(multinational) firm distinguishes offshore outsourcing from either simply "off-shoring" or "outsourcing". Hence, the modern corporate model is increasingly viewed as being "networked-based" with growing international specialization and focus on "core competencies" combined with strategic sourcing and partnering involving independently owned companies (Cusmano, Mancasi and Morrison, 2008; Manning, Massini and Lewin, 2008).

Neither the international specialization of specific value chain activities, nor offshore outsourcing, are new developments, although the speed and scale of offshore outsourcing activities are suggested to be increasing (OECD, 2007).[2] With respect to the geographical relocation of value chain activities, what is argued to be different about recent experience is that international trade is becoming increasingly concentrated in intermediate inputs rather than finished products (Antras, 2005; Krywulak and Kukushkin, 2009). Furthermore, while first identified for manufactured products, the phenomenon of greater value chain specialization and trade in intermediate inputs is also noted to be occurring increasingly in services, along with offshore outsourcing of services (Markusen and Strand, 2006).

There is also a view that *every* stage of an organization's value chain is increasingly capable of being relocated anywhere in the world based on where it can be performed most efficiently. The relocation of research and development (R&D), product design and other innovation-related activities has been particularly noted in the recent literature.[3] With modern communications and efficient transportation networks, the various stages can be linked to each other in a relatively smooth manner spanning increasingly greater physical distances (Sydor, 2007). The rise of China as a major site for outsourced manufacturing value-added activities and of India as a site for outsourced service-related activities have been intensively discussed in this regard (Trefler, 2005).

1.1 Focus of Report and Research Issues Addressed

The broad purpose of this paper is to synthesize and critically evaluate the literature concerned with both GVCs and offshore outsourcing and the factors contributing to the growth of these phenomena. A particular goal is to assess whether the phenomena are capable of being understood by existing theories of international production. If not, what is incompletely or unsatisfactorily explained by existing theories of international production? A related goal is to identify and evaluate whether conclusions regarding the economic gains from international production and trade, including trade among affiliates of multinational companies (MNCs), need to be modified or reversed when applied to trade in intermediate inputs accomplished through offshore outsourcing. The "conventional" view amongst most economists and international business scholars is that increased specialization of production across countries leads to higher real income levels for those countries participating in global economic integration. Is this view still appropriate?

This conventional view has been subjected to questioning in recent years. In assessing whether the conventional wisdom regarding the economic benefits of international

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[2] Indeed, Mankiw and Swagel (2006, p.10) assert with respect to imports related to GVCs and offshore outsourcing: "Whether things of value, whether imports from abroad, come over the Internet or come on ships, the basic economic forces are the same."

[3] See, for example, Lewin, Massini and Peeters (2009), Manning, Massinii and Lewin (2008), Asakawa and Som (2008), Sydor (2007) and Ojah and Monplaisir (2003).