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### **Multiplex financial network regionalization scenarios as a result of re-globalization: does geographical proximity still matter?**

#### Research project summary

Re-globalization is a currently understudied topic and previous research focuses mostly on theoretical discussion of the problem. Empirical re-globalization related research suggests that re-globalization in terms of structural financial network changes did not start recently but appears to be observed after global financial crisis, which might have been further strengthened by pandemic and recent geopolitical tensions. Among discussed possible future scenarios of re-globalization, most likely are discussed to be geographical regionalization mosaic, ally-based bipolar regionalization and continuing globalization. Some argue that globalization is likely to continue as geopolitical tensions would decrease. Other support the notion of increased localization as countries would quit from political alliances, control prices and induce other restrictive measures. Another possible scenario is argued to be bipolar-segmentation by US & Europe alliance on the west and China on the east based on ideological and political rationale. Finally, some geographical regional segmentation might be plausible to occur due to increased regional alliances. Bipolar and geographical regionalization and continuing globalization scenarios appear to be the most plausible, because localization would imply lowering gains from liberalization.

We aim to check empirically 3 most likely re-globalization scenarios, i.e., if geographical regionalization during post global financial crisis period has increased or bipolar regionalization has happened or if globalization is continuing as suggested by re-globalization megatrend. We use 5-layer multiplex financial network 2009-2020 data of 234 countries and calculate global, intraregional and interregional network density and value to test continuing globalization and geographical regionalization scenarios. We calculate network using Louvain algorithm to test bipolar regionalization scenario.

We find that multiplex financial network appears to be already highly regionalized geographically, also globalization seems to be increasing, thus, regionalization and globalization appear to be not contradictory processes. Geographical regionalization did not increase in terms of shifting interregional investment to intraregional territory as interregional investment density and value also increased as well as intraregional density and value. The world appears to have become bipolarly ally-regionalized with 2 main communities - US & Europe vs. China. However, it is worth noting that Europe role is still unclear as not all Europe belongs to the same cluster as US, but rather Eastern and Northern Europe, while Western Europe belongs to the same cluster as China. Hence, this research results support friend shoring rather than nearshoring. Future research could aim to explore in detail what are the main factors affecting ally-familiarity based region formation.