

accounting for 33%).¹ Regional trade within North America and east Asia also grew (the share of world trade accounted for by intra-Asia trade increased by more than half to 10.3%). Regionalization in these three key areas, therefore, occurred side-by-side with globalization.

Analysts often also focus on the globalizing impact of trade in services. There is a problem here of the under-reporting of services data. On the basis of information available, however, so-called commercial services may account for approximately 20% world exports.² A case can be made for lowering this standard estimate somewhat to a level closer to 15% because of anomalies related to the inclusion of "travel" in commercial services trade (see Table 1 and the considerations therein), but we should also recall that the services component of traded goods could represent up to 15% of the export value of these products.³

These caveats aside, international trade in services appears to have at least kept pace with growth in trade in goods, and thus, like goods, has also outpaced growth in domestic production (see Table 2). Much of this growth has likely taken place on a regional basis, given the intimate connection with trade in goods (western Europe accounts for 53% of commercial services exports, much presumably undertaken on an intra-European basis).

But services have also made a more fundamental contribution to increased global integration that statistics on trade shares cannot capture. The dramatic decline in the cost of international communications has made an important, some would say critical, contribution that has clearly greased the wheels of trade and, consequently, of global integration. For example, the cost of semiconductors falls 30% for every doubling of cumulative production volume. When coupled with the even more important performance revolution associated with certain integrated circuits (the memory capacity of the so-called DRAMs has been doubling every four years), as well as increased competition flowing from deregulation, the cost and quality of

¹ GATT, International Trade 90-91, Vol.II, p.9.

² International transport, "travel", and other private services including communications, non-merchandise insurance, brokerage, leasing, professional and technical services, etc.

³ Of course, the value of a traded service also includes the imputed cost of goods associated with the development and delivery of that service.