

star BUSINESS

Bangladesh doesn't need IMF funds, but right policies: governor

STAR BUSINESS REPORT

Bangladesh does not need funds from the International Monetary Fund (IMF) if it can mobilise enough domestic resources, said Bangladesh Bank Governor Ahsan H Mansur, as he stressed that the country requires the right policies rather than "begging for foreign funds".

"Bangladesh's financial position is strong. The only weak area is revenue collection, and the solution lies in improving revenue generation," Mansur said at a roundtable yesterday.

"This fiscal year, the country has nearly \$29 billion in remittances and \$50 billion in exports. These two sources alone contribute about \$80 billion. After deducting letters of credit (LCs), the country still has \$10 billion in hand," the central bank governor said at a roundtable organised by The Business Standard at its office at Eskaton in Dhaka.

"Why should I have to go and beg for money?"

Speaking at the event titled "Path to Recovery for the Banking Sector", Mansur said, "I still publicly say that we don't need IMF money, but we do need the right policies. If our policies are correct, we won't need foreign funds; we can manage with our own resources."

He pointed out that despite rising interest rates, deposit growth remains sluggish. The banking sector's ultimate solution lies in increasing deposits.

"Bangladesh's financial position is strong. The only weak area is revenue collection, and the solution lies in improving revenue generation."

Ahsan H Mansur
Bangladesh Bank governor



To resolve non-performing loans (NPLs), deposit growth must be high, and that will happen only with good governance. When there are enough deposits, it becomes easier to tackle other banking sector issues," said Mansur, an economist who served the IMF earlier in his career.

He said the Bangladesh Bank will soon conduct a fit and proper test for bank directors to assess their suitability. "If found unfit, they will be asked to resign."

"We don't want to see housewives, daughters and sons on boards who have no proper experience."

The governor said the central bank will also form a panel of independent directors so that banks can appoint them. The government has sought suggestions from the Association of Bankers, Bangladesh (ABB) on the qualifications required for directors.

"The central bank will not allow the country's

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Tapan to buy Tk 32cr shares in Square Pharma

STAR BUSINESS REPORT

Tapan Chowdhury, managing director of Square Pharmaceuticals, has expressed his intention to purchase 15 lakh shares of the company—the largest drug producer of the country—valued at around Tk 32.5 crore at the current market price.

Chowdhury, also a sponsor of the company, plans to acquire the shares at the prevailing market price in both the public and block markets through the Dhaka Stock Exchange (DSE) within the next 30 working days, Square Pharmaceuticals said in a disclosure on the premier bourse's website.

Shares of Square Pharmaceuticals declined 0.09 percent to Tk 216.9 yesterday on the DSE.

Chowdhury's announcement comes two weeks after a similar declaration by Anjan Chowdhury, another sponsor director of Square, who also intended to buy 15 lakh shares, valued at Tk 32 crore at the market price at that time.

As of November 30 last year, Tapan Chowdhury held a 9.47 percent stake in Square Pharmaceuticals, a major concern of Square Group. Following the purchase, his total stake in the company will increase to 9.65 percent.

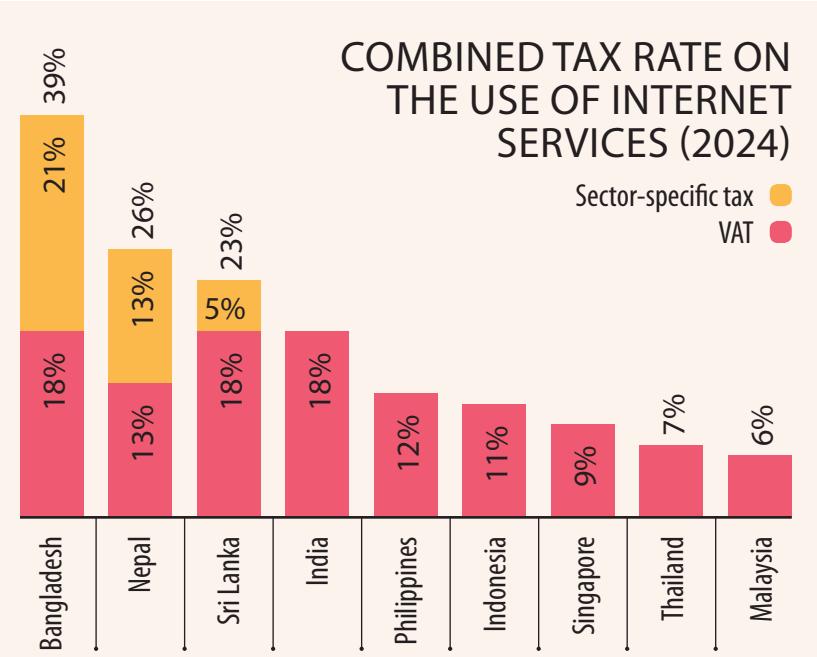
As of January this year, sponsors and directors collectively held 42.91 percent of Square Pharmaceuticals' shares, while the public owned 27.67 percent.

Foreign and institutional investors held 15.54 percent and 13.88 percent, respectively.

The pharmaceutical producer and exporter's net profit rose 26 percent year-on-year to Tk 660 crore in the October-December period of the 2024-25 fiscal year.

Bangladeshis burdened with high internet taxes

GSMA says it exacerbates digital divide



MAHMUDUL HASAN

Bangladeshi citizens were burdened with some of the highest taxes on internet usage in Asia in 2024, with a combined tax rate of 39 percent on internet services, according to a recent report by GSMA, a non-profit organisation that represents the interests of mobile network operators worldwide.

This high tax rate, comprising 21 percent in sector-specific taxes and 18 percent in VAT, exacerbates the digital divide and poses a significant barrier to the country's digital transformation efforts, the report said.

The report, titled "Enabling Mobile Network Investment: Policy Reforms for Bangladesh", reveals that Bangladesh's internet tax rate far exceeds that of its regional peers.

Nepal imposes a 26 percent tax on internet services, Sri Lanka 23 percent, India 18 percent, the Philippines 12 percent, and Indonesia 11 percent.

The GSMA report highlights that the telecom sector in Bangladesh faces additional financial challenges, including notably higher corporate income tax rates compared to other industries.

Publicly traded telecom companies

READ FULL STORY ONLINE

Exports edge up in further relief to economy

JAGARAN CHAKMA and REFAYET ULLAH MIRDHA

Bangladesh's exports have shown resilience, displaying steady growth in key sectors such as garments, plastics and seafood in the first eight months of fiscal year (FY) 2024-25, somewhat defying global economic headwinds and domestic concerns like high inflation and political uncertainty.

In February, export earnings stood at \$3.97 billion, a 2.77 percent year-on-year increase from \$3.86 billion, according to data published by the Export Promotion Bureau (EPB) yesterday.

This development comes days after the Bangladesh Bank reported a jump in remittance inflows, which surged 25 percent year-on-year to \$2.52 billion last month, offering much-needed relief to a strained economy.

Total exports in the first eight months of FY25 reached \$32.94 billion, up 10.53 percent year-on-year.

Exports of the readymade garment (RMG) sector, Bangladesh's largest export earner, grew 1.66 percent last month.

Overall, apparel exports rose 10.64

BY THE NUMBERS

- February exports: \$3.97b
- Growth: 2.77%

IN FIRST 8 MONTHS OF FY25

- Total exports: \$32.94b
- Growth: 10.53%

LEATHER: MIXED PERFORMANCE

- Leather footwear: 24.02%
- Raw leather: -8.68%

ENGINEERING ON THE RISE

- Electric products: 13.51%
- Bicycle: 64.7%

KEY SECTORS DRIVING GROWTH

GARMENTS

81% of total exports

Total exports: \$26.79b

Knitwear: \$14.34b

Woven garments: \$12.45b

PLASTICS

Growth: 22.25%

RUBBER

Growth: 34.71%

percent to \$26.79 billion in the July-February period compared to the preceding year.

In the same period, knitwear exports climbed 11.01 percent to \$14.34 billion, while exports of woven garments increased 10.22 percent to \$12.45 billion.

The RMG sector accounted for over 81 percent of total export earnings, yet again underlining its dominance in the country's export basket.

"The outlook of our

garment exports is promising as work orders are rebounding," said Faruque Hassan, a former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

However, he said law and order must be improved as international clothing retailers frequently raise concerns over security.

According to Hassan, the country is also benefiting from US President Donald Trump's tariff policies. Higher tariffs on Chinese and Mexican apparel exports to the US are redirecting orders to Bangladeshi manufacturers, he opined.

However, low pricing remains a key challenge, he mentioned.

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Businesses demand easing rules to enjoy tax benefits

STAR BUSINESS REPORT

Two leading business chambers yesterday demanded the cancellation of a Tk 36 lakh cap on cash expenses to qualify for lower corporate tax rates, calling the requirement impractical.

In an economy where a large portion of transactions take place outside the banking system -- particularly in the informal sector -- such restrictions create barriers for businesses seeking tax benefits, they said.

"Although corporate tax rates have been gradually reduced in recent fiscal years, the conditions on cash transactions mean no company is able to fully utilise these benefits," said Kamran T Rahman, president of the Metropolitan Chamber of Commerce and Industry (MCCI).

He made the comments while presenting the MCCI's tax-related proposals at a pre-budget discussion at the National Board of Revenue (NBR) headquarters in the capital's Agargaon.

The NBR organised the discussion as part of its exercise to consult business chambers, professional bodies, and economists, and seek proposals on tax measures for the fiscal year 2025-26.

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NCC Bank signs remittance disbursement deal with Commerce Plex

STAR BUSINESS DESK

NCC Bank PLC signed a remittance disbursement agreement with Commerce Plex Limited (Simpaisa), based in the UK, on Monday, aiming to offer swift and secure remittance services for Bangladeshi expatriates residing in the United Kingdom and the broader EU region.

The service will be accessible through all NCC Bank branches, along with its network of partnered NGOs and sub-agent branches nationwide.

Simpaisa, the UK, signed the agreement in Dhaka, as reported in a press release.

This collaboration introduces a new service that allows the Bangladeshi diaspora in the UK and Europe to remit their hard-earned money to relatives and family members in Bangladesh in a safe, timely, and efficient manner.

The service will be accessible through all NCC Bank branches, along with its network of partnered NGOs and sub-agent branches nationwide.



M Shamsul Arefin, managing director of NCC Bank, and Bachir Njeim, chief strategy and operations officer of Simpaisa, pose for photographs after signing the agreement in Dhaka on Monday.

PHOTO: NCC BANK



Ziaul Hasan, deputy managing director, chief anti-money laundering compliance officer, and head of channel banking at Bank Asia, presides over the financial literacy day programme on Monday.

PHOTO: BANK ASIA

Bank Asia observes 'Financial Literacy Day-2025'

STAR BUSINESS DESK

Bank Asia PLC observed "Financial Literacy Day 2025" on Monday by organising a series of activities in accordance with the directives set forth by the Bangladesh Bank.

To mark the day, the bank organised an online session, uniting agents, field staff, and officials from across the nation.

Ziaul Hasan, deputy managing director, chief anti-money laundering compliance officer, and head of channel banking at the bank, presided over the programme virtually, the bank said in a press release. Moreover, the bank disseminated special content via its website and social media platforms, while audio-visual materials focusing on financial literacy were showcased at branch locations, aiming to enhance awareness among customers.



Md Shawkat Ali Khan, managing director and CEO of Sonali Bank, poses for photographs with senior officials from Vista and Western Union at the launch of the year-long "Tri-Party Remittance Campaign 2025" at the bank's head office in Dhaka on Monday.

PHOTO: SONALI BANK

Emirates launches three new destinations in Asia

STAR BUSINESS DESK

Emirates has strengthened its presence across Asia with the launch of daily non-stop flights between Dubai and Shenzhen, set to commence on July 1 this year.

In addition, the airline

will launch four weekly services to Da Nang on June 2, and three weekly flights to Siem Reap from June 3, with both destinations connecting via Bangkok. This expansion also marks Emirates' fourth gateway into mainland China, with the initiation of services between Dubai and Shanghai.

With the inclusion of Shenzhen, Da Nang, and Siem Reap, Emirates now operates 269 weekly

flights from Dubai to 24 destinations, according to a press release.

This expansion also marks Emirates' fourth gateway into mainland China, with the initiation of services between Dubai and Shanghai.

This milestone heralds the beginning of a fruitful two-decade partnership, underpinned by strong bilateral ties between the UAE and China, now reflected in operations in Beijing, Shanghai, and Guangzhou.

Through its extensive passenger and freighter services, Emirates facilitates the transport of 2,000 tonnes of cargo weekly from mainland China.

The addition of four weekly services to Da Nang via Bangkok now makes it the airline's third Vietnamese gateway, following Hanoi and Ho Chi Minh City.

Flights to Da Nang will be operated with the Emirates Boeing 777 on Mondays, Wednesdays, Fridays, and Sundays.

Government of the People's Republic of Bangladesh
Office of the Jail Super
Pirojpur District Jail
(jailsuperpirojpurjail@yahoo.com)

Date: 03/03/2025

e-Tender Notice

e-Tender is invited in the National e-GP System Portal (OTM) (<http://www.eprocure.gov.bd>) for 02 Nos. Packages of Revenue-03/2024-2025 for Pirojpur District Jail.

SL No.	Tender ID	Name of work	Publishing date, closing date & time
1	1082287	Procurement of Dietary Articles of Package-5 for the period of 01 January/2025 to 30 June/2025	03 Mar 2025 17-00-00 16 Mar 2025-11-30-00
2	1082288	Procurement of Dietary Articles of Package-13 for the period of 01 January/2025 to 30 June/2025	03 Mar 2025 17-00-00 16 Mar 2025-11-45-00

This is an online tender, where only e-Tender will be accepted in the National e-GP Portal and offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP System Portal (<http://www.eprocure.gov.bd>) is required. Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk (<http://www.eprocure.gov.bd>).

Md. Mostofa Kamal
Jail Super
Pirojpur District Jail
Phone: 0247-9938025

GD-561

বাংলাদেশ লোক-প্রশাসন প্রশিক্ষণ কেন্দ্র
সাভার, ঢাকা-১৩০৩
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২০২৫-২০২৬ অর্থ বছরের আওতায় গবেষণা প্রস্তাব আহ্বান

বাংলাদেশ লোক-প্রশাসন প্রশিক্ষণ কেন্দ্রের ২০২৫-২০২৬ অর্থবছরের রাজ্য বাজেটের আওতায় গবেষণা প্রস্তাব আহ্বান করা হয়েছে। গবেষণা প্রস্তাব সম্পর্কে বিস্তারিত তথ্য কেন্দ্রের ওয়েবসাইটে www.bpatc.gov.bd পাওয়া যাবে।

স্বাক্ষরিত
ড. মোঃ জহুরুল ইসলাম
পরিচালক (গবেষণা ও উন্নয়ন)

GD-555

সূত্র নং- প্র/সি- প্র/কাটি/১/২৪-১২/মুক্তি/০৮-০২/কাটি/১৪/১৪-১২/১-১৪-১৪		কার্যব্যৱস্থা
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Contactless payments doubled in 2024

Visa report says on Bangladesh

STAR BUSINESS REPORT

Contactless payments, or tap-to-pay transactions, more than doubled to 13 percent of all transactions in Bangladesh in 2024 through Visa, a leading global digital payments provider, according to a new report.

The Visa Trends Report revealed that domestic contactless payments alone have tripled, driven by increased usage of both credit and debit contactless cards.

In its comparison of trends from 2023 to 2024, the global payments provider's findings indicate a significant shift towards digital payments, with notable growth in online and contactless transactions, both domestically and across borders.

Compared to 2023, Visa recorded a 14 percent increase in overall spending and a 17 percent rise in transactions in 2024. Both credit and debit card usage saw substantial growth, with online payments the key driver. While in-store payments increased, online transactions remained the primary catalyst for growth, per the report.

Domestic spending was largely driven by e-commerce transactions.

Meanwhile, international transactions saw strong growth in both in-store payments and online purchases.

"Our latest analysis highlights Bangladesh's rapid shift towards digital and contactless payments across all segments – credit and debit cards, online and in-store transactions, and both domestic and international usage," said Sabbir Ahmed, country manager for Bangladesh, Nepal, and Bhutan at Visa.



"Backed by the expertise of our Visa Consulting and Analytics team, we are committed to providing secure digital payments to consumers, businesses, and clients across Bangladesh," he added.

The analysis also highlighted increased digital adoption by businesses, with a 50 percent rise in card-based spending. In particular, business credit cards experienced a surge of over 135 percent in both spending and the number of transactions.

Nearly half of domestic spending came from digital wallet loads. Other major domestic spending categories included travel services, pharmacies, and healthcare.

However, cross-border payments were primarily driven by education, business-to-business (B2B) transactions, food and grocery purchases, and government services.

A deeper analysis by Visa revealed that over 90 percent of cross-border spending by Bangladeshis was concentrated in 20 countries.

The top five destinations – India, the US, the UK, Thailand, and the United Arab Emirates – accounted for more than half of the total.

The top five countries where Bangladeshis spent the most in-store last year were India, Thailand, the US, the United Arab Emirates, and Singapore.

While India remained the leading destination for cross-border spending, it saw a 10 percent decline compared to the past year. Thailand, ranked second, witnessed a more than 20 percent increase in spending, driven primarily by medical tourism.

Bangladeshis spent nearly 25 percent more on healthcare and over 35 percent more at pharmacies in Thailand. Other notable cross-border spending markets included Malaysia, Mainland China, and Vietnam.

Within Bangladesh, Dhaka remained the dominant hub for digital transactions, accounting for 75 percent of total spending and 80 percent of transactions in 2024.

The city also saw a 20 percent increase in spending, with 60 percent of consumers preferring online payments. Other cities witnessing growth in digital payments included Gazipur, Rajshahi, Rangpur, and Mymensingh.

India's exports face pressure from US, EU trade policies: govt official

REUTERS, New Delhi

Indian exports are facing mounting pressure from aggressive trade policies by partners such as the United States and the European Union, a senior trade ministry official said on Tuesday.

Citing the US decision to raise import tariffs and initiatives like the CHIPS Act, Santosh Sarangi, head of the Directorate General of Foreign Trade (DGFT), said it was "high time India also looked at our trade and industrial policies comprehensively".

Santosh Sarangi, head of the Directorate General of Foreign Trade, said it was "high time India also looked at our trade and industrial policies comprehensively"

of 14.4 percent per annum to achieve the target of \$2 trillion in overall exports by 2030/31," he said, calling the goal "daunting" given that overall goods and services exports have grown at an average of just 5.2 percent annually over the past decade.

Total exports rose to \$682.59 billion in the first ten months of 2024/25 fiscal year through January, up 7.2 percent year-on-

The European Union's carbon tax and growing use of protective non-tariff measures are also hurting Indian exports, Sarangi said.

"While exports are growing, India continues to experience a trade deficit, suggesting a need to boost export competitiveness and diversify export markets," he added.

"India needs an average growth



Officials said a shortage of engines and staff has forced the Bangladesh Railway's traffic department to run only one or two pairs of loaded container trains per day.

PHOTO: RAJIB RAIHAN

Container transport by train falls amid engine crisis

SIFAYET ULLAH, Ctg

The transportation of containerised goods via freight trains across the country declined by more than 9 percent year on year in the fiscal year 2023/24 due to a shortage of locomotives and railway staff.

This has impacted Bangladesh Railway's (BR) revenue, further underscoring the ongoing challenges in its transport sector.

Some 84,811 containers were transported domestically in 2023/24, down from 92,908 in the previous fiscal year, according to BR data.

The state-owned rail transport agency introduced container services in 1986/87 on the Dhaka-Chittogram route, mainly targeting Chittogram Port.

Currently, the state transport agency has scheduled four pairs of freight trains for container transport, mainly carrying raw materials, marble, stone, food grains, and fertiliser.

However, officials said a shortage of engines and staff has forced the BR traffic department to run only one or two pairs of loaded container trains per day.

Abdul Malek, chief master of the Chittogram Goods Port Yard, said, "We need at least 13 engines per

day to run scheduled freight trains. But we now get only three to four engines regularly."

Compared to road transport, businesses prefer freight trains for their lower cost, greater security, and reduced logistical hassle.

According to several shipping line operators, transporting an import container from Chattogram Port to Kamalapur ICD in Dhaka by rail costs around Tk 28,000 (\$245), while an export container costs around Tk 25,000 (\$219).

Some 84,811 containers were transported domestically in 2023/24, down from 92,908 in the previous fiscal year

In contrast, a prime mover charges up to Tk 35,000 (\$292) to transport a 20-foot container on the Dhaka-Chittogram highway to industrial units in Dhaka, Narayanganj, Gazipur, and Ashulia, according to clearing and forwarding (C&F) agents.

The delays in rail transport are not only affecting traders financially but also contributing to congestion at Chittogram Port.

"The cost of rail transport is lower than road transport, but

congestion at the port means containers have to be left there, incurring storage fees and ultimately causing losses for us," said Imran Jahid, a businessman from Dhaka's Keraniganj area.

The port's designated yard has a storage capacity of 876 TEUs (twenty-foot equivalent units) for import containers transported by rail.

However, as of January 27, a backlog of containers at the yard had exceeded capacity, with 1,049 TEUs waiting for transport, according to the Chittagong Port Authority (CPA) traffic department.

"We are waiting at least 8 to 10 days to load containers onto trains after unloading them from ships," said Khairul Alam Suzan, vice-president of the Bangladesh Freight Forwarders Association (BAFFA).

Contacted, Md Sabuktigin, general manager of BR's eastern zone, said, "Freight train operations are profitable for us. But the engine crisis has made us helpless."

He said BR has now decided to repair some inoperative engines to streamline freight train services. "Hopefully, we will be able to overcome this crisis soon and return to our earlier operations," he added.

BB reduces cash reserve requirement for banks

STAR BUSINESS REPORT

Bangladesh Bank (BB) has reduced the daily cash reserve requirement (CRR) for banks to enable them to manage liquidity more easily.

The BB said banks will need to keep 3 percent of their time and demand deposits from tomorrow, instead of the previous 3.5 percent, according to a circular issued yesterday.

However, banks will have to maintain 4 percent CRR on a biweekly average basis, as they have been maintaining.

As a result, the investable funds available to banks will slightly increase.

"This flexibility will have a positive impact. We will see increased efficiency in liquidity management. Excess reserves will go down," said a head of treasury at a private bank.

The cut in CRR, which shows banks have enough cash to meet customer withdrawals, came nearly five years after the central bank reduced the rate.

In April 2020, the BB slashed the daily CRR requirement to 3.5 percent from the previous 4.5 percent, in order to increase the flow of liquidity in the market and implement the stimulus packages by the government at that time to tackle the negative impact of the Covid-19 pandemic.

At that time, the BB brought the biweekly CRR requirement to 4 percent from 5 percent.

Independent directors to resume duties at Beximco firms

STAR BUSINESS REPORT

The Appellate Division of the Supreme Court yesterday cleared the way for government-appointed independent directors of Beximco, Beximco Pharmaceuticals, and Shinepukur Ceramics to resume their duties.

The Bangladesh Securities and Exchange Commission (BSEC) appointed 11 independent directors to the three listed companies on December 31 last year, following a directive from the Financial Institutions Division (FID) under the finance ministry.

Yesterday, the Appellate Division stayed for three weeks the High Court orders that had, on January 15, halted the BSEC decision to appoint the independent directors. The apex court also directed the High Court to dispose of the rules issued on January 15 within three weeks.

A four-member bench of the Appellate Division, led by Chief Justice Syed Refaat Ahmed, passed the orders following three separate leave-to-appeal petitions filed by the BSEC.

Attorney General Md Asaduzzaman and Barrister Abul Kalam Azad represented the BSEC, while Barrister Fida M Kamal and Barrister Kamal Ul Alim appeared for Beximco, Beximco Pharmaceuticals, and Shinepukur Ceramics.

With the Supreme Court's stay order, there is no legal bar on the independent directors assuming their roles, Abul Kalam Azad told The Daily Star.

The High Court had earlier stayed the BSEC decision on January 15 after Beximco Ltd, Beximco Pharmaceuticals, and Shinepukur Ceramics filed three separate writ petitions.

READ FULL STORY ONLINE

TSMC announces \$100b investment in new US chip plants

AFP, Washington

Taiwanese chip-making giant TSMC will invest at least \$100 billion in the United States to build "cutting edge" manufacturing facilities, President Donald Trump said on Monday, announcing the latest blockbuster financial pledge by a private company since his return to office.

Taiwan Semiconductor Manufacturing Co's new investment will come on top of their existing commitments and will go into "building five cutting edge fabrication facilities," Trump said during a White House event, flanked by TSMC chief executive C.C. Wei.

He added that much of the funding would be invested in the US state of Arizona, where TSMC -- the world's largest chipmaker -- has already invested heavily, and would create "many thousands" of high-paying jobs.

TSMC has long faced demands to move more of its production away from Taiwan, amid fears that supplies of the critical technology could be disrupted in any conflict with Beijing.

The company pledged during former president Joe Biden's administration to invest more than \$65 billion in three factories in Arizona, one of which began production in late 2024.

Trump recently ratcheted up the pressure on TSMC and other chip manufacturers by publicly mulling the introduction of 25 percent tariffs on all

semiconductor chips made outside the United States.

Taiwan will review the investment "in accordance with the law" and ensure that the "most advanced manufacturing processes will remain in Taiwan," President Lai Ching-te's office said.

Taiwan Premier Cho Jung-tai said the island looked forward to "continuing to cooperate with friendly countries for mutual benefits."

However, he said it was important that Taiwan maintain its "key position" in the global chip supply chain and "ensure that we are leading in key technologies." Monday's announcement brings the total amount committed by TSMC to around \$165 billion, Wei said. "We are going to produce many chips to support AI progress, and to support smartphones' progress," he said.

The new investment will help



US President Donald Trump, accompanied by Commerce Secretary Howard Lutnick (left) and Taiwan Semiconductor Manufacturing Company (TSMC) CEO C.C. Wei (right), speaks in the Roosevelt Room of the White House on March 3.

expand the firm's US footprint to include "three new fabrication plants, two advanced packaging facilities and a major R&D (research and development) team center," while supporting 40,000 construction jobs over the next four years, TSMC said in a statement.

The concentration of chip manufacturing in Taiwan has been described as a "silicon shield" against a possible invasion or blockade by China, which claims the island as part of its territory and has threatened to use force to bring it under its control.

There are concerns Taiwan could lose that protection if its companies build too many factories overseas.

"Taking away Taiwan's technology sector will reduce the power of Taiwan's 'silicon shield,'" said James Yifan Chen, assistant professor in the Department of Diplomacy and International Relations at Tamkang University in Taiwan.

"Taiwan without semiconductor and tech industries will be like Ukraine without nuclear weapons."

Trump has called on companies to create more manufacturing jobs in the United States since regaining the White House, while threatening to impose steep levies on those who do not comply.

His administration has already imposed a 10 percent tariff on Chinese goods and imposed a 25 percent tariff on Canada and Mexico from Tuesday, alongside an additional levy of 10 percent on goods from China.