Chinese shoemaker to invest $10m in Bepza EZ

STAR BUSINESS REPORT

Chinese company Dunion Taiyang Sheng Shoes (BD) Co Ltd will invest $10.20 million to set up a footwear manufacturing factory in Bepza Economic Zone (Bepza EZ) in Chattogram.

The company plans to produce 2.10 million pairs of sandals, flats, high heels, pumps, booties, boots, and sports shoes annually, creating employment opportunities for 1,939 people, according to a press release.

Md Ashraful Kabir, member for investment promotion of Bepza, and Ye Yary, chairman of Dunion Taiyang Sheng Shoes (BD) Co Ltd, signed an agreement in this regard at the Bepza Complex in the capital yesterday.

Major General Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bepza, attended the event and thanked Dunion Taiyang Sheng Shoes for choosing Bepza EZ as its investment destination, reaffirming Bepza's commitment to providing a secure and supportive environment for investors.

Rahman urged the company to make the best use of land, noting the need for efficient factory designs that allow future vertical expansion.

He further emphasised incorporating environment-friendly features, including rooftop solar panels and rainwater harvesting facilities, within the factory premises.

Gold gains

REUTERS

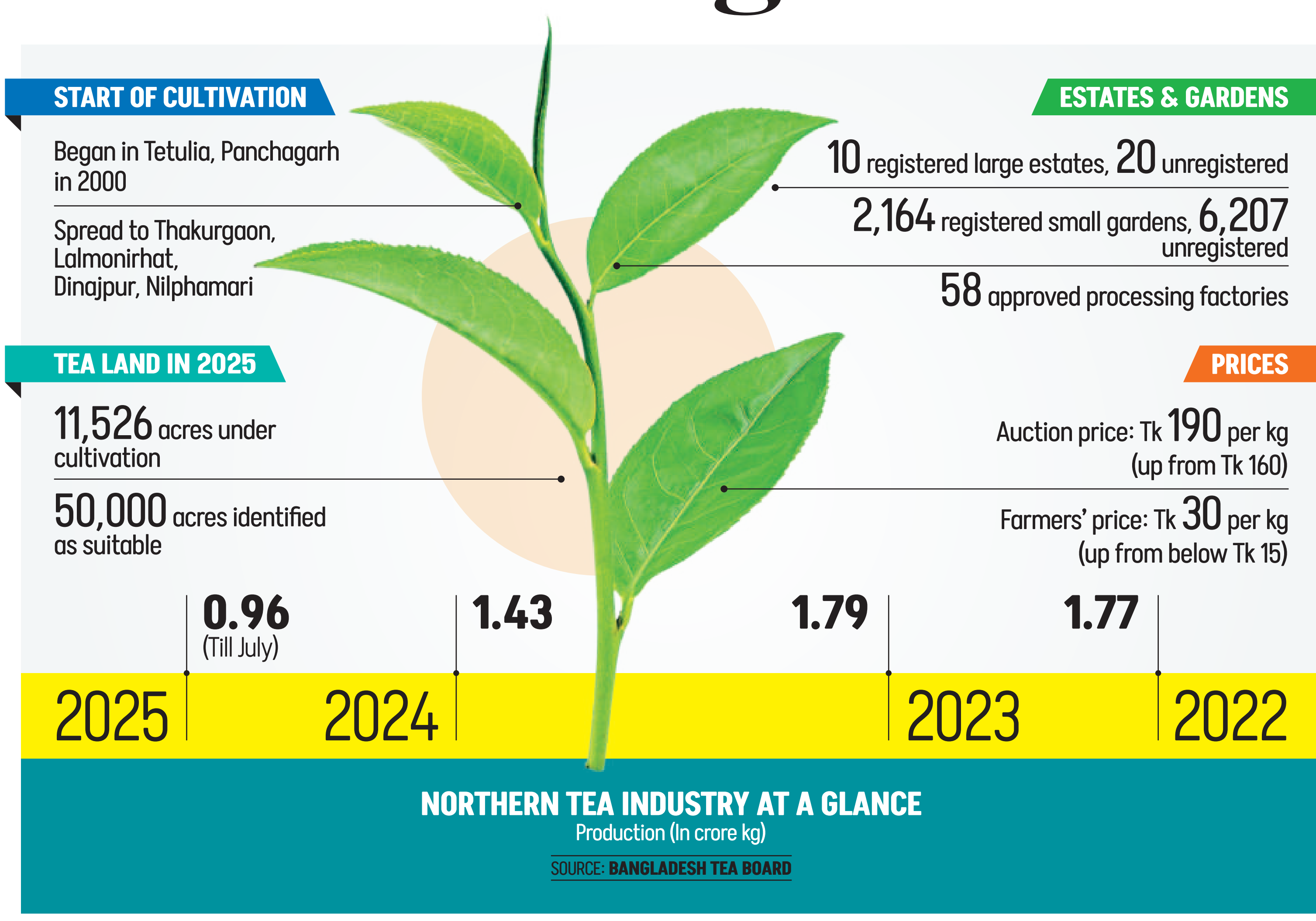
Gold prices rebounded on Friday, buoyed by heightened expectations of a September rate cut following comments from Federal Reserve Chair Jerome Powell at the central bank's Jackson Hole symposium.

Spot gold was up 1.1 percent at $3,373.89 per ounce by 1:31 p.m. EDT (1731 GMT), while US gold futures settled 1.1 percent up at $3,418.50.

The US dollar was down 1 percent, making gold less expensive for other currency holders.

Powell said that the shifting balance of risks may warrant adjusting the Fed's policy stance, but stopped short of committing to a rate cut. His remarks struck a delicate balance, acknowledging growing risks to the job market, while cautioning that inflationary pressures remain.

Rising tea prices bring new life to northern growers



MD QUAMRUL ISLAM RUBAIYAT, *Thakurgaon*

After years of low prices that forced many farmers to abandon their plantations, tea cultivation in five northern districts is showing fresh promise this season thanks to better rates, higher yields, and improved quality.

Tea estates in the region are now fetching Tk 190 per kg at auctions, compared with Tk 160 previously, according to Bangladesh Tea Board (BTB) officials.

Farmers, too, are getting better returns. This season, they are earning Tk 30 per kg for green leaves, up from Tk 15 in recent years, when prices often failed to cover their production costs.

The tea board has set a production target of 1.52 crore kg this year from the five northern districts of Panchagarh, Thakurgaon, Nilphamari, Dinajpur, and Lalmonirhat.

The goal looks achievable, with nearly 96 lakh kg of tea already processed by July, said Arif Khan, acting BTB officer in Panchagarh.

Most of the country's tea comes from Sylhet and the hilly regions of Chattogram. Tea cultivation in the plains began in Tetulia upazila of Panchagarh in 2000.

Tea growing has since spread across neighbouring districts. Currently, some 50,000 acres in the north have been marked as suitable for tea, with 11,526 acres in production this season.

With 29 processing factories, 30 registered and unregistered estates, and an auction centre, the region now ranks as the second largest tea producer in Bangladesh.

During a recent visit to the northern districts, small growers were found plucking fresh leaves in the fields.

Md Sharif, a grower at Dashmile village of Panchagarh Sadar upazila, was supervising workers on his 5-acre plot.

"Leaf prices are good this season," Sharif said.

"In the initial stage, per kg of raw tea leaf was sold at Tk 22. Gradually, it increased and is now being sold at Tk 30," he said.

If the trend holds, the tea grower expects to earn between Tk 2.5 lakh and Tk 3 lakh per acre.

At Baliadangi upazila of Thakurgaon, another tea grower, Hafijul Islam, recalled how tough recent years had been. "In the past several years, I was compelled to sell leaves at an average price below Tk 15 per kg, which did not even cover production costs," he said.

Many small farmers, Islam said, had uprooted their tea plants and gone back to traditional crops.

PHOTO: MD QUAMRUL ISLAM RUBAIYAT

Acting BTB officer Arif Khan said the turnaround followed two years of effort to sort out issues in quality production.

He said the board has provided factories with technical support that reduced electricity use in drying leaves, cut costs, and raised output.

"As production costs have come down and factories are receiving higher prices in the auction for improved quality tea, growers are also benefiting," he said.

According to the official, farmers have also been encouraged to pluck younger leaves, a practice that had not been properly maintained in the past.

Usually, growers harvest leaves six to seven times a year.

However, Khan said this season, farmers will be able to pluck one or two extra rounds and collect more leaves through proper plucking.

Abdus Salam, in charge of Sally Lunn Tea Estate, said increased supervision by the authorities had helped revive tea growing in the plain land.

According to BTB data, tea growing this season stands at 9,729 acres in Panchagarh, 1,457 acres in Thakurgaon, 142 acres in Lalmonirhat, 68 acres in Nilphamari, and 130 acres in Dinajpur.

The north now counts 10 registered and 20 unregistered estates larger than 25 acres, alongside more than 8,300 small gardens below that size.

Considering the scale of tea farming and production in the north, the country's third tea auction centre was launched online in Panchagarh in 2023.

The impact of private sector credit slowdown

SALEKEEN IBRAHIM

Private sector credit growth fell to 6.4 percent in June 2025, the lowest in 22 years. This alarming number reflects the immense strain on the national economy, a slump not seen since the early 2000s. But the fading momentum goes beyond statistics. It is a pulse check on our economic strength, and the social cost of falling credit is immense.

On average, Bangladesh welcomes about 22 lakh new entrants to its workforce every year. Yet with the current downturn, only around 14 lakh jobs are being created, leaving about 8 lakh people without work annually. Industrial expansion tells a similar story. Imports of capital machinery, the lifeblood of new factories, have dropped sharply. In 2025, capital machinery LCs fell by 25 to 33 percent compared with the previous year. New ventures and bold expansions are increasingly being put on hold.

At the same time, banks face record levels of non-performing loans (NPLs). As of March 2025, NPLs stood at Tk 4.2 lakh crore, up from Tk 1.82 lakh crore a year earlier, more than double. Some banks are suffering liquidity crises, while inflation and political instability add further pressure, choking their lending capacity. Restricted credit means weaker consumption, less investment in factories and infrastructure, and slower GDP growth ahead.

Average double-digit inflation for the past 12 months has eroded real wages, forcing families to dip into savings to survive. The informal economy has swelled, and inequality has deepened. Rising unemployment has left many young people under psychological stress, with some drawn into unlawful activities. Incidents of communal violence are also increasing. The International Monetary Fund (IMF) has warned that banking stress and tight credit conditions threaten growth and could raise fiscal risks further.

Why has this economic syndrome emerged? Local entrepreneurs have been unsettled by prolonged uncertainty following the political changeover last year. Weak law and order discourage risk-taking and investment. Mounting NPLs, sluggish deposit inflows, and high borrowing costs have squeezed banks' capacity to lend.

The central bank's policy rate is at 10 percent, as set in the last two monetary policies, in an attempt to tame inflation. But this has pushed commercial lending rates to nearly 15 percent. Such costs deter businesses, especially small and medium enterprises.

Meanwhile, heavy government borrowing is crowding out private borrowers. Banks with comfortable liquidity prefer treasury bills, which promise secure returns, rather than extending credit to businesses.

The way forward requires urgent steps. Once inflation cools, lowering the policy rate must be a priority to ease credit costs. The central bank's Banking Sector Reforms Task Force should accelerate its work to strengthen governance, reduce NPLs, and reinforce bank capital. Restoring law and order and ensuring fair regulation will be critical for rebuilding investor confidence.

Cheap, priority-sector credit should be channelled into SMEs, export-oriented firms, and green industries. The World Bank's Country Private Sector Diagnostic identifies these as areas that can generate jobs, revenues, and inclusive growth. At the same time, the government must cut non-essential spending, clear arrears, and improve revenue collection.

Signs of lost confidence, squeezed livelihoods, and muted aspirations are already visible. Picture a nation with skilled workers, promising industries, and bold vision, but lacking the fuel to power it. That fuel is credit. Without affordable loans, even the best factory cannot open its gates. Without confidence in the rule of law, even the most capable entrepreneur hesitates.

To restore momentum, we must stabilise banking, reduce credit costs, and re-establish investor confidence. Do that, and we do not just lift credit growth. We unlock jobs, innovation, and new windows of hope.

The writer is a senior banker.

Foreign workers have boosted euro zone economy

ECB president Lagarde says

REUTERS, *Jackson Hole*

An influx of foreign workers has given the euro zone's economy a boost in recent years, helping offset shorter working hours and lower real wages, European Central Bank President Christine Lagarde said on Saturday.

Migration into the European Union pushed its population to a record last year despite declining births but governments are placing curbs on new arrivals in response to domestic discontent.

Lagarde listed a rise in the number of workers from outside the 20 countries that share the euro as a factor that supported the bloc's economy despite a growing preference for fewer working hours and a fall in living standards in some sectors.

"Although they represented only around 9 percent of the total labour force in 2022, foreign workers have accounted for half of its growth over the past three years," Lagarde said in a speech at the US Federal Reserve's annual symposium in Jackson Hole, Wyoming. "Without this contribution, labour market conditions could be tighter and output lower."

She said gross domestic output in Germany would be around 6 percent lower than in 2019 without foreign workers and added Spain's strong economic performance since the end of the COVID-19 pandemic also owed much to the contribution of foreign labour.

The EU's population rose to a record 450.4 million people last year as net immigration offset a natural population decline for the fourth straight year.

China stablecoin push is better late than never

REUTERS, *Hong Kong*

Sometimes China's leaders throw markets a curveball, and the latest could prove curvier than most: the country's State Council, or cabinet, may approve a roadmap for boosting global use of the yuan later this month, including a bid to catch up with US progress on stablecoins, per a Reuters report citing unnamed sources.

This would follow passage of the Guiding and Establishing National Innovation for US Stablecoins ("GENIUS") Act in Washington. America's embrace of such tokens had already prompted soul-searching in the People's Republic, where the state-run Securities Times suggested in June that stablecoins backed by offshore yuan assets could provide "a new path forward for renminbi internationalization in these turbulent times".

Jumping on the bandwagon now may smack of fear of missing out, but it nonetheless marks an inflection point for China's currency, which is subject to extensive management and strict capital controls. The mere existence of a plan for stablecoins — digital assets that, unlike bitcoin and its ilk, are pegged to fiat currency — would be a massive U-turn for Beijing, which has outlawed cryptocurrency trading and mining in the country since 2021.

Hong Kong, which sits outside Chinese capital controls and is already a hub for offshore yuan, would be an ideal place to experiment. The city just launched its own regulatory regime this month for the tokens, which requires every stablecoin to be fully backed by highly liquid assets held in reserve. That means every yuan-backed token that is minted will take offshore yuan out of circulation from the city's pool in equal measure, helping minimize risk to China's stated goal of a strong and stable currency.

PHOTO: REUTERS/FILE

A woman holds Chinese yuan banknotes in this illustration. The state-run Securities Times suggested in June that stablecoins backed by offshore yuan assets could provide "a new path forward for renminbi internationalisation in these turbulent times".

Obvious candidates to become licensed issuers include the Hong Kong branches of state-run lenders like Bank of China and Bank of Communications.

They could buy offshore yuan-denominated paper, known as dim sum bonds, to hold in reserve and facilitate issuance. If and when demand for stablecoins grows, China's central government and policy banks can simply sell more dim sum bonds to these banks to expand the pool of offshore yuan-denominated assets. And since the new debt in this scenario simply sits with the banks, authorities do not have to worry about extra liquidity unduly impacting the exchange rate.

Use cases will probably be limited at first. Trade finance may be one bright spot: stablecoins can help lower transaction costs, speed up settlements and increase transparency. Stringent anti-money laundering rules included in Hong Kong's new regulations ought to help assuage concerns over unapproved or illicit use, as should the trail of settlements left on a blockchain by every stablecoin transaction.

In an ideal world this would kick off a virtuous cycle that helps bolster global demand for the yuan, starting with offshore renminbi-denominated debt. Issuance of dim sum bonds in Hong Kong this year already topped 475 billion yuan ($66.2 billion), per the Financial Times, and is on a course to surpass last year's record high. But that's largely due to higher yields offered on offshore bonds relative to the domestic market.