

studies. However, a broad consensus seems to have emerged, even from studies undertaken for vastly different reasons.

Most work concludes that, although there may be a degree of tri-polarization, this does not mean that globalization has met its demise in the face of regionalization. The two phenomena are increasingly seen as being compatible. Extra-regional trade is still an important portion of trade and GDP for the triad. It is argued that it would be highly costly from an economic and welfare standpoint, for any country, or, more importantly, group of countries, to close itself off from outside trade and investment.

The findings of some major studies on regional trade and investment relationships are reviewed below. Although this is by no means an exhaustive survey, it is meant to be representative of the state of the literature to date, and to familiarize the reader with the many different approaches to defining and measuring regional relationships.

3.2 Some studies

- *Regionalisation and World Trade*²⁰

In this comprehensive empirical study, Lloyd states that there are two distinct versions of the claim that world trade has become more regionalized. One is related to trade within Regional Trade Arrangements (RTAs) and the other to trade within more broadly defined regions such as Europe or the Pacific Rim. Lloyd examines the import trends in four OECD RTAs (EC, EFTA, Canada-U.S. and Australia-New Zealand).²¹ The time period examined is 1961-89, covering almost 30 years of uninterrupted expansion in world trade and following the formation of the EEC and EFTA.

Lloyd measures regionalization by examining the share of intra-group imports in total group imports. In the presence of multilateral and unilateral changes in trade restrictions over the period, this measure captures the combined effects of unilateral, regional and multilateral policy changes. It also captures the effects of differences in the growth rates of countries on import demand and export supply, the effects of major price changes and changes in national preferences and technologies. An

²⁰This section examines P. Lloyd, *op. cit.*.

²¹Although the Canada-U.S. FTA only entered into effect in 1989, Lloyd includes it as a single observation. The efficacy of his conclusions are not adversely affected.