Fact or Fancy?: North Asia Economic Integration

4.5.³⁷ This measure suggests that there is no bias in international trade if each country's exports to a given region are equal to the share of world exports going to that region. For example, if North Asia received 20 per cent of world exports, and 20 per cent of China's exports went to North Asia, the double-relative coefficient to trade intensity would equal 1.00, suggesting that no bias exists in China's exports to North Asia.

³⁷ The Petri measure is calculated by dividing North Asian intraregional trade relative to total North Asian trade by total North Asian trade relative to total world trade. Neither Petri nor Frankel establish an algorithm for aggregation from the case of bias for a single country trading with a region to the case of bias for countries in a region trading with other countries in the region (as calculated in the text). It is possible that the coefficient of trade intensity in this situation may not equal one for the case of neutral intraregional trade.

Policy Staff Paper

37