

Across many indicators, the Latin America and Caribbean region stands out for its extraordinary endowment of natural resources – both fossil fuel and renewable energy – and its history of policy making that has notably delivered one of the cleanest electricity sectors in the world. The expansion of renewable energy technologies such as hydropower and bioenergy, initially driven by an emphasis on energy security, has more recently been propelled by a deepening commitment to sustainability. Sixteen of 33 countries in the region have pledged to reach net zero emissions by mid-century or earlier, and most have presented updated and increasingly ambitious climate targets tied to the 2015 Paris climate agreement.

Our Latin America Energy Outlook, the International Energy Agency's (IEA) first in-depth and comprehensive assessment of Latin America and the Caribbean, builds on decades of collaboration with partners across the region. In support of Latin America and the Caribbean's energy goals, this report explores the opportunities and challenges that lie ahead, providing insights into the ways in which the region's energy future and major global trends are deeply intertwined.

A key asset for region is its low-emissions electricity supply. This lays the groundwork for other key aspects of energy transitions, including extensive clean manufacturing of industrial goods and the production of fuels such as low-emissions hydrogen. Resources and deep expertise in sustainable bioenergy also position the region to lead on sustainable transport fuels – at home and worldwide. Meanwhile, the global electrification of transport and expansion of electricity grids is generating a boom in demand for critical minerals such as copper, lithium, rare earth elements and graphite. The region's ample reserves of these minerals place it in pole position to expand production to supply the needs of the global clean energy transition, with additional potential to move up the value chain into refining and processing.

Reaping these benefits will require clear strategic vision, robust public policies and broad partnerships between governments and other stakeholders. Countries in the region need to design and implement policies and regulations that attract substantial investment, ensure sustainability and deliver just and equitable transitions. This includes overcoming remaining energy access challenges while creating jobs and spurring innovation in emerging clean energy sectors.

Oil and gas remain important in the region. Natural gas balances supply for power systems and is a key fuel for industry, while most vehicles on the road rely on oil, despite the prevalence of biofuels. Latin America and the Caribbean – home to an abundance of oil and gas resources – will continue to play a vital role in supplying international markets, even though global demand for both oil and gas is expected to peak this decade under current policy settings. Managing this transition will require the co-operation of a broad set of stakeholders that are willing to adapt and innovate as local and global needs change in the years ahead.

This report is a testament to the IEA's strong relationships with countries in Latin America and the Caribbean, including five members of the IEA family: Argentina, Brazil, Chile, Colombia and Mexico. Furthermore, this Outlook reflects input from government officials, experts and stakeholders from 17 countries across the region. It also provides a basis for our ongoing collaboration with other international institutions in the region such as the Inter-American Development Bank, the Latin American Energy Organization, and the United Nations Economic Commission for Latin America and the Caribbean.

I would like to warmly thank the IEA colleagues – led by Stéphanie Bouckaert and Brent Wanner – who carried out the research, modelling and analysis that resulted in this important milestone in our Agency's work with the region, which will continue to expand in the coming years. I look forward to further regional and bilateral co-operation inspired by the findings of this report.

The IEA stands ready to support countries across the region as they advance their clean energy transitions, building a more secure and fairer global energy system in the process.

Dr Fatih Birol
Executive Director
International Energy Agency