

How Copper Giants Are Preparing for a Tariff Increase in the U.S.

From meetings in Washington to trade reorientation, as well as cost and productivity adjustments, the Trump era is causing nervousness among global players.

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By Patricia Marchetti.

The representatives of the world's largest copper companies have been holding various meetings in the United States amid the uncertainty generated by President Donald Trump and his back-and-forth regarding potential tariffs affecting imports of the red metal.

Six weeks after his arrival at the White House, tensions are escalating: this Tuesday, he imposed 25% tariffs on shipments of various products from Canada and Mexico and raised tariffs on China from 10% to 20%.

Although no tariff has yet been imposed on copper, the Trump era has impacted all major mining companies that produce copper in Chile, particularly the U.S.-based Freeport McMoRan.

Today, the looming trade war is being closely monitored from Toronto, where more than 30,000 attendees from the mining world are participating in PDAC, the world's largest mining exploration convention. Among them are senior executives from major copper companies.

"Last week, I was back in Washington speaking with lawmakers. The urgency of ensuring the resilience of the critical minerals supply chain and the focus on rebuilding the U.S. economy are evident," said BHP's CEO, Mike Henry, during the summit's opening.

In a subsequent conversation, a source familiar with the meetings in the U.S. capital told DF that the meeting was held with high-ranking government officials and that the primary goal was to understand the administration's stance on copper.

"I think it's too early to have an opinion on how the tariffs will play out—it's something that changes every day. We're still waiting to see what happens," said the senior executive.

Nevertheless, he confirmed that the Anglo-Australian mining company is "closely monitoring" the investigation into copper imports being conducted by the Departments

of Commerce and Energy, an initiative ordered by Trump that could lead to tariffs on major exporters of the metal.

All major global players are aware that the Trump administration is focused on securing the supply chain for critical minerals—some of which, like copper, are essential to the defense sector. This could even open the door to a bilateral negotiation between Chile and the United States, said a source from a mining company operating in Chile.

Another market leader, the CEO of Canadian mining company Teck, Jonathan Price, stated that the company could "sell elsewhere" to counteract the tariffs imposed by the Trump administration, he said during the PDAC industry conference.

Teck sells zinc to the U.S., he noted. He also said he expects tariffs to increase raw material costs and drive inflation.

An executive from the Canadian mining company Lundin pointed out that, for now, "there's not much that can be done." However, he detailed that "most of our exports go to Asia and some to Europe, so there is little interaction with the United States," as "none of our shipments go directly to the U.S.—it's possible that some sales occur through brokers." Lundin, he added, exports to Japan, China, Korea, and Spain. "That doesn't mean we won't be affected, but the impact could be indirect. In such a connected world, everything affects you," he reflected.

Price and Demand

Former Codelco CEO Marcos Lima stated that while the additional copper consumption in the United States "doesn't move the needle globally," he warned that "what is serious is that this is a preview of an economic war that could impact global economic growth—and that is truly concerning from the perspective of copper producers."

The former executive and academic explained that copper demand follows economic growth patterns, and if this growth is threatened—whether in Europe, Asia, or the U.S. itself—copper demand will decline, consequently affecting its price.

Lima noted that this more protectionist policy could impact China, which accounts for 60% of the world's copper consumption. "It's a serious complication if the global economy slows down," he cautioned.

How are mining companies preparing for such a scenario? The former Codelco executive explained that "whenever prices drop, companies set out to reduce costs and increase productivity... I don't think they will do anything different this time, though they may use different tools, such as AI."

In any case, Lima does not see the U.S. reclaiming its position as the world's top copper producer—a title that Chile took from it in the 1980s.

The CEO of Canadian mining company Teck, Jonathan Price, stated that the company could "sell elsewhere" to counteract the tariffs imposed by the Trump administration.

The U.S. market share fell to 15.5% by 2024, amid China's consolidation and greater diversification:

Chilean exports reduce dependence on the United States as a destination

Exporters must decide whether to absorb tariff-related costs or seek other markets.

**El Mercurio de Santiago. March 5, 2025.
By N. Birchmeier Rivera.**

The protectionist measures of U.S. President Donald Trump are a major source of uncertainty for local exporters.

Following the imposition of tariffs on imports from China, Canada, and Mexico, these economies have announced retaliatory measures against the U.S. government's actions, marking the beginning of a trade war (see B2).

Chilean authorities and private sector representatives are closely monitoring the potential impact of the measures announced in Washington. The U.S. president has declared that he will begin applying tariffs on agricultural products—although he has not specified which ones—that enter the U.S. starting April 2. Meanwhile, the results of Trump-ordered investigations into imposing tariffs on raw material imports such as copper and timber are still pending.

Nonetheless, within the Chilean market, it is noted that the importance of the U.S.—which for decades was the largest recipient of Chilean exports—has declined due to China's emergence as the country's main trading partner since 2007 and greater diversification into other destinations.

According to Central Bank data, the U.S. accounted for 24.8% of Chile's total exports in 1984, making it the primary destination. By the end of 2024, that share had dropped to 15.5%. Last year, China solidified its leading position with imports worth \$38.234 billion (see infographic).

Products at Risk

Of Chile's ten main export products to the U.S., six could be subject to potential tariffs.

Refined copper leads Chilean shipments to the U.S., totaling \$5.885 billion. The U.S. market represents 34% of total shipments of this product.

Other key exports include table grapes (\$845 million) and wood panels (\$558 million). For these products, the U.S. accounts for 66% and 56% of total shipments, respectively.

Álvaro García, dean of Economic and Business Sciences at Universidad de Los Andes, believes that while the U.S. will remain relevant for Chilean exports affected by such tariffs, the most immediate impact "will be a loss of competitiveness for Chilean shipments to the U.S. in these products." In the medium term, exporters will have to "at least partially absorb the cost of the tariff or seek alternative markets for their products," he noted.

Impact

The local private sector asserts that trade wars benefit no economy, making this an issue they will continue to monitor for potential effects on Chile.

"In this tariff war, no one wins—not even the country imposing the tariffs," said Antonio Walker, president of the National Agriculture Society (SNA).

However, the industry leader noted that Chilean agriculture is in a favorable position regarding these tariffs because the sector's exports operate in the opposite season to U.S. agriculture. Therefore, "we believe the impact on Chile should be minimal."

Market diversification will also play a key role in navigating this trade war. "Fortunately, thanks to Chile's trade openness and export-driven culture, we ship to more than 190 countries worldwide (...) Chile is well prepared," Walker said.

Iván Marambio, president of Frutas de Chile, stated that Chile's fruit exports are distributed as follows: 30% to Asia, 30% to North America, and 20% to Europe and Latin America. Despite Trump's announcement, the leader of the fruit export guild assured that "since our fruit is counter-seasonal and therefore complements local production, this should weigh in favor of not imposing tariffs on fresh fruit."

In the mining sector, companies are awaiting the outcome of the investigation that will determine whether tariffs will be applied to copper. Máximo Pacheco, president of Codelco, told radio ADN last week that the U.S. will continue to need copper.

What Subrei Says

The Undersecretariat of International Economic Relations (Subrei) stated that one of the pillars of Chile's trade policy is diversification and that the country has strong economic and trade ties with major economies in Asia, Oceania, Europe, and the Americas.

"Our exports can now expand in all directions thanks to tariff eliminations, reduced trade barriers, greater phytosanitary openings, and the implementation of an extensive export

promotion agenda, which helps mitigate risks and expand opportunities in increasingly volatile global contexts," they emphasized.

Alicia Frohmann, from the U.S. Free Trade Agreement team

Copper Tariffs: "Directly or indirectly, this could have an impact"

Even if no measures are imposed on Chilean copper, its exports could still be affected.

**El Mercurio de Santiago. March 5, 2025.
By C. Muñoz-Kappes.**

The escalation of the global trade conflict will affect the country's copper, regardless of whether tariffs are imposed on the Chilean product or not. "Whether directly or indirectly, this could have an impact on the country's main export product," says Alicia Frohmann, academic at the University of Chile and former technical coordinator of the Chile-U.S. Free Trade Agreement negotiating team.

U.S. President Donald Trump announced that he will consider imposing surcharges on copper, citing its importance to the defense industry and its role in new technologies. The target, Frohmann says, would be refined copper, copper smelting, and "with a clear focus on China."

Although, according to the academic, the focus of this measure would be China, it remains uncertain what Trump will do, especially considering that between 2018 and 2022, 64% of the refined copper imported by the United States came from Chile.

"Chile's case is quite different because it is a distant economy that is not so significant in general terms for the United States. It is also an economy with which the U.S. has historically maintained a trade surplus, meaning that the United States exports more to Chile than Chile exports to the United States," she explains.

She adds that "in reality, it is quite unpredictable because the measures of the Trump administration are very difficult to foresee. What essentially prevails is uncertainty."

Even if no measures are imposed on Chilean copper, the country's exports could still be affected. "China buys a lot of copper from Chile, which then undergoes refining and smelting processes," says Frohmann.

—How do you view the fact that the United States is not respecting trade agreements?

"The imposition of tariffs on Canada and Mexico—countries with which the United States has signed the North American Free Trade Agreement, which even Trump

himself signed—implies disregarding that treaty, which is undoubtedly the most important trade agreement for the United States. (Trump) invokes national security reasons, which allow for such initiatives. The explanation given is the illegal arrival of fentanyl and also undocumented immigrants. But clearly, these are economic measures in the context of a trade war 2.0, because this is reaching levels significantly higher than those seen during Trump's first administration."

—How does that treaty compare to the free trade agreement between Chile and the United States?

"The North American treaty is much broader, deeper, and more modern than Chile's agreement. Additionally, Canada and Mexico are the most important trade partners for the United States."

Frohmann explains that the Trump administration has a mercantilist view of trade, "where the most important thing is achieving a trade surplus." She adds that "the main concern behind all these measures is the considerable international trade deficit that the United States has had for many years." However, she emphasizes that this has not been the case with Chile.

CPC convenes nearly 60 experts and business leaders to design proposals for economic recovery

The initiative aims to provide input to presidential candidates and will feature the participation of Francisco Pérez Mackenna, Pablo García, Sergio Urzúa, among others.

**Diario Financiero. March 5, 2025.
By Carolina León**

Developing economic proposals that could be considered by the presidential candidates who will appear on the ballot at the end of the year was the goal that led the Confederation of Production and Commerce (CPC) to establish the initiative "Engines to Drive Chile's Sustainable Growth." This effort will generate proposals to foster local economic development.

"For 15 years, this country grew at rates above 5%. However, in the past 10 years, growth has been below 2%, a figure that is completely insufficient for a country seeking development and progress for its people," stated CPC President Susana Jiménez, emphasizing the urgency of reversing this trend.

To achieve this, the group was formed and will be led by an advisory committee under the umbrella of CPC's executive committee, which includes the presidents of its six member branches—the National Society of Agriculture (SNA), the National Chamber of Commerce (CNC), the National Mining Society (Sonami), the Industrial Development Society (Sofofa), the Chilean Chamber of Construction (CChC), and the Bank Association (Abif)—along with Jiménez and the vice president of the multi-guild association, Daniel Más.

Also participating will be Francisco Pérez Mackenna, Vivianne Blanlott, Andrea Tokman, Oscar Hasbún, Ignacia Yarur, Patricio Parodi, Juan Andrés Fontaine, Patricio Rojas, Pilar Dañobeitia, Katia Trusich, Pablo García, Bernardo Larraín, Sergio Urzúa, and Joanna Davidovich. The executive coordinator of the initiative will be María Cristina Betancourt.

The Working Model

This working group will develop proposals around five cross-cutting themes: human capital development; public-private collaboration for investment projects; tax

competitiveness and fiscal sustainability; an efficient state that serves people and businesses; and greater security.

In addition to the advisory committee, several working groups will convene to develop more concrete proposals. These sessions will include around 60 business leaders, experts, and economists, among them: Lucas Palacios, Natalia Lidijover, Hernán Cheyre, Soledad Recabarren, Cristián Blabche, Rodrigo Mujica, Isabel Aninat, and Rodrigo Yáñez, among others.

The CPC aims for the initiative to work over the coming months and, once completed and following the presidential primaries on June 29, the CPC and its branches will hold a series of meetings with presidential candidates to ensure that the proposed ideas and actions are considered in their government programs.

"This is not intended to be a government program, because what we want here is to highlight a limited number of proposals, but ones that are powerful, that move the needle, and that enable Chile to grow and develop again," said Jiménez.

In the evaluation of the INNA project:

Foreign Ministry requests environmental authority to consider international sky agreements

Industrial complex would be located near the European Southern Observatory facilities.

El Mercurio de Santiago. March 5, 2025.

The Undersecretary of Foreign Affairs, Gloria de la Fuente, revealed that the ministry requested the Environmental Assessment Service of Antofagasta (SEIA) to consider, within the analysis of the INNA project by AES Andes, the agreements on skies signed with the European Southern Observatory (ESO).

"In February 2025—last week, to be more specific—a letter was sent from the Minister of Foreign Affairs to the regional director of the Environmental Impact Assessment Service, with the purpose of also highlighting the obligations that arise for the states from the agreements signed with ESO. The goal was for that authority to also take into account the available information regarding our commitments in terms of international agreements and treaties in the analysis of this initiative," the undersecretary stated before the Senate Foreign Relations Committee.

She explained that "according to Article 5 of this agreement, the Government of Chile must make every effort within its competence, in accordance with Chilean legal and constitutional order and international law, to ensure ESO's peaceful and undisturbed possession of its assets and, in general, to guarantee the peaceful development of the full range of activities of this international organization."

Along those lines, she noted that "the construction and commissioning of this project, according to information provided by ESO, would then affect—even within environmental standards—the peaceful development of the BLT (a telescope already in operation) and the future telescopes that are planned."

According to the Environmental Impact Study (EIA), the INNA project by AES Andes involves a total investment of US\$10 billion and includes the construction of a hydrogen production plant using deionized water from the Electro-Deionization (EDI) plant through the electrolysis process.

Coordinator: ISA InterChile reported issues in the line that failed nearly two hours before the blackout

Ernesto Huber, the executive director of the entity, revealed that the owner of the line alerted that the protection "was out of service," but they had the "fully operational backup." Since the line failed anyway, the audits announced last week were commissioned.

Additionally, he reported that the organization had filed complaints with the SEC against a total of 21 companies for failing to submit their reports within 48 hours of the total electrical system outage.

Pulso, March 5, 2025.

By Víctor Guillou

A series of developments arose during the appearance before the investigative commission of the Chamber of Deputies by several members of the National Electric Coordinator (CEN). Although the commission was created to investigate the massive power outages recorded in August 2024, the incident that occurred on Tuesday, February 25, which led to the collapse of the entire National Electric System (SEN), dominated the session on Tuesday.

All members of the CEN's governing council appeared, led by its president, Juan Carlos Olmedo, along with vice president, Jaime Peralta, and board members Carlos Finat, Bernardita Espinoza, and Humberto Espejo. They were joined by Ernesto Huber, executive director of CEN.

During his presentation, CEN provided "preliminary information" regarding the blackout, and although it emphasized that these details were collected "based on the information we are receiving from the companies," they are, in the first instance, the data available about what happened the day of the incident.

Ernesto Huber emphasized that, prior to the blackout, "the system was being supplied normally, maintaining the security criteria with which the system is typically operated," meaning that before 3:16 PM on Tuesday, February 25, "we had a significant share, as is usual at this time, of renewable energy in the system."

He confirmed some details that ISA InterChile, the company that owns the line where the failure originated, had already made public. At the time of the failure, 1,800 MW were being transmitted through both lines between Nueva Maitencillo and Nueva Pan de Azúcar. According to Huber, this amount of energy adhered to the "N-1 criterion, meaning that the failure of a single system element should not cause a blackout or a failure propagation in the system."

He highlighted that "the transmission limit of this line is around 2,000 MW, meaning we were operating below the transfer limits, considering the available resources in the system."

But as he continued with his account, Huber revealed some details that had been unknown until then. According to him, the failure occurred at 3:15:40 PM on Tuesday, February 25, seconds before 3:16 PM. At that moment, "an incorrect operation of the line protections was recorded, disconnecting both circuits," he said, recalling that "this is very important because if only one circuit had been disconnected, considering the safety criteria, we would not have had the disturbance we had in the system."

Then came the first and most important revelation. The protection systems of the line had been failing nearly two hours before the incident, as reported by the company itself.

"With the information we have to date, this protection — referring to the ISA InterChile line protection that opened both circuits — should not have operated, causing both circuits of the line to open. In fact, ISA InterChile had reported at 1:35 PM on that day that this protection was out of service, with the backup fully operational. For this reason, we require a specific audit to finally determine what happened," said Huber.

These audits were announced on Wednesday, February 26, less than 24 hours after the total blackout of the SEN.

THE ROLE OF TRANSELEC

The propagation of the failure throughout the entire SEN is also under investigation, both through the Failure Analysis Study (EAF) and the audits. Here, the key role of Transelec emerges, which is responsible for operating the Scada system, allowing remote operation of the electrical system. In the northern region, the company operates this system.

"The system has mitigation mechanisms for these types of situations, so we are investigating its proper operation as part of the failure analysis study," Huber indicated. He added that regarding the recovery efforts, "once the event occurred at 3:18 PM, the Dispatch and Control Center (CDC) of the Coordinator gave instructions to start the service recovery plan," but at that moment, Transelec's Scada system "which serves as the operations center for service recovery" was unavailable.

"The unavailability of Transelec's Scada system was decisive for the recovery of the system, considering that the COR function performed by Transelec is what ultimately allows the participation of generating plants with autonomous startup, which are the ones that begin the recovery of service in the different islands that make up the electrical system after a blackout," he emphasized.

He detailed that "at 3:22 PM, Transelec informed us that they had lost communication and were without scale or telecontrol to form and start applying the service recovery scheme," and that four minutes later, the company reported it was operating "without a telephone platform or Scada system and that they were sending personnel to backup centers in Alto Jahuel."

REPORTS TO THE SEC

Another revelation from the Coordinator was the non-compliance by "a group of companies" that had not submitted their respective reports to the agency, after 48 hours had passed since the blackout, as required by regulations.

"We have filed a complaint with the Superintendence of Electricity and Fuels (SEC) regarding a group of companies that have not yet submitted the 48-hour report, and we expect to receive the supplementary reports today, which will be very important inputs for preparing the failure analysis study that we must deliver by March 18," explained Huber.

Although he did not name them, the detailed list of companies reported to the SEC is included in a letter that the Coordinator sent on Monday to Superintendent Marta Cabeza, reporting a potential breach of electrical regulations after not receiving the Preliminary Failure Reports (IFP).

THE LIST INCLUDES THE FOLLOWING COMPANIES

El Maitén Wind Park, Prime Energía Quickstar, Arauco Bioenergy, La Leonera Electric Company, Hidromochó, Desert Photovoltaic, Pehuenche Electric Company, RTS Energy, Patagüilla Solar, Luz del Norte Photovoltaic Solar Park, Northern Transmission System, Colmito Power Plant, Comasa, EnfraGen Chile Solar, Besalco Renewable Energy, Dos Valles Hydroelectric, El Paso Hydroelectric, Pacific Hydro Chile, Austral Transmission Consortium, Northern Transmission Consortium, and Pacific Hydro Transmission.

During his presentation, Huber explained that as part of the failure investigation process, a task assigned to the Coordinator by regulation, the information provided by all coordinated companies is considered, especially the report that companies must submit within 48 hours of an event like the one that occurred on Tuesday.

"Within 48 hours, coordinated companies must submit preliminary information about the protections that were activated or operated due to the event that affected the system," said Huber.

He added that "on the fifth business day, which in the case of the February 25 failure is today, they must complement these failure reports, where all the event sequences and protections that ultimately operated in the system will be detailed."

SERNAC provides first balance of complaints received due to power outage

One week after the massive power outage that affected several regions of the country, the National Consumer Service (Sernac) released its first balance of complaints received from consumers affected by the service interruption. Carolina González, the acting director of the agency, specified that so far they have received 8,275 complaints from people affected, with most cases being about appliance damage and food losses.

55.2% of the complaints are concentrated in the Metropolitan Region, followed by Valparaíso and Biobío. Regarding the Metropolitan Region, the three municipalities with the highest number of complaints are Santiago, Maipú, and Puente Alto, according to the details provided by the agency.

"We expect complaints to continue to increase, as the information provided by people will be crucial in seeking compensation for all those affected," said the official during an activity held with Puente Alto Mayor, Matías Toledo.

González emphasized that the main priority is for affected customers to be compensated for the problems caused by the power outage. She also reiterated the call for affected consumers to submit their complaints to Sernac through the various available channels.

Coquimbo Desalination Plant: Environmental Permitting Process and Land Management Concerns Bother Tender Participants

The bidding process is moving forward, while various companies are closely following the unprecedented process, seeking to address some of the concerns that have arisen. Juan Manuel Sánchez, the General Director of Concessions, assured that they are working on clarification circulars that may modify some of the tender's terms. The deadline for submitting offers is set for July 10.

Pulso, March 5, 2025.

By Víctor Guillou

The presentation of the tender's terms for the Coquimbo Desalination Plant took place on Tuesday at the auditorium of the Chilean Chamber of Construction (CChC), where a discussion session was held about some of the concerns raised by those interested in securing the construction of the key project to tackle the water scarcity in the Coquimbo Region.

Alongside the project's processing at the Environmental Evaluation Service (SEA), the Ministry of Public Works presented the tender terms on December 31 for the execution of the project, which has a reference investment of US\$260 million. During this period, nearly two dozen companies have acquired the tender terms, indicating a high level of interest in the initiative. However, at the event, which was also organized by the Chilean Association of Desalination and Reuse (Acades), two key points were made clear: the genuine interest in making the project successful, but with clearer rules to attract as many offers as possible.

This was summed up by Acades President Alberto Kresse: "We basically want it to be successful, with high interest and participation, and we can express that in this event. We want a lot of offers to be submitted, so there is competition, and this leads to market values," he said, recalling that the Coquimbo Desalination Plant is "the first concession we are going to address with this model."

Regarding concerns from companies in the sector, Kresse mentioned that there are "some terms in the tender itself, how we balance the risks of environmental approval,

obtaining permits, land management, among others," as well as penalties in the process that they are keen to review. He added, "There are other concerns beyond the tender process itself, related to the entire environmental management of the project, and the integration of the project into the community." In that regard, he stressed the need for the region's residents "to make the project their own."

He stated that the success of this unprecedented tender process is crucial for the "validation of the concession model." "If we succeed as a country in this first project, we could replicate it and build infrastructure in other parts of Chile," he expressed.

This sentiment was shared by Juan Manuel Sánchez, the head of the General Concessions Directorate, who believes the project could become "a silver bullet" to address the infrastructure needs required to combat the drought issue. He added that the experience for the Ministry of Public Works (MOP) and the General Directorate of Concessions is significant, as they are "carrying out a project as most private companies do," by "submitting to the rigor of the environmental evaluation system."

CONCERNS

In his turn, Luis Felipe Elton, Head of the Development and Tender Division at the General Directorate of Concessions, highlighted the particularities of the Coquimbo desalination project, such as being a project "we are all working on together." "This is a very innovative process for the General Directorate of Concessions. You know we are used to roads, we know how to build airports, hospitals, prisons, but desalination plants, no. This is the first, and therefore, we are building it together," he said.

While emphasizing that "this is a project we must successfully complete," Elton acknowledged that the concerns raised by various stakeholders regarding specific aspects of the tender terms are being reviewed to incorporate them into clarification circulars, or even make modifications to the process. "We are reviewing some things to make the necessary adjustments so that no one is left out," he said.

He further detailed various aspects, such as the expropriations that will need to be carried out to execute the project and that "the concessionaire will pay for the expropriations for an amount defined in the tender terms. This is a regulation that is quite common in the concession system; the State of Chile will pay if the expropriations end up being more expensive," he explained.

Regarding the issuance of environmental permits, particularly the Environmental Qualification Resolution (RCA) - already in progress - Elton recalled that "the strategy has been to present first an environmental impact study that was almost finished [...] which includes both the desalination plant works and the marine works of the project," but added that the authorities hope to complete the process "by the second half of 2026."

However, he was emphatic in clarifying that the process establishes that "the responsibility for obtaining the complete environmental permit lies with the Ministry of Public Works, and the General Director of Concessions is the legal representative and the holder of the environmental impact study currently under evaluation."

Regarding the technical offers reception scheduled for July 10, he affirmed that "this is a non-negotiable date," and that the economic opening will take place, with companies that pass the technical evaluation, in August, meaning the project award is expected to occur in December.