

2024 ENERGY OUTLOOK: A NEW WORLD ORDER?

Perspectives from the Institute of the Americas Energy & Sustainability Program
Featuring our Non-Resident Fellows, University of California, San Diego School of Global Policy & Strategy (GPS) Graduate Students and Guest Contribution from ChatGPT



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ENERGY &
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PROGRAM

Introduction

For the last several years, just prior to the holiday break, we have convened a virtual meeting with all our Non-Resident Fellows. It usually takes the form of a celebratory toast channeling our pride in the work of the year. But we also inevitably discuss the key trends and aspects we are thinking about for the coming year. This past December, our discussion centered around elections and debating what we ultimately summarized as a question: a new world order?

Taking advantage of the holiday break for deeper reflection and being disconnected from the daily grind allowed us to continue the tradition at the Institute of the Americas: beginning the year by compiling our wide-ranging views in an outlook document.

We have gathered our thoughts and ponderings focused on key trends and issues facing the energy sector in the next 12 months. This year, we changed our format slightly. Instead of one longer form essay from each contributor, we have organized the outlook into three distinct prompts with individual, shorter responses to each.

Our prompts for our 2024 outlook are:



How will the energy sector be impacted by the multitude of elections across the globe?



How likely is COP28 and international climate and energy governance to impact domestic policy in Latin America and the Caribbean?



Is there a new world order emerging?

Beyond perspectives from our distinguished group of Non-Resident Fellows, we are pleased for our 2024 outlook to include contributions from three second year UC San Diego School of Global Policy & Strategy graduate students – Anne Charles, Tamara Handfas and Angela Solanilla -- all of whom have been interns and researchers at the IOA over the last year. We also have included a response from ChatGPT in this year's outlook. Including an AI contribution may be the clearest reflection of how much has changed since our first outlook report in 2021.

We hope you enjoy our new format, broader range of contributors and our now-traditional effort to look into a crystal ball for 2024.



HOW WILL THE ENERGY SECTOR BE IMPACTED BY THE
MULTITUDE OF ELECTIONS ACROSS THE GLOBE?





How will the energy sector be impacted by the multitude of elections across the globe?



Cecilia Aguillon: The phrase “it’s the economy, stupid!” coined by U.S. campaign strategist James Carville in the 1990s became the slogan for then-candidate Bill Clinton. It continues to be in vogue today. The post pandemic world is marked by high rates of inflation, sharp rises in energy costs and mass migration from the Global South to the North. Economic struggles are fueling voter discontent, which is giving rise to the election of populist governments. Energy is obviously crucial for economic wellbeing and citizens will expect their new leaders to make it affordable. Since energy prices are controlled by global forces, newly elected officials have limited ability to reduce costs.

Countries with abundant renewable energy resources will likely accelerate the deployment of solar and wind technologies to reduce energy imports and generate revenues through future exports of clean fuels. Countries rich in oil and gas like Colombia will continue to extract and export fossil fuels as long as international demand remains strong. They will at the same time, move ahead with decarbonization efforts at home. As for the United States, if President Biden is re-elected, then energy transition will gain speed. If Biden is defeated, then many of the policies supporting renewable energy will likely be reversed and oil drilling will move at a faster pace. The priority for most world leaders is to tame inflation and improve economic growth. Climate is important, but decarbonization will continue if it is cost-effective for the local economies. ☺



Leonardo Beltran: This year Mexico will elect the first woman President; 128 senators, 500 representatives; more than 19,000 officials in all 32 states; the Mayor of Mexico City; and the governors of Chiapas, Guanajuato, Jalisco, Morelos, Puebla, Tabasco, Veracruz, and Yucatan.

Although, the term of the current administration ends September 30, 2024, effectively with the campaign season (Mar 1st-May 29th) it is highly unlikely that there will be new bills sent to Congress in the last period of the legislature (Feb 1st-Apr 30th), given that many incumbents will be focusing on how best position themselves in the electoral cycle, to the expense of any new legislation. Therefore, it is not expected that the administration would start any major policy changes nor start the development of new projects, and given the change in administration, policy, and the regulatory backlog of new permits and extensions, the regulator will try to manage the current bottlenecks, persisting for the rest of the year.

The US election will also play a significant role in Mexico’s energy sector. With Mexico’s “state-owned company first” policy, there have been not only frictions between US companies but costs that had been to be borne. Therefore, these valid concerns picked up in the electoral process, would imply not only an increase in the political temperature, but larger uncertainty in energy policy with threats to leave the USMCA treaty given an upcoming revision to win some votes, only resulting in delayed investments and lost opportunities to improve the competitiveness of the region. ☺



Trinidad Castro: In my case and from the reality of a small country almost at the end of the world -- the most wonderful place by the way -- it is difficult for me to have an accurate answer to these questions that comprise our 2024 outlook though I hope to add some ideas through some reflections that follow, particularly for the second and third questions.

In a world of change, emerging technologies, fragmentation, fickleness, and uncertainty, our three framing questions are at the center of public debate and as elections unfold and geopolitics intervenes to impact the future lives of millions of people.

Our energy system, the one that mobilizes our lives, is immersed in this context. On the one hand, multiple and massive elections throughout the different regions and especially in our region of Latin America, the impact of international agreements in terms of climate emergency and its consequences for our region and finally, the growing evidence of a new world order that emerges as a result of new and previously unknown rules of social order. 🌐



Anne Charles: The global energy sector is on the brink of significant transformation as countries around the world gear up for elections in 2024. The outcomes of these elections will wield substantial influence over energy policies, international relations, and the trajectories of key players in the sector.

- **Policy Shifts:** Election results are likely to usher in changes in energy policies as newly elected leaders or re-elected incumbents set their agendas. Government transitions can result in adjustments to commitments in renewable energy, regulations on fossil fuels, and overall strategies for the energy transition. The growing electoral success of nationalist parties in the European Union raises concerns about the potential impact on pro-environmental forces and the ambitious Green Deal as highlighted in Reuters reporting. While India's commitment to green energy is set to persist through the election.

- **International Relations:** Presidential contests, notably in the United States and Mexico, wield influence over vital bilateral relationships in the energy landscape, affecting energy trade, technology collaboration, and climate change initiatives. Upcoming elections in Russia and Venezuela hold substantial implications for the oil sector, potentially affecting US sanctions in Venezuela. The geopolitical intricacies may create reverberations in global oil and gas markets, influencing energy security and pricing dynamics.

- **Economic Stability:** Political stability is crucial for sustained economic growth, which in turn impacts energy consumption patterns. Further, stable governments are better positioned to attract investments in the energy sector, supporting essential infrastructure development to meet energy demands.

- **Technology and Innovation:** Leadership changes may influence a country's approach to energy innovation and technological advancements. Elections could determine the level of support for research and development in renewable energy sources and emerging technologies. 🌐



Andres Chamboleyron: Elections are taking place in key countries in Latin America. From Ecuador and Paraguay electing pro market candidates during 2023 to libertarian Milei's resounding victory in Argentina last November, to finalize with Mexico's 2024 decision between continuity and change. So far, the tide seems to be shifting away from strong government towards free market policies. This new tide appears to be spearheaded by Argentina's Milei whose ambitious reform program includes privatization of all State-owned enterprises (SOEs) (including YPF, ENARSA and Rio Turbio's coal mine and power plant) and complete liberalization of electricity, oil and natural gas wholesale markets with internal prices converging to import parities, and the gradual elimination of widespread subsidies focusing only on low-income consumers.

These reforms will have an immediate impact on both demand and supply, to wit:

- **Subsidies to gas and electricity now stand at around 8% of GDP and are in US Dollars. This means that any devaluation of the Argentine Peso will translate into higher gas and electricity bills for end users.**
- **Liberalized prices should foster investment in oil and gas production and power generation (i.e. the most competitive sectors of the energy supply chain) but not necessarily in highly regulated distribution and transmission networks (i.e. natural monopolies are more vulnerable to government intervention) as Argentina's country risk premium, macro volatility and regulatory risk will remain high in the short and medium term.**
- **Given that the current bottlenecks for the evacuation of shale oil and gas production from Vaca Muerta and renewable power lie (precisely) in gas transportation and power transmission capacity, we should not see a sustained increase in energy supply in the short and medium term until network capacity is expanded.** ☺



Marta Jara: The energy sector is capital intensive and highly regulated - that is why the industry needs stable, long-term frameworks. The world these days is anything but stable, and hence investment decisions are particularly difficult. Geopolitical tensions affecting - or just threatening- relevant trade flows (Russia, Red Sea, Esequibo), changes in the role of the State in energy enterprises (Lithium in Chile, YPF to be privatized in Argentina) and the pressure of a still volatile and inflationary economy, are strong disruptors for the business. Against this complex landscape, elections are a crossroads where policies naturally have the chance to pivot. It is unlikely that energy takes center stage in the political races coming up in 2024, but overarching positions do impact on the development of resources and infrastructure.

Some examples to illustrate the point:

- **Supply subsidies: vital for promoting green energies and often attractive for governments as economic boosters. But investors will assess case by case if any particular mechanism is robust enough to withstand political cycles.**
- **Demand subsidies: Difficult to withdraw once in place. How can these be sustained while at the same time, committing to energy transition? Are politicians willing to invest political capital to cut subsidies?**
- **Permitting: a major factor in project execution. Decisions to reorganize the State can have, perhaps unintended, significant impact on timing.**
- **International Alliances: aspects ranging from cybersecurity to financing are assessed through this lens.**

Bottom line, it is a time to use existing assets for arbitrage and to be bearish on the investment front, perhaps favoring the less capital intensive, less regulated niches in the industry. Good for solar, energy efficiency, some storage opportunities. ☺



Carla Lacerda: As many other colleagues have highlighted, 2024 will be a significant year, as 8 out of the 10 most populous countries will be voting, representing approximately one-half of the world's voting age population. Brazil is among the eight countries, along with United States, Mexico, India, Pakistan, Bangladesh, Indonesia, and Russia.

Brazil will not have Presidential or Gubernatorial elections in 2024, however approximately 5500 Municipalities will be defining their respective Mayors and City Councils. There are a few factors that could result from these elections, which could influence the country's future direction and possibly links to energy policy. First, analysts have observed historically that municipal elections are a signal to what comes next on national stage. The winning political parties then have more influence in defining future candidates for Governor and members of Legislative houses. Second, there are some new rules in place this year: 30% of campaign funds and media space must be allocated for female candidates (maximum of 70% for male candidates), and it is a crime to slander or commit political violence against women during the campaign process. These changes may increase the number of women Mayors and possibly composition of City Councils. The net effect would be an increased contribution of the under-served population in local decisions, who may be impacted by issues such as lack of access to affordable energy, plus adverse effects of climate change, deforestation, land use, etc.

As the country continues polarized between Lula and Bolsonaro positions, how their respective political parties and allies coordinate strategies in the municipal elections may be telling in the future direction, particularly in large capitals of economic engine states, some who benefit significantly from oil and gas royalties, and some who are highly influential in the overall energy and agricultural sectors. 🌐



Nelson Narciso: According to the Center for American Progress, over 2 billion people will vote to elect new leaders in almost 80 countries. The biggest and most impactful election will be the White House race, which could represent a new resilience test for the American democracy, and could also redefine the support for Ukraine, the US role in the Middle East and relations with China in the future.

The recent victory of Javier Milei in Argentina, the elections in Venezuela in the second half of the year and the possibility of a Donald Trump return as US President have already changed the dynamics of the political chessboard in South America and, above all, they represent a test to Brazil's regional leadership and, mainly, of President Lula's continental influence.

Despite the "ideological affinity" that Lula and his Workers' Party hold with Maduro, the Brazilian President strongly disapproved his Venezuelan counterpart's intentions to invade the disputed Essequibo region in Guyana, which would destabilize the region. The Brazilian diplomacy managed to halt the Venezuelan leader's impetus, who intends to make use of the territorial claim of a region in the neighboring country, rich in oil, to galvanize electoral support.

With regards to the elections in Venezuela, it is unlikely that Maduro will comply with the agreement signed with the American government, which would lift sanctions on Venezuelan oil in exchange for free and fair elections. Maduro should take advantage of Biden's intense domestic schedule in his last year in office to circumvent the negotiated terms.

In Argentina, Brazil's third largest trading partner, Javier Milei's victory practically buried Lula's plans to sign the European Union-Mercosur agreement and integrate natural gas production from the Vaca Muerta fields in Argentina into the Brazilian market through the extension of a gas pipeline that would be financed by BNDES, Brazil's public development bank.

The introduction of a figure like Milei in the international arena makes the 2024 electoral scenario even more concerning because, should Trump win, he could forge an ideological alliance with Milei that would be at odds with Brazil's foreign policy, therefore renewing the political strength of the extreme right in the country and, above all, it could potentially maintain Jair Bolsonaro in the frame. ^②



Francisco Salazar: The multitude of elections the world will face in 2024 could impact the energy sector both globally and at the country-specific level. On a global scale, elections will have an impact insofar as they influence supply and prices, particularly in the oil and derivatives markets. If the process and the results lead to relevant disruptions or changes in production policies this could have a worldwide effect.

At the local level, the impact on the energy sector will vary depending on the specificities of each election. Energy issues or proposals debated during the campaigns (or its absence), the electorate's response to these and the specific economic and political constraints will shape the policy decisions made by election winners in individual countries.

In Mexico, the outcome of the election holds specific implications. If Claudia Sheinbaum wins, it is likely that the state-centered energy policy will remain relatively unchanged, especially during the initial years when AMLO's influence remains significant. However, budget restrictions and the necessity to respond to demand growth in a nearshoring context alongside global pressures to reduce emissions will necessarily force a lift in restrictions to the participation of the private sector.

In the event of Xóchitl Gálvez's victory, a shift in energy policy is anticipated, returning to the spirit of the 2013-2014 energy reform. This includes a more prominent role for the private sector and a focus on clean energy transition. To her advantage, the basic legal framework of the reform remain intact, although the institutions to implement it will have to be reconstructed. 🌐



Chris Sladen: 2024 is the Year of Elections with 7 of the 10 largest populations voting. The concurrence of elections and political cycles creates a compound voting event never seen before. There are many hundreds of elections at different levels. It will be the world's largest ever turnout; over 50% of the world's eligible voters, more than 2 billion people across 60 countries, have opportunities to influence the world's approach to energy.

It is payback time for voters. The economic turmoil caused by the pandemic, lockdowns, various wars, sky-high oil & gas prices, recession, high inflation, unaffordable energy bills and cost of living crises, is bound to be reflected in polling. A year of geopolitical uncertainty for energy lies ahead. In many cases, the results have a longer impact - many of those elected will be in office to 2030 - the target date for many climate actions to be implemented.

Certain elections stand out:

- **The USA has >160m voters for elections in November. The rival parties will seek control over the world's largest oil producer (>20mm b/d), and largest natural gas producer (>100 bcf/d). Whoever wins is unlikely to make radical changes; the US will remain addicted to oil & gas, albeit with more EVs and renewable power expanding rapidly.**

- **India has >945m voters for elections in April & May. The world's most populous nation, >1.42bn people, is largely Hindu. It is the 5th largest economy and on track to be 3rd largest by 2030. India is heavily reliant on coal for power, and biomass for cooking. There is enormous pressure to reduce methane & CO2 emissions, limit particulates to improve air quality, introduce better waste management & clean up pollution.**

- **Indonesia has >205m voters for elections in February. It is the 3rd largest democracy with a young, largely Muslim population. Today, Indonesia is a significant oil importer but remains a key LNG supplier into Asia and Mexico. Large investments are needed for recent major gas discoveries offshore NW Sumatra and for renewables, notably vast geothermal potential.** 🌐



Roger Tisot: According to The Economist, more than half the world's population will go to the polls in 2024. However, many of those elections are not free or fair, and will be held in countries that do not meet the criteria of real democracies, defined instead as “authoritarian regimes” where elections are just an effort to show their own population and international community the level of control the leader has over the country. Without a transparent mechanism to test the approval and support of the electorate to the regime, autocrats live in a constant state of paranoia, worrying about how strong their support really is. These include countries such as Russia, Belarus and Venezuela.

There are also “flawed democracies;” these are countries where elections are not entirely free and “hybrids” countries which combine elements of authoritarianism and democracy. Among the “flawed democracies,” The Economist includes the United States, Brazil and India. The hybrid group includes countries such as Bangladesh, Mexico and Pakistan. Full democracies include most West European countries.

We can expect that in authoritarian regimes, the elections - and therefore the population's view on energy policies - will not matter, and whatever the country leader's position regarding energy transition in 2023 will continue to be the same in 2024. One could expect that full democracies - having reached a high level of consensus on key policies and the existence of independent congress and division of powers- are also equally unlikely to drastically change direction on key long-term policy directions such as energy transition even though some populist candidates questioning some of those policies could be elected.

As such, the uncertainty regarding the speed of the energy transition implementation will rest in the “hybrid” and “flawed democracies” countries. In hybrid democracies such as Mexico or Turkey, the support for the transition will rest primarily on transactional cost-benefit analysis of the regime rather than policy conviction of the need to reduce emissions. If the transition speed is perceived as hurting the economy - and thus the regime's political support - the transition will slow down, and to speed its implementation would require strong civil society engagement.

The flawed democracies include key players such as the United States, Brazil, and India. The presidency of Donald Trump showed the desire to drastically change long-established US policy directions and ignore, if necessary, international commitments. President Biden's administration brought the US back to “normality;” with the US aligning with its previous fundamental global agreements such as climate change, support for NATO, defense of “democracy;” etc. If former president Trump is elected in 2024, one can expect a severe decline in political support for the international architecture supporting the implementation of energy transition policies. The depth and impact will depend on how much control over both houses the Republicans would have.

Brazil and India are likely to maintain a lukewarm commitment to the energy transition and behave like “hybrid” regimes, adopting a pure transactional short-term perspective. It is unlikely that Brazil will renounce its hydrocarbon wealth or that India will be prepared to assume the additional cost of eliminating coal power generation. ☺



Jeremy M. Martin: Never bury the lede. The impact will be positive, particularly when viewed through a Western Hemisphere geographic lens.

Argentina was ahead of the 2024 political curve with its election in late 2023 and inauguration of Javier Milei in December. He enters 2024 having plunged deep into economic adjustments and reforms, including major efforts aimed at liberalizing prices in the energy sector and boosting production from Vaca Muerta, the country's internationally renowned oil and gas formation in Neuquen.

Ecuador may not be at the top of many lists, but it is important. Moreover, the potential to hopefully bring some certainty to policymaking after almost 2 years of interrupted mandates and filler terms should allow the country's oil and mining sectors to regain attention for investment and development.

Panama and the Dominican Republic will both be important. The two nations have set ambitious goals in terms of decarbonization and deployment of renewable energy to support reduced fossil use across their energy matrices.

Venezuela will be crucial as the goal of a free and unimpeded election casts a long shadow. Yet, the pathway has begun and corresponding sanctions relief to the benefit of the nation and globe's oil market are evident; oil exports rose over 10% in 2023 even though robust sanction relief did not occur until late in October.

But for my money, the key election in terms of the potential impact on the energy and climate outlook is in Mexico. Despite some notable natural gas and LNG projects, primarily led by state firm CFE, for the last six years the country has drastically underinvested in its tremendous natural resource potential from hydrocarbons to renewables to critical minerals. The impediment to fully unleashing nearshoring opportunities is evident. The new administration, to be elected in June, will be playing catchup, but that should be channeled into a positive. 🌐



ChatGPT: The impact of global elections on the energy sector hinges on the incoming governments' policies.

Here's a concise analysis:

- **Regulatory Changes:** New administrations may introduce reforms impacting environmental regulations, modify tax incentives for renewable energy, or adjust fossil fuel subsidies.
- **Energy Policy Shift:** Governments focusing on climate change could accelerate the transition to renewable energy, whereas administrations prioritizing economic growth or energy independence might bolster the fossil fuel industry.
- **Investment Dynamics:** Shifts in government could lead to changes in investment and funding for various energy sectors, including renewables, nuclear, or fossil fuels. This includes alterations in subsidies and public funding for energy projects.
- **International Agreements and Trade:** Changes in foreign policy under new governments could influence international energy trade and cooperation, impacting global energy markets and pricing.
- **Public Sector Involvement:** The extent of public sector involvement in the energy industry could vary, affecting market dynamics and competition.
- **Energy Security Focus:** Elections may bring renewed focus on energy security, leading to policies that prioritize domestic energy production and reduce import dependence.
- **Innovation and Technology Focus:** The pace of innovation and technology adoption in the energy sector can be influenced by government policies, funding, and support for research and development initiatives.

In summary, the global energy sector's direction post-elections is shaped by changes in government policies, investment priorities, international relations, and regulatory environments. 🌐



HOW LIKELY IS COP28 AND INTERNATIONAL CLIMATE AND ENERGY GOVERNANCE TO IMPACT DOMESTIC POLICY IN LATIN AMERICA AND THE CARIBBEAN?





How likely is COP28 and international climate and energy governance to impact domestic policy in Latin America and the Caribbean?



Roger Tissot: Since most of Latin America can be described as hybrid or flawed democracies, international energy governance will impact Latin America's commitment and implementation to its energy transition goals only if developed economies are willing to allocate significant resources to support their efforts, something that is unlikely to occur as global economic prospects in 2024 dim. ☹️



Chris Sladen: Every November, I get excited because the annual COP meeting is approaching. My hopes steadily rise in anticipation of binding agreements with clear and strong actions. By mid-December, my dreams are shattered. It was great that fossil fuels were finally a central part of the main debates, and there was strong support to triple renewable energy capacity by 2030, and to curb methane emissions. Even so, my interpretation of the COP28 wording is that it is so open and vague, that you will always find words and phrases that support your position. Sadly, COP debates can seem more about the nuances of English language, for example, 'phase down coal', 'phase out coal' and now 'an end to new unabated coal'.

By the time we reach COP29, we can expect there to have been many more extreme weather events; no doubt somewhere will be 'the hottest ever' or 'wettest ever'. However, it is not all doom and gloom because the cleaner technologies that we need, and the operational experience gained will have all advanced. Our ability to run more-and-more multiple renewable power and heat sources, and use fossil fuels as their back-up, or only for emergencies, grows every minute.

I hope that COP29 organizers can take a fresh approach. For anyone who has sat in an energy company meeting, we all know how difficult it is to agree on anything when there are 20 or more in the meeting room. At COP28, there were >85,000 attendees! Perhaps it is time to make the annual COP event only about sharing ideas, presenting study results, transferring experience, marketing technologies, discussing targets, building common understanding. The decisions could then be taken by a very small, representative group of stakeholders, perhaps 10-20 only, with the results binding. ☹️



Angela Solanilla: COP28 is recognized as an important forum for discussing climate and energy governance. As with similar events, its discussions and resolutions are likely to influence politics in the Global South and, more gradually, domestic policies in these countries. In the case of Latin America and the Caribbean, both general and specific impacts can be considered.

In general, all regions in LAC share a deep concern about the impacts of climate change and a strong interest in supporting adaptation solutions, such as the Loss and Damage Fund. However, the region also has strong aspirations for social development, which are often financed through revenues from the energy sector, particularly mineral and fossil fuel extraction. While at the same time their demand for energy increases as their GDP and population grow.

The region appears to be aligning its foreign policy with global interests, while tailoring domestic policies to address immediate problems and take advantage of current market opportunities. Climate governance serves as a guide and compass, translated into plans and commitments, but markets are driving current action. Cases such as Brazil, Argentina and Guyana show that if markets offer opportunities to generate revenues from conventional energy sources and thus to finance social development and political campaigns, their domestic policies will support the energy transition, but in a modest way. This is based on the logic of meeting domestic energy needs, waiting for more affordable technologies to enable a just transition, and exploiting potential energy supply opportunities.

On a positive note, COP28 included for the first time an ocean pavilion highlighting various aspects of the blue economy. This inclusion draws attention to issues that are highly relevant to countries in the region, but often overlooked in domestic policies. 🌐



Francisco Salazar: In Latin America and the Caribbean, the electricity generation matrix is predominantly green, relying on hydroelectric plants. Exceptions include Mexico, Argentina, Bolivia, and to some extent, Peru, which rely more on fossil fuels and gas. In this sense, to transition to a cleaner generation matrix varies by country.

In the specific case of Mexico, unfortunately there has been a setback in terms of a sustainable energy transition during AMLO's administration. Despite the fact of having legal yearly targets to increase the generation with clean energies and, moreover, competitive renewable resources that were being developed by the private sector, the government decided to boost CFE generation based on fossil fuels.

This policy has been subject of both internal and external criticism. The need for adaptation and mitigation measures is pressing, compelling Mexico to play a proactive role in addressing these issues. Because of this, during COP27 the government had to present a revised version of its NAMAs. Even if the Mexican government did not present anything new for COP28, it recognizes the need to align with Paris goals and emission reduction commitments. In this sense, even if Claudia Sheinbaum wins the election, the government will have to play catch up to realign with Paris goals.

Apart from the differences in sustainability across the region's power sectors, a common challenge is transitioning the transport sector rapidly to reduce emissions. Here there is an opportunity to do much more in terms of policy and regulation in all the countries. Of course, insofar as electromobility is part of the solution, the problem goes back to satisfying the implicit demand growth with clean power. 🌐



Nelson Narciso: After a turbulent period for environmental politics under the tenure of former president Bolsonaro, Brazil seeks to regain a leading position in the “climate diplomacy” under Lula’s leadership. Brazil had the largest delegation at the COP 28 Summit with 479 members. However, the country’s participation was overshadowed by the announcement of its membership as an observer to OPEC+, which was made on the first day of the Climate Conference.

Despite this, Brazil also announced at COP 28 its admission to the Global Renewables and Energy Efficiency Pledge and the Global Offshore Wind Alliance. The country representatives also established a bilateral agreement with the United Kingdom to develop a hydrogen hub, while BNDES and the World Bank agreed to develop financing mechanisms across the low-carbon hydrogen value chain.

While the country boasts an energy matrix that is mostly composed of clean and renewable sources, possesses one of the highest agricultural productivity rates and the largest tropical forest in the world, Brazil still is a major global oil producer. In addition to the prolific pre-salt area, the Brazilian government supports Petrobras’ efforts to start exploratory activities in the Equatorial Margin in the northern region of the country, whose geological potential may be contiguous to that of Guyana and Suriname.

In 2023, Brazil reduced deforestation in the Amazon by 22.3% when compared to 2022, according to the National Institute for Space Research (INPE), a government agency linked to the Ministry of Science, Technology and Innovations. The energy transition agenda is one of the priorities of the Brazilian government’s economic policy in 2024, amongst the regulation of the carbon credit market and the offshore wind farms, whose legislative bills were approved at the end of 2023.

The country main environmentalists claim that President Lula sends contradictory signals when he simultaneously supports the climate agenda and the opening of a new oil frontier. However, as a major producer of both renewable and fossil energy sources, Brazil must explore the full potential of its energy sources to offer competitive energy to the world. 🌍



Carla Lacerda: Much of the world has been analyzing impacts of global climate change agencies and COP meetings, to see if progress is being made and if there is commitment to concrete actions, with mixed results. The truth is international governance of this topic is hard to implement, as each country has different realities.

Brazil has a unique opportunity in the next two years to establish leadership in determining some direction, as it will preside the next G20 in Rio de Janeiro in 2024, and host COP30 in Belem in 2025. This year's G20 has Energy Transition and ESG Sustainable Development as one of the 3 main themes to be addressed during preparatory meetings and the Summit in November. In the days leading up to the COP28, several bills moved in Congress to address renewables including wind power, CCS, and carbon management, in an effort to demonstrate willingness to address climate change. Yet, Brazil sent mixed signals when adhering to OPEC+, as an observer without production quotas, indicating that its participation was a way to influence the dialogue, rather than be an outsider. Now, Brazil has the ability to use its "soft power" to influence its neighbors, along with its privileged resource position in oil and gas, green energy (hydropower, wind, solar, hydrogen) and mining, to build a stronger regional coalition to address energy transition in a balanced approach. There will be challenges with some neighboring countries such as Argentina with recently elected Milei, and potential lack of alignment with others. Yet, the moment is right for the Brazilian Government to work collaboratively with civil society and private sector to cease this opportunity to show the world of its energy and diplomatic capabilities. 🌱



Marta Jara: Is there enforceable international governance? Let alone a climate and energy governance, a rather new concept with no strong legacy institutions.

In terms of climate action, 2024 is possibly going to unfold following the post pandemic trend. The sheer spectacle of 85.000 attendees flying from all over the world to attend the conference in lavish Dubai under the Presidency of the top executive of an oil company cannot be ignored as a symbol of the prevalence of the status quo.

In fact, coal, oil and gas statistics show how derailed we are from the path to net zero. High fuel prices have driven incumbents to profit from record volumes in line with an agenda where energy security, not environmental preservation, is the determining factor. In the medium term, the vital need to secure energy supplies, might favor indigenous, in many cases renewable, resources and naturally deliver the three imperatives at once: security, affordability, sustainability.

In fact, there is now sufficient evidence that a renewable system with no or little thermal backup is technically possible. The increase in electric vehicles is also exponential and hydrogen is slowly moving from the drawing board into construction. Capital flows into fossil fuels are drying out, as the industry is returning cash to investors at what is arguably the end of a long life cycle. NOCs in Latin America [show disparate progress](#) in their energy transition journeys and follow a similar behavior as any other O&G company. Notably at COP28, Colombia's President Gustavo Petro has announced his support for a consensus to stop new exploration of oil and gas. But the use of fossil fuels is going to be limited by peak demand, not because of curtailed supplies. Europe, as a lead consumer, is starting to scrutinize the carbon intensity of supply chains and Latin America has the sun, wind and critical minerals needed to reap all the benefits of the inevitable energy transition. v



Andres Chamboleyron: The main result of COP28 was the adoption of a fossil fuel phase-out agreement that commits countries to transition away from fossil fuels to achieve net-zero emissions by 2050 and the commitment to triple renewable capacity by 2030.

These are very laudable goals although their enforcement will be hardly an easy task. Latin American and Caribbean countries are rich both in renewables resources (i.e. wind and solar) but also in non-renewable resources (i.e. oil and gas). The most obvious difference between them is that the former are carbon free and latter are not, but the second (and not less important) difference is that oil and gas are tradeable commodities that can be bought and sold in international markets thus contributing to export-led growth and to big trade account surpluses such as Brazil's during 2023. Argentina could (in the medium term) follow Brazil by increasing exports of Vaca Muerta's production of shale gas (or LNG) and oil along with its traditional agricultural commodity and manufacturing mix.

Unfortunately, so far renewables cannot be treated as tradeable commodities as power markets are not interconnected in Latin America (as they are in Europe). This is why it will be difficult for the region to expect a renewable-led growth strategy. Renewable output expansion will thus remain a rather domestic strategy in the region unless, for example, the international community adopts a rule that limits carbon footprint (e.g. through ISO 14067?) of exports and imports to make sure that the products were manufactured with a low level of carbon emissions.

Summing up, until an enforceable maximum carbon footprint rule can be applied to international trade and power grids can be interconnected, oil and gas will continue to be an attractive source of capital flow and export-led growth in the region. ☺



Leonardo Beltran: In Mexico, although the AMLO administration has been remised in terms of climate policy with the uncertainly that has created in the energy sector with the approval of a bill in Congress (challenged in courts since 2021), which included changing the rules of electricity dispatchment from an economic rationale to a political one; or eliminating the clean energy certificates (policy instruments mandating clean power consumption); or even limiting the granting or stalling the permit processes to name a few, this has set the country completely off-track from the Paris agreement commitments, yet there is a very positive development coming from COP28.

Mexico signed up to the global renewables and energy efficiency pledge which aims to triple renewable energy capacity by 2030, or at least 11,000 GW, and must double the global average annual rate of energy efficiency improvements from around 2% to over 4% every year until 2030. It is positive that Mexico highlights Plan Sonora, but this would have to be replicated for every state and given the financial capacity of CFE (national utility), it is only natural to allow for private participation to complement the government efforts. On energy efficiency, according to the mandate of the Energy Transition Act, and the most recent National Program for the Sustainable Use of Energy, Mexico's commitment is to have an annual improvement of 2.7% in energy consumption, therefore, it is necessary to redouble efforts across the board, but particularly in the transport sector, if we are to meet the promises. ☺



Trinidad Castro: At the World Energy Council, we constantly use the exercise of asking ourselves utopian/true questions to think about disruptive changes and possible leaps in the frontiers of possibilities offered by the different energy transitions that we live from the global context with local applications.

Occasionally, we ask ourselves the question about what would happen in terms of world order, geopolitical conflicts and ultimately in the rules of public order of the different nations and territories if we had energy available and accessible to all in a way free and abundant for all people. What would happen?

All the main historic wars, battles, mass migrations and other debacles caused by the actions of human beings in the world, have the energy system placed at the center of the conflict. That system that provides the essential element to mobilize people's lives through heat, fuels, energies that facilitate the progress of different nations, among the hundreds of uses in everyday life that have different energy sources for people.

If we think hypothetically about this question, we would find ourselves in a world with virtually no need for conflict. All people could eventually move, produce their needs and generate solutions for a better life.

And if we think that we are steps away, in terms of human history, from this fact, it sounds sometimes even frightening to think about how we human beings will organize ourselves in this new context.

But as history counts millions of years, perhaps this reality corresponds to a few hundred or thousands of years more.

Regardless, what is certain is that our Latin American region is an extensive and vast region blessed with natural resources and renewable energies... It is something like that world where energy is available and at very low cost for everyone...

We just need to tidy up the house and find innovative solutions for the gap in time and economic resources that are needed in terms of enabling technologies and, above all, in terms of the public policies necessary to carry out this leap in the frontier of opportunities in our region. 🌱



Cecilia Aguilon: Climate is a relatively small driver for domestic policy throughout the world. After 28 annual rounds of international talks and toothless commitments to carbon emission reductions, world economies continue to fall short of their decarbonization goals. Fossil fuel demand continues to increase even during growing frequency of natural disasters caused by climate change.

Latin American countries are naturally low carbon emitters thanks to vast renewable energy sources. Latin American and Caribbean countries will continue to promote renewable energy policies because the local production of clean electricity is a more affordable alternative. However, imports of fossil fuels for transportation will likely continue to rise unless there are meaningful investments in clean transportation and infrastructure.

Countries with the greatest opportunities to produce clean hydrogen such as Chile, Brazil, Colombia and Costa Rica will continue to attract investments in production and distribution. If Europe and the United States promote clean transportation through regulations and incentives, Latin American countries could find booming markets. The issue is timing and money. Exchanging combustion engines for fuel cells could take more than a decade for heavy duty transport and will require large sums of money that most countries do not have. Electric vehicle and renewable energy technology deployment will likely continue to grow as they become more affordable. If investments for clean fuels accelerate at both the demand and supply side, energy transition will speed up. If not, it will be business as usual. ☹️



Jeremy M. Martin: First, a word about the size of the COP28 meeting last year in Dubai and a proposal for future COP sessions. Estimates varied as to the number of attendees. Some sources indicated around 70,000 while others pointed to close to 100,000. A bit absurd given the purpose of the meeting. Restricting attendance should be an obvious move. A proposal: cap the attendance at all future COP meetings at Paris Agreement attendance levels. If the number of attendees in Paris were able to achieve that momentous advance, then it so it should be going forward.

This will be particularly important when COP30 convenes in Belem, Brazil in 2025. There may be no better location than in the Brazilian Amazon to demonstrate restraint by attendees. Indeed, organizers may not have a choice given the infrastructure constraints.

Whether COP28 will impact domestic policy in Latin America and the Caribbean demands a caveat: All progress achieved in the many years of COP meetings has been acclaimed as “bottom up” but also the commitments are essentially voluntary. The so-called name and shame had its moment. But the good news is that last year’s COP meeting reflects the transition to as close to regional consensus as could be expected. The need to boost resiliency. In general terms, leaders across the region understand the potential to be key players on both the supply and demand side of the transformation of the global energy sector and how to manage climate action better. Many countries have it as both an economic and development priority. But at the end of the day, the examples of Mexico and Brazil and the swinging pendulum effected by President Lopez Obrador and Bolsonaro respectively must be kept in mind. ☹️



ChatGPT: The impact of COP28 and international climate and energy governance on domestic policy in Latin America and the Caribbean is likely to be significant, considering several factors:

- **International Commitments:** COP28, as part of the United Nations Framework Convention on Climate Change (UNFCCC), involves setting international targets and commitments for reducing greenhouse gas emissions. Latin American and Caribbean countries participating in COP28 are expected to align their domestic policies with these international commitments.

- **Access to International Funding:** COP28 negotiations often include financial mechanisms to support climate action in developing countries. Latin American and Caribbean nations could receive funding, technology transfer, and capacity-building support, influencing their domestic policy decisions and investments in renewable energy and climate resilience.

- **Policy Benchmarking:** The outcomes and agreements of COP28 serve as a benchmark for national policies. Countries in the region may align their climate and energy policies with international best practices and standards discussed at COP28.

- **Regional Cooperation and Peer Pressure:** The event facilitates regional cooperation and creates a platform for countries to share experiences and strategies. There is also a degree of peer pressure, as countries may strive to match the commitments and progress of their neighbors.

- **Public Awareness and Civil Society Engagement:** The visibility of COP28 raises public awareness and can increase pressure from civil society and environmental groups on governments in Latin America and the Caribbean to adopt more ambitious climate and energy policies.

In summary, COP28 is likely to have a considerable influence on shaping domestic climate and energy policies in Latin America and the Caribbean through international commitments, access to resources, policy benchmarking, regional dynamics, and public engagement. ²



IS THERE A NEW WORLD ORDER EMERGING?





Is there a new world order emerging?



Cecilia Aguilon: The world seems to be moving quickly away from order and into a historical disarray. International wars, polarizing politics and natural disasters pose challenges for almost every economy on the planet. A new world order could emerge based on the cold war of the 1980's with Russia, China and Iran and their allies on one side and the United States and Europe with their allies on the other. Rather than (or in addition to) pointing missiles at each other, global powers will likely use trade and economic aid to recruit followers. However, unless the Chinese economic recovery gains speed, China's extravagant aid around the world may recede, which could realign many countries towards the west.

The United States seems to continue to exert economic dominance with the highest GDP growth as of today and lowest unemployment figures compared to the all the world's economies. Chinese economic downslide might continue as global companies relocate manufacturing plants from China to Mexico and other countries close to their markets. Should President Biden win re-election, the United States could promote investments throughout the western hemisphere to help curve migration from its southern borders and establish closer relationships with its allies. If a Republican candidate wins the White House, the United States might turn its focus on domestic policies and fossil fuel production. Regardless of who wins the presidential election in 2024, re-shoring and near-shoring programs will likely continue to divert investments from China to the Americas. Said investments might be the linchpin that will keep the western block together. 🌐



Leonardo Beltran: Yes, if we use the definition of the Encyclopedia Princetoniensis "preferred arrangement of power and authority that is associated with the realization of such values as peace, economic growth and equity, human rights, and environmental quality and sustainability".

Last December there was an agreement by 123 countries at COP28 that pledged to triple renewable installed capacity and double the rate of energy efficiency improvements by 2030. This will trickle down to each jurisdiction, although differently to adjust to the local circumstances, yet the key is that the preferred arrangement on environmental quality and sustainability at a global and therefore at a national level is the United Nations Framework Convention on Climate Change, despite of the slow pace of a United Nation's process.

The effect for the energy sector is clear, with the alignment of policies and regulation to honor the pledge, first movers onto renewables and energy efficiency technologies would solidify their advantage, while the rest will either start planning or advance business plans to mount the wave. Latin America has been spearheading the energy transition for decades now, including the firsts to launch long-term clean power auctions, the highest share of renewable capacity worldwide, and a 70% target of renewables by 2030, yet the threat comes from elections, given that political swings have stalled progress or even reversed it. However, there is growing popular consensus that the energy transition should not be subject to the newest political flavor, which will increase the political cost of changes in a long-term, capital-intensive sector. 🌐



Trinidad Castro: Clearly, in my earlier comments were reflections pertaining to the question of the new world order as we have been living these last few years, when we are not only lacking in leadership, but societies themselves are being transformed with the blink of an eye, and the loyalties that were once enduring are now ephemeral.

In the case of Chile, we were a truly emblematic case of radical change through 3 successive elections about the future of our foundations as a state and social order.

In a period of less than 4 years, our Constitution was questioned and the idea and proposal to change our Magna Carta was installed where through a democratic and transparent process more than 65% of the Chilean population decided that they wanted that change.

After a proposal delivered by those elected to elaborate such document, more than 50% of the population voted that they did NOT agree with this proposal and 8 months later after another process more than 60% voted in a third election that they preferred to stay with the current Constitution than to approve the second proposal elaborated by a team of experts elected by a democratic majority.

At first glance it could be said that these exercises were like children's tantrums that not only have a high cost in money for the fiscal coffers but are also an enormous drain and an immense distraction for the political agenda in countries where Chile was no exception. But looking at it in depth this partly reflects what was mentioned above. In Chile we have a saying that phrases "for the sake of a button" this is just a sample of this new way of demonstrating, this new demand from societies that also come to put pressure on the forms of social order and often end up leaving it worse than before.

Our challenge is to ensure that our nations, and in particular our region, are able to take the opportunity to be a key player in the energy transition we are living through. In this convulsive, conflictive, threatening and changing context, we can be a light that offers conditions and advantages that only exist in our lands.

This redesign of the energy sector, focusing it on the greater well-being of people and the planet, is a challenge that requires courageous leadership with the capacity to assume losses and with a long-term vision. ☺



Andres Chamboleyron: I think there is. We have finally come to the realization that we cannot continue releasing so much carbon to the atmosphere and therefore immediate action is required. As I pointed out in the previous question, I think the answer to this question is the development of an international enforceable rule to measure and control the carbon footprint of products (CFP) that are exported and imported worldwide. This can be done through, for example, the ISO 14067 guidelines whereby countries should start demanding from their trade partners that the products they buy from them comply with a maximum level of CFP. Alternatively, if the exporters of manufactured goods have a CFP higher than the allowed upper limit, they should be able to buy carbon certificates in the market to compensate for the difference. In other words, if manufacturer of product A did not invest enough in carbon emission reducing technologies to reach the maximum threshold of CFP, then it should buy carbon certificates for such an amount that would leave them indifferent between adopting the emissions reducing technologies to reach the maximum CFP or buying the carbon certificates. Of course, to adopt such a mechanism the market price for carbon certificates should reflect the opportunity cost of adopting the emission reducing technologies.

In sum, products that do not comply with a maximum CFP level or that do not show carbon certificates for the difference between the actual CFP level and the maximum allowed CFP level should be gradually phased out and eventually banned from the international trade market. 🌐



Marta Jara: Definitely, maybe! The concept of order entails a great deal. It evokes a visible hierarchy, processes that provide 'checks and balances', some degree of predictability. We are certainly definitely seeing a new geopolitical system, not really yet a new order in the former sense. There are clear shifts in the power map, erosion of the governance role of the Bretton Woods institutions, new rankings in the economic power of nations. As Ian Bremmer has brilliantly described in [one of the most watched TED talks of 2023](#), it is not just a shift in geographic terms as we tend to infer. The power is moving away from governments to technology companies. In many cases these are run not by boards but by individuals and are not subject to significant regulation.

Compare the impact on the war in Ukraine of sanctions on Russia imposed by the most powerful Western states controlling the financial system versus the deployment of Starlink infrastructure to support vital communications for Ukraine decided by Elon Musk. Many would say that Starlink has indeed been a force for good acting nimbly but the fact is that space is not regulated, there are no rules, there are no 'checks and balances'. What is more worrying is that there is a lack of awareness/competence to deal with a new set of risks: cybersecurity, algorithm influence, artificial content generation. Consequences can be dire, just think of the [cyberattack to the Colonial pipeline](#), to name a publicly known and in-depth assessed incident. Regulators historically operate on 'catch-up mode, but what is new is the speed needed for meaningful catch up. The new AI governance frameworks emerging in China, US and Europe are currently only broad guidelines that mostly show the scale of work ahead. 🌐



Tamara Handfas: The world is unquestionably shifting towards clean energy and transitioning away from fossil fuels (to use the language of the First Global Stocktake document agreed upon at COP28). However, the pace of this transition to a new era is still undetermined. To meet the Paris Agreement's 1.5°C target and avert severe consequences of climate change, acceleration is imperative. Although fossil fuel industry leaders continue to play a role, the conditions are less favorable than before. The overall demand for oil, coal, and natural gas is decreasing, compelling producers to adapt to a new reality where investing in mature clean energy technologies is economically advantageous.

According to the IEA, China is leading the clean energy race, contributing to approximately half of the additions in wind and solar power. Additionally, it accounted for well over half of global electric vehicle (EV) sales in 2022. Similarly, India, the largest coal consumer along with China, is entering the green energy sector and has committed to tripling non-fossil power generation. Due to its abundant sunshine and lower labor costs, India is considered one of the most cost-effective global locations for producing solar power, as noted by The Economist. Rounding out the top three global polluters, the United States is also endorsing renewable energy initiatives. In addition to the Inflation Reduction Act (IRA) approved in 2022, the US announced at COP28 initiatives on issues ranging from clean hydrogen and nuclear energy to zero-emissions transportation and building decarbonization.

A lot has undoubtedly been accomplished in reducing carbon emissions in recent years, but there is still much work to be done within this new world order, and there is no turning back. 🌍



Carla Lacerda: The emergence of the Global South is becoming increasingly more important as an interlocutor for economic power and policy definition. Given the material supply challenges in energy transition and climate change, the Global South, with selected African and Latin American countries rich in mineral resources for battery and other renewable technologies, have an important role in providing solutions. In addition, many countries in the group are also large food suppliers, such as grain and animal protein. Taking the case of Brazil, amongst other breadbaskets in the region, according to Rehagro, Brazil is the largest producer of coffee, sugar, and orange juice, second in chicken and meat products, and third in corn. Although there is a range of per capita incomes, the Global South also could represent a significant market for goods and services coming out of Global North. However, several countries in the Global South were severely impacted by the downturn of Covid-19 pandemic and are struggling to recover, amongst other structural problems from before the pandemic causing poverty and inequality. Many countries are also at risk of changing regimes and inconsistent policies. The outcome of Global South's influence will depend on how well the countries unite and collaborate, along with use of technologies and knowledge sharing, in an increasingly complex global economic and polarized political system. 🌍



Nelson Narciso: Even before the pandemic changed the world the dispute between the USA and China for global hegemonic power had already intensified since the election of Donald Trump. The rise of the Asian country's economic, technological, diplomatic and military power constitutes a serious challenge to the USA maintaining its hegemony and influence on global affairs in the coming decades.

The Eurasian autocratic regimes led by Vladimir Putin and Xi Jinping challenge the international order established in the aftermath of the Second World War and test NATO's resolve. Consequently, one can observe the institutional erosion of the normative tools used to regulate global governance and their inability to prevent the deterioration of geopolitical fractures.

Russia's invasion of Ukraine, the Chinese threat over Taiwan, the long-standing conflict in the Middle East, the escalation of tensions on the Korean peninsula and Venezuela's claim to the Essequibo region demonstrate that geographic borders are still the focus of nationalist, ideological, geostrategic and economic disputes.

Furthermore, there are also climate, energy and food crises, the rise of authoritarian populism, the weakening of democracies and the impacts of artificial intelligence. These are all very complex challenges and in order to adequately face them, the international community needs to reach a minimum consensus, which seems unfeasible in the current scenario. Therefore, it is possible to affirm that the world order is in an interregnum. 🌐



Francisco Salazar: The geopolitical landscape has been constantly changing during the last years. The world can no longer be understood as a bipolar or tripolar space. Also, unlike the post-Cold War era when the United States assumed a clear leadership role, the current international stage is characterized by a less active US, driven by internal conflicts and political polarization.

Under these circumstances, with a diversity of economic and political interests, countries now engage in simultaneous alliances with nations that may hold conflicting interests. At the same time, domestic political changes make these alliances unstable over time.

Mexico is a good example of this intricate landscape. Under the current left-wing government, it has cultivated economic and political alliances with the authoritarian regimes of countries like Cuba, Venezuela and Nicaragua. Simultaneously, it has maintained a constructive relationship with the US, exemplified by the approval of the United States-Mexico-Canada Agreement (USMCA) and cooperation on critical issues such as migration.

However, if Xóchitl Gálvez wins the election, this diplomatic landscape could experience significant shifts. A Gálvez-led administration may adopt a different stance, particularly regarding political support for authoritarian regimes in the region. Additionally, energy disputes currently unresolved with foreign investors might find resolution by returning to a strict application of the legal framework that remains in effect. Mexico's position on climate change may also shift, aligning more closely with international efforts for active participation.

Clearly, the ability to maintain alliances while responding to dynamic international developments is a significant strategic challenge. Mexico's future stance will be shaped by the outcomes of the upcoming election, ultimately influencing its role and position in the evolving global landscape. 🌐



Chris Sladen: In a word, yes. Global economic groupings are shifting, creating new trade dynamics with ideological and demographic partnerships which impact energy supply and demand.

The 5 new additions to the BRICS in 2024 are a good example of a new order of emerging market trade and economic cooperation. Those joining include energy giants Saudi Arabia, Iran, Egypt, and the UAE. Ethiopia is also joining. Argentina decided against after recent elections, leaving Brazil as the sole Western Hemisphere participant. The enlarged BRICS accounts for ~42% of world oil production, ~35% of natural gas production, and ~46% of the global population.

The Trans-Pacific trade agreement, now known as the CPTPP, is another recent form of new world order based on trade and economic cooperation with lower tariffs and reduced barriers to trade. It comprises 11 countries bordering the Pacific; in Latin America, the beneficiaries are Chile, Mexico & Peru. Recently, the UK, now no longer part of the EU trading block has joined the CPTPP, changing the geographic rationale. Notably the USA and EU are not part of the BRICS or CPTPP. ^②



Roger Tissot: There has been no shortage of ink used to forecast the end of the Western Liberal order, built from Bretton Woods after the end of WWII. What is certain is that the short period of “Pax Americana” - when the US was described as a “hyperpower” - is long gone. But it is not entirely certain that “globalization” and the architecture that helped build it is also on its way out. After all, despite all the boasting of imperial renewal from President Putin, Russia is just a modest mid-level economy entangled in an unwinnable war. Economic power rests in the ability to develop new ideas, master technologies, and bring products that consumers want to purchase.

China and, increasingly, India will continue to play a crucial role. But current economic woes are showing the limit of economic nationalism and the cost of moving away from that global pact that so successfully helped China industrialize in the first decade of the 21st Century: by becoming the supplier of low-cost manufactured products to the consumer-obsessed West. The US was able to buy without limit thanks to cheap access to credit, low inflation, and a massive purchase of US bonds by China. The weakest link in that “pact” was the high cost of commodities, many of which were supplied by the emerging economies of Africa and Latin America. Finally, despite all the talk of BRICs, it is unlikely that India will forge a strong alliance with China at the cost of improving commercial, military and political ties with the US.

Although we are unlikely to return to a globalized world led by Western Liberal democracies alone - with the US at the top - one should not dismiss the benefit of trade and globalization. We also should not ignore the high cost of autarky often supported by populist autocracies. In short, a new world is emerging, much more chaotic and diverse, but one where commercial interest will prevail, and hopefully, that would be enough to reduce international tensions. ^②



Jeremy M. Martin: The answer is yes. But more precisely, the new world order is one of disorder. Supply chains, anyone? It is a geopolitical stew chock full of volatility and uncertainty that has gripped the globe since the election of Donald Trump in the US in 2016, the Covid pandemic, Putin's power grab and invasion of the Ukraine, plus the return of a full-on shooting war in the Middle East involving Israel. Financial markets and central bankers have adjusted to a similar unpredictable and uncertain set of trends. Aggressive action on interest rates almost worldwide to counter inflation and recession fears has yielded to, yes, you guessed it, the new world disorder. Layer on top, over, across and throughout the massive changes wrought by technology, social media and Artificial Intelligence and the key players in the new world disorder are clear.

The global energy sector offers one of the most relevant segments to assess the new world global disorder. Indeed, this new paradigm is not all dark and stormy or the end of the world. Quite the contrary when it comes to the energy outlook. Despite two wars, production cuts from OPEC + the price of oil and - perhaps most importantly in the electoral cycle in the US - prices at the pump have fallen month after month. This is against the backdrop of other news in the US of record-setting oil production in 2023, surging US liquefied natural gas exports making the US the largest LNG exporter in the world. Globally, renewable energy capacity increased at the largest level ever according to the International Energy Agency. And despite having too many attendees, the annual COP meeting underscores the global consensus to advance climate action and energy transition.

New world disorder meets a promising global energy outlook. 🌍



ChatGPT: The concept of a "new world order" often refers to significant shifts in global political, economic, and power dynamics. Current global trends do suggest that we are witnessing notable changes, which some might interpret as the emergence of a new world order:

- **Multipolar World:** The traditional bipolar or unipolar power structures (dominated first by the US and USSR, and later by the US alone) are evolving into a more multipolar world. Emerging powers like China, India, and regional blocs like the European Union are increasingly influential.
- **Globalization and Interconnectivity:** Advancements in technology and communication have led to unprecedented levels of global interconnectivity. This has facilitated the rise of multinational corporations and non-state actors who wield significant influence on the world stage.
- **Economic Shifts:** The global economic landscape is shifting, with rapid growth in Asia, particularly China, challenging the economic dominance of Western powers. There's a move towards a more integrated global economy, but also a rise in protectionist sentiments in some regions.
- **Environmental Challenges:** The global environmental crisis, especially climate change, is reshaping international priorities and cooperation. This is leading to new alliances and potentially altering the geopolitical landscape.
- **Changing International Alliances:** Traditional alliances are being reevaluated and new ones are forming, often based on emerging economic or security interests rather than historical ties.

These trends indicate a transformation in how global power and influence are distributed and exercised, leading some analysts to describe this as the emergence of a new world order. 🌍



About the Institute



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