



The Rohingya crisis and Bangladesh's economic downturn

By Chowdhury Dilruba Shoma
21 February 2024

In August 2017, a deadly [ethnic clearance operation](#), backed by the Myanmar military against the minority Rohingya (Muslim) population in Rakhine state, began the displacement of thousands of Rohingyas. By the end of 2017, around [745,000](#) people had fled to Cox's Bazar, a district in southeast Bangladesh.

Bangladesh, though not a signatory to the [1951 refugee convention](#), and despite being a country with a [high population density](#), sheltered and welcomed these [forcibly displaced Myanmar nationals](#) on an [ad hoc](#) basis. By April 2019, more than [900,000](#) Rohingyas were living in coastal Bangladesh, and today about 90% of the Rohingya population lives in Bangladesh.

Figure 1: Cox's Bazar, Bangladesh, & Rakhine State, Myanmar



Map: Development Policy Centre • Created with Datawrapper

With limited financial resources, Bangladesh, [in collaboration with donor and global aid bodies](#), has worked hard to provide shelter, food and medical care for Rohingya people. But Bangladesh is a [least-developed country](#) with a large population and few resources, and cannot handle this influx alone.

The Rohingyas' statelessness often causes their [basic human rights to be denied](#). [Food insecurity](#) leads to [malnutrition](#); anaemia, diphtheria, cholera and [scabies](#) are rife; they suffer physically and mentally. In 2022, 40% of pregnant and lactating Rohingya women were anaemic. They lack sanitation, quality housing and basic needs. [Human trafficking of women and children](#), [polygamy](#), and [forced prostitution](#) are all common in the Rohingya populations, and [56%](#) of physical violence perpetrated in their camps is by intimate partners.

In September 2021, the Arakan Rohingya Salvation Army ([ARSA](#)) – an insurgent group operating in Rakhine state – murdered Mohib Ullah, a prominent Rohingya figure who had been leading protests against the violent actions of ARSA followers inside the camps. These practices include the rape and [torture](#) of women, drug trafficking and kidnapping. In April 2019, Reuters reported that 150 women teaching at an NGO-run education centre had [resigned](#) after threats and beatings by one camp resident who was believed to be ARSA member.

Limited freedom of mobility means Rohingya people cannot get work permits and their children cannot attend [local school](#). [Reductions in aid](#) from donors have seen [cuts to food budgets](#) for the Rohingya population, exacerbating the crisis. In the Rohingya camps, human beings are living like slaves, and without hope.

At the same time, the Rohingyas' presence has created a threat to Bangladesh's internal stability. [Solidarity has transformed into resistance](#) as people worry about this gigantic population and its implications for a state with its own problems. People are angry at the presence of permanent camps in Cox's Bazar which pose multifarious challenges – [economic, social and environmental](#) – that have had a [drastic impact](#) on our local economy.

Most pressing among these challenges is [food insecurity](#), which creates a huge financial burden in Bangladesh, but there are many factors. The prices of housing and essential foods are rising. Employment and [wages](#) are under pressure. Tourism, a major source of income in coastal areas, is at risk, and cultivable land is [taken up by camps](#). [Clearing of forests](#) for fuel has caused significant [ecological damage](#) to the region.

A large population on a border that has become more porous has enabled [smuggling](#) (drugs), [murder](#) and [inter- and intra-group conflicts](#) (particularly through the actions of

ARSA). The volatile situation in the camps along the [border](#) threatens social cohesion in Cox's Bazar and the surrounding areas.

Several domestic and international radical Islamist groups - namely Hefazat-e-Islam, Jamaat-ul-Mujahideen Bangladesh, [Ansar al-Islam \(Bangladesh\)](#), al-Qaeda in the Indian subcontinent, Hizb ut-Tahrir and ARSA - are carrying out [subversive](#) activities by exploiting vulnerable Rohingya people.

Extremist aid organisations and NGOs* are [alleged](#) to be aiding the spread of religious extremism within Rohingya camps. Professor David Lewis has [said](#):

A major worry is the possibility that Rohingya youth, traumatised and with little to do, who are not allowed into local schools, and who have recently suffered violent discrimination on the basis of their religion, could be easy fodder for local and/or international Islamist recruiters.

Furthermore, Bangladesh's economy is facing the worst crisis in recent times. The pandemic and Russia's war in Ukraine have pushed Bangladesh's economic situation beyond control.

[Inflation](#) has skyrocketed - caused by supply chain disruptions, strong domestic demand and rising commodity prices. From September 2022 to August 2023 average inflation was [9.24%](#). In August 2023, food-price inflation was 12.54% (its highest in [12 years](#)), while inflation stood at 7.95% for non-food items. Coupled with [exchange rate volatility](#), this was associated with a depreciation of the Bangladesh taka against the US dollar: approximately [30%](#) in two years. In 2023, government borrowing from the central bank to mitigate the budget deficit (though suspended since July) also added to inflationary pressure by increasing the money supply.

Bangladesh depends on imported grains - it is the [third-largest](#) food-importing country in the world - so the falling taka and [reduced spending power](#) have serious impacts on the lives and [livelihoods](#) of the common people. According to [FAO](#), Bangladesh is among 45 countries at high risk of facing a food crisis.

Income inequality has reached [critical](#) levels. Bangladesh is now facing a 12.3% unemployment in the [14-24](#) age group, with 15.2% long-term unemployment. Recent years have seen [low employment growth](#) in various productive sectors of the country. Many Bangladeshi migrant labourers lost jobs due to [the COVID-19 pandemic](#) and the [economic crisis](#) in the Middle East and the Gulf, reducing remittances.

[Low remittance incomes](#) and [huge import payments](#) cause [trade deficits](#) and a poor [balance](#)

[of payments](#). According to the latest available data from the Bangladesh Bank, net foreign currency reserves are now [\\$19.96 billion](#). The government was able to secure [first](#) and [second](#) tranches of [IMF](#) loans to help with short-term economic challenges, but at the price of future interest payments — that hardworking people will ultimately pay.

All the above facts indicate that Bangladesh's economy is in deep trouble and that the people are struggling. The government of Bangladesh has responded magnanimously to the Rohingya crisis over a long period of time. However, the issue of Rohingya repatriation is unresolved and increasingly vexed. As Professor Stephen Howes [points out](#), "There is, sadly, no permanent solution in sight for the 900,000 Rohingya refugees in Bangladesh".

The UN High Commissioner for Refugees, donor agencies, and the international community have yet to find any solution to the Rohingya issue – and avenues of assistance are closing. Who will take responsibility for the Rohingyas? Bangladesh, with its growing population and dire economic problems, cannot be expected to bear this burden alone.

*Editor's note: As the allegations mentioned here are a matter of dispute in relation to at least two of organisations named in the original post, the names of these organisations have been removed.

About the author/s

Chowdhury Dilruba Shoma

Chowdhury Dilruba Shoma has a Master of Public Policy from the ANU's Crawford School of Public Policy, and works at Bangladesh Bank.

Link:

<https://devpolicy.org/the-rohingya-crisis-and-our-recent-economic-downturn-a-view-from-bangladesh-20240220/>

Date downloaded: 10 May 2024



Australian
National
University

The Devpolicy Blog is based at the Development Policy Centre, Crawford School of Public Policy, College of Asia and the Pacific, Australian National University.