- internal supply lines:
  - intra-firm trade means **internal** supply lines for corporations, resulting in better control over quality and specifications, reliability of supply and the efficient integration of the affiliate into the corporation's distribution network.[25]

An informal survey by the author of a number of Canadian corporations with operations in the U.S. and offshore revealed no general pattern to the sourcing of inputs or capital equipment, locally or offshore (Canada or elsewhere), when affiliate operations were established. The relative costs of sourcing of inputs or capital equipment were evaluated by the parent on a project-by-project basis and generally reflected the major factors influencing the investment. For example, if reducing labour costs was a major factor influencing the location of an offshore affiliate, then the sourcing of inputs and capital equipment would be based on availability either locally or offshore. However, if reducing labour costs was the most important factor in the location decision, then offshore sourcing was generally the normal practice. Other factors that were identified as influencing the sourcing decision were the establishment of operations to be closer to suppliers because of significant transportation costs or specific supplier expertise, and locating intermediate goods production closer to the production site of the final good.

[25] *S. Krajewski, Intrafirm Trade the New North American Business Dynamic, 1992, pp. 2-3.*