

The new year through my lenses



AN OPEN DIALOGUE
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As I write this column, my first in 2025, I feel optimistic, whichever lens, whether economic, political, or geopolitical, that I use to view the prospects for this year. The outlook, on a scale of 0-10, is almost a 7, which means I see signs that our nation will be able to overcome the remnants of the storm we overcame last year. While I cannot claim that I can see with 20/20 clarity how events this year will turn out, I am confident it will be way better than the nightmare we overcame in August.

I jokingly told my 88-year-old mother-in-law, while I cannot forecast with 100 percent accuracy whether the prices of essential items in the kitchen market will come down, or all her bank accounts will be fully restored, the vibes all indicate that as the year progresses, things are heading in the right direction. However, political uncertainty in Bangladesh could lead to downward pressure on the country's rating. And, prolonged political violence or policy paralysis could exacerbate fiscal or external stresses, but only slightly.

To reiterate, the year 2025 revives for us hopes for a better future. Like many of you, I feel that the new year will bring about a true change, in our political system and everyday life. The masses in the country wanted a clear break from the past decade, and the July uprising delivered a deliverance of sorts.

Now let us turn to the matter at hand. The economy, the institutions, and the moral fabric of our society were left in shambles by the previous regime, whose chief sought refuge in India, with our coffers empty, the civil service demoralised, and the masses angry and frustrated. Admittedly, things have calmed down, and while we can look forward to a brighter and less mangled socioeconomic system, the new year will be a time for vigilance, and renewed determination to rebuild the nation to take it to a higher level where it deserves to be and make up for the lost time.

For the world as a whole, the OECD is predicting 3.3 percent economic growth for 2025. That's higher than the past few years. Inflation is trending lower, and despite the heightened risk of a trade war, interest rates can be expected to be heading downwards. Because we're seeing lower levels of inflation, that will lead to lower interest rates, which can only bring in higher levels of demand and spending.

We need to bear in mind that the economy might appear a little different depending on where in the world you are located. While the US has grown relatively fast in recent times, other developed countries have grown slower. Inflation has come down in the Eurozone area, but GDP growth will continue to be slow this year because of a slowdown in the

manufacturing sectors. In addition to that, the ongoing structural issue of monetary policy in the Eurozone persists. Monetary policy is difficult because of diverse economic situations across different member states due to the single currency—that means that a policy that might be appropriate for one country could be too tight or too loose for another, too. On the other hand, while we wait for the new US administration to formulate its threatened higher tariff barriers against China, as well as the rest of the world, the impact on China's exports and the economy might take a few months to manifest. At this point, I can only add, "let us wait and see."

According to the World Bank, the

slow the pace of Federal Reserve rate cuts, that could be bad for the borrower nations.

The Asian Development Bank, on the other hand, revised the region's inflation forecast for 2024 and 2025 as price pressures ease due to the lagging effects of monetary tightening.

Inflation in "developing Asia"—

analyses, Bangladesh's economy is projected to improve in 2025 due to anticipated positive factors like inflation control, banking sector reforms, increased domestic resource mobilisation, a better business climate, and expanded trade. The two recent floods have disrupted this year's Aman production. Nonetheless, there are reasons to believe that the pro-active steps taken by the interim administration will bridge the gap between last year's production and this year's expected harvest.

Even though some concerns remain regarding political stability and public order, many business leaders are expressing optimism about earnings growth if the economic reforms are implemented successfully.

Key reasons for potential economic improvement in Bangladesh in 2025 are the RMG sector's resilience, growth in the digital economy, and the focus of the interim government on improving the business environment, tackling corruption, and facilitating foreign direct investment. Nonetheless, the government will need to be vigilant about the youth unemployment situation, the cost of borrowing, exchange rate oscillations, and the terms of trade.

I am betting that inflation globally will slow down, the bellicosity levels in Ukraine and the Middle East will die down, and the forthcoming elections in Bangladesh will be a harbinger of good times ahead. I cannot but add that I was thrilled to note that the prestigious British magazine, The Economist, recognised Bangladesh as the "Country of the Year" in 2024 for toppling an autocratic regime in an unprecedented student-led mass uprising. I look forward to further inspirational happenings in the coming months.

which comprises 46 members of the ADB, such as China and India—is now forecasted at 2.7 percent this year, slightly slower than the projection in July, according to the December 2024 Asian Development Outlook. For 2025, the outlook was revised downward from 3 percent to 2.6 percent.

According to the latest economic



Students Against Discrimination holds the 'March for Unity' to mark the student-led uprising five months ago that led to the ouster of Prime Minister Sheikh Hasina at the Central Shaheed Minar, in Dhaka, Bangladesh, December 31, 2024.

PHOTO: REUTERS

The strategic significance of José Ramos-Horta's Bangladesh visit



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In the ever-evolving geopolitical landscape of Southeast Asia and the Bay of Bengal, few diplomatic visits stir as much intrigue and potential as the recent four-day visit of Timor-Leste's President José Ramos Horta to Bangladesh. Arriving as the only foreign guest invited to celebrate Bangladesh's Victory Day, President Ramos Horta's visit has ignited discussions that extend far beyond the ceremonial and symbolic. Why was Timor-Leste, a country with a population barely exceeding 1.3 million and a GDP far smaller than Bangladesh's, granted such a warm welcome? Why did Dr Muhammad Yunus, the Nobel laureate and the chief adviser of the interim government of Bangladesh, personally receive the president with a red-carpet reception? What does Timor-Leste's relationship with Bangladesh signify in terms of regional diplomacy, economic partnership, and long-term strategy?

Timor-Leste is no ordinary small nation. Emerging as the first independent country of the 21st century, it symbolises resilience and the struggle for sovereignty. Under the direct supervision of the United Nations, Timor-Leste declared its independence in 2002 after a bloody liberation war, having been under both Portuguese and Indonesian rule for centuries. The young nation is unique, not only because it is a Christian-majority state but also because it emerged from a predominantly Muslim region—separating itself from the world's largest Muslim-majority country, Indonesia. This historical backdrop echoes Bangladesh's own independence struggle, albeit under very different circumstances. But it's more than shared histories that bring these two countries together—it's their respective ambitions to carve out a strong presence in the changing geopolitics of Asia.

The timing of President Ramos Horta's visit is undeniably significant. Sheikh Hasina, the recently ousted prime minister of Bangladesh, had, in June 2024—two months prior to her removal—made an explosive claim that rattled the political airwaves. She alleged that there was an ongoing plot to carve out a Christian-majority

state in South Asia by breaking off parts of Bangladesh's Chittagong Hill Tracts as well as areas in Myanmar. The vision she described was eerily reminiscent of Timor-Leste's trajectory to independence.

The geopolitical calculations surrounding Myanmar complicate matters even further. Myanmar, now embroiled in a civil war, has witnessed rebel groups steadily gaining ground. Reports suggest that the rebels are on the cusp of victory, and with their success, there is growing speculation that they may seek to declare a new independent state in the region. This would have far-reaching implications for neighbouring Bangladesh, already grappling with the presence of over 1.3 million Rohingya refugees displaced by violence in Myanmar. Could these tumultuous events play into the larger narrative that the ousted prime minister spoke of, or is it simply a tempest of political rhetoric?

This brings us to the central question: why Timor-Leste? To answer this, we must delve deeper into Bangladesh's foreign policy trajectory. In the midst of strained relations with Myanmar, Bangladesh has strategically pivoted towards cultivating alliances within Southeast Asia, with a particular focus on ASEAN. In this regard, Malaysia's role has been critical. Prime Minister Anwar Ibrahim, whose country assumed the ASEAN chair this year, has already engaged with Dr Yunus to discuss two pressing issues: pressuring Myanmar to address the Rohingya crisis and accelerating the repatriation process. Malaysia's role as a key player within ASEAN cannot be overstated—it is a nation that has the ear of Myanmar, and its backing could prove pivotal in pushing forward Bangladesh's goals in the region.

Yet, it is Timor-Leste's role as an observer country in ASEAN that makes its relationship with Bangladesh so strategic. While Timor-Leste is not yet a full member of ASEAN, it is expected to join the bloc in the near future. In that capacity, the country could become an influential voice in ASEAN discussions, including on critical issues like the

Rohingya crisis. This explains the political importance of President Ramos Horta's visit: Bangladesh is not simply cultivating ties with a friendly neighbour but aligning itself with a nation poised to take a more prominent role in Southeast Asia's multilateral framework.

Economic ties are another key dimension of this evolving relationship. Timor-Leste's oil and gas reserves, especially in the Timor Sea's Bayu-Undan and Greater Sunrise fields, present an exciting opportunity for collaboration. As global energy markets become increasingly volatile, Bangladesh, which is heavily dependent on energy imports, could find Timor-Leste to be a valuable partner. Joint ventures in energy, including renewable energy and green technologies, were discussed during President Ramos Horta's visit. These ventures could serve as a foundation for deeper economic cooperation, laying the groundwork for long-term bilateral trade that benefits both nations.

Bangladesh's own economic evolution under the interim leadership of Dr Yunus—who is no stranger to global change-making—also plays a role in shaping this diplomatic direction. Bangladesh's growing strength in fields like microcredit, sustainable development, and social business aligns with Timor-Leste's economic needs. In his discussions with President Ramos Horta, Dr Yunus offered his microcredit model as a potential tool for combating poverty in Timor-Leste, a country that shares many of Bangladesh's developmental challenges.

The cultural and educational dimensions of the visit are equally compelling. Bangladesh, with its deep expertise in education and healthcare, stands to play a significant role in Timor-Leste's development. Scholarship programmes, cultural exchanges, and joint educational initiatives could help foster long-term collaboration between the two nations. Bangladesh's growing prowess in fields like technology, textiles, and pharmaceuticals also holds the potential to open new markets for Bangladeshi products in Timor-Leste, particularly in industries where Bangladesh has established a competitive edge.

Moreover, Bangladesh's business community has already made substantial inroads into Timor-Leste's market. Bangladeshi entrepreneurs have established a strong presence in Timor-Leste's furniture and electronics industries, sectors essential to the country's economic development. Bangladeshi products,

renowned for their affordability and quality, have found a ready market in Timor-Leste, further cementing the ties between the two nations.

The role of Bangladesh's police force in Timor-Leste's fight for independence is another dimension of this bilateral relationship that is often overlooked. During Timor-Leste's struggle for independence in the late 1990s, Bangladesh played an active role in supporting the UN peacekeeping mission, contributing police forces to the operation. Bangladeshi peacekeepers helped stabilise the region and ensured peace and security in the aftermath of the conflict. This history of cooperation between the two nations serves as a foundation for their growing diplomatic and strategic ties today, with both countries recognising the value of working together in the peace and security sector.

Beyond the tangible economic


and diplomatic factors lies a larger question: what does this burgeoning relationship signify for Bangladesh's role on the global stage? As global powers shift alliances and recalibrate their strategic priorities, Bangladesh's engagement with Timor-Leste signals an attempt to carve out a unique role in Southeast Asia, a region increasingly defined by its economic dynamism and geopolitical significance. Strengthening ties with Timor-Leste is not just about energy cooperation or trade; it is about positioning Bangladesh as a player in a broader, more diverse network of alliances. Timor-Leste, despite its relatively small size and population, represents a strategic entry point into ASEAN's ever-expanding sphere of influence.

This vision of Bangladesh's future is at the heart of Dr Yunus's diplomatic strategy. By deepening ties with Timor-Leste and other like-minded nations in Southeast

Asia, Bangladesh can begin to shape a new narrative—one centred on collaboration, regional solidarity, and sustainable development.

Bangladesh's path forward is fraught with both challenges and opportunities. The visit of President Ramos Horta marks the beginning of a new chapter in Bangladesh's diplomatic evolution. As a nation with a vision of progress and resilience, Bangladesh is learning to balance regional cooperation with strategic foresight.

As the world turns its gaze towards Southeast Asia, Bangladesh's role as a diplomatic leader—emboldened by the leadership of Dr Yunus and the ongoing support of nations like Timor-Leste—will become increasingly vital. The journey is just beginning, but the destination is clear: Bangladesh is on the path to becoming a key player in a new era of global diplomacy.



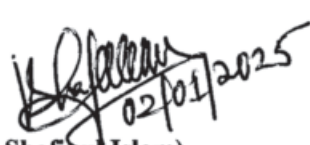
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2	1054215	Purchasing of Official Uniform	01/01/2025 2:00 PM	22/01/2025 02:30 PM	22/01/2025 3:30 PM

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