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Chilean copper strike turns nasty again

By Gideon Long

SANTIAGO, July 26 (Reuters) - Protesters derailed a train and hurled rocks at buses carrying miners to their shifts on Thursday as a strike at the world's largest copper miner, Chile's Codelco, reignited after days of relative calm.

Codelco said the disturbances were the most serious yet in the month-long stand-off between the state-owned firm, which supplies 11 percent of the world's copper, and subcontracted workers who are demanding improved pay and conditions.

For the first time in weeks, the protests had a significant impact at Codelco's El Teniente division, home to the world's largest underground copper mine. The company halted all output at the plant, high in the central Chilean Andes.

"The workers decided not to go up (to the mines) because they couldn't," a Codelco spokeswoman said.

"They said they weren't going to put their lives at risk ... because the subcontracted workers were throwing stones this morning at the windows of their buses."

El Teniente, 50 miles (80 km) south of Santiago, produced 418,300 tonnes of copper last year, or 25 percent of Codelco's total output.

Codelco Chief Executive Officer Jose Pablo Arellano told a news conference on Thursday evening that every day of lost production at El Teniente would cost the company \$9 million.

A prolonged stoppage at the division would also almost certainly hit the price of copper, which has remained firm this year despite slipping from an all-time high in May last year.

Copper for delivery in three months ended at \$7,760 a tonne on the London Metal Exchange on Thursday. In New York, copper for September delivery closed down 3.30 cents, or 0.93 percent, at \$3.5225 a lb.

Some 100 miles (160 km) north of El Teniente, a train transporting copper concentrate from a Codelco mine was derailed in what the company described as an act of sabotage linked to the strike.

It said the train and seven wagons came off the tracks, shedding some 500 kilograms of copper concentrate.

Further north, the smallest of Codelco's mining divisions, Salvador, remained out of action as protesters continued to picket the plant, refusing to let staff in.

Chilean media reported clashes between protesters and police outside Salvador, which accounted for less than 5 percent of company output last year.

Crucially for Codelco -- and for the supply of copper to world markets -- the strike has had virtually no impact on the company's biggest division, Codelco Norte, which last year accounted for 56 percent of company output.

As the strike has gone on, the issue has become political.

Chilean President Michelle Bachelet called on Thursday for an end to the violence and government chief spokesman Ricardo Lagos Weber said the government was "certainly worried" by the economic implications of the stoppage for a country, which earns more than half its export revenue from copper sales.

The government has urged Codelco to resolve the dispute as quickly as possible while the company has refused to submit to what it says are unreasonable demands.

The workers are not employed directly by Codelco but perform tasks like earth clearing, catering, truck driving and cleaning at Codelco mines. Any agreement has to involve the companies which employ the workers as well as Codelco.

"The offer put forward by the company on Monday is the definitive one," Codelco said in a strongly worded statement on Thursday, referring to talks which have dragged on without resolution in Santiago this week.

"Today, the acts of violence reached their most serious point yet," it said.

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