

Chile, a mining country

By **SANTIAGO GONZÁLEZ**

MINISTER OF MINING, CHILE



SANTIAGO GONZALEZ was appointed Minister of Mining last January, and is concurrently Chairman of the Boards of ENAP, CODELCO and ENAMI. A civil engineer, graduating from Santiago University, he is also a post-graduate in business studies. He has served on the Board of the National Mining Company, EMOS and ENAMI. From 1997 to 1999 he was General Manager of the Santiago Metropolitan Water and Drainage Company, and subsequently became CEO of the Chilean Lottery, generating revenue for the Chilean Treasury, fourth amongst the national corporations.

The leadership of Chile as a mining country has been developed over the years with great sacrifice and dedication, from those original miners with their rustic tools extracting minerals from the depths of our land, until today with the great developments which incorporate the most advanced technology, the most modern machinery, and the most sophisticated methods currently in use anywhere in the world.

We wish to maintain that leadership, showing that Chile is ready to receive investment and private initiatives in respect of exploration and development, and we give guarantees of stability, both political and economic, always respecting private property and promoting a good long term relationship.

Today, the infrastructure and communications now in existence for the mining industry, enable us to take mining operations, which are frequently located in remote and inhospitable areas, to all the inhabitants of our country. This involvement in mining has allowed us to develop a mining culture amongst the Chileans, who have seen themselves benefiting from more and better works, which have had a positive impact on the quality of life for the communities in the mining areas.

In addition to the geology of Chile, and the mining culture of its people, the economic figures confirm that Chile is a mining country: In 2007, the equivalent of 5.5 million tons of fine copper were produced, which amounts to 35 per cent of world production, and the mining industry contributed 24 per cent to the GDP of the country.

In terms of Chilean exports, mining generated US\$43.7 billion, amounting to 66 per cent of exports, and in the case of copper this exceeded a record of US\$38.2 billion (58 per cent of the total exported). If we consider the fifteen leading exporting companies of Chile, thirteen are in mineral production.

The mining industry – particularly in gold and copper – is working on important developments: In Chile, the projects forecast to be constructed in the period 2007-11, will involve an investment of almost US\$22 billion. In other words, this new boom of investment over the next five years will be equivalent to 60 per cent of the total mining investment received during the period 1990-2006.

Certainly, this portfolio of projects also represents opportunities for the sectors that provide goods and

services. During 2008, there will be business worth US\$4.6 billion, particular due to the purchasing by the major companies of equipment and spare parts, construction work and the maintenance of installations.

On the other hand, current operations, and those in development, will raise copper production in Chile by 6.7 million tonnes by 2015. This increase will allow Chile to maintain its leadership as the world's principal copper producer.

To bring these investments about, the industry will have to meet significant challenges, which if not met, would limit the potential for growth, and would undermine competitiveness.

The Government of Chile, through its proactive mining policy, which is both ambitious and transparent, is an ally of the investors, both local and foreign, in the challenge of mining development, creating a business infrastructure which enables safe investment and which upholds the rights acquired by investors in mining property and in respect of taxation and other relevant matters taken into account when long-term decisions were made.

Nevertheless, as a country we are not immune to the problems that confront mining worldwide and in Chile itself. For this government and its institutions related to the mining industry, in an alliance with the private sector, we work together to overcome obstacles which may arise in developing production.

To guarantee energy supply the Government of Chile has taken a series of measures, amongst which I would highlight the construction of a regasification plant for LNG at Mejillones (led by Codelco); the installation of generators for mining operations, and the adoption of processes that are more energy efficient; investment in coal-fired power stations; and installations for the unloading, storage and distribution of diesel, and the recent approval of a law to safeguard against power shortages in the event of an electric power company failing due to the need to utilise diesel.

In respect of water supplies, we should highlight that the development of mines in the most arid areas on earth, presents enormous challenges.

Finally, we should never forget that mining activity is a permanent challenge, the essence of which is connected inalienably with the land and the dreams of miners. This should continue to be our principal commitment to our people, to our land and to our country. **F**