

## **Competition, Technology and Trade in Oligopolistic Industries**

Morihiro Yomogida

Department of Economics, University of Rochester, Rochester NY 14627

Email: myom@troi.cc.rochester.edu

This paper analyses trade between countries which differ in the structure of an oligopolistic sector. The cross-hauling model developed by Brander and Krugman is extended in that countries are asymmetric in two respects: the level of competition and production technology in an oligopolistic sector. Our model shows that (1) there exists a link between trade and the level of competition: a country with the relatively more competitive market for a product becomes the (net-)exporter of this product, (2) the share of intra-industry trade increases with the symmetry in the level of competition between countries, and (3) the increase of market concentration on a global scale has a positive impact on the total value of trade. The link between trade and the level of competition is examined in the presence of a difference in production technology between countries.