



# Beyond leading by example: enhanced EU-LAC climate cooperation—the case of Brazil, Chile and Mexico

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## Abstract

This article analyses the impact of the European Green Deal (EGD) on the EU's claim to climate leadership, the extent to which this affects cooperation between the EU and Latin America and the Caribbean (LAC), and how the EDG could help enable the net-zero transition. The EGD restates the EU's quest for climate leadership which has heretofore been prominently ideational and exemplary (directional). However, the EGD's implementation is expected to have a significant impact on partner countries. Both conflict and cooperation could arise amid shifting geopolitical alliances and insufficient climate action. Building on the literature on the EU's climate and EGD diplomacy, expert analyses, closed-door working groups and elite interviews, this article contends there is scope for the EU to transcend directional climate leadership and deepen entrepreneurial (coalition-led) and structural leadership, both through coercion and assistance, and makes the case for expanding cooperation with Latin America. The main conclusions are: (1) for the EU to retain its climate leadership it needs an overarching green deal diplomacy strategy that helps LAC countries adapt to the European decarbonisation strategy; (2) Enhanced entrepreneurial (diplomatic) and structural leadership (through assistance) can result from strengthening climate governance in areas such as climate laws, scientific advisory boards, citizens participation and policy instruments including taxonomies and emission trading systems; (3) structural leadership through assistance could also be strengthened by ramping up climate finance (e.g. via a revised Global Gateway), furthering climate-proof trade agreements and supporting just transition initiatives.

**Keywords** European Green Deal · Climate leadership · Climate diplomacy · EU · Latin America and the Caribbean

## Abbreviations

AMLO	Andrés Manuel López Obrador
CBAM	Carbon Border Adjustment Mechanism
DfNS	Debt for Nature Swaps
EFSD+	European Fund for Sustainable Development Plus
EGD	European Green Deal
EIB	European Investment Bank
ESABCC	The European Scientific Advisory Board on Climate Change

ETS	Emissions Trading System
EU	European Union
EUDR	The Regulation on Deforestation Free Products
GHG	Greenhouse Gas
ICT	Information and Communication Technology
IRENA	International Renewable Energy Agency
LAC	Latin America and Caribbean
MFF	Multiannual Financial Framework
NCQG	New Collective Quantified Goal on Climate Finance
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
UNFCCC	United Nation Framework Convention on Climate Change

## 1 Introduction

The European Green Deal (EGD) was introduced in 2019 and represents the growth and competitiveness strategy to deliver a climate-neutral EU by 2050 that strives to decouple economic growth from natural resource use while leaving no one behind. To do this, the EU has adopted the largest and most ambitious legislative package seen to date. The EGD additionally restated the EU's global climate leadership intentions (EC, 2019). However, the EGD is expected to have a significant impact on partner countries both due to the EU's global ecological and carbon footprint and its green norm-setting intent. Two examples of regulation that will directly affect partner countries, potentially impacting the EU's claim to climate leadership, are the Carbon Border Adjustment Mechanism (CBAM) and the EU proposal to stop imported deforestation. The CBAM aims to help level the playing field for business globally and to effectively reduce greenhouse gas (GHG) emissions by putting a price on the carbon emitted during the production of selected carbon intensive goods that are entering the EU (Official Journal of the European Union, 2023a). The Regulation on Deforestation Free Products (EUDR) seeks to promote the consumption of deforestation-free products by requiring operators and traders to prove the products placed in the EU market do not contribute to deforestation or forest degradation (Official Journal of the European Union, 2023b). Without the US in the Paris Agreement, the EU could deliver on the EGD's call for climate leadership by strengthening cooperation with LAC, a region that has not been among the EU's EGD diplomatic priorities (Edwards, 2025). Cooperation can arguably be enhanced due to LAC's shared climate risks and citizen concern about the impacts of climate change (Ipsos, 2024) as well as historical ties across the two regions (Lara Miranda & Lázaro-Touza, 2023).

This article examines how the implementation of the EGD might influence the EU's claim to climate leadership and how EU-LAC collaboration regarding the EGD can help enhance the EU's climate leadership while facilitating the net-zero transition in Latin America. Section 2 discusses the typology of the EU's climate leadership and the challenges to the leadership agenda around the EGD. Section 3 analyses the LAC's priorities for green transition and impact of the EGD through the insights from Brazil, Chile and

Mexico, while Sect. 4 proposes an agenda for enhancing EU leadership through EU-LAC collaboration. Section 5 concludes.

## 2 EU climate leadership: the promise and challenges of the EDG

Much of the EU external narrative around climate change is based on its drive for global leadership. Climate leadership can be defined as a relationship of influence in which one actor guides the behaviour of others towards a goal of protecting the climate (Grimm et al., 2021), and has an explicit intent to attract followers (Tobin et al., 2023). Aiming to uphold the EU's historical directional leadership (Grimm et al., 2021; Celik, 2022) and *leadia-tor* role (Bäckstrand & Elgström, 2013), the European Commission's Communication on the EDG restated the goal to 'convince and support' others in their low carbon transition by increasing bilateral and multilateral cooperation and enhancing climate diplomacy (EC, 2019). However, the EU climate leadership agenda faces major strategic challenges around accusations of green colonialism,<sup>1</sup> protectionism and perpetuation of dependencies (Claar, 2022; Grimm et al., 2021) associated with the EDG and its accompanying policies. This section considers EU's climate leadership historically and prospectively by referring to the theoretical conceptualisations of the different types of leadership, including cognitive or ideational, exemplary or directional, entrepreneurial or diplomatic and structural (through coercion or assistance), building on the typology developed by Liefferink and Wurzel (2017) to understand the opportunities and challenges arising in the context of the EDG (see Table 1).

*Cognitive* or ideational leadership is exercised through the development or implementation of ideas that shape subsequent action by other actors, for example through the adoption of the EDG and its elements such as the European Climate Law. *Exemplary* (or directional) leadership consists of leading by example which entails implementing the EDG and its accompanying policies domestically to inspire others. The effectiveness of these types of leadership depend to a large extent on the attractiveness of the EDG model to others and on the success of its implementation (Grimm et al., 2021). EDG transition is conditional on access to resources and critical raw materials from abroad, which led to a critique of its external impact, arguing that EDG risks turning into green neo-colonialism (Almeida et al., 2023).

*Entrepreneurial (diplomatic)* leadership or leadership through coalition is exercised using diplomatic and alliance building skills. It builds on the EU's unique capabilities developed via internal governance involving constant deliberation between Member States' administrations, and on its historic tradition of *leading through coalitions* to shape global climate governance (Grimm et al., 2021; Oberthür & Dupont, 2021). The rise of a multi-polar world and a decline in multilateralism has shifted geopolitics from state-centric approach to alliance formation (Dahal, 2024), strengthening the case for a reinforcement of entrepreneurial or diplomatic leadership and leadership through coalition (Grimm et al., 2021). This is reflected in the Council's conclusions on Green Diplomacy (Council of the European Union, 2024). The Council reaffirms the EU's strong commitment to working with partners to accelerate the global just and inclusive green transition and emphasises the key role of EU green diplomacy in consolidating global commitments and promoting their

<sup>1</sup> According to Lang et al. (2024) the consensus reached by major powers (the US, the EU and China) on decarbonisation, and its demands on natural resources and critical minerals is marred by a new wave of dis-possession of the Global South that can be understood as green colonialism.

**Table 1** Conceptualisations of leadership and application to EGD

Type of leadership	Goals	Success criteria	Instruments
<i>Cognitive or ideational</i>	Spread ideas (e.g. of the EGD as a development model)	Awareness about and acceptance of EGD idea by partners	Domestic innovation, ideational inspiration, knowledge exchange
<i>Exemplary or directional</i>	Give direction, set anchor for common goals	Effective domestic implementation of EGD; partners acknowledge the EU's EGD and signal their intent to follow suit and increase ambition	Domestic innovation and implementation; knowledge exchange
<i>Entrepreneurial, diplomatic or through coalition</i>	Broker mutually beneficial agreements	Broad acceptance of agreements by partner countries; aligned positions in international negotiations	Coalitions and partnerships in existing international fora (e.g. UNFCCC) and establishment of new bodies (e.g. Fund for Responding to Loss and Damage); negotiate mutually beneficial agreements
<i>Structural: -through coercion</i>	Impose costs on lack of policies or non-compliance	Policy change in previously reluctant partner countries (e.g. introduction of domestic carbon pricing)	Regulation of market access, name-and-shame in international fora, sanctions. Imposing costs or trade restrictions on partner countries that do not have equivalent policies (e.g. CBAM, EUDR)
<i>-through assistance</i>	Assist in reaching common goals (e.g. green transition)	Increased ambition, policy change or improved implementation in partner countries	Knowledge sharing and capacity building; provision of finance investment and de-risking instruments

Source: Developed by authors applying Grimm et al. (2021) to the EGD

implementation. It reiterated the importance of Green Alliances, Partnerships, high-level dialogues and trade agreements (*ibid.*). However, observers are concerned about both the limited resources for climate intelligence gathering and climate diplomacy efforts (Tobin et al., 2023) and about a narrow geographical focus in the EGD's outreach strategy, predominantly centred around the immediate neighbourhood (EC, 2019). Furthermore the EGD has been criticised for narrowly focusing on specific sectors, lacking an overall diplomacy strategy (Koch & Keijzer, 2021; Teevan et al., 2021) and creating uncertainty for partners regarding both how to adapt to the EU's new rules and whether support would be available for adjusting to said rules. The approach in the Green Diplomacy conclusions has been criticised as lacking in vision on the issues such as demand reduction, energy systems resilience and strategic alliances with major consumer countries (E3G, 2024).

*Structural* leadership relies on material resources, such as market and regulatory power, and has been pursued mainly through leverage derived from the EU's attractive market, free trade agreements, development cooperation, external investment and weight in greenhouse gas emissions (Tobin et al., 2023). Under the EGD, the CBAM can be seen as one of the channels to strengthen structural leadership, which Grimm et al. (2021) refer to as leadership through *coercion*. This type of leadership can also include imposition of costs for non-compliance. However, this type of leadership under the EGD has attracted strong critique as justifying protectionism through CBAM and other measures (Almeida et al., 2023; Mehling et al., 2019), and creating the perception of a transactional and self-interest-driven EU that will transfer the cost of decarbonisation to less developed countries (Grimm et al., 2021; Celik, 2022).

Another avenue for structural leadership is direct influence on green transitions through EU's development and climate assistance (*ibid.*), which is also increasingly linked with diplomatic objectives (Olivíe & Santillán, 2023). While the EU's development cooperation has the eradication of poverty as its main goal, its instruments are also a preferred way for the EU to engage global partners on other norms and interests. Pre-accession or development assistance, the sharing of knowledge and the exchange of good practices are considered key instruments to employ domestic resources to incentivise partner countries' actions. For instance, the Global Gateway initiative announced in 2021 seeks to promote the EU's external action on connectivity and infrastructure by mobilising €300 billion<sup>2</sup> for investments, including funding for climate and energy (European Commission, 2021); potentially, a 'positive value proposition' for partners focusing on sustainability and regulation (Olivíe & Santillán, 2023). Geographically the EGD emphasises supporting the ecological transition in the EU's immediate neighbours, specifically the Western Balkans, the Southern Neighbourhood and the Eastern Partnership countries, with significantly less attention paid to the LAC region.

EGD embodies many elements of what Tobin et al. (2023) characterise as a transformational leadership since it aims to guide climate action until mid-century with cognitive, exemplary, entrepreneurial and structural leadership features that have enhanced the EU's international standing on climate action. However, the success of the EU's leadership ambition depends on the effectiveness of the various instruments of influence (Table 1), the ability of the EU to minimise the risks to its leadership claim discussed above and on the response by partner countries. The challenges around structural (in particular coercive) and exemplary (directional) leadership aspects of the EU's external climate and EGD strategy point to the need to strengthen entrepreneurial or diplomatic

<sup>2</sup> Note that billion = 10<sup>9</sup>.

leadership through coalition and leadership through assistance. Fulfilling the EU's goal of continued global leadership on climate change in the changing geopolitical landscape also calls for consideration of expanding its climate diplomacy focus beyond its immediate neighbourhood and larger emitters.

The EU and LAC jointly contribute to 13,4% of global GHG emissions (OECD, 2023). Some countries in LAC are considered biodiversity and climate hotspots and have been instrumental in advancing ambitious climate action in the past. Although there are stark differences across countries in these two regions, strong economic and social ties, the value both regions afford to international cooperation and shared concern about climate change (Ipsos, 2024; Poushter et al., 2022), bode well for mutual learning and cooperation. Recognising this need and potential for the expansion of the EU's diplomacy, the EU launched a New Agenda for Relations between the EU and LAC that provides an opportunity to enhance bi-regional cooperation (EC, 2023). This agenda purports both regions as 'natural partners' with strong economic and cultural ties, a shared support of multilateralism and a tight network of bi-regional agreements. One of the goals of the agenda is to 'jointly lead a fair green and digital transition', acknowledging that the LAC region is a renewable powerhouse with abundant natural resources for the low carbon transition. The new agenda recognises the need to develop a dialogue on addressing the impacts of the EGD, explore alliances with LAC countries interested in a future Critical Raw Materials Club, leverage investments in infrastructures, support capacity building and robust regulatory environments, *inter alia* through the (revamped) Global Gateway initiative (Olivie & Santillán, 2023; Jütten, 2023). The recognition of the EU-LAC partnership as strategic, and the GGIA, signal the potential for enhanced structural climate leadership of the EU and the opportunity to forge stronger ties with the LAC region.

### 3 LAC's green transition and the impact of the EGD: insights from Mexico, Brazil and Chile

#### 3.1 The LAC region and climate change

The LAC region is responsible for 6.67% of global GHG emissions (OECD, 2023) and is severely affected by climate change, including 13 of the 50 countries identified as the most affected globally. It also hosts half of the world's biodiversity. Extreme weather events and related economic and human impacts, loss of productivity, heightened water insecurity, coupled with poverty and inequality are the context in which climate action develops in Latin America (Cisneros et al., 2024). The region has a high potential for renewable energy deployment, with renewables already accounting for 33% of total energy supply in the region, compared to just 13% globally. The green transition can potentially add 10.5% more net jobs in LAC countries by 2030 (OECD, 2022).

The economic fabric of countries in Latin America is diverse. Argentina, Bolivia, Brazil, Colombia, Ecuador, Mexico, and Venezuela rely heavily on fossil fuels whereas countries in Central America are highly dependent on agricultural yields. Given these wide ranging interests, both a low carbon energy transition coupled with a just transition to cushion its impacts and actions to address deforestation (Solorio, 2024) are key in a region whose energy matrix is cleaner than that of the EU. Some of the institutional and governance challenges the LAC region faces when addressing climate change include: the limited institutional capacity, knowledge limitations when designing, implementing

and monitoring policies, and climate policy integration (mainstreaming). Latin America also exhibits distinctive positions in international fora, but overall it has responded to climate change in progressive ways. For example, Mexico, Chile, Colombia, Costa Rica, Guatemala, Honduras, Panama, Paraguay, and Peru have emerged as a negotiation bloc (Independent Association of Latin America and the Caribbean or AILAC) that promotes argues for climate ambitions that are linked to domestic measures, while Brazil as a member of the BASIC group advocates for the interests of emerging economies and for climate policy compromises (*ibid.*).

### 3.2 Case selection and methods

To understand domestic priorities relevant to the EDG and potential for cooperation between the EU and LAC through stronger EU climate leadership this article draws on the case studies of Brazil, Mexico and Chile. Brazil and Mexico are chosen as the largest GHG emitters in the region, and hence consequential in terms of the potential mitigation impacts of EU-LAC collaboration. Chile, while not being a major GHG emitter, is selected as a recognised climate leader having launched global climate initiatives (e.g. being active in the High Ambition Coalition alongside the EU and others; and co-founding the Global Coalition of the Ministries of Finance on Climate Change) and has notable followership.

This research combines the literature review with evidence from seven closed-door working group sessions with senior energy, climate, economics, and international relations experts based in Brazil, Chile, Europe and Mexico, conducted at Elcano Royal Institute and via Zoom between 2021 and 2024 under the Chatham House Rule<sup>3</sup> (see Table 2). The sessions had a LAC speaker, and four sessions included an input paper (Edwards, 2025; Prolo, 2022; Guzmán Luna, 2022; Gonzales, 2022), followed by moderated exchange among participants. The findings from the working groups were further validated through seven semi-structured elite interviews conducted in 2022 (three in Brazil, two in Chile and two in Mexico) and two interviews with civil society experts in Mexico in 2024, after the general elections. These interviewees included 3 academics and 6 civil society experts. The input papers, notes from the sessions and interviews informed a policy paper on EU-LAC climate cooperation (Averchenkova et al., 2023).

### 3.3 Decarbonising LAC: insights from Mexico, Brazil and Chile

There are several domestic priority areas for advancing a just and green transitions in the LAC region. There is a need for the transformation of the energy mixes away from fossil fuels and advancing electrification, especially in heavy industries and transportation (WG1-4, WG6), while increasing energy efficiency. This requires investments in low-carbon fuels, including green hydrogen and sustainable biofuels in hard-to-abate sectors (e.g., chemicals, steel, road transport, aviation and shipping) (OECD, 2022). The region requires industrial and development policies that create green jobs (e.g. through circular economy and blue economy initiatives), investment in new technologies, reskilling and upskilling workers affected by the transition (Lara Miranda & Lázaro-Touza, 2023; WG1-7). Deployment of fiscal policies (e.g., phasing-out of fossil fuel subsidies or implementing green taxes) while making them compatible with just green transitions and the use of financial

<sup>3</sup> Participants can use the information exchanged during the meeting but the identity and the affiliation of participants must not be disclosed.

**Table 2** Summary data of working group sessions

Abbreviation	Working group topic	Date	Number of participants	Institutions represented
WG1	Perception of the European Green Deal in Mexico	24/11/2021	20	Universities, think tanks, credit export agencies, commercial banks, consulting companies, energy companies, ODA agencies, law firms, insurance firms, EU institutions, development banks, construction companies, UN programmes, the International Renewable Energy Agency (IRENA), Ministries, Chambers of Commerce, investment banks, re-granters, ICT companies, Markets and Competition authorities, the OECD and Members Parliaments
WG2	Climate change action in Brazil: opportunities, actors and policy diffusion	4/10/2022	19	
WG3	The external dimension of Green Deals: EU-Mexico	14/07/2022	19	
WG4	The external dimension of Green Deals: EU-Chile	19/07/2022	18	
WG5	Strengthening EU-LAC collaboration on climate and energy: Chile and Colombia	17/10/2024	32	
WG6	Strengthening EU-LAC collaboration on climate: Brazil in the run-up to COP30	12/12/2024	22	
WG7	Climate action in Brazil: current trends and future prospects	19/12/2024	19	

Source: the authors



regulatory instruments such as sustainable finance taxonomies, green bonds and debt-for-nature swaps (DfNS) are key to enabling transitions. Finally, there is a need to strengthen governance mechanisms to increase the buy-in of green policies (OECD, 2022).

Agile and effective policy implementation are key common challenges for LAC and the EU. Reinforcing climate governance and engaging in climate policy integration while considering polycentric governance arrangements<sup>4</sup> to shield countries like Brazil and Mexico from federal backsliding in climate action (Dubash, 2021; Hochstetler, 2021) seem to be areas for mutual EU-LAC learning and policy diffusion. Given that 68% of citizens in the LAC region see climate change as a very serious threat to their country in the next 20 years (OECD, 2022), there is a basis for a new social contract that could build on existing just transition initiatives (such as those in countries like Colombia, Spain and France, among others) to enhance public acceptance of the transition. Governments could ensure participative and inclusive processes and platforms for negotiation and consensus building involving the key actors and sectors affected by the green agenda (*ibid.*).

Semi-structured interviews, working group sessions (WG1, 3) and the expert input paper by Guzmán Luna (2022) indicated that Mexico saw a slowdown in renewable deployment and climate policy since 2018, with Andrés Manuel López Obrador (AMLO) strongly supporting the fossil fuel sector (Solorio, 2021). Additionally, Mexico did not include a green component in its post-COVID recovery strategy with AMLO defunding climate action. While AMLO enacted a reforestation plan (*Sembrando Vida*—Sowing Life) that provided compensation for farmers who reforested their land, this plan resulted in some farmers actually cutting down forests to be able to claim compensation (WG3 and Guzmán Luna, 2022). Claudia Sheinbaum, an environmental engineer and IPCC author elected as the President in 2024, has advocated for public transport, renewable energy and has announced a National Water Plan. Two civil society representatives interviewed after the general election noted a more ambitious climate agenda under Sheinbaum's presidency.

Brazil and Chile were seen by experts and working group participants as supportive of global climate action efforts (Gonzales, 2022; Prolo, 2022; WG 2, 4, 6, 7). Brazil announced in 2022 it is 'back' on the international climate stage after Lula's re-election (Bellaguardia, 2022), albeit with limited power in Parliament and contradictory actions such as joining OPEC+ and announcing the expansion of fossil fuel projects while stating at COP27 that less fossil fuel dependent economies are needed. Forest preservation, the protection of indigenous rights, halting land grabbing and enhancing food security are key socioenvironmental priorities for Brazil (interviews; Averchenkova et al., 2023). Chile's historical climate leadership resulted in the 2022 Climate Law which includes a carbon neutrality goal, carbon budgets and sectoral mitigation and adaptation plans requirements. Additionally, Chile has a carbon tax and a 20% goal of renewable generation which, in tandem with infrastructure and interconnection buildout, have managed to reduce its generation costs by 30% (Gonzales, 2022). The extent to which Chile will meet its climate commitments is contingent on the combination of decarbonisation and renewable uptake goals, requiring substantial increases in both mitigation and adaptation finance, as well as legal certainty and stable market conditions to attract investors (WG4; Gonzales, 2022).

<sup>4</sup> Polycentric governance can be understood as the existence of multiple centers of power as opposed to a monistic one (Razo, 2010).

### 3.4 Impacts of the EGD

There are EGD-associated risks for LAC countries during the transition years. The EGD is expected to significantly impact partner countries due to the measures aimed at encouraging others to embrace climate neutrality and to the EU's extensive ecological and carbon footprint. Two key elements under the Fit for 55 package particularly relevant to the external dimension of the EGD for Latin America are the CBAM and the EUDR. The EU's energy source diversification pledge may have negative impacts on large LAC oil- and gas-producing countries (Tudela, 2020), with a risk of geopolitical tensions and instability (Escribano et al., 2023). Green colonialism and green protectionism perceptions were mentioned by Latin American participants in the project as a barrier for EU-LAC cooperation, especially by Mexican experts (WG1, 3).

The transitional phase of the CBAM, with reporting obligations only, from October 2023 to the end of 2025 (Official Journal of the European Union, 2023a) applies to cement, electricity, fertilisers, iron and steel, aluminium and hydrogen.<sup>5</sup> From 2026 the CBAM will be phased in gradually as free emission allowances within ETS are phased out. Brazil is expected to be the most affected country in the LAC region due to the overall value of imports (iron and steel), while Argentina, Chile, Mexico, Colombia, and Uruguay will be impacted based on *ad valorem* equivalent (as a percentage of the price) (UNCTAD, 2021). Yet the CBAM may improve the trade balance of Brazil's energy intensive industries due to their relatively low CO<sub>2</sub> contents when compared with other EU partners (Perdana et al., 2024).

EGD implementation leads to the growing demand for transition minerals such as copper, lithium and others where the EU faces harsh competition from China and the US. The EU-Latin American Partnership on Raw Materials, funded by the EU, aims to intensify cooperation along the value chains of minerals-based industries (Delivorias & Jütte, 2023). There is also a growing interest in green hydrogen in both regions, both for eventual EU imports and its integration along decarbonised industrial chains (Escribano et al., 2023).

After China, the EU is the world's second biggest consumer of products associated with deforestation or forest degradation. The EUDR aims to minimise its consumption and increase EU demand for and trade in legal and 'deforestation-free' commodities. The initiative envisions work in partnership with producer countries to address the root causes of deforestation and to promote sustainable forest management, which is particularly relevant for cooperation and trade with LAC countries as the main producers of those commodities. The strengthening of cooperation with the EU on the EGD represents a strategic geopolitical opportunity for the LAC region, helping offset its dependence on the United States and China (Hobbs et al., 2023), to advance its green transition and to minimise the risks of EGD for the LAC.

<sup>5</sup> See the full list in the annexes of REGULATION (EU) 2023/956 establishing the CBAM (European Council, 2022).

## 4 Enhancing EU leadership through cooperation with LAC under the EGD

The EU and LAC face challenges at the regional and country levels in relation to the low carbon transition and share many issues with potential for closer cross-regional and bilateral collaboration. Table 3 presents key priorities in the focus countries alongside future possible avenues for the EU to support LAC's transition, based on the analysis of the interviews, input papers and working group notes (WGs1-7); and the leadership type that each of them would entail.

Most of the actions where the interests of LAC countries and the EU intersect fall under structural leadership through assistance that is present in all priority thematic areas. This is followed by actions under entrepreneurial leadership through diplomacy and ideational leadership. Notably, there was only limited potential identified for exemplary or directional leadership and structural leadership via coercion, which mostly came up in the context of the need to minimise risks of green protectionism and colonialism. This empirically supports the earlier conclusion in Sect. 2 that EU's external climate and EGD strategy needs to prioritise entrepreneurial or diplomatic leadership through coalition and assistance, and highlights potential for applying it to strengthen EU-LAC collaboration.

Thematically policy agenda for strengthening collaboration can be structured around the following broad areas: (1) green diplomacy and the external dimension of the EGD; (2) strengthening climate governance, legislation and participation; (3) accelerating sectoral transitions in energy, forestry and finance. The cooperation in those three areas could arguably lead to greater entrepreneurial and structural leadership by the EU, while retaining its ideational leadership and managing risks of the coercive one.

### 4.1 Green diplomacy and the external dimension of the EGD. Enhancing entrepreneurial and structural leadership through assistance

The EGD quest for climate leadership provides an opportunity to focus on ways to enhance ambition, including via revision of Nationally Determined Contributions (NDCs) in 2025 ahead of COP30 in Brazil, mobilising international financial institutions and delivering on the NCQG. This requires incorporating the relevant aspects of the EGD into diplomacy, development cooperation, foreign policy, and knowledge partnerships, while considering the priorities and perspectives of partner countries (WG5; Edwards, 2025). For example, the EU could help partners adapt to the CBAM exercising leadership through assistance by using the information gathered in its pilot phase in allocating MFF funds to those countries that are more vulnerable to the CBAM, transforming energy systems and improving energy efficiency through Global Gateway projects. The EU has already announced many green alliances with partner countries. The EU's €79.5 billion external action budget for 2021–2027 under the Global Europe Instrument includes a 30% spending target for climate and associated biodiversity targets (Koch & Keijzer, 2021), offering an opportunity to advance its structural leadership. In the past the EU's green diplomacy has failed to make a significant link between climate policy and governance, democracy and human rights agenda despite the evidence that more open and inclusive governance based on strong local participation is necessary to ensure low carbon transitions (Youngs, 2021). The Council's

**Table 3** EU-LAC collaboration and EU climate leadership

LAC decarbonisation priorities	EU action/future actions	Leadership type
Adapt to EGD regulations (e.g. CBAM in Brazil and Mexico and EUDR in Brazil)	Based on paragraph 74 of the CBAM regulation, use the information from the transitional period to inform international climate finance allocation via the MFF to disburse finance to the most vulnerable countries	Structural, through assistance
Transformation of energy mixes and advancing on energy efficiency	Support investments in low carbon fuels, e.g. hydrogen, through Global Gateway	Structural, through assistance
Alignment of financial flows and climate goals: green fiscal reforms, eliminating fossil fuel subsidies and expanding the use of Debt for Nature Swaps (DfNS)	Share experiences on EU Sustainable Finance Action Plan and its taxonomy (e.g. Mexico, Sustainable Finance Package 2023)	Directional (through the taxonomy) and structural, through assistance to similar initiatives in the LAC region
	Mobilise international financial institutions, delivering on the NCQG	Diplomatic, entrepreneurial leadership through coalition & Structural through assistance
Promote industrial development policies, build capacity	Support DNS through the EIB	Structural, through assistance
	Share experiences (e.g. the Green Deal Industrial Plan, the Net Zero Industry Act, the Critical Raw Materials Act)	Ideational & Structural, through assistance
	Share experiences regarding the EU's Just Transition Mechanism, Just Transition and Social Climate Funds and Expand Just Energy Transition Plans to LAC via Global Gateway	Ideational & Structural, through assistance
	Establishment of a Critical Raw Materials Club (Findeisen, 2023)	Diplomatic, entrepreneurial (through coalition)
Strengthen governance mechanisms	Share experiences on Climate Laws, the ESABCC, the ETS, Citizen Assemblies	Ideational
	Support NDC development and ambition globally ahead of COP30	Diplomatic, entrepreneurial (through coalition) Structural (through assistance)

Source: the authors based on the primary research and desk review

March 2024 conclusions on green diplomacy states the intent to link these issues more closely providing a good basis for integrating them in the EU-LAC cooperation agenda.

#### **4.2 Strengthening climate governance, legislation, and public participation. Ideational and structural leadership through assistance**

A successful green transition requires setting clear objectives and making sure they are protected from political change through embedding them into national legislation (Averchenkova et al., 2021). Europe and Latin America have been at the forefront of legislating on climate change and governance innovation (Edwards, 2025). The EU and 20 Member States have integrated net-zero targets into national laws, some of which also contain innovative requirements for climate risk disclosure for companies and the alignment of national budgets with climate goals. There is also legal innovation happening in LAC, for example on provisions on public participation and indigenous knowledge in Peru. Both regions can learn from each other on adaptation. Much remains to be done to integrate the NDC objectives and net-zero targets into the domestic legal frameworks and to ensure their implementation and credible mechanisms for evaluation of progress and accountability. Ensuring that the goal of climate neutrality by 2050 set through the European Climate Law is internalised by the Member States into national legislation is important for the EU's *directional leadership prospects*. In LAC only Chile and Colombia have integrated net-zero commitments into national legislation (WG5).

Additionally, climate policy acceptance requires sustained political commitment and buy-in from citizens (Lipari et al., 2024). Climate change laws can help attain broader citizen acceptance through the debate of their objectives in the parliament and via public participation processes (Averchenkova et al., 2021). Both LAC and Europe face the challenge of sustaining and increasing political buy-in as regards the ambitious climate objectives and deep transformation of societies required to achieve them. The growing support for the far right-wing parties both in Europe and LAC makes social acceptance of climate change policies an increasingly important and challenging task (Dayrell, 2022). The growing use of citizens climate assemblies in Europe (Capstick et al., 2020) and participatory budgeting in LAC (Wampler et al., 2021), show their potential for improving the quality of policies and strengthening the social mandate for ambitious green transitions. A promising area for EU-LAC learning centres around improving public participation, building upon such experiences.

To ensure accountability and strengthen implementation there is the need for credible knowledge and independent expert assessment of both the climate objectives and the progress towards their implementation. Many countries are successfully developing mechanisms for independent expert advice, including the European Scientific Advisory Board on Climate Change (ESABCC) established under the European Climate Law. The existing bodies vary in their mandate, funding, capacities and impact on policy, while several EU and LAC countries are still lacking them. Greater cooperation on these issues would reinforce the EU's ideational leadership in the science-policy interface.

#### 4.3 Accelerating sectoral transitions in the energy, forestry and finance sectors: structural leadership through assistance and market access

The EU exercises structural leadership through assistance as a leading provider of funds for sustainable and inclusive development to LAC countries, allocating close to EUR 3.4 billion for bilateral and regional programmes under NDICI-Global Europe for 2021–2027. The LAC region is also covered by the European Fund for Sustainable Development Plus (EFSD+); the EUROCLIMA and EUROCLIMA+ have supported 18 LAC countries for over 10 years. The EU and several LAC countries are founding members of the Global Alliance on Circular Economy and Resource Efficiency. The Global Gateway initiative and Just Energy Transition Partnerships within it, plus Country Platforms developed in the future, could be adapted to and implemented in the LAC region. Structural leadership is also promoted in bilateral trade agreements, e.g., with Colombia and Peru and the association agreement with Central America that aim at enabling trade and foreign investment in green technologies. The trade agreements signed with Chile (2023) and Mercosur (2024) include a Trade and Sustainable Development chapter, the latter making an explicit reference to respecting the Paris Agreement. To maximise the impact on its leadership claim, the EU will need to sustain these initiatives over long-term and align them with priority areas for EU-LAC cooperation on EGD discussed earlier.

The EU's recent external energy strategy highlights multiple partnerships to tackle the energy crisis and shows the importance of international cooperation, yet there is little reference to Latin America. This could be a missed opportunity (WG5). Cooperation could be strengthened following positive examples, such as EU-Chile technological and economic cooperation on green hydrogen (*Ibid.*). The Team Europe Initiative in Chile supports enabling environment, business and R&D cooperation, and access to finance, while the Global Gateway Renewable Hydrogen Fund targets local supply chains and just transition. Sectorial associations have also developed cooperation schemes, like the MoU between Hydrogen Europe and H2Chile on hydrogen deployment and developing trade opportunities (Gonzales, 2022). The potential to enhance hydrogen cooperation lies more in industrial and technical collaboration and in the decarbonisation of value chains to avoid the CBAM than in exporting green hydrogen from the LAC region into the EU (Escribano et al., 2023; IEA, 2021).

## 5 Conclusions

The EU's response to the climate challenge is materialising via the EGD, which has wide-ranging external action implications due to both the EU's climate footprint and the EGD measures themselves which can reshape the EU's ongoing quest for climate leadership. Relying on the different theoretical conceptualisations of leadership, the article concludes that maintaining EU's historical claim to climate leadership requires moving beyond ideational and directional leadership by reinforcing the entrepreneurial (coalition building) and structural leadership. This implies compensating coercion mechanisms like the CBAM and the EUDR with assistance measures like a revamped Global Gateway, while expanding's collaboration beyond the neighbourhood and specifically with LAC. Without compensation, EGD structural leadership through coercion risks raising allegations of green colonialism and green protectionism.

The results from the literature review, expert analyses, working groups and elite interviews on Brazil, Chile and Mexico point to three cooperation levers with the LAC region that could enhance the EU's entrepreneurial and structural leadership. First, an overarching green deal diplomacy strategy to help inform LAC countries about the impact of the EGD, ways to cope with those impacts and available EU support. Second, strengthening governance through learning and diffusion of climate laws, policies and institutions including scientific advisory bodies and public participation mechanisms such as citizens assemblies. Third, accelerating the energy transition, halting deforestation and promoting sustainable trade and finance initiatives.

These results reaffirm the importance of international climate and development cooperation and support to developing and emerging economies for strengthening climate leadership and ambition. With the increasingly challenging international climate finance landscape due to the US withdrawal from the Paris agreement, the reduction in ODA spending announced by the UK in early 2025 and growing number of international crises, the EU has an opportunity to further strengthen its structural leadership through support by maintaining and increasing its commitment to supporting partner countries. The article also suggests climate or EGD leadership is not an one-directional outward facing concept. Instead, it should be considered in the context of the impact on, priorities and response by partners to different types of leadership initiatives and recognise the importance of mutual learning and scope for shaping the initiatives both by those who consider to lead and those they want to influence or expect to follow.

The analysis also faces some limitations in deriving more general regional implications due to the relatively reduced number of case studies and diversity in interviewees. Avenues for future empirical research includes expanding the analysis to understand the priorities for EGD cooperation for other LAC countries and stakeholders to develop a more comprehensive EU-LAC agenda. Furthermore, the changing geopolitical context calls for closer examination of the potential for LAC countries to take stronger claim to international climate leadership and the strategies for the EU to support that. It would also be important to evaluate the relative effectiveness of different leadership strategies around the EGD, and to examine to what extent the perception around the EU's climate leadership internationally impacts support for ambitious action domestically.

**Data availability** The data that support the findings of this study are available from the authors upon reasonable request.

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