

**Making sense of global value  
chain-oriented policies:  
The trifecta of tasks, linkages and firms**

**Roberta Rbellotti**

University of Pavia - Italy

[roberta.rbellotti@unipv.it](mailto:roberta.rbellotti@unipv.it)

**Emerging Economies in Global Value Chains: impacts and policy issues**

**Torino 12-02-2021**

# Motivation

- Little systematic discussion about how GVC-oriented policies differ from traditional industrial, innovation and international business policies;
- A special collection of the *Journal of International Business Policy* (JIBP) to reflect on the nature and scope of GVC-oriented policies;
  - **How do GVC policies differ from the traditional policy efforts?**
  - **What are the desirable future evolution paths of GVC-oriented policies?**
- Empirical evidence from South Africa, Malawi, China, Bangladesh, UK and other countries



EDITORIAL

## Making sense of global value chain-oriented policies: The trifecta of tasks, linkages, and firms

Carlo Pietrobelli<sup>1,2</sup>  
 Roberta Rabellotti<sup>3</sup> and  
 Ari Van Assche<sup>4</sup>

<sup>1</sup>Roma Tre University, Via Silvio d'Amico 77, 00145 Roma, Italy; <sup>2</sup>UNU-MERIT, Maastricht, The Netherlands; <sup>3</sup>Università di Pavia, Strada Nuova 65, 27100 Pavia, Italy; <sup>4</sup>HEC Montréal, 3000 chemin de la Côte-Sainte-Catherine, Montréal, Québec H3T2A7, Canada

Correspondence:  
 C. Pietrobelli, Roma Tre University, Via Silvio d'Amico 77, 00145 Roma, Italy  
 e-mail: carlo.pietrobelli@uniroma3.it

**Abstract**

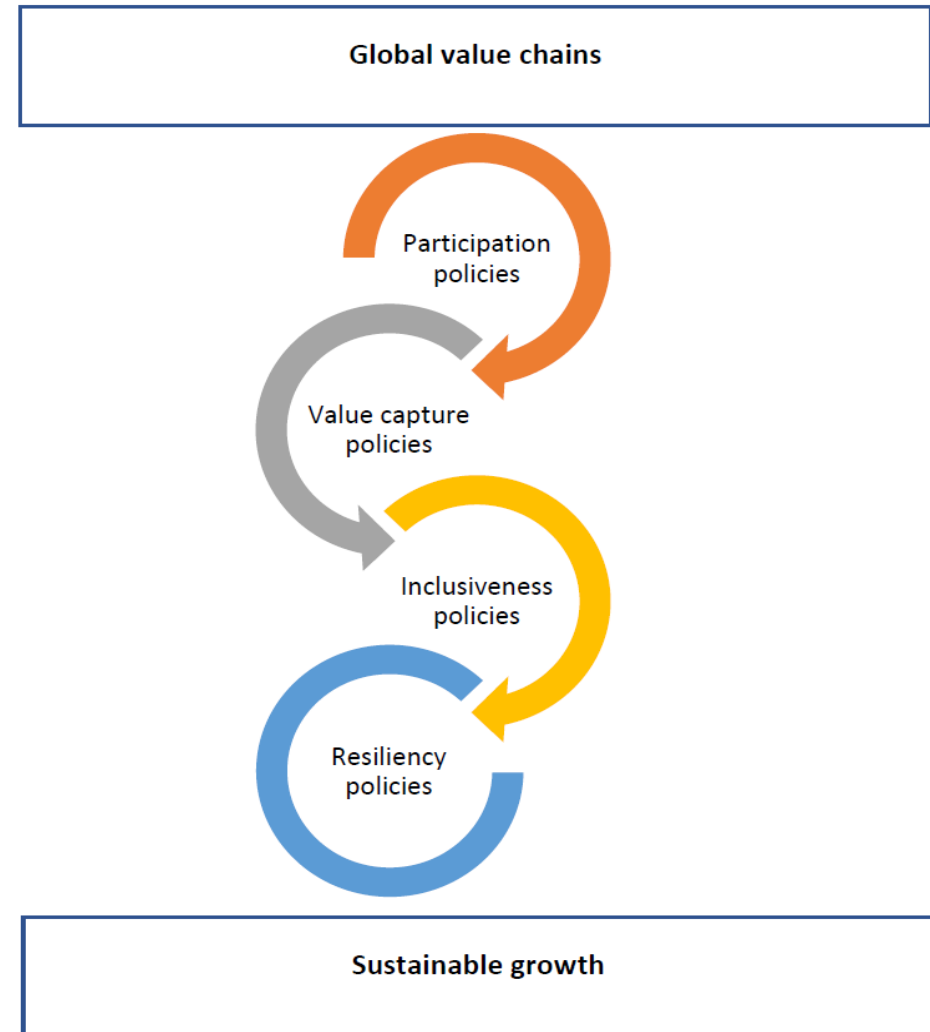
In this article, we take stock of the nature and scope of global value chain (GVC)-oriented policies. Building on the papers that have been accepted to the special collection, we categorize GVC-oriented policies according to four different policy objectives: participation, value capture, inclusiveness, and resiliency. We compare and contrast the social and economic rationales for state intervention across the different types of GVC-oriented policies and discuss the instruments and actions at the disposal of governments to reach their policy objectives. The trifecta of tasks, linkages, and firms explains whether and how GVC-oriented policies differ from traditional public policies. *Journal of International Business Policy* (2021). <https://doi.org/10.1057/942214-021-00117-6>

**Keywords:** global value chains; policy; participation; value capture; inclusiveness; resiliency

Authors	Title	Publication issue
Pietrobelli, C., Rabellotti, R. & Van Assche, A.	Making sense of global value chain-oriented policies: The trifecta of tasks, linkages and firms	Vol. 4, Issue 3
Jaax, A. & Miroudot, S.	Capturing value in GVCs through intangible assets: The role of the trade–investment–intellectual property nexus	Vol 4, Issue 3
Findlay, C. & Hoekman, B.	Value chain approaches to reducing policy spillovers on international business	Vol 4, Issue 3
Bam, W., De Bruyne, K., & Laing, M.	The IO–PS in the context of GVC-related policymaking: The case of the South African automotive industry	Vol 4, Issue 3
Gereffi, G., Lim, H.-C. & Lee, J.	Trade policies, firm strategies, and adaptive reconfiguration of global value chains	Vol 4, Issue 4
De Marchi, V. & Alford, M.	State policies and upgrading in global value chains: a systematic literature review	Vol 5, Issue 1
Pegoraro, D., De Propriis, L., & Chidlow, A.	Regional factors enabling manufacturing reshoring strategies: A case study perspective	Vol. 5, Issue 1
Goerzen, A., Iskander, S., & Hofstetter, J.	The effect of institutional pressures on business-led interventions to improve social compliance among emerging market suppliers in global value chains	Vol 4, Issue 3
Pasquali, G., Godfrey, S. & Nadvi, K.	Understanding regional value chains through the interaction of public and private governance: Insights from Southern Africa's apparel sector	Vol. 4, Issue 3
Nachum, L.	Value distribution and markets for social justice in global value chains: Interdependence relationships and government policy	Vol. 4, Issue 4
Gammelgaard, J., Haakonsson, S. & Just, S.	Linking Malawi's agricultural sector to global value chains: The case for community governance	Vol. 4, Issue 4
Horner, R.	Global value chains, import orientation, and the state: South Africa's pharmaceutical industry	Vol 5, Issue 1

# GVC-oriented policies: the framework

- Four different **policy objectives**: participation, value capture, inclusiveness and resilience;
- Each policy is built on different **economic rationales** and **policy instruments**;
- **Trifecta of tasks, linkages and firms** explains whether and how GVC-oriented policies differ from traditional public policies.



# Objectives

<b>GVC participation policies</b>	Enter in and enhance the local participation in GVCs
<b>GVC value capture policies</b>	Strengthen value creation and capture in GVCs
<b>GVC inclusiveness policies</b>	Improve social and environmental conditions in GVCs
<b>GVC resiliency policies</b>	Strengthen the local economic resilience



# Economic Rationale

Policy type	Dominant economic rationale
GVC participation policies	<p><i>Horizontal policies</i> for reducing market distortions:</p> <ul style="list-style-type: none"> <li>• Market-enabling policies</li> <li>• Connectedness policies</li> </ul>
GVC value capture policies	<p><i>Vertical policies</i> justified by</p> <ul style="list-style-type: none"> <li>• power asymmetries between lead firms and their suppliers;</li> <li>• costs, risks and uncertainty involved in upgrading and potentially generating spillovers to the domestic economy;</li> <li>• need for coordination of different actors along the chain.</li> </ul>
GVC inclusiveness policies	<ul style="list-style-type: none"> <li>• <b>Lead firms can be a powerful vector to promote social and environmental upgrading</b> but               <ul style="list-style-type: none"> <li>○ they need motivation;</li> <li>○ they need support from national and supranational policies.</li> </ul> </li> </ul>
GVC resiliency policies	<ul style="list-style-type: none"> <li>• <b>Resilience policy should ensure that countries' ability to deliver essential goods and services is sufficiently resistant to both local and foreign disruptions.</b> Two different dimensions need to be considered:               <ul style="list-style-type: none"> <li>○ First, <b>diversification</b>: how much a country's supply base of essential goods is sufficiently diversified to be not excessively dependent on specific countries (including the home country);</li> <li>○ Second, <b>substitution</b>: country capacity to have ready-to-access substitutes in case of disruption to an existing GVC. This can be in the form of domestic or regional buffer stocks, or in the country's ability to rapidly switch to domestic or foreign supply alternatives to compensate for the disruption.</li> </ul> </li> </ul>

# Policy instruments

Policy type	Policy instruments
GVC participation policies	<ul style="list-style-type: none"> <li>● Policies for creating an enabling business environment;</li> <li>● Elimination of trade obstacles;</li> <li>● Strengthening of competition;</li> <li>● Improvement of transport and digital infrastructures;</li> <li>● Education and training policies</li> </ul>
GVC value capture policies	<ul style="list-style-type: none"> <li>● Strengthening of local innovation and production ecosystems;</li> <li>● Building and improving specific types (logistical, digital and productive) of infrastructures;</li> <li>● Development of specific skills;</li> <li>● Establishment of linkages between universities, vocational centers and firms involved in GVCs;</li> <li>● Provision of advisory services in the areas of standards, metrology, testing, and certifications;</li> </ul>
GVC inclusiveness policies	<ul style="list-style-type: none"> <li>● Improvement of labor, social and environmental regulations and their enforcement; at national and supranational levels;</li> <li>● Responsible sourcing policies;</li> <li>● Private standard promotion;</li> <li>● Involvement of local communities in GVC governance</li> </ul>
GVC resiliency policies	<ul style="list-style-type: none"> <li>● Supply chain resilience stress test;</li> <li>● Diversification policy;</li> <li>● Public procurement policy;</li> <li>● Reshoring policy;</li> <li>● International cooperation to share essential goods, to conduct joint procurements at a bilateral or regional level and to limit export restrictions</li> </ul>

# Are GVC-oriented policies different? The trifecta (1)

## *Tasks*

- Focus on fine-grained GVC *tasks* instead of the traditional focus on entire industries:
  - Participation policies boost functional specialization so that countries can concentrate on those tasks in which they have a comparative advantage;
  - Value capture policies help countries to create and appropriate more value by conducting the existing tasks better or by functionally upgrading into higher value-added tasks;
- Policymakers adopt a more granular view of the type of activities that they target to promote economic development.



# Are GVC-oriented policies different? The trifecta (2)

## *Linkages*

- Inter-firm linkages with foreign partners have a multiple role in GVCs:
  - They are a powerful channel for accessing foreign knowledge and resources that can be leveraged to improve technological and operational capabilities;
  - They can incentivize firms to improve local work and environmental conditions.
  - They can transmit economic shocks from foreign value chain partners to local firms through supply chains.
- Policymakers may regulate and strengthen these linkages with the aim of promoting economic and social upgrading and at the same time guaranteeing country's economic resilience.

# Are GVC-oriented policies different? The trifecta (3)

## Firms

- **Lead firms** define the terms and conditions of GVC membership and thus collaborating with them is a potent approach to accomplish policy objectives.
- **Suppliers** need support to enter - and nurture - profitable relationships with lead firms, exploiting the potential offered by these relationships for their own learning and capability development.
- Policymakers should collaborate with GVC lead firms to upgrade local suppliers, ensure fair treatment of workers, adopt environmentally sustainable business practices, and build resiliency.

# Key takeaways

- The complex architecture and interactions within GVCs may produce ***unintended consequences*** (Gereffi et al & Pegoraro et al in the special issue);
- **Supra-national policies and institutions** are needed to address GVC-related market and coordination failures that individual countries' governments cannot fix (e.g. the minimum global corporate tax rate and the LDCs GVC initiative asking the WTO for LDC value-added exports remaining duty-free throughout their journey along global and regional value chains);
- Policy makers assume a **brokering role in 'value chain coalitions'**, facilitating dialogues between public and private stakeholders.

# Implications for future research

- There is a need for ***new data and for combining existing databases*** to study the effects of GVC-oriented policies (e.g. IO & Product Space in Bam et al in the special issue).
- There is a need for more ***comparative*** (across companies and industries) ***and longitudinal studies*** for evaluating dynamic trends at the heart of the interactions and possible trade off among economic, social and environmental upgrading.
- There is a need for more research on the trade off among policies to understand ***how do GVC-oriented policies impact on multiple policy goals?***
  - Resiliency policies may increase a firm or region's ability to deal with external shocks at the cost of its GVC participation or value capture;
  - Labor standards may promote social upgrading at the detriment of GVC participation or value capture.

# THANKS!



[Journal of International Business Policy](#)

[robertarabellotti.it](http://robertarabellotti.it)