

# The changing dynamics of power in the Middle East

## Three months that have cost us \$2.2b

What have we achieved from it?

THE dreadful fear that we have had about the economic loss of the nation in the three-month-long political unrest has been substantiated in the latest World Bank report according to which the turmoil has cost the nation a staggering \$2.2 billion. The impasse that had led to a violent blockade and a string of general strikes had brought the country's economy to its knees at a time when high-yielding boro crop was supposed to be planted, tourism season was about to kick-start, and the country's fledgling real state industry was experiencing some bullish trend.

The deadlock resulted in the breakdown of the country's transportation system, which is one of the reasons that has snipped the projected GDP growth at 5.6 percent, much lower than the initial 6 percent. The cost of the latest spate of violence, however, has been even higher; the WB report does not include the lives lost and the sufferings of the hundreds of victims of savage arson attacks and also the highhandedness of the law enforcing agencies.

While the government may take this report to castigate the BNP for pursuing a self-destructive path of violence, this is, unfortunately, not the exclusive preserve of the opposition. We, on numerous occasions, have seen the country's politicians make the nation and its economic life subservient to their whims, prioritising violent street agitations over the negotiated settlement of any political stalemate.

It is indeed high time that the politicians across the board realise the destructive nature of the politics they have been pursuing and abjure this path in the days to come. We, along with the people of this land, in the strongest possible terms condemn political actions that steer us towards a deleterious and destructive course, hoping that our politicians will do the same.

## A festival for all Bangladeshis

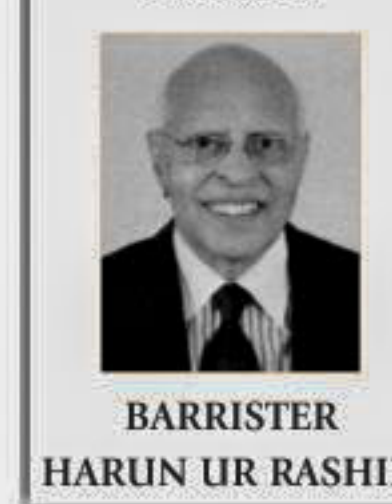
Celebrating diversity, secularism and unity

PAHELA Baishakh provides us with a reason to start afresh on a clean slate, to do away with all that is toxic and renew ourselves with positivity and optimism. As the most popular, secular festival, this day also has a deeper significance. It is an occasion that transcends differences in religion, race or social status and allows us Bangladeshis to come together in vibrant celebrations. What is even more unique about this festival is that it is saluted by not only Bangalis who make up the majority of the population but also the innumerable indigenous communities such as the Tripura, Chakma, Chak, Tanchangya, Marma, Rakhine, Mro, Hajong, Santal and Orao among others. The rituals and events presented by each community represent our rich cultural diversity that is so integral to the Bangladeshi identity.

This celebration is also a recognition of the core values upon which this country was born – democracy, secularism, socialism and nationalism. Thus the notion of tolerance of other religions, difference of opinion and political affiliation is embedded in these principles.

As a nation we continue to face the challenge of building a nation that is fraught with political strife, poverty and a regular onslaught of natural calamities. Yet somehow we have found a way to brave the odds and fight for our survival. Let this day be a day of reasserting this resilience and determination to combat all those elements that threaten our identity and peace. Let us be united in our desire to make this country the way its founders had dreamt it would be.

### BOTTOM LINE



BARRISTER HARUN UR RASHID

POLITICAL developments in the Middle East are changing and dynamics of realpolitik is at play on the heels of Tehran's recent framework nuclear agreement with six world powers. For example, Turkish Sunni President Recep Tayyip Erdogan's meeting with Iranian Shi'ah President Hassan Rouhani, on April 7, marked Turkey's push to reap a trade windfall if a final deal is reached that would lift sanctions on Iran, forgetting their differences on sectarian warfare in Iraq, Syria and now in Yemen.

It was an indication of how the countries in the Middle East confront the prospect of an end to Iran's isolation and start to recalibrate regional balances. Despite the economic sanctions and Western powers' concerns, Ankara thinks it is critical to keep the economic alliance with Tehran and have access to some of Iran's largest oil and gas reserves as Turkey significantly relies on Iran's oil and gas for its economy.

Iran and Turkey, the neighbouring countries, want to strengthen trade to \$30bn in 2015. Erdogan pointed out that the balance of trade was unfavourable to Turkey, since Iran exports \$10bn and imports only \$4bn in Turkish products. Turkey's government is pushing to triple bilateral trade with its eighth largest trading partner to \$35 billion by 2016, and to secure energy deals and boost exports.

Closer ties are on display to facilitate greater trade and other economic ties

between the two countries. During the visit, eight documents - particularly in the areas of transport, customs, industry and health - were reportedly signed.

Turkey's president sought common ground on Middle East sectarian conflicts during a visit to Iran. Turkey and Iran agree on the need for a political solution to end Yemen's war, which has raised tensions between them, Iran's president has said after talks with his visiting Turkish counterpart.

"We talked about Iraq, Syria, Palestine... We had a long discussion about Yemen. We both think war and bloodshed must stop in this area immediately and a complete ceasefire must be established and the strikes must stop in Yemen," Iran's President Hassan Rouhani said during a joint news conference broadcast by state television.

Erdogan tried to sidestep sectarian tensions between the countries, pressing for an end to conflicts in Iraq and Syria: "I am not concerned about Shi'ite nor Sunnis... Many people are dying. It's impossible to accept this. Therefore we must come together, sit, talk, negotiate the matter and put an end to this bloodshed, these deaths."

The Iranian-Turkish thaw in relations and the rise in bilateral cooperation under Rouhani's and Erdogan's governments was initiated by the then Turkish Foreign Minister Ahmet Davutoglu's (now Prime Minister) visit to Tehran in order to attend the presidential oath of Hassan Rouhani.

It is noted that President Hassan Rouhani visited Turkey in June 2014 and the landmark trip was the first official high-level meeting between Tehran and Ankara in nearly 18 years.

In the past, it had been noted that Turkey boosted gold exports to Iran to pay for oil and gas imports—a move that

helped Tehran skirt sanctions and pad central bank reserves after it was blocked from the international banking system. Iran is energy-starved Turkey's second biggest provider of oil and gas.

For Iran, when it comes to the geopolitics and balance of power in the region, Iranian leaders do not view other Arab countries in the gulf as natural allies, but instead as competitors and rivals. This is a primary reason that makes Iranian leaders view Turkey as a major and key strategic, geopolitical, and economic ally in the region.

Furthermore, Iranian leaders have been capable of avoiding U.S. and international economic sanctions while trading with Turkey. In other words, the Turkish market is a crucial platform for Iran's economy and Iranian firms that export nearly thou-

sands of products to Turkey. Turkish-Iranian relations have become more complicated since the Arab Spring uprisings began four years ago. Before that, Ankara voted against a United Nations Security Council resolution for additional sanctions on Iran despite strong NATO criticism.

Having said that, analysts say that due to the geopolitical, strategic, and economic landscapes, both Turkey and Iran need each other's cooperation more than anytime before. Although there are some major tensions and disagreements over the Syrian crisis and Egypt, Turkey and Iran have more shared objectives that draw them to each other, rather than push them apart.

The writer is former Bangladesh Ambassador to the UN, Geneva.



Iranian President Hassan Rouhani (L) shakes hands with Turkish President Recep Tayyip Erdogan (R) during an official welcoming ceremony at the Saadabad Palace in Tehran on April 7, 2015.

### PROJECT SYNDICATE

## American leadership in a multipolar world

### THE NEW GLOBAL ECONOMY



PAOLA SUBACCHI

GIVING up the spotlight is never easy. The United States, like many aging celebrities, is struggling to share the stage with new faces, especially China. The upcoming meetings of the International Monetary Fund and the World Bank – two

institutions dominated by the US and its Western allies – provide an ideal opportunity to change that.

The US must come to terms with the reality that the world has changed. The longer the US remains in a state of denial, the more damage it will do to its interests and its global influence, which remains substantial, if more constrained than before.

The world no longer adheres to the static Cold War order, with two blocs locked in open but guarded confrontation. Nor does it work according to the Pax Americana that dominated in the decade after the Soviet Union's collapse, when the US briefly emerged as the sole superpower.

Today's world is underpinned by a multipolar order, which emerged from the rise of developing economies – most notably China – as major actors in trade and finance. The US – not to mention the other G-7 countries – now must compete and cooperate not only with China, but also with India, Brazil, and others through expanded forums like the G-20.

To this end, the US must show leadership and adaptability. It cannot refuse to support China's efforts to expand its role in global governance. Nor should it issue harsh rebukes to its allies when they do not follow suit, as it did when the United Kingdom announced its intention to join the new China-led Asian Infrastructure Investment Bank.

The US seems to be stuck in the Bretton Woods system, the rules-based order – underpinned by the IMF and the World Bank, with the US dollar at its heart – that emerged after World War II. The Bretton Woods system

institutionalised America's geopolitical supremacy, leaving the old imperial power, the UK, to step aside – a step that it took graciously, if a little desperately, given its grave post-war economic situation.

Over the years, however, the Bretton Woods system, with its mix of liberal multilateralism and market-oriented economic policies, has come to symbolize the Anglo-American dominance of the global economy that much of the world now criticizes, especially since the global financial crisis. In particular, the Washington Consensus – the set of free-market principles that influences the policies of the IMF, the World Bank, the US, and the UK – has generated considerable resentment, especially after the Asian financial crisis of the 1990s.

Against this backdrop, it is hardly surprising that China has been using its growing global influence to help engineer a new economic order – one in which the US dollar does not reign supreme. Zhou Xiaochuan, the governor of the People's Bank of China, China's central bank, has repeatedly called for a shift toward an international monetary system that allows for the use of multiple currencies for payments and investment. Such an approach would reduce the risk and impact of liquidity crises, while decoupling the international monetary system from the "economic conditions and sovereign interests of any single country."

Of course, China believes that its own currency, the renminbi, should eventually play a central role in this new monetary system, so that it reflects China's role not only as a leading engine of global economic growth, but also as the world's largest creditor. Indeed, together with the other systemically important economies (the US, the UK, Japan, and the eurozone) China drives trends that, for better or worse, extend far beyond its borders.

Since 2009, China's leadership has been pursuing a set of policies that encourage the use of the renminbi in regional trade and reduce its dependence on the dollar in international payments. But expanding the renminbi's role in the international monetary system is just the first step toward institution-

alizing a multipolar world order. China has also spearheaded the establishment of new multilateral institutions, with AIIB following on the heels of the New Development Bank, created with other major emerging economies (Brazil, Russia, India, and South Africa).

By taking these steps, China's leaders have called attention to the inadequacy of the existing international monetary system, and its institutional framework, in today's complex, multipolar world economy. In particular, China's agenda highlights questions about America's capacity to provide the needed liquidity to support international trade and finance.

To be sure, the US is right to wonder whether the new order that China hopes to build will be as open and rules-based as the American-led order – the one that gave China the market access it needed to achieve its spectacular economic rise. But the answer to that question can be found only by engaging China on the issue of reform of global governance – not by denying that change is needed at all.

As the US stubbornly pursues a policy of containment toward China – exemplified in its fight against the AIIB's establishment, its relentless accusations of currency manipulation, and its refusal to ratify IMF reforms that would increase China's influence – it risks losing its ability to shape what comes next. The result could be a world of fragmented blocs – an outcome that would undermine not only global prosperity, but also cooperation on shared challenges.

The Spring Meetings of the IMF and the World Bank offer an important opportunity to signal a new approach toward China. And there could be no more credible signal than US support for the renminbi's addition to the basket of currencies that the IMF uses to value its international reserve asset, the Special Drawing Right. America will be in the spotlight once again. But how will it perform?

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(Exclusive to The Daily Star)

## COMMENTS

"Some solace for village of widows" (April 12, 2015)

Nelle

Justice may have come late for these ladies, but finally, it has been served.

Shah Deeldar

Thank God, we have been able to prosecute these infamous criminals who thought they were beyond anybody's reach.

"We consider it [the execution] a victory because my father dies a martyr's death. That's why we flashed the V-sign."

--Hasan Iqbal, eldest son of Kamaruzzaman

Uddin

I wonder, then, what should be the definition of martyrdom!

"Monuments of Greed" (April 10, 2015)

Parveen Choudhury

Dhaka has turned into an ugly and dirty city by the greed of its inhabitants.

"Teesta Agreement Signing: India indicates delay" (April 10, 2015)

Pothik Jon

For how long will India continue to dominate Bangladesh?

## LETTERS TO THE EDITOR

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### Nasheed's trial

This refers to the report, "Amal Clooney to defend Nasheed" (April 12). If a court becomes a kangaroo court, it gets difficult to defend a person accused of wrongdoing.

The supporters of Nasheed held a novel underwater protest for release of their leader. One has to keep one's fingers crossed as to whether this novel protest will pay dividends. A new outlook is needed - when we have the international court of arbitration for settling commercial disputes, we should also give more powers to the international criminal court to decide cases of jailed political leaders across the globe. An interesting case is already there for the ICC to decide on: Palestinians' demand for release of full tax money owed to the state of Palestinians by Israel. Israel has agreed to release part payment of dues but Palestinians want full tax money.

Deendayal M. Lulla  
 On e-mail

### Record power production

TDS's report of April 12 on the above subject was very good news for a power-starved country like Bangladesh. Reportedly, on April 11, the total power production was 7437 MW. I wonder what percentage of the installed capacity did this figure represent? If it was around 70 percent, then all PDB operational personnel deserve congratulations; more so as they are running power plants that, on average, are probably around two decades old. If this tempo is maintained, then attaining capacity of 24,000 MW by 2021, which is just five years away, could also be possible. We must make this a top priority; we must muster all avenues of alternative sources of power with the same urgency. This will depend on the type of political governance and commitment of the political party that we will have in power in the years to come.

A Power Consumer  
 On e-mail