

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▼ 0.35%	▼ 0.18%	\$1,853.31	\$55.41	▼ 1.50%	▼ 0.44%	▼ 0.85%	▼ 0.40%	BUY TK 83.95	101.15	114.00	12.73
5,815.54	10,253.74	(per ounce)	(per barrel)	48,878.54	28,631.45	2,991.53	3,606.75	SELL TK 84.95	104.95	117.80	13.38



Star BUSINESS

DHAKA MONDAY JANUARY 25, 2021, MAGH 11, 1427 BS • starbusiness@thedailystar.net

Private credit growth inches up in Dec

Development not extraordinary, bankers say

AKM ZAMIR UDDIN

Despite demand for loans being suppressed by the ongoing business slowdown, private sector credit growth crept up in December after undergoing a steep descent in the previous two months.

The year-on-year credit growth stood at 8.37 per cent in December, up from 8.21

per cent a month earlier, showed data from Bangladesh Bank.

In its monetary policy statement for fiscal 2020-21, the central bank set a private sector credit growth target of 11.5 per cent by December last year and 14.8 per cent by June this year.

But till date, this has turned out to be far from reality because of the financial

SOHEL PARVEZ

The need to maintain social distancing in order to avoid infection amid the ongoing coronavirus pandemic has buoyed the global demand for bicycles.

And with Bangladesh being an exporter of bikes, the country is also reaping the benefits of the spiraling demand for two-wheelers.

Bicycle exports are surging as an increasing number of people are using two-wheelers to avoid mass transportation that puts them at risk of infection, such as buses and the metro.

Bike shipments amounted to \$65 million in the July-December period of fiscal 2020-21, marking a 44 per cent year-on-year growth, according to data from the Export Promotion Bureau (EPB).

This was the highest ever half-yearly export growth in the past five years for bike exports.

"A growing number of people, particularly in Europe, are using bicycles in order to maintain social distancing," said Md Luthful Bari, director of operations of Meghna Group, the country's biggest bike exporter.

Besides, a section of people who used to go to the gym for exercise now ride bicycles as an alternative, he added.

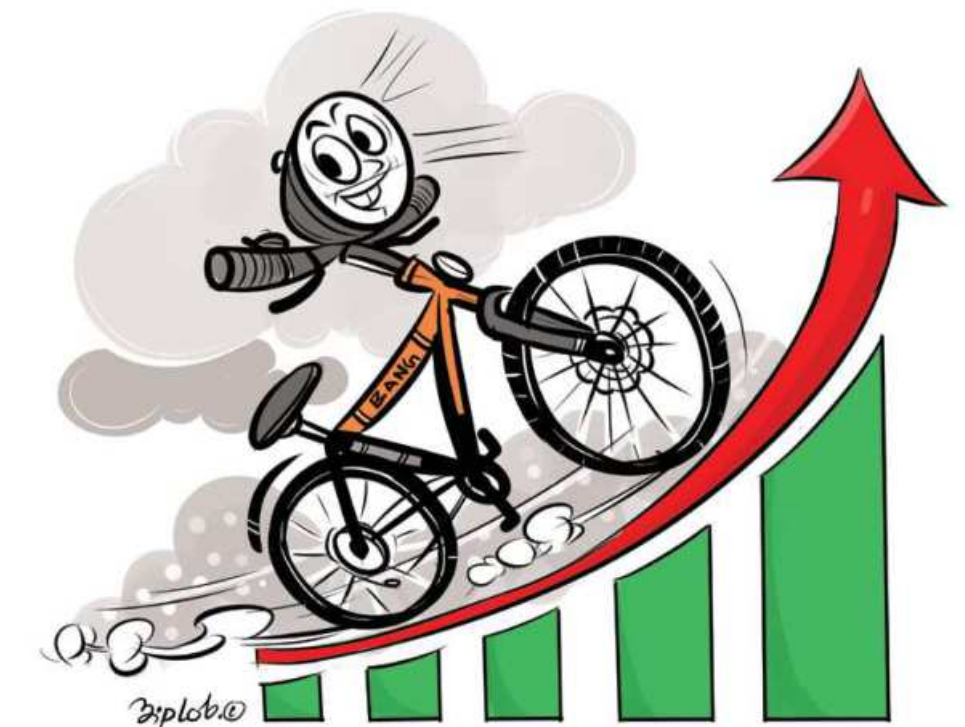
Bangladesh fetched \$126 million from bike exports in fiscal 2014-15, which was the highest in the last 10 years.

But since then, bicycle shipments, which are mainly destined for European markets, had been on the wane, EPB data shows.

Exporters said the closure of bike factories in China following the Covid-19 outbreak affected production and created more demand among buyers to look for alternative sourcing destinations.

"Many big companies used to buy in big volumes exclusively from China but after the spread of coronavirus there, they realised the importance of diversified sourcing," said Joydul Abedin, chief operating officer of RFL Bike Industry, a concern of PRAN-RFL Group.

"As Bangladeshi products have a good name



in European markets, we are getting many queries," he added.

Some six companies make bicycles for export mainly to Europe to reap the benefits of the duty-free entry that Bangladesh enjoys as a least developed country.

Abedin also said that a new market for bicycles is opening up because of a trade war between China and the US.

"Though we do not have the generalised system of preferences facility for the US, we still started getting orders from US buyers. This new market will help us grow at an even faster pace for the next five years," he said, adding that the Indian market also has good potential.

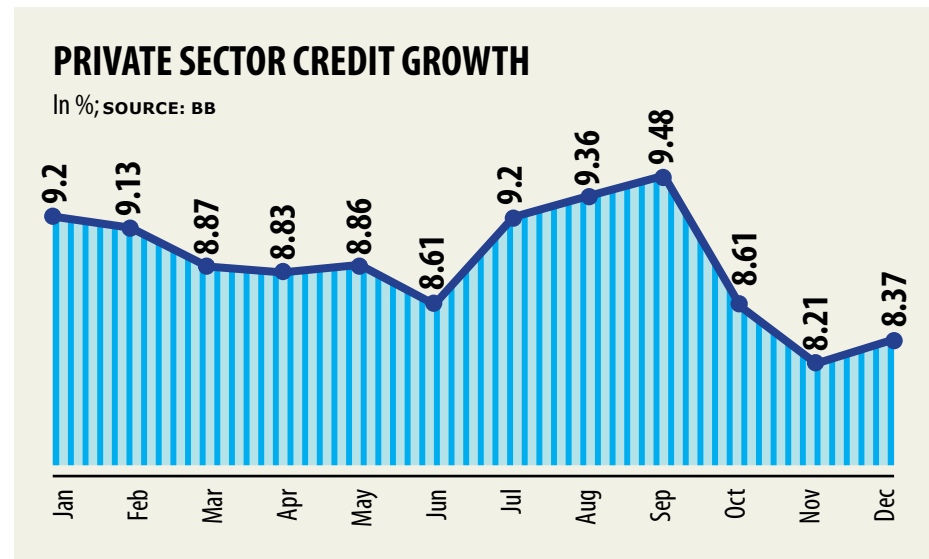
"I see a huge opportunity to grow Bangladesh's export market in the bicycle industry. After

the garment industry, this is going to be the second biggest export market which will help Bangladesh move to the next level," Abedin said.

Bari, also secretary of the Bangladesh Bicycle & Parts Manufacturers' and Exporters' Association, expects that export earnings from bicycles will cross \$115 million by the end of the ongoing fiscal year.

"We have a good flow of orders," he said, adding that government support in the form of cash incentives would be helpful to increase exports.

Apart from export, the domestic market for bikes also expanded in 2020 thanks to the increased demand for alternative modes of transport to maintain social distance, Abedin said.



INTRODUCING NEW
HOTLINE NUMBER **16704**

dbi CERAMICS

facebook.com/dbiceramics.com
www.dbiceramics.com

meltdown brought on by the coronavirus pandemic.

Banks add accrued interest to the principal amount of loans in the final month of every quarter, which usually pushes up credit growth temporarily, said bankers.

READ MORE ON B3

SR Group sets up largest chemical plant in north

Invests Tk 850cr, targets garment and cosmetics industries

MOSTAFA SHABUI, Bogura

SR Group has set up a chemical manufacturing plant in Bogura, the largest of its kind in the northern region of the country, at an investment of Tk 850 crore. The project went into operation last month.

Located on 35 acres of land in the Mirzapur area on the Dhaka-Rangpur highway under Sherpur upazila, SR Chemical Industries was established last year and started producing caustic soda on December 16.

So far, it has manufactured more than 650 tonnes of liquid caustic and 450 tonnes of caustic soda and sold them in the domestic market.

The products are being used in paper mills, water treatment plants, and disinfectant industries, according to Asif Rabbani, managing director of SR Chemical.

"We have a ready market in the garment and textile industries. Therefore, we have established this factory as a backward linkage of the growing garment, textile

and cosmetic industries in the country," he said.

The annual production capacity of the factory is 54,000 tonnes, including 30,000 tonnes of caustic soda, 12,000 tonnes of bleaching powder and 12,000 tonnes of bleaching fine. Some other items will be produced as byproducts.

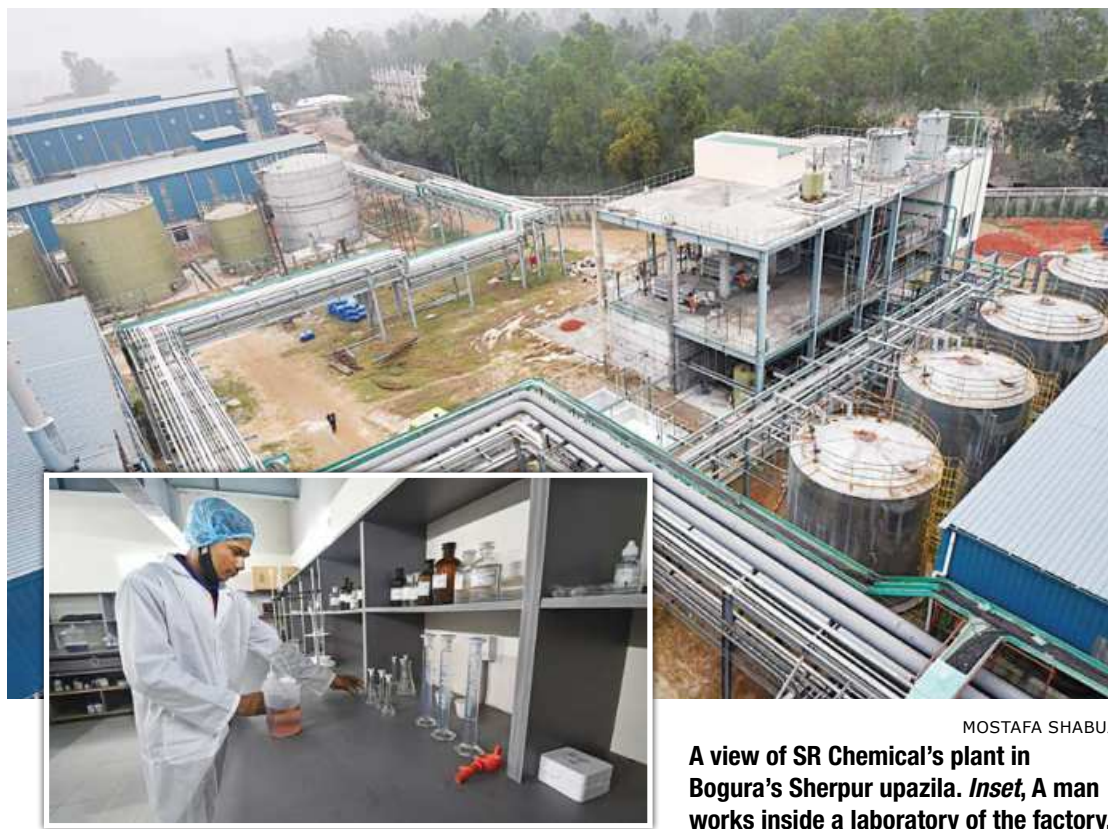
Once full-fledged production begins, it can produce seven types of chemicals, including caustic soda (flake), liquid caustic bleaching power, bleaching fine, hydrochloric acid, sodium hypochlorite and liquefied chlorine worth Tk 500 crore annually.

Half of the products will be exported to South Asian countries, Rabbani added.

It has a sales contract with bleaching fine technology partner Dezhou Chemicals of China, which will buy at least 50 per cent of the bleaching fine product.

About 60 per cent of the fund came from Islami Bank Bangladesh and the rest from SR Group's own coffers.

READ MORE ON B3



A view of SR Chemical's plant in Bogura's Sherpur upazila. Inset, A man works inside a laboratory of the factory.

Lead banks selected for CMSME loan disbursement

STAR BUSINESS REPORT

Bangladesh Bank yesterday selected lead banks for every district in order to speed up the disbursement of loans among cottage, micro, small and medium enterprises (CMSMEs).

A lead bank will play a major role in giving out loans to CMSMEs, according to a notice issued by the central bank. The lead organisation will assist all banks and non-bank financial institutions in a district such that the small business will avail their desired loans appropriately.

The banking regulator started to select lead banks since last year, but many of them did not play their due role set by the BB, a Bangladesh Bank official said.

Against the backdrop, the central bank issued the notice, publishing the list of the lead banks for every district, he said.

The lead bank will organise opinion exchange meeting at upazila and district level in order to speed up the CMSME loan disbursement, which will ultimately help recover the business slowdown at a fast pace.

The respective deputy commissioner of every district will lead the CMSME loan disbursement process.

A monitoring committee of CMSME loan disbursement has already been formed in every district, which will also supervise to give out the stimulus package of Tk 20,000 crore properly to the sector.

Banks have so far disbursed around Tk 12,000 crore of the CMSME package to clients. The whole package will have to be distributed within March.

Beximco Pharma stocks soar on Sanofi takeover news

STAR BUSINESS REPORT

While investors continued to exhibit a tendency towards profit-booking, stocks of Beximco Pharmaceuticals rose 5.15 per cent to Tk 208.40 yesterday after news broke that it would buy a major stake in Sanofi Bangladesh.

The DSEX, the Dhaka Stock Exchange's (DSE) benchmark index, dropped 20 points, or 0.35 per cent, to 5,815 yesterday.

The local drug company's stock was the most sought-after of the day thanks to the firm's recent announcement that it would buy 54.6 per cent of Sanofi's Bangladesh unit in order to diversify its product base.

The remaining 45.4 per cent shares are owned by the Bangladesh government, according to a disclosure on the DSE website.

The base-price consideration for the majority stake is £35.5 million, subject to the deduction of the

company's net financial debt and adjustments for short or excess over an agreed normative working capital at the closing date, it said.

The final consideration, which may be up to a maximum of £40 million, would be paid in cash on completion of the proposed

transaction from a combination of Beximco Pharma's own cash resources and additional debt.

It is anticipated that the proposed transaction will be completed within the next three to nine months, it added. Beximco Pharmaceuticals also topped the

turnover list yesterday with trade worth Tk 256 crore followed by Beximco, LankaBangla Finance, Robi Axiata and Summit Power.

Investors realised that the company has huge potential all on its own while the purchase of a majority stake in Sanofi will only enhance it, according to a stock broker.

"So, they are buying its stocks," he said, adding that they should remain cautious since its value has already more than tripled over the last few months.

Investors have been pouring their money into all of Beximco Group's concerns for the past few months, so all the stocks have been rising, said a merchant banker preferring anonymity.

Some of the companies performing well for the past few months include Beximco, Beximco Pharmaceuticals, IFIC Bank and Shinepukur Ceramics, all of which are concerns of Beximco Group.

Beximco clocks 77pc higher revenue

STAR BUSINESS REPORT

Beximco raked in a 77 per cent higher revenue to Tk 1,656 crore in the first half of fiscal 2020-21, thanks to an increase in the export of personal protective equipment (PPE) and face masks.

Meanwhile the profits booked were also higher by two and a half times, or 252 per cent. In figures, it is Tk 167 crore.

The local drug maker logged profits of in the last six months.

"Our revenue and profits rose mainly due to higher sales of PPE, masks and other pandemic related products. These products were sold in the USA and UK," said Company Secretary Mohammad Asad Ullah.

READ MORE ON B2

READ MORE ON B3

Employees urge Sanofi to pay benefits before handing stake

STAR BUSINESS REPORT

The workers and employees of Sanofi Bangladesh Ltd have demanded the French multinational company provide all benefits to the staff before handing the entire stake of its local unit to Beximco Pharmaceuticals.

The Sanofi Bangladesh Limited Workers-Employees Association (SBLWEA) alleged SBL was exiting the country without giving any compensation to its employees.

In a statement, Sanofi Bangladesh, however, "Since the beginning of this process, Sanofi has consistently reaffirmed that our employees' interests will be integral in the final selection of the buyer of the stake in the company."

The briefing came after Beximco Pharmaceuticals announced on Thursday that it was set to acquire 54.6 per cent stake in Sanofi Bangladesh for about Tk 400 crore, as it looks to expand its product base and diversify into new areas.

With this, the French pharmaceuticals giant will exit Bangladesh ending its presence in the country that spans more than six decades, as it has been struggling to compete with local companies.



READ MORE ON B3



Romo Rouf Chowdhury, vice chairman of Bank Asia; Rume A Hossain, chairman of the board executive committee; Dilwar H Choudhury, chairman of board audit committee, Romana Rouf Chowdhury and Helal Ahmed Chowdhury, directors, and Md Arfan Ali, president and managing director, attend the bank's "Annual Business Meet-2021" at Bank Asia Tower in Dhaka on Saturday. Mohd Safwan Choudhury, another vice chairman, inaugurated the event through a digital platform.



SA Mallick, managing director of New Zealand Dairy Products Bangladesh, and Mohsin Ahmed, CEO, launch Farmland Full Cream Milk Powder at The Daily Star Centre in Dhaka yesterday. The powder milk comes from New Zealand-based dairy company Fonterra Limited.

Newly elected JCI Bangladesh committee takes office

STAR BUSINESS DESK

A newly elected committee of Junior Chamber International (JCI) Bangladesh took office on Friday with the inauguration ceremony held at Le Meridien in Dhaka.

Former president Sarah Kamal handed over the responsibilities to newly elected President Niaz Morshed Elite in presence of Information Minister Hasan Mahmud.

"We have to dream not only for ourselves or our families, but for the whole country and the people of the country. Only then the country will reach its goal," said Mahmud.

He said the immense energy of the youth was always crucial to keep this unprecedented trend of progress in the country intact. British Deputy High Commissioner to Bangladesh Javed Patel and Suchinta Foundation Chairman Mohammad A Arafat were present.



Information Minister Hasan Mahmud poses with a newly elected committee of the Junior Chamber International (JCI) Bangladesh at Le Meridien in Dhaka on Friday.



Shafique-ul-Azam, managing director of BD Venture, a venture capital company registered with the Bangladesh Securities and Exchange Commission as an alternative investment fund manager, announces its second "VC Investment Exit" from Brain Station 23.

Rules need further reforms for smooth global trade finance

FROM PAGE B4

The recently issued rule on advance payment to the exporter for advance payment for import seems to be a tool of import financing and not truly factoring. It is conditional and has a provision of advance permission of advance remittance for imports of goods and services into Bangladesh and against acceptable repayment guarantee from a bank abroad.

The supplier furnishes repayment guarantee acceptable to the authorised dealer from a bank abroad, to be invoked for a refund of the amount paid in advance in the event of the supplier's default in delivering the goods or services as per contract.

The procedure has many compliance obligations of reporting to the BB and presentation of evidence of the release of consignments on time. The importer must submit within four months from the dates of remittances the relevant authenticated copy of the customs bill of entry.

With this rule, the BB has extended the upfront import payment regime, allowing offshore banks and external financiers such as bank and trade finance company to pay under the buyer's credit.

From now on, the external foreign financiers, as well as the representatives of local banks like the offshore business units, will be able to meet such advance payments required under the condition of return of money guaranteed by the financing

mechanism.

The recent opening up of payment methods for two-way international trade by the BB rules - "Advance payments against imports under buyer's credit" for import trade and "Export under open account credit terms against payment undertaking/ payment risk coverage with the option of early payment arrangement on the non-recourse basis" for export trade -- are mainly focused on the security of foreign currency and recovery of export proceeds. It should be used as a credit facility for international trade.

Modern global trade funding and other trade finance tools provide the platform and financial infrastructure to minimise risk for importers and exporters. Financial institutions in Bangladesh are yet to introduce the software-backed platform and set up the relevant infrastructure for international transactions. Instead, they use old-fashioned transactions.

The beauty of modern trade finance is extending financing without a mortgage or third-party guarantee as those have in-built methods of security. BB's both-way payment method reforms are a major change in the foreign exchange policy. These conservative policies are not in conformity of trade finance of globally accepted standards. Both rules need further reform to allow smooth trade finance of other countries.

International trade involves traders

and banks of different countries and needs a uniform policy.

The author is a legal economist. He can be reached at msiddiqui2035@gmail.com

Beximco Pharma stocks soar on Sanofi takeover news

FROM PAGE B1

"So, most of those companies are now overvalued," the merchant banker said, adding that some of these stocks may lead to losses.

Against this perspective, investors should channel their money considering a company's potential and performance, he said.

The DSE's turnover, an important indicator of the market, rose 19 per cent to Tk 1,454 crore.

Newly listed Energypac Power Generation topped the gainers' list, rising 9.92 per cent, followed by Nitel Insurance, Shyampur Sugar Mills, Shinepukur Ceramics and Northern Insurance.

Paramount Insurance Company shed the most, falling 7.61 per cent, followed by Eastern Insurance Company, Peoples Insurance Company, Mercantile Insurance Company and Northern Islami Insurance.

The port city bourse also fell yesterday as the general index of the Chittagong Stock Exchange, the CASPI, dropped 34 points, or 0.20 per cent, to 16,986.

Among the 253 stocks to witness trade, 67 advanced, 145 fell and 41 remained unchanged.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার				
প্রকল্প পরিচালকের কার্যালয়				
কর্ণেল মালেক মেডিকেল কলেজ ও ৫০০ শয্যা বিশিষ্ট হাসপাতাল স্থাপন শীর্ষক প্রকল্প, মানিকগঞ্জ				
স্মারক নং- সিএমএমসি ও ৫০০ বেড/প্রকল্প/মানিকগঞ্জ/২০২১/২৪	তারিখঃ ২৪/০১/২০২১ইং			
উন্মুক্ত দরপত্র বিজ্ঞপ্তি				
স্বাস্থ্য অধিদপ্তর, মহাখালী, ঢাকা-১২১২এর স্মারক নং-স্বাঃঅঃপঃগঃ/মানিকগঞ্জ মেঃকঃহঃ ও ট্রেসঃ/৫৬৬/২০১২-১৯/৯৩৩ তারিখঃ ১৯/১১/২০২০ইং মোতাবেক কর্ণেল মালেক মেডিকেল কলেজ ও ৫০০ শয্যা বিশিষ্ট হাসপাতাল স্থাপন শীর্ষক প্রকল্প, মানিকগঞ্জ এর ২০২০-২০২১ইং আর্থিক বৎসরের জন্য নিম্নলিখিত মেডিকেল যন্ত্রপাতি সরবরাহের উদ্দেশ্যে প্রকৃত মেডিকেল যন্ত্রপাতি সরবরাহকারী ঠিকাদারী প্রতিষ্ঠান/আধা-সরকারি/স্বায়তশাসিত প্রতিষ্ঠানের নিকট হতে উন্মুক্ত দরপত্র আহবান করা হল।				
১	মন্ত্রণালয়/বিভাগ			
২	সংস্থা/সংগ্রাহক সত্তার নাম ও ঠিকানা			
৩	বাজেট ও অর্থের উৎস			
৪	সংগ্রাহক সংস্থা ও সংগ্রাহকারীর নাম, পদবী ও জেলা			
৫	দরপত্রের পদ্ধতি			
৬	দরপত্র কাজের বিবরণী			
৭	দরদাতার যোগ্যতা			
৮	দরপত্র সিডিউল সংগ্রহের শেষ তারিখ ও সময়			
৯	দরপত্র সিডিউল প্রাপ্তির স্থান			
১০	দরপত্র জমা/দাখিলের স্থান			
১১	প্রিটেন্ডার সত্তার সময়, তারিখ ও স্থান			
১২	দরপত্র দাখিলের শেষ তারিখ ও সময়			
১৩	দরপত্র বাস্তব খোলার তারিখ ও সময়			
১৪	দরপত্র সিডিউল সংগ্রহের পদ্ধতি			
১৫	দরপত্র ও নিরাপত্তা জামানতের পরিমাণ			
১৬	সংরক্ষিত ক্ষমতা			
১৭	কাজের বিবরণীঃ			
ক্রম নং	দরপত্রের নাম	দরপত্র জামানতের পরিমাণ	সিডিউল মূল্য	মন্তব্য
০১	Package No: GDTHE-04, Lot No.: CMMCH-01	১৯,০০,০০০.০০	৫,০০০.০০	দরপত্র মোতাবেক
০২	Package No: GDTHE-04, Lot No.: CMMCH-02	৮,৩০,০০০.০০	৫,০০০.০০	-এই-
০৩	Package No: GDTHE-04, Lot No.: CMMCH-03	৬,৩০,০০০.০০	৫,০০০.০০	-এই-
০৪	Package No: GDTHE-04, Lot No.: CMMCH-04	১০,০০,০০০.০০	৫,০০০.০০	-এই-
০৫	Package No: GDTHE-04, Lot No.: CMMCH-05	৭,৩০,০০০.০০	৫,০০০.০০	-এই-
০৬	Package No: GDTHE-04, Lot No.: CMMCH-06	৮,৭৫,০০০.০০	৫,০০০.০০	-এই-
০৭	Package No: GDTHE-04, Lot No.: CMMCH-07	৭,০০,০০০.০০	৫,০০০.০০	-এই-
০৮	Package No: GDTHE-04, Lot No.: CMMCH-08	১০,০০,০০০.০০	৫,০০০.০০	-এই-
০৯	Package No: GDTHE-04, Lot No.: CMMCH-09	৫,২৫,০০০.০০	৫,০০০.০০	-এই-
১০	Package No: GDTHE-04, Lot No.: CMMCH-10	৯,৯৫,০০০.০০	৫,০০০.০০	-এই-
১১	Package No: GDTHE-04, Lot No.: CMMCH-11	৮,৪৫,০০০.০০	৫,০০০.০০	-এই-
১২	Package No: GDTHE-04, Lot No.: CMMCH-12	৮,০০,০০০.০০	৫,০০০.০০	-এই-
১৩	Package No: GDTHE-04, Lot No.: CMMCH-13	৫,৮০,০০০.০০	৫,০০০.০০	-এই-
১৪	Package No: GDTHE-04, Lot No.: CMMCH-14	৬,৩০,০০০.০০	৫,০০০.০০	-এই-
১৫	Package No: GDTHE-04, Lot No.: CMMCH-15	৮,০০,০০০.০০	৫,০০০.০০	-এই-
১৬	Package No: GDTHE-04, Lot No.: CMMCH-16	৮,৭৫,০০০.০০	৫,০০০.০০	-এই-
১৭	Package No: GDTHE-04, Lot No.: CMMCH-17	৭,৭০,০০০.০০	৫,০০০.০০	-এই-
১৮	Package No: GDTHE-04, Lot No.: CMMCH-18	৬,৮০,০০০.০০	৫,০০০.০০	-এই-
১৯	Package No: GDTHE-04, Lot No.: CMMCH-19	৮,৯৫,০০০.০০	৫,০০০.০০	-এই-
১৮	বিশেষ নির্দেশনা	ক) গণপ্রজাতন্ত্রী বাংলাদেশ সরকারের পাবলিক প্রকিউরমেন্ট আইন-২০০৮ (সর্বশেষ সংশোধনসহ) ও বিধিমালায় শর্তাবলী অনুসরণ করা হবে। খ) সকল কাজে অভিজ্ঞতাসম্পন্ন ঠিকাদারদের অগ্রাধিকার দেওয়া হবে। গ) কোন কারণবশতঃ দরপত্র দাখিল ও খোলার দিন অফিস বন্ধ থাকিলে পরবর্তী অফিস খোলার দিন একই সময়ে ও নিয়মে দরপত্র গ্রহণ ও খোলা হবে। ঘ) সরকারের পাবলিক প্রকিউরমেন্ট আইন-২০০৮ (সর্বশেষ সংশোধনসহ) অনুযায়ী আর্থিক সামর্থ্য যাচাইয়ের নিমিত্তে উপরে উল্লেখিত আইটেম ভিত্তিক পণ্যের ক্ষেত্রে সংশ্লিষ্ট ঠিকাদারের ব্যাংক স্টেটমেন্ট/ব্যাংক স্থিতি আছে মর্মে প্রত্যয়নপত্র দাখিল করিতে হবে। চ) চুক্তির মেয়াদ শেষে ফেরতযোগ্য।		
১৯	অন্যান্য শর্তাবলী	দরপত্রে উল্লেখিত শর্তাবলী প্রযোজ্য।		
ডাঃ খান মোহাম্মদ আরিফ				
প্রকল্প পরিচালক				
কর্ণেল মালেক মেডিকেল কলেজ ও ৫০০ শয্যা বিশিষ্ট হাসপাতাল স্থাপন শীর্ষক প্রকল্প, মানিকগঞ্জ				
জিডি-১৬১				

New 110cc Honda Livo launched

STAR BUSINESS DESK
Bangladesh Honda Private yesterday launched a new 110cc Honda Livo with advanced performance features for the masses.

Developed considering Bangladeshi customers' needs and manufactured at the Bangladesh Honda factory in Munshiganj, Livo Drum is priced at Tk 103,900 and Livo Disc at Tk 108,900.

Livo was introduced in Bangladesh on June 2017.

"With regular product upgrades and customers, Livo sale crossed the 50,000 mark in just 37 months," the company said in a statement.

The new Honda Livo has sporty graphics, a digital and analog meter with service due indicator, a chrome plated muffler and a curved fuel tank.

Managing Director Himihiro Katsuki and Naresh Kumar Rattan, senior vice president for sales and marketing, also spoke.



BANGLADESH HONDA PRIVATE
Bangladesh Honda Private officials launch a new 110cc Honda Livo with advanced performance features yesterday.

Eastern Bank partners with IDB member to support SMEs

STAR BUSINESS DESK
Eastern Bank has signed a "Murabaha Financing Facility" deal with International Islamic Trade Finance Corporation, a member of Islamic Development Bank Group.

The partnership will help provide financial support to small and medium enterprises (SMEs), particularly those which need to import raw materials, according to a statement.

"(It will) provide better value to its importer clients through (the corporation and group's) extensive links and support...access to value added facility and will contribute to trade business of the country," said Eastern Bank Managing Director Ali Reza Iftekhar.

The corporation CEO Hani Salem Sonbol said it was "to facilitate SME's access to financing, which is key to participation in global value chains and to country's economic growth as well."

The corporation "continues to extend support in trade development that ultimately leads to socio-economic development of our member countries", said Sonbol.

The corporation commenced operations in January 2008, with the primary objective of advancing trade among the Organisation of Islamic Cooperation member countries.

It has since provided \$53.9 billion in financing to OIC member countries.

The corporation helps entities in member countries gain better access to trade finance and provides the necessary trade-related capacity building tools, thus enabling them to successfully compete in the global market.

London stock market facing blockbuster IPO year

AFF, London
London will enjoy a very strong year for stock market flotations, analysts say, arguing that both Brexit and coronavirus offer firms a unique opportunity to expand.

Various big-name businesses that have seen booming online demand from home-bound customers during Covid-19 lockdowns have revealed eye-catching plans for initial public offerings (IPOs) in recent weeks.

Clarity over Britain's final departure from the European Union on January 1 acted as a catalyst for many companies to raise funds, according to specialists, while the rollout of Covid-19 vaccines also soothed investor concerns over the deadly pandemic.

So far this year, the celebrated shoemaker Dr Martens, app-driven meals delivery service Deliveroo and online greetings card seller Moonpig have all outlined plans.

"Looking to the year ahead, we can expect 2021 to be a very strong year for the UK IPO market," said Scott McCubbin at London-based financial services giant EY.

SR Group sets up largest chemical plant in north

FROM PAGE B1
The plant will create jobs for 1,000 people. It has already recruited 800 people, including technicians, engineers and workers, said Md Rayhan Ferdoush, head of the production.

Some 15 to 20 Chinese technicians and engineers will provide technical support for the next two years.

Within January, a Chinese technical team will start producing bleaching fine, Rabbani said.

In Bangladesh, some other enterprises produce chemicals.

Tasnim Chemical of Meghna Group of Industries, Global Heavy Chemicals of Oponin Group, and Samuda Chemical of TK Group produce caustic soda. ASM Chemical manufactures caustic soda and bleaching powder.

During a feasibility study, SR Chemical found that there is a demand for more than Tk 500 crore to Tk 600 crore worth of chemicals in the domestic market.

In order to address environmental issues, the company is using Japanese Asahi technology and the plant has been built by BCMC, a part of ChemChina, a Chinese company known globally for its green technologies, said Rabbani.

"We are running a zero-liquid discharge ETP [effluent treatment plant] following the environmental guideline. The plant is being controlled by an auto machine unit and there are 67 sensors. If leakage occurs, the whole plant will be shut down within seconds," he added.

The plant has secured the environment clearance from the Department of Environment (DoE).

Md Ashrafuzzaman, director of the Rajshahi divisional office in Bogura of the DoE, said SR Chemical availed the location clearance certificate last year to construct the plant.

SR Group runs 17 units in the areas of telecom, transport, logistics, restaurant, garment accessories, food processing, fast-moving consumer goods, CNG processing, information technology and chemicals.

Employees urge Sanofi to pay benefits before handing stake

FROM PAGE B1
There are around 1,000 employees working in Sanofi Bangladesh.

Speaking at the media briefing at the Dhaka Reporters Unity in the capital, Sanjib Kumar Chakraborty, general secretary of the SBLWEA, said, "Sanofi is leaving the country by selling its shares, but they are not willing to give any kind of financial compensation to its staff."

There is a clear intent to deprive all officers and employees of provident fund, gratuity, workers participation fund, pension and compensation, said Chakraborty.

According to him, in the past and in recent times, many international companies closed local operations or sold stakes. In each case, the companies paid appropriate compensation to their employees.

The trade union threatened that it would go for tougher actions to realise its demand.

"The trade union will never back down or make a compromise. We have clearly stated our in a letter to the country chair and the managing director and also set a deadline to meet the demands."

"We are deeply concerned that Sanofi management still unilaterally decides on the demands of the employees without any discussion with the trade union. Taking a unilateral decision on the demands of the employees without any discussion with the registered trade union is a clear violation of national and international labour laws," Chakraborty said.

Sanofi Bangladesh said, "While we had initially committed to 12 months of collective employment guarantee, Sanofi has now announced that its employees will continue on the current terms and conditions that exist today for three years from the closing of the transaction. The employees will also continue to have the same benefits."

"Furthermore, our employees' interests continue to remain important to the finalisation of the process."

Razequzzaman Ratan, president of the Socialist Labour Front, expressed solidarity with the trade union and assured that they would discuss with the International Labour Organisation about the demands.

Md Nuruzzaman Raju, president of the SBLWEA, also spoke at the press conference.

Sanofi owns 54.6 per cent shares of Sanofi Bangladesh, while the industries ministry holds 25.36 per cent stake and Bangladesh Chemical Industries Corporation owns 19.96 per cent.

Sanofi has been operating in Bangladesh since 1958.

Brac Bank gets ICSB gold award

STAR BUSINESS DESK
The Institute of Chartered Secretaries of Bangladesh (ICSB) has presented Brac Bank a gold award in a general banking category at a 7th ICSB National Award for Corporate Governance Excellence for 2019.

Commerce Minister Tipu Munshi as chief guest addressed the ceremony at Radisson Blu Dhaka Water Garden on Saturday.

"Governance, compliance, ethics, and transparency are the cornerstones of Brac Bank's business model. We believe in these values," said Brac Bank Managing Director Selim RF Hussain.

"This recognition from the ICSB for the second consecutive year is a milestone for us towards becoming the best bank in the country...We dedicate this award to our people," he said.

The ICSB has awarded 35 locally listed companies for excellence in corporate governance this year.

Beximco clocks 77pc higher revenue

FROM PAGE B1
"The US government took PPE from us and some other countries also took these products from Beximco," he said.

"Our textile sector also produced higher profits in the first half," he added.

Stocks of Beximco rose 6.72 per cent to Tk 88.90 yesterday.

Private credit growth inches up in Dec

FROM PAGE B1
For this reason, the credit growth inched up last month, which is why the increase in growth should not be termed an extraordinary phenomenon, they said.

In accounting, accrued interest refers to the amount of interest that has been incurred, as of a specific date, on a loan but has not yet been paid out.

Accrued interest can be in the form of accrued interest revenue for banks.

Credit growth has been subdued in the last two years but it started undergoing a tailspin soon after the government declared the lockdown in March last year to keep the deadly flu at bay.

The growth commenced to increase since July last year riding on the implementation of stimulus packages by both the government and the central bank.

But the increasing trend lasted till September and the growth started to nosedive again from October.

The banking sector is also facing a burden of excess liquidity due to the feeble credit demand from businesses and commoners in tandem.

Excess liquidity in banks escalated 95 per cent year-on-year to Tk 204,700 crore in December last year.

There had been no extraordinary reason for the increase in credit growth in December as banks had not experienced any robust loan demand from borrowers, said Emranul Huq,

managing director of Dhaka Bank.

Adding accrued interest to the principal loans amount pushed the credit growth for the time being, he said.

Borrowers had enjoyed a loan moratorium throughout last year, meaning that a majority of clients did not pay the interest associated with loans they availed.

So, banks were forced to add the accrued interest to the principal loan amount of borrowers, Huq said.

In addition, banks also tried to give out loans in the concluding month of last year as part of efforts to widen their balance sheets, giving a push to credit growth to some extent, he said.

"Businesses are still taking the cautious path for expansion of their industrial units given the ongoing business slowdown. So, the increased credit growth in a true sense did not bring any optimism at this moment," he said.

Md Arfan Ali, managing director of Bank Asia, echoed him.

But he went on to express hope that the credit growth would get a boost within the next two to three months because of the optimism brought about with the arrival of vaccines and hopes of an economic recovery from the second half of this year.

Several global think tanks have recently forecasted that the global economy will rebound strongly from the second half of this year.

Such optimism has already led to a hike in

prices of commodities in the global market such as food grains, soyabean, steel, cotton and so on, Ali said.

This will widen import financing of banks within the next few months, which will subsequently increase export earnings as well, he said.

"The country will enjoy the economic recovery at a faster pace than what the nations of the Eurozone and North America will experience in the coming days," he said.

In recent months, the health complications stemming from the coronavirus are fading away from Bangladesh, creating strong hopes of a recovery in the quickest possible time, he said.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said it would take at least the first quarter to enable predictions on whether the credit growth would witness a sustainable rise.


The economic recovery largely depends on the effectiveness of vaccination process across the globe, he said.

"We may get a respite from the ongoing uncertainty within this quarter as the vaccination process will enjoy a momentum during this period," Rahman said.

People will also get to know about the payoffs from the vaccine, he said.

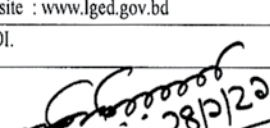
The outstanding loans in the private sector stood at Tk 11,41,342 crore as of December in contrast to Tk 11,20,902 crore the previous month.

Government of the Peoples Republic of Bangladesh
Local Government Engineering Department
Promoting Resilience of Vulnerable Through Access To Infrastructure,
Improved Skills And Information(PROVATI)
Agargaon, Sher-e-Bangla Nagar
Dhaka-1207.
www.lged.gov.bd


শেখ হাসিনার মূর্ততি
শ্রী শ্রী শ্রী
শ্রী শ্রী শ্রী

Invitation for Expression of Interest (EOI)

1	Ministry/Division	Local Government Division.
2	Agency	Local Government Engineering Department(LGED)
3	Procuring Entity Name	Project Director, Promoting Resilience of Vulnerable Through Access To Infrastructure, Improved Skills And Information(PROVATI)
4	Procuring Entity Code	Not use at present.
5	Procuring Entity District	Not Applicable
6	Expression of interest for selection of	Engagement of NGO-MFI in Conducting Household Methodologies - Training & Coaching, and GALS - for LCS members' Sustainable Livelihood in a) Rangpur Region (Selected Upazilas of Rangpur, Lalmonirhat, Gaibandha & Nilphamari Districts.) b) Kurigram Region (9 upazilas of Kurigram District) and c) Jamalpur Region (Selected 5 Upazilas of Jamalpur District)
7	EOI Ref. No.	Memo No-46.02.0000.916.25.016.21/237
8	Date	24-01-2021
KEY INFORMATION		
9	Procurement Method	FBS (Fixed Budget Selection) method
FUNDING INFORMATION		
10	Budget and Source of Funds	GOB and IFAD
11	Development Partners	IFAD
PARTICULAR INFORMATION		
12	Project Code	224243100
13	Project Name	Promoting Resilience of Vulnerable Through Access To Infrastructure, Improved Skills And Information (PROVATI)
14	EOI Package No.	a) PRO/PMU/Rang/GALS/2020-21/SE-14 b) PRO/PMU/Kuri/GALS/2020-21/SE-15 c) PRO/PMU/Jamal/GALS/2020-21/SE-16
15	EOI Package Name	a) Engagement of NGO-MFI in Conducting Household Methodologies - Training & Coaching, and GALS - for LCS members' Sustainable Livelihood in the Rangpur Region(Selected Upazilas of Rangpur, Lalmonirhat, Gaibandha & Nilphamari Districts). b) Engagement of NGO-MFI in Conducting Household Methodologies- Training & Coaching, and GALS - for LCS members' Sustainable Livelihood in the Kurigram Region (9 upazilas of Kurigram District) c) Engagement of NGO-MFI in Conducting Household Methodologies - Training & Coaching and GALS for LCS members' Sustainable Livelihood in the Jamalpur Region (Selected 5 Upazilas of Jamalpur District).
16	EOI Publication Date	24-01-2021
17	EOI Closing Date and Time	15-02-2021 at 02:00 pm
18	EOI opening Date and Time	15-02-2021 at 03:00 pm
INFORMATION FOR Applicant		
19	Brief Description of Assignment	The NGO-MFI as a service provider will be engaged to develop livelihoods and social benefits of LCS members and their households. The LCS members are poor women and men selected from the 25 project Upazilas (mostly from 90 priority Unions) grouped in three regions. The service providers will provide service year on year basis over the contract period subject to annual renewal upon satisfactory service delivery. The process will allow the NGO-MFI to include the trainees in their Micro Finance (MF) activities aiming at graduation of the poor from poverty. The Service providers will provide the following services solely or in collaboration with others: a) Design, plan and implement training including the activities such as developing customized training modules; necessary training materials and aids; and will have to prepare all training documents in Bangla so that the participants can easily assimilate the contents. b) The training should preferably be arranged in established training centres located in each project district/Upazila and where non-residential accommodation can be provided for minimum 25 participants per batch with sufficient space to maintain COVID-19 safety compliances. c) Provide potential IGA training for promoting sustainable livelihoods within the contract time and will link them with MF facilities if they wish to undertake self-managed IGA. d) The service provider will maintain a systematic database of the trainees including age, education, marital status, and source of income, etc. e) Within 3 months of contract, the service provider should allow time to be trained in especially the Household Coaching (including GALS) approach, and to develop training materials in close consultation with the Project.
20	Experiences, Resources and Delivery Capacities Required.	The NGO-MFI as a service provider to apply for the assignment should have to meet the following shortlisting criteria: (a) Each NGO-MFI must have experience in organizing and conducting livelihood and social training (including in gender equality, health, and nutrition) for extremely poor groups. (b) Each selected NGO-MFI must have microcredit operations in assigned Upazilas where they will be providing training and LCS members will join the microcredit groups. (c) Each NGO-MFI must be partner or associate organization of PKSF, and if they submit EOI/Proposal, they will have to submit relevant certificate or recommendation with the EOI/Proposal document. (d) The NGO-MFI must have experience of developing HH level vision and plans and facilitating/coaching households in behavioral change and graduate them out of poverty - as well as developing training manuals using highly visual approaches relevant for the ultra-poor. Interested NGO-MFI must provide information indicating that they are qualified to perform the services including as follows (i) General and Specific Experience of the NGO-MFI. Specific experience with documentation of completing the similar type assignment within previous ten (10) Financial years indicating the name of the client, Duration of contract, Contract value, Duration of training/coaching, number of participants following with Contract completion certificate. (ii) Brochures with the mandatory document such as registration certificate with Microcredit regulatory Authority and other relevant authority. (iii) TIN and VAT number and updated trade license, (iv) List of available professionals as per the Terms of Reference showing qualification and experience, (v) Relevant document in favor of logistics, summarizing their facilities; and organizational strength. (vi) Documents about Firm's financial capability. The financial capability shall be shown as Financial Turn Over supported by a registered Audit Firm for the previous three (3) Financial years. Joint venture with other NGO-MFI also be allowed according to PPR-2008, Article 54.
21	Other Details	This procurement will be administered by PPR-2008 in consistent with IFAD procurement guideline (with successive amendments). Shortlist for NGO-MFI will be done for each region separately. So Interested NGO-MFI who wants to participate for more than one package should submit EOI for every package separately. In case a NGO-MFI applies for more than one package, their aggregate qualification criteria will be considered for shortlisting in more than one packages. It is mandatory for marking the EOI Package name and EOI number on Envelope clearly. The Interested NGO-MFI may obtain ToR & further information from the office of the Procuring Entity.
22	Association with foreign firm is	Not Applicable
Procuring Entity Details		
23	Name of Official Inviting Expression of Interest	Md. Anisul Wahab Khan.
24	Designation of Official Inviting Interest	Project Director, PROVATI, LGED, Dhaka-1207.
25	Address of Official Inviting EOI	RDEC Bhaban (Level-3), LGED, Agargaon, Dhaka-1207 E-mail: pd.provati@lged.gov.bd
26	Contact details of Official Inviting EOI	Phone: +8802-9146212 E-mail: pd.provati@lged.gov.bd, Website : www.lged.gov.bd
27	The procuring entity reserves the right to accept or reject any or all the EOI.	


(Md. Anisul Wahab Khan)
Project Director
PROVATI, LGED

GD- 162

Rules need further reforms for smooth global trade finance



MS SIDDIQUI

The main modes of international trade are export and import and they involve four common methods of payment: cash in advance, open account or supplier credit, documentary collection, and documentary credit or letter of credit (LC).

The rules of Bangladesh Bank (BB) and the import policy order of the government allowed all modes of payments for export. But for import, the cash in advance is not allowed except for small transaction such as the purchase of books.

In the course of time, the BB allowed the advance payment against the commercial import, which was limited to \$5,000 for an importer and only in 2019 the amount was increased to \$19,000 per annum.

There was another option of prior permission for the higher amount of transactions.

The restriction was relaxed for a limited period during the pandemic for up to \$500,000 or equivalent other foreign currency for importing coronavirus-related life-saving drugs, medical kits or equipment and other essential medical items.

The rule of the BB and the import policy order of the government restricted the import transactions through LC. It is expensive and time-

consuming.

The LC has become obsolete since it has involvements of different parties, namely the nominating bank, the reimbursing bank, and the confirming bank.

Some of them are involved only to ensure the creditworthiness of the issuing bank against a certain percentage of commission.

On January 14, the BB issued a rule on advance payments against imports under buyer's credit to open up the transaction of import, if the money is directly paid by the external financiers and/or offshore banking operations of scheduled banks.

The additional condition of repayment guarantees irrespective of amount acceptable to ADs comes from banks abroad.

Cash in advance is a popular

The beauty of modern trade finance is extending financing without a mortgage or third-party guarantee as those have in-built mechanisms to ensure security



STAR/FILE

Trade finance has another purpose of reducing risks involved in cross-border trade transactions, which would otherwise be borne by importers and exporters.

method of a transaction as this is the cheapest mode. There is no universally accepted regulation on cash in advance. It is guided by the purchase or sale agreement. In this mode, the interest of exporter is fully protected, and the interest of importer is not protected.

Banks are involved in the process of transferring payment. Documents and shipments are directly handled by the

exporters and importers.

The import policy order of the government allows import against LCs having at sight or at deferred payment basis. Import against LC authorisation is also permissible under certain conditions. These international transactions usually involve finance as well.

Trade finance has another purpose of reducing risks involved in cross-border trade transactions, which

would otherwise be borne by the importers and exporters.

Trade finance mechanism has a range of financing methods and tools to facilitate the payment for goods to exporters, who require payment for the goods and services in advance.

Import financing is a specialised segment of trade finance that exclusively provides financing for imports. Import financing includes

a variety of financial products and financial services that have in common the similar purpose or objective of providing the international financing and methods of payment that are needed to purchase and import goods from another country.

Factoring, one of the tools of international trade finance, is a global financial product for trade financing for both domestic and international trade. It is an effective mean of short-term funding for easy access to working capital. The domestic factoring can revolutionise the financing of working capital of the production of goods and services.

Factoring is known as invoice factoring, or invoice trading or invoice discounting in case of export. Exporters by selling their account receivables can get quick access to cash while they wait for their overseas importers to pay for the goods they received. They can reinvest that cash or use it to cover other expenses as well as day-to-day operations. The traditional bank finances rely on the security of the mortgage, but the factoring does not require such mortgage of fixed assets and others.

Bangladesh has introduced a system of trade financing close to factoring for export transactions. The BB circular issued on June 30 under the subject of "Export under open account credit terms against payment undertaking/payment risk coverage with the option of early payment arrangement on the non-recourse basis" is mooted as credit guarantee. This is a rule of factoring mostly focusing on recovering export proceeds but not full factoring services such as export trade finance. There are some shortcomings of this rule.

READ MORE ON B2

Regulator vows to build people's confidence in insurance

STAR BUSINESS REPORT

The Insurance Development and Regulatory Authority (IDRA) is working to build people's confidence in the insurance sector, its Chairman Mosharraf Hossain said yesterday.

"Though there is some disappointment about the sector, some reforms have been going on."

His comments came at a seminar organised by the Daily Baniijo Protidin in the auditorium of the Economic Reporters' Forum (ERF) in the capital.

"All the people should be brought under the insurance coverage. If this can be done, it would benefit both the people and the insurance companies," he said.

Contribution of the insurance sector to the Bangladesh economy is 0.57 per cent while it is 3.69 per cent in India and 2.36 per cent in Indonesia, the chairman said.

The insurance sector in Bangladesh has failed to grow keeping pace with the economy of the country, he said.

"The sector needs to gain confidence for bringing all under the insurance coverage," said Mizanur Rahman, commissioner

"All the people should be brought under the insurance coverage. If this can be done, it would benefit both the people and the insurance companies," IDRA chairman says

of Bangladesh Securities and Exchange Commission.

There is some problems in the sector, but it has huge potential also, said Rahman.

Insurance sector-related people should play an active role to remove the confidence crisis, he added.

In the seminar, Sayedur Rahman, president of Bangladesh Merchant Bankers' Association, AKM Rashed Shahrir, editor of Daily Baniijo Protidin, and Md Kazim Uddin, CEO of National Life Insurance, also spoke.

Special committee working to rein in edible oil prices: minister

STAFF CORRESPONDENT, Chattogram

A high-level committee of the commerce ministry is working to ensure fair prices of all essential commodities, including edible oil, according to Commerce Minister Tipu Munshi.

"A decision has been taken to sell all brands of loose edible oil in consumer packs or bottles to help easily identify brand names and prevent adulteration of edible oil in the market," Munshi said during a press briefing after a meeting with edible oil traders at his office yesterday.

"Besides, the commerce ministry, industry ministry and various businessman are also working in this regard. Hopefully, they will be able to implement it soon," he added.

The commerce minister also said that fair prices of import-dependent products would be ensured after considering international market prices.



"No one will be allowed to take the opportunity to make extra profit in excise of the international market price," Munshi said.

During the meeting, officials of the commerce ministry submitted a report to the minister, outlining the steps to be taken to control the price

of edible oil.

According to the report, edible oil manufacturers are causing problems in the product's supply chain to local markets as they have issued advance sales orders (SO-Sleep Order) in excess of their production capacity.

In addition, the SOs issued by the

companies are handed-over one to another several times while creating huge profit opportunities for market players.

The report also said that if the price of the product tends to rise in the international market, companies reduce the supply of oil through pre-issued SOs and issue new SOs.

For this reason, the market of the product has become unstable in the market, it said.

To address these supply chain issues, the report also said that edible oil producers should take steps to ensure that SOs are not issued in excess of their capacity and that the SO is valid for only 15 days.

Commerce Ministry Secretary Md Zafar Uddin, Chairman of Bangladesh Trade and Tariff Commission Munshi Shahabuddin Ahmed, Chairman of TCB Brigadier General Ariful Hasan, Chairman of Meghna Group Mostafa Kamal and senior officials of the ministry were also present in the meeting.

GLOBAL BUSINESS

US Fed holds first policy meeting of Biden administration

AFP, Washington

With a new year and a new administration in the White House, the US central bank nonetheless faces an unprecedented challenge in guiding the post-pandemic economic recovery. One thing Federal Reserve Chair Jerome Powell is unlikely to face from President Joe Biden is the barrage of Twitter attacks he was subject to, sometimes daily, under former president Donald Trump.

White House spokeswoman Jen Psaki last week said Biden "clearly has a great deal of respect and value for the Federal Reserve and role they play. "But even absent political pressures, the outlook is daunting. The initial rollout of Covid-19 vaccines has raised hopes companies will be able to open for business and shoppers will open their wallets, improving the economy's prospects.

But the historic nature of the job losses during the pandemic -- more than 10 million US workers remain unemployed -- coupled with the likelihood inflation in

some sectors could spike once the recovery takes hold, will test the Federal Reserve's limited toolkit.

These challenges could be discussed when the Fed's policy-setting Federal Open Market Committee (FOMC) opens its first two-day policy meeting of the year on Tuesday. After slashing the benchmark lending rate to zero early in the coronavirus crisis, and massively increasing bond purchases to pump cash into the economy, the FOMC has signaled will not change policy in the near future. "I think they've set their course pretty clearly," Stephanie Aaronson, a vice president at the Brookings Institution and former Fed research economist, told AFP. "I would be surprised if that really changed throughout the spring.

Business shutdowns imposed to contain the spread of the virus caused immediate, massive job losses in 2020, and at the end of the year, four million people had been unemployed for six months or more, comprising 37 percent of total unemployment. The expectation for more government



REUTERS/FILE

The Federal Reserve building is pictured in Washington.

aid under the Biden administration -- which has proposed a massive \$1.9 trillion rescue package -- will give the central bankers hope for a more solid rebound and improved hiring, Aaronson said.

Still, so much about the pandemic-induced recession has been historic, and the recovery too will present policymakers with scenarios they have never

encountered. When the recovery does begin, the Fed's main nemesis -- inflation -- is likely to flare up in areas that bounce back first, like hotels, restaurants and air travel. "There are many aspects of our current economy that are still unprecedented. And that means that their job is incredibly challenging," George Washington University economist Tara Sinclair

said in an interview.

The Fed last year announced a new framework that gives officials flexibility to address the situation. The central bank pledged to allow inflation to exceed its two percent goal for a time to ensure the unemployment rate drops from its 6.7 percent level at the end of 2020. That is a radical shift from the past, when central bankers would raise rates early to head off inflation. "They can see the whites of inflation's eyes before they need to be necessarily thinking about really changing policy" under the new framework, Sinclair said.

But Aaronson noted that Powell will have to communicate clearly to both Wall Street and small businesses to calm concerns.

Overshooting on inflation "shouldn't induce a loss of credibility, as long as they are able to convince people say that it's transitory and that this is absolutely part of what they're aiming for," she said. The Fed's preferred inflation measure, the PCE price index, is running at just over one percent as of November.

Germany urges Taiwan to help ease auto chip shortage

REUTERS, Berlin/Taipei

Germany has asked Taiwan to persuade Taiwanese manufacturers to help ease a shortage of semiconductor chips in the auto sector which is hampering its fledgling economic recovery from the COVID-19 pandemic.

Automakers around the world are shutting assembly lines due to problems in the delivery of semiconductors, which in some cases have been exacerbated by the former Trump administration's actions against key Chinese chip factories.

The shortage has affected Volkswagen, Ford Motor Co, Subaru Corp, Toyota Motor Corp, Nissan Motor Co Ltd, Fiat Chrysler Automobiles and other car makers.

In a letter sent by Reuters on Sunday, German Economy Minister Peter Altmaier asked his Taiwanese counterpart Wang Mei-hua to address the issue in talks with Taiwan Semiconductor Manufacturing Co Ltd (TSMC) 2330. TW, the world's largest contract chipmaker and one of Germany's main suppliers.

"I would be pleased if you could take on this matter and underline the importance of additional semiconductor capacities for the German automotive industry to TSMC," Altmaier wrote.

Altmaier said the aim was to enable additional capacities and deliveries of semiconductors in the short and medium term. The German automobile industry was already in direct talks with TSMC about hiking deliveries and there had been "very constructive" signals from TSMC to solve the problem, he wrote.

A German economy ministry spokeswoman said it was monitoring the situation very closely and that it was in talks on the issue with the car industry.