



GLOBAL VALUE CHAINS IN THE VIEW OF GOOD GOVERNANCE PERSPECTIVE

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Global value chains (GVCs) are the dominant actors of the current age of globalization as a consequence of the increased degree of interconnectedness of world economies. Participation in global value chains is generally associated to tangible economic benefits, in terms of productivity, specialization and diversification of exports, although the benefits do not accrue evenly across countries. In fact, not all countries, nor all firms and social groups within countries, participate and benefit equally from global value chains. Furthermore, evidence of violation of human rights, decent work deficits, environmental breaches and cases of forced and child labour raised concerns about social sustainability and equality issues, in global value chains along with the evidence of ineffective policy making and governance mechanisms.

This project work analyses the impact of countries' participation to global value chains on development, trade and employment by comparing the actual benefits of economic growth against the systemic dysfunctions caused by distributional, inequality and dependency effects experienced in many developing countries, including the frequently reported issue of the "raise to the bottom" model of global value chains. It analyses the economic and social consequences of current trade, tax, price and sourcing practices based on the shareholder model of multinational companies, and the role of wage hierarchies and investment policies in respect to their impact on human and workers' rights.

KEY POINTS

- 1. Global value chains (GVCs) are the dominant actors of the current age of globalization and determined tangible improvements in labor productivity, export and GDP per capita growth which contributed to both poverty reduction and better gender disparity**
- 2. However, evidence of increasing income inequalities, declining labor shares along with reported cases of human and workers' rights deficits, forced labor and safety gaps have raised concerns about countries' participation to GVCs**
- 3. Good governance can improve country participation to Global Value Chains by means of well designed domestic policies (FDI, labor, tariff and IP regulations), better international cooperation (OECD, ILO, UN, WTO) and industry self regulations (CSR, FLA, etc)**

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Finally, the project work exemplifies how domestic policies, good governance and international cooperation can improve positive participation to global value chains, by exploiting the consequent economic benefits and, at the same time, by addressing the most critical violations in equality, sustainability and human rights.

Eventually, the combined effect of well-designed policies for inclusion and sustainability, the virtuous private sector initiatives such as Corporate Social Responsibility (CSR), international cooperation and effective regulatory and legal enforcement instruments can systemically counter balance the negative effect of participation to global value chains and stimulate sustainable and equally distributed growth in developing countries.



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