

Brazil's Role in the Energy Transition: Shifting U.S. Policy Opens Up a Strategic Opportunity

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The recent change in U.S. policy shifts that country's energy planning strategies toward fossil fuels and away from renewable targets. The new executive orders are designed to facilitate oil, gas and pipeline projects, while limiting competition and discouraging investment in low-carbon technologies such as wind turbines and electric vehicles.

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The world's largest economy has also withdrawn from the Paris Agreement—the climate accord designed to combat global warming—and halted new wind energy projects. These moves point to an increased reliance on fossil fuels and greater carbonization of the American economy. They also reset the dynamics of the country's policy for the coming years and could have a significant impact on the global energy scenario.

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This abrupt shift in government and regulatory direction in the United States, combined with the cost of global financing, could affect investments, especially in the short term. While these changes create challenges for the flow of foreign capital and investments in the renewable energy sector in Brazil, they also create opportunities for the country to assume a leadership role in low-carbon technologies, given its strong record in the clean energy sector.

The U.S.'s retreat from energy transition commitments could generate a redistribution of opportunities in the carbon market and redirect the global flow of investments in renewable energy, creating opportunities for countries with cleaner energy matrices, such as Brazil. It also creates a leadership vacuum in global climate leadership. As investment funds and energy companies start looking for new opportunities, emerging markets are likely to attract attention.

The stage is set for Brazil to take a leading role in the global energy transition. In November, it will host COP30, the year's most significant climate diplomacy event, in the city of Belém. COP30 offers Brazil a platform to lead sustainability discussions and advance regulatory frameworks for renewable energy, while also promoting bioeconomy-driven economic models. And Brazil has established auditable rules and governance mechanisms, providing greater security for foreign investors.

The country's progressive legislation – the Energy Transition Acceleration Program (Paten), the legal frameworks for green hydrogen, offshore wind farms and biofuels, and the creation of a regulated carbon market – places it at the center of global energy policies and investments. These advances demonstrate Brazil's commitment to leading the energy transition and attracting investment in renewable energies.

Nevertheless, challenges remain: Brazil must address structural issues to improve its economic and international performance. While energy efficiency is crucial, it is geopolitics that, in large part, shape strategic priorities, and Brazil will need to align itself with global transformations to ensure stable governance and competitiveness in a volatile global scenario.

The new configuration of American politics could boost Brazil as a protagonist in the energy transition. The U.S.'s push to reindustrialize opens up opportunities for countries like Brazil to focus on advancing the energy transition and combating climate change. This is the moment for Brazil to act strategically and position itself to attract new investments, especially in sustainability and technological innovation.

However, some bottlenecks must be addressed, such as the lack of infrastructure, the need for inclusive public policies, and the consolidation of a solid regulatory environment. The key to success will be Brazil's ability to become more resilient to fluctuations in the global energy market, and make the most of its privileged position as a supplier of renewable energy and a leader in sustainable solutions.

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