

Media Brief: Latin America & the Caribbean Oil and Gas Overview

October 2021, UN Climate Talks

The problem of oil and gas production

Leading international and scientific bodies have been clear that there needs to be a just and equitable managed decline of oil and gas production globally in order to achieve the goals of the Paris Agreement.

The latest [IPCC report](#) (August 2021), flagged as a “code red” for humanity found that the production of coal, oil and gas was the primary cause of the climate crisis – with fossil fuels responsible for 85% of CO₂ emissions in the past decade. The International [Energy Agency \(IEA\)](#) has stated there is no room for new oil and gas projects from 2022. However, the [United Nations Environment Program \(UNEP\)](#) pointed out that the plans of governments and the industry are headed in the opposite direction, with more than twice the amount of fossil fuels planned for production in 2030 than would be consistent with limiting warming to 1.5°C.

As COP26 approaches, this brief focuses specifically on oil and gas in Latin America and the Caribbean, and why COP26 is a crucial opportunity to address it. Additional brief is provided to explain the global situation on the [urgent need for action on oil and gas production at COP26](#).

Regional scenario

1. Despite the science highlighting the need for no new expansion of oil and gas, extreme types of oil and gas production are pushing frontiers throughout the region. From deepwater offshore (Brazil, Guyana and the Wider Caribbean) to fracking (Argentina, Colombia, México) and expansion in ecologically sensitive areas (Ecuador, Perú and Amazonic areas).
2. In other regions (Perú, Venezuela), old extraction areas are being abandoned due to economical and political reasons, creating social, environmental and economic liabilities.
3. Due to the economic crises provoked by the COVID-19 pandemic, the development of oil and gas production is being pushed as a source of economic development and means to energy access. Trends show that there is a wider scope for renewable energy to meet local needs and opportunities for economic diversification to avoid relying on fossil fossil income and remain in line with 1.5°C and IEA scenarios.
4. The trend of privatization is increasing in countries like Brazil, with companies such as Equinor and Shell acquiring higher stakes. In contrast, National Oil Companies (NOC's) are stepping in to boost extraction elsewhere, for example in Mexico.
5. There is a strong opposition to extraction in the region which is intensifying in the face of accelerating production and the climate crisis. As a result, the repression of local communities, who have been defending their territory and entire ecosystems for decades is also dramatically increasing. Last year, [three out of four environmental defenders' murders took place in the Americas](#), with seven out of the 10 highest countries (documented for killing) located in Latin America. In Brazil and Peru, nearly three quarters of recorded attacks took place in the Amazon region of each country.

Country's Highlights: understanding the frontlines

- **Argentina's** Vaca Muerta shale project is being kept alive through [subsidies](#), [tariffs](#) and lack of regulations. It is one of the biggest shale oil and gas areas in the world. Extraction in Vaca Muerta is responsible for [water conflicts](#), [waste management](#) problems and [seismic activity](#). On the other hand, controversy surrounding offshore exploration caused the Environmental Ministry to delay the decision to approve new exploration until full decarbonization plans [were set](#).
- **Brazil** has just had [its worst result in an oil and gas auction](#) since its opening in 1999, where the Government sold only five of the 92 areas for exploration and production. This included very sensitive areas in the Amazon (onshore), Amazon mouth (offshore) and areas close to marine reserves like Fernando de Noronha, Atol das Rocas and Abrolhos. The country is one of the [biggest projected growth spots](#) globally.
- Indigenous communities [have sued](#) the Government of **Ecuador** to halt expansion plans in their territories. This comes also as indigenous and supporting organizations [are calling](#) to protect [80% of the Amazonía by 2025](#).
- [National networks](#) are demanding that the fracking moratorium in **Colombia** becomes a permanent ban. In contrast, companies like Ecopetrol and ExxonMobil are moving forward with exploration pilots. The civil society opposition to fracking has involved concerns of serious human rights violations, like the reported [23 day disappearance](#) of an activist's family member.
- In **Guyana** ExxonMobil [has been sued](#) on human rights and environmental grounds over one of the biggest global projects, a "carbon bomb". Financial analysis of the project has proven little gains and mounting debt to the country.
- Private companies are pushing for exploration in the **Wider Caribbean** ([The Bahamas](#), [Dominican Republic](#)) while being challenged by civil society groups.
- In **Costa Rica**, a major campaign is calling for the existing moratorium on oil and gas exploration to be turned into a [permanent ban](#). It is expected that the [respective bill](#) will be discussed and voted by Parliament in the coming weeks.
- Although **Mexico's** President said he is committed to stopping fracking, [pro-fracking legislation remains](#) in place and the [public budget](#) is still being used for this purpose. In addition, the [National Development Plan 2019-2024](#) and the [Energy Sector Program 2020-2024](#) establish several policies to rescue and boost the hydrocarbon energy sector, including PEMEX).

COP26 Expectations

- **More governments need to follow Costa Rica's lead by joining the [Beyond Oil and Gas Alliance](#)** (BOGA) when it's Government and Denmark officially launch the Alliance at COP26. This crucial diplomatic initiative will be an alliance of jurisdictions that have ended licensing for new oil and gas exploration and production and are setting an end date for their production. It will also help governments to implement policies and encourage additional governments to enact similar policies.
- Further endorsement for international agreements, commitments and treaties to complement the Paris Agreement. A [Fossil Fuels Non-Proliferation Treaty](#) would create a framework for limiting production, based on a strategy of transparency and international cooperation led by

the countries most economically able to act and support the poorest nations, workers and communities dependent on fossil fuels.

- **Governments should announce unilateral action on oil and gas production.** In addition to Costa Rica and Denmark several other jurisdictions have adopted full or partial bans on new oil and gas production, including Belize, Spain, Portugal, Ireland, California, New Zealand and Greenland. All governments should integrate plans to wind down oil and gas production in two of the key national plans they are required to submit as part of the COP process: Nationally Determined Contributions (NDCs) and Long Term-Low Emission Development Strategies (LT-LEDS).
- Oilwatch Latin America ([EN](#) / [ES](#)) has highlighted and dismissed a range of false solutions to tackling oil and gas production, which the industry and governments are proposing. Instead, it calls for the real solution of leaving fossil fuels in the ground and the creation of Annex 0 at COP, the placeholder for nations and territories that acknowledge this principle.
- 28 Caribbean and supporting international organizations have launched [a declaration calling for a moratorium on fossil fuels](#) exploration and extraction in the region, while supporting a just economic and energy transition. The declaration proposes further control and cooperation in the region to boost common regulation and policies. There are worrying signs in the Caribbean as highlighted by the [recent special virtual hearing](#) on The Impact of Extractive Industries on Human Rights and Climate Change in the Caribbean, held by the International Human Rights Commission.

Key reference, facts and reports for reporters:

- [Implications of climate targets on oil production and fiscal revenues in Latin America and the Caribbean](#)
- [Stranded Assets in Latin America](#)
- [Production Gap Report reaction from the Treaty Initiative regarding Latin America](#)

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