

An Analysis of Anti-competitive Effects on Business Conduct in a Successive Oligopoly Market (Abstract)

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This paper analyzes the anti-competitive effects on business conduct in a successive oligopoly market. This analysis mainly focuses on the anti-competitive effects of a vertical business combination. A successive oligopoly market refers to one where both the upstream and downstream markets are oligopolistic. An anti-competitive effect means that the prices of final goods increase due to corporate activities. Therefore, in this paper, we analyze a market where enterprises conducted a vertical business combination, resulting in a potential increase in the price of final goods.

We analyze the vertical business combination because we do not clearly understand its impact on competition in the behaviors of a variety of enterprises. Since the 1960s, whether the vertical business combination has anti-competitive effects has been the subject of extensive discussion, and this discussion is still ongoing. We organize the discussion of these issues and aim to provide new insights. The reasons for focusing on the sequential oligopolistic market are as follows. One reason the anti-competitive effect is caused by the vertical business combination is that some business combinations aim to eliminate competition. To analyze the effect of this, we need to consider the existence of a rival company in the analytical framework. Thus, it is required to include the presence of competitors and rivals in upstream and downstream markets in addition to companies in vertical business combinations. For these reasons, we analyze the effects of the vertical business combination in the framework of the sequential oligopolistic market.

There are various approaches to analyze the anti-competitive effects of the vertical business combination; this paper adopts a theoretical approach. It is certainly important to conduct an empirical analysis of the effect of the vertical business combination, and in spite of adopting a theoretical approach, it is necessary to decide whether a business combination is allowed before a transaction is conducted. Thus, we need to organize the logic of how business combinations affect competition, as well as the data analysis empirically.

The purpose of this paper is achieved as follows.

First, we summarize the definition of the successive oligopoly market and introduce the anti-competitive economic effects of the vertical business combination. In addition, we found previous researches on the successive oligopoly market. Although there are several researches on this, there are very few papers with organized research on this topic, such as the present one; thus, it is useful to outline the economic aspects of the vertical business combination in the successive oligopoly market.

Next, we provide a collection of examples of the vertical business combination. The importance of the effects of the vertical business combination has been recognized, but the negative effects have not been examined. In this paper, by collecting examples of vertical business combinations, it can be given a chance to think what has become a real issue to be researched.

The final contribution of this paper is that it is adapted to the economic analyses of actual cases. Theoretical research in economics is useful in developing important models based on real-world examples. Consequently, we have not considered the practical use of economic theory. We believe that this can be an example of how to adapt the approach to economic theory for actual cases. By applying the theory to an actual economic case, we have successfully drawn conclusions that were not found by studying the practical aspects.