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Latin American economies should show leadership on climate negotiations

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LEADING countries in Latin America and around the world are showing how ambitious climate action is the right choice for both their citizens and their economies. The evidence is building that the global economy is reaching a key turning point away from its fossil fuel past.

We already know that climate change presents immense risks from rising global temperatures, melting of ice-sheets, more frequent and extreme heat waves and storms, and less predictable growing seasons. These are hurting subsistence communities already, and with greater warming, will affect us all. Avoiding these risks is a central driver for reaching a successful UN climate agreement in Paris next month.

But there are also real economic benefits from climate action, as many Latin American nations are already finding, demonstrating how a greener economy can work in practice both for growth and communities. In cities, land use, and energy, the opportunities abound for a new climate economy. The Paris agreement needs to provide the signals to make this structural transformation happen.

In cities, productivity gains from compact, connected, and coordinated urban development can be a monetary windfall. Investing in public transport, building efficiency, and better waste management could save cities around $17 trillion globally by 2050 at the same time it reduces emissions.

In Mexico, for example, the green mortgage programme allows households to invest in efficient eco-technologies. Families pay only $6 or so more than a conventional mortgage per month, yet save an average of $17 per month on bills by consuming less electricity, water and gas. And Bogotá, Colombia is recognised as a world leader in Bus Rapid Transit (BRT) systems. Fast, dedicated bus lanes carry 2.2m passengers daily, providing a low-cost solution for mass urban transport.

When it comes to land use, reducing deforestation and restoring the one-quarter of severely degraded lands worldwide can raise agricultural output and farmer incomes while also reducing emissions and increasing resilience to climate change. Restoring to production just 12% of the world's degraded lands could globally raise farmers' incomes by $40 billion per year and feed another 200m people.

Forests and watersheds are a form of natural infrastructure that can be cheaper than the traditional infrastructure that we think of for water filtration, water storage, and related technologies. Investing in watershed protection upstream of Bogotá is projected to save the city $35m in filtration costs over the course of 10 years. Quito and Sao Paulo are trying similar ideas. Costa Rica and Mexico have put in place payment for environmental service programmes that have reduced deforestation rates and improved the living conditions of rural populations.

In renewable energy, Brazil is a positive example. It has per capita greenhouse gas emissions about half the G20 average, reflecting its development of renewable energy supplies including wind, hydropower and biofuels. It is reaping the benefits in local jobs. Some 934,000 Brazilians already work in the renewable energy sector.

Even traditional sectors such as mining are becoming increasingly aware of the importance of switching to renewable energy. In Mexico, clean wind energy is driving expansion in the industry, while Chile is now home to Latin America’s largest solar plant in the Atacama Desert. Furthermore the bidding process of Chile's electricity sector—implemented by blocs—allowed solar and wind power firms to comprise the majority of the winners of the bid to deliver electricity from 8am until 6pm.

While Latin America is home to many leaders showing how growth and climate action can go together, it also has laggards. Some Latin American countries have played the role of climate “spoiler” in negotiations under the United Nations. And a few countries—including Venezuela—have yet to submit plans for national climate action, under a prospective Paris agreement.

While climate action may seem like a threat to fossil fuel exporters, in fact they too can reap enormous benefits from taking steps to limit their own fossil fuel consumption. OPEC countries are among the biggest spenders on fossil fuel subsidies, even though these subsidies tend to primarily benefit the rich, often missing the poorest. Venezuela is the world’s fifth biggest subsidiser of fossil fuel use, at nearly $40 billion annually, or nearly a tenth of its economic output, according to the IEA. Abandoning these subsidies would yield enormous benefits, to the public exchequer allowing it to refocus expenditure on more productive programmes, to the economy in reduced energy waste, and to human health, in reducing the deaths and costs associated with fossil fuel air pollution.

We must all remember these many, proven benefits of climate action, as we turn to the task ahead. Only an ambitious, international agreement in Paris can meet this challenge. A successful agreement will include both short- and long-term signals that accelerate the shift to a clean global economy. It will have a robust system for countries to review and strengthen their emissions controls at regular intervals, starting in 2020. It will seek to mobilise the financial and technological solutions needed to support action in developing countries. And there will be a system for governments to report progress against their climate action targets and their finance commitments.

The Paris agreement is about re-modelling the global economy, into a smarter, more efficient, greener, and safer model for human living. […]