



## CLIMATE CHANGE AND THE CHALLENGES OF DEVELOPMENT SERIES

### The Climate Emergency in LAC: threats and opportunities for sustainable development

**Alicia Bárcena (Executive Secretary of the Economic Commission for Latin America and the Caribbean)**

**5 February 2021 | 5pm**

#### Summary

Alicia Bárcena was warmly welcomed by ODID Head of Department Diego Sanchez-Ancochea and Professor Laura Rival to deliver the second Lecture in our “Climate Change and the Challenges of Development” series. Trained as a biologist and after an extensive career in Mexico and the UN, Ms. Bárcena was appointed Executive Secretary of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) in 2008.

Ms. Bárcena highlighted the similarities between the health and environmental crises we are facing, which are the result of an unsustainable development model, and hence the need to respond to both challenges simultaneously. Protection from climate change and pandemics are global public goods which can only be provided through international cooperation, an active role of the state, and reliance on scientific principles. She presented ECLAC’s proposal for an economically, socially, and environmentally sustainable recovery from the pandemic, targeting 4 per cent yearly economic growth for the region and cash transfers to the poorest reaching 3 per cent of GDP by 2024, to achieve near total elimination of poverty by 2030. The recovery plan recommends a strong role for the state to promote a big environmental push towards job-creating and sustainable sectors, including renewable energies, digital technologies, and the bioeconomy. The transformation of the domestic economy should also include agricultural reforms that privilege low carbon emission methods, local knowledge, massive reforestation, and innovative solutions such as the planting of mangroves in the Caribbean to prevent flooding and conserve biodiversity. Ms. Bárcena emphasized the need for solidarity from the global North, such as through debt relief and debt swaps, the sharing of vaccines and key health and environmental technologies. The global carbon budget of the Paris Agreement also needs to be adapted to provide more space for late-industrialisers to grow. External financial support would need to be complemented with domestic fiscal reform to reduce inequalities and increase the state’s capacity for productive investments. The presentation was followed by a lively Q&A with the following highlights:

- **Building production and innovation capabilities for economic growth:** Ms. Bárcena praised the Argentinean and Mexican governments for reaching an agreement with AstraZeneca and

Oxford to share its vaccine with local firms: Liomont in Mexico and mAbxience in Argentina will produce vaccine doses for the region. The high level of IPR protection in trade agreements, however, impedes the transfer of health and environmental technologies. Although trade agreements allow countries to resort to compulsory licensing of technologies for the public good, the dependence on inputs from innovators, such as the US, and the lack of technological and productive capacity in the region render this option unlikely. Whether it is even less likely that core countries graciously share their technology with the Global South is an open question. An alternative channel for technology transfer could occur through supply chain nearshoring, as the US-China trade war provokes a wave of investment into the region. This would require industrial policies to promote integration of domestic firms in the supply chains of multinationals investing in the region; but may be limited by trade agreement regulations banning technology transfer requirements.

- **Reducing social and economic inequalities:** Professor Sánchez-Ancochea raised the challenge of creating a political will for ECLAC's ambitious agenda. As explained in his recent [book](#), the region's economic structure and high levels of inequality reinforce each other, as elites lobby against income redistribution and diversification away from commodity extraction. Ms. Bárcena pointed to the importance of demonstrating the policies' benefits to political leaders, such as the emergency basic income provided by governments, which mitigated the impact of covid on poverty and contributes to the economic recovery, as well as evidence of a shift in mindset globally as the new US presidential administration and international organisations such as the World Bank focus on multilateralism, sustainability, and tackling the causes of migration. The labour provisions in the USMCA are a potential boost for multilateral cooperation on this issue, as Mexico recently increased by 60 per cent its minimum wage and is transforming its labour relations system, which for the past century had contributed to wage repression. The risk, however, is that global cooperation on labour standards serve as an excuse for trade protectionism from the Global North.
- **Transitioning to an environmentally sustainable model:** Similarly to labour provisions, environmental provisions in trade agreements can promote countries' environmental transition. The USMCA places limits on Mexico's state support to oil company PEMEX, sets new standards for overfishing, and commits members to a list of multilateral environmental agreements. However, those standards, as well as the Paris Agreement, fall short of preventing climate change and environmental degradation. Ms. Bárcena argued for a return to the principle of common but differentiated responsibilities of nations, as Latin American countries are late-industrialisers and only represent 8.3 per cent of global emissions. Despite their modest impact, countries in the region will be some of the hardest hit by climate change, especially in Central American and the Caribbean where rising sea levels and seasonal changes create a survival threat. As highlighted by Professor Laura Rival, if countries in the Global North refuse to transfer environmental technologies, the solution may have to come internally from an entrepreneurial state, for instance by drawing from the rich biodiversity of the region.

This reflection was written by ODID DPhil student Ludovic Arnaud.