must be taken in the context of the tax rates of all of the countries in which the firm performs activities. This complex relationship between corporate income taxes and the location of productive activities by firms is supported by his revue of the literature. Dahlby notes that the empirical literature has largely failed to produce a strong link between corporate taxes rates and FDI. There is some evidence, albeit limited, that FDI has become more sensitive to difference in corporate taxes rates in recent years, which would be consistent with the rise of GVCs.

During the global financial crisis, international trade fell to a much greater extent than did global GDP and by much more than most forecasters had expected. A number of reasons have been proposed for this overreaction of trade such as the double counting that occurs in trade due to GVC production, and the greater impact of the crisis on goods consumption relative to services. But an additional factor noted by some was the collapse in trade financing.[17] Apart from its impact during the crisis, trade finance may be impacted by the rise of global value chains more generally. It is in this context that Jean-François Lamoureaux and Todd Evans explore the potential impact of the rise of global value chains for trade finance in their chapter "Supply Chain Finance: A New Means to Support the Competitiveness and Resilience of Global Value Chains". They propose that under GVCs the need for export financing changes. It is no longer simply the exporter's competitiveness that matters, but also the competitiveness of all of the members of that exporter's supply chain. They additionally argue that Canada has few supply chain leaders – that is the very large companies that are often at the heard of GVCs and which may offer some of the supply chain financing options to their suppliers. Rather, most Canadian companies are lower tier suppliers in supply chains led by foreign companies resulting in limited supply chain financing options in Canada. This may put Canadian firms at a disadvantage relative to suppliers from other countries.

Just as export financing may be impacted by the rise of GVCs, so too may traditional logistics. As more intermediate inputs are moved and at potentially greater distances the efficiency of a country's logistics system can have a greater impact. In "Logistics and the Competitiveness of Canadian Supply Chains" Jacques Roy compares the efficiency of Canada's logistics system to that of other countries and finds that Canada's comes up short, ranking 14th overall. Well behind first ranking Germany. Roy attributes that poor ranking to a combination of government policies such as towards infrastructure, customs and differences in regulations between provinces as well as to a failure on the part of business located in Canada to adopt industry best practices and slow or lower rates of adoption of new technologies. Improving Canada's logistics system could contribute to making Canada a more attractive location internationally for those activities that make intensive use of logistics systems as well as improving the competitiveness of Canadian-based companies more generally.

International Experiences

The final section of the volume takes some tentative steps towards exploring how other countries have adjusted to the rise of global value chains with a view to drawing potential lessons for Canada.

Germany is of particular interest for those studying global value chains within manufacturing. Germany was, until recently, the world's largest merchandise exporter and is often view with envy by policy makers in advanced countries due to its success in

[17] See for example Mora and Powers (2009) and Cheung and Guichard (2009).