



AUSTRIAN INSTITUTE FOR
EUROPEAN AND SECURITY POLICY

Nr. 2024/4

Quo Vadis Bangladesh?

Second Independence or Looming Instability?

by Calvin Nixon
August 2024

AIES COMMENT

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Introduction

On August 5th, 2024, Sheikh Hasina got deposed as Prime Minister of Bangladesh.¹ This marked the end of a remarkable era in Bangladeshi politics, as Hasina reigned at the top of Bangladesh since coming to power for a second time in 2009, after previously serving from 1996 until 2001.² Being the head of the secular-minded Awami League (AL)³, Prime Minister Hasina oversaw a Bangladeshi economy which registered extraordinary growth rates until the advent of the COVID-19 pandemic.⁴ While her time in office was marked by positive stories such as a successful garment industry⁵, declining child mortality⁶, a vastly rising GDP per capita⁷ and her government's fight against Islamist extremism,⁸ these achievements were paralleled by growing authoritarianism.⁹ Thus, the AL was virtually unopposed in its parliamentary rule since 2014 when the main opposition party – the Bangladesh Nationalist Party (BNP) – boycotted the elections.¹⁰

Hasina's ouster from power came only months after she got reelected in an election that was widely perceived as neither free nor fair and which again got boycotted by the BNP.¹¹ Protests against the Hasina government started in early June in response to the reinstatement of a 30 percent quota for descendants of freedom fighters of the Bangladesh War of Independence in 1971. This reversed a decision made by the Hasina government in 2018

on the same matter.¹² Resultingly, students felt that they did not receive a fair opportunity on the job market, as the quota targeted coveted jobs in the state bureaucracy.¹³ Due to the government's violent response to the initial protests and the worsening economic situation, the protests quickly spread throughout Bangladesh. As the government responded with increasing violence and introduced daily curfews and internet shutdowns¹⁴, the Hasina government seemed to not only quickly lose support domestically, but also came under international pressure.¹⁵

While an interim government, spearheaded by 84 year-old former Noble Peace Prize Winner Muhammad Yunus, has been appointed for the coming months¹⁶, the country of roughly 175 million people – the eighth largest country by population¹⁷ – stands at a crossroads. This AIES Comment will hence investigate the domestic challenges facing Bangladesh, as well as the regional implications of the “Monsoon Revolution” on Bangladesh's place in South Asia.

Tackling Economic Challenges Ahead

While Bangladesh's economy grew at scorching rates for large parts of the 2010s, its dependency on the garment industry – which makes up 83 percent of Bangladesh's export earnings – made it vulnerable to external shocks. The COVID-19 pandemic and the Russian invasion

of Ukraine had devastating effects on the Bangladeshi economy and the country has ever since been fighting a damning inflation, standing at 9.73 percent in 2023-24, and poor job growth, which especially affects Bangladesh's youth as approximately 18 million Bangladeshis aged between 18 and 24 are currently unemployed or still enrolled in academic institutions.¹⁸

As Bangladesh had been, despite its recent economic problems, chartered to depart the United Nation's Least Developed Country (LDC) status it was supposed to revise numerous trade agreements with international partners, including the European Union (EU). However, due to the Hasina government's handling of the student protests, the EU decided to postpone negotiations on an updated cooperation agreement. Importantly for Bangladesh this also includes a pause by the EU on its Generalized Scheme of Preferences Plus (GSP+) trade scheme.¹⁹ Thus the interim government faces both a domestic and international challenge in ensuring to resume talks and to conclude an updated cooperation agreement with the EU, which accounted for 20.7 percent of Bangladesh's trade, being one of the nation's main trading partners.²⁰

Additionally, the interim government will have to stabilize Bangladesh's fiscal situation in a moment of intense political instability. The heavy inflation and increased capital flight stalled

Bangladesh fiscally since the start of the COVID-19 pandemic, thus its foreign reserves decreased by more than 50 percent since 2021 to \$ 19bn.²¹ A \$ 4.7bn IMF loan helped to balance its payments²², but one only has to look to Bangladesh's South Asian neighbor Pakistan to understand that spiraling into a deadlock of IMF bailouts is a fiscal and political recipe for disaster.²³ It is perhaps a positive sign for Bangladesh that Muhammad Yunus gained his fame and admiration with micro crediting, helping millions around the world to be lifted out of poverty.²⁴

Getting Religious Violence Under Control

Bangladesh is a country born out of violence not once, but twice. And both times – in 1947 which marked the independence of Pakistan from the British Raj and in 1971 which marked the independence of Bangladesh from Pakistan – religious violence delivered a blow to the country and its people. While before 1947, Bangladesh had a sizable Hindu population, today the Hindu minority only accounts for roughly eight percent of the population. Importantly for the present political situation, Bangladesh's Hindu minority has been a steadfast group of support for the AL and former Prime Minister Hasina.²⁵ While religious violence directed against the Hindu minority did happen in the past, such as in the 2021 Durga Puja mob attacks²⁶ in which Islamist fundamentalists attacked and killed Hindu worshippers in their temples²⁷, the ousting of former

Prime Minister Hasina has coincided with an increase in violence against Hindus, as Hindu houses, businesses and temples had been destroyed.²⁸

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The contempt against Hindus is also tied to a contempt among parts of Bangladeshi society against India. This materialized into an “India-Out” campaign earlier in 2024, as India has been a close ally of former Prime Minister Hasina. India's support of Hasina in the face of a rigged election thus hurt its standing vis-à-vis the Bangladeshi public.²⁹ While Muhammad Yunus has already condemned the anti-Hindu violence in the aftermath of the Monsoon Revolution as “heinous”,³⁰ his interim government must grapple with the fact that anti-Hindu hatred and by association anti-India hatred is present in Bangladesh. Sheikh Hasina was successful in suppressing this, often with authoritarian methods, the interim government however must quickly instill a democratic and secular idea to move Bangladesh forward. Seeing Hindus and Muslims protesting together, demanding safety for Bangladesh's Hindu population and even demanding minority rights such as a five-day holiday during Durga Puja provides hope that democratic and secular ideals might outweigh religious and sectarian hatred.³¹

Implications for Bangladesh-India Relations

It is still too early to evaluate the impact of the Monsoon Revolution on the international relations of South Asia, however it is possible to examine possible regional implications, particularly for India. Generally, Bangladesh has been a close ally of India over the past years, while also exercising positive relations with the People's Republic of China. The importance of Bangladesh for India was furthermore portrayed in the fact that after the ousting of Hasina, an all-party meeting was called by the government in New Delhi. While Dhaka exercised friendly relations to New Delhi and Beijing, relations to the former gradually outweighed relations to the latter over the past years. This was showcased in Dhaka's reluctance to build a Chinese deep-sea port on its soil and in granting India and not China access to its commercial ports in Chittagong and Mongla.³²

The change in government hence presents New Delhi with an unfavorable geopolitical situation, as one of only two remaining South Asian allies – the other being Bhutan – might now be in play again for increased Chinese influence. Md Touhid Hossain, Foreign Advisor to the Interim Government, has since stated that the interim government wants to keep balanced relations with major powers³³, thus hinting towards at least minor shifts in Bangladeshi foreign policy prioritization. While the

United States and EU have signaled positive attitudes towards the interim government³⁴, such statements will ring alarm bells in New Delhi. After effectively losing the Maldives as an ally after the election of President Mohamed Muizzu, possibly losing commercial and strategic influence in Bangladesh might deliver the second blow in a matter of months to New Delhi's regional foreign policy.

Moreover, the issue of the 4,096-kilometer-long border between India and Bangladesh might resurface. As Hossain has voiced critique on the issue of border killings by the Indian Border Security Forces (BSF) in the past³⁵, New Delhi and Dhaka could again run into troubles on this matter. The border – a result of the 1947 partition – runs through farmland and has been an issue of contention for several decades.

According to the Human Rights Organization *Ain o Salish Kendra* 31 Bangladeshi citizens were killed in 2023 at the border, 28 of whom were shot dead³⁶, and in the time between 2013 and 2023 332 people were killed in total at the hands of the BSF.³⁷ Revived tensions can already be observed, as BSF forces and their Bangladeshi counterparts confronted each other due to Indian plans about the construction of a fence, which officially is meant to keep cattle from straying over the border.³⁸

Conclusion

The ousting of Sheikh Hasina as Bangladesh's Prime Minister has sent vibrations throughout South Asia. It has shown autocratic-leaning leaders that economic growth is not a guarantee to stay in power, if it is not inclusive and is accompanied by autocratization. The interim government must however deal with the baggage left behind by the Hasina government and by the political turmoil of the Monsoon Revolution. Economic hardship, domestic religious divisions and global as well as regional challenges to Bangladesh's foreign policy will not wait for the dust to settle in Dhaka. The "second independence" of Bangladesh, as the Monsoon Revolution has been called by Muhammad Yunus³⁹, now must therefore deliver beyond the vision of the protesting students. While one cannot yet estimate the impact of Muhammad Yunus on the actual policies of the interim government, his inclusion will help the government to foster domestic support – as the student protesters wanted him to lead the interim government – as well as to harvest global support, as the Nobel Peace Prize winner and economist is arguably one of the most respected Bangladeshi nationals around the world.

India will have to deal with a situation it tried to avoid for the past 15 years during which it supported the Hasina government, despite its rising autocratization. However, India must face the fact that there is a

new situation in Dhaka which was yearned for by Bangladeshi society. It should not try to color the Monsoon Revolution as a covert job orchestrated to weaken New Delhi's position in South Asia and rather work to better its public image in Bangladesh. A more restrained BSF and less volatile rhetoric by parts of New Delhi towards non-AL figures in Dhaka should be a starting point. In his first call with Muhammad Yunus, Indian Prime Minister Narendra Modi wisely reiterated New Delhi's support for "*a democratic, stable, peaceful and progressive Bangladesh*" and invited Yunus to the third Voice of the Global South summit, which was hosted virtually by India on August 17th.⁴⁰ To avoid Bangladesh shifting too much into the direction of China, Prime Minister Modi and his government would be wise to continue such messaging.

About the Author

Calvin joined the AIES as an intern in May 2024. He holds a B.A. degree in Political Science and South Asian Studies, as well as a Master's degree in International Relations from Heidelberg University and Leiden University. He has been a researcher with the Heidelberg Institute for International Conflict Research (HIK) since 2021. His research focuses on the Indo-Pacific with a particular focus on South Asia and Ontological Security Theory. He previously was an intern with the Friedrich Naumann Foundation South Asia and the German Corporation for International Cooperation (GIZ).

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Dr. Langweg 3, 2410 Hainburg/Donau

Tel. +43 (1) 3583080

office@aies.at | www.aies.at

Layout Design: Julia Drössler