

BHP launches investment plan of over US\$10 billion in Chile, starting with an initiative to optimize Escondida's concentrator

In the coming days, the Anglo-Australian mining company will submit for environmental evaluation the optimization of the Laguna Seca concentrator plant. This will be the first of ten planned projects aimed at sustaining future production at the world's largest copper mine.

PULSO

By Víctor Guillou, from Antofagasta

This Tuesday, Finance Minister Mario Marcel visited the world's largest copper deposit to learn about BHP's expansion plans to sustain Escondida's production levels. There, he was received by Alejandro Tapia, the company's president, who detailed the mining giant's 10-year investment roadmap, involving three key initiatives worth up to US\$10.8 billion.

Specifically, BHP announced that in the coming days it will submit the Laguna Seca concentrator optimization project for environmental approval. This plant currently has two production lines, and Escondida aims to expand its daily ore processing capacity to 70,000 tons, up from the current 40,000 tons per day.

Tapia highlighted the significance of this first initiative, stating: "Our growth plan marks the beginning of an investment exceeding US\$10 billion, aimed at strengthening our production processes and extending Escondida's operational life by more than 50 years." He added that this investment represents "the largest in Escondida's history."

The first phase will require an investment of over US\$2 billion, but it is just one of up to ten initiatives included in the company's growth strategy. Among these, two other projects already have defined timelines. According to a BHP investor presentation, the first will be the construction of a new concentrator plant to replace the Los Colorados plant—the mine's oldest, in operation since 1991. The new concentrator will add a processing capacity of 150,000 to 180,000 tons of ore and is expected to start operations between 2031 and 2032.

In the meantime, Los Colorados will receive one last extension of its operational life to continue running for a few more years before being decommissioned. This is because its northeastern location along the Escondida pit provides access to higher-grade and large-volume ore deposits. Initially, the extension was planned to last until 2027, but the company is now considering an extension until 2029, with a further possibility of operating until 2031. However, keeping the plant open longer would delay access to richer copper veins. The final decision will depend on optimization potential and the sequencing plan for extending Los Colorados' operational life.

Both initiatives are expected to be submitted for environmental approval in the coming months, as regulatory timelines require Escondida to act quickly. For instance, BHP estimates that the modernization of Laguna Seca, which will soon enter the approval process, will not be operational until 2031.

Meanwhile, Finance Minister Mario Marcel emphasized that Escondida's expansion plans align with a favorable outlook for Chile's mining sector, citing the approval of the new mining royalty, a legal framework that has "facilitated industry investments." He also pointed to ongoing efforts to streamline investment regulations and sector-specific environmental permitting processes.

Tapia agreed with Marcel's assessment, stating: "At BHP, we see a growth plan for Chile. A few years ago, we faced uncertainty regarding the royalty framework and permits, and the situation was different. Back then, regional leaders declared their investment plans, but these were tied to permitting issues. Today, the royalty issue has been resolved, providing investors—not just BHP, but the entire industry—greater confidence and stability. And the permitting process is also progressing."

The finance minister also highlighted the potential impact of these initiatives on Chile's copper production and economic growth.

"Often, we focus on investments that, while significant in their respective sectors, do not significantly move the needle at the macroeconomic level. This, however, is a case where it does," Marcel noted. He added that BHP's plans at Escondida illustrate a key feature of foreign investment in Chile—as evidenced by Escondida's 34-year presence in the country. Companies with long-standing operations in Chile continue to find new investment opportunities and reinvest their profits into future projects.

"This is largely the case with Escondida BHP, a company that has been in Chile for 34 years. Many of its initial investments have matured, and it now faces the challenge of maintaining its production levels through process optimization," Marcel concluded.

Marcel: "Chile remains by far the world's largest copper producer"

Finance Minister Mario Marcel also addressed the changes in Chile's share of global copper production, which declined from 30% to 24% over the past decade.

According to Marcel, the country's lower market share is mainly due to the rapid growth of new and emerging copper producers.

"Chile's two most traditional copper mines have been in operation for over 100 years. Therefore, countering the decline in ore grade is a major challenge," he explained.

However, Marcel expressed confidence that Chile will increase its production volumes.

"Ensuring a supply that can meet global demand benefits the entire industry. The copper industry constantly faces new challenges and must remain responsive to market needs," he said.

He added: "We should always view this as an opportunity for our industry's development. Chile remains, by far, the world's largest copper producer, and I have no doubt that it will continue to be, thanks to initiatives and projects like the one we are discussing here."

Marcel also highlighted the recent memorandum of understanding between Codelco and Anglo American to jointly develop the Andina and Los Bronces mines, calling it "a very positive step."

"Both companies are extracting copper from the same deposit, and there are significant synergies to be realized. This has been under discussion for more than a decade, and finally, an agreement has been reached," Marcel said.

The deal, he noted, "represents an economic gain of approximately US\$5 billion for both companies."

"This is highly significant for mining development, particularly for Codelco. It also opens up a new operational model for Codelco, slightly different from its traditional approach," Marcel concluded.

Trump orders new tariff investigation on copper imports

■ The countries most affected would be Chile, Canada, and Mexico, the top suppliers of refined copper and other copper products in 2024, according to data from the U.S. Census Bureau.

Diario Financiero – February 26, 2025

By Reuters

U.S. President Donald Trump opened another front in his assault on global trade rules on Tuesday, ordering a new investigation into possible tariffs on copper imports to rebuild domestic production of a metal critical for electric vehicles, military hardware, semiconductors, and a wide range of consumer goods.

The president, seeking to counter what his advisors view as a Chinese strategy to dominate the global copper market, signed an order directing Commerce Secretary Howard Lutnick to launch a new national security investigation under Section 232 of the Trade Expansion Act of 1962—the same law Trump used during his first term to impose 25% tariffs on steel and aluminum.

A White House official stated that any potential tariff rate would be determined by the investigation and added that Trump prefers tariffs over quotas.

White House trade advisor Peter Navarro said the investigation would be completed quickly.

He further claimed that China is using state subsidies and economic influence to take control of global copper production, in the same way it now dominates steel and aluminum manufacturing.

The impact

The countries most affected by any new tariffs would be Chile, Canada, and Mexico, which were the top suppliers of refined copper and copper-related products to the U.S. in 2024, according to data from the U.S. Census Bureau.

"Just like our steel and aluminum industries, America's once-great copper industry has been decimated by global actors targeting our domestic production," Lutnick said in a statement.

"To rebuild our copper industry, I will investigate the imposition of potential tariffs," he added.

The Commerce Secretary emphasized that American industries and national defense rely on copper and that it "must be made in the United States—no exemptions, no exceptions."

"It's time to bring copper home," Lutnick declared.

The investigation will examine imports of raw extracted copper, copper concentrates, copper alloys, copper scrap, and copper-based manufactured products.

The official declined to specify which derivatives would be targeted, stating that doing so would prejudice the investigation.

A White House official noted that the Department of Energy recognizes copper as a critical material in the medium term due to growing demand for solar energy technologies and global electrification.

The Commerce Secretary stated that industries and national defense rely on copper. "It's time to bring copper home," Lutnick said.

Chile experiences the largest power outage in 15 years as government declares a state of emergency and curfew

A massive blackout left nearly all of Chile without electricity, affecting more than 19 million people.

LA TERCERA

By Gabriela Mondaca

From Arica to Los Lagos, the crisis forced the government to declare a state of emergency and impose a curfew, while authorities investigate the causes of the failure in the national power transmission system.

At 3:16 PM, Chile went dark. An unprecedented failure in the Nueva Maitencillo-Nueva Pan de Azúcar 2x500 kV transmission line, located between Vallenar and Coquimbo, led to a massive outage in the National Electric System, impacting regions from Arica y Parinacota to Los Lagos.

This is the largest blackout the country has seen since the 2010 earthquake, affecting 19 million people, equivalent to more than 98% of the country's population.

After four hours without power, and with the National Electricity Coordinator stating that there was no estimated time for service restoration, Interior Minister Carolina Tohá announced at 8 PM the government's decision to declare a state of emergency in the affected regions and impose a curfew starting at 10 PM. She also confirmed the suspension of classes in all affected areas.

"Given that power remains out between the regions of Arica and Los Lagos at this hour, the President of the Republic has decided to declare a state of emergency due to catastrophe in all these regions," Tohá stated at the beginning of her address.

The unprecedented crisis comes just 15 days before the anniversary of the administration, forcing the government to adjust its agenda. The face of the crisis response has been Minister Carolina Tohá, who also expressed the government's frustration with private sector actors in the National Electric System.

"As the Chilean government, we consider the situation Chileans are facing unacceptable. It is inconceivable that, due to a failure of this nature and after so many hours, daily life, mobility, recreational activities, summer vacations, and even school schedules are so severely impacted. Therefore, we will act with the full force of the law," she declared.

The failure in the power system and the lack of an effective response to restore service also led to the unprecedented suspension of the Viña del Mar International Song Festival, which was set to hold its 64th edition this year. The festival had only been canceled twice before—in 1973 due to civil unrest and in 2010 following the earthquake.

At 3:33 PM, minutes after the emergency began, Interior Minister Carolina Tohá convened a National Disaster Risk Management Committee (Cogrid) at the headquarters of Senapred (National Disaster Prevention and Response Service).

Among those present were Undersecretary of the Interior Luis Cordero, Transport Minister Juan Carlos Muñoz, Health Minister Ximena Aguilera, and Senapred National Director Alicia Cebrián.

From there, Tohá provided the first official account of the situation based on information from the National Electricity Coordinator, the autonomous body responsible for coordinating private sector actors in the power system. The coordinator's CEO, Ernesto Huber, oversees the entity.

"This appears to be a disconnection in a transmission line in the 'Norte Chico' region. It is a line carrying 500,000 volts, and its failure is currently impacting the entire national power system," Tohá explained.

At that point, she emphasized that "with the available information, there is no reason to suspect or assume that this is an attack—it appears to be a technical failure within the system."

The system failure was immediately felt across the country as the power went out. Metro services stopped operating, telecommunications were disrupted, and streets became overcrowded as citizens scrambled to get home.

Later, in an official statement, the company ISA Interchile explained that at 3:16 PM, an event occurred that affected the Nueva Maitencillo-Nueva Pan de Azúcar 2x500 kV transmission line, located between Vallenar and Coquimbo. At the time, it was carrying an energy transfer of approximately 1,800 MW.

The company denied any sabotage, fires, or explosions at its facilities, dismissing social media and industry rumors that speculated about transmission lines or substations being affected by flames.

While Interior Minister Tohá initially ruled out an attack on the power system, later in the evening, Ernesto Huber, Executive Director of the National Electricity Coordinator, stated that "the investigation protocol will provide more and better information on the failures."

As of the latest update, Metro services were fully evacuated and remained out of service. In response, the Ministry of Transport and Telecommunications (MTT) announced the reinforcement of public transport through additional buses.

Transport Minister Juan Carlos Muñoz commented on the telecommunications sector's challenges, stating:

"Although the system has operated reasonably well during the emergency, keeping communications running, it is important to note that telecommunications infrastructure relies on different levels of antennas. The secondary antenna network has a legally mandated four-hour backup power supply."

"That four-hour backup will expire at 7:15 PM. After that, it is possible that connectivity will begin to deteriorate progressively," he warned.

Despite the emergency, Health Minister Ximena Aguilera reassured the public that the health system remains on full alert and is operating under emergency protocols.

"We are verifying that all generators are functioning properly. According to our latest information, all hospital systems are operating normally," Aguilera stated.

Productive effects of the energy blackout:

Mining operations come to a halt, potentially impacting February's economic growth

At least four Codelco divisions allocated backup power only to critical systems and equipment.

**MERCURIO DE SANTIAGO
CATALINA MUÑOZ-KAPPES**

Several mining operations were forced to shut down yesterday due to the power outage that affected areas from Arica to Chiloé, potentially impacting copper production.

The disruption of electricity supply could have consequences beyond Chile's borders, given that the country is the world's leading copper producer, supplying one-quarter of the global market. The incident also comes at a time when Donald Trump's administration has announced an investigation that could lead to potential tariffs on metal imports (see B 5).

Operations halted

Following the blackout, Codelco was left without power in its Chuquicamata, Salvador, Andina, and El Teniente divisions, while other operations were running only partially with autonomous machinery to maintain critical systems and equipment. "The power outage affected all of Codelco's operations. The company has taken the necessary measures to ensure the safety of both personnel and facilities," the mining company stated.

Anglo American also reported that its operations were without power. Only the company's camps and essential services were running on backup generators. In contrast, Antofagasta Minerals was able to continue operations using backup power to avoid production disruptions.

Companies were still unable to estimate the impact on production caused by the blackout, as the extent of the disruption depended on how long the power outage lasted. Interior Minister Carolina Tohá stated that restoring power to mining companies could take longer than expected.

Due to the scale of the outage, businesses across various industries were affected by the lack of electricity.

In fact, several companies were unable to assess the full extent of the blackout because internal communications among employees were disrupted as mobile phone and laptop batteries ran out.

Impact on the Imacec

According to a 2024 study by researchers from the Central Bank, one additional working day in a given month has an average effect of 0.5 percentage points on the annual Imacec variation. In other words, an extra workday contributes to economic growth. Conversely, one less workday slows economic activity.

Since the blackout occurred in the afternoon of a workday in February, it is estimated that it could have an impact of around 0.2 percentage points. The figure could be higher if the losses in value are also considered. For example, commercial activity was disrupted, mining operations had to activate emergency protocols, and industrial sectors had to implement contingency measures.

ONE-QUARTER

of the world's copper supply comes from Chile, meaning any production disruptions could have global repercussions.

AFFECTED

Codelco's Chuquicamata division was among the mining operations left without power yesterday.

Dominga: Andes Iron asks the Court to "clarify, rectify, or amend" ruling due to differing interpretations

■ The project owner explained that the use of a single word has caused confusion, prompting the request to explicitly define the scope of the ruling.

Diario Financiero – February 26, 2025
By Patricia Marchetti

Andes Iron, the company behind the Dominga project, has requested that the First Environmental Tribunal "clarify, rectify, or amend" the wording of the February 17 ruling, arguing that it failed to explicitly state that the resolution required the Committee of Ministers to issue a complementary act.

The source of the differing interpretations lies in Resolution 3, which states: "Order the Executive Directorate of the Environmental Assessment Service (SEA), in its capacity as the Technical Secretariat of the Committee of Ministers, to issue a complementary act...", referring to the ministerial committee's third rejection of the initiative. According to Andes Iron, the issue stems from the use of the preposition "al" (to the) in the ruling: "We highlight this preposition because a plain reading of Resolution 3 suggests that the word 'al' should have been followed by 'Committee of Ministers,' which is represented by the Executive Directorate of the SEA in its capacity as Technical Secretariat."

The company, owned by the Délano family, bases its request on the considerations section of the ruling on incidental compliance, which states that "it is clearly established that it was the Committee of Ministers that materially committed the verified breaches."

This is a crucial issue because, if the ruling is strictly interpreted, it suggests that the SEA itself must issue the complementary act. In fact, following the decision, acting Environment Minister Maximiliano Proaño indicated that the government would appeal, noting: "There are elements that raise concerns, such as the fact that it compels the SEA to alter a decision made by the Committee of Ministers, despite lacking the authority to do so."

Beyond the government's defense of the legality of the Committee of Ministers' rejection of the project, the core issue in the appeal filed against the ruling is precisely Resolution 3.

"The Tribunal's order is illegal on two levels," the appeal argues, explaining that it "orders the Executive Directorate of the SEA to modify a decision made by a collegiate body and to rule on the environmental qualification of the project—something that, in the case of an EIA, can only be done by the Committee of Ministers."

Along these lines, the appeal emphasizes that the Tribunal's ruling violates Articles 20 of Law 20.600 and Articles 6 and 7 of the Political Constitution of the Republic, as it orders the SEA to amend the Committee's resolution.

On February 17, the First Environmental Tribunal issued a new ruling against the government, but its scope has been subject to varying interpretations by the parties involved.

In 2007, it surpassed the U.S. as the main destination

Largest market for Chilean exports: In two decades, China has increased its share nearly fivefold

In 2024, exports totaled US\$ 100.163 billion, with China accounting for 38.1% of that value.

**MERCURIO DE SANTIAGO
A. DE LA JARA**

At the beginning of the 2000s, the United States was by far the main destination for Chilean exports. In 2003, out of total shipments worth US\$ 21.747 billion, the North American nation accounted for 17.3% of the share. However, China's aggressive development and growth plans over the past 20 years have turned the Asian nation into the world's largest consumer of raw materials and the number one destination for Chilean exports. In 2024, China received Chilean shipments worth US\$ 38.234 billion, while the United States ranked second—though at a considerable distance—with US\$ 15.528 billion. Japan followed in third place with US\$ 8.556 billion, according to data released this week by the Foreign Trade Monitor of Goods (MCE) from the Central Bank.

Two decades ago, Japan held the second position as an importer of Chilean products, with a value of US\$ 2.425 billion, followed by China, with US\$ 1.909 billion.

When did the United States and China switch places as the main destination for Chilean exports? It happened in 2007. That year, China made a significant leap in imports from Chile, rising from third place (in 2006) to first place, with purchases totaling US\$ 10.505 billion, equivalent to 15.2% of Chile's total exports.

Since then, and without interruption, China has been the primary destination for Chilean exports, followed by the United States in most subsequent years.

Unlike two decades ago, China's influence as Chile's top export destination is now much stronger. For example, the world's second-largest economy now more than doubles the share that the United States had in 2003.

Last year, Chilean exports totaled US\$ 100.163 billion, with China accounting for US\$ 38.234 billion (38.1%).

This means that in two decades, the Asian nation's share as the main destination for Chilean exports has increased nearly fivefold.

Less added value

Despite efforts to diversify Chilean exports and increase their added value, the figures point in the opposite direction over the past two decades, according to data released by the Central Bank.

While refined copper (which involves more processing and manufacturing) led exports in 2003 with US\$ 4.679 billion, in 2024, this product ranks second with US\$ 17.273 billion.

The top spot among the TOP 10 exported products in 2024 is occupied by "copper minerals and concentrates," meaning lower added value, totaling US\$ 31.551 billion—almost one-third of the country's total exports.

In third place among major exports in 2024 is the salmon industry and its derivatives, with US\$ 6.296 billion.

Notably, in 2003, this industry also ranked third, with shipments worth just over one billion dollars.

The rise of the cherry production business was consolidated last year, securing fourth place with exports worth US\$ 3.574 billion. This marks an improvement of three positions from its 2023 ranking.

The disappointment

The biggest disappointment in Chilean exports last year was the lithium industry, which, dragged down by the global price slump, contributed shipments worth US\$ 2.582 billion—far from the US\$ 8.258 billion recorded in 2022.

Meanwhile, exports from the forestry sector, led by the pulp industry, have ranked between fourth and sixth place among the country's top shipments over the past two decades.

Among Chile's Top 10 exports in 2024, half come from the mining industry, followed by the agro-industrial and chemical sectors.

Subrei seeks to finalize CEPA

Undersecretary of International Economic Relations Claudia Sanhueza is on an official tour of African and Middle Eastern countries. She is visiting Saudi Arabia, Kenya, and South Africa, where her office has identified opportunities for products such as white meats and salmon.

She will conclude the tour with a visit to India to meet with the country's Minister of Commerce, Piyush Goyal.

In addition to her previous visit in October, Foreign Minister Alberto van Klaveren led the Chile Summit held in August last year, although he was unable to finalize the terms of reference for a potential Comprehensive Economic Partnership Agreement (CEPA).

Following this meeting, the next key event is President Gabriel Boric's planned visit to India during the first half of the year.

Shipments to the Asian country grew 73.1% last year, totaling US\$ 2.611 billion:

India gains ground among top destinations for Chilean exports

Only China, the United States, Japan, Brazil, and South Korea received more Chilean shipments in 2024. Tariffs and logistics are the main barriers to entering this market, according to experts.

MERCURIO DE SANTIAGO
JOAQUÍN AGUILERA R.

India's interest in Chilean products continues to strengthen. In 2024, this destination received a total of US\$ 2.611.7 billion FOB in exports, marking a 73.1% increase compared to US\$ 1.508.7 billion the previous year. As a result, India ranked as the sixth-largest international destination for Chilean products, surpassed only by China, the United States, Japan, Brazil, and South Korea. It overtook the Netherlands, Mexico, and Peru in the rankings.

Although India first entered the top ten export destinations in 2010, it dropped out in 2018 and only regained its position in the past two years. The value of Chilean shipments to India in 2024 is the highest recorded by the Central Bank since 2003.

Fruits and copper

Among the Chilean products exported to India last year, copper was the standout. Shipments of copper concentrate totaled US\$ 1.488.7 billion, more than doubling the US\$ 703.8 million recorded in 2023. Unrefined copper followed with shipments worth US\$ 318.7 million, up from US\$ 226 million the previous year. The higher price of copper contributed to this result. More broadly, LyD senior economist Tomás Flores attributes the increase partly to temporary factors. "India's economy grew by around 6% last year, ranking among the fastest-growing economies in the world. It increased purchases from all countries, including Chile." However, copper alone does not account for this growth. Molybdenum oxide ranked as the third most exported product to the Asian country, with shipments worth US\$ 220.3 million, followed by the category of "other basic chemical products," which totaled US\$ 220.1 million.

Among consumer goods, one of the most successful in the Indian market has been nuts, particularly walnuts. This category ranked as Chile's fifth-largest export to India, totaling US\$ 97.3 million last year. In 2015, shipments barely reached US\$ 1.64 million annually, and the highest pre-pandemic record was US\$ 25 million in 2018. In the fruit export category, apples (US\$ 27.6 million) and kiwis (US\$ 23.5 million) also stood out. Apple exports nearly doubled their 2023 value, while kiwi shipments grew by 29.7%.

The obstacles

Despite the expansion of trade with India, several factors still hinder greater penetration for Chilean exporters. One of the most significant challenges is logistics, according to Tomás Flores. "It is not cheap to reach India. It was not cheap to reach China at first either, but as trade increased, more shipping companies started offering the route. With India, we are still in the early stages."

This issue was the second most mentioned concern in a survey conducted last year by the Chile-Sofa Business Council regarding the biggest challenges for bilateral trade. In the survey, which included responses from 126 companies with a presence or interest in India, 27% identified tariffs as the biggest barrier.

Among the most exported products, for example, walnuts face a 100% tariff upon entering India, while apples are subject to a 50% tariff. Although India has a growing demand for wine, a 150% tariff has effectively excluded this product from Chile's top 20 exports, with only US\$ 0.56 million in shipments in 2024.

Overall, Iván Marambio, president of both the bilateral business council and Frutas de Chile, commented on the survey results: "We could certainly achieve better results... Progress has been slow, but with India, things move slowly. This is a state-level issue, and I believe Chile has handled it well—not just now, but also in the past." Improving tariffs is a key issue in the pursuit of a Comprehensive Economic Partnership Agreement (CEPA), which the Chilean government is pushing to replace the current Partial Scope Agreement that has been in place since 2007. Undersecretary of International Economic Relations Claudia Sanhueza will visit India in the coming days to advance negotiations (see sidebar), and President Gabriel Boric is also expected to visit during the first half of the year.