



# Chile

## Geography

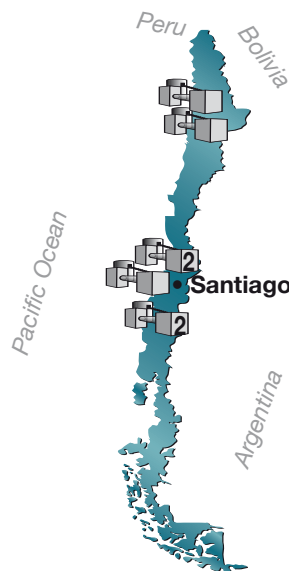
Area	756,950km <sup>2</sup>
Capital	Santiago

## Demography

Population	16.4m
Density	22 inhab./km <sup>2</sup>
Urbanisation	87%
Official language	Spanish

## Economy

GDP per capita	US\$5870
Currency	Chilean peso (CLP)
Per capita cement consumption	267kg



***Chile had Latin America's fastest-growing economy in the 1990s and has weathered recent regional economic instability despite its need to diversify its copper-dependent economy and address uneven wealth distribution. However, cement demand is expected to continue its rise.***

Chile's unusual, ribbon-like shape gives it a hugely varied climate, ranging from the world's driest desert in the north, through a Mediterranean climate in the central regions, to a snow-prone alpine climate in the south. The country is peaceful, democratic and prosperous – for the privileged. But the social and economic inequalities are as extreme as its geography. The income distribution is so skewed that it ranks among the world's worst, in the same league as Namibia and Brazil, and around a million Chileans earn the minimum wage. Traditional popular movements, however, are fairly quiescent and society awaits transformation by new actors such as women, indigenous rights activists, environmentalists and urban cyclists (with Santiago famed for traffic-induced air pollution and several rich mineral deposits identified in environmentally sensitive regions).

President Michelle Bachelet is the fourth consecutive leader from the ruling centre-left coalition in power since the end of military rule in 1990. She

has asked for priority for social issues, wishing to ensure that all benefit from recent copper-led economic growth. Pension reform is high on her agenda, as are improvements to education and health services. Her predecessor kept the business élites happy, signing no less than half-a-dozen free trade agreements. Concessions for roadways, utilities and other public infrastructure not already privatised, were sold to the highest bidder, often a foreigner.

## Consumption

Sales of domestic cement increased by 2.8 per cent to 4.1Mt in 2006 due to the rising number of public and private construction projects. Industry and housing account for almost equal shares of 70 per cent of the cement market with the remaining 30 per cent going on infrastructure projects.

Distribution is almost equally split between bags and big bags, 93 per cent reaching customers by road, five per cent by rail and the rest by water.

Composite cement grades account for 94 per cent of the cement, with the

clinker content averaging over 25 per cent.

## Production

Three long-established companies – Polpaico, Melón and Bió Bió – operate seven production sites with combined capacity of 3.8Mta clinker and 6.25Mta cement (shortly rising to 6.55Mta).

Holcim affiliate Cemento Polpaico is ranked first in Chile in terms of sales in 2006 – with integrated clinker production and cement milling operations at Cerro Blanco (Til Til) and grinding plants at Mejillones and Coronel. It outstripped its nearby main rival Cementos Melón (Lafarge) despite a 0.7 per cent decrease in its market share to 34 per cent. Melón, operating one production site at La Calera at present, registered a larger drop of 1.3 per cent, taking it to a 33.8 per cent share.

In 2006, after a run of years with little or no investment, Melón planned to invest US\$20m in building a second 0.3Mta cement milling plant at Trapen de Panitao, near Puerto Montt, Region X. This will allow it to increase its production in southern Chile from late-2007. An Environmental Impact Declaration was also submitted towards the end of 2006 for a US\$30m investment to build a cement milling plant in Ventanas, Region V. This will have an output