FUNG BUSINESS INTELLIGENCE

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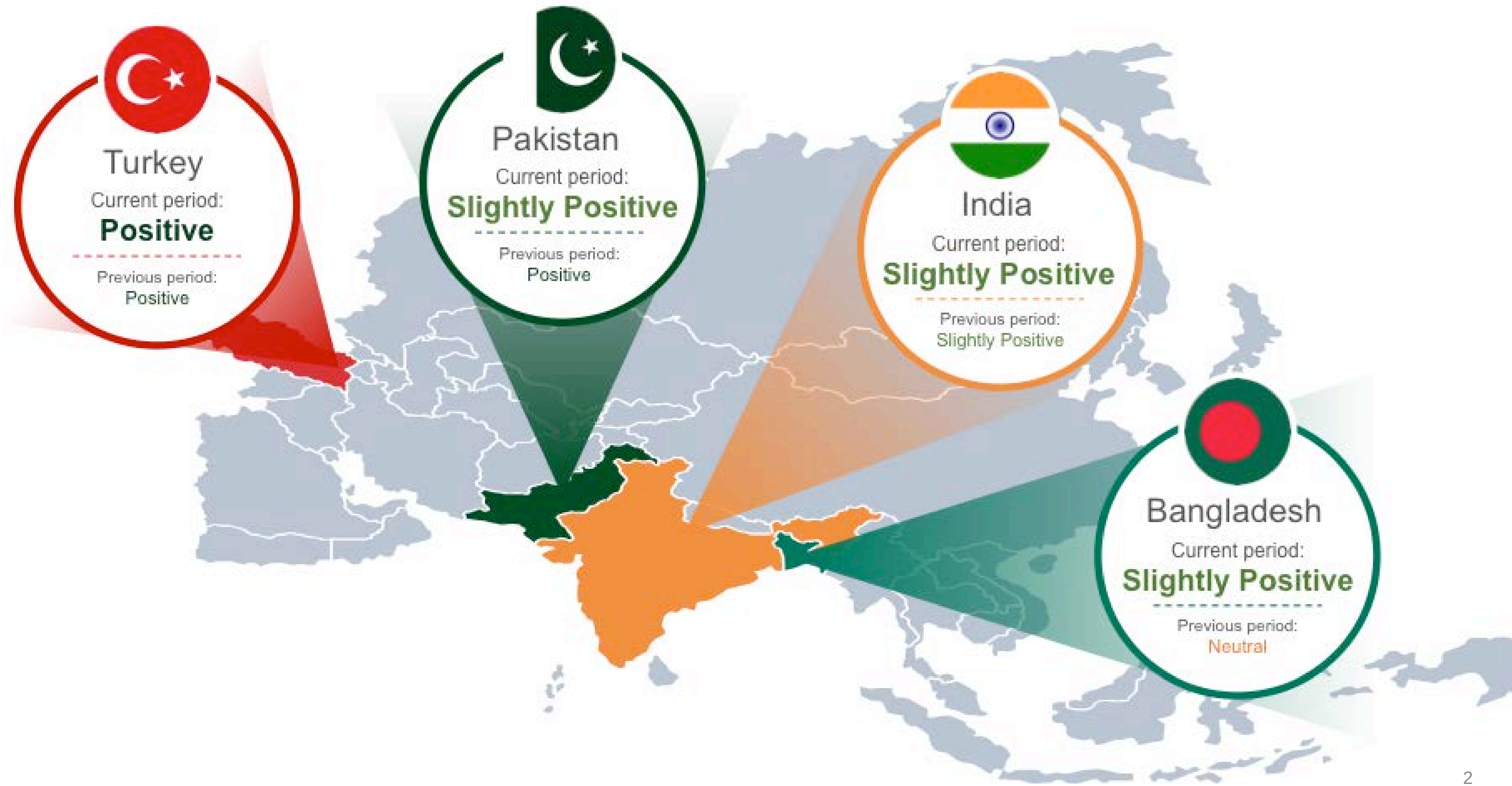
Asia Sourcing Update

Bangladesh, India, Pakistan and Turkey

Southeast Asia | **South and West Asia**

Highlights: 12-month sourcing outlook



Bangladesh

Fast facts

Quantum index of medium and large-scale manufacturing (Sep 2021)
+30.3% yoy ▲

CPI (Nov 2021)
+6.0% yoy

Exchange rate (USD: BDT, as of 30 Dec 2021)
85.80 (1.16% depreciation year-to-date)

Merchandise exports (Dec 2021)
+48.3% yoy ▲

- Knitwear: +56.6% yoy ▲
- Woven garments: +48.2% yoy ▲
- Home textiles: +56.0% yoy ▲
- Footwear: +39.0% yoy ▲

Note: Arrows indicate an improvement (▲) or deterioration (▼) compared to the previous period
Source: Bangladesh Bureau of Statistics, Export Promotion Bureau, Bangladesh Bank

12-Month Sourcing Outlook: Slightly Positive

In December, the International Monetary Fund (IMF) readjusted the GDP growth projection of Bangladesh in the current 2021-22 fiscal year (July 2021 to June 2022) to 6.6% from its October projection of 6.5%. Finance Minister of the country is also optimistic that Bangladesh will achieve 7.2% GDP growth in the current fiscal year.

Bangladesh's exports in the first half of the current fiscal year reached a healthy growth of 28.4% on a year-on-year (yoy) basis. Although export data looks promising, there are challenges facing the country: Costs of raw materials, including textile, dyes and chemicals, and freight cost are at peak, according to Bangladesh Garment Manufacturers and Exporters Association. Moreover, the recent surge of the Omicron variant cases in the US and European markets may hamper the consumption demand and further affect new and existing export orders of Bangladesh.

Bangladesh

	Latest Developments	FBIC's take
Macroeconomic Trends	Bangladesh's exports registered a 28.4% yoy growth to US$24.7 billion in July-December 2021. In December, export earnings shot up nearly 48% yoy to US$4.9 billion, an all-time high record for a single month in Bangladesh. In the first half of the current fiscal year, Bangladesh exported apparel items worth US$19.9 billion, up by 28.0% yoy. In December, apparel exports increased by 52.6% yoy to US$4.1 billion, where knitwear and woven products grew by 56.6% and 48.2%, respectively.	• Although total export earnings look promising, the exports are mainly volume-driven rather than price-driven. According to a central bank review report, the gross value addition in the sector during the quarter of July-September 2021 was 53.4%, down from 65.0% in the same quarter of 2020. The declining value addition in the garment sector was mainly due to the COVID-19 disruption and price hikes of raw materials. • To support the healthy growth of exports, the country should increase the competitiveness and productivity of the apparel and textile sectors by developing technology-based skills and promoting diversification of products and export markets. Also, implementing business-friendly policies and improving ease of doing business will be conducive to the development of the industry. • Moreover, the country should prepare for new challenges after graduation from the least developed country status, for example by signing preferential and free trade agreements with regional partners.
Industry developments	On 19 December 2021, the commerce ministry revised the maximum wastage rates* from 16% to 27% for the production of basic knit items, including t-shirts, polo shirts, trousers, shorts, skirts and pajamas. Apart from the basic items, the ministry, for the first time, created separate categories and set a wastage rate of 4% for sweaters, socks, jumpers, pullovers, cardigans, vests, socks and gloves, and 30% for special items including rompers, gowns, tank tops, dresses, lingerie and hoodies. **The wastage rate refers to the permissible amount of wastage of apparel items made from yarn and fabrics. If the actual wastage rate is higher than the prescribed rate, the government imposes duty on the extra wastages.*	• Textiles is the second largest polluting industry and creates a huge amount of waste. In 1998, the Bangladeshi government set the maximum wastage rate in producing garment items at 16%. • The rate revision in December came years after the garment exporters demanded to raise the rate to 40%. • Just after the ministry's notification on readjusted rates, garment makers requested the ministry to revisit the new decision because of a rise in production of complex and fashionable items. • The Bangladesh Knitwear Manufacturers and Exporters Association proposed to raise the maximum wastage rates for knitwear, special items, and sweaters and socks to 30%, 35% and 12%, respectively. The Bangladesh Garment Manufacturers and Exporters Association proposed to raise the rate for sweaters and socks to 16% from 4%, or else many sweater factories will suffer and exports will be affected, according to the association.

Bangladesh

	Latest Developments	FBIC's take
Infrastructure	The New Mooring Overflow Container Yard at the Chattogram port started operations on 2 January. The yard can accommodate 4,000 twenty-foot equivalent units (TEUs) of containers, increasing the port's container capacity from 49,000 TEUs to 53,000 TEUs.	• According to Chattogram Port Authority (CPA), the Chattogram Port is the key driving force for the growth of the Bangladeshi economy. In 2021, the port has attained double digit growth in container handling (13.2% yoy), cargo handling (14.1%) and ship handling (12.6%) amid the COVID-19 pandemic. • It is believed that the newly built yard will greatly reduce the container congestion in the future.
Trade affairs	Last December, Bangladesh and South Korea signed a US$100 million loan agreement to help the recovery of Bangladesh's economy amid the COVID-19 disruption. The new loan will be spent on several projects targeted at enhancing the public finance management system and improving small- and medium-sized businesses suffering from the economic downturn during the pandemic.	• So far, South Korea has funded 24 development projects of Bangladesh with a total outlay of US$1.2 billion through its Economic Development Cooperation Fund (EDCF), making Bangladesh the 2nd largest recipient of EDCF loans. • Besides, Bangladeshi exporters enjoy the preferential trade benefits from South Korea, including duty and quota-free access to the Korean market for 95% of Bangladeshi products since 2008. • During January-November 2021, trade volume between the two countries reached US$2.0 billion, up by 54.6% yoy. Bangladesh's export to South Korea increased by 35.8% yoy to US$498 million, with the major exporting items being garments, sports and leisure items, and bronze scraps. South Korea's export to Bangladesh rose by 61.9% yoy to US$1.51 billion. Major export items of Korea to Bangladesh include machinery, petrochemical product, steel and pesticides. The trade gap between the two countries is over a billion US dollars.

India

Fast facts

GDP (Jul-Sep 2021)
+8.4% yoy ▼

Manufacturing PMI (Dec 2021)
55.5 ▼

CPI (Nov 2021)
+4.9% yoy

Merchandise exports (Oct 2021)
+42.9% yoy ▼

Knitwear
+12.6% yoy ▼

Woven garments
-1.1% yoy ▼

Footwear
+25.8% yoy ▲

Furniture
+30.9% yoy ▼

Exchange rate (USD: INR, as of 23 Dec 2021)
75.3 (3.1% depreciation year-to-date)

Note: Arrows indicate an improvement (▲) or deterioration (▼) compared to the previous period
Source: Ministry of Commerce & Industry, Ministry of Statistics and Programme Implementation, IHS Markit, International Monetary Fund

12-Month Sourcing Outlook: Slightly Positive

The seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index (PMI) eased to 55.5 in December 2021 from the ten-month high of 57.6 in November, but still remained strong as international demand for Indian goods and the number of new orders continued to grow in December.

According to the National Statistical Office, real GDP of India in the current fiscal year (April 2021 to March 2022) will likely grow by 9.2% yoy. Overall, companies kept building stocks and were optimistic that output would continue to increase this year. However, business sentiment is also being dampened by worries surrounding the COVID-19 variants, inflationary pressures and lingering supply chain disruptions.

India

	Latest Developments	FBIC's take
Macroeconomic Trends	India's exports jumped to an all-time high of US$37.8 billion in December 2021, up by 38.9% yoy, due to a sharp increase in exports of engineering goods, petroleum products and gems and jewellery. During the same month, the country's imports also hit an all-time high of US$59.5 billion, up by 38.6% yoy. As a result, trade deficit rose sharply to US$21.7 billion, up by 38.2% yoy.	• Exports in the first three quarters of the current fiscal year was US$301.4 billion, up 49.7% compared to US$201.4 billion in the same period of the previous fiscal year. The strong growth in exports is an indicator of substantial recovery in the economy. India's Commerce Minister was confident that India's exports would reach US$400 billion this fiscal year, despite the recent rise in COVID-19 infections. • However, it is noteworthy that India's imports in the same period rose even more sharply by 68.9% yoy to US$443.8 billion, pushing the country's trade deficit to US$142.4 billion. The widening trade deficit will put pressure on the country's currency, inflation and government budget.
Policies and regulations	On 31 December 2021, the Goods and Services Tax (GST) Council announced to defer the proposed rise in tax rate for the textile and apparel sector from the current 5% to 12%. According to Finance Minister, the current GST rate for textiles would be maintained and the ministerial panel will review the rate structure by February this year.	• In November 2021, the Finance Ministry announced a uniform 12% rate for manmade fibre, yarn, fabrics and apparels, along with a 12% uniform rate for footwear. The rate hike was scheduled to be effective from 1 January 2022. • After receiving the notifications, the Retailers Association of India (RAI) urged the Finance Minister, state governments and the GST Council to reconsider the proposed GST rate hike. The RAI argued that the rate hike will increase the financial burden on the textile and apparel sector and reduce the working capital of micro-, small- and medium-sized businesses, thereby slowing the recovery of the sector. • Clothing Manufacturers Association of India (CMAI) worried the industry may not be able to absorb the increase in tax rates and the cost will partially shift to consumers. Price of garments sold in stores may immediately jump by 7% and may go up further with the increase in other manufacturing costs in the future. • Besides, the Government of Gujarat commented that the higher tax would not only fuel the rising inflation but also adversely affect the readymade garments sector in Surat, the largest textiles hub in India. Textile dealers and traders in Surat have threatened to launch an indefinite strike against the tax hike.

India

	Latest Developments	FBIC's take
Trade affairs	Commerce Minister Piyush Goyal and US Trade Representative Katherine Tai relaunched the Trade Policy Forum (TPF) in November 2021. They have directed the TPF Working Groups to develop plans of action for making substantive progress, such as identifying and finalising a set of specific trade outcomes for an inter-sessional TPF meeting to be held by mid-2022. The two ministers discussed building stronger linkages in critical sectors of both countries, including cyber space, semiconductors, AI, 5G, 6G and future generation telecommunications technology.	• At the India-US TPF, India emphasized the importance of restoring the Generalised System of Preferences benefits, which may help industries from both sides to efficiently integrate their supply chains. • The India-US TPF was established in 2005, aiming at resolving trade concerns and investment issues between the two countries. It has five focus groups: agriculture, investment, innovation and creativity (intellectual property rights), services, and tariff and non-tariff barriers. A regular engagement between the two countries under the India-US TPF mechanism will help remove barriers to trade and facilitate higher levels of investment. The last India-US TPF was held in October 2017, and the forum was then replaced by negotiations between the two sides on a trade deal. • The US is the largest export market of India. The bilateral trade value between the two countries in the period of January-November 2021 reached US$101.8 billion, up by 48.3% yoy.

Pakistan

Fast facts

Quantum index of large-scale manufacturing (Oct 2021)
-1.2% yoy ▼

CPI (Dec 2021)
+12.3% yoy

Exchange rate (USD: PKR, as of 27 Dec 2021)
177.8921 (10.4% depreciation year-to-date)

Merchandise exports (Nov 2021)
+33.7% yoy ▲

Garments
+34.8% yoy ▲

Bed linen
+32.0% yoy ▲

Towels
+32.5% yoy ▲

Leather products
+21.1% yoy ▲

Note: Arrows indicate an improvement (▲) or deterioration (▼) compared to the previous period
Source: Pakistan Bureau of Statistics, State Bank of Pakistan

12-Month Sourcing Outlook: Slightly Positive

The Pakistani economy is on an upward track in 2021 with good export performance and increased FDI inflows. However, the resurgence of the pandemic owing to the latest COVID-19 Omicron variant has sharply increased uncertainty around global economic prospects, with the US, Pakistan's top export market, reporting 1.35 million new infections on 10 January 2022, the highest daily total for any country in the world. Pakistan's authorities warned of a fifth wave of infections after 708 cases were recorded on 3 January 2022 – the highest in the country in two months.

The Pakistan government is still confident in the resilience of the country's economy. The World Bank also maintains Pakistan's economic growth forecast at 3.4% for the current fiscal year (July 2021 to June 2022) in its latest *Global Economic Prospects Report 2022* published this January. On the other hand, Pakistan's overall output of Large Scale Manufacturing Industries (LSMI) decreased by 1.2% in October 2021, despite an increase of 3.6% yoy during July-October 2021. The Consumer Price Index also increased by 12.3% yoy in December 2021, the highest since March 2020. Finally, the export performance of Pakistan this year depends heavily on how effectively the developed economies control the rampant spread of the Omicron variant.

Pakistan

	Latest Developments	FBIC's take
Macroeconomic Trends	Pakistan's exports increased 24.7% yoy from July to December 2021, the first half of the current fiscal year, to US$15.1 billion. In December, exports were up 15.8% yoy to US$2.7 billion. During the period of July-November 2021, the US remained the top export destination of Pakistani products, followed by China and the UK. Exports to the US during this period were US$2,682.7 million, up 44.6% yoy. This was followed by China, where Pakistan exported US$1,018.1 million worth of goods, up 65.4% yoy. The UK ranked third, where Pakistan exported US$943.9 million worth of goods, up 22.0% yoy. Among other countries, Pakistani exports to Germany stood at US$691.1 million, up 12.3% yoy, while exports to United Arab Emirates were US$689.5 million, up 22.0% yoy, and exports to the Netherland were US$554.6 million, Up 34.9% yoy. During the same five-month period, textile and garment exports increased 28.4% yoy to US$7.8 billion, accounting for 62.8% of Pakistan's total export value in the period (US$12.4 billion).	• Pakistan's exports in the first half of the current fiscal year beat the government's export target of US$15 billion but failed to outpace the expansion in imports. Trade deficit more than doubled that of the comparable period of the previous fiscal year, reaching US$25.5 billion. The central bank has introduced some measures, including imposing the 100 percent cash margin requirement (CMR) on more imported items and curtailing consumer finance, in an attempt to curb imports and consumer spending. However, these measures have failed to contain imports that have risen to a new peak. The high import bill was mainly due to surging global commodity prices, especially energy, steel, and industrial raw material, as well as the depreciation of the Pakistani rupee against the US dollar. • While the US, China, and the UK continued to be Pakistan's top export markets, the government's market diversification efforts have resulted in increases in exports to other markets such as Bangladesh, Malaysia, and Sri Lanka. • On the other hand, the export products diversification strategy has not brought notable results. The textile and garment sector continued to be the largest export sector of Pakistan. Its share in Pakistan's total exports in the period of July-November 2021 even increased comparing to the 62.0% export share in the same period of the previous year.

Pakistan

	Latest Developments	FBIC's take
Macroeconomic Trends	Net FDI inflows into Pakistan were US$797.7 million from July to November 2021, a 12.3% yoy increase from US$710.3 million in the same period of the previous year. In this period, the power generation sector (electricity, gas, steam, and air conditioning supply) attracted the highest FDI of US$224.2 million (28.1% of the total value of net FDI inflows), followed by the financial sector (US$154.7 million, 19.4%), agriculture, forestry and fishing (US$144.4 million, 18.1%), and mining and quarrying (US$94.1 million, 11.8%), as data from the State Bank of Pakistan showed. The Netherlands was the largest foreign investor in Pakistan during this period. Its investment reached US$153.0 million, accounting for 19.2% of the total value of net FDI flows into Pakistan. China was the second largest foreign investor in the period (US$149.0 million, 18.7%), followed by the US (US$129.9 million, 16.3%), United Arab Emirates (US$66.8 million, 8.4%), Hong Kong SAR of China (US$66.3 million, 8.3%), and the UK (US$66.1 million, 8.3%).	• The positive growth reflected increased confidence of foreign investors in Pakistan's economy. • The power generation sector continues to be the top target of FDI in Pakistan, but the share in the total FDI inflows decreased (28.1%) as compared with the share of 57.1% in the same period in 2020. • The Netherlands surpassed China and the US, historically the two dominant foreign investors in Pakistan, to become the largest foreign investor during this period. This reflects the Pakistani government's determination to develop cleaner and environmentally-friendly energy. The Federal Minister for Energy of Pakistan said in a meeting in October last year that the Pakistani government has set a goal to enhance the share of renewable energy in Pakistan to 45% by 2030 and all the future energy projects would be based on renewable energy. Many companies from the Netherlands are eyeing investments in the projects of solid waste energy in Pakistan, as Dutch companies have expertise in effectively using domestic and agricultural waste to produce cheaper electricity, according to the Ambassador of the Netherlands to Pakistan.

Pakistan

	Latest Developments	FBIC's take
Policies and Regulations	On 5 January 2022, the State Bank of Pakistan (SBP) issued a statement requiring exporters to bring proceeds back to the country within a maximum of 120 days from the date of shipment. Previously, the exporters were required to bring their proceeds back within 180 days.	• The government and the State Bank have stepped up to hold the foreign exchange tightly in their hands in the face of a large import bill and current account deficit. The SBP claimed that this move brought Pakistan's regulations closer to international best practices and is expected to positively impact foreign exchange inflows in the market. However, exporters in the country think that the new limit is not workable because they make deals with importers on various modes of payments and not all of these payment modes can ensure payment within 120 days from the date of shipment. • This new regulation therefore gives exporters additional burden and pressure amid the dim world economic outlook amidst the outbreak of the COVID-19 Omicron variant.
	On 13 January 2021, the National Assembly of Pakistan passed the Finance Supplementary Bill 2021 (the Bill), in which the exemption of 17% sales tax on imported machinery, equipment and materials to be utilized in the Export Processing Zones (EPZs) is withdrawn.	• Passing of the Bill is a requisite condition for release of the next tranche of US$6 billion Extended Fund Facility by the International Monetary Fund (IMF), as IMF believes that the numerous exemptions in the tax laws, especially in the sales tax regime, of Pakistan have been creating distortions in the country's economy. • The Bill therefore proposes to impose a 17% sales tax, worth 360 billion rupees, on nearly 144 items. These goods are currently either completely exempted from General Sales Tax (GST) or being taxed at a 5% to 12% rate. • Before the Bill was sent to the National Assembly for approval, representatives of the EPZs suggested exempting the tax on sales at the import stage in the EPZs, arguing that collecting sales tax upon importation stage in a free trade zone is not applicable anywhere in the world. It does not benefit the government in anyway as 100% of the tax collected would be refunded, making it a tedious exercise with no actual benefit to the government. However, their suggestions were not accepted in the final procedure. • This extra tax burden on manufacturers and firms in the EPZs will make foreign and local investors more cautious when considering investing in the EPZs in Pakistan.

Turkey

Fast facts

GDP (Jul–Sep 2021)
+7.8% yoy ▼

Manufacturing PMI (Dec 2021)
52.1 ▲

CPI (Dec 2021)
+36.08% yoy

Merchandise exports (Nov 2021)
+33.6% yoy ▲

Knitwear
+22.4% yoy ▲

Woven garments
+16.1% yoy ▲

Furniture
+18.4% yoy ▲

Exchange rate (USD: TRY, as of 31 Dec 2021)
12.9775 (43.4% depreciation year-to-date)

Note: Arrows indicate an improvement (▲) or deterioration (▼) compared to the previous period
Source: Turkish Statistical Institute, IHS Markit, Central Bank of the Republic of Turkey

12-Month Sourcing Outlook: Positive

Turkey in 2021 saw a rebound in the economy with a 7.7% growth in the first quarter, followed by 22.1% in the second quarter and 7.8% in the third quarter. The Turkish government is expecting the overall annual growth figure in 2021 to be double digits. Turkey's medium-term economic program projects a 5% growth in 2022, followed by a 5.5% in 2023, and 5.5% in 2024.

2021 was a record-breaking year for Turkish exports, having monthly earnings exceed US$20 billion for the first time in September, and also having surpassed 1% in terms of overall global shares. The Purchasing Managers' Index stayed above the 50.0 no-change mark in 2021 – with May as the only exception (COVID-19 national lockdown) – there were highs of 54 in January/July; and the year ended with 52.1 in December. The added demand for labour in the production industry also helped to reduce unemployment rates with high of 12.7% in January dropping to 11.2% in October. Currently, Turkey's population is over 61% fully vaccinated against COVID-19.

Turkey is grappling with high inflation, and a depreciated Lira, which have been countered with the implementation of a new Lira deposit protection scheme. The Turkish President has also announced a new plan to transform Turkey's economy into a production-based model which would garner more investments, increase employment, boost production and exports, be less reliant on imports, and help achieve current account surplus.

Turkey

	Latest Developments	FBIC's take
Macroeconomic Trends	Turkish total exports for 2021 were an all-time high of US$225.4 billion, a 32.9% increase compared with 2020; this exceeded the medium-term program goal and brought about an upward revision of the 2022 export target, originally set at US$231 billion, to US$250 billion. Apparel exports (January to November 2021) were valued at US$16.7 billion, a 23% yoy increase against the same period of 2020. Category-wise, exports of knitted and crocheted clothing and accessories amounted to US$9.8 billion, a 30% yoy growth; exports of non-knitted apparel and accessories were US$6.9 billion, a 14% yoy increase.	• In terms of export destinations, approximately half of Turkish exports was sold to the EU. In 2021, this amounted to US$93.1 billion, a 33% yoy growth. By country, Germany was the largest market receiving Turkish exports of US$19 billion. • Turkish's exports to the US in 2021 was US$14.7 billion, a growth of 44.6% yoy, and the US ranked second as Turkey's trading partner. Trade between Ankara and Washington appears strong even with several heated points of political disagreements in recent times. • US$13.7 billion of Turkish goods was exported to the UK, which was ranked third. This was a 22% yoy increase in the first year after Ankara and London formally signed a free trade agreement in December 2020. Both sides are expected to negotiate an even more comprehensive trade pact in 2022.
	The Turkish Lira rebounded and surged by 50% in value during the week of 20 December 2021, after President Erdogan announced a new Lira deposit protection plan against currency volatility. Prior to this, the Lira fell to a historic low of 18.4 Lira to one US dollar, losing over 50% of its value in 2021.	• Turkey's policy rate was cut several times in the fourth quarter of 2021 from 19% down to 14%, leading to the plummeting of the Lira. • The Lira deposit protection plan promises to protect Lira deposits against exchange rate volatility, in order to encourage savers to convert foreign exchange deposits into Lira. • It is hoped that a stronger lira will help fight the spiraling inflation in Turkey.
	Annual inflation in December 2021 was 36.1%, the highest figure in the 19 years that President Erdogen was in office. Inflation has been driven by a depreciation of the Lira after the policy interest rate was cut several times since September 2021 from 19% down to 14% for a total of 500 basis points. The increase in money supply, as well as higher imported inflation, has kept prices high in Turkey.	• On the consumer side, transportation prices increased by 53.7% yoy, and food/drink prices soared by 43.8% yoy in December. Prices for electricity and natural gas also saw a spike. • The weaken Lira made importing of raw materials for manufacturing more expensive. The producer price index in December saw a 79.9% increase yoy. • According to the central bank, the inflation pressure is temporary and necessary to bolster economic growth and balance the current account. Nureddin Nebati, the Minister of Finance and Treasury of Turkey expects the high inflation to reverse in 2022 due to a strong currency and expects single digit inflation in 2023.

Turkey

	Latest Developments	FBIC's take
Industry Developments	Seven well-known Turkish furniture giants (Adore, Çilek, Doğanlar Mobilya Group, Gündoğdu, Işbir, Kilim and Nurus) have formed a joint venture called f-tr Furniture Partners and seek to establish a united strategic platform to support export growth, and to increase Turkey's global market share of the furniture sector.	• These seven furniture giants have a total annual revenue of approximately US$530 million and a combined production-warehouse area of 750,000 square meters. Synergies will come from joint activities such as research and development, market research, as well as joint logistics and after-sales services. • f-tr will target to sell to large furniture importing countries such as the US, Germany, the UK, and France. • Turkey is the eighth largest exporter of furniture in the world. Furniture exports in 2021 (Jan to Nov) was $US 3.86 billion, up by a 25% yoy. The Turkish furniture sector aims to enter top five in the world.
Labour and Compliance	The minimum wage has increased by a massive 50% from 2,826 Lira to 4,250 Lira (approximate US$275), effective since 1 January 2022, announced by the Turkish President in December 2021. Along with this adjustment, it was announced that an income tax and stamp duty exemption would also apply to the new minimum wage.	• This is the largest increase to the Turkish minimum wage in the past 50 years, according to the President, and the adjustment would benefit and protect the working class - about 84 million, or approximately 40% of the Turkish workforce - from the high inflationary environment. • Opposition party members from the Republican People's Party are in disagreement about the revised amount, arguing that the increase is too low especially with the sharp depreciation of the Lira, and thus the actual buying power for wage earners has decreased.
Trade Policies	The Trade Ministry is in the process of developing the "Remote Countries Strategy" to support Turkey's exporting sector by increasing sales to countries beyond 2,000 kilometers.	• Currently, most exports are being sold to countries within 2,000 kilometers of Turkey, but the Trade Ministry aims to grow the remote markets of 18 target countries, specifically: Australia, Brazil, Canada, Chile, China, India, Indonesia, Japan, Malaysia, Mexico, Nigeria, Pakistan, Philippines, South Africa, South Korea, Thailand, the US, and Vietnam. These countries are 8,500 kilometers on average away from Turkey. The ministry aims to grow sales to these markets to US$82 billion. • According to data from the Turkish Exporters Assembly, exports to these remote countries were US$18.9 billion in 2020 and US$27.16 billion in 2021, a 42.2% yoy increase. Among which, the countries with the highest year-on-year export growth rate in 2021 were Chile (up 122.2% yoy to US$593 million), Brazil (77.4% yoy, US$995 million), Canada (67.8% yoy, US$1.6 billion), Mexico (55.5% yoy, US$755 million), and South Africa (50.2% yoy, US$883 million).

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