

countries. In fact, globalization and regionalization are found to be co-existent, parallel reactions to similar economic stimuli.

4. Are There Trading Blocs?

4.1 Methodology and scope

The studies reviewed in the literature survey examine a variety of measures of regionalization, but few actually examine whether trading blocs, measured solely by trade and investment patterns, are forming around North America, Europe and Asia. The methodologies of the studies are specific to the questions that the authors proposed to investigate and the conclusions cannot be extrapolated beyond the original intent of their work. It is also important to note that it was recognized as very difficult to separate pure economic motivations from regional bias when investigating the reasons behind regionalization. Even the studies that attempted to do so were careful about qualifying their statements.

This Paper now attempts to assess whether regional trading blocs are indeed forming around the triad of North America, Europe and Asia in a straight-forward way. This section does not attempt to determine what effects, if any, regional trade agreements or other legal and policy arrangements have had on trade flows. The question of *why* trading blocs may be forming is different from the question of *whether* trading blocs are forming. This section addresses the latter question, since it must first be answered in order for the former question to be of relevance. So the main aim of this analysis is also its main limitation; the empirical investigation is geared toward determining whether strong *de facto* trading blocs are emerging, but does not answer the question of why they are, or are not, doing so.⁵²

Like the studies in the literature survey, the methodology of this work is specific to addressing the focussed question of whether regional trading blocs are forming around the triad. The first measure used in this section investigates the regionalization of trade within the triad. The question to be answered is whether there is any clear trend in the trading activities of the three regions and whether any broad conclusions about tri-polarization can be drawn from evidence of intra-regional trade flows. For example, if the intra-regional trading relationships of the regions

⁵²This section does not examine whether regionalism has caused regionalization of trade flows, but rather attempts to determine whether regionalization of trade flows is in fact occurring with the vigour that popular reports claim.