

International trade in post-pandemic era: perspectives of growth, investment & supply chain in South Asia & Southeast Asia

Ramanayake S. S.¹ Marwah R.²

Ever since the outbreak of the coronavirus in late 2019, more than 5 million people worldwide have lost their lives, in addition to the closure of businesses. The global economy contracted by a staggering 4.3 percent in 2020. The fallout on trade, investment, supply chains, and manufacturing sectors was particularly grave, with cascading impacts on developing countries' GDP, employment, and livelihoods. This article examines the global context of the pandemic on growth rates, international trade, and investment, explicitly focusing on South Asia (Bangladesh and Sri Lanka) and Southeast Asia (Vietnam and Cambodia). These countries are the major suppliers of readymade garments (RMG) to western markets. Simultaneously, the highest percentage in export earnings represents the RMG sector; furthermore, most Foreign Direct Investment (FDI) flew into this sector. Therefore, this paper assesses the supply chain disruptions in the RMG sector, given that all four countries are critically dependent on this sector to power their growth. The issue of raw materials and the decline in demand from western markets are also examined to understand the extent to which job losses and factory closures have been experienced, though the impacts on all the countries are differentiated, particularly some countries that China has profoundly impacted in terms of trade. Therefore, this paper has highlighted these issues in detail responding to these questions. First, what are the COVID-19 impacts on trade in these countries? (Bangladesh, Sri Lanka, Vietnam, and Cambodia). Second, what are the supply chain disruptions in these four countries? Third, what are the specific impacts on the readymade garment industry? Fourth, what are the pandemic impacts on FDI? And finally, what is the way forward? As methodology, this study conducted a comparative analysis using statistical data related to the indicators in both pre-pandemic and post-pandemic eras. The main finding revealed that Bangladesh, Sri Lanka, Vietnam, and Cambodia are prepared to adapt to the dynamic changes that could disrupt production and consumption within the RMG sector, contributing substantively to export earnings and employment. Thus, each country's reactions and recovery periods are different and diverse. Therefore, several policy prescriptions are listed for SA and SEA to overcome bottlenecks of supplies of raw materials, the importance of government support, and shorter and diversified supply chains. Furthermore, this gives some thought to these two regions to enhance regional cooperation to facilitate faster recovery in the Post-Pandemic Era.

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¹ sulochani00@kln.ac.lk, Senior Lecturer, Department of Social Statistics, University of Kelaniya, Sri Lanka
² reenamarwah@yahoo.com, Professor, Jesus and Mary College, Delhi University, India