



## **Firm responses to global challenges in regional economies: Global value chains and sustainability**

Conveners:

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### **Abstract**

The increasing attention to climate change brings sustainability high on the agenda of governments and international institutions. In the context of a long-term stimulation process towards the green transition, public policies are increasingly regulating the use of polluting substances, the production of hazardous waste, emissions, deforestation, and the protection of animal stocks. The measures introduced as part of the EU Green New Deal are examples of how the EU and national governments introduce incentives and regulatory constraints to increase sustainability in the production process.

One of the hindrances toward a green transformation is the alleged trade-off between "growing versus greening" the economy. Environmental provisions impose compliance costs on domestic firms, causing a restructuring of firms' sourcing strategies and technologies. If the costs of reorganizing production become too high, they may offset part of the benefits. Moreover, asymmetries in the stringency of environmental policies across countries may drive firms to offshore their production toward countries or regions with less stringent regulation, defined as "pollution havens".

Hindrances against the green transition become even more stringent in light of the increasing shocks that firms embedded in global value chains are facing. Since the global financial crisis in 2008, the global economy has faced repeated shocks that are changing global value chains and are further eroding the resource buffers that firms can count on to engage in substantial sustainability-enhancing investments.

These dynamics bear substantial implications for regional economies, for their contribution to the green transition and for their potential to thrive in increasingly turbulent and unpredictable times.

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This special session intends to bring together scholars who study the relationship between engagement in global value chains, green technology adoption, policies and global shocks. We welcome theoretical and empirical contributions in the environmental, regional and international economics fields.