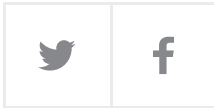


Dave
Sherwood



SANTIAGO

(Reuters)

-

Chile's
environmental
regulator
this
week
approved
a
\$25
million
compliance
plan

by
lithium
miner
SQM
SQMa.SN,
ending
a
multi-
year
investigation
by
authorities
that
found
the
Chilean
miner
had
overdrawn
lithium-
rich
brine
from
the
Atacama
salt
flat.

FILE
PHOTO:
Managers
meet
on
a
hill
at
the

SQM
nitrates
plant
in
Coya
Sur
next
to
Maria
Elena
town,
northern
of
Chile,
October
13,
2016.

REUTERS/Ivan
Alvarado/File
Photo/File
Photo

The
case,
now
resolved,
raised
questions
about
how
much
brine
and
fresh
water
was
left
beneath
the

Atacama,
and
how
long
it
would
last.

Those
concerns,
and
others,
still
linger.
Here's
why:

WHAT IS THE SALAR DE ATACAMA?

The
Salar
de
Atacama
is
a
high-
altitude
desert

basin
in
northern
Chile
that,
in
2017,
supplied
more
than
one-
third
of
the
world's
lithium,
a
key
ingredient
in
the
batteries
that
power
cell
phones
and
electric
vehicles.

Rain
and
snow
melt

have
for
millennia
washed
lithium
and
other
metals
downslope,
percolating
into
a
salty
solution
that
gathers
beneath
the
volcano-
rimmed
salt
flat.

Miners
pump
that
brine
into
shallow
rectangular
lagoons,
where
the
sun's

ultraviolet
rays
and
the
desert
air
evaporate
the
water,
leaving
behind
the
battery-
grade
lithium
that
has
put
Atacama
at
the
heart
of
the
electric
vehicle
revolution.

**WHAT
IS
THE
PROBLEM
WITH**

WATER?

Soaring
lithium
demand
has
raised
questions
about
whether
the
salt
flat
can
support
current
and
future
levels
of
production.

The
world's
top
lithium
miners,
SQM
and
Albemarle
Corp
(
[A](#)
[L](#)

B
:
N),
share
scarce
water
resources
in
the
basin
with
BHP's
(
B
H
P
:
A
X)
Escondida
copper
mine,
the
world's
largest,
and
Antofagasta's(
A
N
T
O
:
L)
smaller

Zaldivar
copper
mine.

The
government
said
last
year
that
more
of
Atacama's
water
was
being
pumped
by
miners
than
was
being
replaced
by
rain
and
snowfall.

A
spokesman
for
Chile's
DGA
water

authority
told
Reuters
that
a
benchmark
assessment
of
the
salt
flat's
brine
and
water
supply,
initially
due
by
December
2018,
had
been
delayed
until
the
second
half
of
2019.

**WHAT
IS
THE**

GOVERNMENT DOING?

Chile's
water
authority
last
year
restricted
new
water
rights
in
sectors
of
the
salt
flat
that
are
currently
overdrawn,
citing
excess
pumping
by
the
Zaldivar
and
Escondida
copper
mines.

Both

miners
have
requested
permits
that
would
reduce
the
amount
of
water
they
draw
from
the
flat,
but
regulators
have
put
these
reviews
on
hold
while
they
assess
the
water
supply,
according
to
Chile
Environmental

Assessment
Service
(SEA)
filings
reviewed
by
Reuters.

The
water
authority
has
announced
the
creation
of
a
drinking-
water
reserve
for
the
Atacama's
local
communities.

A
spokesman
said
the
project
was
underway
but
gave

no
timeline
for
completion.

WILL NEW CURBS IMPACT LITHIUM PRODUCTION?

Regulators
have
yet
to
significantly
curtail
water
extraction
by
lithium
miners.

Both
Albemarle
and
SQM
say
approved
expansions
will
use
no

more
water
than
already
permitted.

SQM,
however,
agreed
on
Monday
to
reduce
pumping
of
lithium-
rich
brine
by
about
10
percent
through
May
2020
to
remedy
several
years
of
overpumping
from
the
salt

flat.

SQM

told

Reuters

its

production

plans

had

already

incorporated

the

commitments

made

to

regulators,

and

that

the

reductions

in

brine

extraction

would

not

impact

lithium

output.

Reporting

by

Dave

Sherwood,

additional

reporting

by
Fabian
Cambero;
Editing
by
Ernest
Scheyder
and
Bernadette
Baum

*Our
Standards: The
Thomson
Reuters
Trust
Principles.*

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minimum

of

15

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for

a

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exchanges

and

delays.

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