

ESSAY

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CHANGE, ENVIRONMENT AND
ENERGY SECURITY IN
LATIN AMERICA

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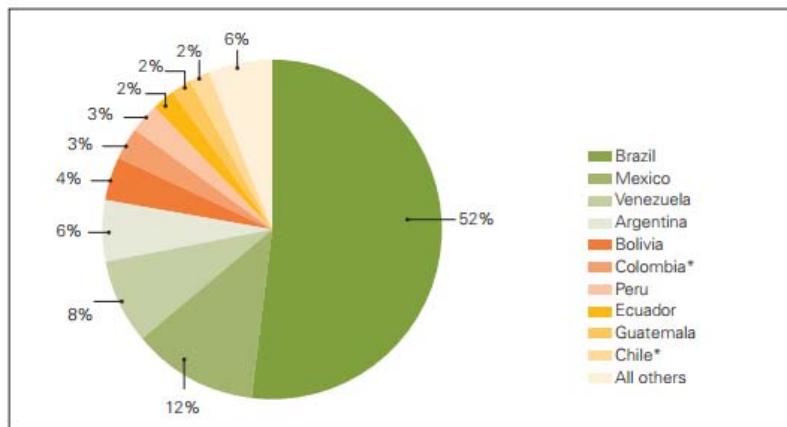
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Latin America and COP20

With a population of about 615 million people, the majority of which living in cities, Latin America and the Caribbean (LAC) increasingly try to engage in global environmental issues, particularly with regards to the challenge of climate change. Latin America and the Caribbean extend from Patagonia to Mexico and cover an extensive territory with 40 highly diverse states that are

in different stages of economic development. This manifests itself in an unequal participation of the countries in the greenhouse gas emissions index. 64% of emissions are attributable to the two largest countries in the region (52% Brazil and 12% Mexico), although they account for merely 52% of the region's population (32% Brazil and 20% Mexico).

Figure 2.2 Country Contributions to Total LAC Emissions, 2005 (%)



Source: Authors' elaboration based on WRI (2012) data.
* These cases do not include land-use emissions.

Source: The climate and development challenge for Latin America and the Caribbean : Options for climate-resilient, low-carbon development / Walter Vergara ... [et al.]. 2013, Inter-American Development Bank

Although Latin America and the Caribbean are only responsible for 12% of global GHG emissions, the region is one of the world's most vulnerable with regards to the impacts of climate change, as recently reported by the United Na-

tions Economic Commission for Latin America (ECLAC). The continent suffers from the negative effects of climate change: Extreme weather events are more frequently and rising sea levels threaten low-elevation coastal zones.

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These circumstances make it difficult to fulfil goals such as poverty reduction and the improvement of economic growth. Latin America grew at a Compound Annual Growth Rate of 5% during the last decade, while OECD countries achieved 2% and global growth figures amounted to 4%. In the same period, CO2 emissions rose by nearly 20%.

This worrying scenario is responsible for the increased coverage of climate change related issues by the local press – an indicator of Latin America's growing discomfort. A recent survey by Gallup in 100 countries shows that Mexico, Colombia, Venezuela and Ecuador are among the most worried about global warming. Still, the media primarily reach urban and more affluent strata rather than the poor and rural population of the respective countries. It seems that the media tend to highlight the views of the government, especially those of the executive power.

The fact that the environment continues to play a marginal role in the election campaigns clearly indicates that the concern about climate change has not been translated into specific pressures on the government as of yet. Neither did sustainable development play a major role in the Brazilian election campaign in 2014. As part of the 2013 demonstrations topics like corruption

and reform of the political system have dominated the national agenda. Only little attention has been paid to environmental issues. Consequently, the region does not possess sufficient political capacities to deal with the impacts of climate change.

According to Carolina Zambrano-Barragan, Advisor to the Ecuadorian Foreign Ministry, the Latin American governments lack the political will to address this topic. This is due to a lack of knowledge of environment-related issues and missing awareness of the consequences of climate change by political decision makers.

A closer look at the Brazilian Amazon region illustrates the magnitude of the problem. The Amazon plays a key role in the global ecosystem. The area is home to the greatest biodiversity in the world and is in constant water exchange with the atmosphere, which in turn affects the local and regional climate. Apart from that the region is an important reservoir for the greenhouse gas carbon dioxide. Nevertheless, the Amazon suffered from two major droughts in 2005 and 2010 that resulted in forest dieback and an increase in CO2 emissions.

Yet, the continent continues to follow a rather shortsighted approach to climate policy, as there are only few in-

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centives for sustainable development. According to a report by UNEP that was presented in the context of Rio +20, the lack of political will, a limited continuity of policy decisions – a consequence of the short terms of office – and insufficient instruments to ensure the effective implementation of laws are among the largest problems of Latin America and the Caribbean. The improvement of governance should therefore be a focal point in the regional agenda. Most LAC countries have developed legal and institutional structures to deal with environmental issues on the national level. Most of the times, however, capacities to ensure effective application of the laws are limited. At the regional level, there is potential for increased cooperation as well. In addition to that, the time horizon for the implementation of policy decisions, programmes, and projects seldom concurs with the terms of office.

In order to face this reality and to allow greater participation of the public, it is essential to invest in environmental education. Furthermore, greater independence between environmental experts and policy makers should be guaranteed and more financing opportunities made available.

Energy issues play an important role with regards to climate change, since

energy is instrumental to the process of secured development. At the same time, energy production affects the environment and is affected by global warming. Latin America's energy matrix – in particular in South America – is already known to be relatively clean since energy is mostly generated from hydropower (33%), gas (29%), oil and its derivatives (11%), and coal (8%).

This is especially important to emphasize as 80% of the world's current energy production comes from dirty sources such as coal, oil, or gas.

Although Latin America and the Caribbean's energy consumption of 1,300 kg of oil per person is less than global consumption (1900 kg), the costs are above the global average (USD 7.8 per kg of oil in Latin America, in contrast to USD 5.5 worldwide).

The continent has enormous potential for the use of clean energies such as hydropower (according to ECLAC about 10% of the potentially available potential hydro resources that exist in the region are not used), solar and wind energy, and biofuels. This potential should be exploited to further expand the green energy matrix and ensure the advancement of the region. Development in this direction has already been set in motion as shown by a number projects from different countries carried out in collaboration with

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the Inter-American Development Bank (IDB). Through the usage of energy-efficient technologies energy consumption is expected to be reduced by 10% within the next decade.

This reduction in consumption would save USD 36 billion, which could in turn be invested in energy generation. Additionally, the IDB invested 90 billion USD in clean energies between 2006 and 2011 with 80% of the capital flowing to Brazil.

Apart from the necessary incentives to use the latent potential in the field of renewable energies, it is equally important to make further efforts to increase energy efficiency in the region. Chile, one of the richest countries in Latin America, for example, shows great potential for improving energy efficiency. Since it is an economy with high average productivity, new environmental technologies from developed countries could easily be integrated.

However, investing in energy efficiency is considered to be complicated and risky. The costs of the expansion of a rail network in a region that traditionally prefers roads, for example, are very high. The main advantages of these strategies must therefore be clarified and elaborated in the long term – reliable energy supplies, and an increase in productivity and employment are benefits worth mentioning. Energy security is of vital importance for the socio-

economic stability of the countries. In smaller states energy imports are becoming ever increasing parts of national budgets, since the average capacity for self-supply lies well beneath the continent's (72%).

In order to achieve greater energy security, the current European policies – in particular the energy transition in Germany – are viewed as a showcase model for the gradual expansion of renewable energies. However, neither the stages of Germany's energy transition, nor the other European political measures such as "Europe 2020" are completely understood. It is therefore indispensable to expose the technical aspects as well as the political circumstances of the described models. Latin America hopes that economic partnerships with Germany would facilitate technology transfer. A mere adoption of German or European models without any form of adaptation to the social and political localities would be ineffective. The expansion of international cooperation is also of fundamental importance to the region's handling of the climate issue. All countries South America have ratified the United Nations Framework Convention on Climate Change of 1992 (189 signatories) as well as the Protocol of Quito (163 signatories). The next steps in Latin America now depend on the regional ability to lead by those countries that

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have the best capacity to govern. Chile excels in this area due to its well-developed institutional structure, closely followed by Brazil.

Brazil has to become a leader in this field – this is due solely to the fact that the country is the biggest emitter of greenhouse gases in the region, not to mention its geographical size, economic strength, geopolitical weight and clean energy matrix. Further motives are technological knowhow, entrepreneurial potential, as well as Brazil's high competitiveness in the global agribusiness.

Latin America now has the unique opportunity to position itself in the international climate debate. In December, the 20th World Climate Conference takes place in Lima, Peru. During the conference the participating parties aim to reach a consensus regarding a global climate agreement, which is to replace the Kyoto Protocol and to be signed in Paris in 2015.

This meeting would be a unique opportunity for Latin America and the Caribbean to advance within the area of climate governance.