

measured by the import ratio, since the early 1970s. These high and/or increasing ratios are offset by the low and falling U.S. ratio over the sample period, shown in Chart 3. The rising U.S. ratio evident since 1987 also drives the North American increase seen in Chart 2. It is important to note that both Canada's and Mexico's level of trade integration with the U.S. is high, as indicated by the high import shares of over 60 percent. This level more closely resembles the European ratios than the North American average. The low level of U.S. intra-regional import shares, shown in Chart 3, indicates that extra-regional trade makes up the majority of U.S. trade and, because of its size, the U.S. dominates the North American data.

Chart 5 reflects Asia's dynamic growth in the world economy, but tells a more moderate story than might have been expected.⁵⁸ The share of intra-regional imports to total world imports increased dramatically since the 1960s, almost doubling from 18 per cent in 1960 to 31 per cent in 1992. However, the Asian ratio for 1992 remained below the North American ratio of 35 per cent and well below the European ratio of 70 per cent, and the increase in the Asian ratio from 1960 to 1992 was 13 per cent, compared to an increase of 18 per cent for Europe, over the same period. Asian integration, although dynamic, did not outpace that of Europe, even though it started from a lower base. However, Asia does exhibit a consistently growing trend towards intra-regional trade, with no sign of diminishing. If this trend continues, Asia could be on its way to becoming a regional trading bloc similar to Europe. Nonetheless, currently, Asia still engages heavily in extra-regional trade.

The evidence presented above leads to the conclusion that, *with the exception of Europe, regional trading blocs are not, at present, prevalent. Over the long term, North America has experienced a declining trend in regionalization of trade and Asia's share of intra-regional trade, although growing consistently, remains low.* Europe, on the other hand, exhibits intra-regional trade shares which would be indicative of a regional trading bloc. Its intra-regional trade share is not only high, but also has been growing steadily, indicating that the European regional trading bloc not only exists, but is strengthening. A trading bloc might be emerging in Asia, but the intra-regional trade share would need to continue to grow at its past pace for a further thirty years before it reached levels equivalent to Europe's. The actions of the potential economic powerhouse of China could also substantially influence the path of future Asian economic integration. North America's recent increase in intra-regional trade ratios is still too new to predict consistent long-term growth.

⁵⁸Data limitations for Asia necessitated considerable manipulation and assumptions in order to create a full series for all the countries included in the Asia sample. Missing data were sometimes omitted or estimated, depending on the relative importance of the observation.