

Changing Flow of Trade

The United States and the Soviet Union have reigned supreme as the political and military superpowers of the postwar world. In the economic field as well, they have dominated the globe, dividing it up into Western and Eastern economic spheres. The Western economy has rested on the three pillars of the United States, an EC-led Europe and Japan.

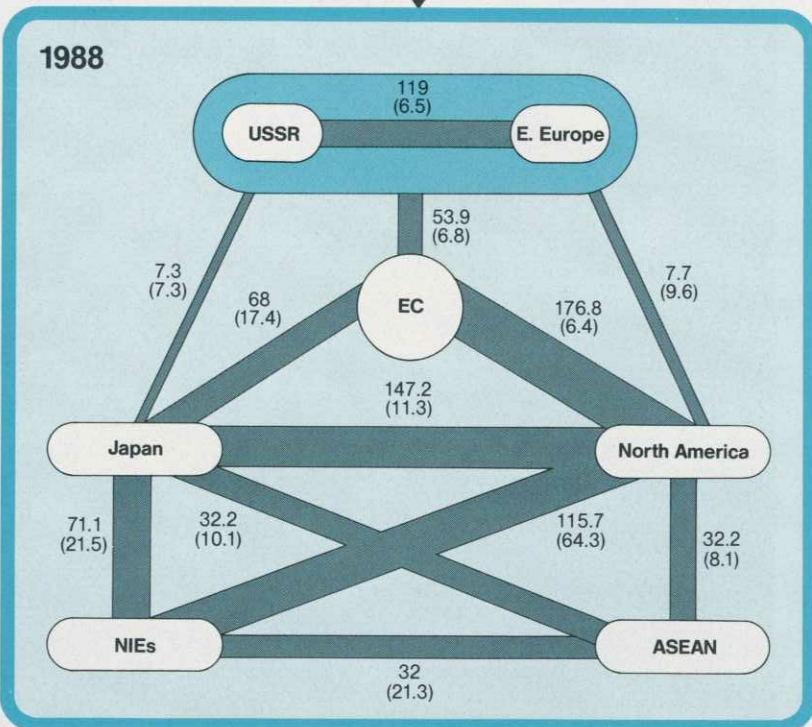
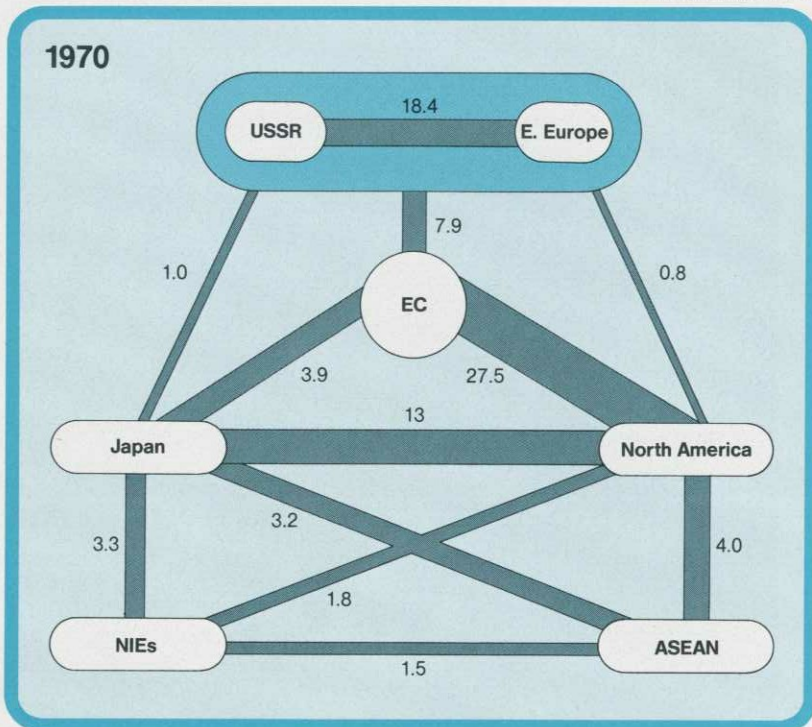
The chart shown here tracks changes in the flow of trade between 1970 and 1988 within these regions and between the East and the West.

Eastern bloc trade—between the Soviet Union and Eastern Europe and between the Eastern bloc and the U.S., the EC and Japan—has been stagnant, while tripartite trade among the U.S., the EC and Japan has continued to grow. Meanwhile, trade between the Asian NIEs and the ASEAN countries on the one hand and the United States and Japan on the other, as well as trade among the Asian NIEs and ASEAN countries themselves has expanded explosively, indicating an increasing multipolarization of Western trade.

The 1990s are likely to witness shifts in regional relationships and renewed trade growth amid easing tensions between East and West. Progress in arms reduction, the harmonization of the Eastern and Western economic blocs brought on by German unification, progress in EC economic integration and closer cooperation between the EC and the European Free Trade Area will aid this expansion. Further liberalization of trade between the United States and Canada based on their bilateral trade liberalization agreement and the continued growth of the Asian NIEs and ASEAN members will also work to redraw the map of world trade.

Flow of Trade

(\$ billion; nominal)



Notes: 1. North America: U.S., Canada
 EC: Britain, W. Germany, France, Italy, the Netherlands, Belgium, Luxembourg, Denmark, Ireland, Spain, Portugal, Greece
 ASEAN: Indonesia, Malaysia, the Philippines, Thailand
 NIEs: S. Korea, Taiwan, Hong Kong, Singapore
 E. Europe: E. Germany, Poland, Czechoslovakia, Hungary, Romania, Bulgaria
 2. Figures in parentheses are change from 1970; for example, (6.5) indicates 6.5 times that of 1970.
 3. The Soviet-E. Europe trade figure is for 1987.

Sources: IMF, "DOTS"; trade statistics from each country; others