



Written by:

[Elinor Trebilcock](#)

The role of PPPs in the future of Chile's lithium industry

Published: 08/26/2022

[Lithium Electrolyte](#) [Lithium Carbonate](#) [Politics](#) [Lithium](#) [Public-private partnership \(PPP\)](#) [Lithium Hydroxide](#)


Chile's lithium potential requires clear direction from the government to ensure its development, said Loreto Leyton, executive director of Fundación Chilena del Pacífico, in a webinar on the future of the sector.

Global demand for lithium is predicted to grow six times by the year 2030, due to decarbonization goals and electromobility.

The Gabriel Boric government plans to create a national lithium company, to implement a state policy for the governance of salt flats and set up a lithium research [center](#), forming public-private partnerships.

The main purpose of the company will be the adoption of new technologies for the extraction of lithium, creating added value and encouraging R&D, said Leonardo Valenzuela, deputy director of mining contracts in the strategic affairs department of development agency [Corfo](#).

With 9.2Mt, the Salar de Atacama salt flat in northern Chile has 37% of global lithium reserves, according to Leyton. Corfo leases areas of the salt flat to [SQM](#) and [Albemarle](#) – the only lithium producers in Chile.

When asked by BNamericas, Javier Silva, SQM's sustainability manager, said both his company and Albemarle demonstrate that the public-private approach works and there is a good opportunity to replicate the model in other salt flats in the country.

Chile has more than 50 salt flats and geological [studies](#) indicate the presence of brines with concentrations of lithium of up to 2,000ppm, said Juan Carlos Barrera, VP of Energy X's lithium unit for South America.

Both North Carolina-based Albemarle and Chile's SQM are carrying out pilot tests in the Atacama salt flat with new technologies for the direct extraction of lithium that involves less use of continental water and chemicals, and increases productivity, the webinar was told.

SQM has a goal of reducing brine extraction by 50% by 2030. The latest expansion at its lithium carbonate production plant in 2021 increased capacity to 120,000t and this [year](#) the expectation is to reach 180,000t, Silva added.

Albemarle opened its [La Negra](#) III chemical plant to double production to more than 85,000t/y of battery-grade lithium carbonate and reduce water consumption by 30%. By 2026, the company expects to use 100% desalinated water in its operations, said Ignacio Mehech, VP of external affairs at Albemarle Chile.

But lithium demand will continue to grow and global supply will be very tight between now and 2026. "Lithium [supply] may be a limiting factor in electric car penetration rates," Barrera said.

In 2021, lithium prices rose more than 400% and there are no signs that they will go down, says a report from [World Energy Trade](#).

Silva said that since 1994 SQM has contributed US\$2.2bn to Corfo, and in the first half of 2022 the company has already contributed US\$1.42bn in leasing payments.

The contractual obligations of SQM and Albemarle with Corfo consider payments ranging from 6.8% to 40% of operating profit depending on the price of lithium.

Regarding the public-private proposal of the Boric government for the exploitation of lithium, Mehech said the mining industry was born in the country under this model so there should be no reason to worry about following that path. But he insisted on the need for a clear policy.

BNamericas also asked about the possible impacts of the government's proposed [mining royalty](#) reform, in case it is decided to include a new tax on lithium in a bill that is currently in the senate.

The SQM official said it was not clear if it would be an additional tax to what they already pay for leases, payments for which are high. And "we will have to see if it will be an incentive for the appearance of new companies in the sector," added Silva.

In the technological aspect, the new alternatives for lithium extraction that Albemarle and SQM plan to incorporate mean they will allow no longer need to produce lithium carbonate to generate lithium hydroxide, making production more efficient and allowing a purer product, said Barrera.

"With this technological revolution, Chile has a tremendous opportunity on the global path to electromobility and decarbonization" but only a good state policy will allow Chile to regain the number one position in lithium production, he said.

Chile is the world's second largest producer of lithium after Australia, which accounts for 46% of global output. The South American country produced 162,477t of lithium compounds in 2021.

Fundación Chilena del Pacífico is a foundation that promotes Chile's insertion in the Pacific Basin.

Related news (5)

[Corfo opened a call to advance in the lithium value chain in Chile](#)

Published 5 hours ago

[How mining suppliers see Chile's constitutional process](#)

Published 16 hours ago

[SQM gets approval for US\\$50mn plan to remedy environmental violations](#)

Published 18 hours ago

['There's no lack of interest from Chinese investors in green hydrogen'](#)

Published 19 hours ago

[Chile's Boric doubles down on royalty proposal](#)

Published 20 hours ago

Related reports (5)

[A New Beginning for Chile?](#)

Published 9 days ago

[Mining Survey 2022: Easing Toward Growth](#)

Published a month ago

[Searching for AMLO's Successor](#)

Published 2 months ago

[A Sea Change in Colombia](#)

Published 2 months ago

[The Fight Against Inflation](#)

Published 3 months ago

Related companies (5)

[Sociedad Química y Minera de Chile S.A.](#)

Updated 2 months ago

[Albemarle Chile](#)

Updated 2 months ago

[Albemarle Corporation](#)

Updated a year ago

[Ministerio de Minería de la República de Chile](#)

Updated 3 years ago

[Corporación de Fomento de la Producción \(Corfo\)](#)

Updated 3 years ago

Related people (1)

[Elinor Trebilcock](#)

Updated 5 months ago

Related Datasets (5)

[Mining exports from Chile, Peru and Bolivia](#)

Updated 3 months ago

[Estimated lithium reserves and resources](#)

Updated 5 months ago

[Lithium production by year](#)

Updated 6 months ago

[Global lithium minerals and brine production](#)

Updated 6 months ago

[Cadastre of mining exploration companies per year in Chile](#)

Updated 6 months ago

The information in this document is for personal use. It is strictly forbidden to share any part of this document with any third, without a written consent of Business News Americas. Copyright 1996-2019 All rights reserved.

Need help?

Email: info@bnamericas.com

Phone: [+56 \(2\) 2232 0302](tel:+56(2)22320302)

Account manager: Ricardo Lillo (ricardo.lillo@bnamericas.com)