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Abstract:

Global Value Chains and Public Policy Dilemma in Covid Times: Evidences from Bangladesh

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The recent global pandemic has had unprecedented effects on the economic activities throughout the world, and governments of different countries have opted for different policies to tackle the situation. The general motivation behind the policies has primarily been curtailing the spread of Covid-19 while also maintaining the flow of economic activities as much as possible. However, a country's nature of participation in the global value chain (GVC) is one major factor in determining how governments can perform during these times. Through a theoretical exposition and quantitative analysis using data on GVC participation and government stringency, this paper tries to highlight the importance of GVCs in government policy making which was particularly predominant during the recent pandemic. The analysis reveals that countries like Bangladesh with low levels of 'forward GVC participation' tend to be vulnerable to pressures dictated by buyers and brands operating in the upper levels of the GVCs, and so even if the situation demands it, imposing strict restrictions at will is not always possible for the governments of those countries.