The Expected Effects of Climate Change on Colombia’s Current Account

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Publication Date: Monday, 31 of October 2022 Abstract
This study analyzes the expected effects of climate change on Colombia’s current account. To this end, we present a literature review that outlines how climate-related risks could impact the balance of payments, complemented with an analysis that illustrates how the 2014-2015 oil shock affected the country's external sector. Subsequently, we show a projection of the current account balance through 2050 under different climate scenarios in order to establish whether the incidence of these risks would affect the country’s long-run current account. Our results indicate that achieving net-zero emissions by 2050 could widen the current account deficit, relative to a continuation of current climate policies, by an amount ranging between 2.6% and 4.6% of GDP.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/expected-effects-climate-change-colombias-current-account