

## **Session-2 (December 1, 2021), Paper-2:**

Abstract

### **The Performances of the Value Chains during the Pandemic: Evidence from Bangladesh**

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The COVID-19 pandemic is expected to fundamentally change global value chains (GVC) with increased emphasis on re-shoring and lowering geographic fragmentation. This conclusion is based on the premise that current value chains lack resilience and expose firms to significant risk. In this paper, we use linked export-import data from Bangladesh to provide the first evidence on the performance of GVC's during the pandemic. We show that supply-chain vulnerabilities played a modest role in driving the 33% fall in Bangladesh's exports during the first half of 2020. The export reduction was instead driven by an adverse demand shock in destination countries. We provide two explanations for the modest supply-chain effect: (a) resilience of Chinese exports of intermediate inputs and (b) import diversion away from COVID-impacted countries. Overall, our results suggest that global value chains may not be as fragile as initially feared.