Tensions mount in Chilean copper miners strike

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A week-old strike at Chile's massive Escondida copper mine became more tense Wednesday after government mediation scheduled between the 2,500 striking workers union and BHP Billiton, the Anglo-Australian multinational mining conglomerate, were postponed until the weekend.

The talks, initially proposed by Chile's state labor board, have now been put off until at least Saturday. The acceptance of the government intervention on the part of the copper miners union signals a willingness by the union to bow to BHP's demands for wholesale concessions, including cuts in benefits and a two-tier system for new-hires. The workers had walked out demanding increased pay and bonuses. Last week, the union had rejected government mediation because of the company's refusal to guarantee the same benefits to current and future workers.

According to the Chilean daily *La Tercera*, when the walkout began, workers were demanding "a seven percent salary readjustment, maintaining the benefits they currently have, a contract that lasts up to 36 months and a bonus of 250 million Chilean pesos (US$390,600), the highest amount for a bonus delivered in the mining sector."

The delay in renewing the talks came after the mine's management threatened legal action over alleged clashes last weekend, when it claimed that more than 300 people wearing hoods stormed into the mine site, forced contractors to flee and damaged the mine's surveillance equipment. The union denied the charges, saying that 200 strikers had carried out a peaceful march at the mine site.

Escondida, located in northern Chile's Atacama Desert, is the largest copper mine in the world, with an annual production of 1.14 million tons, 6 percent of the world supply. Strikers have set up a tent camp on the desert floor outside the mine, while throwing up roadblocks to prevent the importation of scabs.

The strike at Escondida followed a similar walkout at the Las Bambas mine in Apurimac, Peru, where miners declared an indefinite strike, blocking all roads linking the facility to the rest of the country. Over the weekend, however, the Peruvian government sent its ministers of Health, Patricia García, and Housing, Edmer Trujillo, to negotiate a temporary lifting of the job action. Part of the deal was expected to be promises to local residents that their demand for the construction of a hospital, made under the government of former president—and now fugitive—Alejandro Toledo (2001–2006) would finally be met.

The Las Bambas mine was expected to produce 462,000 tons of copper in 2017.

So tense is the situation that the Peruvian government required 400 policemen to reopen the highways connecting Las Bambas to major Andean commercial centers like Cusco, Abancay and Chumbivilcas, which had remained blocked by stones for one week. The continuous presence of the police to enforce the opening of the roads and the declaration of a 30-day state of emergency in the region have created a feeling of indignation among the local population.

Altogether, the strikes have at least temporarily reversed a five-year downward spiral of copper prices, which went from US$3.80 per pound in 2012 to around US$2.10 per pound in 2016. The Escondida strike, which began February 8, had an immediate impact, hiking the the price of copper to US$2.68 per pound on the global markets after the strike was announced. Analysts predicted a price of US$2.35 to US$2.50 per pound this year.

Things may get worse for copper mine owners with 13 percent of the world's supply subject to renegotiations this year. From the other side of the world, another conflict may develop at the Indonesian Grasberg mine run by Freeport McMoRan, which faces an export suspension by the Indonesian government.

One factor in the turmoil is the insecurity that President Donald Trump has created on the world markets. Sector analysts are divided in their opinions. The future price of copper is uncertain, and a large number of financial speculators are positioning themselves, betting on whether the copper price will go up or down in the short run.

What could become the biggest strike in the Chilean copper industry goes hand-in-hand with a deterioration of the Chilean economy. In a piece titled "Chile and the Economic Miracle that Never Was," *Telesur* reports: "A Credit Suisse report shows that nearly 42 percent of Chile's wealth is concentrated in the hands of the richest 1 percent. More than a third of Chileans say they routinely have trouble making ends meet. Chile is the first country to privatize its entire water supply, leading to shortages, and massive protests. Similarly, privatized education has made Chile's per capita educational costs among the highest in the world."

The economic deterioration goes hand-in-hand with rising social struggles. The streets of Santiago and major cities have been the scene of continuous mass protests, including by retirees opposed to the private pension funds being exploited by speculators in the Chilean and global stock markets—a system imposed upon them under the ruthless watch of dictator Augusto Pinochet, back in the early 1980s—and Chilean high school and university students demanding free quality education for all.

These protests are aimed ever more directly against the government of Socialist Party President Michelle Bachelet. Brought back to power nearly three years ago with the support of the unions, the Communist Party and the pseudo-left, her government has failed to keep election promises and is mired in corruption scandals. Bachelet's popularity rating has dropped from 54 percent when elected to her second term in March 2014 to 22 percent today. In addition, Chile is facing its worst "man-made" forest fire in its history.

In neighboring Peru, a protracted conflict at the Las Bambas mine can have significant consequences for President Pedro Pablo Kucynski (better known as PPK), whose popularity has similarly plummeted amid continuing social crisis and a mushrooming scandal over bribes paid by the Brazilian construction giant Odebrecht in which all of the last four presidents, including PPK, are implicated.

According to Peruvian economists, the country expected 18 percent of national copper production to come from Las Bambas. In 2016, it is estimated that 60 percent of GDP came from mining.