



COCHILCO
Ministerio de Minería

Gobierno de Chile

Governance, Policy and Trade: the case of Chile

EU-Latin America Dialoge on Raw Materials

Colombia – 22 & 23 September 2015

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Topics

- General approach
- Mining Public Sector
- Chilean Trade Strategy
- Mining Policy
- Mining Contribution
- Chilean Mining: from today to the future
- Final Comments





GENERAL APPROACH



Facts

- Population: 17,8 millones
- Territorial surface area: 756.950 km²
- GDP 2014:
 - US\$258 billions
 - Mining GDP: 11,2%
 - GDP per capita (ppp): US\$ 21.911



Sources: Central Bank of Chile, National Statistical Institute, The World Bank

Chile: a mining country?



Past **1880-1930**

World's largest
nitrate producer
during 1900-1920



Present **1930-2014**

World's largest
copper producer
since 1990

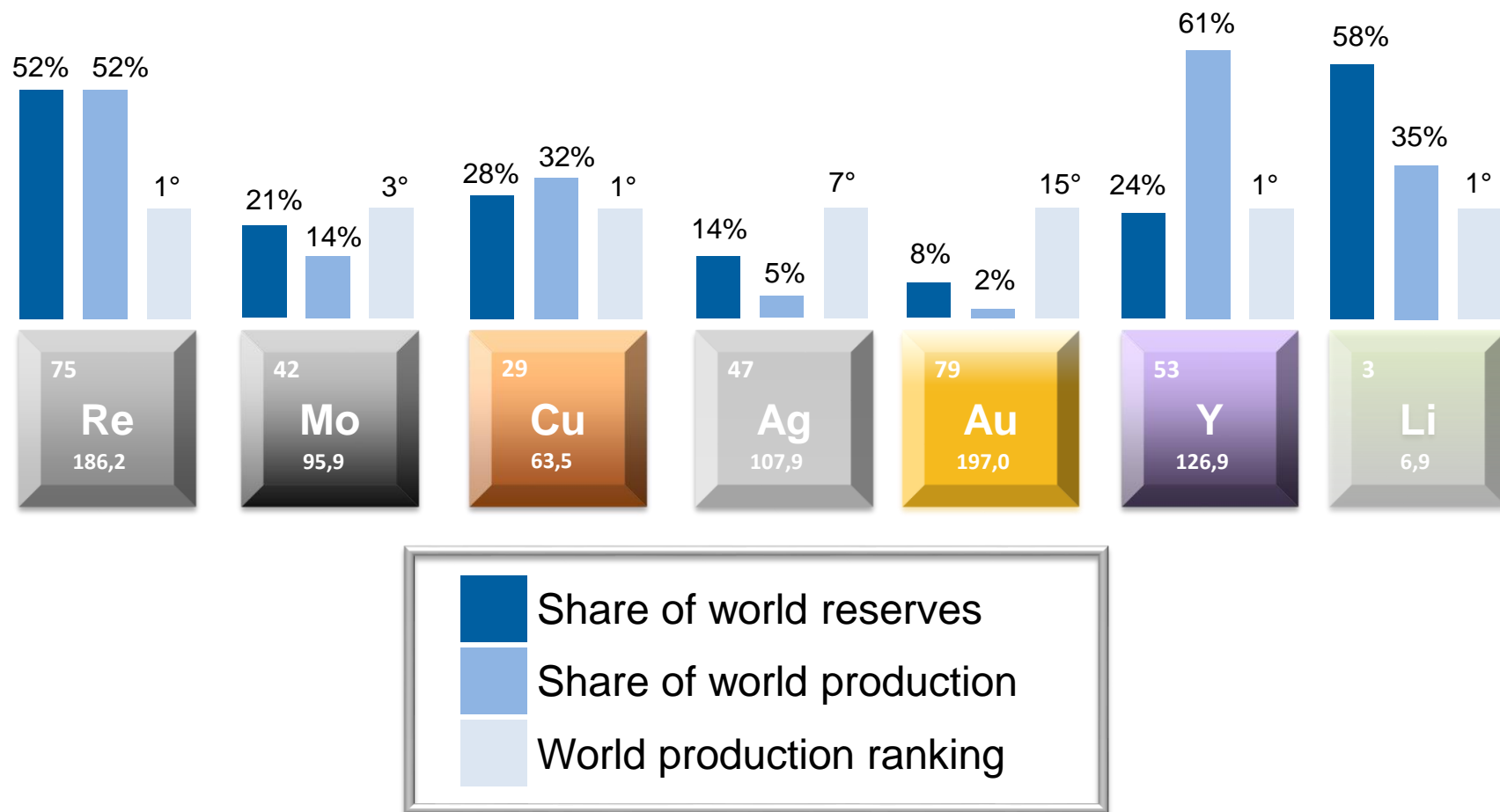


Future **2015- ...**

World's largest reserves
of copper, and important
gold, molybdenum,
lithium and potassium
reserves



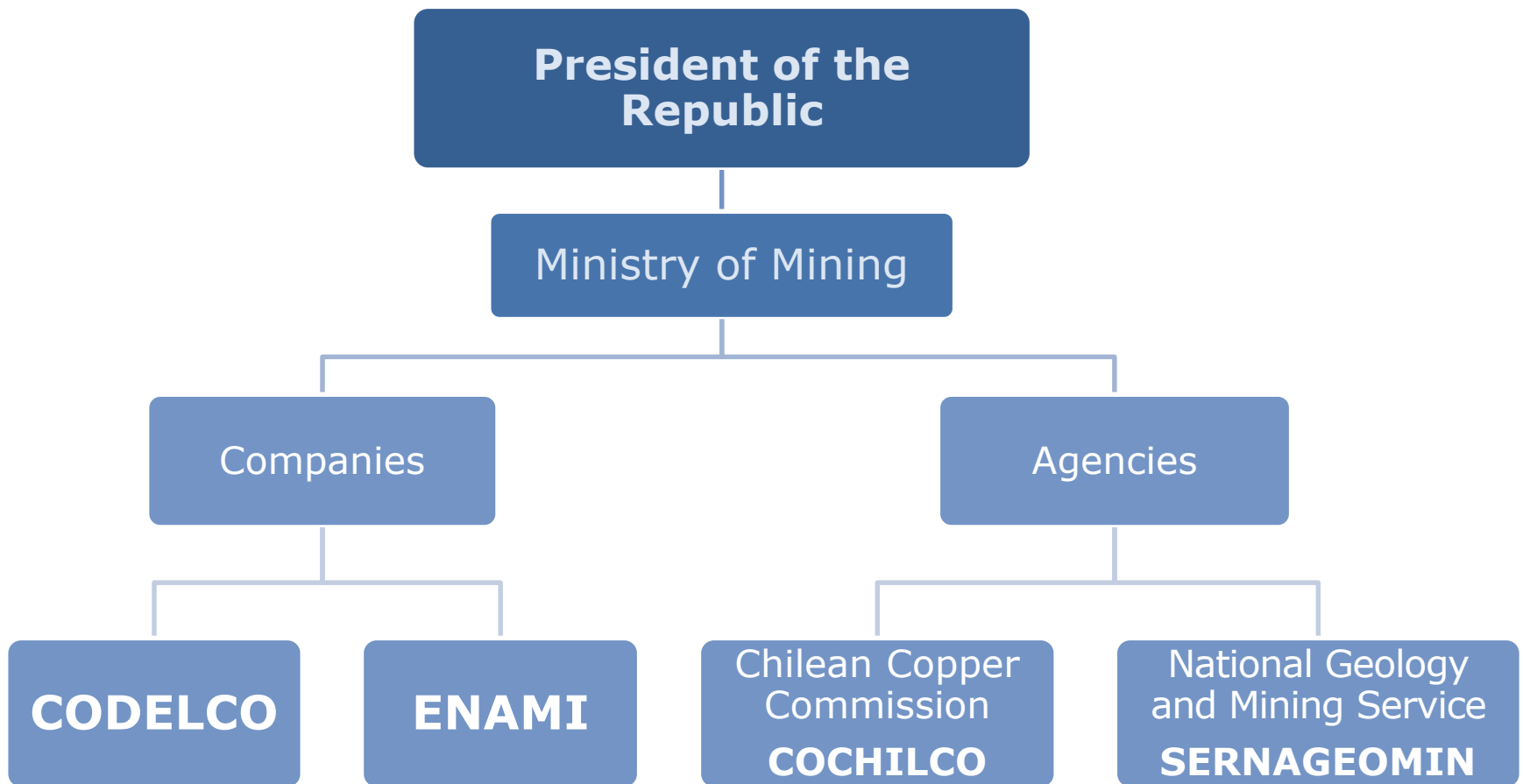
Mineral endowment



Sources: USGS Mineral Commodity Summaries, COCHILCO



PUBLIC MINING SECTOR





CHILEAN TRADE STRATEGY



Unilateral liberalizations and FTAs

- Since 1974, the promotion of the exportable sector in Chile has been based on the reduction of tariffs and elimination of other restrictions on imports.
- Until 1990, trade policy was based only on unilateral elimination of trade barriers.
- Starting in 1990, an active policy of negotiating FTAs was implemented as a complement to unilateral liberalization.
- As a result, about 90% of Chile's exports are covered by a bilateral trade agreement.
- The general tariff for imports is 6%. The effective tariff reached 1.1% in 2014 as a result of trade agreements.



- The main objectives of negotiating FTAs has been to improve market access, both in terms of facing lower or no barriers and reducing uncertainty regarding the conditions of such access.
- This has been through the elimination of tariffs which, as a collateral result, should eliminate tariff escalation, and the scrapping and/or regulation of non-tariff restrictions.





Chile is a global export platform. Chile is the country with the broadest commercial agreement network, either bilateral, multilateral and regional

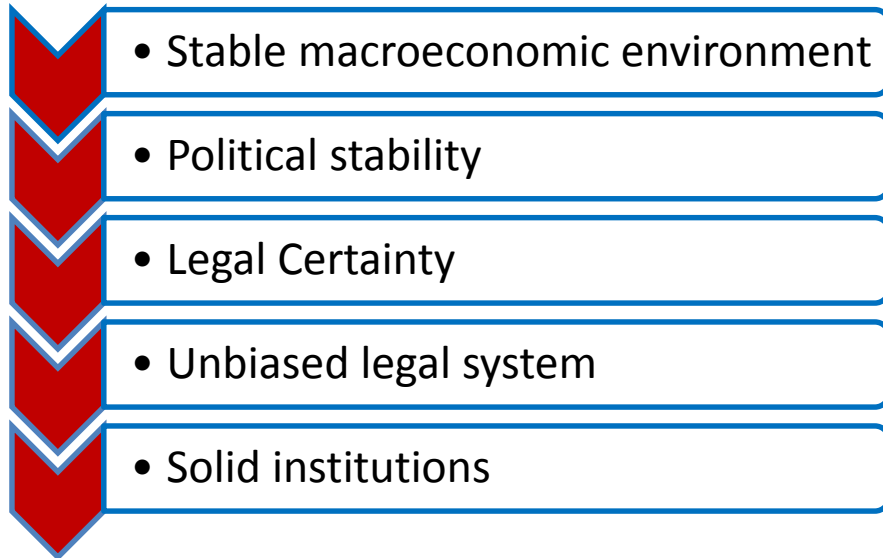


MINING POLICIES

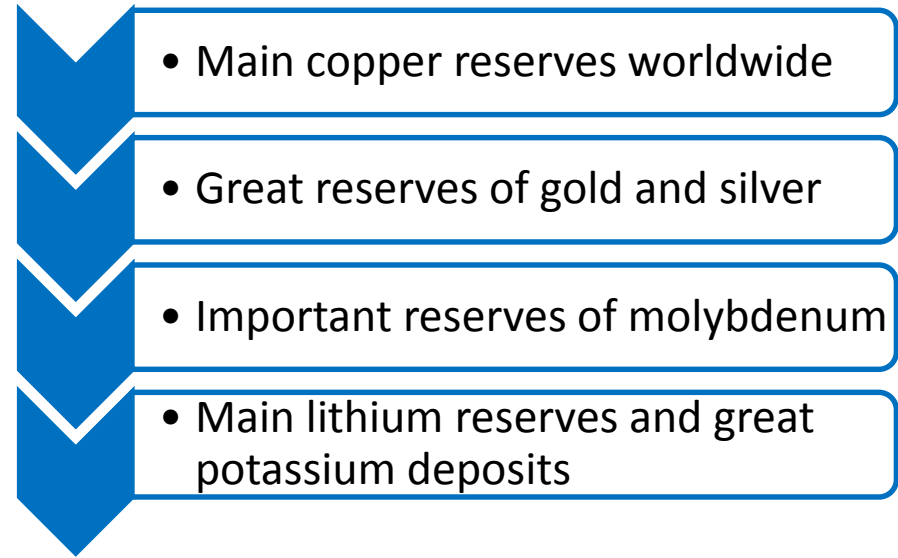


Basics to consider

Investment climate



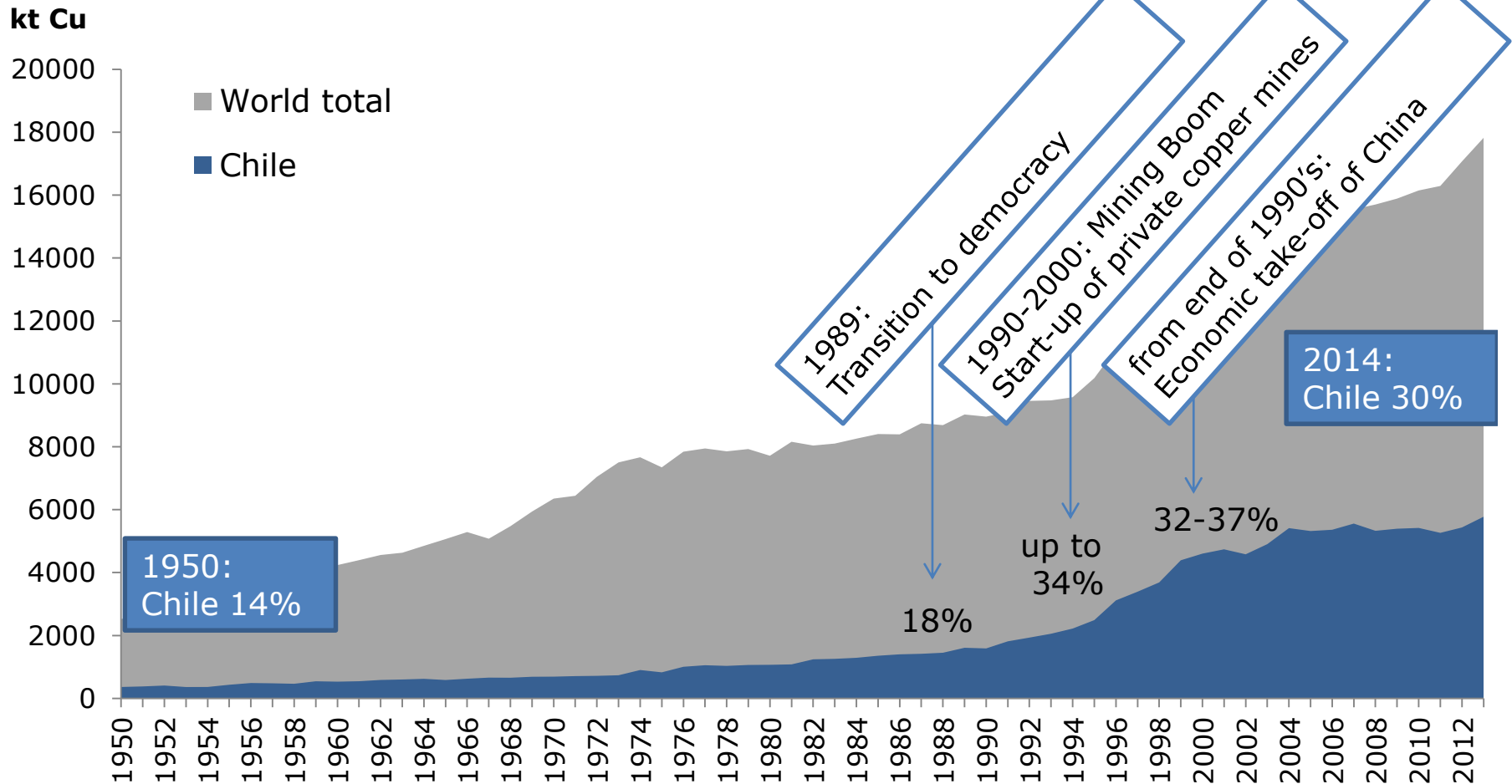
Geological potential



Main copper producer worldwide

Historical copper production

Social, Economic and Political Stability Impact



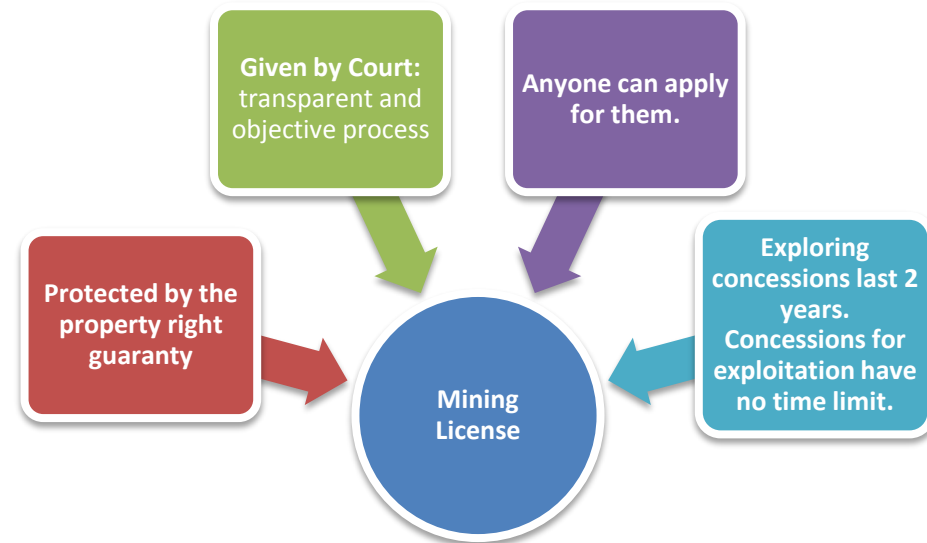
Source: WBMS, Cochilco, WoodMachenzie

Mining Rules Certainty

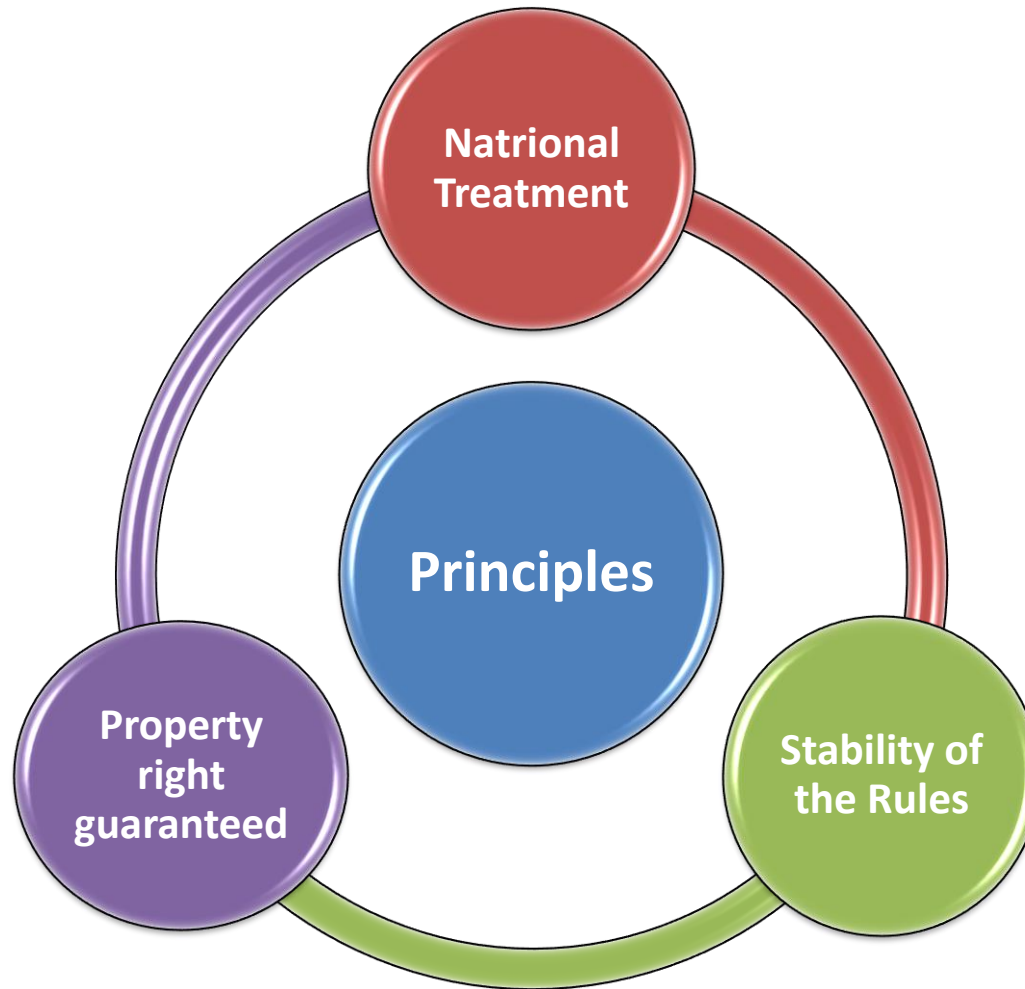
CHILEAN MINING REGULATIONS

- ✓ **Constitution (1980)**
- ✓ **Organic Constitutional Law (1982)**
- ✓ **Mining Code (1983)**

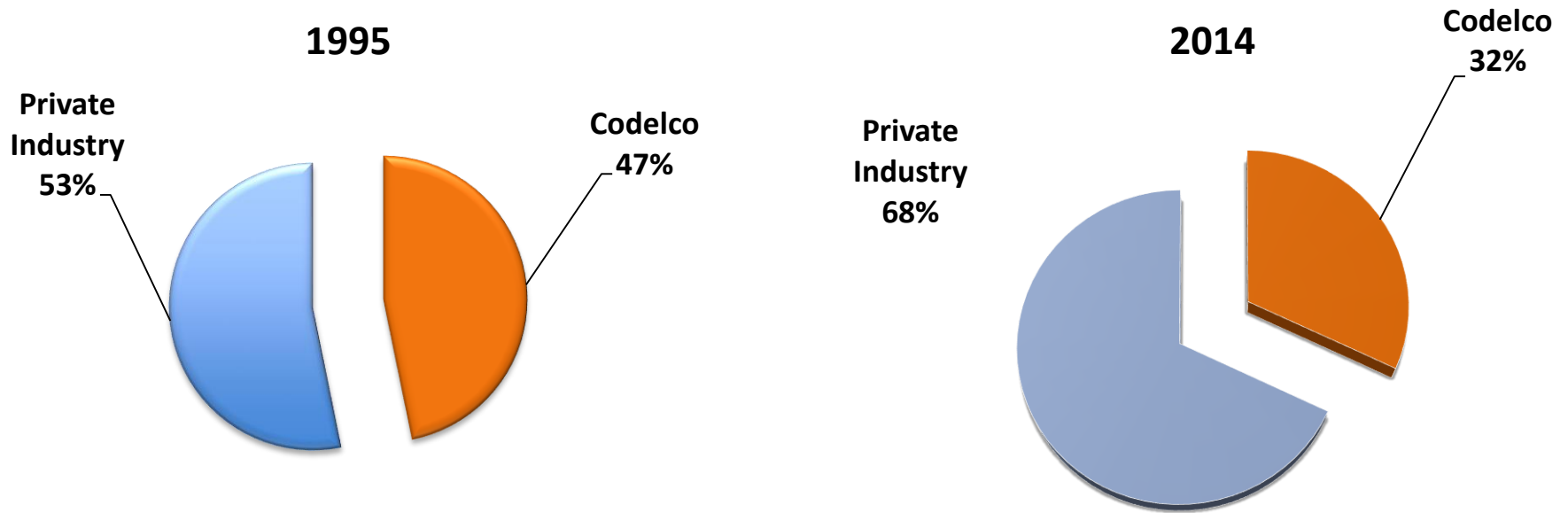
ATTRIBUTES OF THE LEGAL SYSTEM OF GRANTING CONCESSIONS



Foreign Investment Principles in Chile



Equal Level Playing Field



State Owned and Private Companies work in harmony in a highly competitive market because of the respect to the legal framework.

State owned companies don't have advantages.



MINING CONTRIBUTION

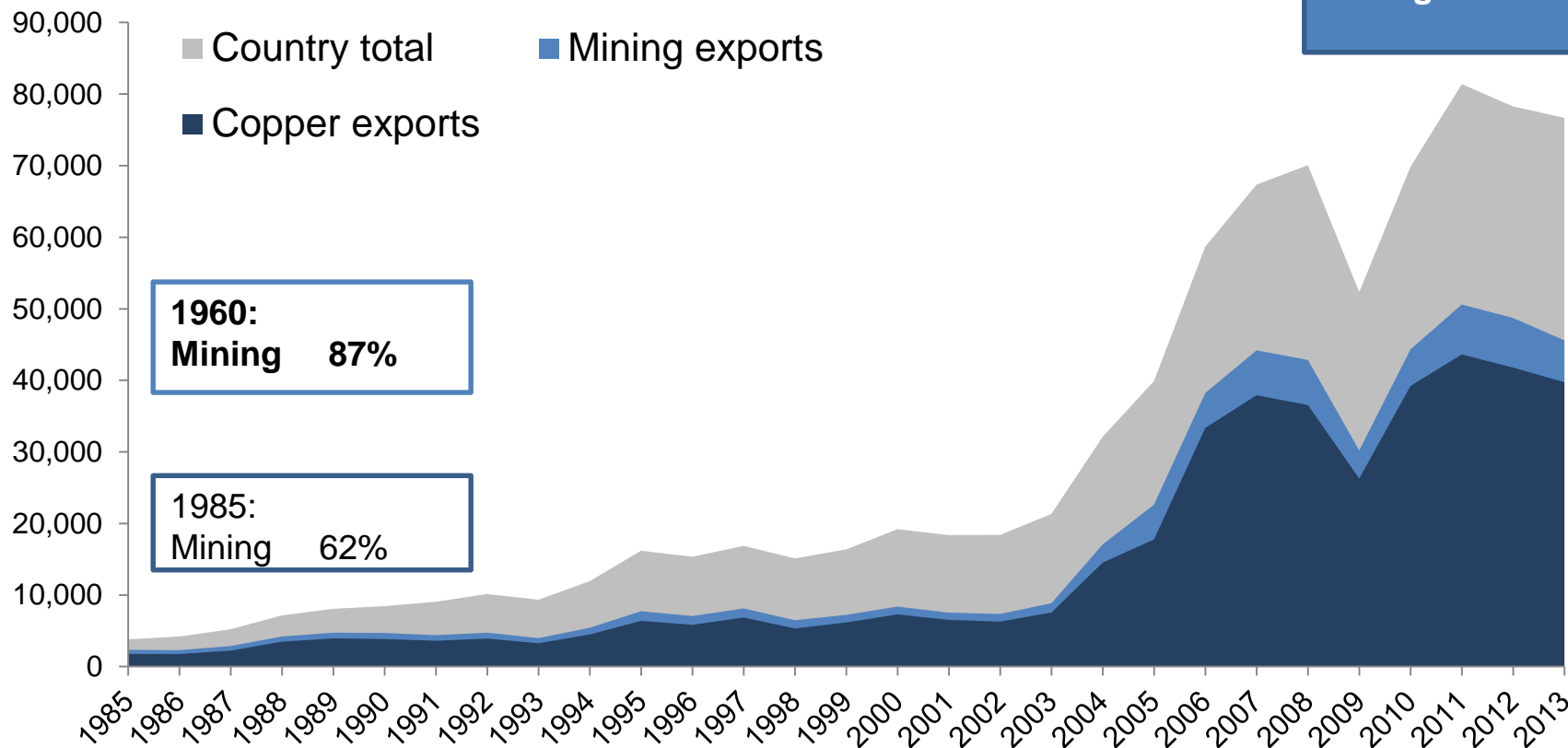


Mining Contribution to society



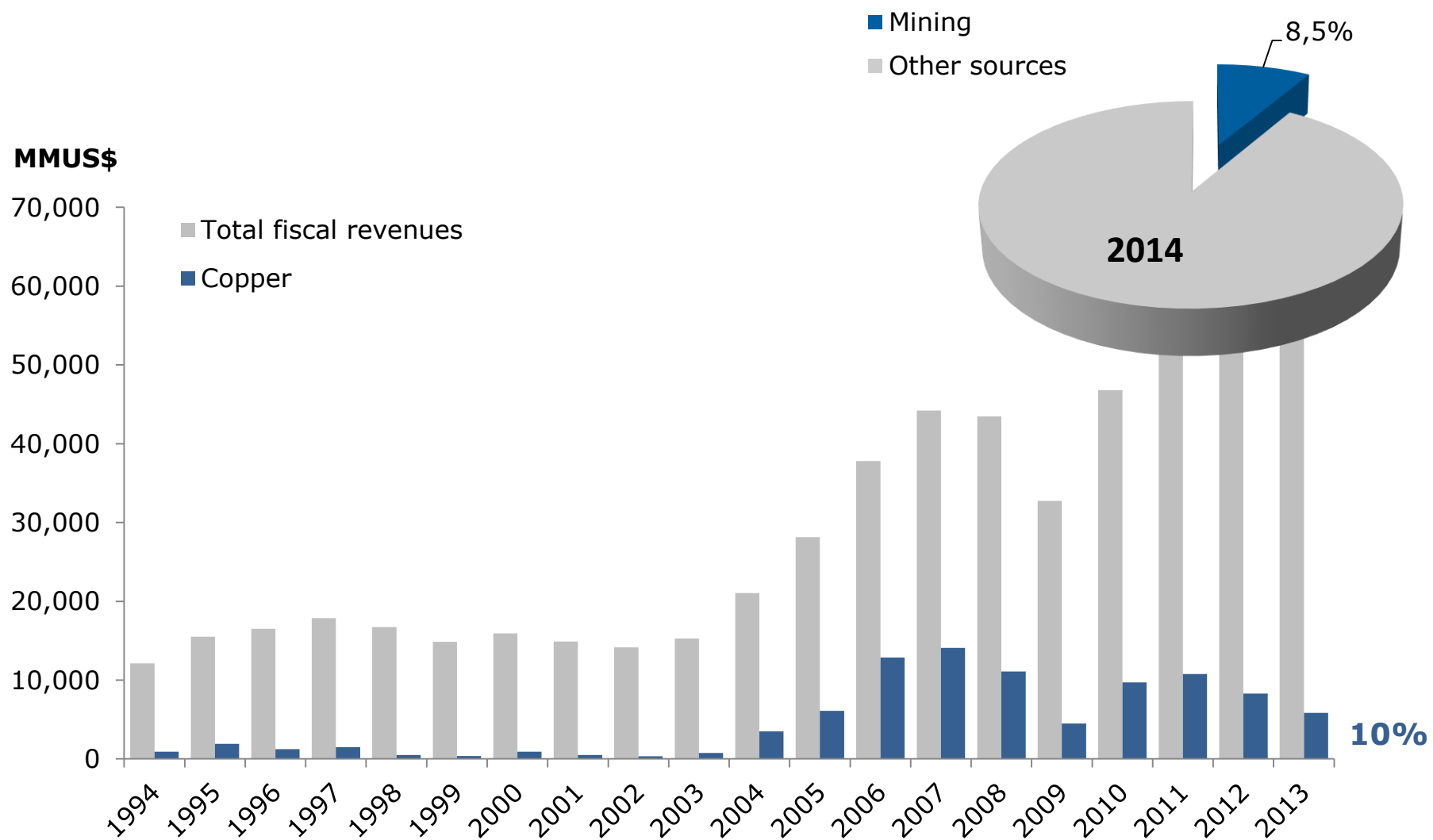
Mining in exports

Mill. US\$



Source: Central Bank of Chile

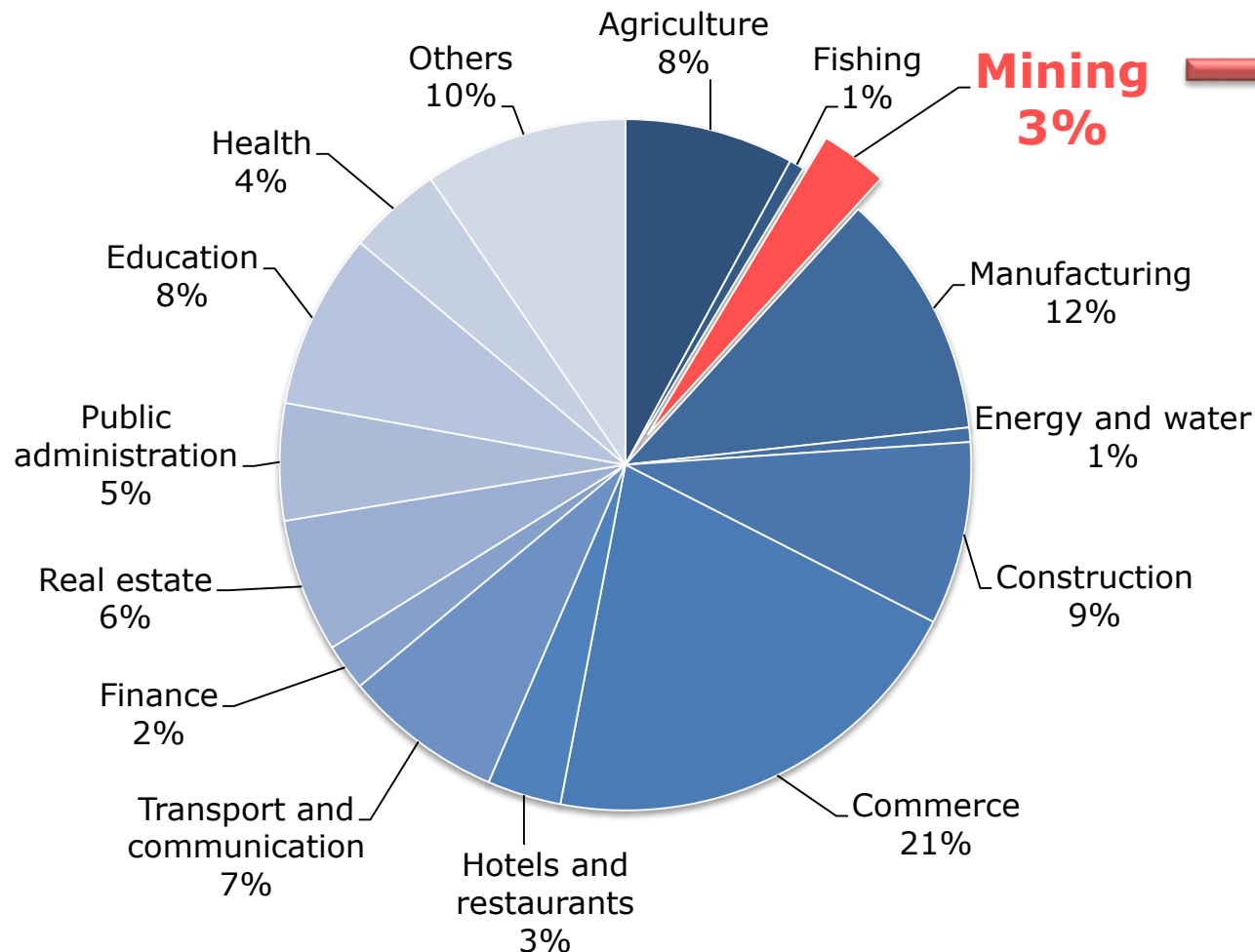
Chile's Fiscal revenues



Source: DIPRES and mining companies

Direct employment in mining

Distribution of national employment by economic sector in 2013

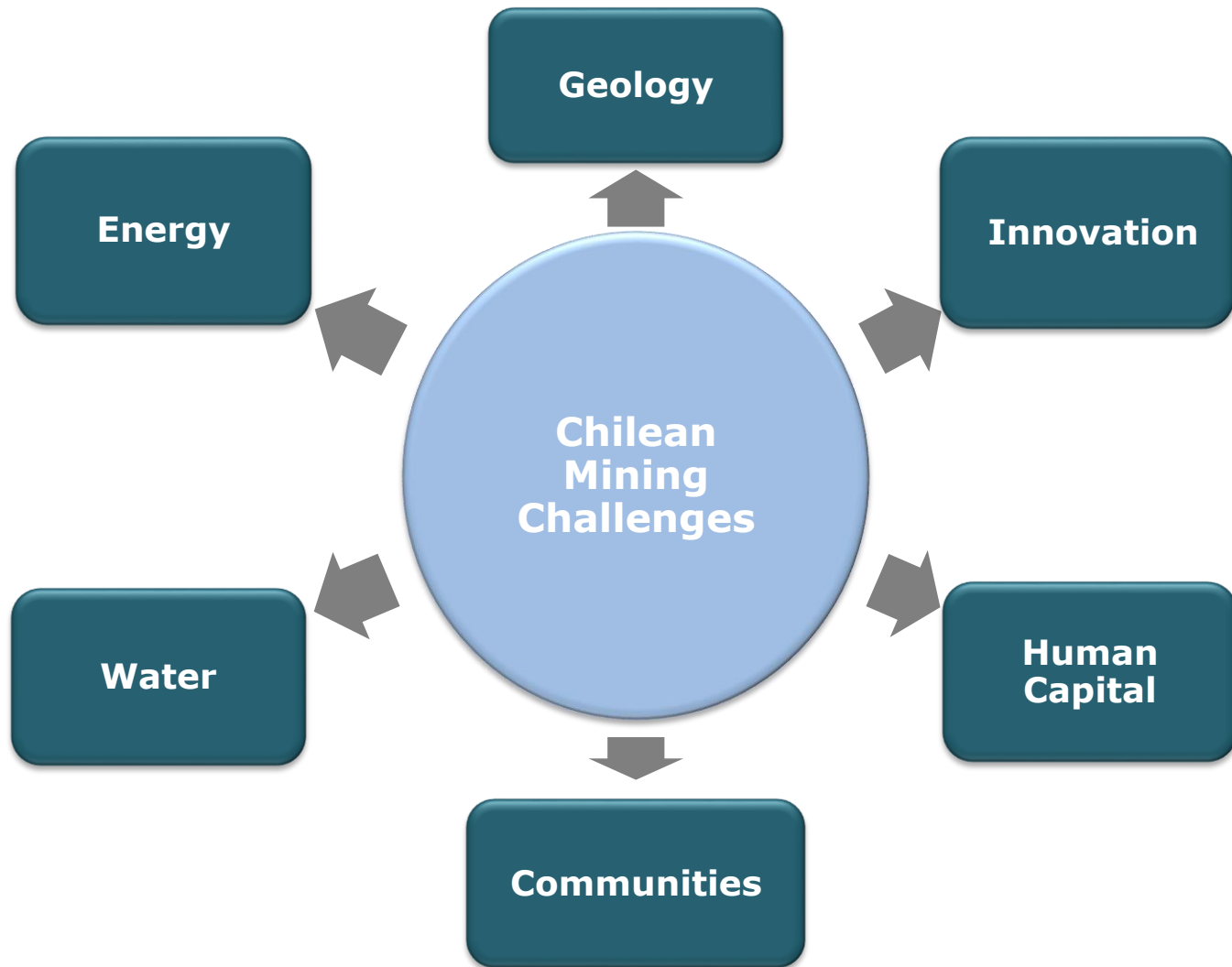


Source: National Institute of Statistics



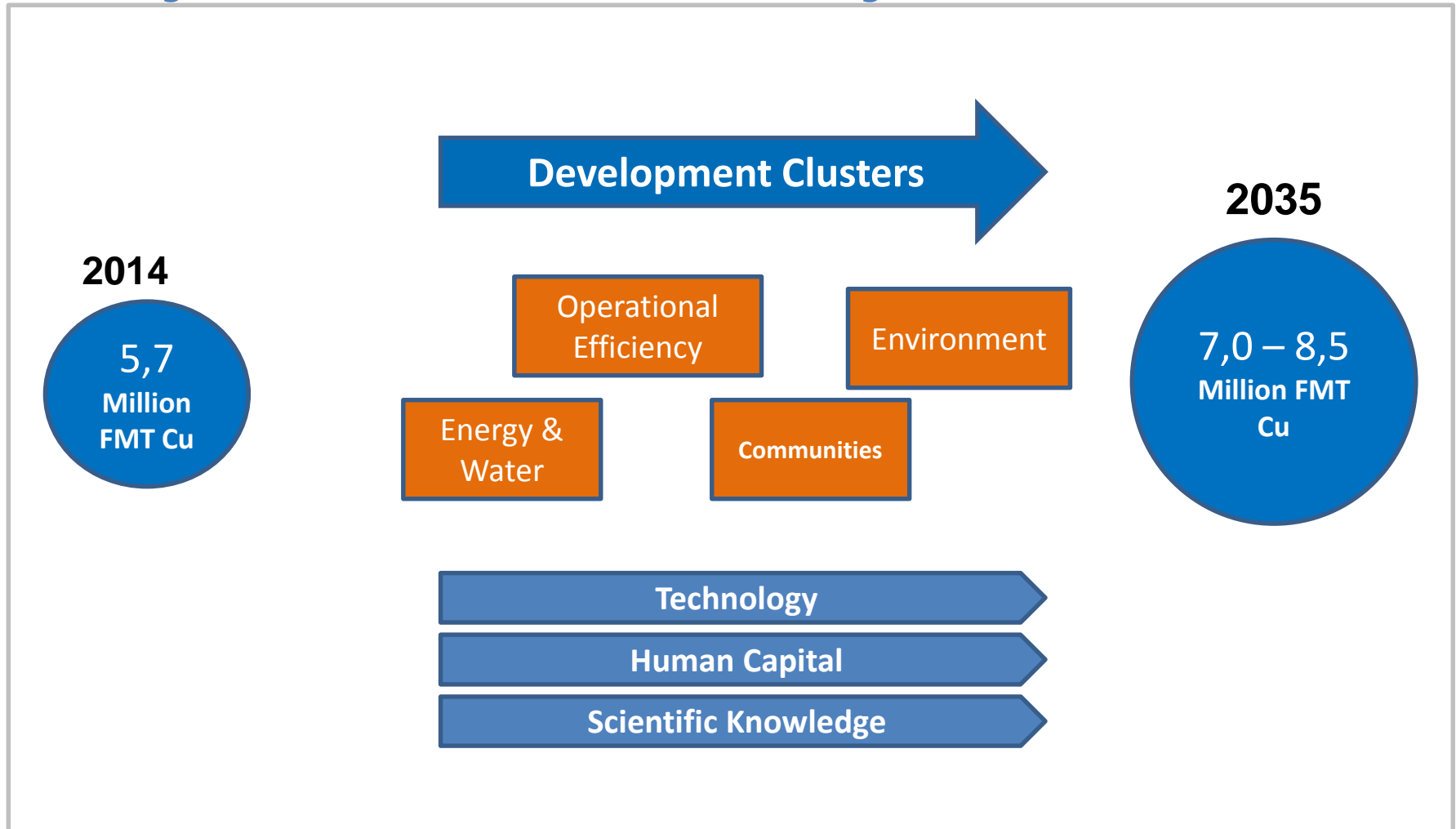
CHILEAN MINING: FROM TODAY TO THE FUTURE



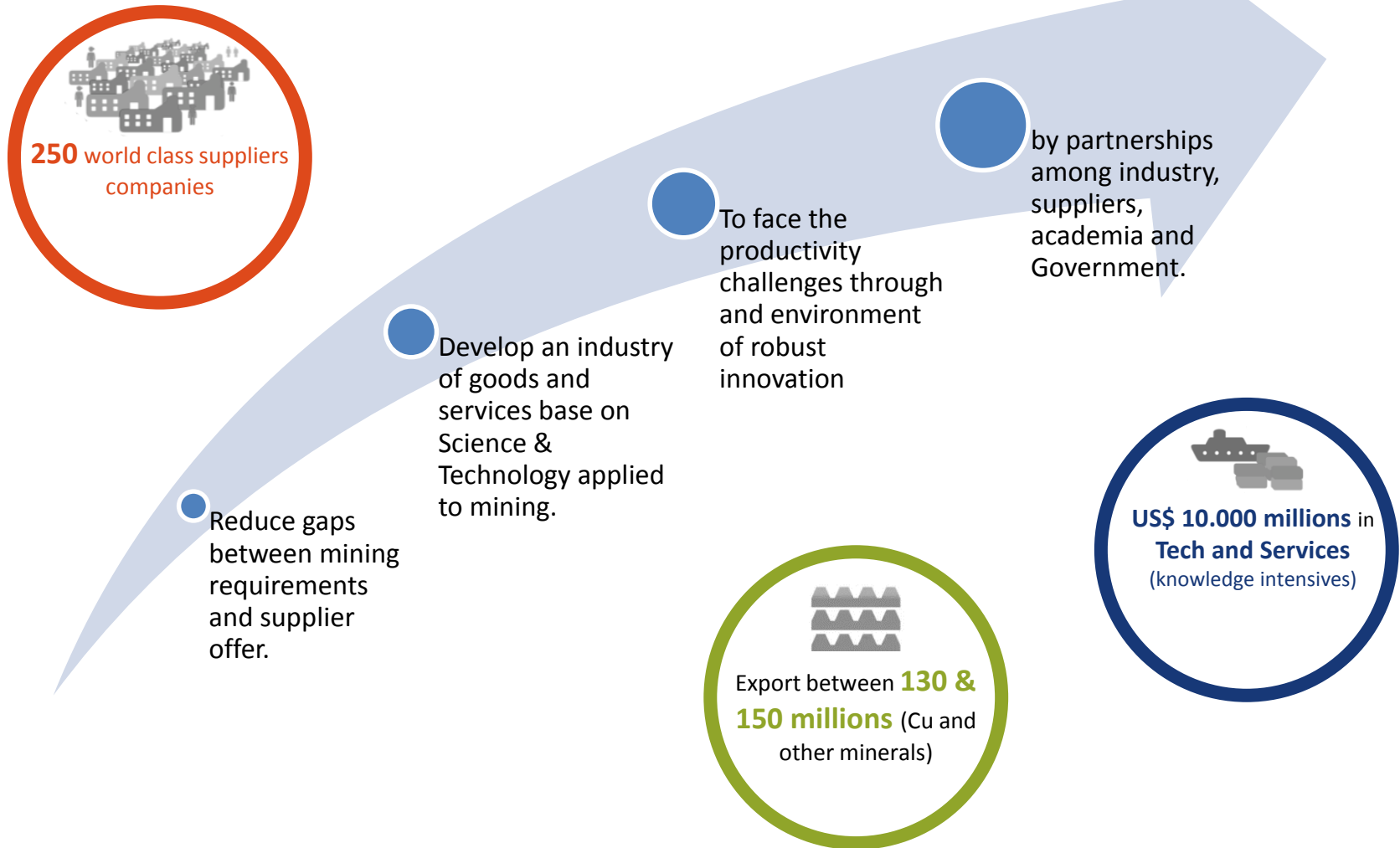


Mining as a Development Platform

Looking to the future: Public – Private Mining Initiative



National Mining Program



(BHP Billiton, Codelco, FCh, Ministry of Mining, CORFO, others)



FINAL COMMENTS



- 
- From global perspective, Chile is a quite small country with few population and far from most of the mineral consumption actors.
 - Chile, as a mining country, has been recognized as a major center for mining investment.
 - Mineral endowment and projects support mining production forecasting.
 - Moving toward a new stage: mining services.
 - To face local challenges:
 - ✓ Enviromental new standards.
 - ✓ Productivity and increasing of costs.
 - To export to another mining countries.
- 



Mining National Program

- Target: strengthen the mining industry and suppliers productivity, competitiveness and innovation to boost Chile development.
- Long term goal, but starting today:
 - To have, at least, 250 Chilean supplier companies at world class standard by 2035.
 - To export US\$10b in goods and services intensives in knowledge and technology.





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