



# LIBRARY LINK

## LATIN AMERICA & CARIBBEAN

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## SOVEREIGN RATING REPORTS

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### Latin America & Caribbean Region

- Fitch: "[Latin America Monitor Central America](#)" (Jan 27)
- Fitch: "[Latin America Monitor Southern Cone](#)" (Jan 27)
- Fitch: "[2023 Latin America Sovereign Outlook: Resilience Amid Rising External Challenges](#)" (Dec 16)
- Fitch: "[Latin America Sovereign Outlook 2023](#)" (Dec 6)
- Moody's: "Sovereigns – Latin America & Caribbean: 2023 outlook is negative as slower growth and higher borrowing costs lead to challenging policy tradeoffs" (Jan 11)

### Caribbean I-III

- Moody's: "Government of Bahamas: Government fiscal plans are optimistic on growth and revenue collection, but policy targets will be challenging" (Feb 9)
- S&P: "Research Update: Curacao Sovereign Ratings Affirmed At 'BBB-/A-3'; Outlook Remains Stable" (Feb 22)
- Moody's: "Government of Suriname – Caa3 stable: Update following rating affirmation and change in outlook to stable" (Feb 21)
- Moody's: "Government of Trinidad & Tobago: Trinidad and Tobago wins US license to develop Venezuela offshore gas field, a credit positive | Issuer Comment" (Jan 28)

## Central America

- Moody's: "Government of Costa Rica: Low liquidity buffers and debt affordability constrain sovereign credit profile despite payment of 2023 global bond" (Feb 7)
- S&P: "Research Update: Costa Rica Long-Term Ratings Raised To 'B+' On Solid Fiscal Results; Outlook Stable" (Feb 23)
- Fitch: "[El Salvador Rating Report](#)" (Feb 21)
- Moody's: "Government of El Salvador – Caa3 stable: Update following affirmation of rating, change of outlook to stable" (Feb 7)
- Fitch: "[Fitch Upgrades Guatemala to 'BB'; Outlook Stable](#)" (Feb 16)

## Latin Caribbean

- Fitch: "[Fitch Rates Dominican Republic's 2033 Global Peso-Linked Bond and 2031 USD Bond 'BB-'](#)" (Feb 1)
- S&P: "Dominican Republic's Bonds Equivalent To US\$1.8 Billion Rated 'BB'" (Feb 1)
- Moody's: "Government of Paraguay – Ba1 positive: Regular update" (Feb 18)

## North America

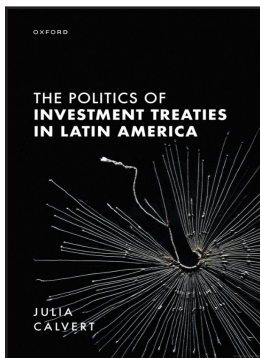
- Fitch: "[Fitch Rtgs: Canada Rate Hikes on Pause, Bigger US Downturn Would Test Resilience](#)" (Jan 31)
- Fitch: "[Fitch Ratings: Mexico Fiscal Data in Line with Forecasts; Pemex Still Weighs on Public Finances](#)" (Feb 13)
- Moody's: "Government of Mexico: Continued federal government support for PEMEX underscores challenge of spending rigidities" (Feb 3)
- Moody's: "Government of United States: US debt limit negotiation will likely be protracted, but debt-service obligations will be met" (Jan 20)
- S&P: "Bulletin: Credit FAQ: U.S. Sovereign Debt Hits The Ceiling Again" (Jan 20)

## Southern I-III

- Fitch: "[Fitch Rtgs: Argentina Avoids Default Event, but Faces Mounting Vulnerability](#)" (Feb 1)
- Moody's: "Government of Argentina: External market debt buyback amounts to a distressed exchange" (Jan 25)
- S&P: "Research Update: Argentina Ratings Affirmed On Bond Buyback; Outlook Remains Negative" (Jan 20)
- Moody's: "Government of Brazil: Brazil's political polarization is credit negative" (Jan 17)
- Fitch: "[What Investors Want to Know: Chile](#)" (Jan 19)
- S&P: "Research Update: Colombia 'BB+/B' Foreign Currency Ratings Affirmed; Outlook Remains Stable" (Jan 20)
- Fitch: "[Fitch Rtgs: Ecuador Referendum Compounds Challenges to Lasso Reform Agenda](#)" (Feb 7)
- Moody's: "Government of Ecuador: Results from national referendum and local elections underscore medium-term credit challenges" (Feb 11)
- Fitch: "[Fitch Rtgs: Peru's Crisis Weakens Growth Prospects, Could Test Fiscal Resilience](#)" (Feb 16)
- Moody's: "Government of Peru - Baa1 negative: Update following rating affirmation, change of outlook to negative" (Feb 2)

## BOOKS

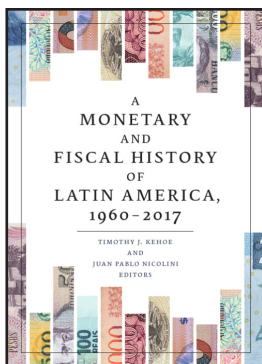
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### [The Politics of Investment Treaties in Latin America](#)

**Julia Calvert**

International investment law is at a crossroads. Civil society groups, prominent think tanks, and international organizations are calling for widespread reform. At the centre of controversy are international investment agreements (IIAs) and investor-state dispute settlement (ISDS). This book provides a timely examination of infringement and reform in Latin America, where governments felt the sting of investor claims sooner and with greater frequency than in other regions.



### [A Monetary and Fiscal History of Latin America, 1960-2017](#)

**Timothy J. Kehoe and Juan Pablo Nicolini**

A major, new, and comprehensive look at six decades of macroeconomic policies across the region. What went wrong with the economic development of Latin America over the past half-century? Along with periods of poor economic performance, the region's countries have been plagued by a wide variety of economic crises. This major new work brings together dozens of leading economists to explore the economic performance of the ten largest countries in South America and of Mexico.

## WORKING PAPERS

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### [The Unintended Environmental Effect of a Climate Change Adaptation Strategy: Evidence from the Colombian Coffee Sector](#) (CAF - Working Paper #2023/01, Development Bank of Latin America)

Climate change is a major threat to agricultural productivity in developing countries. In this paper, we explore the unintended environmental effects of an adaptation policy that conditioned credit programs for the renewal of coffee crops on the use of pest-resistant varieties. We use the case of the Colombian coffee sector, which was severely affected by extreme rainfall events and pest proliferation from 2010–2011. In response, the National Federation of Coffee Growers (NFCG) changed its policy to protect farmers from future weather shocks by conditioning renewal credits to the use of pest-resistant seeds.

### [Greenflation: The Cost of the Green Transition in Small Open Economies](#) (CAF - Working Paper #2022/26, Development Bank of Latin America)

We propose a new model of a small open economy with efficient energy use to investigate the inflationary dynamics along the green transition. The model incorporates the production of green energy that substitutes exogenous brown energy sources in energy production. Production is characterized by low substitutability between resource and traditional inputs that firms can alter through directed input-saving technical change. We study transitional dynamics induced by exogenous increases of brown energy prices and/or changes in the brown energy taxation; green subsidies and green public investment.

### **Cash Transfers in the Context of Carbon Pricing Reforms in Latin America and the Caribbean (IDB Working Paper Series No. IDB-WP-01404)**

One reason carbon prices are difficult to implement is that they might imply high additional costs on poor and vulnerable households. In response, studies often highlight that recycling revenues through cash transfers can render carbon pricing reforms progressive. This neglects that existing cash transfer programs target households from low-income groups often imperfectly and that impacts of a carbon price are heterogeneous within income groups. In this study we analyze the role of existing cash transfer schemes to alleviate distributional effects of carbon pricing in 16 Latin American and Caribbean countries.

### **Crypto Assets and CBDCs in Latin America and the Caribbean: Opportunities and Risks (Working Paper No. 2023/037, International Monetary Fund)**

After providing a general overview of the nature, pros, and cons of crypto assets and CBDCs, this paper focuses on documenting their recent experience in LAC. The region records a high interest in unbacked crypto assets and stablecoins and its authorities' policy responses have varied substantially, ranging from the introduction of Bitcoin as legal tender in El Salvador to their prohibition in many other countries worried about their impact on financial stability, currency/asset substitution, tax evasion, corruption, and money laundering. This paper also describes briefly the results of a survey on CBDCs' introduction plans and crypto assets regulation.

### **How to Mitigate the Impact of Economic Downturns on Labor Markets: Evidence from Nicaragua (Working Paper No. 2023/023, International Monetary Fund)**

This paper studies the drivers of the labor market performance in Nicaragua with a particular focus on informality, to identify vulnerable groups during economic downturns; and estimates the speed of adjustment of employment to shocks. The paper compares this experience with the ones in other CAPDR countries (Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Panama). Our findings are that while the high countercyclical informality in Nicaragua has been the active margin of adjustment during economic downturns mitigating unemployment, the trade-off has been a lower speed of adjustment to shocks hampering the country's ability to revert to its potential.

### **Free Trade Zones and Illicit Gold Flows in Latin America and the Caribbean (OECD Business and Finance Policy Papers, No. 22, OECD)**

Free trade zones (FTZs) are vulnerable to illicit trade; despite many governments and zone operators taking steps to mitigate these vulnerabilities, they remain especially acute in trading operations of specific goods. One of these is gold. High-risk gold originating in Latin America and the Caribbean is often laundered within the region before advancing to destination markets. This report examines the risks and vulnerabilities linked to financial crimes in gold trade through FTZs, focusing in particular on Colombia, Panama and the Dominican Republic.

### **Economic Survey of Latin America and the Caribbean 2022: Trends and Challenges of Investing for a Sustainable and Inclusive Recovery (United Nations)**

The 2022 edition of the Economic Survey of Latin America and the Caribbean consists of three parts. Part I outlines the region's economic performance in 2021 and analyses trends in the early months of 2022, as well as the outlook for growth for the year. Part II of this edition presents some of the main challenges the region faces in investing for sustainable and inclusive economic growth. Part III contains the notes relating to the economic performance of the countries of Latin America and the Caribbean in 2021 and the first half of 2022, together with their respective statistical annexes.

## **Climate Change Regulations: Bank Lending and Real Effects (Policy Research Working Papers 10270, World Bank)**

This paper analyzes how capital requirements from environmental risk exposure affect bank lending to the corporate sector, and how these effects transmit to real economic activity and greenhouse gas emissions. It exploits the introduction of a policy in Brazil that required banks to incorporate environmental risks into their capital assessments. Using comprehensive credit data, the paper finds that the policy induces large banks to reallocate their lending away from exposed sectors.

## **ARTICLES**

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### **Corruption and FDI in Natural Resources: The Role of Economic Downturn and Crises (*Economic Modelling* 119, February 2023: 106122)**

This study adds to largely non-existent literature on corruption and foreign direct investment (FDI) in natural resources by examining the association between the two using a panel of 20 Latin American and Caribbean countries from 1995 to 2020. We find that higher levels of corruption are associated with lower levels of FDI in natural resources, supporting the “grabbing hand” or “sand-the-wheel” hypothesis.

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