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## Copper Miners Strike as Prices Rise

by LADB Staff

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Support workers for the world's largest copper producer, Chile's Corporacion del Cobre (CODELCO), struck for better working conditions and bonuses in January. The state-owned copper company announced in February that it had settled with the strikers, although workers threatened to strike again if the company did not meet certain terms. The contractors' strike began Jan. 4 and lasted 16 days. Nonetheless, negotiations between the company and the Federacion de Trabajadores de Cobre (FTC) lasted into the first week of February, with workers at the El Teniente and Andina divisions of the company refusing to work.

The striking contractors were not directly involved in the extraction of copper, but they provided services like maintenance and construction for ore extraction. CODELCO sources said that the strike was not affecting production early on, but analysts expected it to slow output as equipment came to need service.

### *Strike ostensibly settled in February with no big bonus*

A Feb. 7 CODELCO announcement said that the two sides had reached an agreement and ended the conflict through negotiations at a labor and social-reconciliation meeting. Among the points of agreement were plans to finance a permanent labor program, taking its basis from an agreement signed by the FTC and the labor directorate for CODELCO. CODELCO also committed to specific labor laws on accidents and on-the-job sicknesses in its future licensing and contracting with subcontractors, as well as rules that cover labor training in the country.

There were also agreements that the company would build changing houses where contract workers could change clothes onsite and that it would make a monthly payment of 10,000 pesos (about US \$19) to those workers who qualified for the benefit (compensation for not having changing rooms), starting Feb. 1. Contracting companies will be obligated to deliver work clothes and laundry for the contract workers in operation and mine-development areas. While that was being implemented, workers would receive a monthly clothing bonus of 15,000 pesos (US\$29). The bonuses were set to expire once the companies implemented clothing, clothes-changing, and laundry services. The working group set up as part of the negotiations also said it would analyze in detail the law on subcontracting currently before the national Congress. Workers were striking a very hot iron as prices for copper hit record levels on the world market.

On Jan. 10, copper was selling for US\$2.12 a pound, a number brought even higher by fears that the strike against CODELCO might decrease global copper supply. On Feb. 1 the price reached US2.24 a pound. In an effort to reduce costs, CODELCO has outsourced many of its services, according to company president Juan Villarzu. The service-worker stoppage made their January strike different from prior strikes like those CODELCO employees conducted in years past. Those strikes took impetus from groups like the Confederacion de Trabajadores del Cobre (CTC) rather than the

FTC (see Chronicle, 1991-07-04, 1991-07-09, 1991-07-16, 1991-07-30, 1991-08-22, 1991-08-27, and 1992-02-25). Workers' groups had been demanding a bonus of 500,000 pesos (US\$942) after copper prices surged 50% in the prior 12 months.

CODELCO agreed in mid-January to discuss working conditions, but not the requested bonus. Villarzu said the striking workers, whom he numbered at 28,000 total with 12,000 on "principal" sites of work, were partly subject to forces outside the company's control. "There is a problem for the country, which is not CODELCO, that has to do with the precariousness of work in Chile. A high percentage of the labor force in this country has rotation, has to sign three or four contracts a year." Yet, in the same interview, Villarzu pointed to the successful outsourcing of such work from the CODELCO payroll, which would appear to contribute to the precariousness of the jobs.

Villarzu said the company could "put conditions in contracts that require compliance with labor laws and that there be safety standards...although we have been doing many of those things for a long time." He said the contractors wanted the salaries earned by miners and that was a condition CODELCO could not meet.

## *CODELCO, Chile undergoing huge growth*

Copper prices increased CODELCO revenues and have helped Chile undergo strong economic growth with a trade surplus and high levels of tax revenue. Financial services company LarranVial estimated the GDP for 2005 would reach about US\$112 billion and, according to the Central Bank, Chile's trade surplus reached US\$9.2 billion.

The Central Bank estimated that GDP growth for 2005 was 6.3%, up two-tenths of a percent from 2004. Overall tax income rose 19.1%, and, with prices for Chile's number-one export, copper, at all-time highs, tax revenue from mining companies grew 154%. Direct revenues from state-owned CODELCO increased 34.5%, the ministry said. A 53% increase in copper prices in 12 months helped push the government's budget surplus in 2005 to an estimated US\$5.4 billion, or 4.5% of GDP, from 2.2% of GDP in 2004. The surplus is the largest in government budget records that date back to 1987.

In January, investment bank Goldman Sachs valued CODELCO at between US\$24.5 and US\$27.5 billion, a record high for the copper company and a victory for Villarzu, who had promised to double the value of the company between 2000 and 2006. The company's value in 2000 was US\$13 billion. The Instituto de Libertad y Desarrollo said CODELCO's value was the result of high copper prices, pointing out that it would be worth only about US\$11.9 billion if one calculated the price of copper by its levels in 2000, US\$0.97 per pound.

President Ricardo Lagos, leaving office next month with a surplus worth 4.8% of GDP, congratulated the company and its workers. He praised the plan to "maintain a strategic design to increase production in such a way that by 2012 the business may be producing 2.5 million tons [per year], versus the 750,000 tons it produces now." The company receives annual investments between US\$2 billion and US\$2.5 billion, according to Lagos.

In an interview with Reuters, Villarzu projected that the company could increase its yield to 2.6 million tons by 2012 and by 2015 reach 3 million tons with advances in extraction technologies. In 2005, CODELCO, which accounts for around 15% of state revenues, registered windfall profits of more than US\$5 billion thanks to the high world market prices for copper. These funds will be allocated primarily to social programs. "Wasn't copper the hope of the poor?"

Felipe Lamarca, former president of the Compania de Petroleos de Chile (COPEC) and former head of the Sociedad de Fomento Fabril (SOFOFA) an industrial leadership and lobbying group, commented on the failure to use copper revenues to address Chile's social ills. The country was at a point where it could strike a "blow for dignity," said Lamarca. "I believe this country has never been better. We're in a stellar economic moment," said Lamarca in a Dec. 12 speech. "What comes to my mind is what I listened to my grandfather say, that 'from copper comes the hope of the poor,' but that is not being fulfilled."

Lamarca pointed out that the GDP had grown 3.6 times as large in the past 20 years, but the number of jobs only 1.5 times and the index of wages only by 1.7. "Thus one realizes that the country has grown much, but society is not able to bestow jobs to those who need them." He said it was the job of economists, sociologists, philosophers and politicians to correct that situation.

He proposed a payment of about US\$100 per month for the 600,000 families below the poverty line, a sum of US\$4,800 per family during the course of 4 years that he said would cost half the fiscal surplus. "That is just an idea, [the money] could also be sent to health and education funds, but it is only to illustrate the ability we have to help reduce the suffering of an important sector that is there, in good part, by the fault of society itself."

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