# WB economist warns of dangers of ignoring growing debt

AFP, *Washington*

Delays in dealing with the growing debt burden in poor countries seems unlikely to be resolved by the G20, a top World Bank official warned.

As interest rates are starting to rise around the world, putting more pressure on borrowers, the Group of 20 finance ministers are due to meet in Indonesia this week.

But World Bank chief economist Carmen Reinhart is skeptical there will be a resolution soon to help address unsustainable debts.

"The stalling is really, really problematic," she told AFP in an interview. She warned that the average length of a government debt crisis is nine years, which would create a "lost decade" for already vulnerable countries.

**World Bank chief economist is skeptical there will be a resolution soon to help address unsustainable debts**

During the Covid-19 pandemic the G20 put in place a debt service suspension initiative to help countries as they ramped up borrowing to deal with the twin health and economic crises, but that program ended in December.

And the so-called common framework meant to offer a way to restructure large debt loads, remains subject to uncertainty, and only three countries -- Chad, Ethiopia and Zambia -- have requested a negotiation.

The problem, Reinhart said, is "These little countries are not systemic. They not going to make or break the global outlook.

"So unfortunately, it means they can easily slip into backburner territory and remain on the backburner."

Advanced economies offered debt forbearance to help countries that already had high poverty and low per capita income, deal with the pandemic, but she said "the damage is still ongoing."

Asked if she expected another push to deal with the debt issue at the G20 this week, the official said, "I hope that they do. But I am not optimistic."

Shahin Hossain, a farmer in Mohipur village of Gangachara upazila under Rangpur district, used to produce tobacco on his land in the past. This year, he has switched to sunflower cultivation like many other farmers in the region who grow the crop in the char areas of the Teesta river. The photo was taken recently.

PHOTO: KONGKON KARMAKER

# Sunflower overtakes tobacco in Rangpur as farmers switch cash crops

KONGKON KARMAKER

Sunflower cultivation in Rangpur is expanding as farmers in all eight upazilas in the district are opting for the oilseed crop considering its higher profitability compared to tobacco.

Tobacco had been one of the main cash crops in the northern district for decades due to its higher demand both at home and abroad. But since commercial sunflower farming began on a tiny piece of land in the region in 2018, the cultivation has increased manifold.

At least 140 hectares of land has been brought under sunflower cultivation in the eight upazilas this year, according to local officials of the Department of Agricultural Extension (DAE) in Rangpur.

As such, agricultural experts in the district are beginning to see the potential of sunflower cultivation as farmers are producing the crop on char land in the Teesta basin, especially the Gangachara and Kaunia upazilas.

Md Obaidur Rahman Mondal, deputy director of the DAE in Rangpur, says sunflowers are being grown all over Rangpur but the farming area is considerably higher in Taraganj upazila.

Just this year, five farmers of Gangachara left tobacco cultivation to grow sunflowers in the Teesta basin.

Anu Mia, a local farmer, previously grew tobacco and other crops such as maize and mustard plants on his leased land. Now, he cultivates sunflowers on four decimals of land along the sandy bed of the Teesta river in Mohipur village of Gangachara.

After witnessing Anu's healthy yields last year, other farmers started switching towards sunflower cultivation.

"I earned a profit of Tk 15,000 from sunflower cultivation last season," said Anu.

Sunflower cultivation requires fewer input costs such as labour. Besides, there is a higher domestic demand for sunflower seeds as they can be used to make edible oil as well as bird feed.

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In contrast, traditional tobacco cultivation is back-breaking work as farmers need to spend most of their day working in the field, making muscle pain and fatigue common ailments among them, he added.

During a recent visit to Gangachara, this correspondent found a number of farmers cultivating sunflowers on about 15 decimals of land.

One of them, Shahin Hossain, said they all used to produce tobacco on their lands in the past. But they have dropped the crop to make way for sunflower cultivation this year.

Bilkis Begum, another farmer, has spent Tk 50,000 for seed, land, labour and other inputs to cultivate sunflowers. She hopes to make healthy profits.

DAE Deputy Director Mondal said his organisation has been encouraging farmers to cultivate sunflowers as the domestic demand for edible oil has increased in the last couple of years due to its multiple health benefits.

October 15 to November 15 is the optimum time to sow sunflowers, which can be harvested within 120 days of planting.

The DAE official went on to say that he spoke with a sunflower edible oil producing company in Dhaka that agreed to buy seeds from farmers in Rangpur and its surrounding districts.

Last year, farmers sold their produce at Tk 70 per kilogramme.

"We are expecting that farmers would get a similar rate this year," Mondal said, adding that tobacco cultivation in Rangpur has declined for various reasons.

Tobacco was farmed on 6,707 hectares of land in the district in 2008-09. The acreage has dropped to 1,855 hectares this year.

"The area could be even lesser in the coming years," Mondal added.

Farmers in other districts, including Nilphamari, Kurigram and Dinajpur, are also cultivating sunflowers.

# Supply chain matters – the Toyota story

SAZZADUL HASSAN

General Motors, popularly known as GM, had been the largest seller of vehicles in the United States from 1931 to 2020. The Detroit-based automaker dethroned Ford back in 1931 to clinch the number one position. To the surprise of many, GM's 90-year-long glorious streak as the top US car seller ended in 2021 when the Japanese auto giant Toyota outsold them.

According to industry data, GM sold 2.22 million vehicles in the US last year, a decline of 12.9 per cent compared to 2020. Toyota sold 2.33 million vehicles, up 10.4 per cent.

The difference in sales between the two competitors was 114,034 vehicles.

Readers might have started to think what the underlying reason was behind this unprecedented feat of Toyota? Was it for the launch of novel products? Aggressive pricing strategy? Wider distribution coverage? Or compelling marketing campaigns? Surprisingly, none of these factors was the reason that helped Toyota reach the top position in the US auto market. This historic swap in position happened because Toyota was smarter than GM in terms of managing supply chain issues better. Wondering how?

A computer chip, also known as a semiconductor, is one of the key components of a vehicle. For the last couple of years, there have been acute shortages of this chip to meet industry demand. Consequently, many companies like GM, Ford, Volkswagen, Volvo and Honda had to slow down or temporarily halt their production.

This crisis had, in fact, started prior to the pandemic because of the rise in 5G, which significantly increased the demand for semiconductors putting huge pressure on the suppliers to keep pace with the demand. The decision by the US to prevent the sale of semiconductors and other technologies to Chinese tech giant Huawei worsened the situation.

**Nowadays, the supply chain has become more and more important because it's the most cross-functional part of any business**

Chipmakers outside the US were quickly flooded with orders from the Chinese firm. Only two companies in Asia – Taiwan's TSMC and South Korea's Samsung – manufacture as much as 70 per cent of the world's semiconductors.

Data showed globally semiconductor sales declined between 2018 and 2019, but by 2020, sales grew 6.5 per cent. This rapid growth continued in 2021.

One of the major drivers for the rise in the demand for semiconductors in the auto industry was the adoption of technologies such as driver assistance systems and autonomous driving. According to Intel, this critical component will account for more than 20 per cent of the input costs for new premium cars, up from 4 per cent in 2019.

Analysts say Toyota was the only automaker prepared to deal with chip shortages. It was not because it sensed it earlier that there would be supply constraints and the coronavirus pandemic would hit the world like a bolt from the blue, but because it, along with the entire Japanese car industry, went through a similar ordeal after the devastating Tohoku earthquake of 2011. The repercussions of the disaster were so severe it took six months for Toyota to get production

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# Japan's economy rebounds on solid spending

REUTERS, *Tokyo*

Japan's economy rebounded in the final three months of 2021 as falling coronavirus cases helped prop up consumption, though rising raw material costs and a spike in new Omicron variant infections cloud the outlook.

Bank of Japan Governor Haruhiko Kuroda also highlighted escalating tensions in Ukraine as a fresh risk to the central bank's forecast for a moderate economic recovery.

The world's third-largest economy expanded an annualised 5.4 per ent in October-December after contracting a revised 2.7 per cent in the previous quarter, government data showed on Tuesday, falling short of a median market forecast for a 5.8 per cent gain.

Some analysts expect the economy to slump again in the current quarter as rising Covid-19 cases keep households from shopping and supply chain disruptions hit factory output.

"The economy will likely stall in January-March or it could even contract, depending on how the Omicron variant affects service-sector consumption," said Takeshi Minami, chief economist at Norinchukin Research Institute.

Economic growth was driven largely by a 2.7 per cent quarter-on-quarter rise in private consumption, which accounts for more than half of Japan's gross domestic product (GDP).

The expansion in consumer spending, which was bigger than market forecasts for a 2.2 per cent gain, came after Japan ended coronavirus curbs in October.

The Japanese auto industry helped propel the country out of its economic doldrums.

PHOTO: REUTERS

# German investor morale rises

AFP, *Frankfurt*

Confidence among investors in Germany grew in February, according to figures published Tuesday, in spite of rising tensions with Russia over Ukraine and lingering supply chain issues.

The ZEW institute's monthly barometer measuring economic expectations climbed 2.6 points to 54.3 after rising sharply in January by 21.8 points. Investors assessment of the current economic situation also advanced slightly by 2.1 points to minus 8.1, despite recent disappointing growth figures.

"The economic outlook for Germany improved again in February despite growing economic and political uncertainty," ZEW president Achim Wambach said in a statement.

Grounds for positivity was the expectation amongst investors, allowing an economic recovery in the first half of 2022, Wambach said.