



Managing investments and environmental issues in Chile

Limitations or opportunities for the Regions

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Framework

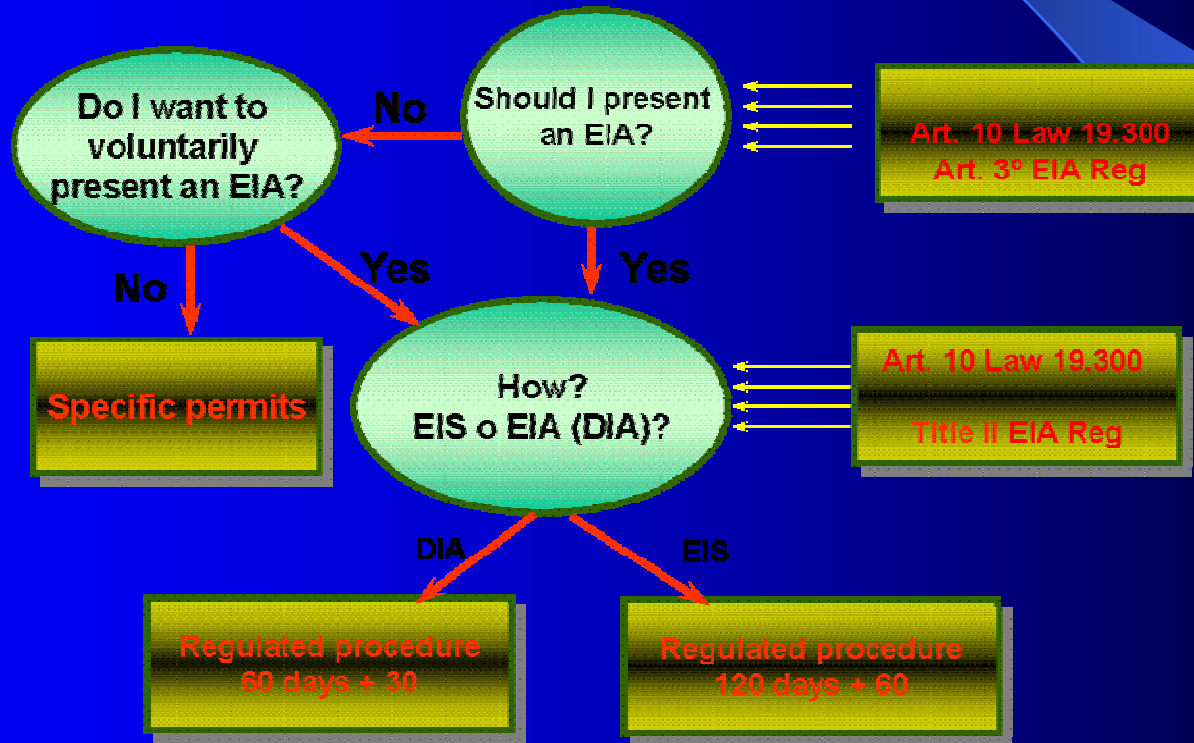
- From an environmental point of view, economic activities are regulated principally by law 19.300
- This statement is true, but misleading
- Environmental context in Chile is more complex:
 - In the absence of clear environmental and resources allocation policies, environmental regulations are used as a case to case planning tool and for solving economic differences

Framework

- Some examples are:
 - Water use and water rights in northern Chile (there is more copper than water!)
 - Zoning (tourism vs ports and industrial areas vs fishermen)
 - Agriculture (wineries) vs mining and energy production
 - Salmon farming vs tourism and energy production
 - Urban and real state vs agriculture and industry
 - Conservation against everyrhing
 - Industry vs industry

EIA procedure

How do I know if my project or activity is subject to EIA?



EIA procedure

- The decision to develop an EIS or an EIA is responsibility of the project proponent
- The decision to reevaluate a project that has been modified is responsibility of the proponent
- All environmental permits are granted during the approval process
- These permits have to be formalized after approval. It is a long and cumbersome process
- Construction or operation can not begin before project approval and permits obtained

Institutions and planning

- Issues are regional and sometimes local. “Intelligence” gathering is vital
- Regions has specialized in investments and environmental topics. They know!. Don´t make mistakes about it!
 - Mining in the north
 - Energy production (thermal) in northern and central Chile
 - Air pollution issues in central Chile
 - Pulp and forestry in central southern Chile
 - Salmon farming down south

Institutions

- There is not a National or Regional environmental policy line.
- Public institutions are not neutral:
 - Eventhough chilean environmental public management system is a coordination based system (CONAMA), sectorial agencies remain very powerful
 - Health, agriculture (including forestry), archeology, and water management agencies are very influential and hold key permits (all Chile is by default agricultural land!)
 - “Production” agencies (mining, energy are not as powerful)
 - Planning and coordination institutions (economic, physical and environmental) do not bridge the differences

Decision making

- Decisions are regional, political and technical (COREMA)
 - There is a problem with accountability (political decisions are not made by elected officials)
- Keys to success are managing regional information plus
 - Location, location, location
 - Time, time, time
 - Identification and knowledge of key local interests (Peruvian tern (gaviotin), glaciers, local interests – tourism, religious and traditional activities- ...)

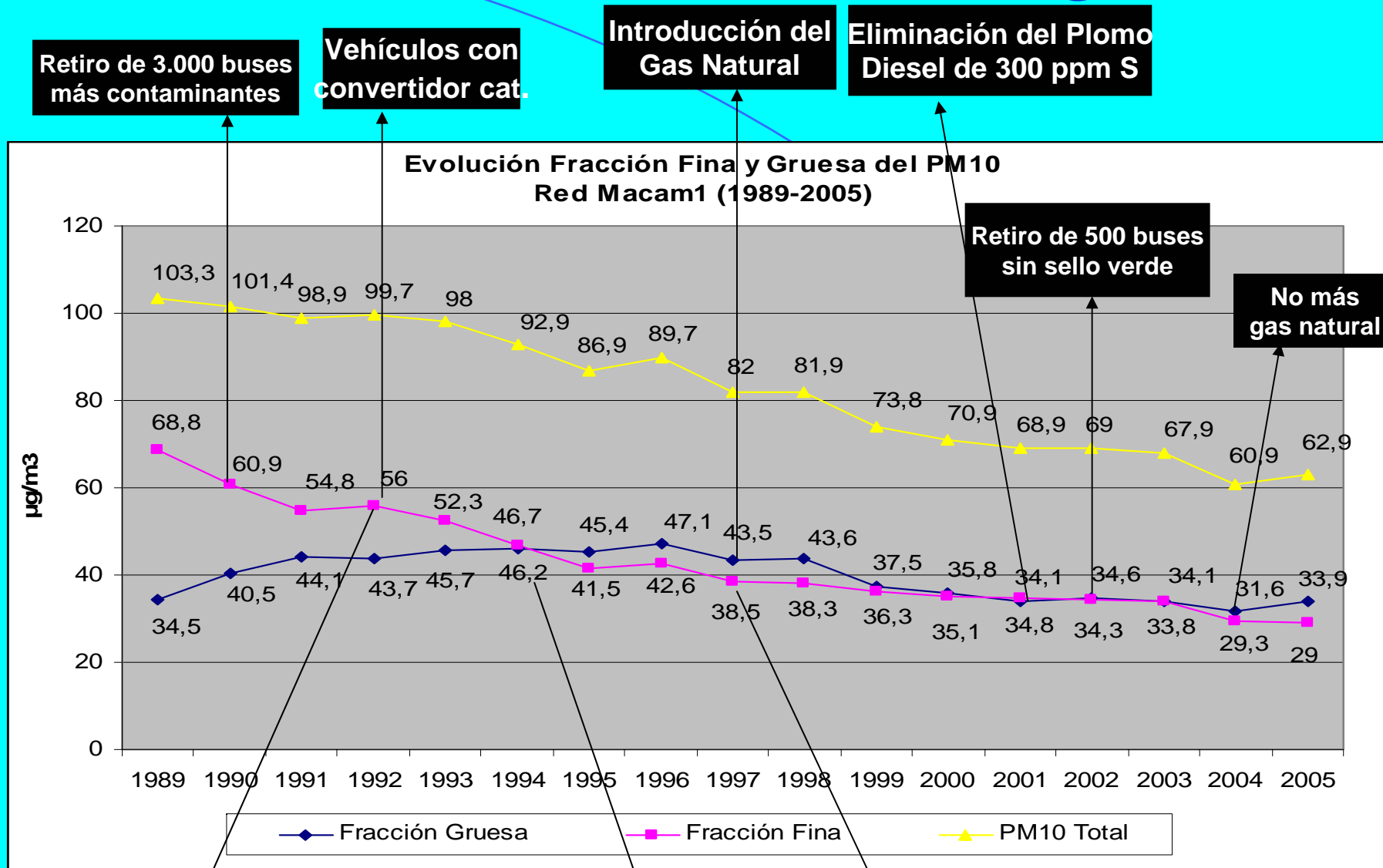
Maintaining the balance

- Things are not as bad as they look
 - Most projects are approved
 - Time framework is manageable
 - Good projects (environmentally sound) are acknowledged as that
 - National institutions (Ministers Council) do not have a policy line. National interest vs Regional sensitivities
 - Costs (studies, mitigation and compensation activities) are reasonable

Pollution

- The environmental impact assessment system is not the only environmental management instrument:
 - Pollution control plans for non attainment areas ****difficult situation for Chile****
 - Chuquicamata (comply with SO₂ objectives)
 - Potrerillos
 - Tocopilla
 - Ventanas (almost complying with ambient standards)
 - Metropolitan area of Santiago (see next slide for an unknown success story)
 - Concepción (starting a process). Possibility of improving upon RM
 - many other areas == “running against the standards”. Next challenge == PM2.5

PM10 evolution in Santiago



Retiro de 3.000 buses más contaminantes

Vehículos con convertidor cat.

Introducción del Gas Natural

Eliminación del Plomo Diesel de 300 ppm S

Retiro de 500 buses sin sello verde

No más gas natural

PM10 Compensación Industrias
PM10 Estándares de emisión

Programas de Pavimentación

Programa de Lavado de calles

Other regulations

- Water quality is improving:
 - Emission standards
 - Secondary ambient standards in rivers and lakes
- Solid waste management is up to world class standards:
 - Residential garbage (landfills)
 - Industrial and hazardous waste (landfills, cement kilns, ...)
- Environmental liabilities:
 - Starting to be relevant (specially in tank farms, old mining sites and others ...)

Other regulations

- Zoning instruments are old fashioned
- Protected areas management is lagging
- Protected species are taken care

Conclusion and closing remarks

- Environmental management system in Chile is “predictable”
- Predictability does not mean “instant or 100% chance of approval”
- Risks and schedules can be evaluated
- EIS comply with World Bank standards
- Financing is easier
- Multilateral Banks conditions are less than in other countries

Conclusion and closing remarks

- There is no corruption
- There are environmental situations in Chile that require tougher standards than in developed countries
- Standards take industry adaptation into consideration but are not correctly drafted or implemented
- Environmental liabilities are a challenge for the future

!This is the end!

- In short
- Chilean environmental institutional and legal system creates a well defined framework for investments and make new projects possible
- Lack of explicit policy statements make environmental management costier then needed
 - Accountability systems have to be implemented
 - What can not be neasured can not be managed