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## Codelco's tough copper supply task

MINING.COM Staff Writer | May 28, 2021 | 11:51 am [Top Companies](#) [Latin America](#) [Copper](#)



Radomiro Tomic mine (Credit: Codelco)

The current deficit in the copper market is expected to deepen over the next several years boosted by demand from the power and construction sectors, and as vehicle electrification accelerates.

“Beyond 2020, we forecast that consumption will outstrip production over the period to 2024, resulting in a growing refined market deficit and increasing copper prices,” said S&P Global Market Intelligence commodity analyst Thomas Rutland, in a [news release](#).

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A report by Roskill forecasts total copper consumption will exceed 43 million tonnes by 2035, driven by population and GDP growth, urbanization, and electricity demand. Total world mine production in 2020 was 20 million tonnes.

Demand in 2021 is expected to outstrip supply leading to a potential deficit of at least 200,000 tonnes.

*Fitch Solutions* expects a shortfall of 489,000 tonnes in 2024 to rise to 510,000 tonnes in 2027.

“The world continues to get conned. Every year so-called “experts” predict a surplus; instead what happens? Deficit after supply deficit,” said Ahead of the Herd Rick Mills in his last [article](#).

Meanwhile, concerns over mining investment in South America linger as the leading presidential candidate in Peru wants to impose a similar royalty tax on copper sales proposed in Chile.

Copper price jumped on Thursday after a union of remote workers for BHP's Escondida and Spence copper mines in Chile walked off the job, fueling uncertainty over the global supply of the red metal.

## Task just to keep output

Chile's state-owned copper miner Codelco issued in January \$ 2 billion in dollar-denominated bonds to secure funding for its multibillion-dollar upgrade projects and to refinance debt.

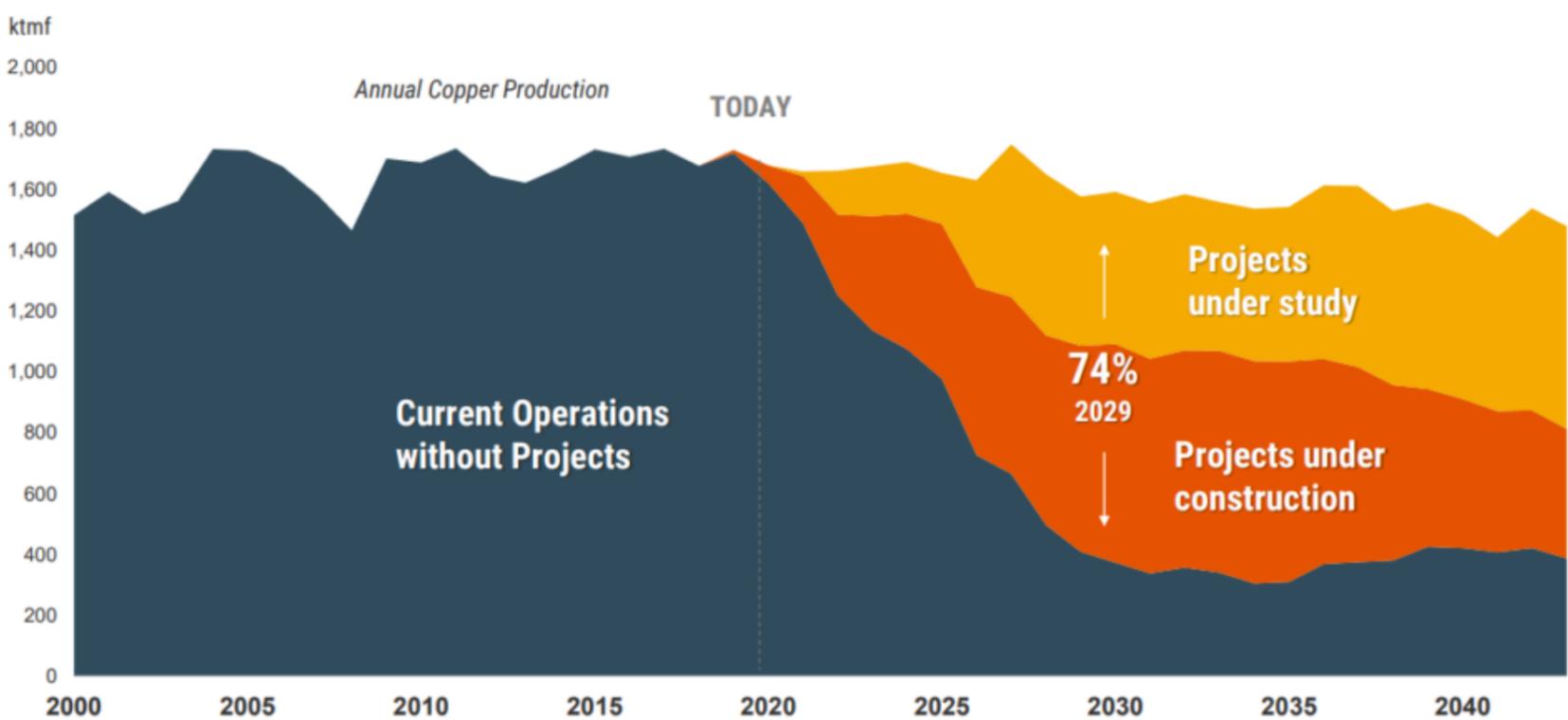
The world's no.1 copper producer accounts for 10% of the world's known proven and probable reserves and about 11% of the global annual copper output.

Codelco executive president Octavio Arandeda said during the 2021 CRU World Copper Conference that the company aims to generate an additional \$1 billion per year in profits through efficiency and productivity improvements to ensure it has the resource available to execute \$35 billion in structural investments over the next decade.

“Forget raising copper production look at the task Codelco faces just to keep output flat. \$35bn of spending between now and 2030,” tweeted Financial Times Natural Resources Editor Neil Hume.

### Codelco's investment program is key to maintain current production

Structural projects account for 3/4 of the expected output 10 years from now



Credit: Codelco

Back in January, Codelco approved a \$1.383 billion underground expansion of its Salvador mine, which will extend the productive life of the aging operation by 40 years and increase output by 30%.

The expansion will convert Salvador, in operation since 1959, from an underground mine to an open-pit one. It is one of six major projects the Chilean miner is advancing to boost production at its depleting mines.

**Related read:** [Goldman says Chile tax could risk 1 million tonnes of copper output](#)

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