

● *Globalization and Regionalization in the Asia-Pacific Region*⁴¹

In this 1993 study, Urata investigates the effects and causes of regionalization in the Asia-Pacific region. Urata examines the difference between intra-regional trade and inter-regional trade for the triad of East Asia, North America and the EC. The author finds that, although intra-regional trade for the three regions did increase between 1980 and 1990, so too did inter-regional trade among the three regions. This indicates that intra-regional trade increased at the expense of trade with the rest of the world, largely developing countries outside East Asia. Urata points out that there are some common and uncommon factors that could be responsible for the increase in intra-regional trade. Favourable economic performance and geographic and cultural proximity within each region are contributing factors common to all three regions. However, the government-driven regional integration agreements found in Western Europe and in North America are not shared by Asia, which is nevertheless witnessing increased intra-regional trade.

In contrast to this "state led" regional integration in Europe and North America, Urata notes that the impetus for integration in Asia has mainly come from the private sector. It is interesting to note that the non-discriminatory liberalization of foreign trade and foreign direct investment policies has accelerated regionalization in East Asia, whereas preferential trading arrangements appear to have promoted regionalization in Europe and North America. An attempt to create a regional trading group in East Asia, known as the East Asian Economic Group, failed because it was realized that East Asia needed to maintain an open trading system for the region, which depends significantly on extra-regional contacts.⁴²

Urata also examines the foreign direct investment (FDI) facet of regional integration, stressing that world FDI since the mid-1980s has grown even more rapidly than world trade. One of the most striking features of the growth in FDI in the late 1980s was the rise of the Asian NICs as host countries, especially at a time when investments in other developing countries were falling. The NICs also became active FDI suppliers to the ASEAN, whose suppliers of FDI had been almost exclusively the U.S. and Japan.

⁴¹This section examines S. Urata, "Globalization and Regionalization in the Asia-Pacific Region" in *Business and the Contemporary World*, Autumn 1993.

⁴²*Ibid.*, p. 36

