Miners on Alert as U.S. Decision on Copper Looms and Potential Impacts Are Identified

At Cesco Week Santiago 2025, the CEO of U.S.-based Freeport acknowledged that the conflict could affect demand and said she hopes inflation does not return.

Diario Financiero – Tuesday, April 8, 2025.
By Karen Peña

Expectations and possible indirect damage are among the analyses underway in the mining sector, as although—for now—copper is excluded from the 10% tariffs imposed by the United States, the scenario could change following an investigation by that country's Department of Commerce.

The temperature of the issue became evident this Monday during the first day of Cesco Week Santiago 2025, where U.S.-based Freeport gave voice to the industry's concerns.

Its President and CEO, Kathleen L. Quirk, acknowledged her concern about the announced tariffs because "they could have an impact, and we're beginning to see that the market is expecting potential issues with growth and demand."
The executive believes that demand for the metal will remain strong, due to both current and new uses for copper, such as electrification and infrastructure, mainly.

"But we can't ignore the fact that a trade war could cause people not to invest, or not to buy, to change their patterns, and that could affect demand. We hope this is resolved in a way that doesn't disrupt global growth, that doesn't bring back the inflation we've been battling as an industry," she said.

The CEO admitted that the price drop observed last week is not good for long-term investment in the industry, but said she hopes to see how the situation develops. "We'll work together and take the necessary steps as an industry to remain strong," she affirmed.

Indirect Effects

In the morning, as markets faced another day of nervous trading, Cesco's Executive Director, Jorge Cantallopts, stated that although copper appears to have been excluded from these measures, "the indirect effects of a protectionist policy could alter international trade dynamics, affect investment, and create instability in markets—as we're already seeing. This undoubtedly represents a turning point and requires coordinated responses and bold strategies."

Now, beyond short- and medium-term uncertainties, he added, "there is certainty about the promising future projected for copper and other minerals, but there's also certainty that no country, company, or project can close the supply-demand gap for copper expected in the coming decades on its own. Therefore, cooperation is key."

Cristián Rodríguez, Partner & Director of Trade, Investment & Geopolitics at BCG, pointed out that "it's true that we feel copper has been spared for now, but the decision on the executive order will come in the next few weeks or months."

He highlighted the role of the Asian giant, the main destination for Chilean copper: "China is going through a tough time dealing with the tariffs, but let's not kid ourselves. China is obviously the key trade player for our country."

And he warned that if the U.S. does impose tariffs on copper, "although we're not the target, obviously—because we provide the U.S. with copper it needs—we could very well be collateral damage. Easily."

He also noted that the new U.S. executive order creates strategic obstacles for Chile by promoting incentives for domestic production of critical minerals in the U.S.

A Resilient Industry

The Executive President of Anglo American in Chile, Patricio Hidalgo, also addressed the issue. "Cantallopts invited us to look at the stock market, the indexes this morning—I happened to check just before coming up here, and honestly, everything is in the red. It's complex; undoubtedly, the geopolitical context is becoming increasingly challenging."

However, he said, "I tend to be more optimistic (...) We're a resilient country, it's an extremely resilient industry, and I believe this indeed calls on us to be even more resilient in difficult times."

Meanwhile, Minister of Mining Aurora Williams tried to ease concerns, although she acknowledged there is anticipation: "Right now, what mining companies are doing—what we are doing, particularly as Chilean state institutions—is monitoring how events unfold."

Williams stressed that "we're confident that the U.S. will look at Chilean copper production while recognizing the transparent market in which we trade." She also revealed that a committee has been formed to develop a critical minerals strategy.

“Although we’re not the target because we provide the U.S. with copper it needs, we could very well be collateral damage,” said Cristián Rodríguez of BCG.

Katie Jackson, Chief Executive Copper at Rio Tinto:

Trade War: "Tariffs Don't Really Change the Fundamentals of the Markets"

The executive stated that they still see "very strong copper demand" and that this is why they are "very interested in investing more in Chile, South America, and the U.S."

Diario Financiero – Tuesday, April 8, 2025.
By Valeria Ibarra

"We see very strong copper demand. As the world continues to electrify, there are many applications for copper and great demand. And I think this is reinforced by trends such as artificial intelligence, data centers, and new sources of even greater demand. There is a need for more copper, and we are very interested in investing more in Chile, South America, and the U.S."

This is how Katie Jackson, Chief Executive Copper at Rio Tinto—one of the world's largest mining companies—described the company's strategy. She added that "we are a very global business, and what we are looking for is greater exposure to copper." At a time when markets are tumbling and major mining companies—including Rio Tinto—are dropping on the stock exchange, the executive reaffirmed her confidence in the red metal.

–Does the trade war change Rio Tinto's copper strategy?
–We see both challenges and opportunities in the current environment.

First, clearly, there is a lot of volatility and uncertainty right now, but fundamentally, we see a strong case for copper demand growth and the development of new copper projects. It's not easy. So we see the need for greater supply. And that's a long-term view that, in my opinion, outweighs current volatility.

But then, in response to your question, there are two things we are watching closely: we know that the U.S. has initiated a Section 232 process to examine copper. And we're monitoring that very closely. The U.S. is looking for more sources of domestic copper. And I believe we can play a role in that, given that we have a very strong U.S. business.

And we're also watching tariffs, as I think everyone is. We are a very global company and are working with our customers to adapt to the environment. And of course, tariffs don't really change the fundamentals of the markets, which are that copper reserves are located where they are geologically, and demand is usually in different places.

–Do you think the U.S. will impose tariffs on copper?
–This is not a great environment for making predictions. As you probably know, the reality is that the U.S. currently imports around 50% of the copper it needs. But the U.S. is increasingly recognizing the need to secure more domestic sources of key materials, and the administration views copper as one of those very important materials to support reindustrialization and manufacturing.

And since we have Kennecott, a 120-year-old mine and one of only two copper smelters in the U.S., as well as Resolution, a high-quality, undeveloped mineral deposit, we believe we can be part of the solution to generate more domestic copper resources.

We're also looking at technology. We see it as another opportunity to increase production from abandoned industrial sites—something we're considering implementing in the U.S., but also in South America. For this, we have several partnerships, five of which are in the region.

–How low can the price go?
–I think trying to use a crystal ball doesn't benefit anyone. We believe the fundamentals of copper demand are solid, and yes, we believe the industry is fundamentally based on long-term investments. So we need to keep that mindset.

–And how are the market fundamentals?
–We see a very strong case for copper. While there's short-term volatility, it would be foolish of me to ignore the fact that increasing copper supply is a multi-decade investment decision. These are very long-term decisions. And I think, when we look around the world, we see that, in general, projects are taking longer. And there are more challenges in reaching new volumes. I think the world will need more copper, and it's quite difficult to supply it—therefore, we still see a supply deficit. By 2040, the world will need three times more copper than today for end use. I think most analysts see a similarly bullish outlook.

–And if the trade war triggers a recession?
–There are factors that push demand up or down. Even before the recent volatility, I think the whole industry was watching China closely and what's happening in construction there. The investment levels that several countries are planning to adapt their infrastructure to current standards are truly drastic.

Our view is that this will evolve and that current volatility is likely more about the pace than the fundamental direction of the process.

–Where will you focus investments in Chile?
–We have Escondida, where we will continue investing alongside our partner BHP, and it's a world-class asset that we expect to remain productive for many decades. In addition, we are very interested in developing Nuevo Cobre with Codelco. It's a really exciting opportunity to discover new resources in Chile and also to have a public-private partnership that brings together the best of Codelco—with all its knowledge and

experience operating here—and our exploration capability. And in some way, it becomes a great example of public-private collaboration.

–And mergers and acquisitions?
–We never rule anything out, but that's not my main strategy. Like many other companies, we do evaluate our options, with solid industrial logic, a good strategic fit, and the potential to create value. And, well, we consider all the alternatives.

"We see a strong case for demand growth and new copper projects."

U.S. Mining Company Invests in Chile, Peru, and Indonesia

Freeport Warns About Tariffs: “A Trade War Could Cause People Not to Invest”

The effect of Trump’s copper surcharges marked the discussion on the first day of Cesco Week.

El Mercurio de Santiago. April 8, 2025.
By Catalina Muñoz-Kappes

Despite being a U.S. company, the tariffs imposed last week by Donald Trump, President of the United States, are a concern for Freeport-McMoran just as much as for other mining companies. “We are a U.S. company, but we have international operations—here in Chile, in Peru, in Europe, a major one in Indonesia, and a significant presence in the U.S. We welcome the idea of producing more copper in the United States, which involves potentially speeding up permits and other similar measures (...) But we are concerned about what happened last week with the implementation of the tariffs,” said Kathleen Quirk, President and CEO of Freeport-McMoran, yesterday at Cesco Week.

Specifically, the mining company is worried about how tariffs could affect the growth of countries and the demand for copper. “We cannot ignore that a trade war could lead people not to invest, not to buy, to change their habits, and that would affect demand (...) As a U.S. company, we also invest in other countries and want to invest in copper for the long term,” said Quirk. “Last week we saw the copper price fall. That’s not good for long-term investment in our industry,” she added.

The sentiment expressed by Freeport-McMoran was widely shared by businesspeople, executives, and mining consultants who gathered yesterday at Cesco Week. Even though there is a consensus that Chile is not the focus of the tariffs, the indirect effects could bring consequences for the industry in the country. “Chile is not the target, but it could be collateral damage from the tariffs,” emphasized Cristián Rodríguez, Partner and Director of Trade, Investments, and Geopolitics at BCG.

“The only thing we can be sure of is uncertainty, and Chile, as one of the few countries with good relations with both the U.S. and China, should be in a privileged position,” said Paul Mitchell, Global Mining and Metals Leader at EY Global.

Mitchell stated that they do not expect tariffs to be applied to copper—at least not until the Revolution project by Rio Tinto and BHP in Arizona, United States, is in production—but he added that “predicting the actions of the U.S. government is a risky business.”

On another note, Mitchell highlighted that the annual survey of the top 10 business risks and opportunities for 2025 showed a clear trend toward strategic risks. This year, the top priority was capital, as the challenges of buying and building to meet demand have become more critical. For the first time, resource and reserve depletion has emerged as a risk that companies are watching. “The expansion of existing mines—deeper, larger, and more expensive—will be a key driver of growth,” he noted.

Nevertheless, despite the instability, Chile has an opportunity to increase its foreign trade. According to BCG’s projection, Chile’s trade will increase by 36% over the next ten years. In this regard, the trend is for the country to grow above the global average for trade, driven by the demand for natural resources and critical minerals, Rodríguez stated. To achieve this, diversification toward the Global South is key.

In this direction, collaboration is seen as a fundamental pillar to navigate uncertainty. For Leopoldo Reyes, Chairman of the Board of Cesco, the goal of the event is to be “a space for collaboration and for meetings, so necessary in these times of confrontation, geopolitical crises, and trade battles that we are facing.”

Altoandinos Salt Flats Become Greenfield Project with Largest Lithium Resource in Chile

ATACAMA REGION. It holds resources of 3.05 million tons of "white gold" and could increase the country's total resources by 28%.

El Diario de Atacama. April 8, 2025.
Editorial Staff

The idea of lithium extraction from the Altoandinos salt flats could see significant progress. This follows the results reported by the National Mining Company (Enami), which are considered promising, as they show that this is the greenfield project with the largest amount of lithium resources in Chile.

Specifically, the project contains resources of 3.05 million tons of the so-called "white gold," taking into account the La Isla and Aguilar salt flats.

At "La Isla," data indicates a 150% increase compared to the initially estimated potential, reaching 2.13 million tons of lithium or 11.3 million tons of LCE (lithium carbonate equivalent), with an average lithium concentration of 896 ppm.

In the case of the Aguilar Salt Flat, there is a 40% increase over the initial potential, reaching resources of 0.92 million tons of lithium, or 4.9 million tons of LCE, with an average lithium concentration of 524 ppm.

According to information from the United States Geological Survey (USGS), Chile has lithium resources totaling 11 million tons, which mainly correspond to the Atacama Salt Flat in the Antofagasta Region. Therefore, the contribution from the Altoandinos Salt Flats in the Atacama Region would allow for a 28% increase in Chile's total lithium resources.

“These results are important because we’ve gone from a potential to certified resources reviewed by a third party, and this confirms that Altoandinos Salt Flats is a world-class project,” stated the executive vice president of the state-owned company, Iván Mlynarz.

Mlynarz presented the results during Cesco Week 2025, the traditional industry gathering that brings together the highest authorities and leaders from the mining sector, both nationally and internationally.

"Full steam ahead"

Altoandinos Salt Flats is a greenfield project, meaning it is being developed from scratch, without any pre-existing infrastructure. In contrast, brownfield projects are those carried out at existing facilities that are expanded or improved.

The resource results for the Altoandinos Salt Flats (a project that also includes the Salar Grande) are being released while the final stage of selecting a development partner is underway, within the framework of a public-private partnership with world-class companies.

“These are important data points to consider, as we are just weeks away from establishing the public-private partnership for this project, which will add lithium to the country from the Atacama Region. The companies participating in the process must submit their proposals for the partnership, and Enami is expected to decide in May who the development partner will be with whom we will continue to move forward,” Mlynarz added.

Four companies are participating in this negotiation (BYD Chile SpA [China]; Eramet Chile S.A. [France]; Posco Holdings Inc. [South Korea]; and Rio Tinto Mining and Exploration Limited – Chile Branch [UK – Australia]), while two other companies (CNGR Advanced Material Co. Ltd [China]; LG Energy Solution) have also expressed interest in contributing funding.

Another milestone expected in this project is the CEOL submitted to the Office of the Comptroller General of the Republic for formal approval, following a successful indigenous consultation process that concluded with agreements from all participating communities. This Special Lithium Operation Contract represents a historic step, as it will be the first granted by the Chilean State under the framework of the National Lithium Strategy.

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"These results are important because we’ve gone from a potential to certified resources reviewed by a third party"
Iván Mlynarz, Executive Vice President of Enami.

Government to Create Critical Minerals Commission

Pulso – Tuesday, April 8, 2025.

The government is closely following developments in the tariff war, which, although they have not yet directly affected copper, remain a concern. Minister of Mining Aurora Williams emphasized that “there is a team working” within the government, composed of the Foreign Affairs Ministry and the Ministry of Finance, which is monitoring the latest developments. She added, “it is too early to foresee what the impacts will be and how they will be applied.”

However, with a longer-term view, she revealed that the government has convened a group of experts—including industry representatives, members of think tanks, university rectors, and former Mining Ministers—to develop a critical minerals strategy.

“We have formed a high-level committee to develop the Critical Minerals Strategy. We have invited various stakeholders who will contribute their experience to develop this strategy,” said the minister, who noted that in the lithium sector, public-private partnerships have already been established. “Collaboration is embedded in Chilean practice, and particularly in the Chilean mining industry,” Williams highlighted.

Fiscal Accounts Under Stress and Experts Call for Rebuilding Sovereign Funds

Less Savings, More Deficit, and Higher Debt: Chile's Triple Dilemma Amid the New Global Crisis

The CFA indicates that in previous periods there were deficits "despite being years without crises, implying a deterioration in fiscal figures."

El Mercurio de Santiago. April 8, 2025.
By E. Olivares

Over the past three decades, Chile has faced several global crises. In the late 1990s, there was the Asian crisis; a decade later came the subprime crisis, and in 2020, the pandemic hit. Now, the country is experiencing a new crisis: Donald Trump's trade war, the scope of which remains a major unknown.

However, the arsenal currently available to face an adverse scenario appears less robust than in previous cases, economists comment. There is less gross savings, the fiscal deficit is deeper, and public debt has expanded. That said, there are strengths, such as investment-grade credit ratings and the relative diversification of export markets.

The crisis currently unfolding is the only one triggered by a specific policy decision made by the President of the United States.

The other episodes stemmed either from accumulated market distortions (Asian and subprime crises) or from a health-related issue (pandemic).

The Triple Dilemma

In three key indicators, Chile's numbers are worse compared to how the country was prepared in previous situations.

One of them relates to public accounts. The effective fiscal balance in 1997, one year before the Asian crisis, was in surplus.

In 2007, public finances were guided by the fiscal rule, and the structural balance was +1.1% of GDP. Eleven years later, there was a deficit of 1.4% of GDP, and with that negative balance, the country entered the stream of the pandemic.

When a country lacks sufficient income, it can borrow. Gross public debt in 1997 stood at 14.7% of GDP, but in 2007 it was low: 3.9%. By the end of 2019, liabilities represented 28.3%, according to data compiled by Matías Acevedo, professor at the Faculty of Economic and Business Sciences at Universidad de los Andes.

There's another element to consider. Gross savings—the portion of disposable income not spent on final consumption goods and services—reached 11.4% of GDP in 2007, for example (see infographic).

The current scenario is more challenging in every dimension. Last year, the structural fiscal balance was -3.2% of GDP, which represented a significant deviation from the Government's own target. Debt climbed to 42.3% of GDP, and gross savings only reached 4.6% of GDP.

Even the State's savings kept in the Economic and Social Stabilization Fund (FEES) are not as substantial as during the previous two crises. Last year, the Finance Ministry withdrew US$1 billion to cover expenses.

In its presentation to lawmakers, the Autonomous Fiscal Council stated yesterday that "the (fiscal) improvement of 2022 did not recur in 2023 or 2024, years in which there were significant structural deficits (-2.7% and -3.2% of GDP, respectively) despite being years without crises, implying a deterioration in fiscal figures."

Current Position

"Public finances could face the effects of the trade war in a context where they show the greatest fiscal imbalance, the lowest savings level, and the highest debt compared to the initial fiscal situation of the last three global crises—the Asian crisis of 1998, the global financial crisis of 2008, and the covid-19 crisis in 2020," explains Matías Acevedo, also former Budget Director during Sebastián Piñera's second administration.

For Andrés Pérez, Chief Economist at Itaú, the covid-19 crisis revealed "a significant deterioration in fiscal metrics worldwide. In Chile's case, public debt also increased (now at 42% of GDP), while savings in sovereign funds declined (FEES currently at 1.1% of GDP)." But he points out that "today, the macro framework is calibrated, with a current account deficit at sustainable and financeable levels, which reduces the risk of a sharp cyclical adjustment in the face of an external shock."

"The current fiscal situation is considerably more deteriorated than in previous crises," responds Ignacio Muñoz, researcher at Clapes UC, when describing the problems with debt, the fiscal balance, and the FEES. "The fact that in past crises the average sovereign fund expenditure was close to US$10 billion only underscores the current fragility," he says.

What Should Be Done?

“We urgently need to prepare for a new crisis and plan to bring the FEES from current levels up to the IMF-recommended range (5–7% of GDP),” comments Pérez. The good news is that Chile has “ample access to financing in markets, consistent with its investment-grade rating,” he adds.

“Fiscal policy must be prudent, maintaining a firm commitment to fiscal targets while also being sufficiently flexible,” says Acevedo.

CFA

The entity stated yesterday in Congress that progress should be made on a public plan for “effective and consistent spending cuts aligned with the structural target.”

Marcel Warns of Possible Impact on GDP and Reports That Foreign Ministry Requested Meeting with U.S. Government

The Minister of Finance stated that “this has been one of the biggest shocks the global economy has received in a long time as a result of a policy decision.”

Pulso – Tuesday, April 8, 2025.
By Carlos Alonso

Finance Minister Mario Marcel gave an overview on Monday of how the impact of the trade war has been evolving in the markets and the real economy.

In a press conference, he analyzed the performance of international stock exchanges and Chile’s market. Regarding the former, he said, “During the last session and particularly today, global markets deepened their losses due to the trade war resulting from the U.S. announcements and China’s response to the tariff hikes. These market losses have been greater in the United States and developed economies. For example, in the case of European stock exchanges, the drop was 4.5%, Shanghai 7.3%. In Latin America, the declines were somewhat smaller, around 2%.”

Regarding the impact in Chile, he said that the local stock market fell 3.3%, but “the characteristic of Chile is that with the gains already registered during the first few months of the year, our stock price index is still 17% above the start of the year.”

As for currencies, the Chilean peso depreciated by 1.1%, accumulating a 3.6% drop since the announcement of these measures. He stated that these figures are quite similar to those of the Brazilian real, the Mexican peso, and the Colombian peso.

Marcel also indicated that long-term interest rates halted their decline in the United States: “Today, the long-term rate actually increased by 19 basis points. However, in Chile’s case, the long-term rate, the 10-year bond yield, remained stable but has accumulated a 20 basis-point drop since the announcements in the United States and a 16 basis-point drop since the beginning of the year.”

Regarding copper, he pointed out that “we had a 3.1% drop today, which, added to the previous days’ losses, totals a 15.4% decline on the London Metal Exchange.” Nevertheless, he added that “so far this year, there is still a 10% increase, meaning a significant portion of the price gains from the first months of the year remains.”

2026 Impact

Marcel also emphasized that economic activity would be more affected in volume next year, but clarified that this does not mean there will be no impact this year.

“What we’re seeing is that global activity projections have been mostly revised for 2026, but that doesn’t mean there will be no impact in 2025. Now, all of those projections are being updated because the magnitude of the tariff measures was greater than what markets and analysts expected.”

Marcel also stated that “undoubtedly, a shock of this magnitude to the global economy will sooner or later reach Chile in terms of economic activity, as long as it continues.”

In his analysis, and when questioned by the press, he said this “has been one of the biggest shocks the global economy has received in a long time as a result of a policy decision.” He made it clear that the current situation is very different from what occurred during the pandemic. “It’s a different matter when you have situations like Covid-19 or the global financial crisis, which were the result of exogenous factors—in one case a pandemic, and in the other a financial crisis basically originating in a specific market in the United States. But something that results from a policy decision by a country—I believe this is one of the biggest shocks to the global economy that we’ve seen in a long time.”

Regarding the development of the trade war, Marcel noted that it remains to be seen how the United States will respond to the demands made by its trade partners. “We still don’t know how long all of this will last.”

Internal Agenda

The minister also detailed the internal work being carried out in response to this situation. He mentioned meetings with the Undersecretariat of International Economic Relations and that on Thursday the government will review the work being done with the export sector to identify areas of greatest vulnerability or sensitivity to the U.S. tariff measures.

He also mentioned ongoing coordination with the Central Bank to monitor financial indicators and announced that in the coming days the Financial Stability Council will be reconvened. “As long as we continue to see high market volatility, it’s appropriate to define the next steps in Chile’s strategy to face this situation.”

In that context, he reiterated that “the meeting of the Free Trade Agreement (FTA) Administration Committee scheduled for June 12 is still on, and the Foreign Ministry has requested a meeting with the representative of the United States Trade Representative’s Office, which is the federal government agency behind the implementation of that FTA committee meeting with the United States.”

Tax Reform

On domestic matters, the minister reiterated that the next steps on the income tax reform will be defined with President Gabriel Boric during the week. This comes after the opposition refused to legislate any tax increase, even if it were intended to offset the revenue loss from reducing the corporate tax rate from 27% to 25% or less.

"We must remember I had mentioned that when the President returned from his trip to India, we would review the status of the tax reform proposals. That will be addressed this week," said the head of the economic team.

Regarding another pending issue, the path to returning to a structural fiscal balance after the deviation in 2024, Marcel stated that "we will have that defined within the next couple of weeks. This remains in effect for Chile, and fiscal responsibility through structural balance targets and our commitment to meeting them continues to be important."