

The Ukraine conflict is much more serious than you think



THE OVERTON WINDOW

ERESH OMAR JAMAL

Eresh Omar Jamal is an assistant editor at The Daily Star. His Twitter handle is: @EreshOmarJamal

THE war in Ukraine is, in reality, a proxy war being fought between the West and Russia. Unlike its portrayal in the Western media, Russia’s invasion of Ukraine was neither unprovoked nor unpredictable. Back in 2008 when then US President George W Bush badgered reluctant EU leaders into pledging a future NATO membership for Ukraine, the current CIA Director William Burns sent a memo to then US Secretary of State Condoleezza Rice that included this warning: “Ukrainian entry into NATO is the brightest of all red lines for the Russian elite (not just Putin)... In more than two and a half years of conversations with key Russian players, from knuckle-draggers in the dark recesses of the Kremlin to Putin’s sharpest liberal critics, I have yet to find anyone who views Ukraine in NATO as anything other than a direct challenge to Russian interests.”

Burns added that it was “hard to overstate the strategic consequences” of offering NATO membership to Ukraine, predicting that it would “create fertile soil for Russian meddling in Crimea and Eastern Ukraine.”

The conflict in Ukraine is much more complex than what is being portrayed in the international media. It has a history that goes back to at least 1991, if not all the way to the Second World War. And its repercussions, similarly, are more complicated and perhaps scarier than what most believe them to be.

The most obvious nightmare scenario, of course, is an all-out nuclear war between Russia and the West. But even if things don’t escalate to that level, the conflict poses some major threats to global stability. Despite most parts of the world already feeling the economic cost of the war, it is likely that the worst is yet to come.

As a consequence of Western sanctions, the Russian economy is sure to suffer heavy losses. Even though China—which has explicitly blamed the West and NATO expansionism in violation of the US promise to Russia to not expand NATO “to the east [of a reunified Germany]” during negotiations that had ended the Cold War (“New find of files from 1991 supports Russian accusation”, February 18, 2022, Der Spiegel)—is providing full economic support to Russia, there is currently no force in the world that can match the collective economic power and influence of the US

Those who are not a party to this conflict will suffer, as they already are. That is perhaps why it is high time for a new non-aligned movement to emerge.

and its European allies.

Some Russian banks have already been banned from the Society for Worldwide Interbank Financial Telecommunications (SWIFT) payment messaging system. And although Russia has developed its own alternative to SWIFT, the ban will certainly have a significant impact. Moreover, the decision by the US and EU to freeze nearly half of Russia’s foreign currency reserves—worth USD 300 billion—is going to hurt it big time. An example of this was the rapid fluctuation of the Ruble over the past month.

The impact of Western businesses withdrawing from Russia, whilst causing short- to medium-term disruptions, could potentially be managed in the longer term through an expansion of Russia’s import substitution policies and sourcing goods from other countries. Because Russia is such an integral part of the global economy—particularly owing to its huge energy, mineral and agricultural resources—many analysts believe the country will eventually recover. By that time, however, the resulting shocks to the global economy would be significant.

The biggest loser (among the parties directly involved, apart from Ukraine) of these sanctions will be the European Union (EU). Russian gas accounts for some 40 percent of Europe’s total consumption. During a recent meeting in Vienna between EU officials and representatives of the Organization of the Petroleum Exporting Countries (OPEC), OPEC Secretary General Mohammad Barkindo said that current and future sanctions on Russia could create one of the worst-ever oil supply shocks, and it would be impossible to replace those volumes. Even more interestingly, OPEC signalled its unwillingness to pump more oil at the



West’s request.

In Europe, prices in the eurozone had risen 7.5 percent in March from a year earlier. This inflation is mainly being fuelled by energy prices, which soared 45 percent last month from the year before. According to the European Central Bank, the conflict in Ukraine is “weighing heavily on the confidence of [European] businesses and consumers.” Trade disruptions are leading to new shortages of materials, and surging energy and commodity prices are holding back production.

Concerns about the future are particularly stark in Germany, Europe’s largest economy, because of its heavy reliance on Russian energy. Last month, economic advisers to the German government said the outlook had “worsened sharply” because of the war, with a growing risk of recession along with even higher inflation rates.

The US is also suffering, as it experiences the fastest pace of annual inflation in 40 years. But apart from the direct damage done to US economy, what is perhaps more concerning is how the sanctions war will affect the US dollar’s role as the global reserve currency.

The sanctions, including the unprecedented freezing of a central bank’s assets, are undermining trust in the Western financial system. And this has led to a trend of de-dollarisation—as Russia-China, Russia-India and others have started to increase bilateral trade using their own currencies. This, according to Gita Gopinath, the first deputy managing director of the International Monetary Fund (IMF), could over time undermine the global dominance of the US dollar.

Russia has already indicated that EU countries (and others) will have to pay for Russian energy and other essential commodities in Ruble, instead of the dollar. Although there is currently a stalemate over this between Russia and Europe, the dollar’s share of global trade has already declined this year. And even Goldman Sachs, in a recently released research note, warned that the greenback could eventually lose its global dominance because of the sanctions war.

These threats to the Russian, European and US economies also endanger global economic stability because the world has become so interconnected over the years. To give just one example, the World Trade Organization recently warned that because Ukraine and Russia (combined) have traditionally been responsible for 90 percent of crops imported to East Africa—and as crop imports suffer because of the war and ongoing sanctions—the region is at increased risk of famine. It’s not just East Africa, but the Middle East, parts of Africa and the Far East that could also experience famines and food shortages in the future.

JPMorgan’s Chief Executive Jamie Dimon warned two weeks ago that the present sanctions, as well as possible future ones, could create even more “uncertainty surrounding global commodity supply chains”, making “for a potentially explosive situation.” Already, we have seen how it has pushed the Sri Lankan economy to explode, while many others, including the Bangladesh economy, are suffering major inflationary pressure and other issues as a result of the war and the sanctions.

On April 1, Chinese President Xi Jinping said it could take years or even decades for the global economy to recover from the consequences of the Russia-Ukraine war. Many others have

It could take years or even decades for the global economy to recover from the consequences of the Russia-Ukraine war.

FILE PHOTO: REUTERS

echoed similar sentiments.

The real industrial-interconnected global economy is not like a game of Lego toys. It is highly complex and finely tuned. Whether those involved in the Ukraine conflict realises it or not, their actions are pushing the world to the brink of major economic instability. What is worse, those who have studied the history of the two World Wars have

pointed out that those wars had a trend—First, there was trade war, then there was currency war, and then, we had World Wars.

A trade war between the US and China—perhaps with European countries, Russia and Iran also involved in some capacity—had arguably started even before the war in Ukraine, but we are now much deeper into it. A currency war is currently happening. Some argue that sanctions are a form of warfare, so we are at least in a new Cold War. But what happens when one side (either Russia or the West) feels like it has been beaten, and it has no other option but to turn it into a full-out Hot War?

Those who are not a party to this conflict will suffer, as they already are. That is perhaps why it is high time for a new non-aligned movement to emerge.

After the first Cold War, Francis Fukuyama announced the end of history. With the US as the sole superpower, we entered into the age of a fully Western-dominated world order. Whatever the future holds, it seems like that order is on the verge of collapse with the Ukraine war only hastening the process (irrespective of who the winner is, if at all there is a winner).

A new world order—like the one US President George HW Bush announced in 1991—is again emerging. And there is no guarantee that it will be to everyone’s benefit. That is another reason why we need a new non-aligned movement, which can ensure that this new order is not dictated by one side and its ruling elite, rather by the people of all countries and continents.

We need an order which, at the very least, has a more effective mechanism of solving the type of crisis that the world is in right now.



পাশ মাছ উন্নয়ন

Chattoogram Fish Harbour

Bangladesh Fisheries Development Corporation

Ref. No. 33.03.1561.008.07.001.21.731

Date: 21/04/2022

e-Tender Notice

e-Tender is invited in the National e-GP System Portal (<http://www.eprocure.gov.bd>) for the procurement of following works are described below:

Ser.	Tender ID	Name of work	Tender publication date	Last selling, closing & opening date
1.	690162	Renovation of Marine Workshop & Dockyard office room.	24/04/2022	09/05/2022
2.	690023	Renovation of Trawler fleet building's roof.	24/04/2022	09/05/2022
3.	689870	Renovation of Admin building's & security building's roof.	24/04/2022	09/05/2022

This is an online tender, where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP System Portal (<http://www.eprocure.gov.bd>) is required. The fees for downloading e-Tender document from the National e-GP System Portal have to be deposited online through any registered bank's branches by 11:30 hours on 09/05/2022.

Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk (helpdesk@eprocure.gov.bd) Contact No. BFDC, Ctg Fish Harbour (01716169062 and 01719319043).

GD-822

General Manager



শিশু হাসপাতাল

Bangladesh Shishu Hospital and Institute

Sher-e-Bangla Nagar
Dhaka-1207

Invitation for Enlistment

01. Invitation for
02. Source of fund
03. Procuring entity district
04. Procurement method
05. Eligibility of applicant

Enlistment for the supply of goods, services and works. Bangladesh Shishu Hospital and Institute (own fund). Dhaka, Bangladesh.
Limited Tendering Method (LTM). a) Reputed contractors/firms who have minimum 5 (five) years general experience in the supply of following items (stated in serial No. 06). Note: 1) Year counted backward from IFT. 2) Must have one work experience before five years. b) The minimum experience as supplier of relevant items (stated serial No. 06) at least 1 (one) contract(s) successfully completed within the last 3 (three) years each with a value of BDT minimum 15 (fifteen) lac. Noted that: Minimum 10 years experience is required for washing & laundry services. Note: 1) Year counted backward from IFT. 2) Certificate issues by PE. c) Up-to-date trade license, VAT registration, IT certificate, bank solvency and with other documents as required.
a) Supply of Electric and Plumbing Items. b) Supply of Consumable Medical Items (CMS). c) Supply of Chemical Items. d) Repairs & Maintenance of Hospital Building. e) Supply of computer, printer, UPS & related spare parts. f) Washing & Laundry services. g) Supply of Furniture & Fixture. h) Supply of Office Equipment. i) Supply of Printing & Stationary Items. j) Supply of Cardiac and Cath Lab Items.
Office of the Director, Bangladesh Shishu Hospital and Institute, Sher-e-Bangla Nagar, Dhaka-1207.
05/05/2022 at 12:00pm.
Office of the Director, Bangladesh Shishu Hospital and Institute, Sher-e-Bangla Nagar, Dhaka-1207.
The Bangladesh Shishu Hospital and Institute authority reserves the right to accept or reject any or all applicant without assigning any reason whatsoever.

Director

Bangladesh Shishu Hospital and Institute

GD-820