

The accompanying graphs indicate the increased share of Asia Pacific's trade held by intra-regional trade. These increases have come despite the growth in imports from western Europe and exports to the United States. The leading export sectors in the 1980s have been industrial and transportation machinery and equipment, and clothing.

The increasing industrialization and integration of the economies of the region indicate that the flying geese pattern of industrialization is continuing. ASEAN appears set to replace the NIEs as the home of labour-intensive, less-skilled industry, while the NIEs themselves will move into more capital-intensive, skilled manufacturing, coming increasingly into competition with Japan and other OECD economies - including Canada.

Industrialization and the rise in incomes which should accompany it will affect the imports of countries in Asia Pacific. Increasing standards of living will lead to greater imports of consumer goods. Development of the necessary infrastructures for transportation, communications, and energy will likewise have to rely on foreign producers. The demands for industrial inputs like metals and chemicals will increase, as will the requirement for residential construction materials like softwood lumber. Food imports may decline as industrialization reaches agricultural sectors; they may rise, however, as resources shift to industry and Gatt-induced freer agricultural trade enables countries to reverse the trend towards autarky in foodstuffs markets.

The most likely locations for these trends to become apparent are Thailand, South Korea, Singapore, Malaysia, and perhaps China and Taiwan. The necessary requirements for the trends are industrialization and socio-cultural changes favouring consumerism; the listed areas are on the road already.

CHINA AND INDIA: VALUE OF EXPORTS AND SHARE HELD BY  
ASIA PACIFIC, 1976, 1981, 1986

		1976	1981	1986
China:	World (US \$000,000)	6045	21476	31366
	Asia Pacific (% share)	58.1	56.3	55.0
	Hong Kong (% share)	24.0	24.5	31.2
India:	World (US \$000,000)	5020	6827	10317
	Asia Pacific (% share)	23.7	19.6	22.9

Several other issues will determine future directions in Asia Pacific trade. Development of the massive Chinese market and its effect on Hong Kong may create new sources of dynamism in the region's economy. Countries like India, Bangladesh and Pakistan face continuously the challenges of growing population and undeveloped industry. These countries, as well as Sri Lanka, have the potential to follow ASEAN in the next wave of industrialization. At the other end of the spectrum, Australia and New Zealand are industrialized countries whose economies depend extensively on commodity exports - will they