

VARIETIES OF REGIONALISATION:
THE IMPACT OF REGIONALISM ON REGIONALISATION
OF THE CAR INDUSTRY IN THE EU AND NAFTA

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ABSTRACT

States race to regionalise in the hope of future economic gains, Brexit and the crisis of NAFTA notwithstanding. Their move rests on two notions: first, that *regionalism* (the formal process of integration by states) leads to *regionalisation* (the actual process of economic integration); and second, that, from simple free-trade agreements to the EU's complex arrangements, more regionalism leads to more, or qualitatively different regionalisation. Setting off from the puzzling phenomenon that change in intra-regional trade levels does not always correspond to regionalism's regulatory incentives, this thesis takes issue with integration concepts which attribute regionalisation outcomes to regionalism alone or exaggerate its role. It is hypothesised that firms could respond to other influences that shape their cross-border activities, regionalisation could be globalisation in regional disguise, and consequently, regionalisation may not even follow regionalism in its intensity.

Thus, this research explores how regionalism impacts regionalisation and whether a more intensive, deep, highly-institutionalised regionalism (EU) leads to substantially different regionalisation outcomes than a less intensive, shallow, thinly-institutionalised integration (NAFTA). This inquiry moves beyond a unidimensional focus on institutions and equally considers interests, ideas, and institutions to account for regionalism (negative, positive integration measures, and ideational factors) and non-regionalism related factors (e.g. firm or business logic, national politics, and structural factors) that shape varied regionalisation outcomes in the EU and NAFTA. It examines regionalisation processes by taking car manufacturing firms (OEMs) as its units of analysis and the car industry as its universe of cases, which is argued to be particularly well-suited to show the current extent of regionalism's impact. Changes are traced on three major aspects of regionalisation from the 1950s to today: where the product is made (spatial and organisational changes in

manufacturing); how the product is marketed (changes in design, sales, advertisement, etc.); and the emergence of regional products (changes of technical aspects, safety- and emission standards; vehicle-type approvals).

This thesis argues that the intensity of regionalisation is not always directly proportional to the type or intensity of regionalism; instead it is linked to the interplay of regionalism and non-regionalism factors, on the one hand, and the specific aspect of regionalisation where the impact takes place (e.g. production, marketing, product), on the other. This is because regionalisation is always context-dependent and regionalism rarely exerts influence over it on its own. It has varied effects on different firms, and different firm activities (and likely has a different impact on different industries although this is beyond the scope of this project). Non-regionalism factors at times can constrain the strong impact of regionalism, or render it altogether irrelevant, while at others, they can amplify it. The thesis also argues that regionalisation processes are firmly regionally embedded (at least, in the car industry and producer-driven chains). It is also contended that, despite signs of increasing global exposure since the Great Recession, globalisation in this industry is regionally rooted and thus better construed as ‘concurrent regionalisations’.

Beyond conceptualising the link between regionalism and regionalisation and raising several theoretical questions about the role of structure in regionalism, the thesis also makes empirical and methodological contributions. It offers original datasets: e.g. a rerun of Rugman’s 2001 global-/regional-dependence analysis to trace changes; and historical series of car manufacturers’ market shares, both country- and region-levels. The thesis also takes a novel approach to comparing diverse regionalisms: it proposes a dynamic frame composed of variation and similarity drivers (institutional, structural, and ideational indicators) impacting regionalisation in varied ways, which can be applied for further comparative studies.

CHAPTER 1 – INTRODUCTION

1.1 Wither Regionalism?

Regionalism scholarship has been on a ‘Holy Grail’ quest to find out why some regional integration schemes succeed, while others fail. Just as the grail, though, the answer remains elusive. However, understanding regional integration has become more pertinent than ever: as the United Kingdom is leaving the European Union (EU), Brexit has shattered belief in the irreversibility of what was thought to be the most solid of integration schemes. Eurosceptic forces have surged in several other countries since the Great Recession, and the Eurozone crisis risked reversing a major achievement of integration for the first time. In North America, ‘the model of modern free-trade agreements’, the North American Free Trade Agreement (NAFTA) has been on the brink of being dissolved since political consensus over it disappeared in the United States following the 2016 presidential elections; the agreement is now being renegotiated. After decades of moving towards a ‘world of regions’, the support for regionalism, and certainly for more regionalism, appears to be ebbing.

The EU and NAFTA are regulatory regimes which aim to voluntarily integrate parts, or the entirety of their member states’ economies. Their success or failure depends on many factors but crucially on their ability to create ‘winners of regionalism’ by effectuating transformative change among the economic (and other) actors they regulate. For in the heart of most integration theories and concepts since transactionalism is the concern: who will support (further) integration, and how resilient that support can be.¹ Transformative change is

¹ Karl W. Deutsch, *Nationalism and Social Communication: An Inquiry into the Foundations of Nationality*, Cambridge, MA: MIT Press, 1953.

quite a tall order: it presupposes the support of elites, the citizenry, and regionalism's ability to create regional interdependence. Business actors, firms, are arguably one of the main *loci* of such regional interactions, transnational corporations, in particular. Mattli argues that it is firms which stand the most to gain from calculated, regulated exchange which will push for (further) integration, to internalise the externalities of cross-border exchanges (i.e. reduce transaction costs and easier manage issues that regional market creation brings about).²

Thus, to better understand the success or failure of integration, it is critical to better understand how *regionalism*, the formal integration process created by states by means of treaties and/or institutions, is able to create or be conducive to *regionalisation*, the regional re-organisation of firms' activities within a supranational, regulatory regime.³ As states race to regionalise in the hope of future economic gains, this is not just a theoretically important question, it may also raise policy-relevant concerns. States, especially developing countries, may pay a high price for creating cut-throat competition for local, often infant industries by establishing free-trade areas and regional markets out of fear of losing out on investment. If the role of regionalism is negligible for firms when regionalising their activities, the economic gains expected by states may not materialise, or could materialise anyway. Regionalism however may be a reasonable policy choice for states if firms, especially transnational corporations, consider the institutions offered by the political regionalism important in regionalising their activities.

Karl W. Deutsch, Sidney A. Burrell, Robert A. Kann, Maurice Lee Jr., Martin Lichtermann, Raymond E. Lindgren, Francis L. Loewenheim and Richard W. Van Wagenen, *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience*, (Princeton: Princeton University Press, 1957), 54;

Max-Stephan Schulze and Nikolaus Wolf, *On the Origins of Border Effects: Insights from the Habsburg Customs Union*, (Coventry: Centre for the Study of Globalisation and Regionalisation Working Paper Series 231/7, June 2007), 1-30

² Walter Mattli, "Explaining Regional Integration Outcomes", *Journal of European Public Policy*, (Vol. 6, No. 1, 1999), 1-27

³ Bjorn Hettne, "Beyond the New Regionalism", *New Political Economy*, (Vol. 10, No. 4, 2005), 545

This thesis questions assumptions that the EU's and NAFTA's regulatory frames have had a blanket effect on regional economic activity. Instead it argues that they have had varied effects on different firms, and different firm activities. The thesis also questions that the EU is the most forceful regional regulator because of its advanced, complex institutionalisation and deep integration – while this is true in many senses, regionalism's effects are always context dependent; thus, other, more thinly institutionalised, shallow integrations (i.e. NAFTA) may achieve the same or more in terms of regionalisation outcomes. The research situates itself at the intersection of two, relatively disparate sets of literatures: regionalism concepts of political science, and regionalisation in the economic literature to explore the impact of regionalism as a political process on regionalisation, the actual process of market integration.

1.2 More Regionalism, More Regional Transactions?

Regionalism, regional integration whether it is a trade agreement or something with political ambitions, is most typically launched and advanced by states for its expected economic benefits: increased trade, investments, growths, and jobs. For Katzenstein, regionalism is an attractive option for states since it helps building economies of scale, encourages intensive trade and investment relations, it increases efficiency and competitiveness through deregulation.⁴ For Bowles, the main reason for regionalism is to become attractive for global capital and to ensure participation of the region's members in the

⁴ Peter Katzenstein, *A World of Regions. Asia and Europe in the American Imperium*, (Ithaca & London: Cornell University Press, 2005), 23

global economy.⁵ These arguments emphasise regionalism's ability to create, or enhance regionalisation processes similarly to most classical regionalism and integration theories and concepts (e.g. transactionalism, neo-functionalism, etc.) which build on the assumption: regionalism leads to, and/or increases, regionalisation.

This is what Beeson called the *de facto* process of integration (regionalisation), the outcome of regionalism which is the conscious *de jure* process.⁶ In the few instances when the declared purpose of regionalism is partly political rather than market integration in itself (e.g. in the EU and ASEAN), increased economic transactions are also attributed with a functional role: to act as linkages between member states and their peoples who, as winners of regionalism, would press for further integration.⁷ Thus, the expectation is that the launch of the formal regionalism process by states, and measures that are aimed at fostering economic activity, would result in 'more' regionalisation; an increase in firm activity, manifesting itself in an increase in intra-regional trade and, to some extent, foreign direct investment.⁸

It is important to note already at this stage that political science integration concepts typically focus on the supply side of regionalism, how rules are made, where and by whom: regional institutions (rules, regulations and standards), or ideational elements (e.g. regional identity, the promise of integration, etc.) which are expected or even assumed to compel regionalising (economic) actors to reorient or expand their activities to the regional level.⁹

⁵ Paul Bowles, "Post-global Financial Crises", In: Shaun Breslin et al (eds.), *New Regionalisms in the Global Political Economy*, (London-New York: Routledge, 2002), 86

⁶ Mark Beeson, *Regionalism and Globalisation in East Asia*, (Houndmills: Palgrave Macmillan, 2007), 5

⁷ Joseph S. Nye, "Comparing Common Markets: A Revised Neo-Functionalist Model", *International Organization*, (Vol. 24, No. 4, October 1970), 796-835;

Walter Mattli, *The Logic of Regional Integration: Europe and Beyond*, New York: Cambridge University Press, 1999

⁸ Dani Rodrik, "Don't Cry Over Dead Trade Agreements", *Project Syndicate*, (8 December 2016),

<https://www.project-syndicate.org/commentary/no-mourning-dead-trade-agreements-by-dani-rodrik-2016-12>

Accessed: 8 December 2016

⁹ Wayne Sandholtz and John Zysman, "1992: Recasting the European Bargain", *World Politics*, (Vol. 42. No. 1, October 1989), 95-128;

However, the impact of these measures on *de facto* integration and their feedback mechanism is relatively under-conceptualised apart from a few notable exceptions.¹⁰ The institutionalist focus also excludes most regional regulatory regimes, typically free-trade agreements, which have low institutionalisation with very few intrusive rules as common standards and regulations or permanent bureaucracies to study.

The expectation that there is or there will be response to regionalism by economic actors is actually borrowed by these concepts from the economic literature which widely studies the impact of tariff elimination and other measures on trade. Intra-regional trade is argued to increase even in a free-trade area for several reasons: firms trading inside the region could increase their comparative advantage by accessing a larger market at a lower cost and thus build economies of scale.¹¹ The trade diversion effect also suggests that imports from third countries would become more expensive and therefore decrease and substituted from the regional market.¹² Underpinning all this is the price reduction effect of tariff elimination: previously inflated prices become lower following the reduction of tariffs, making regional products more competitive and thereby increasing demand and trade.¹³ These benefits may be more marked once the region moves further in regionalism and forms a customs union and/or introduces regional standards and rules in a bid to form a single market.

Isidro Soloaga and L. Alan Winters, "Regionalisation in the Nineties: What Effect on Trade?", *North American Journal of Economics and Finance*, (Vol. 12, No. 1, March 2001), 1-29

¹⁰ Alex Warleigh-Lack, "Towards a Conceptual Framework for Regionalisation: Bridging 'New Regionalism' and 'Integration Theory'", *Review of International Political Economy*, (Vol. 13, No. 5, December 2006), 750-771

¹¹ Andre Sapir, "Regional Integration in Europe", *The Economic Journal*, (Vol. 102, No. 415, 1992), 1491

¹² Peter Dicken, *Global Shift – 6th Edition*, (London: SAGE, 2011), 202-3

¹³ Dicken, *Global Shift – 5th Edition*, (New York-London: The Guilford Press, 2007), 36

1.2.1 Intra-Regional Trade: A Problematic Indicator

However, data about the levels of intra-regional trade, a traditional measure of intra-regional economic activity, suggest that such an impact of regionalism is not evident in the EU and NAFTA (see Figure 1.1). Intra-regional trade might increase before the start of formal regionalism, and decrease after regional integration is advanced. Moreover, there seems to be no evident increase in intra-regional economic activity following advances in the intensity of regionalism, notably in the EU. Figure 1.1 encompasses a period of active regionalism in both the EU and NAFTA, between the years of 1980 and 2006. It is the time when the EU embarked on creating a truly Single Market of goods, capital, services and people (signing the Single European Act in 1986 to achieve single market by 1992), and later creating the Monetary Union and the euro in the Maastricht Treaty in 1992 to be achieved by 1999 and 2001. In North America, Canada and the United States, following their experience of sectoral free-trade agreements (e.g. the Auto Pact in 1965), signed the Canada – United States Free Trade Agreement (CUSFTA) in 1988 and a few years later created NAFTA with Mexico in 1994. (Figure 1.1)¹⁴

¹⁴ Chart by Mia Mikic, *ASEAN and Trade Integration*, (UNESCAP Staff Working Paper, 2009), Available: http://works.bepress.com/mia_mikic/2/, (accessed: 4 April 2011), 9; UNCTAD; Regionalism milestones are added by author.

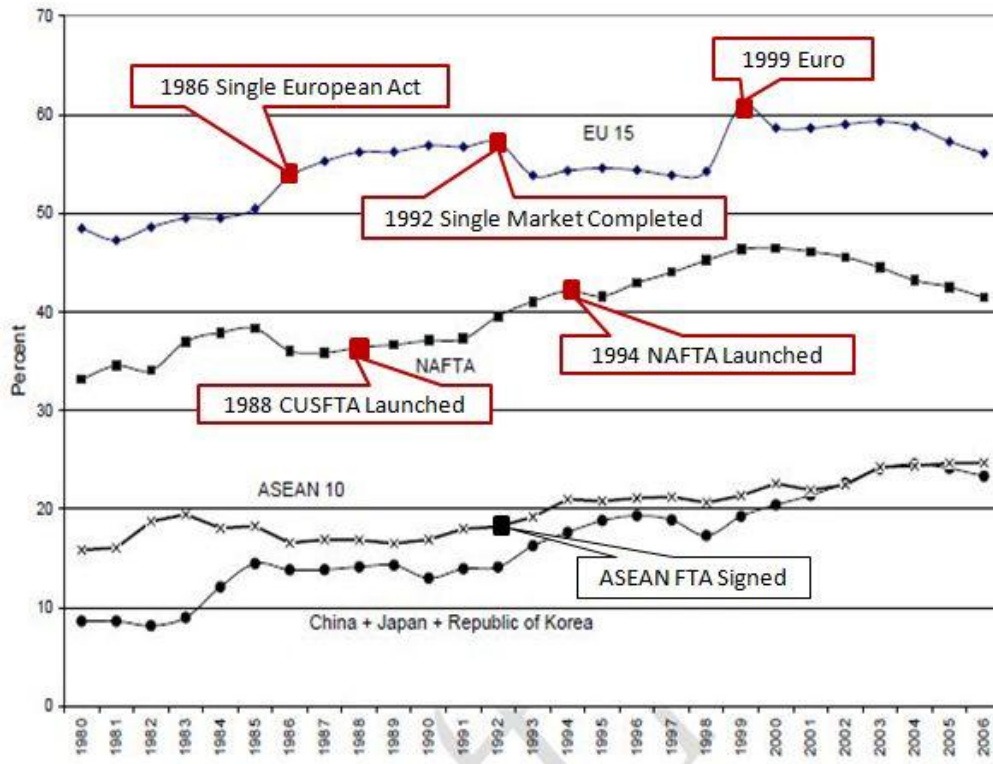


Figure 1.1 – Intra-Regional Trade Levels in the EU, NAFTA, and ASEAN

Figure 1.1 illustrates that intra-regional trade level, traditionally considered to be the main measure of regionalisation, is a problematic indicator for at least three reasons: first, the indicator is apparently ineffective to causally link the impact of regionalism to regionalisation, second, it is ill-suited for across-regional comparison because it ignores non-regionalism related factors that contribute to different regionalisation patterns, and third, as an aggregate measure it blankets variations in response by different sectors and firms.

1.2.1.1 The Problem of ‘Cause and Effect’

The first main concern is that of *cause and effect*: the ratio of intra-regional trade changes either seemingly independent of changes in regionalism, or it precedes major

changes in the regional frame.¹⁵ The level of intra-regional trade in the case of the EU hardly changed between the signing of the Single European Act and 2006, and it even decreased after the completion of the Single Market in 1992, as it did after the fixing of exchange rates in the Eurozone in 1999. In the case of NAFTA, intra-regional trade was already relatively high by the time formal regionalism was launched and, following a textbook case dynamic increase, it slowly returned to pre-NAFTA levels. Similar results, i.e. the low impact of political regionalism on intra-regional trade, were observed by Soloaga and Winters when they analysed changes in intra-regional trade in several regions and trading blocs.¹⁶

If we accept that intra-regional trade is able to measure regionalisation, there are several plausible explanations for the above described phenomenon: one, regionalism has no impact on regionalisation. This is hypothetically possible but rather doubtful. Second, the correlation is reverse: regionalisation precedes political regionalism. While this is an interesting concept in itself, this approach could also hardly explain why the intensification of EU integration since the 1980s was not accompanied by a more robust increase in intra-regional trade, and why it decreased in NAFTA. Finally, macro-indicators like intra-regional trade alone are simply ill-suited to measure the impact of regionalism on regionalisation because the former has a partial and varied impact on the latter: different sectors, firms, and aspects of firm activity respond to the same incentives in a varied way. Today, regionalisation is mostly taking place within and between production networks of firms (crosscutting regional borders) and other forms of intra-firm activity, which are not necessarily captured by changes in intra-regional trade.¹⁷ Regional-level measures may actually capture the impact of ‘globalism’ (global trade and regulatory regimes), and not regionalism.

¹⁵ Mikic, *ASEAN and Trade Integration*, 9 [Original data from UN Comtrade and WITS]

¹⁶ Soloaga and Winters, *Regionalisation in the Nineties*, 20 and 23

¹⁷ Dicken, *Global Shift – 5th Edition*, 7

1.2.1.2 The Problem of 'Ignorance'

The second concern is with the *difference between varied regional integrations*. From the arguments that more regionalism leads to more regionalisation it is often inferred that the EU has higher intra-regional trade levels than NAFTA (or ASEAN) because its regionalism is more advanced or more intensive.¹⁸ This may be so but the difference may also be caused by other, equally or more important factors (e.g. geographic proximity, etc.) which are considered to be strong predictors of trade between any two countries, in the economic literature.¹⁹ In other words, two regions of identical regional regulatory regimes may still be very different structurally; e.g. 28 relatively small countries in a geographically squeezed area would probably always trade more with each other (EU), even if they were only linked by a free-trade agreement, than three countries of a vast continent, two of which do not even share a common border, and one has a huge national market on its own (NAFTA). Thus, differences in intra-regional trade levels may not be most relevant when differentiating between the intensity of regionalisation, or *de facto* integration.

Gary Gereffi, "Global Production Systems and Third World Development", In: Barbara Stallings (ed.), *Global Change, Regional Response*, (Cambridge: Cambridge University Press, 1995), 113

¹⁸ Katzenstein, *A World of Regions*, 23; Bowles, *Post-global Financial Crises*, 86; Beeson, *Regionalism and Globalisation in East Asia*, 5;

Andrew Hurrell, "Explaining the Resurgence of Regionalism in World Politics", *Review of International Studies*, (Vol. 21, No. 4, October 1995), 331-358, 346-7

¹⁹ Jeffrey Frankel and Andrew Rose, "An Estimate of the Effects of Currency Unions on Trade and Income", *The Quarterly Journal of Economics*, (Vol. 117, No. 2, May 2002), 437-466

Pankaj Ghemawat, "Distance Still Matters: The Hard Reality of Global Expansion", *Harvard Business Review*, (Vol. 79, No. 8, September 2001), 138-147

Paul Hirst and Grahame Thompson, "The Future of Globalization", *Cooperation and Conflict*, (Vol. 37, No. 3, September 2002), 258-265

1.2.1.3 The Problem of ‘Blanket Response’

A third concern is that intra-regional trade level is an *aggregate measure*, and as such it assumes uniformity of response by economic actors. Assuming that regionalism impacts regionalisation, the aforementioned issues with intra-regional trade as its indicator notwithstanding, regionalisation effects may not be observed across-the-board just as policy *compétences* on the regulatory side vary (e.g. EU agriculture policy is federal while education is national). Describing the EU as a single market may not shed much light on whether different sectors and firms within a single sector actually respond to the legal/institutional incentives, just as it does not necessarily mean that the single market exists equally for all areas of economic activity.²⁰ Trade level is an aggregate measure of firm activity and it does not capture the fact that firms are varied and behave in a variety of ways. At best, intra-regional trade level shows correlation between regionalism and regionalisation; to further link regionalisation outcomes to regionalism’s incentives, firm-level strategies and decisions have to be examined.

Therefore, this research takes firms as units of analysis which can offer new insights into the varied responses to regionalism’s incentives.²¹ The composition of trading firms, their activities, organisational structure, and global mobility may be different, and these differences can be further impacted by the intensity of the regional regulatory regime in which they operate.²² More importantly, regionalisation is more than just cross-border sales and transactions; it is a transformative change which can affect the entire organisation of the

²⁰ Sapir, *Regional Integration in Europe*, 1495

²¹ John H. Dunning and Karl P. Sauvant, *From the Common Market to EC92: Regional Economic Integration in the European Community and Transnational Corporations*, (New York: United Nations, 1993)

²² Rob Van Tulder and Denis Audet, “The Faster Lane of Regionalism”, In: Jorge Carrillo, Yannick Lung, and Rob van Tulder, *Cars, Carriers of Regionalism?*, (Houndsmills, Basingstoke: Palgrave Macmillan, 2004), 25

firm: its production, the technical specifications of the product itself, its design and sales, etc.²³

Firms interpret their environment, the incentives and constraints offered by regionalism, when making decisions. They respond to global regulatory incentives and the outcome we are witnessing may, in fact, be globalisation in regional disguise. Firms are regionally/globally embedded to a varying degree, depending on a plethora of factors (e.g. their products, commodity chains type, internationalisation, etc.) which, again, is only detectable at the firm level. Different sectors may also have varied disposition to regionalisation and globalisation, in general.²⁴ Therefore, understanding firm-level dynamics in a regional context promises to better understand the effect diverse regionalisms have on regional economic processes than aggregate measures alone.

1.2.2 The Research Questions

Consequently, this research will be guided by the following questions: first, *how does regionalism impact regionalisation in the EU and NAFTA?* Regionalisation outcomes, after all, are also influenced by a set of non-regionalism related factors: global and national-level regulations, and what is often referred to as ‘firm, profit, or product’ logics. While this research will consider the ensemble of non-regionalism related factors at certain outcomes, it argues that globalisation, as the other main cross-border process, needs particular consideration, and thus will subsequently ask if we are we observing the impact of

²³ Michel Freyssenet and Yannick Lung, “Multinational Carmakers’ Regional Strategies”, In: Carrillo et al, *Cars, Carriers of Regionalism?*, 44-5

²⁴ Peter Dicken, *Global Shift – 4th Edition*, (London, Thousand Oaks and New Delhi: Sage Publications, 2003), 200

regionalism or globalism on firms when exploring regionalisation. Differently put, *is it really regionalisation or rather globalisation that we are witnessing?*

Second, this research will also ask: *does the more intensive integration (EU) lead to different regionalisation patterns than the weaker one (NAFTA)?* Essentially, the question is whether the EU has a stronger impact on regionalisation outcomes than NAFTA, or they lead to relatively similar outcomes. The EU is a single market, a deep integration with complex institutions, while NAFTA is a free-trade agreement, a thinly institutionalised, shallow integration, which could lead to varied regionalisation outcomes. On the other hand, non-regionalism related factors could lead to relatively similar regionalisation outcomes. By taking firms as units of analysis, similar actors in different environments can be observed. Choosing the car industry as the universe of cases, heavy-complex, producer-driven chains can be examined which are argued to be particularly suited to map out the current extent of regionalism's impact. (See 2.3)

1.3 The Main Arguments

In response to the question how regionalism impacts regionalisation, this thesis will argue, first, that regionalism impacts regionalisation in multiple and varied ways; different firms are impacted differently, and different aspects of their activities are impacted differently. Regionalism will be argued to lead to dispersed and polycentric production in spatial terms (e.g. relocating plants to new countries but retaining old ones, too), and vertical/horizontal integration in organisational terms (e.g. formerly autonomous, national units become subsidiaries of regional HQ). Regionalism also increases competitive pressures which compel firms to regionalise their products' appearance and technical specifications (if

allowed/encouraged by regional regulations). Marketing them as regional products however will be argued to be largely constrained by regionalism's limited ability to achieve regional customer taste convergence. Regionalism's impact on regionalisation will be argued to be influenced by core/periphery dynamics, industry-specific concerns, and national political considerations.

Second, in response to the subsequent question whether it is indeed regionalisation and not globalisation that is being witnessed, this thesis will argue that regionalisation is firmly embedded in regionalism (at least in the car industry and in producer-driven chains). However, 'winner' firms of regionalism, which Mattli argues to be potential supporters of further integration, have an increasing stake in regionalism having 'porous borders'.²⁵ Firms may well support flexible 'inter-regionalism' and global regulations, rather than 'more regionalism'. Certain aspects of their products and productive processes are also becoming global which increase similarity across regionalisation outcomes. However, it will be argued, that globalisation in the car industry is still better construed as 'concurrent regionalisations'.

Finally, in response to the question whether the more intensive integration (EU) leads to different regionalisation patterns than the weaker one (NAFTA), this thesis will argue that regionalisation outcomes do not depend on the the type/intensity of regionalism alone but on the interplay of regionalism and non-regionalism factors, on the one hand, and the specific part of regionalisation where the impact takes place (e.g. production, market, product), on the other. This is because regionalisation is always context-dependent and regionalism rarely exerts influence over it on its own. Thus, the intensity of regionalisation is not directly proportional to the intensity of regionalism: lower intensity regionalism (e.g. NAFTA) can, under certain conditions, lead to similarly intensive regional linkages as a higher intensity one

²⁵ Katzenstein, *A World of Regions*, 22; Mattli, *Explaining Regional Integration Outcomes*, 3

(e.g. EU). Conversely, high-intensity regionalism (e.g. EU) can, under certain conditions, lead to lower intensity regionalisation than a low-intensity regionalism (e.g. NAFTA).

1.4 The Structure of the Thesis

This thesis will be structured in the following way: in *Chapter 2*, the relevant literature will be reviewed, in particular the relationship between regionalism and regionalisation, and the comparability of varied regional integration schemes to set out the conceptual frame this thesis will apply. The chapter will end with a discussion about case selection, research design and methods, and relevant data issues. *Chapter 3* will provide a brief description of the car industry; the relevant aspects of its historical evolution, the main players, and the main regulatory approaches globally, in the EU, and NAFTA.

Subsequently, three major aspect of regionalisation will be explored in separate chapters, based on empirical data. Each of these chapters will consider regionalism- and non-regionalism related factors in both the EU and NAFTA. *Chapter 4* will track the changing geography of production since the beginning of regionalism (i.e. ‘where is made what is made’). In NAFTA’s case, it will consider changes since the Auto Pact between the US and Canada in 1965; in the EU since the Treaty of Rome in 1957. It is the story of negative integration, primarily: how the creation of regional space led to spatial and organisational changes in the regionalisation of production and whether manufacturing locations have dispersed to low wage/low cost zones, or the industrial core successfully retained plants. The chapter will also consider three types of firm approaches to production regionalisation: that of home-region firms, embedded regionalisers, and clean-slate entry regionalisers.

Chapter 5 will look at whether regionalism has created a truly regional market of regional customers; how the position of firms changed by increased competition and changing demand. The chapter tracks changes in regional and national customer tastes, and how firms regionalised their product design, marketing, and advertising as a consequence. It is the story of ideational aspects of regionalism but more so its frontiers or limits: how regionalism is limited by entrenched, nationally-segmented customer tastes. *Chapter 6* tracks changes in the technical aspect of the product, i.e. how cars have become technically ‘regional’. It is the story of positive integration first and foremost: how intrusive regional rules and institutions can replace national ones by positive integration, and how non-regionalism factors, the dominance of the US, can be conducive to voluntary convergence of technical regulations, safety standards, and vehicle-type approvals.

Chapter 7 focuses on whether regionalisation is increasingly becoming globalisation not just as ‘more trade’ but from the perspective of productive processes, products, and customers. It accounts for positive and negative integration elements at the global level and the limits of globalisation. It is the story of the ‘porous borders’ of regionalism.²⁶ *Chapter 8* will draw conclusions and argue that regionalism has had a varied impact on regionalisation: different firms and different firm activities were affected diversely because regionalism’s effects are always context dependent. As a result, the EU, the most forceful regional regulator, has had little impact on certain aspects of regionalisation in some instances, while NAFTA, a thinly institutionalised, shallow integration, has led to similar or intensive regionalisation. It will be concluded that ‘winner’ firms of regionalism have an increasing stake in supporting flexible ‘inter-regionalism’ and globalisation, and might not push for ‘more regionalism’ in the regulatory sense. The chapter will argue that regionalism concepts of political science could benefit from further comparative case studies of diverse

²⁶ Katzenstein, *A World of Regions*, 22

regionalisms, and from drawing on regionalisation concepts of economics to explore the relationship of the political process on actual integration, and to better conceptualise the relationship between political agency, and structural constraints.

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