

Aguirre, M., Candia, C., Antón, L., & Beltrán, J. (2018). A gravity model of trade for Nicaraguan agricultural exports. *Cuadernos de Economía*, 37(74), 391-428.

This research aims to find the determining factors of Nicaraguan agricultural exports. To carry out this study, the author formulated a Gravity Model of Trade (GMT) and then made an estimation using a version of Ordinary Least Squares (OLS) that incorporates a consistent covariance matrix estimator to correct the heteroscedasticity and autocorrelation effects. The data considered observations over twenty years and for twelve countries: eight have signed a Free Trade Agreement (FTA) with Nicaragua and four have not. The variables that significantly increased the flow of Nicaraguan agricultural exports are the following: Nicaragua's trading partners' population, Nicaragua's Gross Domestic Product per capita (GDP pc), the Real Exchange Rate (RER), and Nicaragua's trading partners' GDP pc; however, the distance variable turned out to be significantly trade-inhibiting. Free Trade Agreements (FTAs) predominantly have significant effects.

Keywords: Gravity model of trade, Nicaraguan agricultural exports, free trade agreements.

JEL: Q17, Q18, F14, C50.