
Pandemic-led trade shocks & supply chain disruption: case studies of the readymade garments (RMG) sector in Sri Lanka and Bangladesh

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Abstract: As a result of the pandemic, the global economy contracted by a staggering 4.3% in 2020, with the fallout on trade, supply chains and manufacturing sectors being particularly grave with cascading impacts on developing countries GDP, employment and livelihoods. This paper examines the global context of the pandemic on growth rates and trade, with focus on two South Asian developing economies of Bangladesh and Sri Lanka, both being major suppliers of readymade garments (RMG) to western markets. The authors assess the supply chain disruptions in the RMG sector. The issue of raw materials and the decline in demand from western markets is also examined to understand the extent to which job losses and factory closures have been experienced. Several policy prescriptions include measures for surmounting bottlenecks of supplies of raw materials, the importance of government support as well as shorter and diversified supply chains.

Keywords: Covid 19 pandemic; trade; supply chain; readymade garment industry; Sri Lanka; Bangladesh.

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Biographical notes: Reena Marwah, MPhil, PhD, International Business, is Professor of International Business at Jesus and Mary College, University of Delhi. She is the recipient of several prestigious fellowships including the ICSSR, Government of India Senior fellowship, McNamara fellowship of the World Bank, 1999–2000, and the Asia fellowship of the Asian Scholarship Foundation, 2002–2003. She is also a Senior Fellow of the Institute of National Security Studies Sri Lanka (INSSSL). She has been a Consultant for the World Bank and UN Women. In addition to several chapters and articles published in