Figure 4.11. The Effects of Global Value Chain Participation and Policy Variables

1. Change in Average Firm Patenting and GVC Participation
(Log difference; simulation based on full sample)
- Average five-year change in patent flows
- GVC effect
- Other

2. Predicted Relation between Selected Policy Variables and Change in Average Firm Patenting
(Log difference, five-year change, contribution to country year fixed effects)
- Quality of port infrastructure
- Quality of math and science education
- Protection of property rights
- Integrity of the legal system
- Licensing restrictions (PMR)

Sources: EORA Multi-Region Input-Output database; European Patent Office, PATSTAT database; Fraser Institute, Economic Freedom of the World; World Economic Forum Global Competitiveness Report; and IMF staff calculations.
Note: Panel 1 shows result of a simulation based on the full sample. Panel 2 shows the five-year change of contribution to country year fixed effects. GVC = global value chain; PMR = product market regulation; WEF = World Economic Forum Global Competitiveness Report.