

VI.- EQUIPMENT INVENTORY

VI.1.- Future Demand for Equipment by Company

To estimate future demand for equipment in mining projects three approaches were used, or rather three considerations were made.

First, to determine the base figure in new investment programs, "typical works" were defined by specifying production capacities, technological alternatives and stock of principal equipment. These specifications were based on previous knowledge of the industrial and operative reality of currently existing companies. Specific equipment, valued at FOB prices according to the average price observed for similar equipment imported recently, was associated with each work's capacity. The estimated value of the fleet of equipment that each investment project will require can be seen in Annex IX.3, "Equipment Demand Estimates in New Projects". The fleet was calculated for 55 mining projects in perspective until 1995, taken from the list of projects that is included in Directory XI.1., "Mining Projects in Development". These projects correspond to 29 companies and represent an investment of approximately US\$ 1.2 billion dollars in equipment, valued FOB.

Besides the new investment, investment programs of existing companies were considered which have defined portfolios of investment projects and, in some cases, of equipment replacement. This source has been considered in estimating future demand for equipment.

Second, the figure determined for each project was adjusted considering that according to experience, approximately between 25% and 30% of the investment in a new mining project is destined for acquisition of equipment. A register of new projects determining the investment in each one of them was then drawn up. The chart "Summary of Investment Projects in Chilean Mining" synthesizes this information on the projects and calculates total future investment. The overall result, distributed over the next four years (all projects considered will be executed in a relatively short time), is presented in the Chart "Equipment Demand by Company".

Third, the resulting figures were compared with the historical experience of imports of mining equipment, with information obtained from the registers of the Central Bank of Chile (1989) and from the Customs Service (1990 and 1991).

The results of this methodology are presented below.

VI.2.- Investment Projects

The investment projects for the next five years are listed in Directory XI.1.- Mining Projects in Development. A schematic summary of them is presented below to determine the total amount of investment in the 1992- 1995 period.