

## Economy caught in the crossfire

Govt must fix fragile economy to weather shockwaves from Middle East

The economic shockwaves from the Iran war are rippling far beyond the Middle East. Heavily dependent on the Gulf for energy and sustained by remittances from the same region, Bangladesh remains particularly exposed, and a new World Bank assessment warns that this external shock could amplify our existing vulnerabilities, slowing growth, fuelling inflation, and pushing thousands back into poverty.

The growth outlook has already dimmed. Real GDP expansion, previously downgraded to 4.6 percent for the current fiscal year, is now projected to fall further to 3.9 percent. For an economy that needs momentum after three consecutive years of rising poverty, this is a serious setback. An estimated 12 lakh people who were expected to move out of poverty will now remain trapped, while about 600,000 jobs risk disappearing altogether.

Bangladesh imports 60-65 percent of its crude oil from the Gulf and also sources up to 75 percent of its LNG from the region, primarily Qatar. As energy prices climb, the import bill swells, widening the trade deficit and putting pressure on the taka. These costs ripple quickly through the economy, raising the price of transport, food production, and industrial output. Inflation, already elevated, is likely to gather further pace, hitting the poorest households hardest. At the same time, a second pressure point looms: remittances. Millions of Bangladeshi workers are now employed in economies that are themselves vulnerable to prolonged instability. If hiring slows or wages weaken, the impact will be felt directly in Bangladesh's villages and towns. The flow of remittances could begin to thin.

What makes this moment more precarious is the condition of the domestic economy. Bangladesh is entering this external storm with structural weaknesses already exposed. The new government has inherited tight fiscal space, a fragile banking system, and persistently weak revenue mobilisation. These constraints leave little room to absorb additional shocks.

Higher global energy prices will inevitably deepen fiscal pressures. Subsidy requirements for power, gas, and fertiliser are set to rise sharply. If domestic prices are not adjusted, subsidy spending could climb to 2.8 percent of GDP in FY26 from 2 percent now, crowding out investment in health and education and forcing the government to depend more on borrowing. In an already constrained financing environment, that path is risky. Public debt, if left unchecked, is projected to exceed 45 percent of GDP by FY28.

The policy response, therefore, cannot be timid. The central bank must resist the temptation to rely on unsterilised money creation to prop up weak banks and instead maintain a firm monetary stance to contain inflation. At the same time, relief measures should be carefully targeted, reducing import duties on essential food items and expanding safety nets for the most vulnerable households. The authorities must also move on long-delayed reforms. Energy subsidies need to be gradually rationalised to ease fiscal pressure. Tax policy and administration must be overhauled to broaden the revenue base and reduce dependence on domestic borrowing. Without these steps, short-term firefighting will only deepen long-term fragility. If the government is to withstand the current turbulence and return to a path of inclusive growth, decisive reform is urgent.

## RMCH's ICU crisis is unacceptable

Govt must act to curb preventable deaths from ICU shortages

We are shocked and outraged by a report that some 229 lives were lost in March alone—nearly half of whom were children—due to not receiving timely intensive care unit (ICU) treatment at Rajshahi Medical College Hospital (RMCH). This is an institution that has been coming under constant scrutiny in recent weeks for failing its patients by not ensuring access to critical treatment at a time when they needed it most. It does not, unfortunately, come as a surprise that public hospitals outside of Dhaka are failing to provide critical care and continuously suffer from an acute shortage of skilled labour, which hinders treatment processes despite there being necessary equipment and infrastructure.

However, for a division-level hospital like RMCH (which is the largest health facility in the country's northwest region), such a failure to ensure treatment for critical cases cannot be dismissed as just negligence, given the fatal consequences. It is also particularly worrying that so many lives have already been lost there this year alone, which begs the question: why is the matter not being taken more seriously, especially amid the recent measles outbreak? What are the authorities waiting for?

According to an RMCH spokesperson, some 119 children and 278 adults were admitted to the hospital's ICU last month. From the waiting list of 386 children, 91 died and among adults, some 138 patients died out of 614 on the waiting list. These figures make one thing clear: the hospital is operating far above its capacity. With just 40 ICU beds—12 for children and 28 for adults—the shortfall becomes a glaring one during public health crises. And, this scenario is not exclusive to RMCH, nor is it only prevalent outside of Dhaka, as we have observed in the case of Dhaka Shishu Hospital, which recently hit capacity amid rising measles cases.

We call upon the government and all relevant authorities to treat the lack of ICUs with greater seriousness. It is also high time for the authorities to realise that it is not enough to build infrastructure if the facilities are not made operational in time. The 200-bed children's hospital in Rajshahi, completed yet unused, is a stark example of failure in planning and execution. At the same time, nearly 32 percent of sanctioned posts in the health sector remain vacant, undermining existing capacity. Therefore, the priority is clear: operationalising idle facilities, filling critical vacancies, and ensuring resources reach overlooked regions when needed. We expect the government to leave behind the tradition of blame shifting and instead focus on stopping the preventable deaths which continue in a system that rarely ceases to fail its most vulnerable populations.

# Were we close to a nuclear catastrophe?

When a superpower is driven by a blind expansionist power



THE THIRD VIEW

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US President Donald Trump and Israeli Prime Minister Benjamin Netanyahu expected Iran to crumble when they launched the surprise attack on February 28 while negotiations were going on, killing the latter's supreme leader and several others. The Israeli PM reportedly told the US president that, with the decapitation of its leadership, Iran would collapse and a US-friendly and Israel-compliant regime would take over.

But Iran surprised its attackers and gained the respect of the world through its resilience. Yes, it attacked several Gulf neighbours, but this was limited to US military installations hosted by them, and some energy infrastructure after the states in question continued to allow US-Israeli attacks from their territories. The people of Iran deserve our commendation for proving that, however militarily powerful a country or camp may be, without moral and ethical justification for its actions, the victim country can resist, survive, and even retaliate. This adds an interesting story for any society.

What was stopped through the recently agreed two-week ceasefire was not so much a war as it was madness. Madness that seemingly brought the world to the brink of a nuclear catastrophe that could lead to World War III. The people of countries that have nothing to do with the conflict had to suffer immensely. We, in Bangladesh, have had our economic activities severely disrupted, with a World Bank report released on Wednesday predicting a slowdown in our GDP growth, 12 lakh people remaining below the poverty line who were supposed to have risen above it, 600,000 jobs being lost, and public debt exceeding 45 percent of GDP by FY2028—all because of this madness.

"The Middle East conflict is likely to materially affect Bangladesh's economy, compounding existing vulnerabilities," the World Bank said in its report, adding that higher import costs, weaker exports, and falling remittances are expected to strain the current account balance, while rising energy prices and pressure on the exchange rate could intensify already elevated inflation.

Did Bangladesh and the many other countries in similarly economically vulnerable situations deserve this? Did even the developed countries deserve to come so close to a nuclear conflict?

The war that we saw was an instance of a superpower being unduly influenced by a blindly ambitious, expansionist power. The former being led by a man who follows instincts, not facts, logic, experience, or rationale, and the latter by a man who dreams of

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expanding his country by occupying others, even if it jeopardises its future security.

Pakistan seems to have succeeded in gaining the trust of both sides and is set to host the negotiations in Islamabad. As announced, the discussion is scheduled to start on Friday or Saturday. We sincerely hope that the negotiations will succeed and normalcy will return to the region and the world. But of course, Israel will try

to disrupt it. Early signs are already visible.

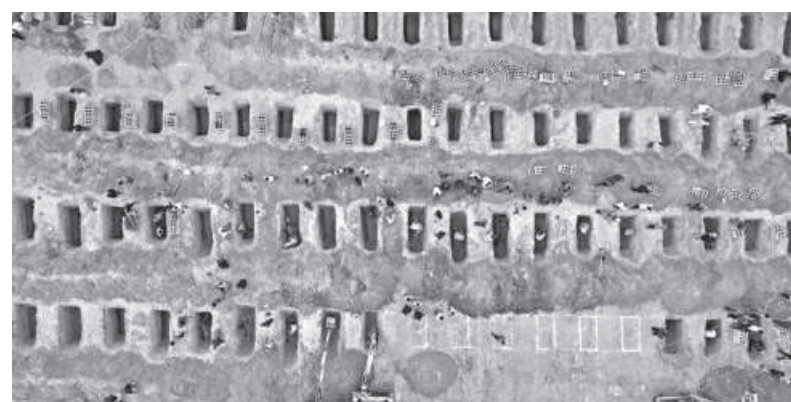
Unfortunately, the US today appears to have become a believer in an international order that is based on raw power and physical dominance instead of a law-based international system. The kidnapping of the Venezuelan president, the open announcements to take over Greenland, and threats to "run" Cuba seem to have set the stage for the US president to think that the world is his "plaything" and that he can dictate it to run as he wishes.

On April 7, before the expiry of his arbitrary deadline to launch massive



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FILE PHOTO: REUTERS



Graves are prepared for the victims following a strike on a school in Minab, Iran, on March 2. This photo was taken from Iranian Foreign Media Department.

PHOTO: REUTERS

strikes against Iranian energy and transportation infrastructure, he declared, "A whole civilisation will die tonight." How do you kill a civilisation without killing all its members? Was President Trump then planning to kill every Iranian man, woman, and child? This is only possible with the use of a nuclear bomb. Earlier, when he threatened to send Iran "back to the Stone Age," he seemed to suggest that he would bomb the country so intensely that every infrastructure of modern life—houses, schools, hospitals, roads, water supply, food sources, and implements of ordinary livelihood—would be destroyed. All this is indicative of a deep-seated hatred for the people of Iran.

There is one argument of the Trump administration that merits some consideration: preventing Iran from possessing nuclear weapons. But attacking Iran when the US's own top counterterrorism official, Joe Kent, publicly stated while resigning in mid-March that Iran posed "no imminent threat" to the United States creates Iran's own justification for developing such a deterrent. Today, the US does not utter a single word about North Korea while its ally South Korea is living in constant fear of its northern neighbour simply because it possesses a nuclear bomb.

We should recall here how a treaty guaranteeing that Iran does not develop a nuclear bomb was signed in 2015 in Vienna between Iran and

the US, the UK, France, Germany, Russia, and China called the Joint Comprehensive Plan of Action (JCPOA). The core idea was to limit Iran's nuclear programme in exchange for lifting economic sanctions. The main goal was to stop Iran from building a nuclear bomb. Iran agreed to limiting uranium enrichment to 3.67 percent (far below weapons-grade levels of 90 percent), reduce its stockpile by about 98 percent, cut nuclear infrastructure, and allow strict inspections by the International Atomic Energy Agency (IAEA). This agreement was termed by experts as one of the strongest inspection regimes ever agreed to. In return, Iran was to receive sanctions relief and economic integration.

The JCPOA is considered one of the most important modern diplomatic efforts to prevent nuclear proliferation. Yet, years of collective efforts of all the permanent members of the UN Security Council—with the UK, France, and Germany being US allies and Nato members, who themselves

and 2025, trust totally collapsed. On June 22, 2025, the US bombed Iran's nuclear sites in Fordow, Natanz, and Isfahan. This was the moment that the US directly joined the Israeli military confrontation with Iran, saying it had "obliterated" Iran's nuclear capabilities. This transformed US pressure and proxy actions into direct confrontation.

The real reason for all this, one can say with the benefit of hindsight, was that Israel never wanted any peaceful process to succeed. That way, it could always persuade the US towards military action.

In a very revealing report published on April 7 titled "How Trump Took the US to War with Iran," *The New York Times* shows how, during a meeting at the White House on February 11, Israeli Prime Minister Benjamin Netanyahu persuaded President Trump to attack Iran, building a scenario that the CIA director present termed "farcical" and Secretary of State Marco Rubio called "bullshit." Though many of

Trump's other team members were not persuaded by the Israeli PM's narrative, they did not oppose or speak against attacking Iran.

The same report further states that the Israeli case was that, at the start, the Iranian Supreme Leader Ayatollah Khamenei would be killed along with some other senior leaders, which would lead to a mass uprising bringing about regime change and a return of Reza Pahlavi, the exiled son of Iran's last shah, who would lead a post-theocratic Iran. In the meantime, US and Israeli forces would destroy Iranian military capabilities. Netanyahu and his team thus portrayed a scenario pointing to near-certain victory. Trump, reportedly, did not immediately agree but appeared far more persuaded than others present. On February 28, the sudden attack was launched, designed as a "decapitation strike" targeting Iran's top leadership and command structure, killing Ali Khamenei and several others. The suggestion was for a full-scale war.

The attack was launched when negotiations on nuclear issues were ongoing and reportedly making progress, which made it shocking and inexplicable to the rest of the world.

Within the first 12 hours, the US and Israel carried out 900 air strikes. While the world was focused on the US and Israel attacking Iran, Israel used the distraction to pounce on Lebanon and has been relentlessly bombing it since, declaring that the present stoppage of war does not apply to its savagery in that small and vulnerable country.

How far President Trump will allow Netanyahu to dominate the current negotiations, and how long he will allow Israel to use the US as a "pawn" for its own ambitions, will play a significant role in the success or failure of the current talks. The new reality today is that the world is a different place from when President Trump started the war. Whether or not he will be able to accept that change, and how far Israel will allow him to do so, will determine the immediate future.

We came very close to a possible nuclear confrontation. We must prevent it from happening in the future at all costs.

The Trump administration could easily have insisted on renegotiating with Iran instead of withdrawing from the treaty. But that's exactly what Israel didn't want. Thus, an important opportunity for a peaceful settlement was lost.

From then on, manipulated by Israel, there was a steep deterioration of relations with Iran and closer collaboration between Israel and the US. Between 2018 and 2019, the US put severe economic pressure on Iran, aiming to cripple its economy. From 2019 to 2021, the US indulged in indirect conflict, bringing both sides close to open conflict. Between 2021