

# CRS Insights

Latin America and Climate Change

June S. Beittel, Analyst in Latin American Affairs ([jbeittel@crs.loc.gov](mailto:jbeittel@crs.loc.gov), 7-7613)

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On December 1-12, 2014, representatives from 195 countries gathered in Lima, Peru, for the 20<sup>th</sup> Conference of Parties (COP) to the United Nations Framework Convention on Climate Change, also known as [COP 20](#). Peru's offer to host the U.N. climate conference has drawn attention to Latin America's progress on addressing global warming, as well as to the region's efforts to reduce emissions while sustaining development gains achieved in recent decades.

Peru, like other countries in the region, is known for its spectacular environmental assets that draw tourists; it also boasts significant mineral deposits. Peru has the largest swath of Amazonian rainforest after Brazil and is home to about 70% of the world's tropical glaciers, some of which provide an important source of water for urban centers in the country or feed its hydroelectric power plants. While Peru has demonstrated leadership in conserving its rainforests and combating deforestation, in recent months the Peruvian government has supported a [loosening of environmental regulations](#) to jump-start development projects and attract investment in mining and fossil fuels to help sustain Peru's flagging economic growth (which had averaged above 6% in recent years). Peru has also been criticized for allowing mineral resources companies to develop and sometimes damage indigenous lands.

Latin America generates about 10% of global gross domestic product and only around [12.5%](#) of the world's greenhouse gases, despite the heavy urbanization of the population (about 80% of Latin Americans live in urban settings). According to the World Bank, the Latin American and Caribbean region has the world's cleanest "energy matrix." The region's lower carbon emissions are in part due to its diverse energy sources, including abundant hydroelectric power and renewables with lower carbon footprints, such as solar and wind. The region, however, is vulnerable to adverse effects of climate change predicted by many scientists, including glacial melt, sea rise, drought, and extreme weather events. The region also faces risks to food production, ranging from crop failure to lower fish catches. (For more on the effects of climate change on Latin America, see the [World Bank](#) report *Turn Down the Heat: Confronting the New Climate Normal, Vol. 2* (Spanish regional [report](#) available)).

## Latin American Efforts on Climate Change

Latin American nations have demonstrated [leadership](#) in a number of areas ranging from combating deforestation to promoting renewable energy utilization through government policies and target setting. Notably, Brazil has set high targets for reducing deforestation in the Amazon rainforest. The Amazon is sometimes described as a global carbon sink—the single most important region in the world for trapping and removing carbon dioxide (CO<sub>2</sub>) from the atmosphere. Brazil's government set a goal in the early 2000s to lower its carbon emissions by reducing deforestation rates in the Amazon. The goal of decreasing deforestation by 80% by 2020 has largely been met. Between 2004 and 2014, [annual deforestation](#) in the Brazilian Amazon fell from 27,772 square kilometers to 4,848 square kilometers. There is considerable debate concerning whether this decline was the result of government policies or changing economic circumstances, such as lower commodity prices (Amazon deforestation has been linked to expanded logging, cattle ranching, and soy bean farming). Some analysts claim that the [reduction in deforestation](#) was achieved through innovative policies, such as a voluntary moratorium on planting in the Amazon put in place by the soy industry, and a moratorium on cattle ranching on land in the Amazon, enforced by beef exporters and others. Other studies have concluded that about half of the reduction was due to the Brazilian government's conservation policies.

Latin American policy makers have also crafted a number of other innovative policies for lowering greenhouse gas emissions. In Chile, for instance, the government has set goals to generate a large part of its energy mix from renewable energy sources. For example, Chile made a commitment to generate 20% of its electricity from renewable energy sources by 2025 in legislation passed [in 2012](#),

and this target was reinforced by President Michele Bachelet's commitment to have 30% of Chile's power come from renewables [by 2030](#). Chile has also been a leader in tapping solar power as an energy source. In June 2014, President Bachelet inaugurated the largest solar photovoltaic power plant in Latin America (and one of the largest in the world) located in the [Chilean Atacama desert](#). The power generated will be in part utilized by Chile's largest steel producer. Finally, Chile has recently imposed a [carbon tax](#) on power generators, particularly thermal plants with installed capacity equal or greater than 50 megawatts, which is set to go into effect in 2018.

In terms of innovative climate change policy, Mexico has been a regional leader. Mexico's General Law on Climate Change (GLCC), passed in June 2012, was a novel legislative development for an emerging economy and committed the government to reducing CO2 emissions below Business-As-Usual levels by [30% by 2020](#), subject to the availability of financial resources and technology transfer. The GLCC put into law the commitments Mexico made in its Copenhagen Pledge, which were not legally binding until enacted by law.

### U.S. Policy and Clean Energy

One of the four tenets that guide the Obama Administration's policy approach in Latin America and the Caribbean is "securing a clean energy future," with assistance to the region provided through the Administration's Energy and Climate Partnership for the Americas ([ECPA](#)). For example, in Chile ECPA has provided aid to fund pilot solar projects and for biofuels, biomass, wind, and geothermal development. Nevertheless, Latin American countries have at times disagreed with the position of the U.S. government in international fora. On the eve of travelling to Lima, Peru, to meet with Peru's president and address the COP 20 meeting, Secretary of State John Kerry noted, "Just as climate change presents the United States, Latin America, and the Caribbean with a common threat, the need to develop secure, sustainable sources of energy represents a remarkable shared opportunity."

For more on U.S. policy in Latin America, see CRS [report](#) *Latin America and the Caribbean: Key Issues for the 113<sup>th</sup> Congress*.