

# The Security World



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The Fall of An Empire?

The Art of Winning a Defeat

State and the Religion

Exclusive Interview: Denmark Ambassador Explores Thriving Trade Relations and Investment Prospects with Bangladesh

Revenue Mobilisation Drive should be Implemented with Caution

“Building the Bridge of Social Cohesion With Post-Conflict Rakhine/Arakan”



## General Waker-Uz-Zaman's Appointment Infuses New Hope and Renewed Spirit Across Bangladesh Army Ranks

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# THE SECURITY WORLD

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The Security World is being published with the primary purpose of promoting peace, security and international cooperation through analysis, policy dialogue and dissemination of information. We are also trying to focus on the contributions of our defense forces and law enforcement agencies in curbing terrorism and their role in the international arena to bring back peace and security. As there is no noteworthy publication to project these achievements, we believe the Security World will play a pivotal role in this regard.

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# General Waker-Uz-Zaman's Appointment Infuses New Hope and Renewed Spirit Across Bangladesh Army Ranks

Rabb Majumder

*is the Editor and Publisher of The Security World.*



In a momentous announcement, General Waker-Uz-zaman has been appointed as the new army chief of Bangladesh. With a distinguished career marked by unwavering dedication and exceptional leadership, General Waker-Uz-zaman's ascent to this prestigious position symbolizes a new chapter in the nation's military history.

Born and bred in the spirit of service to his loving country Bangladesh, General Waker-Uz-zaman's journey from a young cadet to the helm of the army exemplifies courage, integrity, and a deep

commitment to safeguarding the nation's security. As he prepares to take on the mantle of leadership, his peers and subordinates alike look to him with admiration and respect, knowing that under his command, the army will reach new heights of excellence and preparedness.

With his strategic vision and a firm resolve to uphold the values of duty and honor, General Waker-Uz-zaman stands poised to lead the army with distinction, ensuring the safety and prosperity of Bangladesh and its people. As the nation eagerly awaits his official appointment, there is a sense of optimism and pride in the air, heralding a bright future under the leadership of General Waker-Uz-zaman, the new army chief of Bangladesh.

A million-dollar question is always present in the corridor of power bases throughout the nation, concerning the maintenance of current political ►

► stability as well as the outlook for regional and international relations: who will lead the most disciplined and significant forces in our nation as the next chief of the Bangladesh Army?

The selection of the next Army Chief always has far-reaching implication for Bangladesh. The chosen candidate plays a crucial role in shaping the country's defense strategy, maintaining internal security, and upholding the values of the nation. As the Army Chief holds a position of significant influence, the decision must be made carefully to ensure the continued stability and security of Bangladesh.



General Waker-Uz-Zaman

Since assuming power in 2009, the incumbent Prime Minister Sheikh Hasina, a champion in politics and development, has proven herself by appointing Army Chiefs based on their seniority excellence and professionalism up to the present. Waker-Uz-Zaman's distinguished career is a testament to his exceptional skills, bravery, determination, loyalty, and kindness, traits that have without a question made him a unique military leader. Professionalism and honesty have been at the top of his game throughout his career, winning the respect and admiration of both his peers and his bosses. People have noticed how dedicated the General is to his job and how much he cares about the safety and happiness of his sol-

diers. It is clear that he lives by the ideals of honour, loyalty, and service. Additionally, his good relationships with everyone, including his close connection with the Prime Minister, show how great a leader and person he is.

This is a very rare and admirable trait: he can motivate and bring people together. There is no doubt that he will continue to lead with distinction and honour the Army's standards with dignity.

Before taking over the charges of Chief of Army Staff (CAS) General Waker-Uz-Zaman was Chief of General Staff (CGS) of the Bangladesh Army. He was born in Sherpur Dis-►



The newly appointed Chief of Army Staff of the Bangladesh Army General Waker-Uz-Zaman is adorned with rank badges by the Chiefs of the Navy and Air Force in the presence of Honorable Prime Minister Sheikh Hasina. Photo: Focus Bangla

▶ trict on 16 September 1966.

According to Wikipedia, Waker-Uz-Zaman graduated from Defence Services Command and Staff College. He studied at the Joint Services Command and Staff College in the United Kingdom. He holds a master's degree in defence studies from Bangladesh and a Master of Arts in defence studies from King's College, University of London.

Zaman was commissioned in 1985 from Bangladesh Military Academy in 13th BMA Long Course in the East Bengal Regiment. During his long military career, he taught at the Non-Commissioned Officer's Academy (NCOA), School of Infantry and Tactics (SI&T) and Bangladesh Institute of Peace Support Operation Training (BIP-SOT). He served in the United Nations Mission in Liberia and United Nations Angola Verification Mission I. He served as Deputy Assistant Military Secretary, Assistant Military Secretary and Deputy Military Secretary in Military Secretary's Branch, Army Headquarters. He served in Army

Security Unit and Commanded the 17th East Bengal Regiment.

He commanded the 46th Independent Infantry Brigade in Dhaka. Zaman was appointed as Military Secretary of Bangladesh Army in Army Headquarters twice in 2013 and 2017 subsequently. After that he was appointed at 9th Infantry Division as (GOC) and Area Commander of Savar Area. On 30 November 2020, Zaman was promoted to Lieutenant General and appointed Principal Staff Officer of Armed Forces Division. He served as the chairperson of Bangladesh National Authority for Chemical Weapons Convention. He was a member of the governing body of the National Defence College. He was appointed as Chief of General Staff (CGS) of Bangladesh Army on 29 December 2023. General Wakar is also acting as the chairman of the Central Coordination Committee of Cantonment Public Schools and Colleges.

General Waker-Uz-Zaman is a graduate of Defence ▶▶

- Services Command and Staff College, Mirpur and Joint Services Command and Staff College, United Kingdom. He has earned Masters of Defence Studies (MDS) from National University of Bangladesh, Bachelors Degree from University of Chittagong and Masters of Arts in Defence Studies from King's College, University of London.

Waker-Uz-Zaman is married to Begum Sarahnaz Kamalika Rahman who is the eldest daughter of late General Mustafizur Rahman and the couple have two daughters. His father-in-law was former chief of army staff who served from 24 December 1997 to 23 December 2000 and was the uncle of Prime Minister Sheikh Hasina.

The father of the nation Bangabandhu Sheikh Mujibur Rahman, is the brainchild of the Bangladesh Army. During a conference in Lahore, Pakistan, on February 5, 1966, Bangabandhu submitted his six-point demands for regional autonomy. He also proposed the creation of a distinct paramilitary or militia force for what was then East Pakistan. In order to save the nation from Pakistan's grasp, the six demands of the Magna Carta were reduced to one item. Bangladesh attained independence on December 16, 1971, following nine months of war and the deaths of three million people. The Bangladesh Armed Forces were established on March 26, 1971.

The Bangladesh Army now represents a cornerstone of national defense, serving as a stalwart shield dedicated to protecting the sovereignty and integrity of the nation. With a proud history steeped in valor and sacrifice, the army embodies the core values of courage, discipline, and unwavering commitment to duty.

Driven by a spirit of excellence and a deep sense of service to the nation, the men and women of the Bangladesh Army stand as guardians of peace and security, ready to confront any challenge that may arise. Through rigorous training, modernization efforts, and a focus on continuous improvement, the army remains at the forefront of

defense capabilities, ensuring that it is prepared to meet the evolving threats of the modern world.

With a legacy of resilience and a tradition of upholding the highest standards of professionalism, the Bangladesh Army continues to adapt and innovate, embracing new technologies and strategies to enhance its effectiveness and efficiency. By fostering a culture of trust, camaraderie, and unity among its ranks, the army cultivates a strong sense of teamwork and cohesion, enabling its members to work together seamlessly towards common goals.

In the 2023 annual Global Firepower review of 145 countries, Bangladesh secured the 40th position with a PwrIndx (power index) score of 0.5871. This places the nation among the top ranks, demonstrating its growing military strength. Among South Asian nations, Bangladesh stands strong at the 40th position in terms of military capabilities.

According to Senator Cory Booker, "If your actions create a legacy that inspires others to dream more, learn more, do more, and become more, then you are an excellent leader". "Leaders are made, they are not born. They are made by hard efforts which is the price which all of us must pay to achieve any goal that is worthwhile." Leadership is not a position or title it is action and example'.

The above notion validates in the case of General Waker-Uz-Zaman for his unwavering leadership ability and acumen in the most disciplined forces of the Bangladesh Army.

He has escalated to this topmost position through the steep slopes of soldiering from day one and had to undergo arduous practices and training at the Bangladesh Military Academy from captain to commander.

The General has reaped artistry and agility by accomplishing multidimensional capacity in various fields and has proven himself as a role model for the next generation of Bangladesh Army. ■

# THE FALL OF AN EMPIRE?

Lt Gen (Retd) Mohammad Mahfuzur Rahman, PhD

Former Principal Staff Officer, Armed Forces Division, Prime Minister's Office. mahfuzba2172@gmail.com



“As a student of history over time I have realized that we do not learn history to know only how to behave or how to succeed, basically we learn history to know who we are.” What is America? Who are the Americans? What is their history? After the discovery of America by Europeans in 1492, successful settlement started after 1600. The majority were from the United Kingdom. The settlers were adventurous and desperate. They left not only their home, and environment but the continent, for them, this was a prevail or perish situation. To establish themselves, they came in contact and conflict with indigenous people who resisted and fought with primitive weapons, bows, and arrows. Europe experienced 100 years of war, 30 years of war, and many more in the process they developed tactics, armament, guns, and cannons superior to the native's armament. The locals suffered defeat one after the other but that did not break their will

to resist what caused defeat is treachery. European settlers would come to an agreement and peace deal but in an opportune moment when the indigenous people were 'off guarded' the settlers attacked and massacred the indigenous population in the process grabbed more lands. The history is replete with such examples. Even history museums in US would testify that. They targeted the culture and way of life of the native population. In all of these the settlers exterminated some 56 million native populations, occupied their lands, their homes, villages, environment and pushed the survivors into pockets, picturized them as savage people, and made them insignificant (sounds familiar as what is happening in Palestine). This is interesting, why USA, UK, Australia, Canada, and to some extent New Zealand support Israel, possibly it is the last existing settler colony following their way of establishing a 'western colony'.

To build the habitat, large-scale farming, and economy to support such activities there was a huge demand for manpower, slave trade got currency that started another era of dehumanization of African people. In the process, they killed a few million slaves brutally, sounds like brutality is in their DNA (the way Europeans killed or were al-▶▶



Photo: Net

►lowed to kill and the manner they killed six million Jews in modern times, not in the medieval age). However, the settlers were very industrious and innovative and started building neighborhoods, communities, and society. Simultaneously building institutions of academic, political, and social excellence. These institutions harnessed culture, and fineness in society. Justice, equality, and the idea of human rights crept into society. Even on the issue of abolition of slavery, they sacrificed a lot. All these could happen because of some charismatic leaders like George Washington, Franklin D Roosevelt, Abraham Lincoln, Theodore Roosevelt, Thomas Jefferson, and of course lately, John F, Kennedy (compared to the present two presidential candidates seem bankruptcy of leadership in the US politics). Under their dynamic leadership, America cultivated the greatest economy, built great big things, technological advancement, explored space, and cultivated the world's greatest artists. 'The Declaration of Independence' was a masterpiece of human rights and equality. Inspired people to stand for what was right. Society was informed by great men who were revered.

But at some point in time, the neo-cons took over

the center stage of politics, realists dominated the White House/Capitol Hill gradually it shifted from Democracy to Polyarchy. This shift being a lone superpower affected the whole world and still affecting. The US has approximately 800 military bases around the globe, it is involved in 83 countries in counter-terrorism. From 2000-2021 US economic sanctions increased to 1000%. Today the US has sanctioned 1/3 of the world population. Sanctions are not benign it is short of bypassing war but they cause mass amounts of death and suffering. Sanction in the Gulf War in the 90's alone killed 5,00,000 children.

After the Cold War, the US destabilized the Middle East and adjacent areas by invading or involving Afghanistan, Iraq, Syria, Libya, Lebanon, Somalia, Sudan, Yemen, and Pakistan killing millions (mostly civilians) likely to eliminate the threat to Israel and enhance its security. At the same time, the duo has left no stone unturned to cripple Iran.

However, we are seeing the world moving from Unipolar to Multipolar and when power declines it develops ego and ill temper and the US is no ex-►►



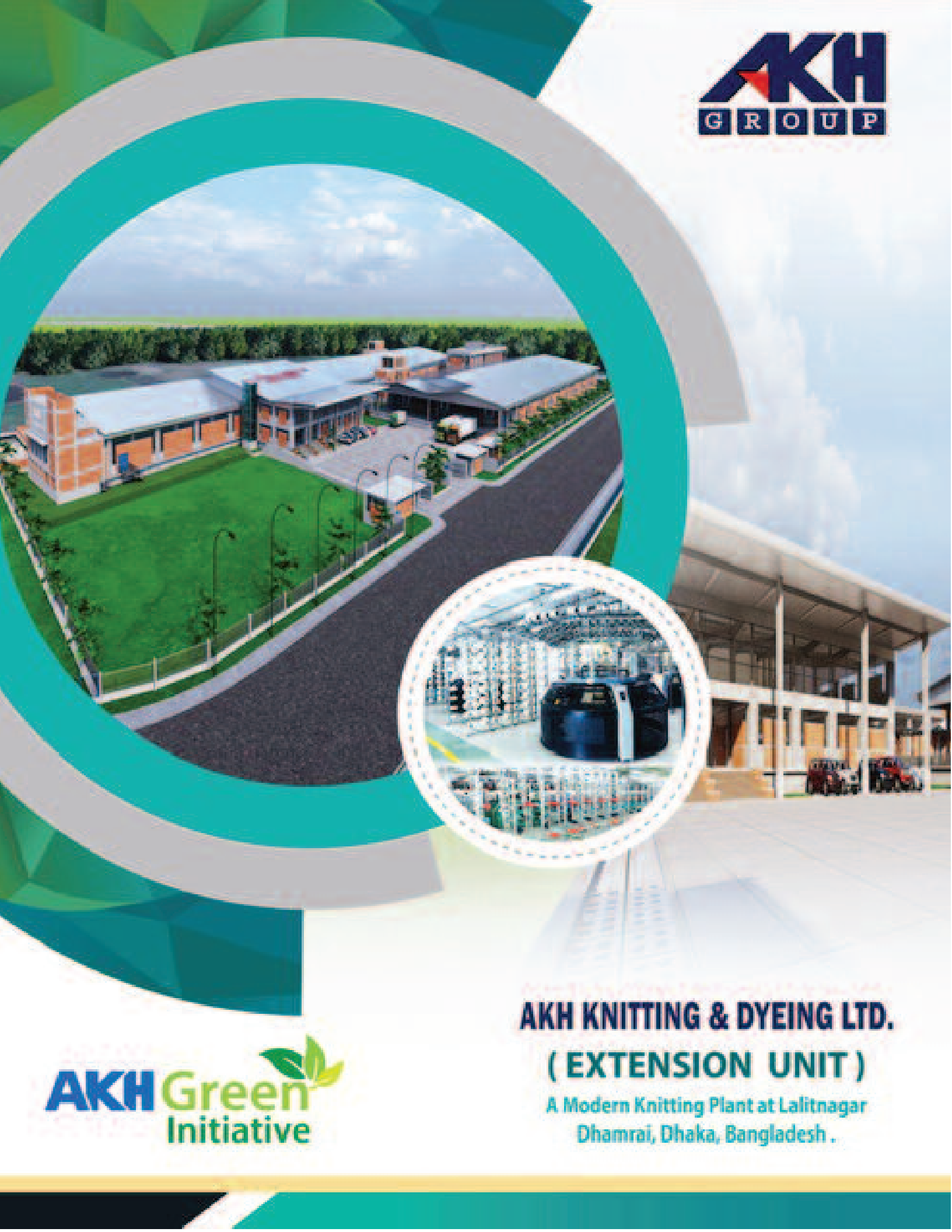
US President Joe Biden

ception. Nonetheless, it takes time to collapse an empire although, it quickens when it implodes from within. The US with its economic and military might would remain a leading power for quite a long time but since it is losing 'morale authority' with its stance in the Ukraine and Palestine conflicts the soft power would erode much faster. From a value-based viewpoint, it almost lost its legitimacy and credibility in general as a leading power. In the case of Ukraine, Zelensky was about to strike a peace deal with Russia in March 2022 making the US-led West irrelevant. Its NATO led by the USA foiled the initiative when UK Prime Minister Boris Johnson visited Kyiv after the Russia-Ukraine peace talk and Zelensky withdrew from the peace deal. This is how the ego of a declining power causes further trouble.

In the Gaza issue, the USA is taking sides with Israel against international law and rule-based order which they always talk about. The US has threatened to impose sanctions on ICC for its process of the arrest warrant against Israel's Prime Minister and Defense Minister. This is an expression

of the ill temper of a falling power.

The US has criticized/condemned the ICJ Ruling of January 2024 and May 2024 where the court ordered Israel to take effective measures to prevent the destruction of evidence related to allegations of acts of genocide within the scope of Genocide Convention. Last week, the court ordered Israel to immediately halt military offensive and any other action in the Rafah Governorate. Though the US supports the two-state theory in their official statement but imposed a veto not to recognize Palestine as a member state in the UN. This is a state mischief. More so, the high-handedness of police and establishment against the protesters in educational institutions looks like any third-world authoritarian state action. This is imploding from within, and drifting away from 'The Declaration of Independence', liberty, freedom, and free speech. This is an indication that the patience, due diligence, and democratic stamina of polyarchy are spiraling down. Possibly this is what happens once an empire falls from the grace and loses its 'Moral Authority'. ■



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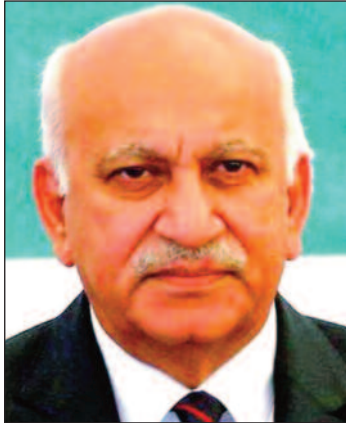
A Modern Knitting Plant at Lalitnagar  
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# The Art of Winning a Defeat

*Congress has a long way to go before it becomes a natural alternative to BJP*

**MJ Akbar**

*is the author of, among several titles, Tinderbox: The Past and Future of Pakistan. His latest book is Gandhi: A Life in Three Campaigns*



An you win a defeat? Possibly. If your sights are set low, you can always rejoice after missing the bull's eye by some distance. This is not advocacy for the cock-eyed. It is a recognition of the artful management of expectations, always good politics in that gloomy space called the waiting room. Congress has developed expertise in this art. Statistics tend to be a little less helpful.

The last election which brought Congress to power was in 2009 when it won 206 seats with 28.55 per cent of the vote, while BJP slumped to 116 seats and 18.80 per cent. Fifteen years later, BJP has 240 seats with 36.56 per cent of the vote and Congress has 99 MPs with 21.19 per cent. That should shift the perspective. In 2024, Con-

gress did better out of allies than the allies did out of Congress because the latter had less to offer. If it took 10 years for Congress to rise from 44 seats to 99, then the party should reach 200 seats in Lok Sabha by 2034 at the present rate of progression. Semantics apart, the question before Congress is whether its brand has yet recovered. It cannot become the natural alternative to BJP as long as it is marginal in the 180-odd seats along the belt from Delhi Yamuna to Diamond Harbour and the Sagar island in Bengal where the Ganga meets the sea; and vulnerable in a big-ticket state like Maharashtra and middle India where it faltered again.

The past can be useful. The first instance of Congress slippage occurred in the 1967 elections when it diminished to a slim majority against a non-existent Opposition. In 1971 Indira Gandhi led Congress to a spectacular recovery in a premature General Election by reinventing her party through a split in 1969 that ripped apart the status quo. Her heirs do not fully appreciate the sig- ➤



► nificance of 1969.

In the 1960s and 1970s, Opposition parties used to ask for votes on the sterile plank that they were not Congress. Congress now asks for votes on the equally fragile plank that it is not BJP. This is a painkiller, not a remedy. A serious political objective needs a compelling positive programme that defines a better future for the electorate and the nation through a policy framework. This is more difficult than holding press conferences.

Even miracles can wither in the winter of time.

One of the outstanding miracles of Indian democracy has been the sudden rise and sustained achievement of Naveen Patnaik, intellectually more a child of the liberal West than the rustic hardships of his state, Odisha. His father Biju Patnaik's legendary life helped, but no inheritance lasts more than one term in the tough playing fields of our electoral system. I knew and

admired the charismatic Biju Patnaik and have never really met the son, but will assert that history will accord Naveen an equally luminous chapter. Naveen Patnaik's era is an indelible part of Odisha's long march to modernity.

For a quarter century Naveen Patnaik sped along a one-way autobahn, eliminating competing traffic with unsuspected finesse, eventually to discover that fatigue and crawl exhaust just as easily as speed. It is entirely apposite that his splendid success over two decades in power has been complemented by the grace with which Naveen Patnaik has said au revoir. No fuss, no moans, no complaints, no pettiness, no entitlement, no bile against the victor. If I can take the liberty of paraphrasing what he might be thinking: Democracy brought me to power; democracy has told me to take a rest.

If anyone deserves a Bharat Ratna in 2025 it is Naveen Patnaik. ►

► Normally, the knives come out after the results. In Britain, which has always claimed the honour of being the mother democracy, the slashing and slaying has begun much before the Conservatives end up in the morgue. Their current leader Rishi Sunak knifed his mentor Boris Johnson on the way to power with a twist that belied his self-promoted image of a do-gooder who had sacrificed a lucrative private-sector career to serve the British people. That did not last long in the arc lights of reality. Sunak entered 10 Downing Street with the slight swagger of an intelligent lottery winner, convinced by events that the right conjunction of stars had found the correct place for his genius. He lost the plot completely when he abruptly left the commemoration of D-Day on June 6, oblivious of what it meant to his country: it marked the onset of the Allied invasion of Europe in 1944 which destroyed Hitler, saved Britain from subjugation and the world from vicious fascism. This prime minister of Britain has never understood the British. He looks naïve and bewildered, an amateur mewling in the big league, now visibly nursing an inner grievance against the multitudes who refuse to vote for his selfless talent.



His *bête noire*, that bruised leopard of professionals Boris Johnson, has just taught Sunak a lesson in whipcraft. On Monday, Sunak

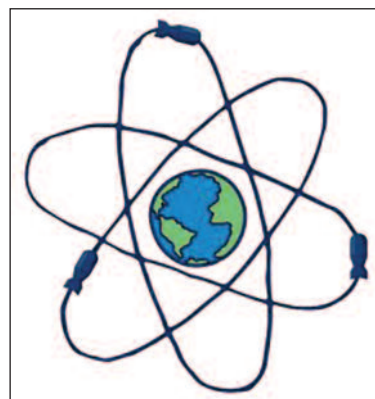
admitted, with gritted teeth, that Johnson could “make a difference” to Tory fortunes if he campaigned. Boris waited for the reluctant appeal to flood the news, and then announced that he was off on a holiday.

It can only happen in London.

Guess what is Sunak’s theme on the hustings? He is no longer asking for victory. All he says is:

Don’t give Labour an overwhelming victory. Just a whelming majority, then.

How many nuclear bombs do you need to blow up the world? One would do.



By the time they convened the United Nations Security Council

to discuss the crisis, half the world’s nuclear arsenal would have been triggered by that self-destructive combination of dread and hate. Such thoughts have been prompted by a new count done by the world’s principal think-tank on multinational suicide, the Stockholm International Peace Research Institute. Russia has 4,380 nuclear warheads, America 3,708, China 500 (up from 410 in early 2023), France 290, Britain 225, India 172, Pakistan 170, Israel 90, and North Korea 50. One is tempted, without prejudice, to discount the British quota. In January this year a Trident fired by the Royal Navy supposed to cross 6,000km into the Atlantic plopped a few yards away into the sea during a test. Don’t ask what would have happened if this failure had been a semi-failure, and hit an African country en route. The defence minister during the test, Grant Shapps, described the test as “most reliable”. Quite fascinating. There is no record of what the British defence minister in 2016 said when the previous Trident test flopped in equal ignominy.

Two thousand years ago the Roman stoic philosopher Seneca made a sensible suggestion: “End your life whenever you want to. Just make sure you attach a good ending.” Seneca, thou shouldst have been alive at this hour. ■

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# STATE AND THE RELIGION

## Air Vice Marshal Mahmud Hussain (Retd)

is a retired air force officer. He was Bangladesh High Commissioner to Brunei Darussalam from November 2016 to September 2020. He was also Chairman, Civil Aviation Authority of Bangladesh (CAAB). Currently, he is working as Distinguished Expert at Bangabandhu Sheikh Mujibur Rahman Aviation and Aerospace University (BSMRAAU).



The 2024 general elections in India says something about the *Spirit* of a national will. The dichotomy that surfaced with the loss of faith in the Bharatiya Janata Party (BJP) raises the fundamental question of political *being* that has been disconcerting the world since the birth of the Westphalian nation-state system after the “Treaty of Westphalia” in 1648.

In order to understand the *philosophy* that is steeped in the majestic rebirth of India’s spiritual will to opposition to non-secular religiosity and communal politics, it is worthy of taking note into the *historicity* of Westphalian remarkableness. The treaty ended the Thirty Years War (1618-1648) and brought peace to the Holy Roman Em-

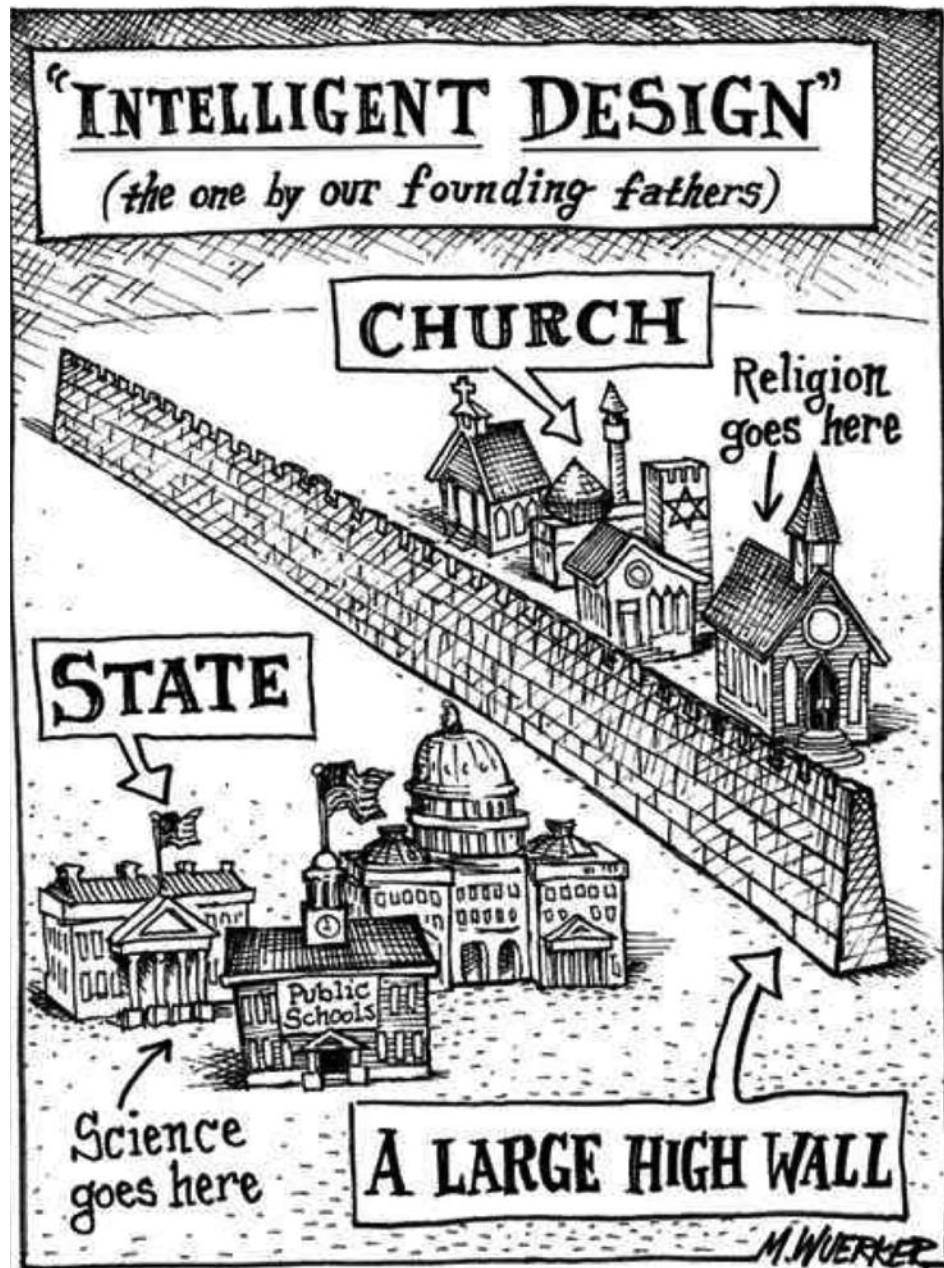
pire nay Europe. The tragic part of the peace is that it came after the loss of eight million people over the politics of ‘religious will to power’. On one side were the Habsburgs rulers of Austria and Spain and their *Catholic* allies; and on the other side, the Protestant powers (Sweden and certain Holy Roman principalities) allied with France (though Catholic, strongly anti-Habsburg under King Louis XIV).

The peace wished to end the political power of the Holy Roman Empire on states, kingdoms and principalities in the name of Christian *theodicaea*. By inviting the will of God in the running of national entities, the Popes and Priests had subdued the *Spirit* of general mass into servitude, tolerance and indifference. The facts of the Holy Roman Empire were made unholy by the abject institution of an intolerant Papacy.

So, the peace was the universal consciousness erected over the battlegrounds of the Catholics and the Protestants. The Thirty Years’ War is the ►►

► deadliest of the *European Wars of religion*. It had almost decimated Europe, and the blood that was spilled on its soil still manures its earth to the disrespect of “conciliating spirit” of human dignity. The two Great Wars in the 20th Century raised testaments to the fallen spirit of human psychedelic passion for pristine purity in racial endowment. Hitler’s idea of Aryan blood in Germanic peoples to the exclusion of others was cultivated in the institutionalized megalomania of an awry national spirit. It was electrified by a religious fervor to give the populist sentiment a verdict of theocratic sanction. Secularism and nationalism which the Peace of Westphalia willed to liberate in the sanctum of absolute freedom of human existence was lost in the *Mephistophelian* domain of sovereignty for power and knowledge.

At no other time of history, the importance of the Peace of Westphalia is felt more convincing than in the era of the post-Cold War era. It was the Magna Carta of international relations by its sheer indignation to the demolition of human freedom. It made the human choice of freedom



its principle doctrine by giving religion and state their place of tolerant separation to live side by side in harmony.

State must respect religion, and religion must guard against usurping state’s popular will. The treaty provided that Catholics in a Protestant region and the Protestants in a Catholic region should be allowed to practice their religion at home, to attend religious services, and to bring ►

► up their children according to their religion. To keep religion from debasing the state's *Being*, it instilled four common features in the service of nationhood: (1) the people; (2) a territory in which people inhabit; (3) a ruler- a king or a sovereign prince who bears sovereignty; (4) the capability to engage in relations with other states. Thus, the Treaty provided people the right to protect their territory with sovereign power. But the sovereign power in the hands of the ruler, either authoritarian or democratic, is the only philosophical question that needs to be merited if we wish to survive the death knell of sectarian politics. We must do good to remember that the Treaty of Westphalia resulted from the corruption of the church.

Globalization has brought the nations not only closer to each other because of the phenomenal growth in world economy, but it has also widened the spiritual distance between them by tugging into the *Past* of peoples' histories. Russia-Ukraine War and the Palestine-Israeli War are the most gruesome recent examples of human passion steeped into the abject irrationality of sectarian philosophy. These internecine conflicts have already shown signs of spill-over into the Eurasian landmass. The most arsenic effect of such contagion in the dissemination of a fatalistic message to the world is that populist leader thriving on the deadly narrow mentality of *High Politics* may lead their regions to an unpredictable future by (de) engaging in relations with their neighbors, thereby cutting short on bi-lateral trust and mutual commitment to the spirit of win-win co-existence. For states to exist in peace and harmony, the essential criterion is one that reifies the essence of statehood into nation's each other's existential freedom. In that regard, state posited upon the particularity of a religion as its objective truth of survival and growth will always be a challenge for others to nurture a comely friendly atti-

tude toward her. It is, in this light, the results of the last general elections in India have to be adjudicated.

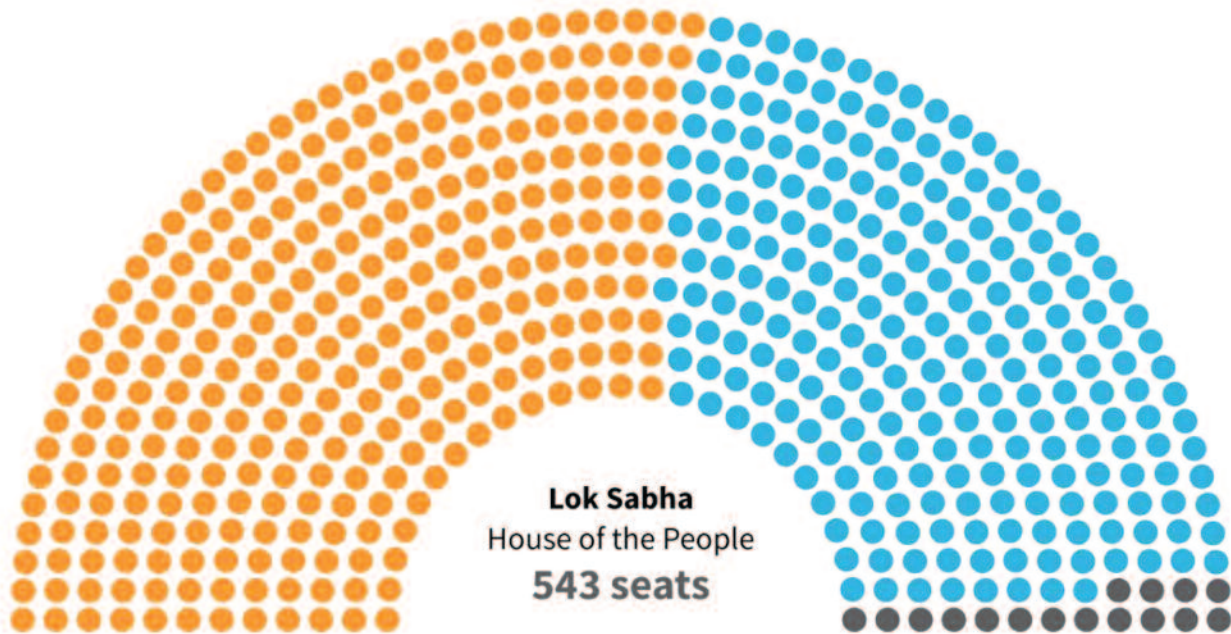
Indian constitutional spirit was embedded in its secular imperative at the time of its independence in 1947. India can glorify in the excellence of a nation-state which is not only pluralistic but is also the world's largest democracy. Despite its trenchant poverty in which the British had left it struggling, Jawaharlal Nehru and his colleagues displayed a capable leadership in building her institutions. Even today, we witness the vitality of discursive debates in its parliaments, the meritocracy of high civil servants, and the archetypal rectitude of its Supreme Court. The world's greatest democracy has been able to appropriate the spiritual realm of holistic national aspiration through its constitutional model written and sanctified by her founding fathers.

It is only in recent years that BJP has upended that universal spirit to a more contingent one cast in epical formulation. *Mahabharata* is a most outstanding work in world literature. It is a massive book on India's genesis of tradition, politics and sociology. Nehru says that *Mahabharata* is a timeless message of the essential unity of India. The epic tells us how the idea of India as a whole was conceived, and how the Great Bharat (*Mahabharata*) was ruled in ancient times rich in culture, art and poetry. The *Bhagvat Gita* is a part of the *Mahabharata*, but it has a distinct character because it celebrates its authenticity as a moral scripture. The *Bhagvad Gita's* appeal to justice, non-violence and brotherhood is timeless, and thus persuades societies to build a harmonized nationhood enticed to the morality of a universal *Spirit* (consciousness).

Of lesser length but equal merit, the other epic to which Indian philosophy searches for its glorious past is the *Ramayana*. The protagonist, Rama ►►

# India's 2024 election results, by alliance

● NDA (National Democratic Alliance)	293
● INDIA (Indian National Developmental Inclusive Alliance)	234
● Others	16



Sources: Election Commission of India, AFP

AFP

► is an incarnation of the God Vishnu. He represents a historical fact to the mythical reflection. He represents a moral that evil must be fought to enable good to prevail. It is a priceless document for a nation to transcribe its code of conduct.

In recent politics, BJP derives its contingent rise to the creative act of invoking the past through the resurgence of myth-making. To BJP, both the *Mahabharata* and the *Ramayana* point up to the resurgence of ultra-nationalism not on racial but religious appropriation. While the *Mahabharata* is casting its spell about an “undivided Bharat”, it is the subjective reflection on *Ramayana* that lights fire in an otherwise secular and spiritual past of ancient India. Rama’s living image finds provenance in a mosque built by Mughal emperor in Ayodhya. BJP’s political mandate seceded to its destruction to purify Rama’s Holy Land. It was an egregious showdown of Hindu xenophobia. It also ignited religious violence of the saffron-clad Hindu activists in 1992. This not only denuded

the proud heritage of India’s secularism of its universal *Spirit* but also led to the incitement of sectarian insecurity in South Asia.

The epical phenomenon of Hindu atavism sees the Muslim empires in India as *mleccha* (barbarians). Thus, ancient epical India is grand and is the essence of Indian culture, and is posited a “privileged sanctum” through its embodied resurrection. So, we see that BJP re-iterates that the *History of India* must be understood in terms of the *historicity* of bi-furcation, and this bi-furcation must be delineated along communal categories of “native” and “foreigner (also barbarians)”.

This attempt by the political revisionists in Indian politics to unify the forces of the state and the region into a single mold of national aspirations sprouts into national interest impacting regional politics. India’s neighbors, Bangladesh and Pakistan are Muslim states. The sad part of such obsessive reading of the *Epics* is that it ruptures ►►

▶ “History” into a political chaos. What is shocking of the recent phenomenon with Rama story is its politically religious orientation. From the stature of a legendary hero, Rama has been transfigured into a political emblem of power and discord. For Bangladesh and Pakistan, India’s march into future as a rising Asian power is a strategic reality. If India’s national interest is solely driven by its epical myth-making, it will unnerve its neighbors.

When scholars force upon India a grandiloquent textual character, the ancient civilization of India with all its glory emerges as a Sub-Continental geography that divides it from the rest of Asia and the world. Bangladesh and Pakistan, the modern nation-states, as the breakaway parts of the Indian Sub-Continent, are recent phenomena. This hard truth might have lost its historiographic balance on Indian politicians who think that the revival of India’s glorious past clothed in religious passion is not altogether an incomprehensible act of *History*.

Notwithstanding all the bragadocio of Hindu India by its stalwarts, the people of India have proved that they have the resilience to come back to its *Spiritual* shrine. BJP’s loss of hope through the election results has demonstrated the public will to challenge the destruction of democracy from within. In that sense, it is the victory of the people of India, and their ode to the joy of one secular nation. A noted Indian politician, Swapn Dasgupta reflects on it in a sombre but encouraging note, “The Indian voter has given a verdict that will be remembered for a long time. They have given the BJP and allies a victory that feels like a defeat. They have given the INDIA (the opposition) alliance a defeat that feels like a victory.” This is the most subtle and profound observation by way of empirical case provided by the elections that have dissented the path of political sectarianism, and yearned for the ideals of freedom, co-existence and moral justice because these are the requisites independent of the trappings of

political chicanery. Nation and the State are the two very conditions in which *Freedom* of an individual is realized, and the first nature of democracy is to exercise this freedom in a society free of fear and untruth.

What is most revealing in the Indian elections is the fact that the states where the drumbeats of *Hindutva* tolled sonorously, and *Rama’s Raj* was blatantly in orgiac display, BJP lost. Its defeat in Uttar Pradesh and Maharashtra, the two bastions of Hindu politics, is an indictment to the merit of *Hindutva* for a country whose geographical extent is too large, and whose rich and colorful diversity of its native population embraced the outsiders who came and settled down here. In that sense, Bharat can still imagine herself in the distinction of the *Great Indian Novel* after the name of Shashi Tharoor’s famous oeuvre. Nehru had noticed India’s majesty in a brilliant introspection. Nehru thought of India as “an ancient palimpsest on which layer upon layer of thought and reverie had been inscribed, and yet no succeeding layer had completely hidden or erased what had been written previously”. The *historicity* of India is like a beautiful embroidered quilt marked by the assorted sewing of nations, religions, languages, arts and cultures.

Pakistan is a good lesson in *History* to reject the formation of nationhood on religion only. In 1947, the two provinces of Pakistan separated by 1000 miles coming together in the name of religion was a strange marriage of illusions. They made a most unlikely pair destined to crumble under stormy wind. The storm was raised by the Bengalis when they found that religious rhetorics were not good enough to substitute for their consolation in spiritual freedom. Bengali *Spirit* was rooted in something very pristine and unique. That *Spirit* was galvanized in its centuries-old tradition of daily lives that could only reconcile through its liberation in a free state. 1971 marks ►►

► for Bangladesh its entry into the *World-History* whose past was constituted in the *histories* of her people in different milieus where subjection and exploitation formed the *nemesis* of her trials with destiny. The first authors of her constitution realized this problem at the time of independence. They felt that sectarianism is itself unworthy of a *national spirit* for the essence of nationhood is *freedom*. Secularism is therefore wiser and more equitable than its counterpart. But for this the state must be matured.

In spite of losing many providential seats in the elections, Modi's victory by any account is impressive. More than congratulating Narendra Modi on his consecutive third term, we ought to congratulate India's people and her institutions for upholding the spirit of democracy, and their unflinching steadfastness to hold on to human freedom through the realization of the *highest form* of Freedom, that is *Nation-State*.

But if Narendra Modi takes lessons from the drift of election results, he will turn out to be a leader who will make *Indian History* something of a remarkable contribution to *World History*. The new parliament with strong opposition will present him with challenges, but it will also give him newer opportunities to exercise leadership brilliance in the likes of Nehru, Indira and Manmohan Singh who opened the doors of India's economy to liberal ideas. Modi is a proven administrator, and has left an indelible mark of *change* to get his country through the difficult Indian bureaucracy with an astonishing speed of development. But economic growth and infra-structural development will just be a part of the overall story of India's future. If India wishes to be a real challenger to other rising *super-states*, Modi needs to recalibrate his view of the things. The *Spirit* that he once animated through his speech, "With everyone, for everyone's growth" (*sabka sath, sabka bikas*) is now for him to realize. This is the time

when he can launch himself as the true leader of his people at home. But for that he must also give an impression of a Secular man free of the restraints of doctrine of *Hindutva*. His religious imagination must be divorced from the rational thought to give other states confidence in engaging with India.

We are also witnessing elsewhere the tragic consequences of the murderous politics foisted on the petard of religious decadence. The mass murders of Palestinians, mostly women and children, spell the cowardice of a nation to which other nations, particularly of the West, having lost the sense of *Spiritual* wisdom, have joined in defending such deliberate genocide. The tragic thing about Palestinian issue is that the moral decadence of World Order has reached the threshold point of *anarchy*. What was Nazi Germany to the Jews, Netanyahu and his buddies are to the Palestinians. The *Clash of Civilizations* is not about civilizations but its imagined turf has turned into a playground of religious wars. India's last elections have demonstrated that there can still be hope in the popular will to break through the moribund illness of gerontocracy.

For Bangladesh, these happenings in the world leave a strong message. In the post-Cold War era under the influence of globalization, there has been a meteoric rise in global wealth. The progress in science and technology has been phenomenal. But morals instead of developing higher, have been steadily declining lower. It is as much true of states as it is of *individual universal being*. Religion, which is supposed to be a universal panacea of moral degradation, has lost its *Reason* because of its confinement within the limits of narrow parochial walls. The problem is not that the world leaders are geriatric, and are unable to give direction. The problem is that the State and the people have lost the urge for revitalization of *moral Thought*. ■

# Exclusive Interview: Denmark Ambassador Explores Thriving Trade Relations and Investment Prospects with Bangladesh

Rabb Majumder

*is the Editor and Publisher of The Security World.*



as the Rohingya crisis.

Denmark, a Scandinavian country in Northern Europe, is known for its high standard of living, advanced welfare system, and commitment to sus-

Denmark and Bangladesh are two countries located in different regions of the world but share common interests in promoting bilateral relations, trade, investment, and addressing global issues such

tainability and green energy. With a strong economy and a focus on innovation, Denmark is a key player in various sectors such as renewable energy, shipping, agriculture, and design. The country is also a member of the European Union and plays an active role in international affairs, including humanitarian aid and peacekeeping efforts.

Bangladesh, on the other hand, is a South Asian country known for its vibrant culture, rich history, and rapid economic growth. Despite facing challenges such as poverty, overpopulation, and natural disasters, Bangladesh has made significant progress in areas like garment manufacturing, agriculture, and information technology. The country is also a major hub for textile exports and has been attracting increasing foreign investment ►

► in recent years.

When it comes to bilateral relations, Denmark and Bangladesh have maintained a positive and friendly relationship over the years, with a focus on trade, investment, development cooperation, and cultural exchange. Both countries have worked together on various initiatives to strengthen ties and promote mutual growth and prosperity.

The Rohingya crisis, a major humanitarian issue affecting the region, has been a topic of concern for both countries. Denmark and Bangladesh have collaborated with international partners to address the plight of Rohingya refugees and work towards finding a sustainable solution to the crisis.

Overall, Denmark and Bangladesh share a commitment to fostering cooperation, mutual understanding, and sustainable development, making them important partners in the global arena. Their shared interests and values provide a solid foundation for further collaboration and engagement in the years to come.

H.E. Mr Christian Brix Møller is currently serving as the Danish Ambassador to Bangladesh. With a strong academic background in political science, law, professional communication and leadership, Mr Møller has held several key roles within the Danish Foreign Ministry. He served as Deputy Director, Corporate Human Resources;



Danish Ambassador to Bangladesh H.E. Mr Christian Brix Møller

Deputy Head of Mission at Embassy of Denmark in Hanoi; Deputy Director, Strategy, Policy and Quality Assurance, Danish Trade Council; Head of Section, Corporate Strategy and Planning Unit; First Secretary, Embassy of Denmark in Beijing; Head of Section, European Policy Department; Head of Section, Asia Department; and he was also a former Advisor for foreign, security and defence policy at the Danish Parliament.

Mr. Christian Brix Møller the sleek, sophisti-►►

► cated, and gregarious ambassador of Danish, spoke with Security World in an interview. The interview's snippets are listed below:

**1. How would you characterize the current state of bilateral relations between Denmark and Bangladesh, and what are the key areas of cooperation that both countries are focusing on?**

Denmark and Bangladesh have been strong partners for decades. Previously, mostly in development cooperation and in recent times, also in bilateral trade. In fact, Bangladesh has been Denmark's – or "Danida's" – second largest development partner globally over the past 50 years, only after Tanzania. The long decades of development cooperation have set a solid foundation for understanding between the two countries which made it relatively easier to transition to trade and investments. However, the focus still remains very much on sustainable and green growth especially looking at the climate vulnerability that Bangladesh faces. The current state of bilateral relations between Denmark and Bangladesh is characterised by close cooperation in multiple sectors, including development, trade, climate change, and sustainable growth.

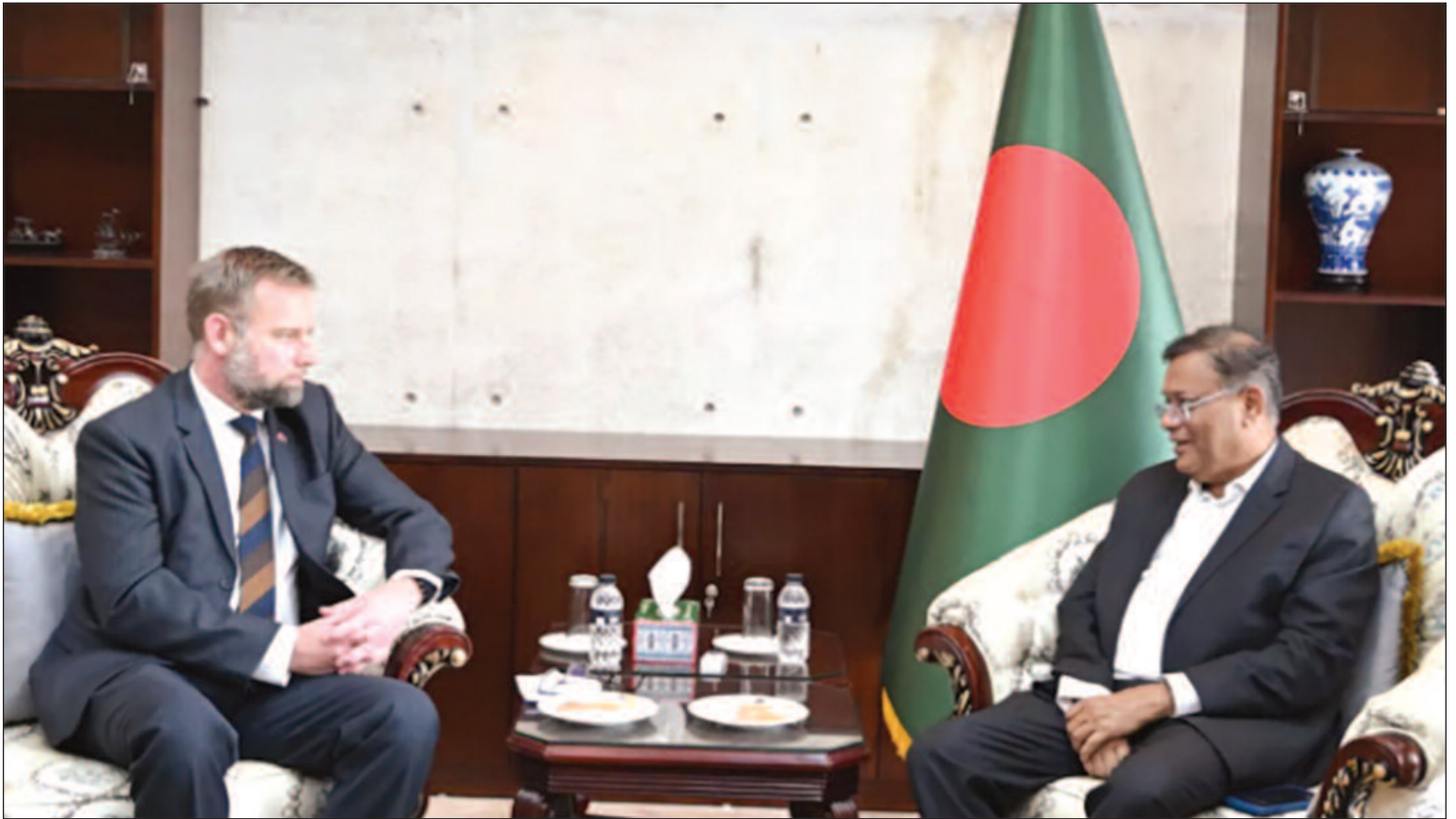
Today, Denmark's development initiatives in Bangladesh focus on a growth process that generates greener and better opportunities for more people. With respect to that, we have some notable initiatives for sustainable development in Bangladesh, including in the areas of locally-green technology, agriculture, water, sanitation and hygiene and decent work. Both countries also share a strong commitment to addressing climate change. Denmark has been assisting Bangladesh in building climate resilience through local adaptation and promoting sustainable development practices.

We also enjoy strong trade relations with Bangladesh. Danish companies are investing in various sectors in Bangladesh, particularly in renewable energy and infrastructure, and, of course, there is growing trade volume when it comes to the RMG. For example, according to the BGMEA, Bangladesh's export of apparel to DK grew by 16.21 % in 2023. Also, based on our figures, Denmark annually imports approx. 1.5 billion USD in RMG from Bangladesh, which I am quite certain is the highest per capita among all EU countries and also globally.

Overall, as you can see, the relationship between Denmark and Bangladesh is multifaceted and dynamic, with a strong focus on sustainable development and economic cooperation and we hope to continue exploring and expanding this relationship further.

**2. In terms of trade and commerce, what are the main areas of collaboration and potential for growth between Denmark and Bangladesh, particularly in sectors such as renewable energy, agriculture, and sustainable development?**

Energy is of course a big area of interest. You may know that there is a potential investment of USD 1.3 billion in off-shore wind energy generation. Which also means that there is a scope for building capacity in the public and private sector in reference to off-shore and perhaps also on-shore wind energy generation in the coming future, which would include transfer of technology and expertise. On the other hand, for renewable energy like solar and hydro, there could be availability of Danish technology – either direct or supportive – as Denmark is a forerunner of smart innovations for energy efficient applications. ►►



Ambassador of Denmark to Bangladesh Christian Brix Moller met the foreign minister at his office at the Ministry of Foreign Affairs. Photo: UNB

► Strong cooperation between Denmark and Bangladesh is also evident in the food and agriculture sector. Danish companies such as Arla have been in Bangladesh for over 60 years and is known in the market for its high quality and credibility. Another company, Co-Ro also recently launched a juice factory in Bangladesh, in collaboration with the well-established local conglomerate ACI. This joint venture will witness an investment of \$4.5 million over the next two years. From a global perspective, Denmark has a strong presence in the dairy sector ~ knowledge and technology transfer, good farm practices and efficient dairy production are some of the key areas Denmark and Bangladesh are working on together, both in the private and public sector. This is a growing area of work between the two countries, and we have a dedicated Food & Agriculture Advisory with the aim to establish more partnerships and offer a more comprehensive suite of services to assist Danish businesses to per-

meate the agriculture space in Bangladesh.

Sustainable development, as you have correctly mentioned, is another area of collaboration with high potential. To begin with, Bangladesh is the largest supplier of textile and apparel to Denmark and the EU. And hence, sustainability in the supply chain is highly important. Under a green partnership agreement our activities in sustainable development with Bangladesh includes (but is not limited to) sustainable sourcing, EU-compliant supply chains, transparency and traceability, knowledge exchange in waste management strategies, to name some. Besides, we also see high potential in partnership in sustainable and green infrastructure.

**3. What efforts are being made to enhance trade ties between Denmark and Bangladesh, and are there any specific trade agreements or initiatives in place to facilitate increased trade and invest-►►**

► **ment between the two countries?**

Various efforts and initiatives have been undertaken by both countries to enhance trade ties. Our Embassy Trade Council in Bangladesh facilitates trade dialogues and regular trade delegations and business forums enabling direct interactions between Danish and Bangladeshi businesses, helping to identify opportunities and establishing partnerships. The Trade Council also promotes investment in Bangladesh, highlighting the potential in sectors like renewable energy, infrastructure, and technology. Another impactful way of enhancing trade is by sharing expertise and technology in areas where Denmark has the strength and experience, such as renewable energy, agriculture and food processing, logistics including shipping, and pharmaceuticals, to name some. This is further amplified through training programs, technical assistance and investment to help Bangladesh transition to a greener supply chain, improving quality and value-addition of exports. At a higher level we have also reached a strong understanding with the Bangladesh government through the signing of the Sustainable and Green Framework Agreement which focuses on green political cooperation, circular economy, green business, finance and investment, all of which will contribute to increased trade between the two nations, both in terms of volume, quality and sustainability. These are some of the initiatives we have taken to strengthen the trade relationship between Denmark and Bangladesh, fostering economic growth and mutual benefits and we are also constantly brainstorming and innovating to do more!

**4. How do you see the investment climate between Denmark and Bangladesh evolving in the**

**coming years, and what are the key sectors that Danish investors are interested in exploring in Bangladesh?**

If you ask me, I am actually pretty optimistic about the investment climate between Denmark and Bangladesh in the coming years. As I have mentioned earlier, there is significant interest among Danish investors to invest in sectors like renewable energy, pharmaceuticals, infrastructure, and food and agriculture. I can name a recent example, which is the opening of Arla's UHT milk producing factory in Bangladesh with an investment of approximately 15 million Euros. I have also spoken of the potential USD 1.3 billion investment in off-shore wind energy in Bangladesh. Maersk/APMT is also investing about USD 400 million for constructing the Laldia container terminal at the Chittagong Port. There are many more examples, all of which are very promising!

However, one must also be cautiously optimistic, as the investment climate is likely to evolve based on several factors, including economic policies, bilateral relations, and global economic trends. We look for continued economic reforms and efforts to improve the ease of doing business to attract more Danish investments and also high-level FDI from Europe. Government initiatives to enhance infrastructure, regulatory frameworks, and incentives for foreign investors will play a critical role. Moving ahead, Danish investments may target specific sectors in Bangladesh, such as renewable energy, sustainable agriculture, information and communication technology (ICT), and also health. But the variances in regulatory standards and compliance between the two countries must be reduced ►►

- ▶ to remove obstacles to growing bilateral trade.

I believe investment climate between Denmark and Bangladesh is definitely poised for growth, driven by mutual interests in sustainable development, but we must address challenges and leverage opportunities to realize the full potential of this relationship.

**5. What are the shared security challenges that Denmark and Bangladesh face, and how are both countries working together to address these challenges, such as programmes, agreements, etc.?**

Well as we know Denmark and Bangladesh have geographic and development differences, but I think we are all facing threats to human security that is brought by the negative impact of climate change ~ needless to say some of us are more vulnerable than others. Denmark is facing rising sea levels and extreme weather conditions, which in no way comes close to the vulnerability faced by Bangladeshi people. But we are cognizant of the extent of the suffering of the most vulnerable communities in Bangladesh, especially those living by the coast. I have had the opportunity to visit Mongla and some of the climate vulnerable remote areas in Bangladesh and have seen firsthand how human security is being challenged. But I am happy to share that Denmark has chosen to stand strong by Bangladesh in combatting these challenges, through increased financing of locally led climate adaptation programmes. Climate action is a global agenda and it is our collective responsibility ~ so we are doing our best to work together to reduce the negative consequences for the people and undertake greener ini-

tiatives in line with our Sustainable and Green Framework Engagement.

**6. How does Denmark view Bangladesh's role in regional and international security issues, and what are the common priorities and interests that both countries aim to advance together on the global stage?**

You might find it interesting to learn that recently we have deliberately made a shift in Danish foreign policy. Our new strategy billed as 'pragmatic idealism' focuses on less preaching and more listening. We have done that, because it was really a wake-up call for us, to realise a few years back, that two-thirds of the world's population live in countries that are either supporting Russia or are neutral towards Russia's illegal attack and invasion of Ukraine. As so we realize that we must relate to the world the way it actually is, and not as we wish it were. It is natural to have varied priorities and interests when it comes to regional and international issues, including security. Having that so, one of the major issues which can also be coined as a security matter Bangladesh is facing which is also an international concern, is the Rohingya crisis, hosting this community and the talks around repatriation. It is easy to preach what Bangladesh could and should do, but one must acknowledge the humanitarian role the country has played in hosting this extremely vulnerable population comprising mostly of children. Denmark has been and is providing substantial humanitarian assistance in this regard, and we hope to maintain a positive cooperation with Bangladesh going forward, including in security issues. ■

# Revenue Mobilisation Drive should be Implemented with Caution

*Maximum caution must be exercised while pursuing any change in the current revenue structure, in the context of high inflation and a lack of investment*

**Dr. Atiur Rahman**

*is an Emeritus Professor at Dhaka University and former Governor of Bangladesh Bank.*



likely to slow down economic growth.

Given the circumstances, maintaining macroeconomic stability must be prioritised over bolstering growth. This is desirable, especially in the context of a persistent high inflationary situation prevailing for quite some months without any respite. And who does not know that inflation hurts people with low incomes the most?

Discourses regarding the budget for the next year mainly highlight the need for higher revenue mo-

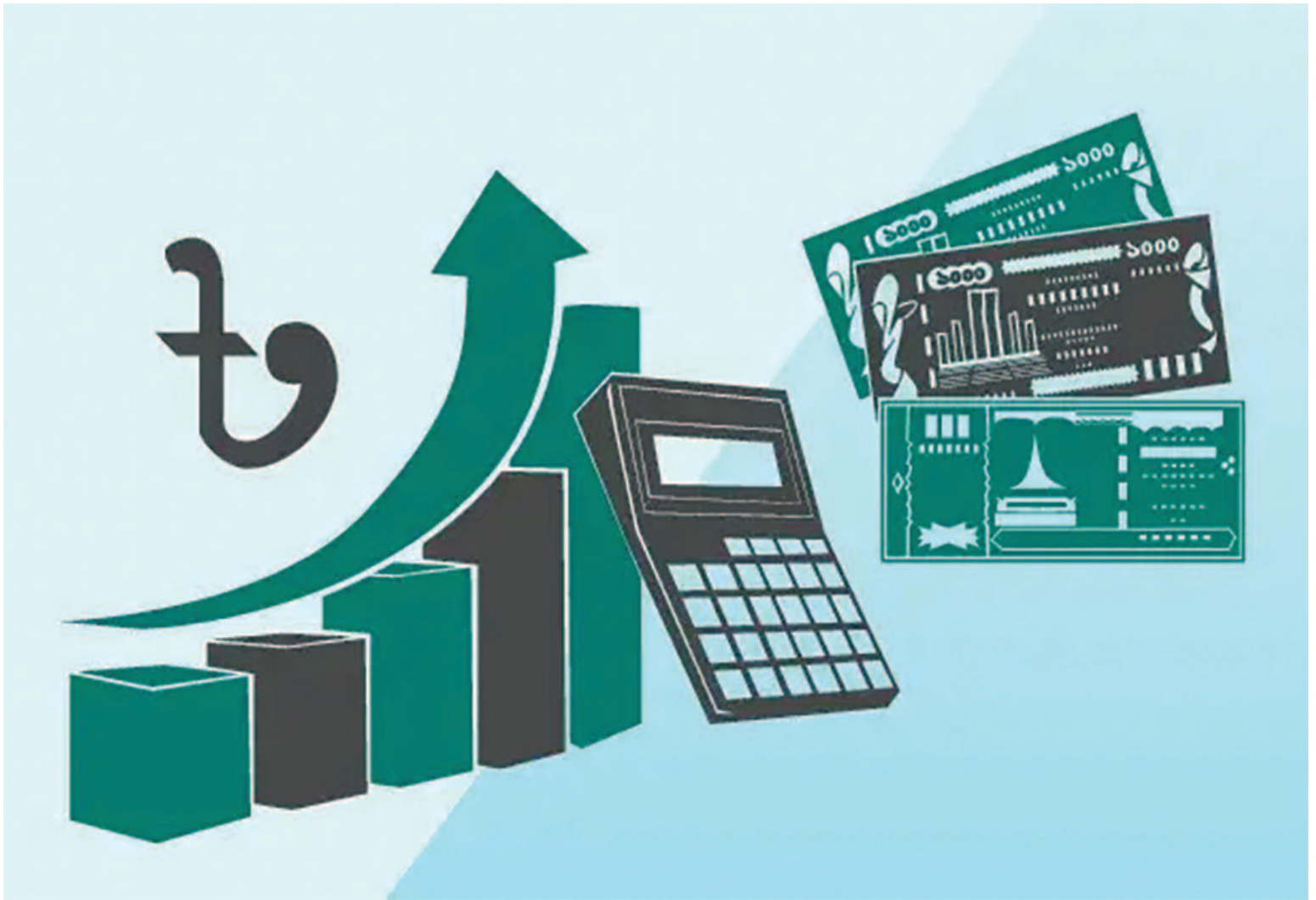
Given the prevailing global geopolitical unrest and domestic macroeconomic challenges, it is most likely that the FY 2024-25 budget will be a contractionary one. Of course, such a fiscal policy is most

likely to slow down economic growth. mobilisation targets and government strategies. In the current fiscal year (i.e., FY 2023-24), the National Board of Revenue (NBR) is attempting to mobilise a significantly higher amount of revenue than the previous fiscal year as required by the IMF programme imperative. There is nothing wrong with this. Perhaps this is also desirable.

However, imports have substantially decreased due to global economic turmoil and pressure in our external economy. Consequently, attaining the revenue targets has become challenging for the NBR. Due to fluctuations in the exchange rate and the scarcity of USD, overall business and trade activities have also slowed significantly.

This also makes revenue mobilisation very difficult. Even after reducing the revenue targets for this year from Tk4.3 trillion to Tk4.1 trillion, just over 55% of the revenue target has been achieved in the first eight months of the ongoing fiscal year.

Considering the prevailing challenges, the NBR is developing its strategies for revenue mobilisa-▶▶



► tion for the next budget, embracing some desirable policy reforms. Of course, this reflects NBR's awareness of the prevailing macroeconomic situation of the economy and, hence, the prudent move.

Yet it must also be noted that, in the context of high inflation and a lack of investment, any sudden move for tax reforms may create additional hurdles for the stakeholders. Given this backdrop, I am putting forward an analysis of the impacts of possible tax reforms (discussed in the public sphere) with the hope that maximum caution can be exercised while pursuing any change in the revenue structure.

There will likely be some moves to rationalise the tax incentives currently being enjoyed by investors. Such reforms may be desirable to increase revenue collection. However, the decision-makers must also ensure that any such

move does not hamper the process of industrialisation and employment opportunities. For example, we should be cautious about reforms related to the tax facilities being enjoyed by RMG exporters.

The RMG entrepreneurs are already under pressure due to the increasing cost of imported inputs (as Taka has been significantly devalued against USD), even though they also gained domestic income from currency devaluation.

Furthermore, demand for our RMG products in developed countries also faces the risk of contraction because of the global economic slowdown, except in the US market. Therefore, tax measures should focus on protecting RMG exporters from these challenges instead of burdening them with additional taxes. The same is true for ICT exporters. This sector is growing.

There is absolutely no point in killing this ►►



► 'golden goose' with the withdrawal of tax benefits at this phase of its growth. Mind it, this has the potential to become our 'second RMG' sector if we can take advantage of the soon-to-be-completed number of ICT parks.

Raising the tax rate for top-tier individual taxpayers from 25 to 30% is also on the table. This rate was reduced from 30 to 25% during the pandemic-induced economic slowdown. The NBR may contemplate returning to the previous rate to mobilise additional revenue.

But the decision-makers must not also forget that these taxpayers have been enduring almost double-digit inflation the last year. Therefore, raising their tax burden at this point may not be a prudent move.

Instead, the NBR should focus on bringing more individuals into their tax net. Of the approximately 10 million TIN holders in Bangladesh, only around one-third are paying their taxes. Given this backdrop, the decision-makers should emphasise incentivizing other eligible citizens to

pay their taxes instead of imposing more taxes on those already paying their dues.

Of course, this will require a complete digitalisation of the tax collection process. The strategic use of AI tools in capturing potential taxpayers can also yield desired results, resulting in higher revenue mobilisation.

Of all the possible tax proposals for the coming fiscal year, the one that requires special attention is related to imposing taxes on the income of the MFIs. At the very outset, it must be pointed out that the MFIs in Bangladesh are registered as nonprofits. Therefore, whatever amount is saved (upon bearing the operational expenses) from their 'service charges' cannot be taken by any person or group as dividends.

Instead, this surplus must be reinvested in socio-economic developmental activities to benefit their members. Therefore, imposing taxes on MFIs will curtail resources for such socio-economic development activities. That, in turn, is likely to adversely affect the marginal and poor households ►►

- ▶ that benefit from the activities of the MFIs.

MFIs, who may be forced to curtail their socio-economic development activities to cope with the tax burden, will become like mainstream commercial lenders, which would be most undesirable. They will then try to bypass the smaller borrowers to cut their costs and concentrate on a small number of larger borrowers.

Secondly, 45 to 57% of the loans provided by the MFIs are equal to or less than Tk50,000. Most of these small borrowers are involved in small agricultural or non-agricultural activities. If additional taxes are imposed on the MFIs, they will become more inclined towards delivering larger loans (for cost-effectiveness).

This will reduce the supply of small-size loans for small-scale borrowers, which goes in the opposite direction of our policy imperative of inclusive and sustainable financing. This will help MFIs shy away from the bottom of the social pyramid, a move that will contradict Bangladesh's well-appreciated success story of an orchestrated campaign for poverty eradication.

Thirdly, at least one-third of the MFI borrower families rely on agriculture. Hence, there is also the possibility of a significant adverse impact on food security if MFIs are burdened with taxes. It must be pointed out that, amid the current tumultuous macroeconomic environment, point-to-point growth in the industrial and service sectors has already been declining.

Yet the same has been increasing in agriculture. That is, agriculture is playing a vanguard role in our macro economy just as it did during the pandemic-induced economic slowdown. So, imposing taxes on MFIs may cause the agricultural sector to lose effectiveness as the vanguard for our economic growth.

MFIs paying 0.15% of their service charge earnings as fees to the Microcredit Regulatory Authority (MRA) must also be considered a tax

component. Imposing further taxes on them will harm the debt-equity ratio of these organisations. If so, these MFIs will find securing funding from commercial banks challenging.

Currently, the MFIs are struggling to cope with the increasing interest rates of the commercial banks (SMART rates) while taking loans from them. At this point, additional tax burdens may induce them to cut down on human resources, decreasing their ability to monitor their borrowers intensively. If that happens, the MFIs' almost 100% recovery rate track record may also be affected.

Above all, it must be considered that increasing MFIs' operational expenses (through imposing taxes) will reduce the supply of credit for informal and quasi-formal MSMEs. This, in turn, may adversely affect overall consumption. As a result, the government will risk losing earnings from VAT. This potential VAT loss must be weighed against the government's possible income from imposing taxes on MFIs.

The idea that a government needs to impose new taxes to increase its income has become outdated. Instead, incentivising more taxpayers (through favourable tax policies) to pay their taxes is more effective. A study by Bangladesh's Foreign Investors' Chamber of Commerce and Industries (FICCI) has revealed that a 33% reduction in taxes on businesses between 2022 and 2041 is likely to result in increasing government revenue from \$34 billion to \$227 billion (almost 10% of the GDP).

Given this context, the sensitised stakeholders expect the budget-makers to consider the prevailing realities and develop innovative and pro-people approaches to revenue mobilisation. None is against a more significant mobilisation of the revenues. However, this must be done more prudently and cautiously to avoid instability in the country's macroeconomic development. ■

# “BUILDING THE BRIDGE OF SOCIAL COHESION WITH POST-CONFLICT RAKHINE/ARAKAN”

Lt Gen (Retd) Mohammad Mahfuzur Rahman, PhD

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Organizations (EAOs) and this will continue further. This is also evident that people including BAMAR (the major ethnic group and once the strength of TATMADAW) have grown distaste for the military in politics and running the country. Guerrilla warfare in Myanmar is now in the ‘Open Offensive Phase’ where various EAOs are openly contesting for economic and geographical objectives against an unpopular junta. Meanwhile, more than 62% of areas including important townships and border landports are under the control of EAOs. There is already a signature of

the final phase of guerrilla warfare i.e.; the ‘Conflict Termination Phase’ where EAOs are establishing their administration, civil order, and utility services. These two phases are overlapping and simultaneously being conducted. EAOs, their political wings, and the National Unity Government (NUG) are looking for a federal form of democracy where states will enjoy enormous autonomy. This does not mean TATMADAW as an institution will evaporate, junta may be replaced but the ruling elites they created, the state structures they build, the powerful secret services and crony capitalists they nurtured are not going to disappear. We need to remember any time a tyrannical system collapses there occurs all sorts of conflicts. Dhaka has to consider all these factors with flexibility and pragmatism to engage with NUG in general and the Arakan Army/United League of Arakan (AA/ULA) in particular keeping in mind the primary goal of Rohingya repatriation. However, this should not be the only goal of Dhaka because building the bridge of harmony with Myanmar by and large ▶▶



Fighters with the Arakan Army rest along a path, in a file photo.

► and especially with Arakan is so very important for social cohesion, peace and stability, development, and economic emancipation for both the people across the border. Arakan is a resource-rich impoverishing state in our southeast, there is a prospective economic symbiotic relationship ahead. Dhaka's friendly foreign policy and neutral geopolitical approach with no geographical ambition will perfectly fit into a relationship of trust and prosperity between these two neighborly entities.

As the situation is unfolding in Myanmar and in Arakan to be specific, two issues should capture the attention of Dhaka more as next-door neighbor. (1) There is a near humanitarian crisis in Arakan due to the "Four Cut Strategy" employed by TATMADAW causing a logistics nightmare; mainly in food and medicines for civilians and marginal communities like Rohingyas are the worst sufferers. (2) The other issue is psychological warfare (misinformation/disinformation) and propaganda engineered to create a rift among

communities in Arakan by vested quarters that might trigger communal violence.

International, and regional communities, Dhaka, NUG, and ULA need to collaborate to avoid such a disaster. Hence, there is a need for forward-thinking to address these. In addition, earlier planning on either side is necessary so that an environment is created, psyche developed and ground prepared for Rohingya repatriation because without it sustainable development, social cohesion, economic prosperity, and durable peace will be threatened.

It should be clear that mono nationalism and mono identity are in question in an interconnected world. In this globalized era what we can do that we can do with others. Somehow, the culture of conflict is prevalent over the culture of cooperation in this part of the world. However, there are no major irritants between BD and Myanmar, nonetheless, the kind of rapprochement that should have prevailed is absent. In the end, it is people on either side of the border will ►►



Myanmar military stand guard on a street in Naypyidaw. [AFP]

- ▶ be the primary sufferers. To graduate to a decent life for both people, social cohesion, peacebuilding, and long-term stability in Arakan are very important. Some of the suggested strategies where Bangladesh can be instrumental in achieving mutual benefits are:
  - a. Discuss the necessity of cohesive, peaceful, and stable Arakan in our democratic institutions and political space not only for Rohingya repatriation but also for security in our southeast as well as debate the scope for humanitarian support for the people of Arakan.
  - b. Devise mechanisms for formal and informal trade/border trade (border hat) to increase economic activities and people-to-people relations.
  - c. Utilize our ethnic communities and their traditional institutions akin to Rakhines across the border to foster cohesion and confidence building.
  - d. Assist in building Rohingya leadership and human capital in Rohingya camps that can interact with Rakhine leadership across the border and strike a deal for them in due course.
  - e. Track two engagement should be established and continued with NUG, ULA/AA, and Chin National Front (CNF; ethnic political entity of Chin State of Myanmar having a border with BD) because, for all practical purposes, they command authority and legitimacy of the mass. They are important stakeholders in social cohesion and peacebuilding where TATMADAW has reappeared as an agent of divide and rule among communities.
  - f. Organize credible information delivery to offset the disinformation campaign by vested quarters. ■



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# Challenges in the Indo-Pacific Region

**ASM Shamsul Arefin**

*Chairman, Bangladesh Foundation for Regional Studies*



“Cold War” ended with a new world map. Emergence of new nations indicated new world order. Alliances of WARSAW became ineffective against NATO. Russia signed number of treaties

with NATO alliance for multiple co-operations. After the World War II the economic growth slowly moved from Europe to Asian continent. The economic growth and human development indicators are reflecting the national capabilities. With the economic development the Asian countries are also been integrated with its military power. These emerging military developments are creating a balance of war capabilities among the world power. The holdings of nuclear armaments are to indicate its destructive potentials.

Since beginning of the civilization world witnessed number of destructive wars. All these wars

were designed sometimes for community leadership, sometimes for extending of mighty empires, sometimes for the religious expansionism and sometimes can be said to retain individual power. Considering the capabilities and strategic locations alliances was chosen between the countries during different periods.

The industrial revolution started during 18th and 19th century. British, Dutch, Spanish and the Portuguese mostly came to Asia from Europe and established foothold through trade. Slowly the colonization allowed the empires to collect wealth from Asian subcontinent. This wealth was invested in diversity to develop Europe. The German, Italy, Britain, Ottoman and Greeks empires also expanded towards Africa, Europe and part of Asia. Japan expanded within Asian countries. Thousands of war was fought for all these empyreal expansion. Unaccounted people died, wounded or displaced during this period throughout the world. How much all these wars were demanded by the society or the people never been assessed or been considered. The social sci-▶▶



►entist, researcher, writers and humanitarian activists has written thousands of articles, books and produces documents, movies and also published thesis taking even lifetime, but yet to influence on its inhuman suffering and disastrous after effects on the society, culture and humanity. The peoples of Hiroshima and Nagasaki are continuing with the terrific effects of 2nd world war till now.

With the collapse of Soviet Empire during 1990`s the effect of Cold War has reduced. The world witnessed a new world order. A by-polar world moved towards a multi-polar scenario. Tension was reduced within the society, races and ideological differences. Other than Afghan war, few isolated conflicts were observed within the region mainly on the territorial disputes. In the recent year “The Indo-Pacific” a large and diverse region is getting involved with the multiple dimensional conflicts. The growing geopolitical rivalries within Palestine-Israel, India-China are leading towards severe impacts on the society, economy, security and climate changes. The rapid military advancement among the key players with nuclear modernization is becoming challenges to the regional security and socio-political structure.

After the 1st and 2nd world war the European

nations realized their economic suffering and social disorder. They attempted to integrate the European Economy and prevent future conflicts. The European Union was created by “Maastricht Treaty” during 1993 with 28 member countries. The European Union is founded on basis of representative democracy. The aim of this union is to “promote peace, values and the well-being of the citizen”. It offers freedom, security and justice without internal borders. It is designed to established internal markets; achieve sustainable development based on balanced economy and social progress. The African Union was founded during 2002. It is a continental organization with 55 member states. The aims of the African Union are to promote greater unity, territorial integrity, defend democratic principles, cooperation among member states, tackling common challenges and good governance issues. The union is having a wide ranging impact on continental peace, security and economic development.

There are 36 nations in the Indo-Pacific region. It extended through the west coast of United States to the west coast of India. More than 50% populations of the world are leaving in the region. Last few decades the region is also witnessing the first growing economic development. Countries ►►

► could successfully create own brand for national identity. Presently Asian countries are having markets superiority almost all over the world. But unfortunately most of the Asian countries are facing threat from neighbors, regional powers and international players. Defence developments are becoming a competition within nations. Land and sea border conflicts are increasing with social differences. Distrust among the regional and sub-regional countries is at the highest. Many conflicts including wars were fought even recent time. Sometime these conflicts are ideological, sometime religious, and sometime political. Most of the time the conflict or war was sponsored by the external powers for their regional or global supremacy.

During recent time Indo-Pacific region is becoming a new area of conflict due to its strategic importance. It is a rising economy, has marine resources and also having major sea route access. This sea route accesses is used for commercial and military transportation. Presently the conflicts of interests are seen between the allies of United States and China for domination. Both the power is grouping their allies for strengthening own position depending countries location and values. The Chinese military developments are somehow worrying the global interests in the Indo-Pacific region. In the recent year India is also emerging as a factor in the region. Its strategic location, diplomatic success, economic advancement, defence articulation has focused India in the world races. Indian 'Looking East' policy has integrated the regional framework. The growing trade, investment and energy in the region is becoming interdependence and drawing international attention to the Indian Ocean region.

The US involvement in the Asia-Pacific is due to its increasing geo-political influence. The expansion of Chinese military influence in the Pacific region has threatened the balance of power. The US "Indo-Pacific Strategy" has been designed to

include India, Japan and Australia to respond to the security threats through partnerships. South China Sea is bridging the Indian Ocean and the Pacific Ocean. The Chinese military presence in the South China Sea is threatening the security of the Indo-Pacific region. This area connects Asia, Africa, Australia and America. As a global economic center 2/3rd of the global economic output is from this region. The economically dynamic countries, like India, China, Japan, Australia, S. Korea, Vietnam and Indonesia are included in this region. The significant portion of the world maritime trade passes through the 'Strait of Malacca'. The important ports are located in the Indo-Pacific region to facilitating trade between Asia, Europe, and Africa.

The new world power strategies are developing in this region. The increasing strategic competition between United States, China, India, and Russia are on the surface. The Chinese military influence and domination on the South China Sea is concern of others. US view towards Indo-Pacific as a free, open and inclusive region. USA is also including others nations within the geography as a stake holder. The idea is to contain Chinese influence or presence in the South China Sea, East China Sea and the Indian Ocean. The unresolved South China Sea territorial dispute with China and the surrounding countries has added strategic complexity. Alfred Thayer, an US Naval officer said, "Indian Ocean will dominate Asia. The destiny of the world will be decided on its water". Taking this strategic view probably the world power game is being designed by the actors.

Considering the strategically importance of the region the big power alliances are also focusing on their defence infrastructural development for ensuring security of the maritime trade routes. Number of connectivity initiatives is going on for economic and defense integrations in the Indo-Pacific region. The organizations and forums like ASEAN, QUAD, AKUS, IORA, BIMSTEC and ►►

► IOC is actively engaged in IOR and addressing the regional and sub regional issues for economic cooperation and maritime security. The Chinese BRI program is also shaping the economic and political landscape in the region and beyond. The BRI has become a significant factor in the Indo-Pacific power game. The “String of Pearls” is the strategic initiative of China to create networking in the India Ocean to increase geo-political influence and military presence.

China is the second largest oil consumer of the world for its economical development. The major supply for China is transported through the Indian Ocean. The Chinese priorities are to secure a reliable supply route through the Sea Lines of Communications. China is maintaining its strategically close relation with the adjacent countries of Bay of Bengal. The idea is to have an access to create alternative route to avoid ‘Malacca Dilemma’ to maintain undisrupted supply chain. The BRI is designed to reduce its reliance on “Strait of Malacca” through which about 80% of energy is transported. Myanmar is having the connectivity to the Bay of Bengal and can provide sea port facilities connecting to the mainland of China. The BRI is offering military and commercial support to its allied countries for networking in the Bay of Bengal and nearby coasts through the ports of Gwadar, Hambantota and Sittwe. The CPEC and CMEC project is providing the sea port facilities to mainland of China for transporting oil and gas through pipeline. Some of these ports are also designed to provide Naval base facilities to Chinese Navy. These new “Big Power Rivalries” in the Asia-Pacific are indicating a new polarization on Cold War scenario.

India is the seventh largest country with an area of 1,269,219 sq mile and also having the world highest population of 1,437,768,424 crore. India is having a border line of 15,106 km with seven bordering states. Indian coast is 7,516 km including of island territory. India shares the coast with

Pakistan, Sri Lanka, Bangladesh and Myanmar. India is following a nonalignment policy from independence and maintains friendly relations with others. Indian culture is having impact over the vast region of east and west. India enjoys the membership of the major regional, sub regional and multilateral world organizations. Some alignments are contradictory but India is looking comfortable with its diplomatic capability. Indian policy was to develop its economy and human resources which was almost destroyed by the British and other colonial period. One of the richest regions became slowly poor during its independent. In the 21st century India is having its influence on the world affairs and becoming a global partner on economical development and defense affairs.

India is maintaining a successful link between East and West. Presently India is having its vibrant Diaspora which is contributing on Indian economical development and sustainable foreign policy. India is becoming a trillion dollar economy which will have a direct impact on world affairs. India is located at the centre of maritime links in the Indian Ocean Region. Indian importance in the globe is for its rising economy, dependable military power and geographical location. India is connected with West, South, Southeast and East Asian countries through maritime routes and also is connected with the West Central Asia and South East Asia through land. The Indian “Look East Policy” has contributed greater engagement with the East and South East Asian countries. The re-designing of Indian defence and rising economical capability in respect to China will shape the Indian geo-political and geo-economical role to the influence over the next decade.

After the India–China war during 1962, India–Pakistan war in 1965 and India China war during 1967 the authorities realized the short comings of its defence establishment. Considering its location and the growing geo-political importance ►►

► India articulated its defense goal. Presently India has the second largest standing army and is one of the fast growing naval powers. India is the fourth powerful fire power country in the world index. Indian also having the capability of producing sustainable defence hardware including fighter planes and submarines. India's target is to become one of the five defence export countries in the world. The defence export target is five billion dollar by 2025. In the new world order India having a role to balancing military power in the region and beyond. The Indian cooperation with Mongolia, Singapore, Vietnam, Iran, Saudi Arabia and the United Arab Emirates has opened a new strategic dimension. In the recent year India did participated many defense exercises with USA, France, UK, Russia, China, Thailand, Bangladesh, Nepal, Sri Lanka, Maldives, Indonesia, Singapore, Malaysia, Mongolia and Australia. All these exercises have provided opportunities to know each other's capability, training procedure and battlefield cooperation.

Within the Indo Pacific region "Bay of Bengal" is also becoming a hot bed with its new strategic importance. Bay of Bengal is located closer to the geographic center of the Indo-Pacific region. Bay of Bengal is the largest bay in the world and having India on the west and Thailand to its east. The coastal countries are India, Bangladesh, Myanmar and Sri Lanka. Bay of Bengal provides the key transit linkages between the Indian Ocean and the Pacific Oceans. It also the major trade and energy route to East Asian countries. 25% of the world traded goods are crossing through this Bay. The oil and liquefied natural gas from Persian Gulf are transported through this corridor. BIMSTEC is providing opportunities to the "Look East" policy of India and "Look West" policy of Thailand for further integration. Bay of Bengal is having strategically importance to both China and India.

The USA is having its military presence in the

Asia Pacific region from 2nd world war. US is having around 400 hundred military bases with 3,00,000 troops. 60% of the US Naval fleet remains in the Pacific region. The major deployments are in Japan, South Korea, Philippines, Guam and Hawaii. These bases are having major influences on "Inter capitalist competition". The US great power game been articulated considering the rise of China. During the period of Barack Obama, US "East Asia Strategy" significantly shifted its foreign policy towards Asia. US heavily invested in the East Asian and South East Asian countries those who all are at the close proximity to China.

Indo-Pacific strategy made PACOM responsible on focusing "Free and Open Indo-Pacific". US military ties developed with South Korea, Australia, Philippines, Singapore and Japan. The US "Trans-Pacific Partnership" is also known as "Pivot to Asia". US aggressive policy in the Pacific became concerned to China and it decreased the possibilities of cooperation between US and China. During COVID pandemic world witnessed a declined economy. It was hard to survive for some. Before nations could regain its economic sufferings, conflicts has stated within nations in different regions. Russia-Ukraine war in Europe, Palestine-Israel war in the Middle East, Iranian conflict in the Gulf and India-China border conflict has created tension in the region and beyond. Ukraine war has affected the world economy; Palestine war created inhuman suffering with ethnic cleansing. Thousands of Civilian and children has been killed in Palestine within a very short period. Iranian nuclear armaments issues are indicating new US-Middle Eastern crisis. The South China Sea maritime boundary conflict with China with the other costal countries is raising world issues. India-China-Pakistan-Bhutan border disputes are also moving beyond region. Myanmar civil war has displaced Muslim Rohingya people and they have taken shelter in the bordering countries. An over populated country ►►

► like Bangladesh has sheltered more than millions Rohingya Muslims on humanitarian ground without considering own financial capability and security threats. All these issues are becoming indicating factors towards a new world order or a new world polarization.

Asia Pacific region was known as a zone of peace. With a homogeneous atmosphere nations are advancing towards modernizations. The backbone of these development is a sustainable home grown economy and people's dedication. After the 2nd world war the defence expenditure was a minimum in the Asian countries. Within a span of 50 years, the Asian economy has become an open challenge to the western 'war economy' which suffered heavily more than few decades. Considering the future military supremacy and economical consequence, new war scenario has come up in the different region. Indo-Pacific region is not out of it.

The recent geo-political and geo-strategically tension between the US and China is dividing the Asian countries within blocks. The global scenario is again getting gloomy and looking like cold war period. Chinese aggressive foreign policy is supported by its financial indicator. Chinese military is one of the fastest growing military forces in the world. Chinese navy is trying to dominate from Japan Sea to Indo-Pacific even extending towards African region. Chinese long time territorial dispute with Taiwan, Vietnam, South Korea, Philippines, Borneo and India is continuing as a security threats to all these regional countries. The land and maritime disputes are mainly for resources and strategically influence. The creation of artificial Island chain around the Sea coast of China including placement of nuclear armaments is a security threat to others. The Island chain is extending Chinese own sea space and squeezing others. Chinese military deployment in the region has threatened the balance of power in the Asia Pacific. Chinese Belt

and Road Initiatives are also indicating its extending presence in the different parts of the world.

Presently Asia Pacific region is projected a zone of conflict in the world affairs. Super powers are articulating own power game in this reason. Economic imperialism is now turning towards defence conflict for regional supremacy. The US counters strategy policy against China on Indian Ocean creating a hot bed of confrontation. Number of alliances in different forms is being formed within the regional countries and also involving external super powers. The mutual defence treaty between the United States and Republic of China (Taiwan) during 1954 was intended to defend the island of Taiwan from invasion by the People Republic of China. US defence policy towards Taiwan has outlined a new military alliance QUAD where US, Japan, India Australia as the member. Another forum named AUKUS is with the membership of US, UK, Japan and Australia. The recent development of QUAD Plus and AUKUS Plus is also a significant development in the region. Presently India is having sustainable defence alignment with Japan, South Korea, Viet Nam, Thailand, Singapore and Malaysia within the region. All these alliances and forums are designed mainly to contain the Chinese influence in the region and beyond. US Burma Act is also a concerning factors in the Bay of Bengal Region. The counter China policy in the region and beyond is getting aggressive day by day.

China is expecting to become number one economy of the world beating USA. India is following with its rapid growth. Japan and South Korea is having sustainable economy. Bangladesh, Thailand, Viet Nam and Sri Lanka are also moving towards a developing nation. Presently Asian countries are having significant contributing towards world economy. Recent world growth attention is towards Asian Continent. With dedications Asian countries has become a manufacturing hub for the world. Human development ►►

► indicators are also satisfactory. APEC, ACD, ASA, PECE, SASEC, BIMSTEC, BBIN, SAARC, IORA, MRC, MGC, APC, SPECA, SCO, ASPAC, CAREC countries having significant cooperation with common agenda. Economic and security cooperation has enhanced connectivity and has created interdependency. Asian manufacturing countries are having almost common market in the USA, Europe, Middle East and African countries. Imports and exports also indicate the common route and destinations. For maintaining a secure supply chain the Asian countries are almost dependent on each others.

BRICS is an intergovernmental organization is opening up with new investment opportunities within the geo-political bloc. The founding countries are Brazil, Russia, India, China and South Africa. They are the member of the G-20 groups. Lately Egypt, Ethiopia, Iran and United Arab Emirates added to these initiatives and numbers of countries are on the process of joining. It is having a coordinated effort to develop bilateral relations, equality, and non-interference for mutual benefits. The new development bank is becoming the basket of BRICS reserve currency projecting an alternative to dollar. Presently number of countries within the BRICS membership is also the part of US dollar participating groups. World financial organizations like World Bank, IMF, IBRD, IFC, IDA, ICSID and MIGA are influenced by dollar including western markets. Multilateral transactions system is yet to be balanced by other currency at this moment. On the other side US financial sanctions are also restricting countries for using by-lateral currencies. Considering the countries development goal, financial support program, defence cooperation and Commercial alignment, whether the BRICS alliances can be the part of de-dollarization process and same time can sustain national growth yet to be assessed.

Most of the Asian countries are still living below

the poverty level. National economy is controlled by few groups or individuals. Rich people are getting richer and poor becoming poorer day by day. Cities are growing and villagers are leaving houses for security, education, medical and collection of food. Grow together remains a political slogan all over. Other side defence development budget is getting more priority in the national economy. One gun is having how much ammunition is more concern than an individual is getting how much calorie a day. The globe is entering in a new world order by 2040. New generation with new technology is going to rule the world. Artificial Intelligence will be reaching how far probably the present scientists are yet to predict. World is likely to witness a new socio-political, socio-economical and Socio-cultural order. Considering the new world order, can the Asian countries look for an “Asian Union” which may facilitate to bring out the nations from conflicts of interests and armed races for a sustainable development goal.

Looking at the present world scenario, the super powers could not stop the inhuman suffering and killings in Ukraine, Palestine and Myanmar. UN is helpless. Same way TaiwanChina, North Korea-Japan and India-China issues are likely to drag the Asian nation into a major conflict. USA is a common factor to all. How much the Asian Region will be benefited by USChina power conflict time to decide? Considering the regional issue, Kevin-Rudd, the Australian Prime Minister mentioned “Washington and Beijing must create long term cooperative strategies that accommodates each other’s interest. Doing this would significantly reduce miscalculation and the likelihood of conflict”. He also mentioned “US rebalancing is not purely a military one but, rather part of a broader regional diplomatic and economic strategy that also includes the decision to become a member of the East Asia Summit and plans to develop the Trans-Pacific Partnership, deepen the United States strategic partnership with India, and open the door to Myanmar.” ■



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# AN OPEN LETTER TO THE PRIME MINISTER

## WHITENING BLACK MONEY IS ITSELF A CORRUPT ACT

### John Dalton, Integrity and Anti-Corruption Advisor

*was previously the Director of the Office of Local Government for the State of Massachusetts. Following this, he was an advisor to numerous cities, towns and State agencies in the USA on corporate governance principles, institutional change, and public finance and management. He was a consultant for both KPMG and PwC in Boston and Washington and has extensive experience with public financial management (PFM), public integrity, and project monitoring. For USAID, the World Bank, and the ADB he has led decentralization and PFM projects in the Philippines, Sri Lanka, Egypt, Burundi, Pakistan, Ethiopia, Indonesia, and DRC.*



Dear Madame Prime Minister,

With all due respect, you are being poorly advised about the benefits of whitening black money compared to the extensive loss of national reputation which could:

- decrease foreign direct investment (FDI),
- encourage capital flight, and;
- accelerate a growing patriotism gap due to the corrosive effects of favoring the rich and powerful over the law-abiding, tax-paying citizens of this country where I have resided for the past 9.5 years.

Let me present a few questions for your consideration that will demonstrate the multiple negative effects of this FY2024-25 black money whitening policy.

Is the government condoning the original fraud and embezzlement of funds that impacted the rights of business partners, foreign investors, shareholders, and senior managers due payouts under a profit-sharing scheme?

*“Who does money laundering?...The bribe takers and corrupts are amongst us (the 5% educated people). We must change our character...”*

*The last public address at Suhrawardyt Uddan, 26 March 1975*

*By Bangabandhu Sheikh Mujibur Rahman*

Is the government substituting itself for international judicial processes? Why does the govern-▶▶



► ment have a superior right to these ill-gotten gains compared to others who have been defrauded?

The original embezzlement, defalcation, and tax fraud, arguably, were enabled via knowingly false certified financial statements and knowingly false audit reports issued by Bangladeshi chartered accountants or financial advisors. They too will now be exposed as part of a collusive relationship to defraud the government, foreign investors, business partners, shareholders, and others.

Will the government grant amnesty to all parties including the chartered accountants and financial advisors who not only committed a crime, but who also violated their dutifully sworn Code of Ethics? Is this the underlying reason for the policy in the first place?

If the amnesty extends to the chartered accountants and financial advisors, a reputational whitening, when a foreign direct investor, conducts a due diligence review to retain the services of Bangladeshi chartered accountants and financial advisors will the investors receive an honest answer to the following question: *“Have you or your*

*current or previous accounting firm or similar enterprise been granted amnesty under a government-sponsored black money whitening policy?”*

To corroborate responses to the above question, is a foreign direct investor conducting due diligence to retain the services of Bangladeshi chartered accountants and financial advisors guaranteed to receive an honest answer from the government to the following question submitted under the Right to Information Act: *“Have any of the following, listed chartered accountants or accounting firms currently under consideration to provide technical and fiduciary services to our company ever been granted amnesty under a government-sponsored black money whitening policy?”* If the government declines to respond, is this not evidence of additional corruption? Isn't the government itself conducting a corrupt act?

World-wide, the favorite place to launder money is in real estate so, it is not surprising that the only voice raised in support of this benighted black money whitening policy come from the real estate sector. Accordingly, recognizing the experi-►

►ence and expertise of companies in this industry, will the government have the skills to track the whitened money so that it does not foster additional corruption? If the looters are celebrated for their “patriotic” acts what are the moral constraints that will guide other legitimate developers, especially those who play by the rules? Is this a can of worms?



Will the government require a full financial and lifestyle audit as a condition of approving a whitening request (hoping, nevertheless, that you will choose a wiser path and reject this hare-brained scheme)? What about a case where an embezzler requests the government to whiten 2.5 crore which is, in reality, only a fraction of the 20 crore that was stolen from investors, stockholders, Board members, etc. Approval of that request would be foolish, playing the government for a dummy. Will the government require a complete liquidation of looted funds as a condition for whitening and funds?

Granting complete confidentiality to the transgressors as part of the black money whitening exercise is a *prima facie* indicator that what is being done is illegal, immoral and unethical. If the looters were seeking forgiveness – not seeking a mild slap on the wrist – they would agree to be named. Morally reprehensible black money whitening cannot be enabled by some obscure accounting transaction! There must be a lesson taught and a lesson learned by the individual, the enterprise, the society, and the government. The spotlight of integrity needs to be shone on them.

In light of the above, Madame Prime Minister, I

hope you will withdraw your approval and ask appropriate officials to cancel this policy. My recommendations are based on direct experience in over forty countries. If that is not enough, may I quote from an individual whom you know quite well:

*“Today I will say that the number one task of the people of Bangladesh will be to eliminate the corrupt people from the soil of Bengal and I need your help”.*

***The last public address at Suhrawardyt Uddan, 26 March 1975***

***By Bangabandhu Sheikh Mujibur Rahman***

John Dalton is not affiliated with any organization, the ideas and recommendations are his own, personal observations and recommendations. He is a former State government official, advisor to the President of Liberia, the Prime Minister of Zimbabwe, the Anti-Corruption Commission in Zambia, and Department of Budget and Management in the Philippines, among other assignments.. He has carried out numerous consultancies for funding agencies on public financial management, general management, anti-corruption, and integrity. ■



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## Part-II

# Political Economy of Making and Taking from Reserve Currency: The Historical Evidence and Future Perspectives

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Competition for the Crown: One of the recent sanctions that garnered a lot of attention was the decision to bar several Russian banks from SWIFT. Many commentators referred to this as the

financial “nuclear option,” since it effectively cut those banks off from much of the global financial system. Because many of the transfers that use SWIFT are made in dollars, some feared this action could spark a negative backlash against the dollar. The analogy illustrates the challenge of substituting away from the dollar: There simply isn’t any comparable alternative. “The dollar repre-

sents the entire ecosystem of payments and banking,” says Wong.

“It is difficult to find a close substitute that is equally deep, liquid, broad, and safe.” Most competitor currencies face limitations that the dollar does not. The euro is widely used for trade in Europe and is viewed as safe, but the fact that the euro-zone does not have a unified fiscal policy limits its ability to produce enough euro-denominated safe assets to satisfy global demand. Plus, as the recent actions against Russia illustrate, switching to the euro would not necessarily offer any additional protection over the dollar, as Europe and the United States often work in partnership. China has taken steps to internationalize the renminbi in recent years by opening its financial markets up to more foreign investors, but Maggiori says it still has a long way to go to match the openness of the U.S. market. ▶▶

## USD Hegemony Across the Globe 1920-2023



► The long view, while there may not be a single obvious replacement for the dollar, that doesn't mean that countries haven't been diversifying into other currencies. The dollar's share of global foreign exchange reserves fell to a 25-year low at the end of 2020, to 59 percent from 71 percent in 1999. Rather, most of the shift away from dollars has been into dozens of smaller currencies. They cited a greater desire for portfolio diversification on the part of central banks as well as the falling cost of transacting in smaller currencies as factors that have contributed to this change. This has led some economists to speculate that we could be heading toward a "multipolar" world of many different competing currencies, which could have some advantages.

Many economists point to a new kind of Triffin dilemma as a greater risk to dollar supremacy than the use of sanctions. Just as the United States faced a crisis of confidence in its ability to back the dollars in circulation during the Bretton Woods era, economists have warned that it could

face a similar challenge in the coming years to supply enough safe assets to meet global demand while simultaneously maintaining confidence in its ability to repay its debts. Having more options for safe assets to choose from in the form of different currencies could solve this problem, but not all economists agree that a multipolar system would necessarily be more stable. Competition among countries to grab the reserve currency crown could lead to coordination challenges and questions about which assets are truly safe. Moreover, the transition from the dollar regime to its successor could be unstable. "One historical precedent is the coexistence of dollar and sterling during the inter-war years," the late Harvard University macroeconomist Emmanuel Farhi told *Econ Focus* in a 2019 interview. "It's not a particularly happy precedent; it was a period of monetary instability.

History teaches that dominant currencies change infrequently and often over long transition periods. But crises can be the catalyst for those transitions, as was the case when the British pound's cen-►

► *turies-long reign started to unravel after World War I. While almost no economist predicts that the dollar will be replaced soon, market confidence is fickle, and the types of crises that spark a changing of the reserve currency guard are inherently hard to predict.*

Drivers of Reserve Currencies include four key elements in determining reserve currency status, The economic size/dominance of reserve issuers, credibility of reserve issuers, Inertia, and reserve currency shares at the global level. Trade Links as a factor could lead to more diversified supply chains and/or localized production to avoid over-reliance on a single dominant supplier country in the future, with implications for the demand for reserves. For instance, more localized production could reduce international trade and subsequently the demand for international reserves. Alternatively, more diversified international supply chains might encourage demand for a more diversified portfolio of reserves. The post crisis period, lower trade shares with reserve issuers could lead to lower reserve shares. However, this potential development in trade links could be countered by any reserve issuer's ability to elevate the status of its currency as an invoicing currency. The Credibility matters. The US dollar's dominance has been related, in part, to a lack of credible alternatives. Rising demand for reserve assets, particularly in the context of a global shortage of safe assets, may create incentives for other potential suppliers to take proactive steps to develop new reserve currencies. Exchange Rate Anchor, Geopolitics as a Trigger of Currency Switches, Technology as a Disruptor, Development of Central Bank Digital Currencies, Digitization of Payment Systems and Revenue System, and Longer-Term Considerations can play a vital role in changing the reserve currency status.

Recalibrating sanctions policy to preserve U.S. financial hegemony: The American economy, dol-

lar, and banking system create unparalleled power for the U.S. in the global financial system. This power provides disproportionate influence over the world's key economic and financial institutions, regulatory authority over major foreign companies and banks, and allows borrowing on favorable terms and in dollars, enabling long-term deficit spending. U.S. policymakers are increasingly deploying financial sanctions to punish or coerce other states. Once targeted at weak rogue states, sanctions are now used against great powers and allies. These sanctions yield few political victories because they ask too much and are often implemented reflexively, to punish, rather than strategically, to achieve a desired outcome. But they carry serious political and economic costs—damaging relations with allies and locking American companies out of foreign markets.

Although financial sanctions have come into vogue among policymakers as a seemingly low-cost, effective way to manage hostile states, other nations are increasingly alarmed at the weaponization of commercial institutions. Financial coercion has made both allies and adversaries aware of just how vulnerable they are to U.S. pressure. This realization has spurred other major economies to invest in alternatives to the current U.S.-led system. Aside from carrying long-term costs for U.S. dominance, the efficacy of liberally applied sanctions deserves further scrutiny. Sanctions often succeed in punishing adversaries but this tactical achievement rarely reforms target states' behavior when important policies are at stake. Sanctions do shift commercial activity to channels outside the reach of the U.S., however, and change the cost benefit calculus for affected nations, making them more likely to invest in building their own alternative institutions to bypass the American-led system. The U.S. should not renounce sanctions as a policy tool but should use them far more judiciously. In many cases, policymakers have reacted to the failure of sanctions to change a target's behavior with ►►

► even more sanctions, locking in *hostile* relationships and *locking* American firms and those of U.S. allies out of the sanctioned economy. This means *forgone* opportunities for wealth creation in the U.S. and a market opening for competitors, often from great power rivals like China and Russia. Under the umbrella of USA the SWIFT has grown to 11,000 member institutions, representing nearly every country. Because the world needs USD, and because the dollar runs through American banks and ultimately the Federal Reserve, the U.S. also has incredible control over foreign banks who need USD, their clients who need to transact in USD, and institutions such as SWIFT. The dollar *overwhelmingly* dominates the foreign exchange markets, accounting for 87.6 percent of global market turnover in 2016 (BIS, 2016). This means those looking to convert *one third-party* currency to another (say Chinese yuan to Pakistani rupees) will often have to convert their own currency to USD before buying the *destination* currency. The ability to limit access to USD thus creates a potent *bottleneck* even for those not trading with the U.S. The recent sanctions by the US is indirectly creating her allies to *join its enemy* because of economic reasons.

Tools in the Tool Box: Individual sanctions represent an attempt to *avoid harming* the adversary's civilian population by personally *punishing* key elites. These sanctions were first introduced against Haitian military leaders in 1993 and have since grown to include visa bans, asset freezes, and blacklisting of the affected individual (and sometimes their family members) from conducting business with reputable financial institutions. Financial sanctions are designed to block the target from transacting with the financial institutions and in the financial markets of the U.S. and its commercial partners. In practice, this severing from the dollar system can undermine the target nation's banking industry, currency, and ability to process international payments. With the so-

called War on Terror, the U.S. honed its *ability to apply pressure* on adversaries via the international financial system and has deployed such sanctions repeatedly against both state and non-state actors. Secondary sanctions are used to sanction third-party economic actors that attempt to do business with sanctioned entities. While they are simply an *enforcement* mechanism for primary sanctions and often take the form of financial sanctions on banks or corporations that transact with a sanctioned entity, it is useful to treat them as distinct because they must inevitably target the firms of *allied or neutral states*, thus generating *detrimental* political consequences.

Do sanctions work. Sanctions are a *frequently* used tool because the domestic *politics behind* them are compelling. Imposing sanctions provides a *political bump* to policymakers who want to appear strong during international *disputes* without incurring domestic political risk (Taehee Whang, 2011). In these cases, whether the sanction works well or not as a policy tool is less important than its ability to be touted before domestic audiences. As long as *sanctions remain* on, policymakers can argue that the target entity is paying a price for its behavior, regardless of whether the sanction is actually advancing the *desired* foreign policy objective. Scholars have extensively examined the effectiveness of sanctions; the research shows *economic sanctions* tend to be *ineffective* at changing state *behavior*, primarily because other self-interested nations will step in to fill the void where the U.S. or its *allies have severed* relations.

It's *good* to be the King. The U.S. is the world's largest national economy, but its economic *influence* pales in *comparison* to its dominance of the global financial system. U.S. financial dominance is *predicated* on three pillars: U.S. dollar dominance makes it the world's *foremost* reserve currency; U.S. banks' role as a *clearinghouse* for many global financial transactions; and The reach of its ►►

► regulatory apparatus. The USD is the global reserve currency, meaning central banks and other financial institutions stockpile USD to *make investments* and transactions or influence exchange rate. Although *there are* other reserve currencies, USD *accounts* for more than 60 percent of central bank currency reserves. Furthermore, *roughly half* of loans worldwide are denominated in USD, and 40 percent of *international* payments are *processed* using the dollar. Breakdown of \$10.6 trillion in global share of reserves by currency (2018) *are* USD (62.2%). EURO (20.4%), British Pound (4.5%), Japanese Yen (4.9%), Canadian Dollar (1.9%), Chinese renminbi (1.7%), Australian Dollar (1.7%), Swiss franc (0.2%) and other currency (2.5%). The Central banks prefer holding U.S. dollars as part of their reserves because of its widespread use, stability, and the strength of the U.S. economy.

Weaponizing *Economic* Interdependence. As policymakers have realized the *power* financial dominance confers, they have *weaponized* economic interdependence—to use the term coined by political *scientists* Henry Farrell and Abraham Newman—*against* an increased set of targets.

Tightening the net with *secondary* sanctions: As the U.S. has become more *comfortable* with financial sanctions, it has also taken to using secondary sanctions to completely isolate targets even from *neutral third* parties. An example is the Helms-Burton Act of 1996, which *allows suits* in U.S. courts against foreign companies *doing business* with the Castro *regime* in Cuba. The passage of the act led the Europeans and Canada to pass “blocking statutes,” which *forbid* their companies from cooperation with U.S. sanctions efforts. In September, the U.S. sanctioned the Chinese military’s *weapons* development department following the purchase of Russian *weapons* in violation of U.S. *sanctions* on Russia. More recently, the *chief financial officer* of Chinese *tech* giant Huawei was ar-

rested in Canada at the request of the U.S. for allegedly helping violate *sanctions* on Iran, sparking a diplomatic row and the *retaliatory arrests* of Canadians in China. The U.S. has followed up with criminal charges against Huawei itself for sanctions evasion and other crimes, a move that is a negotiating chip in a trade dispute, but also likely to further harm U.S.-China relations.

There are *Challenges* to US Financial Hegemony, as U.S. has *dominated* the global financial system for a long time. As long as other nations perceived U.S. *power* to be exercised *judiciously* and with a nod to their interests, they had no incentive to *pursue radical* change. But as the U.S. weaponized this system in recent years, the risk of relying on U.S. goodwill has become evident to other nations, leading them to take *steps* to *counter* American dominance. This manifests primarily in efforts to build *alternative* infrastructure and *moves to chip* away at the dominance of the dollar. Russia and China have been two of the first movers in this regard, due to their size and role as traditional *rivals* of the U.S. After the *first round* of sanctions *forced* Visa and Mastercard, two major payment processors in Russia, to *cut ties* with some of their customers, Russia introduced a national payment system known as Mir in 2014. It also developed a domestic messaging service known as SPFS that mirror’s SWIFT’s function and others in progress. China is trying. CIPS has come a long way since its 2015 founding. It has grown from 19 *direct participants* and 176 *indirect participants* at its inception to 31 *direct participants* and 829 *indirect participants* today, while also expanding service to cover more time zones and standardizing its protocols to bring them in line with SWIFT (Gjoza,). It has also *significantly expanded* both in the volume and value of transactions it handles. China’s payment clearing and settlement system has seen *rapid growth* since its launch in 2015. Similarly, the BRI, while facilitating increased use of RMB in some areas, has seen ►►

► a decline of RMB use in others (SWIFT, July 28, 2017). Out of the 68 BRI nations, 33 are *rated below* investment grade, suggesting that they pose too much of a credit risk to secure development loans on the open market. Decreased foreign dependence on the USD would translate to reduced *influence* on these issues and decreased ability to effectively *pressure* states like North Korea when it truly matters. Economically, a *fragmentation* or *balkanization* of the international financial infrastructure *could reduce* the value of the dollar and drive up the cost of financing U.S. debt, even if the U.S. continues to lead the largest emergent system. A *shift* in central bank purchases *away* from USD toward *other currencies* would represent a *significant reduction* in demand and lead to a *devaluation* of the dollar.

That *shift could* be politically *destabilizing* in the U.S. Net interest payments in the 2019–2020 fiscal year amount to \$479 billion, exceeding the annual cost of Medicaid “Fiscal Year 2020, Budget of the U.S. Government”). By 2027, even at the modest interest rate projections of 3.7 percent, the U.S. government will pay \$788 billion in interest, surpassing the projected defense budget for that year and *accounting* for 13 percent of federal spending (up from roughly 9 percent in 2019; Fiscal Year 2020, Budget of the U.S. Government). Should a loss of *confidence* in Treasuries spike interest rates far above those projections, the U.S. could be paying \$1 trillion annually in interest alone. While a full-scale withdrawal from Treasuries would be *costly* for major investors like China and Japan, declining foreign participation in Treasury *auctions* is already happening.

How Great Powers *Pursue* Monetary Hegemony: A Comparison Between the United States and China Currency Swap Policies. The political economy literature shows that monetary hegemony guarantees significant privileges to a country’s economy—governments *gain greater* flexibility

in their budgetary and current accounts without incurring significant macroeconomic imbalances. Such greater economic policy flexibility also shapes the global *balance of power* since governments have fewer fiscal *constraints* to enhance their *military* spending. One of the main instruments governments can use to enhance or preserve their currency’s position in the international monetary system is establishing *currency swap* lines with *other central* banks. Yet the policies of central banks differ, and so do their effects on currency power. It contends that a country’s political regime explains the different constraints it faces in its quest for *monetary* hegemony.

The theoretical framework to elucidate the difference between *currency swap policies in democracies and autocracies* have been discussed and proceed this in a comparative analysis of the Fed and PBOC currency swap policies. Revel that the United States *restrains* access to its currency swap lines with countries that are critical to the stability of the global economy and that levy small credit risk to the Fed. Ultimately, the US monetary *authority fears* domestic political backlash from their international operations. In the case of China, credit risk is not a concern due to the lack of popular scrutiny. Swap lines are extended to *advanced and developing* economies as *financial stability and economic development* instruments. However, China’s swap line policies *cannot fully succeed* since the *authoritarian* nature of the government *impedes* the implementation of reforms necessary for a country’s monetary rise: free capital flows and liquid capital markets. Essentially, the economic *advantages* that a reserve currency status provides to a country determine a significant part of its national *security* capabilities. Since a state can enhance its *economic* power by dominating the monetary system, the strength and international acceptance of a country’s currency affects its *military* capabilities. Ultimately, the *reduction* of fiscal ►

► constraints due to the dollar reserve currency condition facilitates the U.S. government's *ability* to have the *largest defense* spending in the world. For instance, Thomas Oatley (2015) explains that *financial* power is the mechanism through which the U.S. government could *overcome* the so-called "crowding out constraint." Essentially, the U.S.'s *highly liquid* capital markets and *low credit risk* conditions continuously *attract* foreigners to hold dollar-denominated assets.

China also wants to achieve a higher level of monetary *dominance* to experience some of the *privileges* that the dollar provides to the United States. Therefore, Chinese officials are *pursuing policies* to internationalize its currency. For that, China's government is seeking to increase the use of its currency in *trade* and *financial* transactions and raise the renminbi's *allocation* in the foreign exchange reserves compositions of central banks. In *autocracies*, the constraints that the *political leadership faces* are different. After all, *financial openness*, and *economic liberalization*, which are *critical* elements for achieving *reserve currency* status, can also represent a *threat* to the capability of *autocrats* to remain in power. Freeman and Quinn (2012) show that *financially* integrated *autocracies* are more likely to *democratize* than financially closed autocracies. This happens because the *elites* in *autocracies* gain a *greater* bargaining position over *tax rates* when diversifying their assets to *overseas* investments. As a result, they became less *worried* that the *rise* of the *democratic* regime would *impose* confiscatory taxes on them. However, that is not the only reason *authoritarian* states do not want to give up substantial control over their economies.

How the Fed and the PBOC Justify their Currency Swap Lines Agreements: It seems reasonable to conclude that currency swap lines are *essentially a tool* used by the Federal Reserve to fulfill the global liquidity demand, preserve the sta-

bility of the international monetary system, and preserve the role of the dollar as a global reserve currency in periods of crisis. Such a perception is corroborated by the analysis of Federal Reserve's documents that *publicize* the *rationale* for establishing these swap lines. Those documents *emphasize* the importance of currency swap lines as an essential tool to *minimize* the *effects* of the *global crisis* on the U.S. *economy* and maintain the stability of the international monetary system. This temporary arrangement with the ECB is proposed to allow dollar funding problems now faced by European banks, particularly at terms longer than overnight, to be addressed more directly by their home central bank. Improved conditions in European dollar trading would guard against the spillover of volatility in such trading to New York trading and could help reduce term funding pressures in U.S. markets. Fundamentally, the worries regarding the credit risks of currency swaps are a genuine concern of a monetary institution in a democratic country like the United States. After all, the Federal Reserve has a high degree of independence to enhance the credibility of its actions. Nonetheless, their credibility also relies on the accountability of their actions.

The People's Bank of China (PBOC) *currency swap lines* converge with the Fed because such an instrument is considered an *important* tool to promote global financial stability. On the other hand, the PBOC does not demonstrate significant concern about the credit risks of such operations. In the reports, interviews, and speeches analyzed, Chinese officials perceive swap lines as an instrument that can enhance China's and its *economic partners'* development by facilitating *bilateral* trade and investments. The swap lines are also an *instrument to facilitate* the development of the Belt and Road Initiative, as well as a tool to reform the international monetary system by emphasizing the importance of *reducing* the dollar ►►

- ▶ monetary hegemony. Essentially, currency swap lines are one of the *primary tools* of Chinese economic officials to *promote* the internationalization of the renminbi.

Who receives currency swap lines from the Fed and the PBOC? When a 2020 map of the Fed's and PBOC's bilateral currency swap arrangements is displayed, the distinct approaches that each country is tanking for *enhancing or preserving* their currencies' status in the international monetary system becomes evident. The countries that have established swap agreements with both the Fed and the PBOC. It is *noteworthy* that all these central banks represent developed regions of the world and, therefore, are critical elements for the stability of the global economy and financial systems. Ultimately, it is not surprising that both the PBOC and the Fed cooperate with the *central banks* of the Canada, Australia, New Zealand, South Korea, Japan, Euro Zone, and Switzerland. Together, the countries under these central banks' *jurisdictions* corresponded to approximately 31% of the global economy in 2019. Moreover, all these central banks' *currencies* have reserve *status*, except South Korea, Singapore, and New Zealand.

### Recommendations

This paper presents multiple facets of gaining the status of a reserve, dominant, anchor currency for promoting international trade and investment, at different point time with the regime changes through war and some cases through economic, military and diplomatic routes by creating the economic, financial and political hegemony in the human history. Over the years, since the transition of currency hegemony from one to another power has not happened uniformly rather differently. Obviously, the criteria needed to gain the currency hegemony power has also changed from

time of origin to modern time. In the globalized world, a particular country, does not possess all the required the comparative advantages because of differing social, geopolitics, military power, and government structure. At the same time, the stage of economic development, financial system, revenue system, international trade and investment, foreign direct investment and debt, stock market, and regulatory institutions to manage economic system and use of digital technology have been identified as the criteria to attain dominant power of currency. New comers are in the competition line including the older ones. Among the competing countries current hegemon USA covers the highest relevant criteria among the competing countries. But competition is not closed, and this ongoing process. The current dominant power USA is trying apply techniques to keep the current position. However, economists and politicians are divided and have different predictions about the coming future on the transition of currency hegemony.

The political utility of sanctions makes it difficult to recalibrate the U.S. sanctions apparatus in the near term, but there are several steps the U.S. can take to reduce the incentives spurring alternative financial infrastructure. The U.S. should be cautious about the use of secondary sanctions on allies—particularly against those with large, influential economies—and use them in those cases only sparingly and when better alternatives are lacking. A more modest first step is to waive *secondary* sanctions on Europe for purchasing Iranian oil, thereby negating the need for INSTEX or similar measures, and allowing this experimental institution to dissolve before it becomes truly viable. The provisions in CAATSA that impose mandatory sanctions under certain circumstances should also be repealed. This would allow sanctions decisions to be made on a case-by-case basis and after a serious assessment of the cost-benefit to deploying them in a particular circum-▶

▶ stance. New sanctions, whether imposed by Congress or the executive branch, should be screened for the following criteria to ensure they have the best chance of achieving desired political outcomes: Sanctions should provide a clear statement of intent that outlines what behavior will get the sanctions either lifted or enhanced. There should be some stability and consistency to U.S. demands over time, both to create predictability for the target and to make it easier to benchmark how sanctions are performing against their intended goals. The target should ideally be offered a window of time in which to change its policies before sanctions take effect. It is difficult for foreign leaders to walk back a policy while still saving face domestically after sanctions are imposed. Legislation should include sunset clauses with reasonable timeframes so sanctions do not remain on the books forever unless Congress still deems it worth keeping. Sanctions should be accompanied with a required Treasury assessment of the cost to the American economy, in order to better assess their relative value.

This last point is particularly important, as despite 8,000 U.S. sanctions currently in place, policymakers have no reliable data about how much that forgone business has cost the American economy. China for example is investing \$400 billion in Iran while U.S. sanctions lock out all of China's competitors, indicating the current sanctions regime is imposing potentially massive opportunity costs on American companies (Ariel Cohen, 2019). A recent Government Accountability Office report observed that the agencies tasked with implementing sanctions "analyze the impacts of specific sanctions on a particular aspect of the sanction's target—for example, the sanctions' impact on the target country's economy or trade, according to agency officials. However, these assessments do not analyze sanctions' overall effectiveness in achieving broader U.S. policy goals or objectives, such as whether the

sanctions are advancing the national security and policy priorities of the United States (US Government Accountability Office, "Economic Sanctions)." Officials argued that tracking the performance of sanctions relative to U.S. goals was difficult because policy goals often shift, isolating the impact of sanctions from other factors is tricky, and reliable data is at times lacking. However, the officials interviewed also noted that "there is no policy or requirement for agencies to assess the effectiveness of sanctions programs in achieving broad policy goals," and hence they preferred to shift scarce resources toward the easier task of measuring impact on the target rather than political gains (US Government Accountability Office, "Economic Sanctions). By requiring agencies involved in the sanctions process to regularly assess whether sanctions are serving broader U.S. goals instead of simply harming the target's economy, and properly resourcing that effort, Congress can make this tool more effective. The executive branch should also ensure that sanctions action from the Treasury Department is accompanied by a parallel diplomatic process with the target country at the State Department, in order to negotiate the political concessions the action is intended to achieve. Successful diplomacy on sensitive issues (nuclear weapons, territorial conquest) will often require the U.S. to make some concessions other than scaling back sanctions—there is no such thing as "something for nothing" when asking other states to compromise on what they perceive to be their core interests. By acknowledging the limitations of U.S. financial power—and using it strategically and in pursuit of clear, attainable goals—the U.S. can better preserve that power, and the prosperity its ubiquitous financial influence underpins well into the future.

With the *contribution of science and technology* and its application in the international business and commerce, financial system, information and ▶▶

► communication technology, health and medicine the life expectancy and quality of has improved significantly compared to the past. Therefore, this world should not get proceed for war among mankind. For the world peace and prosperity, the currency world currency management system should follow multi polar abandoning unipolar by defining specific criteria based on world trade, investment, finance and banking services with a provision of reviewing after specific time line, for considering the updates on latest development.

This paper is *not aimed at serving a particular ideology*. It is instead an attempt to illustrate the power of a reserve currency, and thus the real cost of America losing that status. Furthermore, it prescribes a pragmatic approach to solving America's debt, its most serious economic and national security threat. A debt-reduction plan reliant on only tax increases will be disastrous, as will a plan that includes only spending cuts. Like so many things, the truth is somewhere in between, a compromise that has so far proved elusive in a Congress increasingly out of touch with everyday Americans. A strategy of tax reform, targeted spending cuts, and productive investments is needed to ensure that the debt is gradually paid off while the economy continues to grow. Manufacturing needs to be improved and consumption needs to be reduced. Importing German labor practices and implementing a value added tax will surely bring up a scare of "European socialism", but America would still enjoy a de-regulated service sector and its highly conducive environment for ingenuity and entrepreneurialism. These are policies aimed at boosting exports and cutting consumption. The U.S. will never be a welfare state, and neither should it strive to be. But that doesn't mean it shouldn't learn from policies that work, tailoring them to the specific needs and desires of the country.

Though economists underestimate it, the contin-

ued rise of China is inevitable. Following a disciplined economic approach for the last few decades, they have built up an enormous balance of payments surplus, a capable military, and will soon be the issuer of a major international reserve currency. The ongoing liberalization of Chinese financial markets will result in greater liquidity of the renminbi and thus a further erosion of the network externality effect that has protected the dollar for the last several decades.

Like the transition from the pound to the dollar in the 1920s, a move away from the dollar reflects investor concern about U.S. debt levels and the dollar's future value. Instead of *fighting this change* in the international monetary system through protectionism and belligerency towards China, the U.S. should embrace the diversification of foreign currency reserves as a good thing for the world. The current monetary system of unbalanced costs and benefits is unsustainable. A new financial architecture is needed. For too long the U.S. has been both the lender and consumer of last resort. A shift to more consumer demand in China and less consumption in America will be mutually beneficial.

Foreign currency reserves are becoming more diversified, reflecting the shift towards a more *multi-polar* system. U.S. budgets and the dollar's influence will *undoubtedly* be reduced as a result. But the American *economy can remain strong* and the *dollar can continue to be* a major world currency if the right policies are undertaken today. The future of the dollar remains, for a short while longer at least, in the hands of U.S. policymakers. Debt reduction, investments for growth, a responsible monetary policy, more balanced trade, and a commitment to open immigration will ultimately require political discipline and compromise. But *action* is needed now. The markets are *growing uncomfortable*. ■

## BRIEF NEWS



### These Countries Have the Largest Armies in the World

Which countries have the largest armies on Earth? The best defense is often a good offense, and nothing screams offense like a suitably large military. Today's list looks at the biggest military forces on the planet.

#### #20: Saudi Arabia



*Saudi Arabia has one of the largest armies in the Middle East. ©iStock.com/Oleksii Liskonih*

Active Personnel: 257,000  
Reserve Personnel: 0  
Total Armed Forces: 257,000

#### #19: Colombia



*Colombia's one of the largest armies in South America today. ©iStock.com/mirza kadic*

Active Personnel: 293,200  
Reserve Personnel: 35,000  
Total Armed Forces: 328,200



► **#18: Sri Lanka**



Surprisingly, Sri Lanka has one of the largest armies in the world. ©Pixfiction/Shutterstock.com

Active Personnel: 346,000  
Reserve Personnel: 90,000  
Total Armed Forces: 436,000

**#17: Algeria**



Algeria might have one of the largest armies in the world, but it isn't surprising given its history. ©tatohra/Shutterstock.com

Active Personnel: 325,000  
Reserve Personnel: 135,000  
Total Armed Forces: 460,000

**#16: Mexico**



Mexico's massive military also serves as law enforcement in some parts of the country.

Active Personnel: 412,000  
Reserve Personnel: 98,655  
Total Armed Forces: 510,655

**#15: Thailand**



Thailand has one of the largest armies in Southeast Asia, but it isn't nearly as large as its neighbors. Tatohra/Shutterstock.com

Active Personnel: 360,850  
Reserve Personnel: 200,000  
Total Armed Forces: 560,850

**#14: Brazil**



Brazil's military is sizable but still isn't as big as some of its neighbors. ©iStock.com/Leila Melhado

Active Personnel: 360,000  
Reserve Personnel: 340,000  
Total Armed Forces: 700,000

**#13: Turkey**



Turkey's military presence is quite large, which is to be expected given its geographic location. ©Efasein/Shutterstock.com

Active Personnel: 355,200  
Reserve Personnel: 378,700  
Total Armed Forces: 733,900



► **#12: Indonesia**



*Southeast Asia is home to some of the largest armies in the world, but Indonesia is nowhere near the largest. ©iStock.com/Derek Brumby*

Active Personnel: 400,000  
Reserve Personnel: 400,000  
Total Armed Forces: 800,000

**#11: Egypt**



*Egypt might have the largest military presence in Northern Africa. ©Comdas/Shutterstock.com*

Active Personnel: 440,000  
Reserve Personnel: 480,000  
Total Armed Forces: 920,000

**#10: Iran**



*Iran's military is sizable but is fielding some antiquated equipment. ©iStock.com/Derek Brumby*

Active Personnel: 610,000  
Reserve Personnel: 350,000  
Total Armed Forces: 960,000

**#9: Pakistan**



*Pakistan's massive armies match right alongside its neighbor in India. ©iStock.com/Derek Brumby*

Active Personnel: 654,000  
Reserve Personnel: 550,000  
Total Armed Forces: 1,204,000

**#8: North Korea**



*As you would expect with mandatory military service, North Korea has one of the largest armies in the world. ©Katherine Welles/Shutterstock.com*

Active Personnel: 1,320,000  
Reserve Personnel: 560,000  
Total Armed Forces: 1,880,000

**#7: Ukraine**



*Ukraine's army is currently one of the most sizable in Europe. ©Alexey Fedorenko/Shutterstock.com*

Active Personnel: 900,000  
Reserve Personnel: 1,200,000  
Total Armed Forces: 2,100,000



► **#6: United States of America**



*The United States has the largest military in North America. ©charnsitr/Shutterstock.com*

Active Personnel: 1,326,000  
Reserve Personnel: 799,500  
Total Armed Forces: 2,125,500

**#5: China**



*Curiously, China has one of the smallest reserves relative to its active personnel. ©iStock.com/Hung\_Chung\_Chih*

Active Personnel: 2,035,000  
Reserve Personnel: 510,000  
Total Armed Forces: 2,545,000

**#4: India**



*India's massive military is the third largest in all of Asia. ©PHOTO JUNCTION/Shutterstock.com*

Active Personnel: 1,455,550  
Reserve Personnel: 1,155,000  
Total Armed Forces: 2,610,550

**#3: Russia**



*Russia's military is the largest in all of Europe, as you might expect from the biggest country in the world. ©pudiq/Shutterstock.com*

Active Personnel: 1,320,000  
Reserve Personnel: 2,000,000  
Total Armed Forces: 3,320,000

**#2: South Korea**



**#1: Vietnam**



*Vietnam has one of the largest armies in Asia but is bigger than any other country on the planet today. ©iStock.com/Hermsdorf*

Active Personnel: 600,000  
Reserve Personnel: 5,000,000  
Total Armed Forces: 5,600,000

*Source: Liam Frady, Author, history-computer.com*



## Lockheed to Continue Infrastructure Support for F-35 JSF Program



Lockheed Martin has secured a contract to extend infrastructure support for the US Department of Defense’s F-35 Joint Strike Fighter program.

The \$63.5-million deal ordered the continued engineering, logistics, maintenance, materials, and manpower services for the program’s laboratory facilities and associated aircraft developmental flight evaluations.

Centers and tests covered by the agreement currently support the design, production, and acquisition of F-35 Lightning II fighter jets for the US Air Force, Marine Corps, Navy, and allied forces.

Lead tasks for the infrastructure contract will take place in Fort Worth, Texas, while supplementary works will be held in Florida, Maryland, New Hampshire, California, and the UK.

The project will run until August 2024.

### Trials, Software Support

Lockheed’s latest contract builds on a 2022 agreement to conduct developmental flight tests and manufacture corresponding software solutions for the US F-35 fleet.

In addition to similar Lightning II services, the \$632.1-million framework agreement also supported “unique sea trials” for British aircraft carriers.

## Lockheed’s F-35 Lightning II Aircraft

The F-35 combat aircraft is powered by a turbofan engine for a speed of Mach 1.6 (1,900 kilometers/1,200 miles per hour), a range of over 1,200 nautical miles (2,200 kilometers) and an altitude of 50,000 feet (15 kilometers).

It has an overall fuselage length of 51 feet (15.7 meters), a wingspan of 35 feet (10.7 feet) and a 18,400-pound (8,346-kilogram) fuel capacity.

Depending on mission requirements, the jet can be armed with air-to-air and air-to-surface missiles, guided munitions, and gun systems.

## Ukraine Requests More Battlefield E-Scooters From Latvia: Report

The Ukrainian military has reportedly requested more electric scooters from Latvia after experiencing their usefulness on the battlefield.

Mosphera, a Latvian firm specializing in electric vehicles, said it received a letter from a Ukrainian unit asking for “a few dozen more” e-scooters to be used near the frontline.

The company already donated several of its camouflaged e-scooters to the Ukrainian armed forces last year to test their combat applicability.

Chief executive officer Klavs Asmanis recently told Breaking Defense that the Ukrainians have generally positive feedback for the stealthy vehicles so they are asking for more.

Though they said they are ready to send more, Mosphera is reportedly waiting for the approval of the Latvian government.

‘First E-Scooter for Military Purposes’



The company said its e-scooters, which participated in the Eurosatory 2024 exhibition in Paris, are the first in the world to be built for military purposes.

They allow soldiers to move quickly and silently in areas too obvious for large vehicles to traverse and too dangerous to cross on foot.

They reportedly have a top speed of 96 kilometers (60 miles) per hour and operate “completely without noise.”

Thanks to their modular design, the e-scooters can be easily hidden in the bush and are ideal for covert military missions.

## US Army Starts European Deterrence Initiative Construction in Norway

The US Army has begun construction for the Rygge Air Station in Norway as part of the Pentagon’s European Deterrence Initiative (EDI).

EDI is a framework to boost American rotational force deployments, infrastructure investments, advanced tactical capability integrations, and associated training across Europe. ▶▶



► Rygge Air Station’s work consists of five segments to boost readiness and cooperation between the US military and its Norwegian counterparts, NATO allies, and other partners should the need for response arise.

The overall cost of the base upgrades will amount to over \$200 million and will be sourced from the US European Command’s EDI program funds and the US Air Force’s military construction funds.

The army’s Corps of Engineers (USACE) will facilitate the five EDI projects planned for the installation.

“Since 1949, Norway’s been a close ally of the United States – both bilaterally and through NATO – and we’re very grateful for that partnership and look forward to building on it – quite literally,” USACE Europe District Deputy District Engineer and Programs and Project Management Chief Justin Wetherwax stated.

“In today’s security environment, we’re looking forward to building these projects at Rygge Air Station and continuing to reinforce regional security together.”

#### Key Projects at Rygge

The US Army wrote that the Initial EDI work in Rygge incorporates security improvements and perimeter fencing, while future developments will focus on munitions storage expansion, a quick reaction alert facility, a bed down building, and a deployable air base system facility, equipment, and vehicle storage (DABS-FEV) site.

The reaction alert center will involve the design and construction of aircraft hangars and associated fighter jet maintenance infrastructure.

For the bed down project, USACE will establish a shelter, dining facility, and other related spaces for hundreds of airmen stationed at Rygge.

Meanwhile, the DABS-FEV will be based on a US Air Force concept which enhances collection of shelters, construction equipment, vehicles, and other assets to be pre-positioned and transported to other staging sites.

It will also construct a multi-bay vehicle maintenance shop, testing facility, regulating station, above-ground fuel storage tanks, and parking.

“EDI projects like the ones being built in Norway are key to deterring aggression against NATO and ensuring readiness of US, host nation and NATO Allies to fight and win if needed,” EDI Program Manager Paul Audije explained.

“We’re excited to be working with our US Air Force, Norwegian Ministry of Defence, Norwegian Defence Estates Agency and US Embassy partners to move these projects from the drawing board to reality in the coming years.”

### South Korea Fires Warning Shots After New Border Incursion

Seoul’s military said Friday it had fired warning shots after North Korean soldiers briefly crossed the heavily fortified border in the third such incursion this month.

The nuclear-armed North has been



reinforcing the border in recent months, adding tactical roads and laying more landmines, which has led to “casualties” among its troops due to accidental explosions, South Korea has said.

On Thursday morning, “several North Korean soldiers who were working inside the DMZ on the central front line crossed the Military Demarcation Line,” Seoul’s Joint Chiefs of Staff said.

“After our military’s warning broadcasts and warning shots, the North Korean soldiers retreated back northward,” they added.

Similar incidents took place on June 9 and Tuesday this week, with Seoul’s military saying both incursions appeared to be accidental.

Relations between the two Koreas are at one of their lowest points in years, with Kim Jong Un hosting Russian leader Vladimir Putin this week, and signing a mutual defense agreement that has raised hackles in Seoul.

In response, the South — a major weapons exporter — has said it will “reconsider” a longstanding policy that has prevented it from supplying arms directly to Ukraine.

“While attention is focused on Putin’s pariah partnerships, the Kim regime is recklessly endangering soldiers with rushed construction work at the inter-Korean border,” said Leif-Eric Easley, a professor at Ewha University in Seoul.

The work is likely aimed “as much at keeping their countrymen in as it is at keeping the South Koreans out,” he said, but warned that “a lack of inter-Korean communication channels and confidence-building mechanisms increases the danger of

# Popular Life paid Taka 24,41,68,189 (Twenty Four Crore Forty One Lakh Sixty Eight Thousand One Hundred Eighty Nine) by 7,468 checks to the insurance claimers



At a recent meeting held in the auditorium of the Diploma Engineers Institution (IDEB) in Dhaka, Popular Life Insurance Company Limited presented checks totaling taka 24,41,68,189 to 7,468 insurance customers' claims. Mohammad Joynal Bari, chairman of the Insurance Development and Controller Authority, served as the meeting's chief guest. Sheikh Kabir Hossain, chairman of the Bangladesh Insurance Association, attended the meeting virtually as a special guest. BM Yousuf Ali, CEO and Managing Director of the Popular Life Insurance Company Limited, presided over the event. Abdullah Haroon Pasha, additional secretary for the Ministry of Finance, Moinul Islam, member for (administration) Insurance Development and Controller Authority, Kamrul Hassan, member for (life) Md. Nazrul Islam, member for (non-life) and Dr. Naznin Kawser Chowdhury, Executive Director, (Joint Secretary) were among those present at the meeting. BM Shawkat Ali, additional managing director of the company, presided over the event. The meeting was also attended by Mohammad Anis Uddin Miah, former secretary and senior consultant of the company, Mohammad Sirajul Haider NDC, former additional secretary and senior consultant of the company, Roy Debdas, former chief Insurance controller (In Charge) and senior consultant of the company, Colonel retd Ahsan Aziz PSC, senior consultant of the company, Nandan Bhattacharje and Mostafa Helal Kabir, additional managing directors, Syed Motahar Hossain, senior DMD, Mohammad Nowsher Ali Nayeem, Mohammad Abu Taher, Feroz Iftekhar, Md Habibur Rahman, Md Bashirul Islam and Emad Uddin Ahmed Prince, DMD Mohammad Kamal Hossain Mohsin, Md Khalilur Rahman Dulal, Syed Sultan Mahmud, and CFO Ershad Ali Hiru and other high officials of the company attended the program.

Photo shows guests are handing over check to the Insurance customer's claim.

It may be mentioned that the company has paid a total of 5 thousand 239 crore 6 lakh 52 thousand to 38,52,903 insurance customers till to date.

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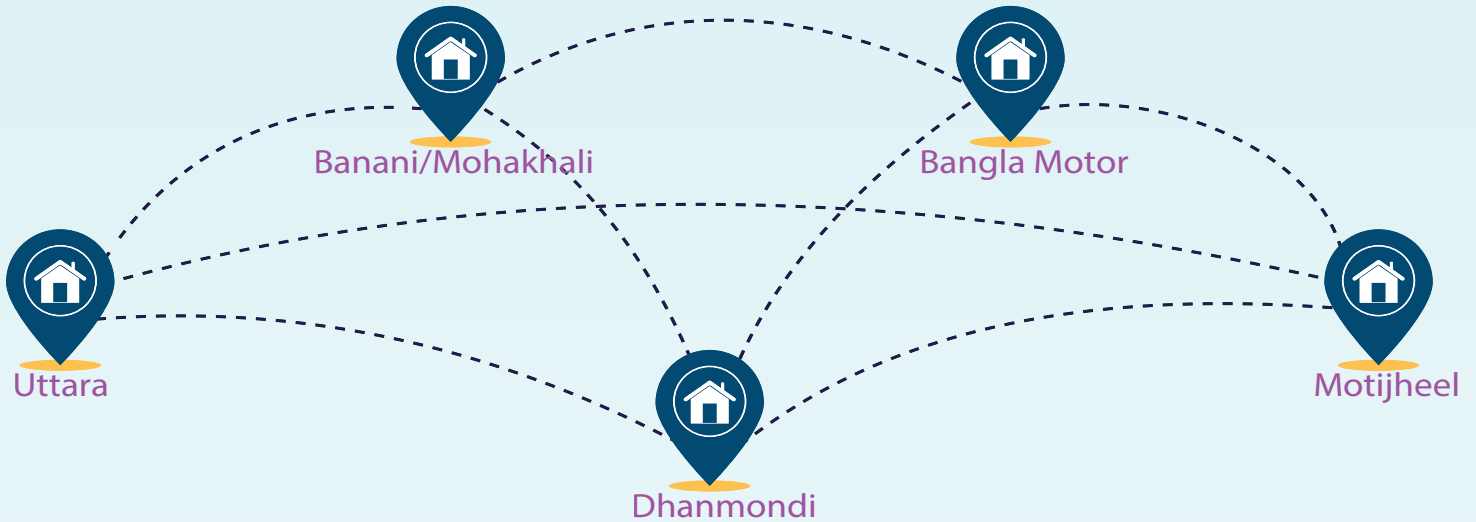
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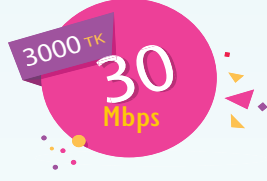
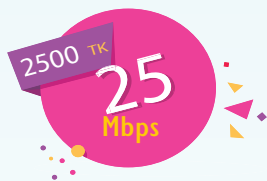
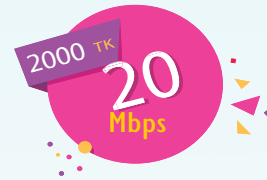
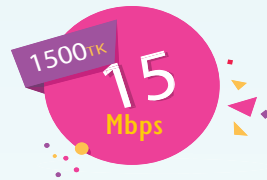
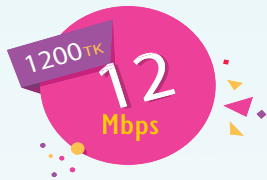
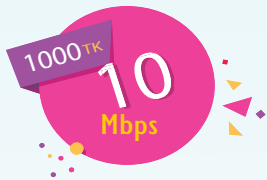
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