Chilean trade policy for mining and metals

Sergio Hernández
Vice President
Chilean Copper Comisión

Keys
- Chile is a mining country
- Chile is an open economy
- Trade policy
- Outcomes
- Challenges
Chile is a mining country

Chile in numbers

- Surface territorial area: 756,950 km² (2) - position 37 in the world
- Population: 17,4 million (2012 estimate) (2) - position 60 in the world
- GDP 2013: US$ 277.196 million (1) - position 37 in the world
- GDP PPP: US$ 386.071 million (3) - position 41 in the world
- GDP per capita: US$ 15.732 (3) - position 44 in the world
- GDP per capita PPP: US$ 21.911 (3) - position 51 in the world
- Mining GDP: 11,1%
- Sustained economic growth
- Low unemployment rates (~6.5%)

Sources: (1) Central Bank of Chile, (2) National Statistical Institute, (3) The World Bank

Chile is a mining country

Chile’s leadership in the mining industry

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
Chile is a mining country

Chile’s world leadership
2013 shares and ranking of global reserves and production

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<tr>
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<th>Share of world reserves %</th>
<th>Share of world production %</th>
<th>World production ranking</th>
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<tbody>
<tr>
<td><strong>Metals</strong></td>
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<tr>
<td>Copper</td>
<td>28</td>
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<td>Molybdenum</td>
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<td>Iodine</td>
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<td>61</td>
<td>1°</td>
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Sources: USGS, Cochilco

Chile is a mining country

World copper reserves
Distribution and shares of world total

World total: 680 million tons (Mt)

Chile 190 Mt

Source: USGS Mineral Commodity Summaries (2014)
Chile is a open economy

- Member of several international organizations:
  - UN, OAS, WTO, APEC, OECD, INTERPOL, WHO, ICSG and others.
- Free trade and commercial agreements with many countries:

Trade Policy

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.
- The average tariff reached 1.1% in 2014 as a result of trade agreements.
- The effect of unilateral trade liberalization was what theory would predict: development of activities in which Chile has a comparative advantage, and shrinking of those activities in which there is no comparative advantage.
Trade Policy
Unilateral liberalizations and FTAs

- 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.

Trade Policy
Unilateral liberalizations and FTAs

- 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.
Outcomes

Main copper producer worldwide

Historical copper production
Outcomes
Foreign investment in Chile

FDI 2009 - 2013

Sources: Foreign Investment Committee
Chilean Copper Commission

Challenges
Copper production forecast by product

International Convention for the Prevention of Pollution From Ships (MARPOL) (Anex V)
2011 – IMO agreed on the amendment to Annex V of MARPOL (entering into force by January 2013)
2012 – HME criteria
2013 – Flexibility if no facilities at port to process the waters
HME: Hazardous to the Marine Environment
Shipper responsibility to declare.
Moving to GHS