

Chile's Mining Industry

Throughout Chile's history, mining has consistently been a leading industry in the country. The 1990s marked the beginning of a boom in Chile's mining industry, especially in copper mining, principally due to FDI in the sector. In this time period Chile had one of the fastest growing economies in the world and mining accounted for 8.5% of the GDP and 47% of exports (source: Encyclopedia of the Nations). Thanks to continual amendments of the mining industry framework and an investor-friendly environment, the industry is still strong and profitable for investors. Moreover, the ongoing establishment of new technologies, including those aiming to take better care and advantage of Chile's natural resources, promises the mining sector will continue to prosper in years to come.



Industry Highlights

- Thanks to a large amount of copper resources, progressive legislation and a healthy investment environment, Chile has become the copper mining capital of the world, producing over 1/3 of the global copper output.
- In 2006, copper accounted for 55.6% of Chile's exports and approximately 8% of the GDP. Some estimates conclude that if indirect impacts were also considered, mining would represent more than 13% of the GDP (source: BHP Billiton).
- In 2005, the production value of both nonferrous and ferrous minerals was US\$24.4 billion; Copper led the category with a production value of \$19.6 billion, followed by molybdenum (\$3.5 billion), gold (\$566 million) and iron ore (\$352 million) (source: Swedish Trade Council).
- Chile claims about 40% of the world's known copper deposits, which are principally found in the country's Northern deserts and in the Andean region (source: JSTOR).
- The value of Chile's mining production is expected to grow by about 8%-10% per year through 2010 (source: Swedish Trade Council).

The primary mining regions comprise the northern deserts and the Andean Cordillera. The "La Escondida" Mine in the northern Atacama Desert is the world's largest open-pit copper mining operation as well as the largest contributor to Chile's copper output. Also, Chile's National Copper Corporation, Codelco, is the world's largest copper-producing company, refining 2,187 metric tons of fine copper in 2006 alone. Along with its status as the largest producer of copper, Codelco is also known to have the largest copper reserves in the world, numbering about 77 million metric tons and representing about 20% of total reserves worldwide (source: Codelco). Codelco, just like the rest of the Chilean mining industry, continually surveys to find more mining opportunities for the future.

The mining market collects abundant foreign investments; according to the Foreign Investment Committee, in 2006 mining was the largest recipient sector of FDI, receiving US\$1,159,211,000 in investments. Furthermore, mining projects in Chile are expected to generate approximately US\$18.5 billion in investments between 2006 and 2015. This is not only due to the size and prestige of Chile's mining sector, but also to the legal environment surrounding the industry; the Business Monitor states that 'Chile's mining laws are perceived to be more investment friendly and globally aligned than most of its Latin American peers.' The Chilean government strongly supports foreign investment in the sector and has modified its mining industry laws and regulations to create a favorable investing environment for foreigners.