

## **Gains from trade: the Costa Rican case**

Topic: Policy Analysis I

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One fundamental goal of the economic literature is to quantify the gains from trade. Recently, Costinot and Rodríguez-Clare (2014) developed a methodology that uses the World Input Output Database (WIOD) to compute a statistic of the gains from trade. This paper applies their methodology for the Costa Rican case. The inclusion of Costa Rica in the WIOD database allows us to do counterfactual exercises in which we compare the current situation with hypothetical autarky. This can be done assuming different productive structures and competition schemes in the economy. The results can provide valuable information regarding how much a small open economy like Costa Rica can benefit from international trade, and what are the differences in the results when compared to similar countries.