The Daily Star
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Cooler heads must prevail

Recent political developments signal an unsteady path to national election

Amid a flurry of public rallies by major political parties and rekindled interest in the electoral fate of Bangladesh, it is cooler heads that must prevail. No one wants a repeat of the pre-2014 political violence or the pre-2018 ennui and despair. Nor will the mere appearance of an election minus a healthy competition be convincing for the people after two highly controversial national elections. The sooner the political establishment, especially the ruling party, understands that, the better.

Speaking of a healthy competition, it is not just the day of the election where it will be expected but also, equally importantly, on the campaign trail leading up to that day – something that the Election Commission should remember. That includes equal opportunity to organise political activities, and equal participation in decisions related to the election. We must admit that the rallies recently organised by BNP have gone reasonably well, albeit with no shortage of impediments put in its way by entities loyal to Awami League. It has ushered in a long-forgotten period of street mobilisation by the opposition.

However, there are concerns that BNP might be denied permission to hold its November 5 rally in Barishal city. The problem, apparently, was its failure to correctly name the venue in its letter to the deputy commissioner. What's in a name, you ask? This attempt to latch onto a technicality could be interpreted as a desperate response to the massive showing in BNP's previous rallies. If so, it just shows how far away we still are from having the right environment for the election. It was perhaps no surprise that what started as protests against hikes in prices of essentials and political repression would boil down – as it already did, through planned counter-rallies – to a show of organisational muscle by Awami League. An equally worrying fallout is BNP's hint, at its Rangpur rally, that its lawmakers are ready to resign from parliament "anytime soon".

BNP has only seven members in parliament – a symbolic presence, really, but one that gives it the opportunity to make its concerns known officially. But if it indeed goes ahead with this decision, we fail to see how it will benefit the party or the constituents of vacated seats, which will be duly filled. It will create no crisis in parliament, and no palpable pressure on the government. BNP will be wise not to pursue this course and turn its back on its voters. Its decision not to participate in any election under the present government is a political one, and must be pursued through political means.

While the recent vigorous campaigning is a pleasant break from years of political hibernation, we must not lose sight of the bigger objectives: 1) restoring public trust in the electoral process through creating an ideal environment for election, with a level playing field ensured for all; 2) finding a solution to the lack of confidence over election-time government, and 3) enabling the EC to hold a fair election without any interference from the ruling establishment. The government and the EC must show their commitment to these overarching goals.

The hills and their human predators

Why do illegal hill-cutters continue to go unpunished?

If we had to pick only one example of how money speaks louder than the law of the land, many would probably pick the practice of hill cutting in Bangladesh. As per the Environment Conservation (Amendment) Act 2010, hill cutting is a cognisable offence, and no government, semi-government or autonomous organisation is allowed to cut or raze hills without permission from the authorities concerned. And yet, hills across the country keep being axed down while state officials and law enforcers, in cahoots with the criminals, turn a blind eye.

As a report by this newspaper has revealed, influential individuals are cutting down hills in various areas of Moulvibazar's Barlekha upazila, and neither raids nor fines by the relevant authorities seem to be able to stop them. As such, claims by the Department of Environment (DoE) that they have "zero tolerance towards hill cutting" have, in fact, zero ground to stand on.

The soil that is excavated from hills is trucked away and sold for use by brick kilns or real estate developers. It is often used for road construction purposes or to fill up low-lying lands. But are these developmental activities really worth the environmental and human costs incurred by the rampant cutting of hills? As experts have stated, such indiscriminate hill cutting is one of the biggest culprits responsible for landslides in hilly areas, thus putting at risk the lives and livelihoods of hundreds of people living there. At any given time, any of these violated hills could fall on top of homes situated near them.

As locals have told this daily, influentials still continue to cut hills. Police or land office officials reportedly "meet" them sometimes, but leave with money. Culprits often receive news of planned raids beforehand and halt any hill-cutting activity, but continue as soon as the threat passes. As per our report, despite there being ample information on who are behind such illegal operations, when confronted for answers, these owners of hills or contractors or police sub-inspectors get away by shifting the blame onto one another. Some local government officials are also aware of the sheer illegality and corruption involved in hill cutting, but seldom come forward to speak against the culprits.

We agree with the residents of these hilly areas that the local administration must be stricter in dealing with influentials who are cutting down hills. And the local political leadership must support any attempt at saving hills. This is important both for the sake of the environment and the safety of those whose lives and livelihoods depend on hills. The need for "development" is not a sufficient excuse for mindlessly cutting down hills. The DoE and the government must do better to protect the country's environment and protect people's lives from an impending climate disaster.

How can we circumvent the global oil war?

THE OVERTON WINDOW

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ERESH OMAR JAMAL

On October 5, the Organization of the Petroleum Exporting Countries (OPEC) and other oil-producing countries, including Russia, agreed to cut their oil production by two million barrels per day – which is two percent of the entire world's daily oil consumption. The decision by OPEC+ sparked anger in the West, the Biden administration in particular, who warned the Saudi government that its actions might be interpreted as a nod of support to Russia.

The production cut raises oil prices globally to Russia's advantage, which ultimately strikes at European and US efforts to sanction Russia. It also strikes directly at US policy efforts to short-circuit inflation at home, and will likely worsen global inflation. According to the head of the International Energy Agency (IEA), tightening markets for liquefied natural gas (LNG) worldwide and major oil producers cutting supply have put the world in the middle of "the first truly global energy crisis."

So why did the oil-exporting countries decide to do so?

It is because, at the beginning of 2022, Brent prices were close to USD 79 per barrel. After Russia's invasion of Ukraine in February, it suddenly increased to USD 110 per barrel (the highest mark in the last 14 years). In July, we started to see a general reduction in oil price, and by the end of September, it fell to USD 85 per barrel, which was very close to the price before the Russia-Ukraine war. This is when some people thought things were normalising. But the problem was that, in 2021, oil prices rose significantly from before because the world economy had just started to recover from the pandemic. Thus, USD 85 per barrel was already an inflated price from the pre-pandemic levels. In fact, immediately after the pandemic, oil prices shot up from nearly USD 20 per barrel to USD 85 per barrel. And after the war started, it increased even more.

So, from the perspective of oil producers, USD 85 per barrel in 2021 was great because it was a big increase from the Covid months. But right now, prices are declining from what it was when the war started, and oil producers are concerned that if this decline continues, and then the world goes into a recession as expected, just like when oil prices declined to USD 20 during the pandemic, the demand for oil will go down and they will have to sell oil at the extremely low price of USD 20-30. This is why OPEC+ cut their production by two percent.

VISUAL: STAR

Because of the oil price hike since February, Russia actually made more money after the war broke out than it did before. Russia's oil and gas revenue from Europe in normal years between March and July was USD 50 billion. But in 2022, its revenue earnings nearly doubled to USD 90 billion.

To circumvent this, the European Union (EU) has deployed the "price cap strategy" against Russian oil – which could possibly be extended to the Middle East. As per this strategy, EU members will only buy Russian oil at a maximum fixed price. But then, Russia could just sell its oil to other countries. Taking that into consideration, the EU has further placed a restriction on the transport of Russian oil by sea if the price of the contract for its purchase exceeds the so-called EU "price ceiling."

According to EU Council Regulation 2022/1904, in the case of such oil being transported by ship from a third country, providing technical, financial, insurance, and other services to the vessel in question will be prohibited. And they may also not be insured by EU companies or receive funding from individuals or entities.

How does this change things?

Previously, when ships carrying Russian oil wanted to escape the sanctions, they would just lay over in China and declare the oil to be Chinese. Meanwhile, shipping companies didn't care about geopolitics as long as they were making a profit. That is how China was reportedly selling Russian oil to Europe. Thus, the EU brought in their power over insurance companies.

Insurance in the shipping industry is extremely important, because the value of a ship itself could be extremely high – notwithstanding the value of the cargo. So even though the shipping companies may not care about sanctions, they do have to care about insurance. And interestingly, an international group of 13 marine insurance groups cover approximately 90-95 percent of the world's oil shipping fleet – and this group is based in London. So now, the EU is forcing these insurance companies to not issue insurance to ships that are buying Russian oil for more than the maximum price that it sets.

How could this oil war affect Bangladesh?

First, the OPEC+ will likely continue to cut oil production, which will increase oil price, leading to recessions in the US and Europe. This will affect all our trade and services with the West. Second, because of the increase in energy prices, the taka may continue to depreciate and our reserves may keep declining. And this will only exasperate our current economic problems. Last, if the US and EU succeed in capping oil price, we will actually benefit, because we will get oil at cheaper prices.

So, should Bangladesh just sit and hope for the latter outcome? No. The fact that Bangladesh is extremely concerned about the situation is evident in the fact that on October 26, our foreign minister said Bangladesh needed a brotherly gesture from Saudi Arabia in meeting its energy needs amid supply disruptions and fuel price hikes because of the Russia-Ukraine war. Therefore, the government should immediately get into negotiations with energy-exporting countries to come up with arrangements that are favourable for Bangladesh.

Meanwhile, the Bangladesh Petroleum Company (BPC) should cut fuel prices since it has been making a profit since August this year – as the Centre for Policy Dialogue (CPD) recently recommended – to make sure that Bangladeshi businesses do not keep suffering from the increased production costs. Since businesses are well aware of the uncertainties that lie ahead, giving them a break by cutting energy prices could boost business and consumer confidence which, at this juncture, could prove to be of great benefit for our economy.

No smooth sailing ahead for Rishi Sunak

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AL MAMOON

In October 2021, when Covid-19 was still claiming lives, Rishi Sunak, Member of Parliament (MP), refrained from joining any Diwali parties but lit up his official residence at 11 Downing Street beautifully. No one was caught by surprise, as the Chancellor of the Exchequer always took pride in being a British-Indian. A year later, amid the festival of lights, he has been elected for the country's top job. Again, no one was surprised, as he was the obvious choice, so obvious that the British Coservative Party even avoided a vote.

That Rishi Sunak's ascension to Britain's highest political office brings along a bunch of "firsts" – including him being the first former Goldman Sachs employee and first hedge fund manager. Who can set so many records in one go? (S)he must be someone extraordinaire!

Among other accomplishments, including being richer than the royals, Rishi's signature trait would be prudence – financial and beyond.

Critics often label him as a jetsetter, having little or no first-hand knowledge of the lives of the masses. This, however, would not be a problem if he can bring changes to their lives in the coming weeks and months. What may rather continue to haunt him is the widespread scepticism about his wealth. Mr Sunak and his wife, Akshata Murty, together have an estimated fortune of about 730 million pounds.

The biggest chunk of their annual income comes from Akshata's shareholding in her father's tech giant Infosys. She now pays tax as per the law of the land, but has been doing so only after being exposed as a "non-domicile" tax return filer. The couples' explanation on the status could not bury the tax scandal.

British PM Sunak will have to deal with a crisis in public funds and an incoming recession.

PHOTO: REUTERS

Boris Johnson loyalists count Rishi as the political assassin of Boris. They have endorsed Rishi for now. But will they be persistent if things go south?

Rishi's first two days in office has set the tone for the next two years (UK's general election is scheduled for January 2025). He has carefully crafted a cabinet to combat the current crisis, retained Jeremy Hunt, who served Ms Truss but reversed the policies of his predecessor Kwasi Kwarteng; brought back Suella Braverman, home secretary, who resigned earlier only for a procedural error; and even kept Nadim Zahawi who succeeded Sunak on July 5 as the new finance secretary, as a minister without portfolio. Penny Mordant continues as the leader of the Commons. She made it to the final three candidates for the prime minister eight weeks ago, and in the latest run, she withdrew after it became clear that she fell short of gathering the support of 100 Conservative lawmakers.

There are four more acts of prudence that has drawn worldwide attention. His seven-minute speech from the steps of 10 Downing Street was a humble yet bold beginning. The speech was an example of how one can be critical of a predecessor, yet pay tribute to them, how one can shed light on the past turbulence, yet focus on the future, and how one can put the economic woes wide in the open, yet make no fuss about them.

He stalled the medium-term fiscal statement and set November 17 as the day to lay out the new government's earning and spending plans.

In the face of heated debate in the parliament and opposition leader Keir Starmer's claim for a midterm election, this whizz kid played to the gallery well, so well that no one would take him as a newcomer, let alone novice.

We must wait till November 17 to see how Rishi formalises his plans to prevent a recession creeping into the world's sixth largest economy. His plan of action was vivid throughout the summer when he was campaigning for the top job, but lost to Ms Truss. He criticised her plan to borrow funds to cut taxes as a "fairy tale". He lost, but his arguments won six weeks down the line. Ms Truss' unfunded tax cuts had to be rolled back, and she had to step down.

Tough and unpopular decisions on spending are on their way to fill a 40-billion-pound (equivalent to USD 45 billion) deficit in public finances.

While he lays his plans to build back Britain, he knows for sure Labour leaders are not going to give it a smooth passage, as much of today's skyrocketing prices is of Rishi's own creation. Indeed, as the finance secretary he dished out money during the pandemic even beyond their needs. Many Brits made more money sitting idle than working. He became hugely popular but the economy suffered, so much so that it is yet to resettle on its pre-pandemic size.

Someone must fix it. Boris failed, Liz failed, Penny did not have a chance. Finally, the baton has been passed on to Rishi.

The Daily Star
Reg. No. DA 781

thedailystar.net
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EDITOR & PUBLISHER: Mahfuz Anam
Printed by him on behalf of Mediaworld Ltd at Transcraft Ltd, 229, Tejgaon Industrial Area, editor@thedailystar.net

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