Why Chile?

Since the 1990s, Chile has been one of Latin America’s fastest growing economies. In 2010, it became the first Latin American country to join the Organization for Economic Cooperation and Development (OECD). Between 1990 and 2010, Chile experienced a per capita growth of 3.8 percent. In real terms, per capita income has almost doubled. Chile’s average annual GDP growth will be 4.5 percent over 2017–20, which is expected to moderate to 3.5 percent in 2021–30.

Chile has a liberal, open-market economy with strong macroeconomic stability. The country is the fifth largest economy in South America and has the second highest GDP per capita in the region. The Chilean economy is characterized by a high level of foreign trade, in addition to strong financial institutions and fiscal policy. It has one of the highest numbers of bilateral or regional trade agreements (59 agreements, however not all are free trade agreements) with the United States, European Union, Mercosur, China, India, South Korea and Mexico. In 2011, Chile’s gross domestic product (GDP) stood at US $244.54 billion in terms of market exchange terms, and US $299.5 billion in terms of purchasing power parity (PPP). Exports account for over one-third of the country’s GDP, with commodity exports accounting for nearly three quarters of its total exports.

Chile also has a reputation as one of the most attractive business destinations in South America, with a well-functioning market economy and sophisticated financial markets. Nearly 90 percent of Chile’s trade is conducted within free trade agreements. The country’s mining and environmental regulations are well defined, and the government is working in the direction of sustainable development.

Mining is a key sector of Chile’s economy. The country has abundant metals and minerals such as copper, gold, silver, zinc, iron, lead and manganese, especially in its northern region.

Chile is the world’s largest copper producer and has world-class mining infrastructure and operations. In 2016, Chile produced 5.55 million tons of copper, which represents 30% of current world production. Not surprisingly, the mining sector plays an enormous and important role to Chile’s economy, accounting for about 10% of GDP and about 50% of Chilean exports. Gold and molybdenum, by-products from copper mining, are also significant minerals in the mining industry. Chile ranks second and fifth, respectively in the production of these metals globally. Industry capital outlay projections in the copper mining sector for the period 2017-2024 are expected to be in the US $25–30 billion range.

Along with these precious metals, lithium is another important mineral mined in Chile. According to the US Geological Survey, Chile contains 27 percent of the global reserves of lithium and is the world’s 2nd largest producer, with 36% of current world market share. Chile currently holds the largest known economically extractable reserves of lithium in the world in the Salar de Atacama. Increased demand from the electronics and electric vehicle industries has made this resource the focus of international investors and developers. Currently there are only two companies active in the industry: Soquimich S.A. (SQM) and Albemarle. However, the Chilean government recently approved a permit for Albemarle to more than triple extraction.
rates, and the Chileans are also looking at developing new salt flats (*salares*) in the third region of the country (Copiapó).

With its distinctive ribbon-like shape on the Pacific coast of South America, Chile is the 38th largest country in the world. The country has abundant metals and minerals, especially in its northern desert region. None of these is more important than copper, for which Chile is widely known as the world’s number one producer. Reserves of fine copper are estimated to be in excess of 100 million tons.

**Main Mines in Chile**

**Codelco – El Teniente**

Codelco is the world’s main copper producer, controlling around 10% of the global reserves of this metal. The name Codelco represents the Corporación Nacional del Cobre de Chile, an autonomous company owned by the Chilean State whose main business is the exploration, development and exploitation of copper mineral resources and byproducts, their processing to refined copper and commercialization. El Teniente is the world’s largest underground copper mine. It has operated since 1904 and has more than 2,400 kilometres of tunnels.

**BHP Billiton – Escondida**

Escondida mine is a leading producer of copper, located in the Atacama Desert in northern Chile. Escondida is a copper porphyry deposit that also produces gold and silver. Its 2 open-cut pits feed two concentrator plants which use grinding and flotation technologies to produce copper concentrate, as well as two leaching operations (oxide and sulphide). Escondida celebrated 25 years of operation during FY2016, having processed more than 2 billion tonnes of ore through leaching (solvent extraction and electrowinning) and flotation.