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# Regional strategy and the demise of globalization

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## Abstract

The controversy over globalization and its implications for strategies of multinational enterprises (MNEs) would disappear if authors would look at the evidence. Both aggregate data and firm-level data indicate that globalization is a myth however defined. Instead, the world's business is mainly conducted within the triad economic blocks of the European Union (EU), North America, and Asia. MNEs perform internationally, but the vast majority has an average of 80% of their sales within their home region of the triad. Professors of international business need to refocus from global strategy towards new thinking about triad strategy.

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*Keywords:* Triad; Regional strategy; Multinational enterprises; Globalization

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## 1. Introduction

The evidence is in and it shows that globalization is a myth. At an aggregate level, the intraregional trade of each of the “triad” regions of Europe, North America, and Asia is the majority of trade for each of these economic blocks. For 2000, intraregional exports were 62% for the European Union (EU), 56% for NAFTA, and 56% for Asia. Furthermore, there is a growing trend towards regionalism over the last 25 years.

Perhaps even more interesting is that the lack of globalization can now be shown at firm level. Across the world's 500 largest companies, a startling 72% of all sales are

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Table 1  
The 50 largest companies with triad percent sales, 2001

500 rank	Company	Region	Revenues in billion US\$	F/T sales	Percentage of intraregional	NA percentage of total	EUR percentage of total	AP percentage of total
1	Wal-Mart Stores (q)	North America	219.8	16.3	94.1	94.1	4.8	0.4
2	Exxon Mobile	North America	191.6	69.6	37.5	37.5 <sup>a</sup>	8.9 <sup>b</sup>	10.4 <sup>c</sup>
3	General Motors	North America	177.3	25.5	81.1	81.1	14.6	na
4	BP	Europe	174.2	80.4	36.3	48.1 <sup>d</sup>	36.3	na
5	Ford Motor	North America	162.4	33.3	66.7	66.7 <sup>d</sup>	21.9	na
6	Enron	North America	138.7	na	na	na	na	na
7	Daimler Chrysler	Europe	136.9	na	29.9	60.1	29.9	na
8	Royal Dutch/Shell Group	Europe	135.2	na	46.1	15.6 <sup>d</sup>	46.1	na
9	General Electric	North America	125.9	40.9	59.1	59.1 <sup>d</sup>	19.0	9.1
10	Toyota Motor	Asia-Pacific	120.8	50.8	49.2	36.6	7.7	49.2 <sup>c</sup>
11	Citigroup	North America	112.0	na	na	na	na	na
12	Mitsubishi	Asia-Pacific	105.8	13.2	86.8	5.4 <sup>d</sup>	1.7 <sup>b</sup>	86.8 <sup>c</sup>
13	Mitsui	Asia-Pacific	101.2	34.0	78.9	7.4	11.1	78.9
14	Chevrontexaco	North America	99.7	56.5	43.5	43.5 <sup>d</sup>	na	na
15	Total Fina Elf	Europe	94.3	na	55.6	8.4	55.6	na
16	Nippon Telegraph and Telephone	Asia-Pacific	93.4	na	na	na	na	na
17	Itochu	Asia-Pacific	91.2	19.1	91.2	5.5	1.7	91.2
18	Allianz	Europe	85.9	69.4	78.0	17.6 <sup>c</sup>	78.0	4.4 <sup>f</sup>
19	International Business Machines	North America	85.9	64.8	43.5	43.5 <sup>e</sup>	28.0 <sup>g</sup>	20.0
20	ING Group	Europe	83.0	77.3	35.1	51.4	35.1	3.4
21	Volkswagen	Europe	79.3	72.3	68.2	20.1	68.2	5.3
22	Siemens	Europe	77.4	78.0	52.0	30.0 <sup>e</sup>	52.0	13.0
23	Sumitomo	Asia-Pacific	77.1	12.7	87.3	4.8 <sup>d</sup>	na	87.3 <sup>c</sup>
24	Philip Morris	North America	72.9	42.1	57.9	57.9 <sup>d</sup>	25.8	na
25	Marubeni (q)	Asia-Pacific	71.8	28.2	74.5	11.6 <sup>d</sup>	na	74.5
26	Verizon Communications	North America	67.2	3.8	96.2	96.2 <sup>d</sup>	na	na
27	Deutsche Bank	Europe	66.8	69.0	63.1	29.3	63.1	6.5
28	E.ON	Europe	66.5	43.4	80.1	9.4 <sup>d</sup>	80.1	na
29	U.S. Postal Service (q)	North America	65.8	3.0	97.0	97.0 <sup>d</sup>	na	na

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