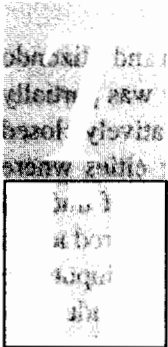


Agglomeration and Trade: The Case of Colombia

*Cristina Fernández M.**

The purpose of this paper is to analyze the relationship between trade and agglomeration in the case of cities located far from the coast. In a modified version of the Krugman and Elizondo model, trade should make industries move to the coast in order to reduce internal freight costs. However, empirical evidence suggest that this has not been the case of Colombia.



This paper was submitted in order to fulfill the Master requirements at NYU. I would like to thank my advisor, Raquel Fernandez; the industrial development group of DNP leadered by Luis Jorge Garay, Carlos Felipe Jaramillo, Carlos Esteban Pasada, Fabio Sanchez, Santiago Montenegro and Mauricio Cardenas for their advise and cooperation in this paper. I am also very grateful with Fanny Giraldo who provided me most of the data base used in the econometric section. Comments may be sent to: cfername@banrep.gov.co.