

not to maintain a certain number of corporate head offices but for Canadian multinationals to grow to world class levels.

Conclusions and Implications

The rise of global value chains means that activities can increasingly be located anywhere in the world based on where it is most efficient to undertake that activity. As well, technological advances are allowing for a greater number of activities to become internationally mobile including many high-skilled service jobs that were once considered non-tradable. And all of this is occurring within an environment where international competition for the highest valued of these activities is increasing. Not only are emerging competitors such as China and India quickly moving up the value chain, but traditional competitors are not standing still either.

Fear of lost jobs due to offshoring has dominated much of the debate to date, but as we have shown, this concern is largely misplaced. Not only have the headline figures for the number of jobs that are potentially offshorable greatly overstated the impact thus far, but they fail to capture the potential benefits. The real challenge presented by the rise of global value chains is to make Canada the location of choice for those high-value activities that are essential for maintaining an improving the standard of living of Canadians. In this respect, small differences in economic environments between jurisdictions will play an increasingly important role on

what activities are done in each country, province or city. Therefore crafting those environments has gained a renewed importance.

As Blinder (2006) points out “Just as the first industrial revolution did not banish agriculture from rich countries, and the second industrial revolution has not banished manufacturing, so the third industrial revolution will not drive all impersonal services offshore”. It is also useful to note that the first two industrial revolutions required adjustments but also produced immeasurable benefits and so too will the third. But, also based on experience from the past, those who are better prepared and can adapt the quickest will also be those that benefit the most.