



## Mining to Chile.

### Trends and opportunities

#### The market

The total mining investment for 2006 is estimated to exceed US\$8.2 billion. Chile is best known as the world's **largest producer and exporter of copper** - it has approximately 28 per cent of the world's copper reserves. Chile is also the third-largest gold producer in South America after Brazil and Peru and the 12th largest worldwide. Other significant mineral reserves include:

- ≠ selenium
- ≠ molybdenum
- ≠ rhenium
- ≠ lithium
- ≠ iodine

Chile's political stability, abundant natural resources and favourable regulatory regime for foreign investors has made it one of the most attractive emerging mining markets in the world.

Major investments include the expansion at Codelco's El Teniente division where there are already Australian companies participating and the US\$200 million expansion at the Exxon owned mine Los Bronces. Other projects that Australian suppliers should be aware of are:

- ≠ Billiton's Spence copper deposit (US\$1 billion)
- ≠ Collahuasi's (owned by Falconbridge and Anglo American) expansion of US\$800 million
- ≠ BHP's US\$400 million development of Escondida Norte

#### Opportunities

The following opportunities exist for Australian suppliers of mining equipment/services for both new mining projects and existing mining operations:

- ≠ environmental technology/services
- ≠ process technology
- ≠ vocational training
- ≠ mine automation
- ≠ mine safety
- ≠ mine software
- ≠ mineral exploration

#### Competitive environment

Although competition is fierce both from local and foreign suppliers, **Australia has a strong reputation** in the mining sector.

Current industry statistics show that the USA is Chile's largest single supplier (almost 23 per cent of imports), and US manufactured mining equipment has a strong hold on the market, controlling an estimated 40 per cent of imports. Australian suppliers also face strong competition from Canada, Brazil, Japan, Germany, France, Sweden and the UK.

The **private sector has taken over the government's traditional dominance of the mining sector**, currently accounting for about two-thirds of copper production and almost all gold production. However, much of the remaining third of copper production is held by the giant state-owned Codelco copper company. Codelco has five operating mines and a large workshop, which supplies its five divisions. Codelco produces 15 per cent of the world's total copper production. Its current copper reserves account for approximately 20 per cent of the world's known resources.

In the private sector **the largest open-pit copper mine worldwide is Escondida**, partly owned by Australia's BHP (57.5 per cent) and UK's Rio Tinto (30 per cent). La Escondida is currently implementing its Phase IV expansion, which involves a total investment of US\$1.3 billion. It is also conducting engineering studies for its Escondida Norte deposit.

**More information**

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