



Farmers scatter fertiliser on a paddy field in Singra upazila of Natore to bring in harvests in the Aus season, which runs from July to August. Some 2,706,320 acres of land were cultivated in fiscal year 2019-20, leading to the production of an estimated 2.75 million tonnes during the season, whereas it was 2.77 million tonnes in the year before, according to the Bangladesh Bureau of Statistics. The photo was taken recently.

PHOTO: MOSTAFA SHABUJ

## BB sustainability rating for IPDC

STAR BUSINESS REPORT

IPDC Finance Limited has recently been recognised in the "Sustainability Rating" by Bangladesh Bank for 2021.

This is the second consecutive year for IPDC to receive such recognition from the banking watchdog.

Bangladesh Bank started publishing the Sustainability Rating report in 2020 based on four indicators – sustainable finance, green refinance, corporate social responsibility and core banking sustainability of the banks and NBFIs of the country.

Only five non-bank financial institutions made it to the list and IPDC made it to the list in 2020 and 2021, IPDC Finance said in a press release.

IPDC Finance's Managing Director and CEO Mominul Islam received the award from Bangladesh Bank Governor Fazle Kabir at the "Sustainable Rating Recognition Ceremony" organised by the central bank at its headquarters in Dhaka on June 30.

The IPDC CEO expressed his gratitude to Bangladesh Bank and applauded the initiative of releasing the Sustainability Rating report for 2020 and 2021.

## Islami among top 10 banks in BB sustainability rating

STAR BUSINESS DESK

Islami Bank Bangladesh has been listed as one of top 10 banks in sustainability ratings for 2020 and 2021 of the Bangladesh Bank.

The rating is based on four factors – sustainable finance, green refinance, corporate social responsibility and core banking sustainability.

Mohammed Monirul Moula, managing director, received a crest and certificate from Fazle Kabir, governor of Bangladesh Bank, at the central bank's head office in Motijheel, Dhaka recently, said a press release.

## EU, New Zealand seal trade deal

AFP, Brussels

The EU and New Zealand sealed a free trade deal on Thursday after four years of talks, promising it would protect the environment and unite like-minded partners amid international turmoil.

"This is a historic moment in our cooperation," EU commission chief Ursula von der Leyen told reporters at a joint appearance with New Zealand's Prime Minister Jacinda Ardern, adding that the deal had come after "tough negotiations".

Ardern hailed a "historic further milestone in the strong partnership between two closely-connected like-minded friends." "And while this is an incredibly important day for our trade relationship, it's also a time to acknowledge the extraordinary time and challenges that Europe is facing," she added.

# US inflation high but stable in May as spending slows

AFP, Washington

A key US inflation measure showed price increases held steady in the 12 months ended in May, while consumer spending growth slowed sharply, a good sign in the battle against soaring prices.

Any sign of moderation will be a boon to President Joe Biden whose approval ratings have tumbled, as his administration has struggled to find effective tools to help American families feeling the pain of surging gasoline, food and housing prices.

The trend also offers comfort to the Federal Reserve, showing its aggressive interest rate strategy is starting to have an impact to quell the fastest surge in inflation in more than 40 years.

The personal consumption expenditures (PCE) price index rose 6.3 per cent compared to May 2021, still high but the same pace as in the prior month, the Commerce Department reported Thursday.

The index jumped 0.6 per cent

compared to April, much faster than in the prior month, but slightly below what economists had projected.

But spending edged up just 0.2 per cent, less than half the increase in April and part of a steady downward drift as consumers pull back amid surging prices.

Buoyed by a stockpile of savings, helped by massive government aid, consumers have been the lynchpin in the rapid US recovery from the pandemic downturn.

But strong demand clashed with global supply chain snarls and the world's largest economy has been battered for months by a cresting inflation wave, made more painful by the surge in energy prices sparked by the Russian invasion of Ukraine in late February.

Excluding volatile food and energy prices, "core" PCE rose 0.3 per cent in the month, the same as in April, while the 12-month pace slowed slightly to 4.7 per cent, the report said.

Brian Deese, head of the White House National Economic Council, noted that the three-month annual average for core PCE fell to four percent from 5.2 per cent. "That is important moderation that we're seeing," he said on CNBC.

However, he said the headline continues to be driven by higher energy prices. Energy prices jumped four percent in the month, after dropping in April, and are 35.8 per cent higher than May 2021, the data showed.

The PCE price index is the Federal Reserve's preferred inflation gauge, as it reflects consumers' actual spending, including shifts to lower cost items, unlike the more well-known consumer price index, which jumped 8.6 per cent in May.

PCE also gives less weight to things like rent, vehicles and airline fares, which have contributed to the blistering pace of the CPI rise.

The Fed early this month announced the biggest hike in the benchmark lending rate in nearly 30 years, a

three-quarter point increase that was the third step in its counteroffensive against rising inflation, as it aims to cool demand.

Policymakers have signaled there is a good chance of another similar increase in late July, followed by more big steps in coming months.

That has raised concerns the Fed could push the economy into a recession – a price Fed Chair Jerome Powell signaled the central bank is willing to pay to control inflation.

The signs of consumers pulling back will weigh on second quarter GDP growth, after the Commerce Department revised first-quarter consumer spending sharply lower, cutting it to 1.8 per cent from 3.1 per cent, as the economy contracted 1.6 per cent.

Diane Swonk of Grant Thornton estimates that "consumers have drained about \$600 billion of the excess \$2.5 trillion in savings they amassed during the pandemic to deal with the bite of higher prices."

## Blue bonds

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The World Bank defines blue bonds "as a debt instrument issued by governments, development banks or others to raise capital from impact investors to finance marine and ocean-based projects that have positive environmental, economic and climate benefits." Like green bonds, blue bonds operate similar to any other debt instrument by providing capital to issuers who repay the debt with interest over time. As investors show growing interest in pledging capital to fix environmental challenges, blue bonds have emerged as the latest financing instrument to help protect the world's oceans and the economies that rely on their health.

Blue bonds gained attention in 2018, after the World Bank facilitated a bond agreement to offload a small portion of Seychelles' debt in exchange for marine protection. It served the dual purpose of stabilising the country's credit rating and investing in its economy, which is closely tied to the ocean.

**Why issue blue bonds?**  
The primary reason for issuing blue bonds is to reduce the cost of capital for impact investors. This is done with the help of various international organisations.

For example, the World Bank is known to provide a free credit guarantee to the purchasers of blue bonds. This means that if the issuer is unable to repay the funds that they have borrowed, the World Bank

may repay the loan, at least partially. Since the World Bank is an institution with vast amounts of funding, this guarantee significantly decreases the risk for investors. As a result, even the minor return offered by blue bonds seems significant. Countries all over the world use credit guarantees and concessional loans with the goal of increasing the returns for their investors. Since the oceans are not affected by any single industry, it is tough to zero down on the source of pollution. This makes it important to spend the earnings of blue bonds on a wide variety of ecologically favourable projects.

**Bangladesh needs to attract more blue investment**

The value of the Bangladesh blue economy has been estimated to be \$6.2 billion or around 3 per cent of the GDP. However, this amount may be understated due to a lack of more accurate measurements and for methods prescribed in the System of the National Account not being followed. Consequently, global investors and other reports identify this lack of accurate data of the blue economy as one of the key constraints for raising funds for moving the sector forward. This kind of lack of proper information and data is not favourable because studies and reports that have been conducted on the Bangladesh blue economy suggest enormous potential and opportunities.

Studies indicate that

fully utilising the blue economy is a costly venture and thus would require huge investment in projects with time-bound completion and clear results. Furthermore, gaining benefits from nature gifted assets warrants careful planning and handling. At its core philosophy and reason for existing, the blue economy is fundamentally linked to the ocean and mining its benefits must be approached cautiously with the sincere goal of sustainable handling of the ocean's assets.

The promotion of the blue economy needs major investments and based on the experiences of several countries, long-term development financing is most desirable through fixed income securities or bonds.

The world has seen a surge in green or sustainable bonds in the last decade and the blue bond is the latest member of the sustainable bond family. Blue investments funded through blue bonds should be used at promoting the implementation and achievement of sustainable development goals in Bangladesh. Such endeavours must also contribute to good governance of the ocean and coastal habitats, deliver long-term value to marine and coastal ecosystems, and reduce carbon emissions as well as support the people whose livelihoods depend on the oceans.

The author is an economic analyst

## Bank Asia among top 10 banks in BB sustainability rating

STAR BUSINESS DESK

Bank Asia has been listed as one of top 10 banks in sustainability ratings for 2020 and 2021 of Bangladesh Bank. The rating is based on four factors – sustainable finance, green refinance, corporate social responsibility and core banking sustainability.

Md Arfan Ali, president and managing director of Bank Asia, received a crest and certificate from Fazle Kabir, governor of Bangladesh Bank, at the central bank's head office in Motijheel, Dhaka recently, said a press release.

## Potential of Hili land port

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traders are more interested to import their non-duty-free items through other ports for various reasons.

"Hili land port could be a major source of revenue if all existing facilities are utilised but that is not happening due to the operator's indifference," he said.

"So, the government is being deprived of its due revenue from Hili Land Port while the operator is making brisk business," Rashid added.

Under the existing deal, the government holds a majority stake in the port with 51 per cent, of which the operator was given a 49 per cent share.

Rashid, also chairman of Hakimpur upazila parishad, demanded the government do more to utilise Hili land port. Shibli Sadiq, a local

lawmaker, recently gave a speech in parliament regarding the various mismanagement issues of the Hili port operator.

This correspondent tried to reach Md Kamrul Islam, joint commissioner of customs in Hili, for comment but he did not respond by the time this report was filed. Dulal Chakraborty, operations manager of Panama Hili Land Port Limited, claimed they are fully capable of dealing with any import item and are providing better services than ever before.

Hili is already connected with the metre and broad-gauge rail line of the Bangladesh Railway and there is a fully functional railway station as well but the port enjoys limited connectivity due to widespread allegations of smuggling.



Md Arfan Ali, president and managing director of Bank Asia Ltd, receives a crest and certificate of the Sustainability Rating 2020 and 2021 from Fazle Kabir, governor of the Bangladesh Bank, in the sustainability rating recognition programme held at the central bank head office in Motijheel, Dhaka recently.

PHOTO: BANK ASIA



Md Jasim Uddin, chairman of Bengal Commercial Bank, and Mahbubul Alam, vice-chairman, handed over a cheque to Ahmad Kaikaus, principal secretary to the prime minister, for the Prime Minister Relief and Welfare Fund for the flood-affected people at the Prime Minister's Office in Dhaka recently. Prime Minister Sheikh Hasina joined the event virtually from Gono Bhaban.

PHOTO: BENGAL COMMERCIAL BANK



M Kamal Hossain, managing director of Southeast Bank, receives a crest and certificate from Fazle Kabir, governor of the Bangladesh Bank, at the central bank's head office in Motijheel, Dhaka recently on being listed as one of top 10 banks in sustainability ratings for 2020 and 2021 of the Bangladesh Bank.

PHOTO: SOUTHEAST BANK