

## Time to address the copper crisis

Mining Journal – 08 January 2020

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***“Never let a good crisis go to waste.” – Winston Churchill***

Even at my advanced years and having stomped around more remote parts of the world than most, I am still amazed by the stoicism of country folk.

I was country folk once, and so I guess I may have been stoic. But not anymore.

Sadly I am a pudgy city boy now and squeal like a girl at the slightest paper cut, if the WiFi is a bit slow, or if my Vin Blanc isn't cooled just as I like it. These are important issues, at least to me, as that is my life, but I do confess most of my problems fall very much into the 'first-world' category, such that a single mother in northern Chad, might roll her eyes a touch.

I did not return to Australia this Christmas as the ancient ones seem to be holding together, and so I thought I would do my bit to keep Greta Thunberg off the tele for a bit.

But then much of the country spontaneously combusted.

I called of course, to ensure they were not suffering too much with the heat, and even suggested (somewhat half-heartedly) that I hop a flight to lend hand. After all, they are in their mid 80s and a bit on the frail side now, and would struggle to blow out a candle, let alone deal with the apocalyptic inferno raging all around them.

But much to my relief, the old dears dismissed my offer out of hand and told me not to fuss. Yes, it was 50 degrees in the shade, but the old AC was still chattering along OK and the kids from next door did seem to be enjoying the pool. There was a bit of smoke about the place, and word of some flames here and there, but nothing too serious, so "don't worry, we will be fine".

Or, at least that is what I thought they said as it was difficult to hear above the sirens and the water bombers flying low overhead.

I presume they are OK, as they haven't called to say they aren't.

It's dreadful, of course, and there is more to come, but country folk actually seem to have a way of rather enjoying themselves even under the toughest circumstances, seemingly as a good crisis gives them something to do.

***Finding [major copper deposits] will require a lot of money being spent in high-risk activities in high-risk places***

The men folk put on overalls and head out to do manly stuff with hoses and shovels, while the ladies get together in the town hall to make sandwiches. An area roughly the size of Scotland might be aflame, but it's all jolly exciting and will be talked about for years.

Naturally, the fires are not yet done before the blame game is well underway. It's eucalypt forest that is especially fire prone, it's the conservatives who wouldn't do anything about global warming, it's the greenies who wouldn't allow controlled burns to reduce fuel loads, it's the state governments who underfunded emergency services, it's stupid people who choose to live in wooden houses in the middle of a bloody forest and then look bemused when it all goes 'poof'.

In reality, of course, it's all those things and more, that made varying contributions to the crisis over a long period of time, which greatly annoys the morons on twitter and most of the press, whose first instinct is to look for quick, simple solutions to complex, long-term problems.

Investigations and commissions will no doubt be held once the smoke has settled in order to delve deeply for the root causes, but we already know what these are - everyone saw the crisis coming but no one wanted to do anything about it.

The story, sadly, is all too common.

Everyone knew there was a problem. Everyone knew what the consequences would be if not addressed. Everyone knew the longer the problem was allowed to run, the greater the consequences would be. Everyone knew what had to be done. Everyone knew that eventually, remedial action would no longer work, or be too painful, leaving catastrophe as the only option.

But nobody acted.

We see this over and over - the fires in Australia, the economic crisis of 2008 and the debt crunch that is currently building all over the world that is now utterly beyond fixing. Humans seem to live by lurching from crisis to crisis.

As an insufferable pedant, I will continue to argue that last week was not the start of a new decade, that would be next year. But, as I realist, I recognise no one cares and so I move on and do what everyone expects: make some predictions. I haven't a clue, of course, but that has never stopped me.

Some months back the sensible chaps at CRU published their copper supply-demand predictions out to 2035. Of course, there is a fair amount of 'rubberyness' in the figures, but CRU knows its knitting, and so while we may argue about the decimal points, the gross picture is reasonably clear.

According to CRU, failing any amazing new technological development that replaces the red metal, in 2035, the world will consume annually about 10 million tonnes more than this year.

Sounds fine when said quickly, but then they also note that this surge in demand must be met in an environment where over the same period, supply from existing operations will reduce by about 6Mt per annum.

The maths, then, is simple: in order to meet the 2035 demand, something like 16Mtpa of new capacity must be added - about 12 Escondidas.

CRU goes further, as it always does and notes that about 2Mt of this gap is pretty firm and another 3Mt is probable - leaving "only" 11Mt in the 'let's cross our fingers and hope for the best' category.

Optimists will, of course, shrug indifferently and note that the sector has never let us down before, either by exploration success, or lower grades becoming economic on the back of new technology or higher prices.

But this time, I fear, it's a bit different, largely because of the nature of the mines that we need to replace. That is, much of that lost production will be as a result of many of the great old mines of the world finally curling up their toes after decades of faithful service, and these are hard buggers to replace - they may not actually exist and, if they do, finding them will require a lot of money being spent in high-risk activities in high-risk places.

And it's not happening.

To get an Escondida-sized operation up and running at full capacity by 2035, geologists would quite literally need to be putting the first drill hole into it yesterday - and they didn't. Yes, there is lots of good smoke about, but few, if any, projects under exploration now are showing signs of being of the scale needed - and we need dozens of them.

In addition, it doesn't help that dear Donald just pressed that big red button on his desk that he was told not to press, and has effectively now fenced off Iran, the country that many geologists would suggest has perhaps the greatest potential to throw off massive copper deposits.

So, my prediction for the next five years: nothing. We stumble along in blissful ignorance.

And for the five years after that: mad panic. I hope I can hang on.