



Panama plans to go greener

by Andrew Thompson

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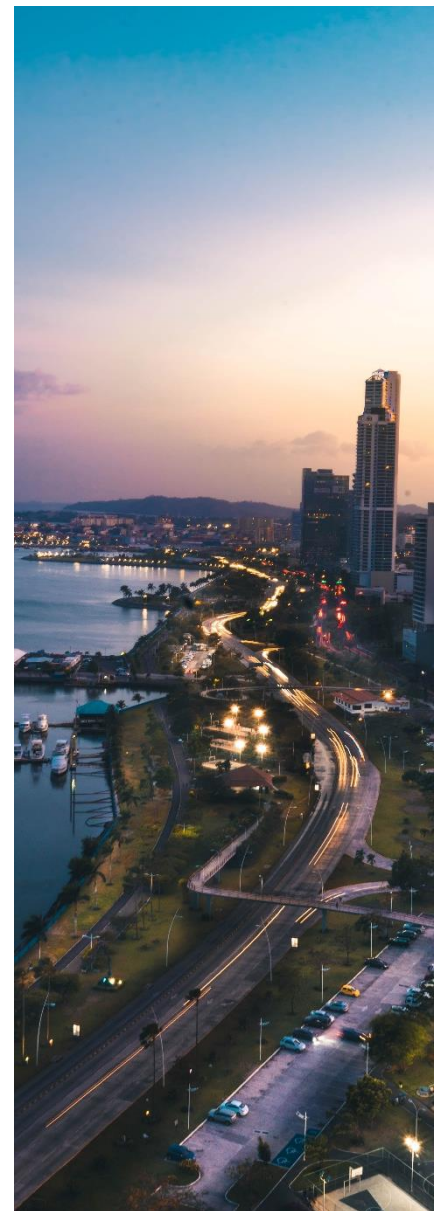
What happened?

Panama intends to sharply increase its reliance on hydro, solar, and wind power, energy secretary Jorge Rivera Staff told [Recharge](#), a website that covers the renewable energy industry.

The details

Many countries and large corporations say they are aiming to reduce their net carbon emissions to zero, or to near zero, sometime between 2030 and 2050. Panama claims it has already got there. Rivera told Recharge “Our forests absorb more carbon dioxide than total emissions from the full economy, but we don’t want to just stay there”. Under the Paris climate agreements Panama has already committed to reduce its CO2 emissions by 11.5% by 2030. The government has also announced a 2030 energy transition agenda (ETA) designed to go beyond. The ETA aims to reduce and ultimately end reliance on imported coal, diesel and fuel oil. In its place it plans to commission more hydropower, solar and wind generation, increased storage capacity, electrification of public transport and more energy-efficient buildings. A study by the UN Environment Programme (UNEP) suggests that these investments in Panama’s energy transition will end up paying for themselves by a factor of “two or three”.

Hydropower already provides around 71% of Panama’s electricity. Last year solar and wind provided an average of 6.5% and 3% each. Panama’s installed wind capacity is around 270MW while solar capacity is 300MW. The long-term plan is to push those numbers up dramatically. With winds averaging 5-7 metres per second at a height of 200 metres, and a 2,500km coastline, there is great potential for offshore wind. The country’s Pacific Ocean outer continental



shelf looks particularly promising. There is also interest in tidal and wave-powered energy. Government officials want to turn the Panama Canal and associated ports into a trading and transporting hub for the emerging green hydrogen market.

Rivera sees the transition to green energy as one way to respond to the negative impact of the COVID-19 pandemic, which last year saw the economy contract by a dramatic 17.9%. The government hopes that much of the funding will come from public-private partnerships. It is likely that investors participating in energy auctions will demand “level playing fields” relative to fossil fuels as well as other guarantees, but the net gain for Panama could still be significant.

What does it mean?

Despite resistance to change from the fossil fuel industry, recent developments show that wind and solar energy, apart from lowering CO2 emissions, can also be cost-competitive versus power generated from diesel, fuel oil, or natural gas. In Latin America the energy transition is likely to pick up pace in the next couple of years.

About the Author

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As well as being a Canning House Associate Fellow, Andrew is a former foreign correspondent (Buenos Aires, Mexico City, Rio de Janeiro) and a broadcaster for the BBC’s Latin American Service. Working through La Rambla Research Ltd., he writes about economics, political risk, and business in Latin America.



These stories are also available on Andrew’s blog site, [La Rambla Research](#).