



# LIBRARY LINK

## LATIN AMERICA & CARIBBEAN

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## SOVEREIGN RATING REPORTS

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### Latin America & Caribbean Region

- Fitch: "[Latin America and the Caribbean's Vulnerabilities to a US Recession](#)" (Nov 2)
- Fitch: "[LatAm Banks Cybercrime Risks, Challenges Impede Digitalization Spend](#)" (Nov 1)
- Fitch: "[Fitch Rtgs: LatAm Banks Positioned to Weather Deteriorating Economic Backdrop](#)" (Oct 28)
- Fitch: "[Sovereigns Dashboard: Global Slowdown Hinders Caribbean's 2023 Macro Outlook](#)" (Sept 29)
- Moody's: "Nonfinancial Companies – Latin America & Caribbean: 2023 Outlook – Negative amid persistent inflation, social strain and global risks" (Nov 21)
- S&P: "Economic Outlook Latin America Q1 2023: A Shift To Lower Growth" (Nov 28)
- S&P: "Latin America Green, Social, Sustainability, And Sustainability-Linked Bonds 2022" (Nov 9)
- S&P: "Economic Outlook Latin America Q4 2022: A Period Of Below-Trend Growth Ahead" (Sept 26)

### Caribbean I-III

- Moody's: "Government of The Bahamas – B1 stable: Annual credit analysis" (Oct 27)
- S&P: "Research Update: The Commonwealth of The Bahamas 'B+' Ratings Affirmed; Outlook Stable" (Nov 22)
- Moody's: "Government of Barbados - Caa1 stable: Annual credit analysis" (Nov 7)
- S&P: "Barbados Full Analysis 23-Nov-22"

- Moody's: "Government of Belize – Caa2 stable: Update following rating upgrade to Caa2, outlook unchanged" (Nov 17)
- S&P: "Jamaica Full Analysis" (Oct 5)
- Moody's: "Government of St. Vincent and the Grenadines – B3 stable: Regular update" (Sept 15)
- Moody's: "Government of Trinidad & Tobago – Ba2 stable: Update following change to forecasts and fiscal strength score" (Sept 15)

## Central America

- Moody's: "Government of Costa Rica: Sovereign expected to meet January 2023 global bond maturity, but funding yet to be completed" (Nov 15)
- Fitch: "[Fitch Downgrades El Salvador to 'CC'; Removes from UCO](#)" (Sept 15)
- Moody's: "Government of El Salvador: Debt buyback amounts to a distressed exchange, second buyback planned" (Sept 29)
- S&P: "Research Update: El Salvador 'CCC+' Ratings Affirmed After Debt Repurchase Offer; Outlook Remains Negative" (Sept 16)

## Latin Caribbean

- Fitch: "[Fitch Ratings: Dominican Republic's External Resilience Evident, but Challenges Ahead](#)" (Oct 12)
- Moody's: "Government of Dominican Republic – Ba3 Stable: Regular update" (Nov 4)
- Moody's: "Government of Nicaragua – B3 stable: Regular update" (Sept 30)
- S&P: "Research Update: Nicaragua Long-Term Ratings Raised To 'B' On Economic And Fiscal Recovery; Outlook Is Stable" (Oct 25)
- Fitch: "[Panama Rating Report](#)" (Oct 31)
- Moody's: "Government of Panama - Baa2 negative: Annual credit analysis" (Nov 1)

## North America

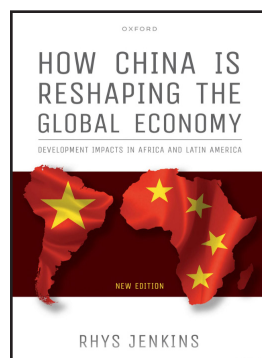
- Moody's: "Government of Canada - Aaa stable: Annual credit analysis" (Nov 16)
- S&P: "Canada Full Analysis" (Oct 26)
- Fitch: "[Fitch Affirms Mexico at 'BBB-'; Outlook Stable](#)" (Nov 18)
- Fitch: "[Fitch Rtgs: US Governance, Policy Risks in Focus as Divided Government Looms](#)" (Nov 8)

## Southern I-III

- Fitch: "[Argentina Rating Report](#)" (Nov 10)
- Moody's: "Government of Argentina - Ca stable: Annual credit analysis" (Oct 19)
- S&P: "Research Update: Argentina 'CCC+' Foreign Currency Rating Affirmed, Local Currency Rating Lowered To 'CCC-'; Outlook Negative" (Nov 16)
- Fitch: "[Fitch Ratings: Brazilian Micro, Fiscal Policy Definitions Are Key Under Lula](#)" (Oct 31)
- Moody's: "Government of Brazil: Lula transition team's proposed exemptions to 2023 budget spending ceiling are credit negative" (Nov 17)
- Fitch: "[Bolivia Rating Report](#)" (Oct 11)
- Moody's: "Government of Bolivia – B2 negative: Annual credit analysis" (Nov 1)
- Fitch: "[Fitch Ratings: Colombia Tax Reform Does Not Affect Fiscal Forecasts](#)" (Nov 16)
- Moody's: "Government of Colombia – Baa2 stable: Regular update" (Oct 13)
- S&P: "Bulletin: Ecuador's Bilateral Debt Restructuring Brings Short-Term Liquidity Relief Amid Uncertain Market Access" (Sept 20)
- Moody's: "Government of Chile: Chile's 2023 budget proposal reflects commitment to fiscal consolidation, a credit positive" (Oct 11)
- S&P: "Research Update: Chile 'A/A-1' Foreign Currency Ratings Affirmed; Outlook Remains Stable" (Oct 21)

- Fitch: [“Fitch Affirms Paraguay at ‘BB+’; Outlook Stable”](#) (Nov 22)
- Fitch: [“Peru Rating Report”](#) (Oct 28)
- S&P: [“Research Update: Peru ‘BBB/A-2’ Foreign Currency Ratings Affirmed; Outlook Remains Stable”](#) (Oct 25)
- Fitch: [“Fitch Rates Uruguay’s USD 2034 Sustainability-Linked Bond ‘BBB-’”](#) (Oct 24)

## BOOKS



### **How China is Reshaping the Global Economy: Development Impacts in Africa and Latin America**

**Rhys Jenkins**

The growth of China and its re-emergence as a major economic power has been a key feature of globalization in the twenty-first century. China has become an increasingly significant actor in the global economy and this is likely to continue in the foreseeable future. The implications of this for Sub-Saharan Africa (SSA) and Latin America and the Caribbean (LAC) have been a source of major debate. This book examines the arguments, drawing on a growing body of research on China’s economic involvement in SSA and LAC.



### **Globalisation and Energy Transition in Latin America and the Caribbean: Economic Growth and Policy Implications**

**Matheus Koengkan and José Alberto Fuinhas**

Explores the potential for renewable energy development and the adoption of sustainable production processes in Latin America and the Caribbean. By examining the energy transition process, the impact of environmental degradation, and the relationship between renewable energy sources and economic growth, the effects of increased globalisation and liberalisation in this part of the world are analysed. Particular attention is given to renewable energy investment, the energy-economics growth nexus, the impact of trade openness, and the mitigation of carbon emissions.



### **Deep Trade Agreements: Anchoring Global Value Chains in Latin America and the Caribbean**

**Nadia Rocha and Michele Ruta**

Globally, greater integration in international trade and global value chains (GVCs) has been linked to increased GDP per capita and productivity. Latin American and Caribbean (LAC) countries have displayed limited trade openness and weak integration into GVCs. Their trade is roughly one-third of GDP on average, compared with one-half in countries in Europe and Central Asia, as well as East Asia and the Pacific. Although the gaps between potential and actual GVC integration are the result of economic fundamentals, policy choices matter as well. The region has untapped potential in trade and GVCs to grow in the wake of COVID-19 (coronavirus).

### **Central Bank Independence and Inflation in Latin America—Through the Lens of History**

**(Working Paper No. 2022/186, International Monetary Fund)**

We study the link between central bank independence and inflation by providing narrative and empirical evidence based on Latin America's experience over the past 100 years. We present a novel historical dataset of central bank independence for 17 Latin American countries and recount the rocky journey traveled by Latin America to achieve central bank independence and price stability. The empirical evidence confirms the strong negative association between central bank independence and inflation and finds that improvements in independence result in a steady decline in inflation. It also shows that high levels of central bank independence are associated with reductions in the likelihood of high inflation episodes, especially when accompanied by reductions in central bank financing to the central government.

### **The Propensity to Remit: Macro and Micro Factors Driving Remittances to Central America and the Caribbean** (Working Paper No. 2022/203, International Monetary Fund)

In contrast to expectations, remittances to Central America and the Caribbean (CAC) surprised positively during 2020 and 2021. This study revisits the key macro indicators driving remittances, looks at the heterogeneous impacts of the global financial crisis (GFC) and COVID shocks, then uses micro data from the U.S. Current Population Census to examine individual features of immigrant households and how this might affect the "propensity to remit". The paper finds that remittance flows are responsive to both sending and receiving country economic conditions and that labor market conditions are particularly important determinants of remittance flows, explaining the unexpected jump in remittance flows in 2020-2021 and providing stronger predictive power when combined with income variables. Analysis of the micro data reinforces these findings, reflecting the existence of a family resource sharing model at play.

### **Estimating the effect of urban road congestion on air quality in Latin America** (IDB Working Paper Series 1398, Inter-American Development Bank)

Road congestion and air pollution are key challenges for quality of life in urban settings. This research leverages highly disaggregated crowdsourced data from Latin America to study the effect of road congestion on levels of carbon monoxide, nitrogen dioxide, and particulate matter in four of the most congested cities in developing countries: Bogota, Buenos Aires, Mexico City, and Santiago. This study provides evidence that supports public policies designed to make urban mobility more sustainable by implementing measures to reduce road congestion in developing contexts.

### **Global and Regional Value Chains in Latin America in Times of Pandemic** (IDB Working Paper Series 1317, Inter-American Development Bank)

Global value chains (GVCs) provide countries with opportunities to diversify trade, and boost productivity and growth by specializing in one stage of the production process. However, for the most part, Latin America and the Caribbean participation in GVCs remains low (18 percent) compared to Asia (28 percent) and Europe (34 percent). This paper analyzes the performance of individual firms, drawing on the study of rich micro data, to understand their different capacity of trade creation and destruction over the crisis. Results suggest five firm characteristics play a key role in explaining export performance during the pandemic: i) firm size, ii) diversification of export markets, iii) importer status of the firm, iv) distance from foreign suppliers, and v) performance of the firms suppliers and customers. The results are then used to outline policies fostering firms participation in global value chains.

### **Options to achieve net-zero emissions from agriculture and land use changes in Latin America and the Caribbean (IDB Working Paper Series 1377, Inter-American Development Bank)**

Eleven countries in Latin America and the Caribbean have committed to achieving net-zero emissions by 2050. Changes in the food system are critical to achieving these carbon neutrality goals, as agriculture and the resulting land use changes are responsible for almost half of the greenhouse gas emissions in the region. Our results confirm that livestock play a major role, emitting around 60% of greenhouse gas emissions from agriculture and land use changes. Achieving a net-negative emissions food system, capable of balancing emissions from the rest of the economy, will require ambitious and ongoing improvements in yields and changes in diets to moderate the growing demand for beef, continuously decrease the proportion of dedicated land to agriculture and instead increase those dedicated to carbon sequestration and the preservation of biodiversity.

### **Latin America's Growth : Looking through the Demand Glass (Policy Research Working Papers 10227, World Bank)**

This paper revisits the historical roots of Latin America's disappointing growth using a novel macro and trade-based growth decomposition and a simple model of industrialization in a commodities-exporting country with a large informal sector. The approach suggests the need to better qualify two opposite narratives: that the post-1982 ("neoliberal") reforms have failed, and it is time to look back to the import substitution industrialization era for policy inspiration; and that the post-1982 reforms went in the right direction but must be completed to unleash significant productivity gains. Both can be misleading because they downplay the role of demand. By allowing demand to play a more central role, the paper finds a close and revealing relationship between the growth patterns followed by Latin American countries, the quality of their macro-economic policies, the nature of their trade, and the segmentation of their labor markets.

## **ARTICLES**

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### **Natural Disasters, Climate Change, and Sovereign Risk (*Journal of International Economics* 139, November 2022, 103672)**

I investigate how natural disasters can exacerbate fiscal vulnerabilities and trigger sovereign defaults. I extend a standard sovereign default model to include disaster risk and calibrate it to a sample of seven Caribbean countries that are frequently hit by hurricanes. I find that hurricane risk reduces governments' ability to issue debt and depresses welfare. Climate change will further restrict governments' access to financial markets and weigh on welfare. "Disaster clauses", especially those allowing governments to write off debt, improve governments' borrowing terms and mitigate the impact of climate change on governments' access to financial markets and households' welfare.

### **Real Business Cycles in Emerging Countries: Are Asian Business Cycles Different from Latin American Business Cycles? (*Journal of International Money and Finance* 129, December 2022, 102726)**

Most previous studies on business cycles in emerging markets have focused on elucidating the differences between advanced and emerging countries. However, the present study investigates the differences in two groups of emerging countries, namely, those in Asia and Latin America. This study first documents that Asian economies are characterized by a higher trade balance share volatility, higher autocorrelations in key macro-economic variables, higher contributions of trend productivity shocks to fluctuations in key macroeconomic variables, and lower consumption volatility, than Latin American economies. By estimating dynamic stochastic general equilibrium (DSGE) models buffeted with various structural shocks and frictions and performing a counterfactual analysis, this study further suggests the key sources of the differences.

**The New Forms of Economic Dominance in Latin American Economies in the Globalised Era: A Glance at Mexico's Financial System** (*Review of Political Economy*, Published online: 11 Oct 2022)

In this paper, we discuss whether economic backwardness in Latin American countries is due to financial limitations (currency weakness and reduced liquidity) or a result of productive structural imbalances. To answer this question, we briefly review the main concepts in Latin American Dependency theories. We then examine the main features of globalisation and internationalisation in the late 20th century, and the Post-Keynesian explanation of economic subordination. We conclude that Mexico's subordinate position is due to historic productive structure dependence and foreign capital intervention that, in the period of globalisation and internationalisation, added financial instability to economic backwardness, thus impeding the financial and productive systems from fully developing.

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