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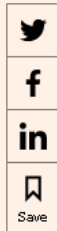
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Latin America's post-pandemic recovery looks browner than expected

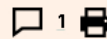
Despite the hype governments have allocated billions of dollars in Covid recovery plans to hydrocarbon sector

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A thermosolar power plant in Chile. The country's new president has touted his green credentials but his first big economic package included fossil fuel subsidies © Martin Bennett/AFP/Getty Images

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It looked too good an opportunity to miss.

Latin America was ideally placed to leap ahead in renewable power. It already generates more than a quarter of its energy from sustainable sources, thanks to abundant hydro dams.

Northern Mexico and windswept Patagonia are among the best locations in the world to generate green electricity. Lithium and copper, crucial **minerals** for the global switch to electric transport, abound. Governments had billions of dollars to spend in Covid-19 recovery funds and policy gurus gushed with enthusiasm about a green post-pandemic world.

The reality so far? Dirtier and browner than expected.

According to the [Energy Policy Tracker](#), Latin America's four biggest economies have committed most Covid recovery funds to fossil fuel projects and subsidies, with only a few bones tossed to renewables.

Mexico is the worst offender. Its president Andrés Manuel López Obrador, a 1960s-style resource nationalist, has lavished billions of dollars on state oil group [Pemex](#) to expand its unprofitable oil refining business. At the same time, he has tied in knots renewable energy investors such as Spain's Iberdrola and Italy's Enel with policy changes favouring the fossil fuel-powered state electricity behemoth CFE at their expense.

No surprise that renewable energy investment in Mexico has plummeted and court challenges are multiplying.

US climate envoy John Kerry has made three visits in the past five months to try to talk the quixotic president around. López Obrador's response has been to redouble efforts to pass a [constitutional reform](#) guaranteeing a minimum 54 per cent share of the power market for CFE and, for good measure, nationalising the nascent lithium industry.

Mexico's government has meanwhile committed four times more in Covid recovery funds to fossil fuel projects than to renewables, according to the policy tracker.

Even that dismal record is overshadowed by Argentina and Colombia, whose governments have both spent more than \$1bn on fossil fuel-related post-pandemic policies, yet only a few million dollars of recovery funds on renewables, according to the tracker.

"This is a region which had the worst economic performance in the world during Covid," said Francisco Monaldi, a Latin America energy expert at Rice University in Houston. "So governments do not have priorities focusing on the energy transition if that implies cost."

Among the region's national oil companies, Brazil's listed oil group Petrobras has used the energy transition as an excuse to concentrate on its most profitable business, deep sea oil production, while jettisoning less lucrative activities, according to Monaldi.

By contrast, Colombia's [Ecopetrol](#) has made a [\\$3.7bn bet on electricity](#), buying 51 per cent of transmission company [ISA](#). This

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was partly born of necessity — the country's oil reserves are rapidly declining — but also gives the company a useful hedge against the eclipse of fossil fuels.

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The failure of Latin American governments to invest post-pandemic funds in renewable energy should leave plenty of space for the private sector. Indeed, Chile, Colombia and Brazil have already attracted billions of dollars of non-state green energy investment. But Mexico shows that even renewables can fall prey to resource nationalism.

Chile is the world's second-biggest lithium producer and a budding leader in the production of green hydrogen. Its new radical left president Gabriel Boric touted his green credentials in last year's election. But his first big economic package last week included fossil fuel subsidies, rather than money for renewables, and he also plans a state-owned lithium company.

Brazil and Colombia are holding presidential elections this year and polls suggest that both will elect leftwing nationalists. Private investors who have bet big on renewable energy will be hoping that the Mexican experience is not repeated further south.

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