



Abstract

An Analysis of Firms' Productivity in Kaesong Industrial Complex and Inter-Korean Economic Cooperation Strategy

This paper examines the effects of participating in the Kaesong Industrial Complex on firms' productivity using firm-level data from 2001 to 2016. To do this, We implemented PSM estimations with the kernel matchings and nearest-neighbor matchings.

We found 200 matched firms in control groups that corresponded to each of the 52 treated firms. With the constructive data, we employed a difference-in-differences (DID) Model and extended DID framework to DID event study of Gathmann et al. (2018).

The results showed that the treated firms experienced the improvements in productivity, however, its effects did not last. These results can be found in the DID event study as well as the DID analysis.

Keyword

Kaesong Industrial Complex, Propensity Score, DID