

## Accepted Manuscript

The Effects of Domestic Merger on Exports: A Case Study of the 1998 Korean Automobile Industry

Hiroshi Ohashi, Yuta Toyama

PII: S0022-1996(17)30038-7  
DOI: doi:[10.1016/j.jinteco.2017.04.001](https://doi.org/10.1016/j.jinteco.2017.04.001)  
Reference: INEC 3040

To appear in: *Journal of International Economics*

Received date: 13 May 2015  
Revised date: 12 February 2017  
Accepted date: 10 April 2017

Please cite this article as: Ohashi, Hiroshi, Toyama, Yuta, The Effects of Domestic Merger on Exports: A Case Study of the 1998 Korean Automobile Industry, *Journal of International Economics* (2017), doi:[10.1016/j.jinteco.2017.04.001](https://doi.org/10.1016/j.jinteco.2017.04.001)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



# The Effects of Domestic Merger on Exports: A Case Study of the 1998 Korean Automobile Industry \*

Hiroshi Ohashi<sup>†</sup>      Yuta Toyama<sup>‡</sup>

February 2017

## Abstract

This paper examines the economic consequences of a horizontal merger between Korean automakers that took place in 1998, with a particular emphasis on export market behavior. Estimates of structural demand and supply reveal that the merger enhanced production efficiency of the merged party by 3.8 percent. Simulations, based on these estimates, indicate that while the merger increased domestic prices, the export volume of the merged party was more than doubled. Moreover, the effects of the merger are found to differ by auto model according to the model's pre-merger export status. It is shown that efficiency gains from the merger are likely to increase export volumes for models that were already exported prior to the merger, and to offset domestic market power for those that were not exported even after the merger. Finally, the paper compares the actual merger's effects to those of alternative counterfactual mergers, finding that the actual merger brought greater benefits to producers and fewer to domestic consumers.

*Keywords:* Horizontal merger; efficiency; export; automobiles

*JEL classification:* F14; L13; L41; L62

---

\*We are grateful to the Editor, anonymous referees, Tim Bresnahan, Jay Pil Choi, Scott Stern, and Mike Whinston, and participants at AIEA-NBER, the ATE Symposium, EARIE, Keio, and RIETI for their helpful comments. We also thank the JETRO Seoul Center and Hiroshi Arakawa for making the data used in the paper available for this study. This research project was supported by RIETI.

<sup>†</sup>Faculty of Economics, University of Tokyo. 7-3-1 Hongo, Tokyo, Japan. Phone: +81-3-5841-5511. Email: ohashi@e.u-tokyo.ac.jp.

<sup>‡</sup>Department of Economics, Northwestern University. 2001 Sheridan Road, Evanston, Illinois, 60208. Email: yuta-toyama@u.northwestern.edu.

Download English Version:

<https://daneshyari.com/en/article/5100887>

Download Persian Version:

<https://daneshyari.com/article/5100887>

[Daneshyari.com](https://daneshyari.com)