

The authors are also able to show a regional dimension to GVCs with particular countries serving as a GVC hub in their region, such as Germany in Europe, the U.S. in North America and Japan and China in Asia.

The rise of China may be the most significant economic event of the current generation, and one that it is intimately linked to the rise of GVCs. It is not clear to what extent China's rise was aided by the rise of global value chains, or vice-versa. But, there is no doubt that China plays a hugely important role in global value chains, especially those in Asia. China, as a huge and low-wage country, also epitomizes many of the fears in advanced countries related to the offshoring and outsourcing of activities. Alyson C. Ma and Ari Van Assche in their chapter "China's Role in Global Production Networks" explore in great detail how China is linked into Asian and global production networks¹⁵, the role of China's export processing zones and of foreign invested enterprises. The authors are able to make a number of broad and important observations about China's role in production networks. Firstly they cast some doubt on the extent and the speed to which China is moving into increasingly technologically-sophisticated exports. They reach this conclusion based on the high degree to which processing exports account for China's highest technology exports. Processing exports, having little domestic content and largely produced by foreign invested firms, suggests that China simply hosts these activities and provides a labour-intensive, likely assembly role, with minimal links to the broader economy. There is also little evidence that this has been changing over time. The story is reversed for all other technology categories, however, with processing zones playing an ever smaller role, and both domestic content as well as the involvement of domestic firms increasingly rapidly.

Ma and Van Assche additionally point to the important role that geography plays in China's participation in global production networks. For Asian countries, China can be seen as a low-cost location from which to serve global markets. Inputs are sourced from across the region, assembly or other mostly labour-intensive activities done in China, and then exported globally -back to Asian markets, but importantly to the West as well. Essentially, for Asian countries, China serves as a low-cost export platform to the world. For Western countries, however, China appears to play a more limited role. A much lower share of imports are sourced from Western countries and the markets served are mostly Asian rather than global.

The final paper in this section "Global Value Chains in Canada" by David Boileau and Aaron Sydor relies largely on a new dataset coming from the recently completed Survey of Innovation and Business Strategies (SIBS). One component of that survey collects new data on the involvement of Canadian companies in global value chains as well as offshoring and outsourcing. Many of the results are, additionally, comparable to the survey conducted within the European Union which allows important comparisons between the two sources. Boileau and Sydor find that Canadian companies are indeed actively involved in global value chains and on a similar level to most EU countries, although far below the most engaged countries, most notably the UK and Ireland. An additional important finding is that although the rate of offshoring and outsourcing are fairly small, they are roughly evenly matched by the rate of inshoring. Thus, and as the theory would predict, offshoring and outsourcing are not one-way exoduses from Canada, and advanced countries more generally, but rather circular movements that also involve the inflow of activities to Canada. In the view of the authors, this changes the discussion

¹⁵ A distinction being made between global production networks which are limited to merchandise trade and global value chains which includes services.