

## Making mining count in Chile: case study



In late 2004, Chile was identified by participants of a global multi-stakeholder workshop held in London, as a country that had successfully avoided the ‘resource curse’. Chile was selected as a comparator for the in-country work that was taking place in Peru to identify the success factors that might explain this outcome.

Work began in 2005 to assess the positive and negative impacts of mining both at the national level and also at the project level around the Escondida copper mine.

The research was conducted using an analytical framework and tools developed in Phase 1 of the initiative. Phase 2 focused not just on understanding mining’s impact in Chile, but also in three other countries – Tanzania, Ghana and Peru.

The main conclusions of this research in Chile can be found in the country case study report on Chile, and they are summarized in Spotlight 06.

The study found that, in recent decades, Chile has used its mining industry (dominated by copper production) to help drive significant increases in national wealth as well as reductions in poverty. Chile is now among Latin America’s wealthiest countries, and the region of Antofagasta (Chile’s ‘Region II’), in which mining is a dominant industry, has more than twice the per capita GDP of the country as a whole.

Part of Chile’s success can be attributed to the fact that, although mining represents a major part of the economy, the country has also succeeded in broadening its exports. Thus it has avoided a problem that is sometimes associated with resource extraction, namely a too-narrow focus on the mining industry, making other sectors of the economy uncompetitive.

These successes were replicated at a local level, with the Escondida mine’s commitment to local employment and local procurement highlighted as major factors ensuring that significant economic benefits from mining activity remained within the region.

The report noted that in order to maintain these successes it will be necessary for Chile's copper industry to remain internationally competitive, and for the high quality of Chile's governance to be maintained. Ongoing collaboration between government and companies was seen to be crucial in achieving these objectives. The theme of collaboration was a core finding across all four country case studies (see Synthesis Report for an analysis of the findings from the four countries).

Since Chile is an example of a country that has successfully reduced poverty in part due to mining investments, there has been no Phase 3 activity in Chile. The findings of the report were presented by Kathryn McPhail to local stakeholders in Chile at a meeting at the Institute of Engineers in Lima on 23 March, 2007. ICMM President Paul Mitchell also spoke at the meeting.

The report was also launched internationally at ICMM's biannual member meetings in London, on 9 October, 2007. Former BHP Billiton CEO and ICMM vice-chair Chip Goodyear formally presented the Chile country case study at this meeting to representatives from governments, companies, NGOs, the financial sector and think tanks.