

An empirical study on the trade network between Korea and Japan

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Trade patterns are determined based on the conditions in resource endowment according to the Heckscher-Ohlin's classic trading theory. The trades in the reality, however, do not follow the theory, which is known as a Leontief paradox.

Let's take trades between Japan and South Korea as an example. Japan keeps trade surplus in the trade with South Korea even though the economy of South Korea is matured and the industrial structure has upgraded. Some researchers point out that the one of the reason is South Korea's imitation in the industrial structure from Japanese economy. In a word, there is a structure that the import of Intermediate goods from Japan increases when South Korea tries to increase export because South Korea's industrial structure is similar to Japan's. Recently, the export of South Korea to the world increases while Japan's trade surplus in the trade with South Korea decreased greatly. This tendency shows that the trade structure between the two countries has changed.

This research tries to observe the current trend of the change in the industrial structure in Korean and Japanese economies or trade structure between Japan and Korea and find some clues on the reason of these structural changes