

agreements; it is not possible to form concrete causal conclusions based only on numerical observations.⁵⁷

Chart 1 shows that the ratio of intra-regional imports to total imports for Europe has trended upwards over time. The two deep troughs that occur in 1973 and 1980 are partially attributable to the two oil crises which would have had a distorting effect on import values (see footnote 56 for an explanation). These shocks, however, were temporary. The intra-European import share displays a definite upward trend since the 1960s, despite the dips. In 1993, over 65 per cent of OECD European imports came from other OECD European countries, in comparison to 1960 when this ratio was 52 per cent. It is evident that, by this measure, a high proportion of European trade is intra-regional and that this proportion has been steadily growing.

Chart 2, however, tells a different story for North America. The share of intra-regional imports to total imports has been falling from its peak of 43 per cent reached in 1969. The decreasing ratio over the long term indicates that a regional trading bloc has not been forming in North America. However, the intra-regional import ratio has been increasing since 1987 and much attention has been given to this phenomenon owing to the negotiation of trade agreements between Canada, the U.S. and later Mexico. Although the current trend may continue, it has not yet pushed the intra-regional share back to its 1969 peak. Also, it should be recognized that the level of the intra-regional import ratio in the 1980s and 1990s has vacillated between 30 and 35 per cent, far from the 60 to 70 per cent range for Europe. Although there is a definite recent trend of increasing intra-regional imports as a proportion of total imports, North America does not yet constitute a strong regional trading bloc, based on this indicator.

The data for North America is, of course, dominated by the U.S.. Charts 3 and 4 illustrate that it is the fall in the U.S.'s intra-regional imports ratio since 1969 that has caused the North American ratio to fall. Canada's trade integration with the U.S., as measured by the ratio of imports from the U.S. to imports from the world, has been relatively stable and high for the sample period shown in Chart 4, with the decline evident in the late 1980s showing signs of recovery by the early 1990s. Chart 4 shows that Mexico has experienced increased trade integration with the U.S,

⁵⁷In order to determine causation, a detailed econometric study would be required. Much work in the area of determining why regionalization is emerging has been based on observation and anecdote. For an example of an econometric study which attempts to separate different factors concerning the causation of regional integration, see Frankel, *op. cit.*, or the Group on Asia-Pacific Economic Integration Towards the 21st Century, *Economic Integration in the Asia-Pacific Region and the Options for Japan*, 1993.