

# Market Structure and External Tariff Reduction in a RTA with ROO

Tomomichi Mizuno and Kazuhiro Takauchi \*  
Graduate School of Economics, Kobe University

This version: April 16, 2008

## Abstract

This paper considers the effects of an external tariff reduction in RTA with ROO where the final-good market is oligopolistic. We found that, in the presence of an endogenously determined ROO, an external tariff reduction improves the social welfare of the RTA member countries if the market size of member countries is sufficiently small. We also examine the relationship between market structure and the effects of external tariff reduction.

**JEL classification:** F12, F13, F15

**Key words:** Regional Trade Area, Rules of Origin, External Tariff reduction, Market Structure

---

\*Correspondence author: Kazuhiro Takauchi, Graduate School of Economics, Kobe University, Rokkodai 2-1, Nada, Kobe, Hyogo 657-8501, Japan. E-mail: 044d253e@stu.kobe-u.ac.jp