

Legal Alert: New National Lithium Strategy in Chile



April, 24 | By [Diego Peña](#) and [Camila Fajardo](#)

Even though there are only two companies extracting lithium in only one out of the almost 60 existing salt flats in the country, Chile is the world's second-largest lithium producer after Australia.

As Chile holds approximately 42% of the global proven reserves of this metal, knowing the actual Chilean Government's strategy for the future development of this industry was expected both for the country and for the international market.

On Thursday, April 20th, 2023, the National Lithium Strategy ("**Strategy**") was finally released and communicated by President Gabriel Boric.

It was announced a commitment to ensure the sustainable development of the industry, with an important presence and leadership of the State, allowing public-private collaboration throughout the production chain.

The Strategy will seek for Chile to become the main lithium producer in the world, including technological development, social and environmental sustainability, the contribution to productive diversification and regional growth potential, among others.

Below, we highlight some relevant points of the proposals and objectives mentioned in the Strategy:

- a. **Creation of a National Lithium Company**, which will participate in the entire industrial cycle of this mineral, from the cadastre of resources to its subsequent industrial stages, **with the collaboration of private partners**;
- b. Considering the sustainable approach that the Strategy aims to give to the development of this industry, the **creation of a “Network of Protected Salt Flats”** is proposed, comprising at least 30% of the surface area of this type of ecosystem, and in those salt flats under exploitation, the use of low environmental impact technologies will be required;
- c. The modernization of the lithium institutional framework and **create a “Lithium and Salt Flat Public Research and Technological Institute”**, whose purpose will be to generate knowledge and technology to improve production processes;
- d. Regarding the current lithium **production activity in the Atacama Salt Flat**, state-owned Codelco will be now the State's representative before SQM and Albemarle, companies that currently have contracts to carry out extraction activities in such salt flat. It was emphasized that the contracts of those companies will maintain their respective terms.
- e. Regarding **other salt flats** in Chile:

Initially, and prior to the eventual creation of a National Lithium Company, exploration, and exploitation contracts (“**CEOL**”) will be granted to the state-owned mining companies ENAMI and Codelco. They may partner with private companies.

With respect to the other salt flats that are susceptible to exploitation, a bidding process would be initiated for private exploration contracts, in addition to the State's prospecting.

If the results of the above are positive, the successful bidders of exploration contracts would have the preferential right to exploit the salt flats in partnership with a state-owned company.

It is important to note that most of these initiatives will have to be implemented through acts approved by the Chilean National Congress.

As a highly electropositive and light weight element, lithium is part of the critical minerals that are strategic for sustainable development, and competition to become leaders is nowadays increasing globally. In this context, the Strategy will seek to attract investment in innovation and technological development in all stages of the value chain, considering sustainability parameters, in a currently highly concentrated industry.

As the Strategy unfolds in the coming months, its success will be linked to the capacity to allow large technology to be deployed and developed by having clear rules for long term investing.

	Contact: For more information, please contact: Diego Peña Partner dpena@dlapiper.cl
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