From Katowice to Santiago:

Positioning the Paris Agreement at the heart of the EU-Latin America relationship

Introduction[i]

In December 2018, the UN climate change negotiations in Katowice, Poland, successfully concluded with most of the work to finalize the Paris Agreement rulebook completed and with growing calls for increasing climate action over the next two years. During the negotiations, several Latin American and Caribbean countries stood with the EU and other countries calling for greater ambition on climate change by 2020 guided by the findings of the Intergovernmental Panel on Climate Change's report on avoiding overshooting 1.5 degree Celsius of warming. Drawing on their extensive cooperation on climate change, the EU and Latin America can spearhead the building of a critical mass of countries willing to put forward national climate plans aligned with the Paris goal of 1.5 degree Celsius in 2020.

EU-Latin American cooperation matters now more than ever

EU-Latin American cooperation on climate change matters now more than ever to achieve this goal. The IPCC says that without a global transformation, the world could reach 1.5 degrees Celsius of warming in a little over a decade. Both regions are very vulnerable to climate change impacts. In Latin America's case especially, rising sea levels and more extreme and frequent climatic events are already affecting the region. Allowing global warming to surpass 1.5 degrees could potentially prove catastrophic for the region, including the loss of coral reefs, the disappearance of Andean glaciers and the dieback of the Amazon rainforests.

The latest UN Environment Emissions Gap Report says that the current round of countries' national climate plans set us on a trajectory of roughly 3 degrees of warming by the end of the century. With the planned departure of the U.S. from the Paris Agreement, this adds additional pressure to ramp up emission reduction efforts by other nations and the provision of finance by Europe and other developed countries to developing countries in particular.

Together, Europe and Latin America can build on their past experience to take their cooperation on climate change to the next level. Both regions are playing instrumental roles in advancing the implementation of the Paris Agreement. These efforts demonstrate the value of the bi-regional partnership, which represents one of the strongest examples of global cooperation on climate change. Advancing the Paris Agreement shows that these partnerships can secure transformative results when resources and political capital are invested in diplomacy, coalition building and cooperation.

Together EU and Latin American countries represent approximately 18% of global greenhouse gas emissions ensuring they can make an important contribution to achieving the goal of limiting warming to 1.5 degrees Celsius. At the UN climate negotiations, the EU and Latin America and the Caribbean make up 61 countries, which is roughly a third of the 195 Parties to the UNFCCC and nearly half of G20 members. A collective push by both regions could play a significant role in encouraging other countries to follow.

Since the EU-Latin American and Caribbean Summit in Lima, Peru in 2008, climate change, the environment and sustainable development have become top issues in the bi-regional agenda especially in terms of development cooperation, climate finance and diplomacy.

For example, the European Commission's EUROCLIMA+ Programme is working with 18 Latin American countries to support the design and implementation of climate change policies in areas such as resilient food production, urban water management, urban mobility, energy efficiency, disaster risk reduction, and forest, biodiversity and ecosystems. The EU is also making important climate-related investments in Latin America through the European Investment Bank and the Latin American Investment Facility. Europe represents the main source of quality investment in Latin America as demonstrated by the considerable levels of investment in renewable energy by European companies.[ii] However, the scale of EU-Latin American trade and investment in high-carbon sectors including fossil fuels and agriculture present a major test to mainstream the Paris goals across their strategic partnerships. While the EU and Latin American countries at times adopt different positions at the UNFCCC negotiations, overall they have more in common including their interest in ramping up ambition in 2020.

The road to 2020 via New York, Costa Rica and Chile: Showcasing climate action and increasing ambition

Over the next two years, the EU and Latin America can show how their cooperation can be an engine for sustainable development and inject much needed ambition into the international negotiations. The timing is ideal given this September the UN Secretary-General will host a Climate Summit in New York followed by Chile and Costa Rica's co-hosting of COP25 and then a a Western European country will organize COP26 in 2020.

In the Ecuadorian capital, Quito, the European Investment Bank is co-financing the construction of the city's subway system, which will be operational in July 2019.[iii] The metro will create hundreds of millions of dollars in annual investment, reduce air pollution, congestion and traffic accidents, and help Ecuador reduce its greenhouse gas emissions. European renewable energy companies are leading players in Brazil, Mexico and Chile. Between 2005 and 2017, European firms were responsible for 65% of all investment in renewable energy projects in the region.[iv]

In Uruguay, EUROCLIMA+ is working with Germany's GIZ to support the government to create a national programme for urban electric mobility by strengthening capacities through the development of technical, regulatory and financial instruments such as incorporating electric mobility in territorial planning.[v] EUROCLIMA+ is also working with Spain's Agency for International Development Cooperation (AECID) along the Ecuadorian-Peru border to reduce the vulnerability of the population to droughts and floods by strengthening public institutions working on disk risk management.[vi]

This year, governments, companies, investors and civil can draw on these positive experiences to take EU-Latin American cooperation on climate change to the next level. In November 2018, the European Commission published a long-term strategy for achieving a climate neutral EU by 2050. There is also a push from several EU Member States to increase the level of ambition of the block's nationally determined contribution (NDC).

Many Latin American countries are already working to revise their NDCs and are determined to put forward more ambitious pledges in 2020. Argentina recently announced the completion of three sectoral plans on energy, transport and forest (with industry and agriculture plans to follow shortly) to support NDC implementation. Following a request by former President Michel Temer, the Brazilian Forum on Climate Change presented a report last December to chart a path toward making Brazil carbon zero by 2060, which will serve as an important input to Brazil's long term strategy. Chile is also preparing a draft climate change law to present in June 2019. And Costa Rica will launch a decarbonization plan in February 2019, with a goal to become a zero emission economy by 2050 with 8 cross-cutting strategic areas including green fiscal reform, attracting clean foreign investment and the just transition.

To build on this progress there are a number of specific opportunities. In February 2019, Colombia will hold its first large-scale renewable energy auction with the aim to secure 1 GW of installed capacity. European renewable energy companies, which are key players in other Latin American countries could play a significant role in the auction. In Mexico, the new government of President Andrés Manuel López Obrador seeks to enhance national energy security and promote renewable energy and electric mobility. European companies focusing on these areas could play important roles in supporting this ambitious agenda. Meanwhile, European car manufacturers, which have a strong base in Mexico and increasing interest in electric mobility, should look to expand their presence in the Mexican electric vehicle segment.

The Costa Rican administration of President Carlos Alvarado has plans to construct an inter-city electric train, which will make a significant contribution to reducing emissions, creating new employment and low emission mobility. It is hoped that the project will commence in 2021. The European Investment Bank is well-placed to help co-finance this transformative project.

The Chilean government is working to produce a draft climate change law this year. There are opportunities for European countries such as the United Kingdom, which has had a flagship climate bill since 2008, and Spain which is drafting its own bill, to hold dialogues with the Chilean government to discuss these processes and opportunities for mutual learning.

The European Commission and European development agencies can support Ecuadorian efforts to reduce deforestation while supporting sustainable development. Ecuador's PROAmazonía Programme launched in 2017 seeks to promote measures to tackle climate change by reducing emissions and protect biodiversity, increase resilience and benefit more than 2 million people.

Various Latin American countries are developing extensive adaptation agendas. Last year, Costa Rica launched the National Policy on Adaptation to Climate Change and Colombia's Ministry of

Environment, along with the National Disaster Risk Management Unit, initiated the preparation of the strategy for the formulation of the National Plan for Prevention and Adaptation to the El Niño Phenomenon. Despite this progress, Latin America's extreme vulnerability to climate impacts makes building resilience tough. Europe can continue to work countries by improving access to finance, supporting the enhancement of monitoring, reporting and verification of adaptation efforts and leveraging the private sector, to help plug the adaptation finance gap.

Recommendations

To realize these opportunities and build on previous experiences, the EU and Latin American countries can explore ways to improve their cooperation. A particular priority will be to capture the progress of climate action in the real economy. This can build confidence that implementing the Paris Agreement is not only about reducing emissions but also creating jobs, attracting investment, improving competitiveness and fiscal discipline. Confronting vested interests and political inertia working against climate action is necessary to avoid lacklustre implementation of existing targets and creating the appetite to do more.

1. The European Commission and EU Member States can work with Latin American national and local governments, the private sector and investors to develop transformative projects such as connecting national power grids. The Inter-American Development Bank says that a combined push to drastically expand renewable energy and connecting national power grids, could save Latin America US$30 billion by 2030 and help to reduce emissions. These savings would come about given expanding transmission lines is cheaper than building new power plants and renewable energy has zero fuel costs.

2. European financial institutions can support regional and national financial institutions to promote sustainable infrastructure and landscapes as a new paradigm for infrastructure investments. This could be an avenue to encourage China, which tends to focus on high-carbon sectors in Latin America, to better align it activities with the Paris Agreement.

3. European agencies could consider supporting Latin American civil society groups such as Brazil's Climate Observatory, Costa Rica Limpia and the Latin American and the Caribbean Climate Finance Group, which play a significant role in encouraging governments to support climate action. The timing is ripe as various Latin American countries have signed the Escazú Agreement which emphasizes the protection of environmental defenders, the right to access to environmental information and public participation in decision-making process.

4. The design of channels to facilitate the sharing of European and Latin American experiences on climate action including the delivery of 200 electric buses to Chile and Danish know-how on managing floods is also required. Working together to share experiences on sustainable finance, climate risk and just transitions could be timely, given the scale of EU-Latin American trade and investment in carbon-intensive sectors such as fossil fuels and automobile production.

Final thoughts

The achievements of EU-Latin American cooperation and diplomacy on climate change are notable. Yet given the urgency of limiting global warming to 1.5 degrees Celsius, this cooperation needs to go up a gear.

The EU's and Latin American countries' strategic interests are closely tied with managing climate risk, the global energy transition and the successful implementation of the Paris Agreement and the Sustainable Development Goals. Indeed, managing climate risk and working towards an orderly global energy transition are critical to both region's security and prosperity. The EU and Latin American countries also need to defend the Paris Agreement as one of the greatest achievements of multilateralism so far this century.

The EU is ideally placed to demonstrate its value as the partner of choice to Latin America and make the case for why delivering on the Paris Agreement complements many of Latin American countries' domestic and foreign policy priorities. The road to 2020 presents a major opportunity for the EU and Latin America to position the low-carbon and climate-resilient agenda at the heart their relationship. Europe and Latin America could embrace this agenda together in earnest, which would represent a win-win for both regions and the world.

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[i] This briefing was prepared by Guy Edwards, co-director of the Climate and Development Lab, Brown University. It is based on a consultancy conducted for the EUROCLIMA+ programme to produce a study on EU-Latin American relations and climate change. The information and views set out in this document are those of the author and do not necessarily reflect the official opinion of the European Union. Neither the European Union institutions and bodies nor any person acting on their behalf may be held responsible for the use which may be made of the information contained therein.

[ii] Economic Commission for Latin America and the Caribbean (ECLAC), Foreign Direct Investment in Latin America and the Caribbean, 2018 (LC/PUB.2018/13-P), Santiago, 2018.

[iii] World Bank Blog http://www.worldbank.org/en/news/feature/2016/12/05/ecuador-la-reactivacion-economica-de-quito-viaja-en-metro

[iv] Economic Commission for Latin America and the Caribbean "Foreign Direct Investment in Latin America and the Caribbean", 2018, Santiago, 2018.

[v] Uruguay project details http://euroclimaplus.org/index.php/es/movilidadurbana/item/221-nump-uruguay

[vi] Ecuador-Peru project details http://euroclimaplus.org/index.php/es/proyectos-riesgo/item/219-ecuador-peru