

# GVC-oriented Policies and Institutional Capabilities

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GISTセミナー

✕ ポスト

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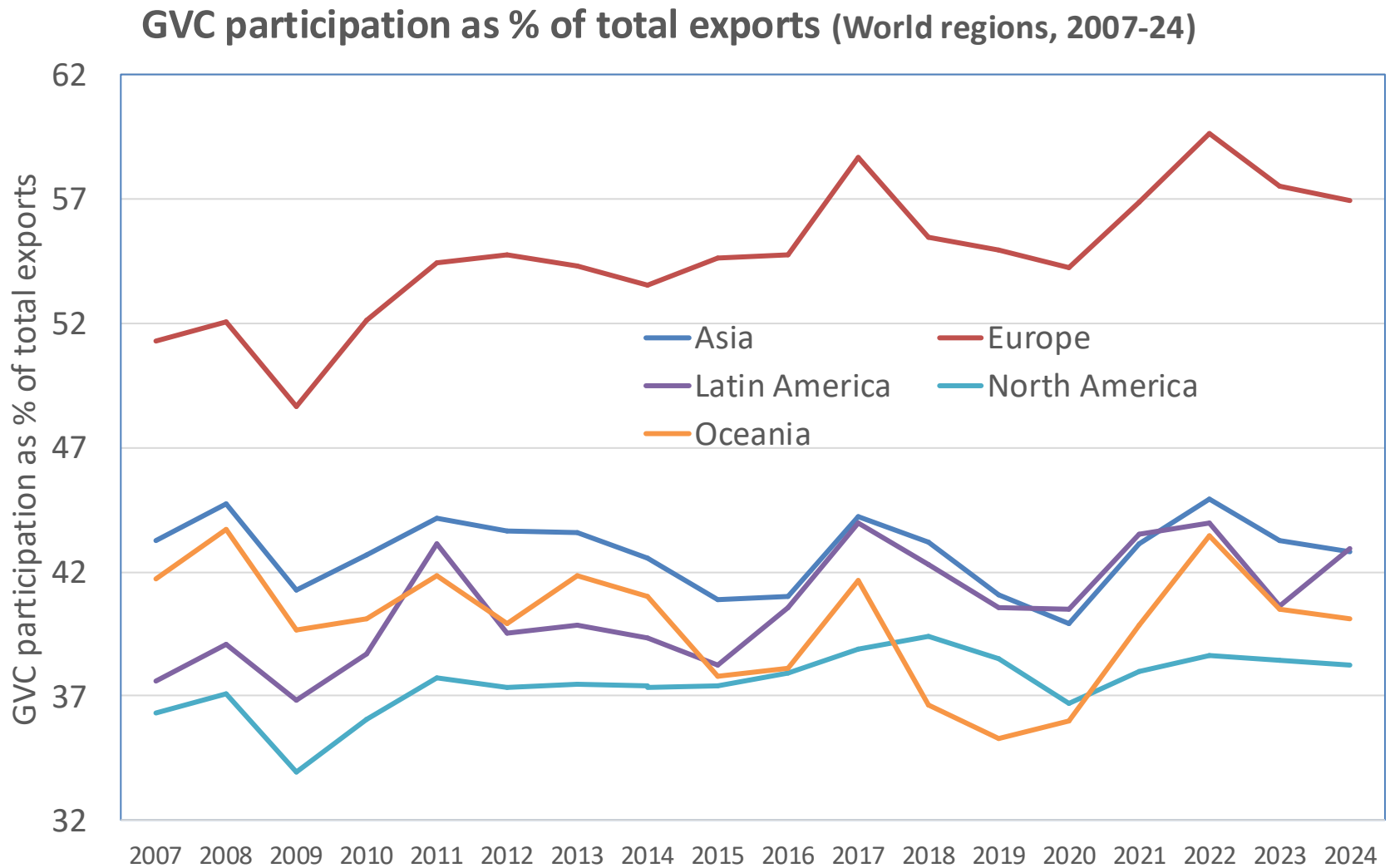
参加費 無料 (事前登録必要)

資料 チラシ



GRIPS, Tokyo, 19 May 2026

# Global Value Chains have shaped international trade since 2000s



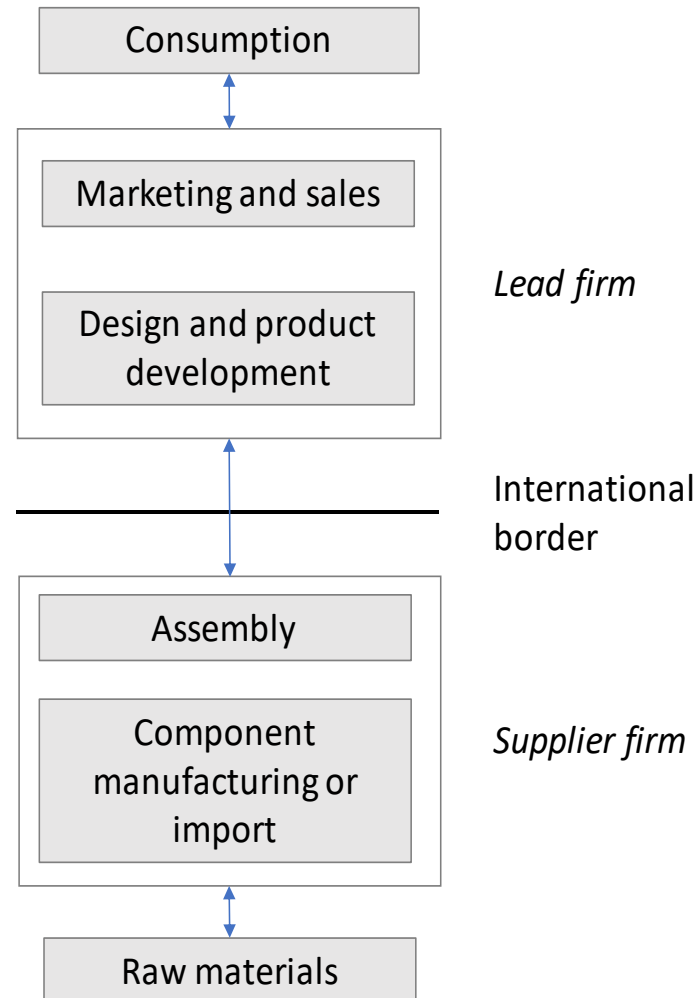
# The Global Value Chain Approach

- **Focus:** The role of **leading firms** and **inter-firm networks**.
- **Key:** Opportunities to build capabilities in firms and **governance patterns**.
- Role of **non-production** activities
- **Important dimensions:**
  - Channels of **knowledge**
  - The micro-dynamics of **upgrading**
  - **Power asymmetries**
  - the **institutional framework**, that influences opportunities for upgrading

Functional integration with  
Geographical fragmentation

**GVC-oriented policies**

Simplified Global Value Chain Model



# GVC-oriented policies and institutional capabilities: the agenda for today

1. Can policies influence distribution of rents? **GVC-oriented policies**: what they are, how they are different from other policies. An empirical **taxonomy**
2. **How** can GVC-oriented policies be designed and implemented?
3. The **institutional capabilities** required
4. Case-studies

# Objectives of GVC-oriented policies – from an extended literature survey and a JIBP Special Issue

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

Carlo Pietrobelli, Roberta Rabellotti & Ari Van Assche  
**Making sense of global value chain-oriented policies:  
 The trifecta of tasks, linkages and firms**  
<https://link.springer.com/article/10.1057/s42214-021-00117-6>



<p><b>Participation policies</b></p>	<ul style="list-style-type: none"> <li>• Remove obstacles to trade</li> <li>• Create a favorable business environment</li> <li>• Foster market competition</li> <li>• Transport and digital infrastructure improvements</li> <li>• <i>General</i> education and training</li> </ul>
<p><b>Value capture Policies</b></p>	<ul style="list-style-type: none"> <li>• Strengthen local innovation and entrepreneurship systems</li> <li>• Improve specific infrastructures (logistics, digital, productive)</li> <li>• Develop <i>specific</i> skills</li> <li>• Favor <i>linkages</i> among universities, training centers, and GVC firms</li> <li>• Provision of business services on norms, metrology, quality, laboratory, certifications</li> </ul>

# Economic rationale (justification) of GVC policies

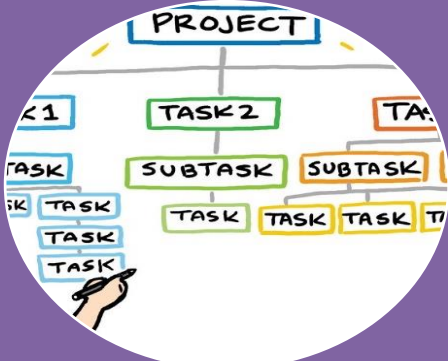
<p><b>Participation policies</b></p>	<p><b><i>Horizontal policies</i></b> to reduce market distortions</p> <ul style="list-style-type: none"> <li>• Market supporting policies</li> <li>• Connection policies</li> </ul> <p>Minimalist State interventions, market facilitating policies</p>
<p><b>Value capture policies</b></p>	<p><b><i>Vertical policies</i></b> justified by:</p> <ul style="list-style-type: none"> <li>• Power asymmetries between lead firms and their suppliers;</li> <li>• Costs, risks, and uncertainty;</li> <li>• Need of coordination of the different actors investing along the GVC</li> </ul>

Then?

Are GVC-oriented policies new?

Have we already seen this?

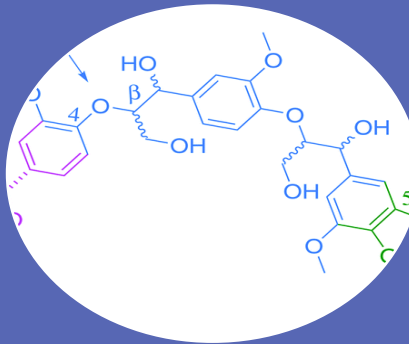
# The trifecta of GVC-oriented policies



## Tasks

Companies and governments should **target specific tasks** in the value chain, and **not**, as in the past, **entire sectors**

Policymakers take a more **granular view** of the type of activities they target to promote economic development.



## Linkages

the economic performance of companies and the social conditions offered to their workers are strongly influenced by the linkages

Policy makers regulate and strengthen these linkages to promote economic and social improvements, while ensuring a country's economic resilience



## Enterprises

Necessary to **understand the (microeconomic) logic of lead companies and suppliers**

Policymakers collaborate with GVC lead firms and suppliers to improve relationships, ensure fair treatment of workers, adopt sustainable business practices and build resilience



# How are GVC-oriented policies different?

## The trifecta

**Tasks:** focus on fine-grained GVC *tasks* instead of the traditional focus on entire industries

- Policymakers adopt a **more granular view** of the type of activities that they target to promote economic development.

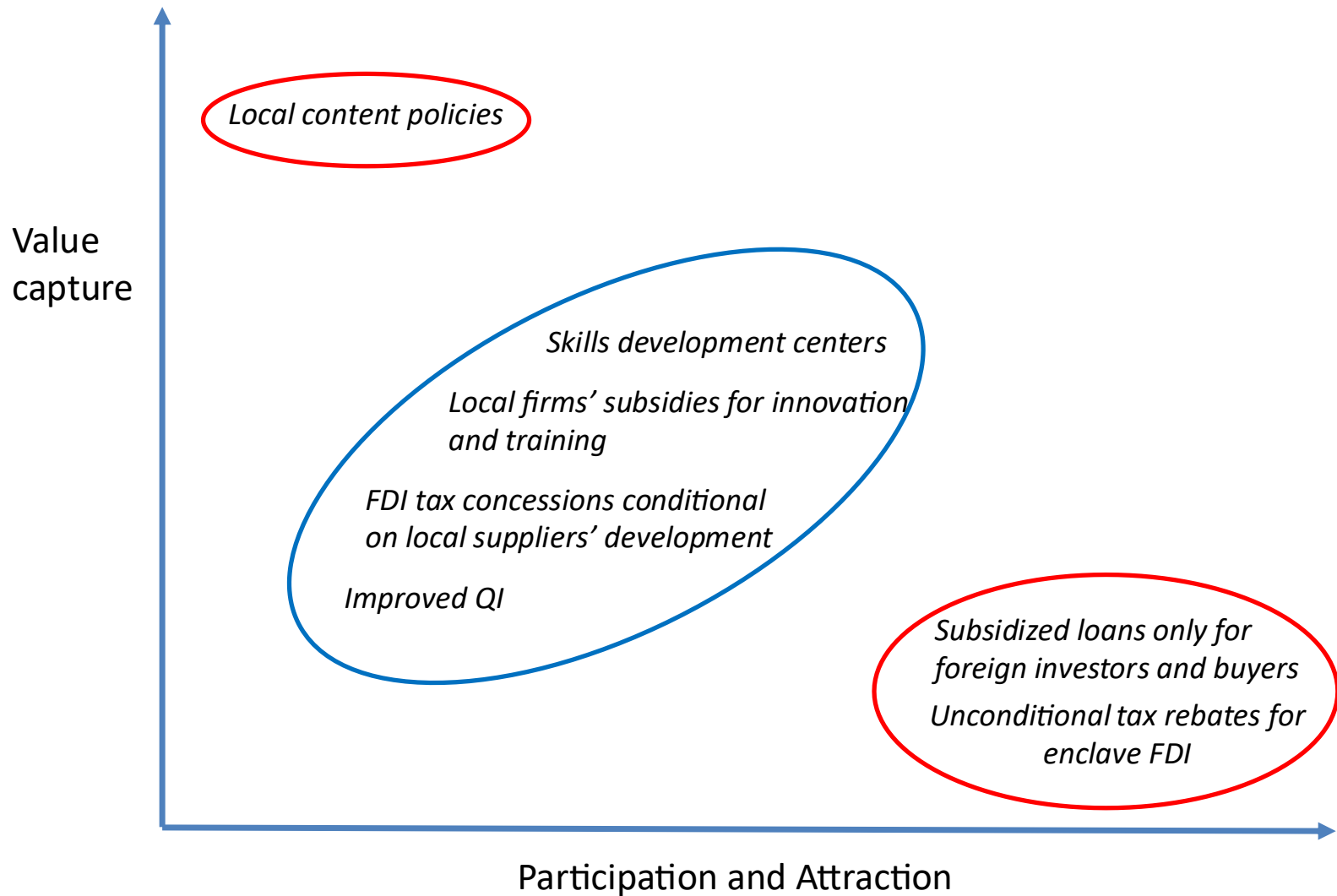
**Linkages:** firms' economic performance and the social conditions offered to their workers are heavily influenced by *linkages*, through which economic shocks are transmitted to local firms by foreign value chain partners

- **Policymakers regulate and strengthen linkages** to promote economic and social upgrading, with resilience.

**Firms:** harnessing and partnering with *lead firms* is a potent approach to accomplish policy objectives. But also **firm-level focus on suppliers**

- **Policymakers collaborate with GVC lead firms to upgrade local suppliers**, ensure fair treatment of workers, adopt environmentally sustainable business practices, and build resilience
- Thorough understanding of **microeconomic logic of suppliers' upgrading** and innovation

# GVC-oriented policies: Complements or Substitutes? Possible trade-offs



	Horizontal	Vertical
Public Inputs	<ul style="list-style-type: none"> <li>• <b>Monitor opportunities</b> for attraction</li> <li>• <b>Streamline procedures for FDI</b> and lead-firm (e.g. One-stop shops)</li> </ul>	<ul style="list-style-type: none"> <li>• FDI and selective lead-firm <b>attraction</b></li> <li>• FDI in S&amp;T to <b>increase location attractiveness for international research centers</b> (via IP laws and enforcement, or tax concessions, a market intervention).</li> <li>• <b>Skills</b> training center</li> <li>• <b>Quality, Standards, Certification</b> Organizations</li> <li>• <b>Strengthen linkages and potential spillovers</b> between GVC participants and local knowledge base (e.g. cluster policies, policies for TT etc.) – may also operate through market interventions;</li> </ul>
Market interventions	<ul style="list-style-type: none"> <li>• Generic R&amp;D&amp;i subsidies</li> <li>• Matching grants for <b>R&amp;D conditional on collaboration</b></li> <li>• <b>Force externalities</b> via training commitments and <b>suppliers' development</b></li> <li>• Policies to encourage international <b>mobility of talent</b> (also through public inputs and vertical)</li> </ul>	<ul style="list-style-type: none"> <li>• Selective <b>temporary tax exemptions to new local providers</b></li> <li>• <b>Local content</b> policies (forcing lead firms to buy locally)</li> <li>• <b>Selective R&amp;D&amp;I subsidies/grants</b></li> <li>• Promotion of <b>innovative entrepreneurship</b>, e.g. ease access to capital</li> </ul>

# Agreement on content of GVC-oriented policies, but **HOW** to design and implement them?

- Very difficult
- Multiple actors (levels of government, types of businesses, ...)
- Multiple sectors
- Multiple countries (coordination across countries?)
- Different interests, huge coordination needs...

# Different GVC-oriented tasks require different institutional capabilities

- Success of GVC-oriented policies has been varied
- **Success depends on level-depth-variety of “institutional capacities”.** “institutions matter” (North, 1994), “get institutions right” (Rodrik, 2004), but HOW?
- **One best ideal type (recipe)** cannot and should not be sought.
- Refrain from defining “ideal types”, **begin with identification of actual challenges and tasks** that need to be accomplished.
- Difficulty of the tasks is substantially different (Ricks and Doner, 2021). Policy tasks are not undifferentiated technical challenges but require appropriate institutional capacities

“stroke-of-a-pen” measures  
(setting import tariffs or interest rates)

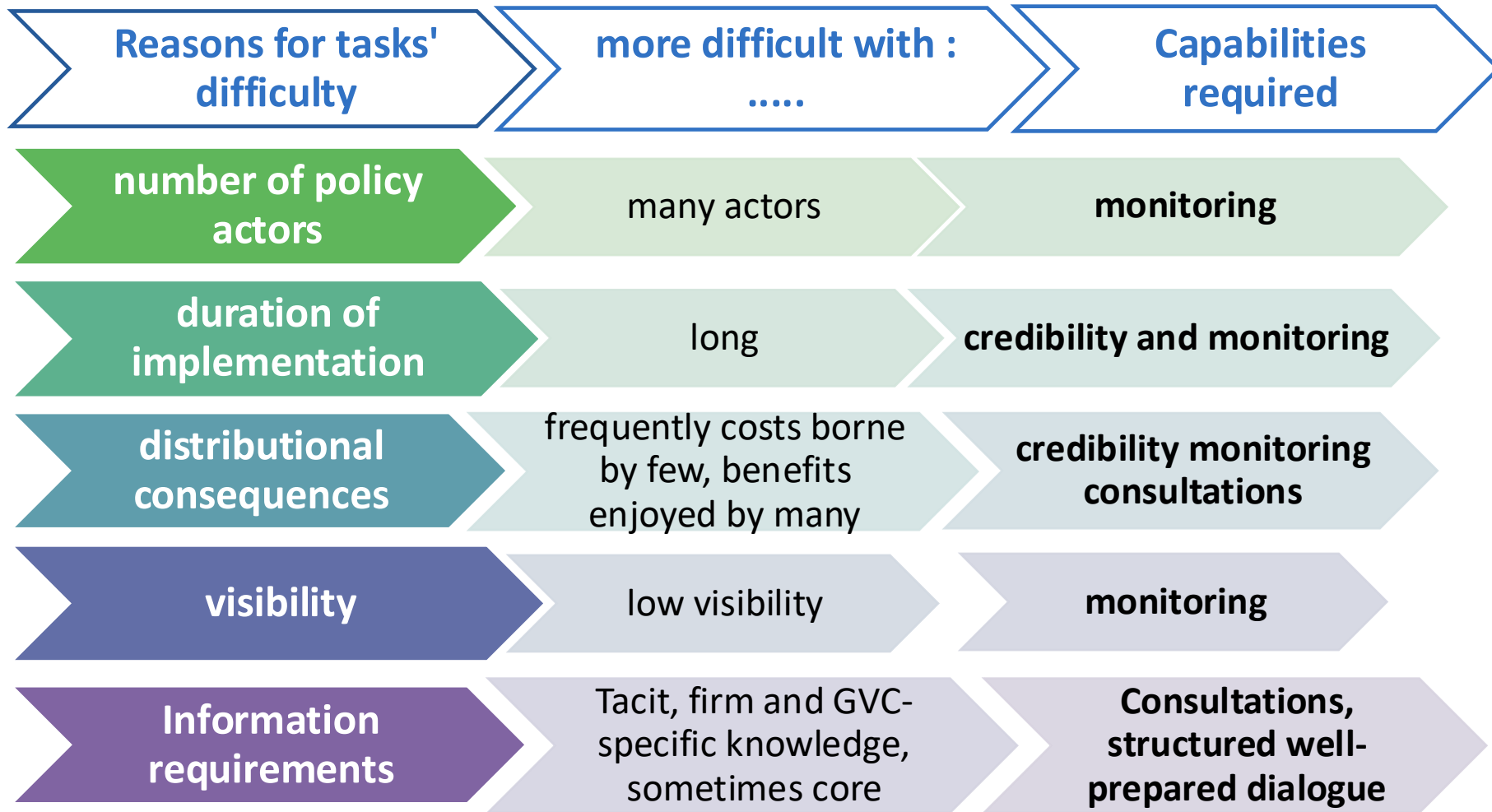
policies requiring coordination of multiple actors (rural roads maintenance and development)

# Examples of GVC-oriented tasks with different difficulties

Examples of policy tasks	Technical difficulty	Interactions among multiple actors	Engagement & commitment required
Setting Import tariffs	High	negligible	Low ( <i>stroke of a pen</i> )
Logistics, digital, customs infrastructures	Low	Many, difficult to coordinate	Hard
Generic R&D&i subsidies	High	Small – few firms demand	Low – ruled by contracts
Local content policies	Low	Hard – many actors – MNCs and local suppliers	Hard – raise awareness – build suppliers’ capabilities
Rural roads (or water irrigation) maintenance	Low	Many actors and territories	Hard – continuity required

- ❑ Policy tasks are not undifferentiated technical challenges but require appropriate institutional capacities

# Institutional capabilities for GVC-oriented policies and tasks



# Methodology

- The analysis does not intend to be systematic but **illustrative and conceptual theory-building**.
- **Purposeful selection of cases** of the institutional capacities to carry out GVC-oriented policy tasks.
- Examples of active implementation of GVC-oriented policies
- Secondary sources and interviews with experts and actors involved,

## Case-studies:

1. Executive Boards (*Mesas productivas*) in **Peru**
2. Penang Development Center and Skills Development Center in **Malaysia**
3. LIUP program in **Singapore**
4. **Australia's** institutions to foster the implementation of the bilateral trade agreement with Indonesia, and
5. **Costa Rica's** Presidential Council for Competitiveness.

# 1. Peru: Executive Boards (Mesas Ejecutivas)

<https://hacerperu.pe/mesas-ejecutivas/>



- MEs were originally designed in Peru to implement **modern industrial policy** more effectively. Launched in 2010s by Ministry
- **Public-private working groups that identify and eliminate bottlenecks** that affect the productivity of a sector (forestry, aquaculture, tourism, etc.) or a factor (logistics, capital markets, etc.)
- Boards are a *technology*, not an institution. They are **a way of working**, learning, doing and building. They seek to ensure that there is real impact. Is it the right standard? Is it being implemented? Do I need to make corrections? Focus on implementation and details.
- They do not replace ministries or public agencies. Work with them.
- With large variety of actors to coordinate, it was chosen to contain the numbers and focus on search for solutions. This also limited length of activities and raised credibility.
- High technical skills and expertise.
- Outcomes: Substantial improvements in regulations

## 2. Malaysia: Penang Skill Development Center (PSDC) and Penang Development Center (PDC)

- **FDI attraction, spillovers and local firm's upgrading**
- In Penang, GVC-oriented policy fostered value chain integration through specialized institutions and service providers. Support to acquire and adapt new technologies, to test, measure and comply with international standards and certifications, to get technical and managerial training and capability building.
- In the Penang Special Economic Zone, the Penang Skills Development Centre (PSDC), a public-private (HP, Intel, Motorola in 1989), initiative involving the Government, universities and industry, mainly for the electronics sector.
- **Complex tasks, cooperation** among actors favored by pre-existing ethnic and political coalitions, and also by the long-established industrial network and knowledge base (years of investments)
- Length of GVC-oriented policies difficult but faced with **substantial investments in building institutional capabilities.**

### 3. Local Industry Upgrading Program (LIUP) in Singapore



- Goal to **promote useful linkages between MNCs and local SMEs (“adopt”)**. Started in 1986 by the Economic Development Board (EDB).
- Goal to upgrade, strengthen and expand the pool of local suppliers, by enhancing their “efficiency, reliability and international competitiveness”.
- Several **difficult policy tasks**, such as selecting and inviting MNCs to collaborate, selecting local suppliers, and providing support
- Complexity of tasks was reduced by limiting the number of participants and focusing support.
- The long duration of the support was another source of strain: backing and credibility of the Singapore Government and promise of later individual negotiations with MNCs on industrial policy helped.
- The **mutuality of interests** from both partners helped align incentives.
- **High competence and skills** in the agency implementing the program.



## 4. Australia's institutions and the implementation of bilateral trade agreement with Indonesia

- **Australia-Indonesia bilateral comprehensive trade agreement (July 2020)**
- Australian Government funded a project to promote dialogue, discuss standards, coordinate across countries on trade logistics, border protection and management, product health and safety, foreign investment, movement of people and skills
- Regulatory bodies, businesses and researchers participated. Effective monitoring of many actors.
- Focus on concrete, value chain-oriented regulations
- **Strong technical skills** were built.
- **Costs and benefits** of the consultations and effective implementation of the agreement **widely shared**.
- Relationship with trade agreement **forced to work fast**.
- Project outcomes: better understanding among exporters of consumer expectations of quality, safety and risk, appreciation of the mechanisms of regulation in the importing country, understanding of options to reduce costs of compliance.

## 5. Costa Rica's Presidential Council for Competitiveness

- Traditional problem of **public-public coordination** within the central government. After many government attempts, PCCI was created by decree of President Chinchilla in 2010 to improve competitiveness.
- High institutional difficulty.
- Not designed to involve business.
- PCCI had no formal authority, but shouldered by President's personal leadership and commitment – later became a difficulty.
- Strong technical secretariat, even if understaffed. Effective tracking and monitoring system helped build credibility and mutual commitment.
- Successful for some time but later failed to create comprehensive competitiveness strategy.
- Council discontinued by President Solis Rivera.



# Conclusions

- No one best, one-size-fits-all recipe of GVC-oriented policies.
- HOW to design and implement policies is central
- Institutional capabilities essential. Not an ideal-type, but capacities to deal with specific tasks
- Search for good task-capacity fit is essential



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Chair



Dipartimento  
di Economia

Thank you very much  
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<https://unu.edu/merit/unesco-chair>

Dimension	Mesas Ejecutivas Peru	PSDC / PDC Malaysia (Penang)	IA-CEPA dialogue Australia– Indonesia	LIUP Singapore	PCCI Costa Rica
<b>Number of Policy actors</b>	<b>Medium</b> Deliberately limited; public– private	<b>Large</b> MNCs, local SMEs, state & federal govt, research.	<b>High</b> Regulators, exporters, researchers.	<b>Medium</b> Selected MNC and local SMEs.	<b>Medium</b> Ministries only; business absent.
<b>Duration</b>	<b>Long</b> Pragmatic approach.	<b>Very long</b> PSDC since 1989; PDC since early 1970s.	<b>Short / fixed</b> deadline drove rapid results.	<b>Long</b> Since 1986, strong Gov. backing	<b>Medium</b> 2010–2014; dissolved
<b>Distributional consequences</b>	<b>Asymmetric</b> Costs on few actors; benefits across many.	<b>Broad</b> Wide spillovers across regional electronics cluster.	<b>Balanced</b> Costs and benefits widely shared	<b>Symmetric</b> Mutual gains for SMEs and MNCs	<b>Broad but opaque</b> National competitiveness but no business
<b>Visibility</b>	<b>Medium (built)</b> Deliberately raised	<b>High</b> Labs certifications, tangible outputs.	<b>Medium</b> Limited public profile.	<b>Medium</b> Productivity gains documented	<b>Low / declining</b> faded with presidential turnover.
<b>Information requirements</b>	<b>High</b> Tacit, in-house expertise key.	<b>Very high</b> Advanced R&D	<b>Medium–high</b> Technical standards & regulations	<b>High</b> GVC-specific knowledge; strong agency	<b>Medium</b> Competent but understaffed secretariat;
<b>Task–capacity fit</b>	<b>Partial</b> Good coordination design; weak GVC framing	<b>Strong</b> Capacities built proportionally to task complexity.	<b>Strong</b> Deadline used as commitment device;	<b>Partial</b> Effective early on; limited upgrading depth over time.	<b>Weak</b> Capacities insufficient; no business, no stable mandate.

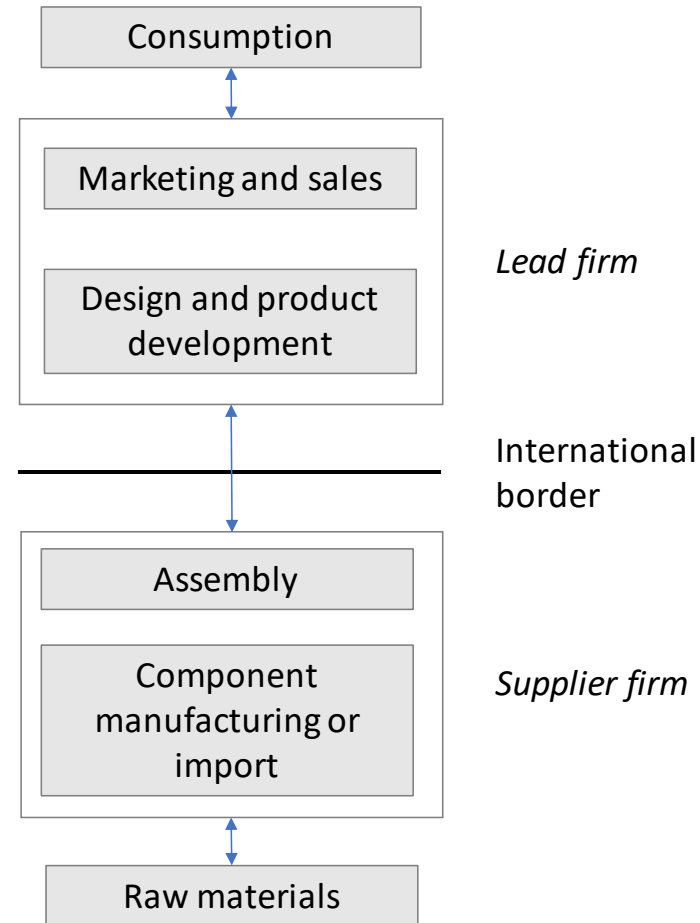
# Additional material

# The Global Value Chain Approach

- ▶ **Focus:** The role of **leading firms** and **inter-firm networks** in supplier firm upgrading.
- ▶ **Key point:** Opportunities for building capabilities in domestic enterprises are structured by **governance patterns**.
- ▶ Role of **non production** activities
- ▶ **Important dimensions:**
  - Channels of **knowledge**
  - The micro-dynamics of the **upgrading process**.
  - Access to **knowledge**
  - the **institutional framework**, that influences opportunities for upgrading

**Functional integration with  
Geographical fragmentation**

Simplified Global Value Chain Model



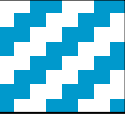
# A categorization of Rents

1. **Resource rents**, “gifts of nature”, in which a producer has access to relatively better land or resource, and the price of the resource is set by the costs of the less well-endowed producer.
2. **“Innovation rents”** endogenously created by producers through the systematic application of knowledge to production (Schumpeter 1934; Freeman, 1974). E.g. through better production processes, higher quality or differentiated products, superior organization.
3. **“Exogenous rents”** where producers may benefit from access to better forms of infrastructure, lower cost and directed financial intermediation, better trained workforce, etc.
4. **“Market rents”** which arise through exclusive or near exclusive control over input and product markets, that inhibits entry (collusion, predatory pricing and restrictive practices).

# Three examples of GVC-oriented policies



# The missing link in a GVC: sterilization of medical devices in Costa Rica

	H	V
IP		
IM		



# Costa Rica: Investment and GVC attraction policies

- The **medical devices** sector was targeted by CINDE, Costa Rica, for many years. The sector expanded since Baxter's arrival in 1987, to reach US\$1.5 billion exports in 2014.
- However, **only low-complexity disposable medical devices were exported**, and not, for example, heart valves or other cardiovascular devices. The latter needed a process of **sterilization**, not available locally.
- Why did not any activity of sterilization develop in the country? A **"chicken-and-egg"** problem. **The market did not solve the problem by itself.....**
- Selective attraction of foreign sterilization companies: in 2009 BeamOne, Sterigenics in 2011. Other cardiovascular devices producers followed (Boston Scientific, Abbot Vascular, St. Jude Medical).
- In 2013 Costa Rica exported US\$300 m. in therapeutics and US\$500 m. in surgical and medical devices. Disposables fell from 90 to 50%.
- **CINDE targeted sterilization because it realized that a segment of the value chain was missing**, and that the market alone would have not solved the problem.

# Malaysia: advanced technology and certification services for GVC integration

- Value chain integration benefits from the existence of specialized institutions and service providers offering support to domestic firms to acquire and adapt new technologies, to test, measure and comply with international standards and certifications, to get technical and managerial training and capability building.
- In **Malaysia**, the Government invested heavily to offer measurement and testing services to suppliers involved in GVCs. In ICT, the National Applied R&D Center ([www.mimos.my](http://www.mimos.my)), houses labs that offer a wide range of instruments and infrastructures for advanced testing services at subsidized rates.
- In the Penang Special Economic Zone, the Penang Skills Development Centre (PSDC), a public-private (HP, Intel, Motorola in 1989), initiative involving the Government, universities and industry, hosts one of the largest electromagnetic compatibility laboratories in Southeast Asia as well as other shared testing facilities.

# Vietnam and its “Supporting Industries Policy Framework”

- **Vietnam** is strongly integrated in GVCs, especially in backward linkages, importing parts and components that are domestically assembled and then exported as final goods.
- However, the domestic value-added share of total exports (DVA) has decreased, and it is lower than most ASEAN countries (Rabellotti, 2020). Government objective to raise DVA in technology-intensive segments of the value chain.
- The Supporting Industries (SI) policy framework (2020-2030) aims to improve:
  - i. Spillover potential of foreign companies
  - ii. Absorptive capacities of domestic firms, and
  - iii. Host country factors and institutional framework.
- Promotion of business linkages, the digital infrastructure, and a plan for more industrial clusters and zones. <https://www.vietnam-briefing.com/news/incentives-developing-infrastructure-vietnams-industrial-zones.html/>