

## Muscle and money buy impunity

What a travesty!

THE plight of Halim, whose son's life was taken away by a bullet of ruling party goons while they were trying to occupy a polling station in Keraniganj in March last year, is not uncommon; but in most cases such stories go unreported. Poor Halim, an auto rickshawdriver, has been forced to give in to the coercion of the killers, and a good deal of money too, to give his consent to help in the acquittal of the accused. He had no other option, because doing otherwise would perhaps have meant the same fate for him as his son's.

This is yet another example of muscle and money power buying impunity for the criminals, with not a little bit of help from the law enforcement agencies. The truck between the law enforces and criminals prolongs the legal process, sullies the justice delivery system and exacerbates the rate of crimes by according the crooks and lawbreakers impunity. We find the statement of the CID, that the complainants are not cooperating in the case, ludicrous. How are they expected to when the poor family has no recourse to the help of the police? The police had refused to name the criminals in the murder case, because they belonged to the ruling party. It is also farcical when the accused remain elusive to the police and yet the public see them roaming around in the open.

These travesties and aberrations must be addressed in earnest by the authorities. Political connections cannot be allowed to tamper with the rule of law. It is time for the government to address also the issue of witness protection.

## Road kill continues

Address the ground realities

IT seems a measure of how badly things have gone out of hand when it comes to road safety that 14 people were killed and 61 injured in road crashes in four districts on Thursday and Friday alone. And the manner in which the crashes reportedly took place blazons the utter chaos that continues to define our road transport system. In Comilla, a bus plunged into a ditch when the driver "lost control" over the vehicle. But how exactly did it happen? Was the bus fit to drive? Did the driver have a valid driver's licence? Was he trying to save a careless pedestrian? And the crash in Savar involved a collision between a truck and a battery-run-rickshaw on the Dhaka-Aricha highway. But wait; aren't battery-operated rickshaws banned in the first place? One gets the idea.

The number of deaths from road crashes is unprecedented and unacceptable. And what about the injured? Most of them are poor and when they suffer severe injuries, they lose their livelihoods exposing their families to financial tribulations. Is the built-in environment anywhere close to being capable of supporting them to lead their lives as dignified and productive members of society?

Road "accidents" in Bangladesh has become a serious problem and business as usual no longer passes muster. It is complex and multilayered and hardly requires description. The reality is that it is no longer just a traffic management issue. Political parties should treat it as a national crisis and include it in their agenda to reduce the number of road crashes.

# Export competitiveness through currency adjustment



MACRO MIRROR  
FAHMIDA KHATUN

EXPORT performance of Bangladesh in the recent past has been somewhat gloomy. During July-December 2016, Bangladesh's exports grew by only 4.4 percent which was targeted to achieve a growth of 8 percent. Export growth of readymade garments was 4.4 percent and of non-RMG 4.8 percent – both remained quite low compared to their respective growth targets of 8.1 and 7.4 percent for FY2017. This is disappointing since the country aspires to reach a USD 60 billion export target by 2021. This target can be materialised with an export growth of 11.9 percent annually. Similarly, to achieve the RMG export target of USD 50 billion by 2021, exports of RMG will have to grow by 12.2 percent in the next five years.

Even though in FY2016, exports grew by 9.7 percent, current export trend is displaying a less optimistic scenario. In recent months, major shock has come from the US market. Most RMG exporting countries faced a lower demand of their RMG products in the US market. Except Vietnam, a number of other countries such as Cambodia, China, Mexico and Pakistan experienced a negative growth of RMG exports. Though Bangladesh's non-RMG exports to the US market achieved a 13.1 percent growth, RMG exports had a negative growth of minus 9.2 percent in the US market. Of course, in the European Union market, Bangladesh's total export grew by 9.6 percent and RMG export grew by 10.1 percent during the last six months. It is, however, worrying that in December 2016 total export growth to the EU declined compared to December 2015. Non-RMG exports in the EU have been showing a declining trend.

The sluggish global economic situation is usually blamed for the export fall. Global economy has not been able to turn around since the financial meltdown in 2008. Recovery in advanced countries in terms of output expansion has been slow. Global trade has been equally slow as consumer demand could not pick up as yet.

However, the fall in Bangladesh's exports cannot be blamed on depressed



PHOTO: STAR

global demand solely. Some of the reasons can also be identified within the domestic economic factors. Lack of infrastructure is surely one of them. But the other factor which has become prominent recently is the exchange rate of Bangladeshi taka against USD. The exchange rate is the price that determines BDT earned per USD of exports and BDT paid for per USD of imports. The exchange rate, therefore, plays a crucial role in determining the price competitiveness of exports in the global market. Profitability of export also depends on the exchange rate.

Bangladeshi products in the global market are being undermined as currencies of almost all competing countries have seen significant depreciation of their exchange rates vis-à-vis USD. However, the exchange rate of BDT per USD has been mostly stable for quite some time. Also, BDT against Indian rupee is steady while BDT has appreciated against a number of currencies including Euro and Chinese Yuan. And, BDT remained volatile against British pound.

Of course, comparison of nominal exchange rates is not sufficient to understand the strength of currencies. Concepts such as nominal effective exchange rate (NEER) and real effective exchange rate (REER) are better indices

for explaining export competitiveness and formulating trade policy responses. NEER measures the value of a currency against a weighted average of a basket of currencies. REER is the inflation adjusted rate. Though NEER of BDT has remained almost stable, REER has appreciated by 16.5 percent between November 2014 and November 2016. Such differences indicate that export competitiveness of Bangladeshi products is being diminished by the exchange rate of BDT.

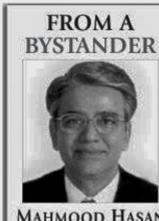
In view of dismal export performance, exporters are demanding devaluation of BDT. It is understandable that policymakers have to take into consideration several factors before devaluation of BDT. Bangladesh imports petroleum, food items and raw materials from the international market. Given the low global oil and commodity prices, there is some breathing space. However, depreciation of BDT could increase import cost of raw materials used for exports that may result in higher cost of production. This could in turn reduce export competitiveness. Increased import costs could have a negative impact on the existing low inflationary trend which is a result of the decline in global commodity prices. Moreover, as the mobility of Bangladeshis around the globe has increased, there is an increasing demand for services payment

abroad. If BDT is depreciated, foreign currency will become expensive for them and so will their services consumption. Additionally, foreign investors may feel discouraged due to the prospect of losses from currency depreciation.

Thus developing an exchange rate policy, keeping in view the multi-dimensional interests of various players in the economy, is challenging. Bangladesh Bank intervenes in the foreign exchange market from time to time in order to keep the USD/BDT rate stable. Given the widening gap between nominal and real effective exchange rates at present it is time to undertake some sort of currency adjustment. If the current trend of exchange rate continues, export competitiveness may erode further and trade deficit could be larger. The cascading effect will be on the current account balance which is already in the negative thanks to declining remittance flow in addition to trade deficit. Clearly, the major boost has to come from within the export sector. Transformation through quality improvement, product variation and market diversification will have to be pursued along with other policy measures in order to improve the sector's performance.

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# Russian shadow over Donald Trump



FROM A BYSTANDER  
MAHMOOD HASAN

AS we approach January 20, 2017, all eyes are fixed on the inauguration of one of the most talked about President-elects of America – Donald Trump. What is appalling is that the shadow of Russia looms large over Trump's presidency.

A curious controversy linking Trump with Russia's Vladimir Putin has been raging since November 8, 2016 – the day Trump won the race to the White House. First came the allegation that Russia was actively involved in hacking and swaying the results of the election in favour of Trump. And the second rumour is that Russia has an incriminating dossier on Trump.

It now appears from all the news that has come out that the Russian hacking allegations may be true after all. All seventeen US agencies involved in intelligence have concluded that Russia did interfere with the US election and have briefed the President-elect on January

report, including a two-page summary on the Russia-Trump dossier was compiled by a British MI6 spy named Christopher Steele, who once worked at the British Embassy in Moscow. The report has been circulating in Washington for months, but no one took notice as it was not corroborated. It was when the two-page summary was published by BuzzFeed that it created a firestorm in the media and political circles. Though CIA thinks that the report is "credible", it has remained unsubstantiated. If the rumour turns out to be true then Donald Trump can become a victim of Russian blackmail. How far these stories are true is a matter of conjecture. Moscow, however, denied having any dossier on Trump.

At his first press conference on January 11, after being elected President, Trump denied all the charges declaring, "It's all fake news. It's phony stuff." Earlier Twitter-happy Trump had rejected Russian hacking allegations by the US intelligence agencies. At the press conference, he admitted for the first time that Russia may have interfered with the election along with others. What is most amazing is the aggressive and denigrating way he spoke at the press conference, deriding the

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to Russian security and Moscow's influence in the region. Ever since the annexation of Crimea in 2014 by Russia, relations between the West and Moscow deteriorated significantly. The confrontation further exacerbated when Putin aggressively got militarily involved in the Syrian civil war in 2015, and pushed America to a position of an onlooker.

After becoming president for the second time in 2012, Putin seems to be working to regain the bygone glories of the Soviet era. Putin wants Russia to be recognised as a major world power. This is where the adversarial confrontation begins between Washington and Moscow. Washington seems unable to contain Putin's aggressive geopolitical adventures. Russia is perceived to be a threat to American military superiority. It is an era of a new Cold War between the two powers.

Interestingly, at the ongoing Senate hearings on confirmations of Trump's new cabinet nominees, the issue of Russian interference in the election and its domination in the Middle East has repeatedly come up for serious discussion. Both Secretary of State nominee Rex Tillerson and Secretary of Defence nominee James Mattis grossly differed with Donald Trump, and branded Russia as a "danger" and "key threat" to America. Both, however, agreed that they need to look at the reality and engage with Moscow to identify areas of cooperation and subjects of discord.

Donald Trump and his surrogates firmly believe that all allegations of Russian involvement are a raucous accusation fuelled by the Democrats and his opponents. Democrats are out to delegitimise the election and his presidency, he alleges. All of Trump's reactions so far have been based on this conviction. The Russian element was actually introduced by Trump himself when in one of his TV debates with Hillary Clinton, he asked Russia to recover the missing emails of Clinton. Since then, the Russian spectre remained to bedevil Trump's election victory.

What is happening to Donald Trump just before his swearing-in is unprecedented. USA Today reported on January 10 that his polls rating conducted by Quinnipiac University has dropped to 37 percent. It appears that Vladimir Putin is crawling under Donald Trump's skin.

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US President-elect Donald Trump and Russian leader Vladimir Putin.

PHOTO: AFP

6, 2017. Trump apparently did not accept the conclusions, though he appreciated the work done by the agencies. Kremlin, however, has dismissed all these allegations as an "absurd and political witch hunt".

An enraged President Obama not only expelled 35 Russian diplomats from Washington on December 30, 2016, but also imposed a series of new sanctions against Moscow. President Putin, however, refrained from retaliating, hoping to improve relations with the new Trump administration.

The second rumour relates to a compromising dossier on Trump. The explosive story speaks of lurid details from Trump's visit to Moscow in 2013 for the Miss Universe beauty pageant. Trump stayed in the Ritz Carlton hotel, from where Russian spy agency FSB obtained compromising sexual material, which the Russians can use to blackmail Trump. The 35-page

media and the intelligence agencies. The agencies and the President-elect are now at loggerheads.

Clearly, Trump's denial mode speaks about his alleged complicity in the election process. When someone has knowingly done something wrong, he goes on the offensive to defend his misdoings. From his tweets, one can conclude from Trump's admiration of Vladimir Putin why he is on the defensive. He does not want Putin to reveal the incriminating dossier and is willing to build good relations with Putin. But as a former KGB officer, Putin may well exploit the weaknesses and flaws of Donald Trump.

Vladimir Putin is a smart president, who seems determined to undermine Western democratic institutions. He also has strategic plans to split the Western alliance, particularly the US-led Nato and the European Union. Putin considers Nato a serious threat

## LETTERS TO THE EDITOR

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### Political rallies disrupting city life

Dhaka is a crowded city, where traffic congestion has become a part of everyday life. This situation is further aggravated when political parties arrange their conventions and rallies within the city, as roads are blocked off to regular commuters in favour of these programmes. Instead of contributing to the solution, some members of these parties add to the problem of traffic jams. It is definitely a matter of joy that the General Secretary of the ruling party, Obaidul Qader, has announced that in the future, political conventions and rallies will not be allowed on the streets during office hours. We welcome his commitment, and hope that other political leaders also consider public suffering and predicament in this regard. The government should take proper measures to ensure that programmes in their name do not disrupt the life of city dwellers. This is only possible through proper planning and implementation.

Mohammad Ahsan Habib  
Walton Group

### President Obama's moving farewell speech

President Obama's farewell speech truly moved me. His statements on immigrants were especially poignant as he said, "If we're unwilling to invest in the children of immigrants, just because they don't look like us, we will diminish the prospects of our own children - because those brown kids will represent a larger and larger share of America's workforce". Indeed, Obama ran in the relay of evolution with the baton of humanity and humility passed over to him by the likes of Abraham Lincoln, who had reiterated the need for ending slavery: "Whenever I hear one arguing for slavery, I feel a strong impulse to see it tried on him personally."

Sujit De, Kolkata