Renewable Energy Direction in Latin America: The Impact of the U.S. Elections between Trump and Biden – May 2024

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Current Landscape:

The development of alternative energy projects in Latin America is at a critical juncture. The U.S. presidential elections, with Donald Trump and Joe Biden as the main candidates, present two divergent visions for the future of energy in the region. The overall trend points towards investment in clean energy and energy transition in the region, spurred by the global crisis caused by the pandemic. Governments and civil society have refocused on achieving climate and sustainable development goals for 2030-2050, for which energy transition is key.

Latin America, in particular, presents both opportunities and challenges in this area, likely increasing the number of energy-related disputes in the region by 2024. It's important to note that, in response to recent events that have disrupted international energy markets, such as the COVID-19 pandemic, the Russian invasion of Ukraine, and recently the conflict in the Middle East, some Latin American countries have invested in their oil and gas industry to reboot their economies, which could motivate governments to pause green energy policies.

On the other hand, Latin America has demonstrated enormous potential in almost all renewable resources, with unconventional sources of renewable energy becoming the cheapest, allowing for a progressively cleaner and more affordable electrical grid. Despite the clear opportunities to execute renewable energy projects and investments in the region, there are barriers from both a regulatory and funding perspective.

Latin America holds immense potential for renewable energies, such as solar, wind, and hydro. However, investment in these projects is still low compared to other regions of the world. The involvement of U.S. companies in this sector has been significant in recent years, but its future will largely depend on the outcome of the elections.

Positions of the Candidates:

Donald Trump's Position: The Trump administration has prioritized the development of fossil fuels, such as oil and natural gas. President Trump previously withdrew the United States from the Paris Climate Agreement and has criticized other countries' environmental policies. His policy develops programs to reduce environmental regulations and supports the coal industry. It is expected that there would be less investment in alternative energies by the federal government, impacting a possible slowdown in the development of renewable energy projects in the region, estimating an investment in alternative energies for the case of Colombia that could reach $5 billion during the next term.

Joe Biden's Position: Biden has presented an ambitious plan to combat climate change and promote clean energy. He rejoined the United States to the Paris Agreement and has sought to invest in renewable energy technologies. His policy is based on promoting clean energy and combating climate change, and if re-elected, a significant increase in investment in alternative energies by the federal government is expected, accelerating the development of renewable energy projects in the region, and I would venture to estimate an approximate investment of $9 billion in alternative energies for the case of Colombia during the next term.

Opportunities for U.S. Companies:

The development of solar, wind, geothermal, and hydrogen energy projects in LATAM has great potential for energy generation. U.S. companies are reviewing investment alternatives in the construction and operation of wind and solar parks and production plants; moreover, the region is looking to diversify its energy sources and increase imports of renewable energy, and U.S. companies can participate in the energy market, in addition to technology transfer and knowledge related to renewable energy projects.

Questions for Discussion:

What impact will the victory of Trump or Biden have on the development of renewable energies in Latin America?

What measures can Latin American countries take to attract investments in alternative energy projects, regardless of the election outcome?

How can regional cooperation contribute to the development of clean energy in Latin America?

It is important to consider the different perspectives of the presidential candidates on energy policy to make informed investment decisions. U.S. companies should conduct a detailed analysis of the regional energy market to identify the best investment opportunities, and the relationship between governments and U.S. companies is fundamental for the successful development of renewable energy projects in the region.

The development of alternative energy projects in Latin America presents a great opportunity for U.S. companies. The political landscape and investment prospects vary depending on the candidate who wins the presidential elections. However, in both scenarios, the region is emerging as an attractive market for investment in renewable energies.

The future of many alternative energy projects in Latin America will largely depend on the outcome of the U.S. presidential elections. The victory of Trump or Biden will have a significant impact on the investment in renewable energy in the region by American companies due to their great interest in investing in the construction and operation of wind and solar parks, geothermal and hydrogen plants, and in this way continue the Renewable Energy Direction in Latin America and the responsible energy transition facing the 2030 – 2050 commitments.

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