the Dominga mining-port project not only determined that the Committee of Ministers failed to comply with its previous ruling in its January 8 vote but also sparked multiple interpretations and uncertainties regarding its resolution.

In a divided ruling, judges Alamiro Alfaro and Cristian López ordered the Executive Directorate of the Environmental Assessment Service (SEA)—in its role as the technical secretariat of the Committee of Ministers—to issue a supplementary act addressing various aspects considered by the committee (and which formed the basis of its rejection), after annulling them for exceeding the scope of the December ruling.

The government warns that enforcing the order would be illegal, as it “requires the SEA to override a decision by the Committee of Ministers, despite the fact that the technical secretariat lacks the authority to do so,” said Acting Environment Minister Maximiliano Proaño, who also ruled out the need for the Committee of Ministers to convene again.

For this reason, he announced that the SEA—acting on behalf of the Committee and, therefore, the government—will file an appeal before the Antofagasta Court of Appeals by Saturday, the deadline to do so.

This appeal, he argued, “is justified because both the December 23, 2024 session of the Committee of Ministers—when they met to declare themselves disqualified—and the January 8, 2025 session—when they rejected the project for the third time—fully complied with the December ruling of the 1TA.”

The government’s appeal, along with those to be filed by Oceana and other environmental organizations in both the Court of Appeals and the Supreme Court, will extend the timeline, as the 10-day period ordered by the tribunal will only begin once the ruling is final and enforceable—meaning when no pending appeals remain. The Court of Appeals’ review of the case could take months or even years.

Committee or SEA?

One of the key debates is whether the SEA is actually capable of executing the ruling or if the order should instead apply to the Committee of Ministers.

Francisco Irrázaval, a professor of Administrative Law at the Universidad de Los Andes, argues that the 1TA ruling “clearly states that the Committee failed to comply both procedurally and substantively.”

In his view, “the ministers must vote again, but this time they must properly justify their reasons for either approving or rejecting the project, ensuring the vote takes place within the required timeframe.”

On the other hand, former SEA director Ricardo Irrázaval explains that “the tribunal is simply striking down the two additional arguments added by the Committee, in accordance with its authority under Article 30 of Law 20.600, which allows it to modify the challenged administrative action.”

It is important to note that the Committee of Ministers rejected Dominga based on two new issues that were not part of the January 2023 vote—the same vote that the 1TA ordered to be repeated in December after ruling it illegal.

“The Committee does not need to reach any new agreement unless it wishes to meet again to introduce a new argument to maintain its rejection—an action that would be institutionally disastrous,” says the PUC environmental law professor.

“The tribunal orders the SEA to issue a supplementary act that, under its instructions, should result in an approved Environmental Qualification Resolution (RCA).”

“Since the RCA cannot be directly granted by the tribunal, it must be issued by an administrative body following the tribunal’s legal guidelines,” he explains.

A legal expert on environmental issues close to the government argues that “the SEA cannot modify the Committee’s decision,” and therefore, the tribunal’s ruling “does not comply with the law.”

He further claims that "the biggest legal flaw in the 1TA ruling is its attempt to review the content of an administrative decision through an incidental enforcement order. The tribunal is stacking illegality upon illegality, ultimately forcing the approval of the project," he asserts.

When asked how much room the Committee of Ministers has to reject Dominga, Rosa Gómez, former president of the Administrative Law Association and professor at Universidad de Los Andes, commented that "since the project already has a favorable RCA, the Committee's ability to reject it is limited."

Gómez added, "any rejection must be based on well-founded technical arguments directly related to the specific issues outlined by the tribunal in its ruling."

What Happens if the Government Ignores the Ruling? According to Verónica Cuadra, an attorney at Cariola Díez Pérez Cotapos, "if the government does not comply with this order, the tribunal has the legal authority to nullify any actions taken in defiance of its ruling. Additionally, those who violate the order could face criminal penalties, ranging from mid-to-maximum terms of minor imprisonment."

"If the Court of Appeals upholds the Environmental Tribunal's decision, we will comply with the ruling—while also exercising all available legal remedies."

— Maximiliano Proaño, Acting Minister of the Environment

"The Supreme Court is simultaneously reviewing the appeals filed by the SEA—representing the Committee of Ministers—and by environmental organizations against the 1TA's December 9 ruling, which ordered the Committee to re-vote on the project."

Marcel Once Again Under Fire: La Moneda Seeks to Shield the Finance Ministry Amid Corfo Fund Transfer Controversy

This Wednesday, the government deployed the Economy Minister to contain the fallout from the \$3.5 billion transfers. Concerns are growing over how the right-wing opposition might use economic issues to attack the country's top financial official ahead of the elections.

PULSO

By David Tralma

The transfer of \$3.5 billion from Chile's Economic Development Agency (Corfo) to the administration of President Gabriel Boric in 2023 has opened an unexpected political front for the government, dealing another blow to the economic credibility of La Moneda and its Finance Minister, Mario Marcel.

The news, first reported by The Clinic, revealed the transactions, which, while not illegal, have been weaponized by the opposition to criticize the government's fiscal management. This line of attack has been reinforced as part of the right's electoral strategy ahead of this year's presidential elections.

The opposition has specifically targeted Minister Marcel, who is currently on vacation. They blame him for the controversy and also accuse him of a miscalculation in the 2024 fiscal execution report, which led to a \$1.5 billion spending adjustment. They also point the finger at the Budget Office (Dipres), headed by Javiera Martínez, which falls under the Finance Ministry's jurisdiction.

Mario Marcel remains one of the most highly regarded figures within Boric's administration, as well as among the ruling coalition. Some have even pushed for him to be the coalition's presidential candidate, with Socialist Party Secretary General Camilo Escalona leading the call.

Against this backdrop, attacking the country's top finance official serves the opposition's electoral interests.

"Minister Marcel and the Budget Office director are a threat to Chile's public finances," said Republican Party candidate José Antonio Kast. Meanwhile, Chile Vamos candidate Evelyn Matthei added, "Minister Marcel, take care of Chile and protect the reputation you've built over decades."

Closely monitoring the political fallout, the government sent Economy Minister Nicolás Grau—who also chairs Corfo's board, which approved the transfers—to contain the damage. Arriving at the presidential palace at around 10:30 AM, Grau sought to downplay the controversy:

"This uproar over Corfo's transfers to the Treasury is largely artificial. Everything was done transparently and in full compliance with regulations," he stated.

"These criticisms, I imagine, stem from misinformation. If the presidential candidate [Matthei] wants access to the data, I can send it to her so she can review Corfo's financial evolution herself," he added, directly addressing Matthei's accusations.

La Moneda chose Grau as the spokesperson for the issue, given that Marcel is on vacation. Additionally, Grau not only presides over Corfo's board but also has a stronger public presence than Javiera Martínez, whom the government did not want to expose further due to her already weakened political standing.

Aware that economic criticism will likely intensify as the election cycle heats up, the government has developed a strategy to ensure that a cabinet member promptly responds to every attack from the right.

As part of this effort, La Moneda has circulated talking points among government-aligned legislators, helping them coordinate their responses. As a result, ruling coalition lawmakers have uniformly defended Minister Marcel. For instance, Frente Amplio caucus leader Jaime Sáez stated, "The attacks on Minister Marcel are completely unfounded and come from a sector that admires Argentina's economic policies."

Although the Budget Office (Dipres) and Corfo maintain that the \$3.4 trillion pesos in transfers came from lithium revenue surpluses, The Clinic revealed discrepancies in official records. Corfo's meeting minutes indicate that the lithium funds were exhausted after an initial request of over \$2 trillion pesos by the Finance Ministry in February 2023.

A second request for \$1.5 billion, made urgently in November of that year, had to be covered by liquidating Corfo's financial assets. During this vote, Corfo's executive director, José Miguel Benavente, abstained, citing concerns over preserving the agency's financial health. Corfo also requested more time for the transfer, arguing that the immediate liquidation of assets could lead to capital losses.

Minister Grau, coordinating closely with Corfo, attempted to clarify the matter. "Some have claimed that this transfer reduced Corfo's assets, but that is not entirely accurate. If you compare Corfo's net worth when we took office to what it is today, it is roughly the same. That's because the transferred funds were surplus resources generated by exceptionally high lithium prices," he explained.

Regarding the liquidation of \$1.5 billion in Corfo's financial assets, Grau added, "Corfo's financial assets were around \$160 million. By the end of 2024, that figure had grown to \$1.5 billion. It's normal that when resources are available, they are temporarily invested in financial assets to generate short-term returns before being liquidated as needed. There is nothing unusual about this process."