BHP advances in its multi-billion dollar investment plan in Chile with the optimization of its concentrator plant

As part of the company's first investment plan project, Escondida's operator has submitted an environmental impact declaration for the optimization of its current concentrator plant. The initiative will require an investment of US$2.351 billion.

La Tercera Online. Marzo 5, 2025.
By Emiliano Carrizo

BHP today submitted for approval an Environmental Impact Declaration (DIA) aimed at optimizing the operation of its current Laguna Seca concentrator plant, with an investment of US$2.351 billion. According to the company—operator of Escondida, the world's largest copper mine—the filing was submitted to Chile’s Environmental Assessment Service (SEA).

“This is the first initiative presented as part of the company’s growth plan, which involves an investment of up to US$10.8 billion to be executed over the next decade,” the mining giant explained in a statement. The investment is directly related to the Escondida mine.

In this context, the president of Escondida I BHP, Alejandro Tapia, stated, “The optimization project for our Laguna Seca concentrator is the first major milestone in our growth plan. This is great news for Escondida, the Antofagasta Region, and the country, as it will allow us to maintain our leadership in copper mining and continue making a positive contribution in the long term.”

Regarding the project, BHP explained that its objective is to “maintain and optimize the processing capacity of the current concentrator to address challenges such as increased ore hardness and lower ore grades. To achieve this, design and engineering adjustments will be made, and new infrastructure will be built for grinding, crushing, and flotation processes.”

Another notable feature of the project, highlighted by the Australian company, is “the installation of a 300-meter power transmission line within the industrial area of the concentrator.”

Regarding the timeline, BHP stated that the construction period will be “five years, generating an average of 1,500 jobs and peaking at up to 4,800 jobs during the construction phase.”

To Expand Plant:

Escondida Submits US$ 2.3 Billion Project for Approval

This is the first initiative in a US$ 10.8 billion plan.

El Mercurio de Santiago. March 6, 2025.

Escondida I BHP, owner of the world's largest operating copper deposit, has submitted for approval the Environmental Impact Declaration (DIA) aimed at optimizing the operation of its current Laguna Seca concentrator plant, requiring an estimated investment of approximately US$ 2.3 billion.

This is the first initiative presented as part of BHP's expansion plan, which entails an investment of up to US$ 10.8 billion and is planned to be executed over the next decade.

"The optimization project for our Laguna Seca concentrator is the first major milestone in our growth plan. This is good news for Escondida, for the Antofagasta Region, and for the country, as it will allow us to maintain our leadership in copper mining," said Alejandro Tapia, president of Escondida I BHP.

The project aims to maintain and optimize the processing capacity of the current concentrator in response to the increased hardness of the ore and lower grades. The mining company explained that design and engineering adjustments will be made, and new infrastructure will be built for the grinding, crushing, and flotation processes.

Additionally, the project includes the installation of a 300-meter power transmission line within the concentrator's industrial area.

The construction period will last 5 years and will generate an average of 1,500 jobs.

Escondida Submits US$ 2.3 Billion Project for Environmental Evaluation to Optimize Concentrator Plant

Diario Financiero. March 6, 2025.

Minera Escondida, owned by BHP, has submitted for environmental review a project aimed at optimizing the operation of its current Laguna Seca concentrator plant, with an investment of approximately US$ 2.3 billion.

"The optimization project for our Laguna Seca concentrator is the first major milestone of our growth plan (...) It will allow us to maintain our leadership in copper mining and continue making a positive long-term contribution," said Alejandro Tapia, President of Escondida.

The project seeks to maintain the processing capacity of the current concentrator to address challenges such as increased ore hardness and lower grades.

The construction period will last five years, generating an average of 1,500 jobs and reaching up to 4,800 jobs at the peak of construction.

The Unknown Conflict Behind the Construction of Codelco's $1 Billion Desalination Plant

Workers reported irregularities in the construction of the plant, leading to a strike and negotiations for better conditions.

Diario Financiero. March 6, 2025.
By Laura Guzmán.

In mid-2022, Codelco announced one of its most anticipated projects: the construction of a desalination plant to supply water to its operations in Chuquicamata, Radomiro Tomic, and Ministro Hales, located in Calama. In 2023, the Aguas Horizonte consortium, formed by Marubeni Corporation and Transelec, began work on the plant and its pumping systems, with the participation of the Argentine company Techint.

However, the construction of the $1 billion investment project has not been without conflicts. The Sintec-Chile union, which represents the workers on the project, reported various irregularities that caused unrest among the workforce. After weeks of demonstrations, the parties reached an agreement on Monday night.

The union's president, Jorge Hernández, explained that the conflict arose from the beginning of the construction due to the classification of the project. Although the desalination plant will be owned by Codelco, it is considered water infrastructure rather than mining infrastructure, which led to the loss of certain benefits and modifications in working conditions. Specifically, Hernández pointed out that since it is not classified as mining infrastructure, workers stopped receiving benefits from the Macro Agreement, which included support for education, housing, and food, as well as health and life insurance. He also mentioned issues with connectivity and poor oversight by the authorities.

Another critical issue was workplace safety, as, according to the union leader, there have been work-related accidents, although none with serious consequences. Additionally, workers lost access to the "mandante" bonus, which amounted to $1,800,000 per year.

"It is essential to validate and protect workers' rights. We cannot go backward. We have been seeking solutions for a long time, but we were not heard, which led us to completely halt construction," said Hernández.

New Agreement

On February 8, after weeks of seeking solutions, workers initiated a strike. Three days later, they resumed work thanks to the establishment of a dialogue table. However, after three weeks of negotiations, on March 1, the work was suspended again. Finally, on Monday, an agreement was reached.

According to Hernández, the main agreement reached was the payment of a $1,200,000 bonus to the workers, with the first installment to be delivered this Friday. Additionally, a new meeting will be held on Thursday to discuss improvements in housing, food, connectivity, and safety at the worksite.

When asked about the conflict, Aguas Horizonte emphasized that workers had the mistaken impression that the project had a mining nature. "We are future water suppliers and, therefore, we are building water infrastructure."

They also stressed that their position has always been to promote dialogue and facilitate an agreement between their contractor and the workers, "even though a few have tried to condition the negotiation with pressure measures, such as roadblocks."

The construction project has reached 54% completion and is expected to begin supplying water by the end of this year or early 2026.

54% COMPLETION RECORDED FOR THE PROJECT.

$1.0 BILLION IS THE INVESTMENT IN THE PROJECT.

U.S. Currency Drops More Than $10 to Five-Month Lows:

Copper Surge Due to Trump's Speech and China's Projections Pushes the Dollar Down

Chinese authorities confirmed yesterday that they expect to grow at a 5% rate this year, despite the trade war driven by the United States.

El Mercurio de Santiago. March 6, 2025.
By C. Muñoz-Kappes and A. De La Jara.

The price of copper saw a sharp increase on Wednesday, pushing the dollar to its lowest level in five months.

The rise in copper prices was driven by two factors. First, U.S. President Donald Trump hinted in his speech before Congress at new tariffs, including on the base metal. Second, China's positive economic projections despite trade tariffs.

Copper, Chile's main export, was quoted on the London Metal Exchange with a 1.55% increase to US$4.33 per pound, its highest level in just over three weeks.

On Tuesday night, the U.S. president stated—without being entirely clear—that a 25% tariff would be applied to copper imports.

Although the Department of Commerce may take months to complete its investigations, Trump suggested that he had already decided on a 25% tariff, similar to the executive orders on steel and aluminum (set to take effect on March 12).

"I have also imposed a 25% tariff on foreign aluminum, copper, wood, and steel because if we don't have, for example, steel and many other things, we won't have an army, and frankly, we won't… we simply won't have a country for much longer," Trump stated in a speech before Congress.

On March 12, the 25% surcharge on steel and aluminum is set to take effect. A tariff on copper is being considered (see B1), a raw material that has gained increasing importance, especially due to its use in the electric mobility industry.

Since returning to the White House, Trump has advocated for tariffs to correct what he considers unfair trade deficits for Washington, attract foreign capital investment, and, above all, as a pressure measure against Mexico, Canada, and China to reduce the flow of fentanyl entering through U.S. borders.

Deficit Position

Banks Julius Baer and JP Morgan have dismissed the possibility of a significant impact from the U.S.-driven trade war on Chile's main export, as the U.S. remains in a production deficit, and Chile supplies 70% of the country's copper demand.

In this context, experts believe the rise in copper prices is due to the ongoing buying activity of the mineral before Trump formally enacts tariffs on the metal.

"The increase in copper prices following Trump's speech is mainly due to speculation and early purchases, as market players are trying to buy and ship copper to the U.S. before the potential 25% tariffs take effect. This has created increased demand," explains Juan Carlos Guajardo, executive director of Plusmining.

So far, in March, copper has accumulated a 1.9% increase in its price and has registered a nearly 10% rise in the first quarter of the year.

In New York copper transactions, there was a 5% jump in prices, well above global thresholds (see box).

The China Effect

Copper's surge—if sustained—could provide some relief to Chile's struggling fiscal revenues and is also supported by expectations of increased demand from China.

Chinese authorities stated yesterday that they expect the country to grow at a 5% rate this year, despite the trade war led by the United States, especially against China.

During the opening of China's most important political summit of the year, the National People's Congress (NPC, the legislative body), Premier Li Qiang confirmed that the deficit target will be raised by one percentage point to 4% to support growth.

British consulting firm Capital Economics described China's official target as "ambitious."

"This figure reflects that authorities are determined to support growth in a context of external uncertainties and trade tensions with the U.S.," said Raymond Yeung, chief economist for China at Australia & New Zealand Banking.

"China is the world's largest copper consumer, so its growth projections are a key factor for global demand," notes Guajardo.

Wave of Speculative Buying

According to copper industry experts, the rise in the mineral's value reflects a market reaction to a potential supply shortage in the United States.

"This led to an immediate increase in demand for the metal and a wave of speculative buying, driving up prices," said Ricardo Bustamante, deputy head of research at Capitaria.

He explained that uncertainty about the long-term effects of the measure has prompted Trump to encourage buyers to acquire copper before tariffs take effect.

"The possibility of disruptions in the global supply chain also contributes to the upward pressure in the market," he added.

At the same time, this scenario has created "higher demand in the U.S. market, which has boosted prices," states Juan Carlos Guajardo, executive director of Plusmining.

"A 25% tariff was clearly not what the market expected before those comments, and now traders are rushing to adjust the price to the right level, whatever that may be," said Ole Hansen, head of commodities strategy at Saxo Bank AS, in a statement to Bloomberg.

"The disruption to global trade flows is very real," he added.

Following the more reactive nature of transactions in New York (Comex), the metal's price in that market has risen more than on the London Metal Exchange after Trump's announcements.

According to Bustamante, the gap between the two markets has widened, with New York copper prices reaching up to 11.5% higher than those in London.

Guajardo expects that China's growth projections could further boost copper demand in the medium term.

Conditions for Partnership with Codelco Expected to Be Met in the Second Half of the Year

Another Fiscal Warning: SQM Projects Lower Lithium Prices for 2025, with a Recovery Expected Only Next Year

The company lost US$ 404 million in 2024 due to higher tax payments.

El Mercurio de Santiago. March 6, 2025.
By C. Muñoz-Kappes and C. Sottovia

SQM reported a loss of US$ 404 million last year due to the sharp decline in lithium prices between 2023 and 2024. The outlook remains unfavorable, as the company projects even lower lithium prices in 2025, with a recovery expected only in 2026.

The 2024 losses contrast with the US$ 2.012 billion in profits attributable to the controlling shareholders in the previous year, after revenues fell 39%, from US$ 7.467 billion in 2023 to US$ 4.529 billion last year.

Although the company's revenues declined in 2024 due to lower lithium prices, the primary factor that led to the negative bottom line was the higher tax burden, which wiped out the year's earnings. In fact, before taxes, the company earned US$ 974 million. However, taxes applied in 2024 amounted to US$ 1.372 billion. In contrast, the previous year, tax payments totaled US$ 787 million, despite a pre-tax profit of US$ 2.807 billion.

Higher Tax Payments

The increased tax burden last year was due to the company expensing at the beginning of 2024 the amount paid and disputed with the Chilean Internal Revenue Service (SII) regarding the specific tax on mining activities levied on its SQM Salar subsidiary.

In April, the company disclosed in a material event filing that the Santiago Court of Appeals had overturned a prior ruling by the Tax and Customs Court, which had accepted a nullity action filed by SQM Salar regarding tax assessments for the fiscal years 2017 and 2018. This case was part of the ongoing litigation with the SII over the application of the specific mining tax to lithium extraction.

In its filing, SQM noted that while not all claims on this matter had been resolved—and the particular case in question was still subject to appeal—the ruling would prompt the company’s board to review the accounting treatment of these claims. As a result, the company could recognize an accounting loss of approximately US$ 1.1 billion in Q1 2024, reflecting the potential impact of the Court of Appeals' interpretation on these claims.

Lithium Price Projections

SQM expects a lower average lithium price in 2025 compared to 2024. In its Q4 report, the company stated, "We anticipate that the average realized price in 2025 will be lower than in 2024, with Q1 2025 prices slightly below those recorded in Q4 2024." In 2024, the average lithium carbonate equivalent price was US$ 10,936 per ton.

However, the company expects lithium prices to recover in 2026. "We remain optimistic about the lithium business, as we estimate that market demand grew by 25% in 2024 and anticipate that global demand could grow by around 17% this year, supported by increased electric vehicle sales as well as battery energy storage systems in various markets worldwide. However, we believe that prices will remain relatively stable this year, and we remain optimistic about a positive trend starting in 2026," stated Ricardo Ramos, CEO of SQM, in the company’s Q4 earnings release.

In an investor conference, Pablo Hernández, VP of Strategy and Development at SQM, elaborated on the company's optimism: "In the lithium market, demand exceeded 1.2 million metric tons in 2024. In 2025, demand is expected to exceed 1.4 million metric tons, representing year-over-year growth of approximately 20%. However, in 2025, supply is also expected to grow by around 10%, reaching nearly 1.5 million metric tons. This supply surplus in 2025 is expected to be smaller than last year, which could have an impact on prices with an upward potential in 2026."

Despite Initial 2025 Target.

SQM-Codelco Joint Venture Expected in Second Half of the Year

The private company stated that no "significant obstacles" have been encountered, but the process is lengthy.

By C. Muñoz-Kappes

In an investor conference, SQM reported that it expects the conditions for creating the joint venture with Codelco for lithium extraction to be met in the second half of 2025. This comes despite initial expectations that the joint company would be established at the beginning of the year when the memorandum of understanding (MoU) was signed.

"When we signed the partnership agreement with Codelco, a number of precedent conditions were set, all of which must be met before the joint venture can begin operations. Since then, we have been working together with Codelco, Corfo, and, of course, within our own company to ensure these conditions are met. To date, we have not encountered any significant obstacles in this process, and we currently expect that these precedent conditions will be fulfilled in the second half of the year," SQM told investors yesterday.

"As you can imagine, there are many things that need to be done, which is why the process takes a relatively long time," the mining company added regarding the delay in forming the joint venture.

The Contract

The contractual memorandum signed by the state-owned and private mining companies states that in the joint venture, SQM will contribute:

- Fixed assets used for lithium production,
- Intangible assets,
- Commercial network, and
- Employees related to the lithium business.

Meanwhile, Codelco will contribute:

- The contract for the Salar de Atacama, valid from 2031 to 2060.

During the first phase of the agreement (2025–2030), Codelco will receive an economic benefit equivalent to 33,500 tons of lithium equivalent per year. SQM, on the other hand, will benefit from any additional lithium production beyond 33,500 tons, as long as it falls within the authorizations granted by Corfo and the Chilean Nuclear Energy Commission (CChEN).

Codelco will hold 50% plus one share, while SQM will own the remaining percentage.

Investigative Commission Session on Codelco-SQM Alliance Fails Due to Lack of Quorum

The session was scheduled for 8:30 AM on Wednesday but did not meet the minimum requirement of four deputies present.

La Tercera. March 6, 2025.
By Alonso Aranda and Nicolás Quiñones

A new session of the special investigative commission of the Chamber of Deputies regarding the Codelco-SQM partnership agreement was scheduled for 8:30 AM on Wednesday. However, the session failed due to a lack of quorum.

The session was set to feature José Miguel Benavente, Executive Vice President of Corfo, and Eduardo Bitran, Director of Codelco Chile, as invited speakers.

The required minimum of four deputies was not met. Only Cristian Tapia (Ind.-PPD), president of the commission, Yovana Ahumada (PSC), and Sebastián Videla (PL) attended the session in Room Inés Enríquez of the National Congress.

Meanwhile, the rest of the commission members did not attend, including:

Gonzalo Winter (FA)
Daniela Cicardini (PS)
Matías Ramírez (PC)
Andrés Celis (RN)
José Miguel Castro (RN)
Juan Manuel Fuenzalida (UDI)
Cristian Labbé (UDI)
Miguel Ángel Calisto (Democrats)
Catalina del Real (Ind.-Republican)

Although Winter was in Congress, he did not enter the session room, which would have allowed the session to proceed. He entered after 8:50 AM, by which time the session had already been called off following the 15-minute regulatory waiting period.
Session Called Off and Apology Issued

Faced with the absence of his colleagues, Deputy Tapia called off the session. He expressed his regret over the situation and apologized to the Corfo vice president.

"Unfortunately, the session has failed due to a lack of quorum. I regret this, as we were all informed since January, before we went on recess. I want to thank the Vice President of Corfo and his entire team for attending; they all traveled from Santiago," he said.

He then added: "Personally, I feel a bit embarrassed about what has happened because this commission requires a lot of background information and broad participation to reach conclusions. I apologize on behalf of the commission and the institution. Although this has happened before, given that we have just returned from our vacation, what happened today is unacceptable. So, I sincerely apologize and hope you will be available for the next session."

Benavente responded to the PPD deputy, saying: "Apology accepted."

After the session was terminated, a proposal was made to reschedule it for Monday, March 10, following the plenary session, meaning after 7:00 PM.

Escalation of Trade War Puts Chile’s GDP Growth Above 2% at Risk This Year

The latest projection from the Central Bank for economic expansion in 2025 is between 1.5% and 2.5%, while the market, through the Economic Expectations Survey (EEE), anticipates 2.2%. The direct impact of a global tariff escalation on Chile’s growth would materialize through lower exports.

Pulso. March 6, 2025.
By Carlos Alonso

The implementation of 25% tariffs on Canada and Mexico, and 10% on China by the United States began on Tuesday, along with retaliatory measures from those three countries. Although on Wednesday, Donald Trump delayed auto industry tariffs on Mexico and Canada by a month, the trade war continues to escalate, and it is now expected to have global economic consequences, including for Chile.

The latest projection from the Central Bank for Chile’s GDP growth in 2025 is 1.5%-2.5%, while the market consensus (EEE) expects 2.2%.

"The effects on Chile are already being felt," says Hermann González, Macroeconomic Coordinator at Clapes-UC. The economist points out that, "the initial effects are financial impacts from U.S. government measures. The correction in the U.S. stock market is affecting Chilean savers, for example, through their pension funds. On the other hand, copper prices have risen sharply due to tariff threats, which has strengthened the Chilean peso beyond expectations."

He also notes that, "to see real, rather than financial effects, this uncertainty must translate into lower demand for goods and services from the U.S., China, and other affected countries. This, in turn, will depend on the intensity and persistence of these measures."

Juan Ortiz, economist at OCEC-UDP, adds further insights into how Chile could be impacted if the trade war intensifies further.

"The projection for Chile’s economic expansion is around 2.2% GDP growth in 2025. Part of this increase is due to external sector momentum, with real exports expected to grow at an annual rate of 3.8%, according to the December report from the Central Bank. However, an escalation in the trade war would imply a downward revision, as it would deteriorate growth expectations and, consequently, external demand for Chilean exported goods and products. In this scenario, risks would undoubtedly increase, and the likelihood of weaker external sector expansion would impact overall GDP dynamics."

For Ortiz, "today, the most significant risks facing the Chilean economy are external in nature—not only due to the trade war but also because of financial market volatility and a historically depreciated exchange rate."

Growth Below 2%?

Experts warn that if the trade war escalates further, leading to more countries imposing tariff barriers, Chile's economic activity could be directly impacted, putting GDP growth above 2% at risk this year.

According to González, "if tensions escalate and involve more countries and products, there is a risk that Chile's economy will grow by less than 2%." He adds that, "I wouldn't focus only on this year's impact but also on the outlook for next year. In a scenario of an intense trade war, the biggest effects could be seen in 2026."

González explains that, "the impact of a trade war on global growth is negative, but its magnitude will depend on the scale of tariff hikes and the countries and products involved." In this context, he recalls that in the previous trade war, broad-based tariff increases between the U.S. and China were estimated to reduce global growth by 1 to 2 percentage points.

"Coincidentally, the IMF recently estimated a maximum impact of 1.5 percentage points on global economic growth, combining the effects of tariff increases, Donald Trump's migration policies, and tighter financial conditions."

Sergio Lehmann, chief economist at Bci, asserts that if the situation worsens, "Chile would experience weaker external momentum, which is particularly significant for a small, open economy like ours." He highlights that "the effects could be even more pronounced if tariffs were imposed on Chilean products, disregarding the current trade agreement with the U.S." He warns that "in more adverse scenarios, GDP growth below 2% this year is a possibility."

Tomás Flores, economist at Libertad y Desarrollo (LyD), adds that a direct impact would be a downward revision of global growth projections.

"The IMF currently forecasts global growth of 3.3% for this year and next. However, this will likely be revised downward, depending on the magnitude of the trade barriers imposed by the U.S. and the retaliatory actions from affected countries. We still don't know the full extent of this trade blockade," he explains.

In this context, Flores believes that the Central Bank may revise its growth projection downward, potentially bringing estimates closer to 2% or even lower.

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ANAC Warns of Impact on Car Sales in Chile if Trade War Intensifies

The tariff increases imposed by the United States on Mexico, Canada, and China could lead to higher prices for certain products—one of them being automobiles.

For now, Diego Mendoza, Secretary-General of the National Automotive Association of Chile (ANAC), is cautious about this concern. However, he warns that if the trade war escalates further, the impact on vehicle prices could become more widespread.

"The impact of U.S. tariffs on certain automotive products from China, Canada, and Mexico will affect the sale of those vehicles in the U.S., but not necessarily the sale of products imported to Chile," he says.

However, he expresses concern that, "this differentiated tariff treatment could trigger a full-scale trade war, which could have a much broader impact on vehicle sales in Chile. A trade war typically affects globalized production markets, which, in turn, impacts importing countries like Chile. A trade war would be very bad news."

Mendoza reminds that, "Chile has a network of more than 60 Free Trade Agreements and commercial agreements to prevent this type of tariff from having significant repercussions in the country."