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Contract Workers for Chile's State-owned Copper Company Strike

by LADB Staff
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Thousands of contract workers for Chile's state-owned Corporacion del Cobre (CODELCO), the world's largest copper-mining company, conducted a month-long strike in June and July, cutting production as they demanded higher pay and production bonuses. It was the latest in a series of strikes as different groups of copper workers have sought to get a bigger share of high prices for copper (see NotiSur, 2006-02-24 and 2006-09-08).

Chilean and Peruvian workers seek higher wages

Contract workers began a strike at the company's mines on June 25, using burning tires to block entry to all the company's mining divisions except the largest, called CODELCO Norte, said Cristian Cuevas, president of the Confederacion de Trabajadores de Cobre (CTC), which organized the protest. About 18 workers were arrested at CODELCO Norte, he said.

The company said the strike slowed output only at its smallest mine. "We will do this as long as necessary," Cuevas said a phone interview from central Chile. "We are throwing rocks and have barricades in place." Workers in Chile, the world's largest copper supplier, and in neighboring Peru are pressing for higher wages after the price of the metal almost tripled in three years.

Before the strike began, copper futures in New York had jumped 18% in 2007. Peruvian unions at two mines and a smelter owned by Southern Copper Corp., the world's fifth-largest producer of the metal, went on strike June 23. Hundreds of workers with a union at Collahuasi, Chile's third-largest mine, put down their tools and joined the strike on July 10. Collahuasi management had raised their offer of a pay rise from 3.2% to 3.5%, but workers were demanding an 8% increase.

Workers also want improved health and education benefits and a retroactive slice of company profits for 2005 and 2006. Contract workers for CODELCO build infrastructure, repair machinery, clear rock, and provide food and transport services. The workers, employees of contractors hired by CODELCO, were seeking wages and bonuses closer to those of CODELCO's own employees, Cuevas said. CODELCO said it had 30,300 contract workers as of February, compared with about 17,300 regular employees.

A walkout by contract workers in January 2006 at two CODELCO mines increased global copper prices even as the company said production was unaffected. About 28,000 contract workers were taking part in the CODELCO protest, Cuevas said. The protesters burned two buses on the road to El Teniente, CODELCO's second-largest mine, the company said. The company claimed that the strikers had done US$10 million in damages to company property and said it would not negotiate until violence ended.

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Reports of violent incidents died down after the first days of the strike. CODELCO, which funds a significant portion of the Chilean government, produces 10% of the world's copper. The protest slowed production at CODELCO's Salvador mine, its smallest, while four other copper mines and the Ventanas smelter were producing at pre-strike levels, according to the company's press office in Santiago. CODELCO's unions at its Andina, Teniente, and Salvador mines said the protest cut production because workers were unable to arrive for their shifts.

Output also fell at the company's Ventanas smelter because striking contractors' employees run part of the machinery, Luis Guerra, president of CODELCO's largest union at the division, said by phone from central Chile. At El Teniente, the night shift of workers continued on the job after replacements were unable to arrive, Pablo Reyes, a director at the division's third-largest miners' union, said in a telephone interview.

Still, production has slowed because there are fewer workers on that shift than during the day, he said. The El Teniente, Andina, and El Salvador divisions accounted for 25%, 14%, and 4.8%, respectively, of the company's production of 1.676 million metric tons last year at its fully owned mines. CODELCO's largest division accounted for the rest of the output. CODELCO also owns 49% of the El Abra copper mine in Chile, which added 107,000 tons to the company's output last year. CODELCO made a profit of almost US$1.8 billion in 2006.

Copper prices have increased 9% since the strike began, nearing US$4 per pound. That is quadruple copper prices from four years ago.

**Partial agreement in late July**

CODELCO announced that it had reached an agreement with almost half the workers on July 23, saying 13,000 workers belonging to three different unions had joined an agreement.

The agreement document was signed by the Sindicato Nacional de Trabajadores Contratistas de Chile, the Agrupacion de Sindicatos Contratistas de Codelco, and the Sindicato Nacional de Montaje Industrial. But the agreement did not have the blessing of the CTC's 14,000 striking workers, leaving doubt that there would be a complete resolution of the strike any time soon.

In concrete terms, the agreement provided an immediate bonus of 450,000 pesos (about US$865) and a productivity bonus planned for 2008 for a guaranteed minimum of 250,000 pesos (about US $480). It included readjustment of salaries and bonuses for workers. The agreement was reached after extensive and exhausting negotiating sessions that carried through the prior weekend and into the week.

Yet the CTC's Cuevas said, "We continue to be on strike....We will not go from this building until we have a proposal that is satisfactory and at least serves to resolve these 29 days of strike." He said his group would continue its picket and that workers from the Andina division would begin a hunger strike.

In addition to wage hikes, the CTC demands that the company not fire individuals for participating in the strike and not discount the days without work. During talks leading up to the partial
settlement, CODELCO did not cede to demands that included protecting workers on strike from being fired, said Miguel Angel Santana, a director of the CTC. "We said we wouldn't leave here without an accord," Santana said July 23. "Given CODELCO's stubbornness, we don't know what to think." Production at CODELCO's El Salvador copper mine in northern Chile was mostly halted on July 23, said mine spokesperson Rodrigo Vargas.

Many CODELCO union employees at the mine, the company's smallest, had not gone to work because of safety concerns, Vargas said. Production at the Andina mine complex in central Chile was at 90% of capacity, a mine spokesperson, Antonio Varas, said. A roadway to the mine was shut because of heavy snow, he said. CODELCO halted production at Andina earlier in the month after a man was injured during a labor protest. CTC workers announced on July 24 that there would be more protest marches and road blockades at mines.

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