

The total value of mineral exports in 1991 was US\$ 4.4 billion dollars, or 48% of the total; 82% of this figure corresponds to copper. Copper also accounts for 40% of total exports. Because of the larger growth of non-copper exports, the share of copper in total income has declined.

Because Chile is a mining country Chile is an important market for mining equipment and for certain materials like sulfuric acid, sodium cyanide and flotation reagents. Growth in the mining sector will increase imports of equipment and inputs.

Oil is the most relevant import product. The decrease in national production due to depletion of the wells in Magallanes has increased imports of this fuel to over US\$ 800 million in 1991. This figure is expected to continue to rise because of decreasing domestic production and the steady growth of the Chilean economy.

Domestic demand for coal has also increased. This demand is being met mainly by national production, even though coal imported at lower prices in recent years has been a strong competitor for Chilean producers. Most imported coal is higher caloric and blended with lower quality local coal.

Copper is the most important mineral exploited together with its by-products: molybdenum, rhenium, gold and silver. As of the 1980s Chile has also become an important gold producer; it is the ninth producer in the world with annual production of approximately 30 tons.

1.8 Foreign Investment.

The Chilean private mining sector is growing rapidly as a result of its large natural reserves and several deliberate incentives such as the implementation of the Foreign Investment Law (Decree Law 600, the Mining Code and debt-equity swaps under Chapter XIX of the Foreign Exchange Law.

As a result, the Chilean mining sector is particularly attractive to both national and foreign investors, and mining explorations have boomed since the mid-1980s. The start-up of several projects that are now in the planning stage will raise mining in Chile to even higher levels during the 1990s.

Investment made by international companies has increased copper production from 1.3 million tons in 1987 to 1.8 million in 1991, and it is expected to rise to 2.2 million in the first half of the 1990s.

Also as a result of foreign capital inflow, an increase from 20 to approximately 36 tons has been projected for gold production, and an increase from 500 to 850 tons for silver for the same period.

Production of both metals in 1991 was 28,828 kg and 673,657 kg, respectively.

Based on investments already made and those in progress by both local and foreign capital, the production of nitrates, iodine, bentonite, diatomite, sulfuric acid, lithium, potassium chloride, potassium sulfate and boric acid has experienced a significant increase.

Finally, coal production has also grown from 1.7 million tons to around 2.7 million in the past few years, and there is potential for further growth which will materialize depending on the evolution of the domestic market and the price of imported coal. International capital has not been invested in coal as yet.

Foreign investment approved in 1991 was US\$ 3.1 (3.070) billion, US\$ 2.3 (2.282) billion was for investment in mining. The largest foreign investment was the Candelaria project at US\$ 1.5 billion. US\$ 400 million was also approved for Zaldívar. Four new projects and the completion of works in another four play an important part in the materialization of these investments. The new projects are Cerro Colorado, Quebrada Blanca, Refugio and Andacollo, and the works being concluded are Los Bronces, La Coipa, Los Pelambres and Lince.

Other authorized investments correspond to US\$ 20 million for RTZ to establish an agency in Chile and US\$ 25 for Sphere to manufacture mill balls.

Mount Isa of Australia is considering investing in the mining sector. It plans to invest approximately US\$ 300 million in a large copper mine and a processing plant over a 10-year period. Hecla Mining Co. of the United States will explore possible copper, silver and gold deposits in the II, III and IV Regions. There are also state-owned Chinese companies which are seeking joint ventures with Chilean companies to exploit gold and copper.