

# Asia Sourcing Update

Bangladesh, India, Pakistan and Turkey

Southeast Asia | **South and West Asia**



# Highlights: Evaluating sourcing destinations

## 12-month Sourcing Outlook

### Positive:

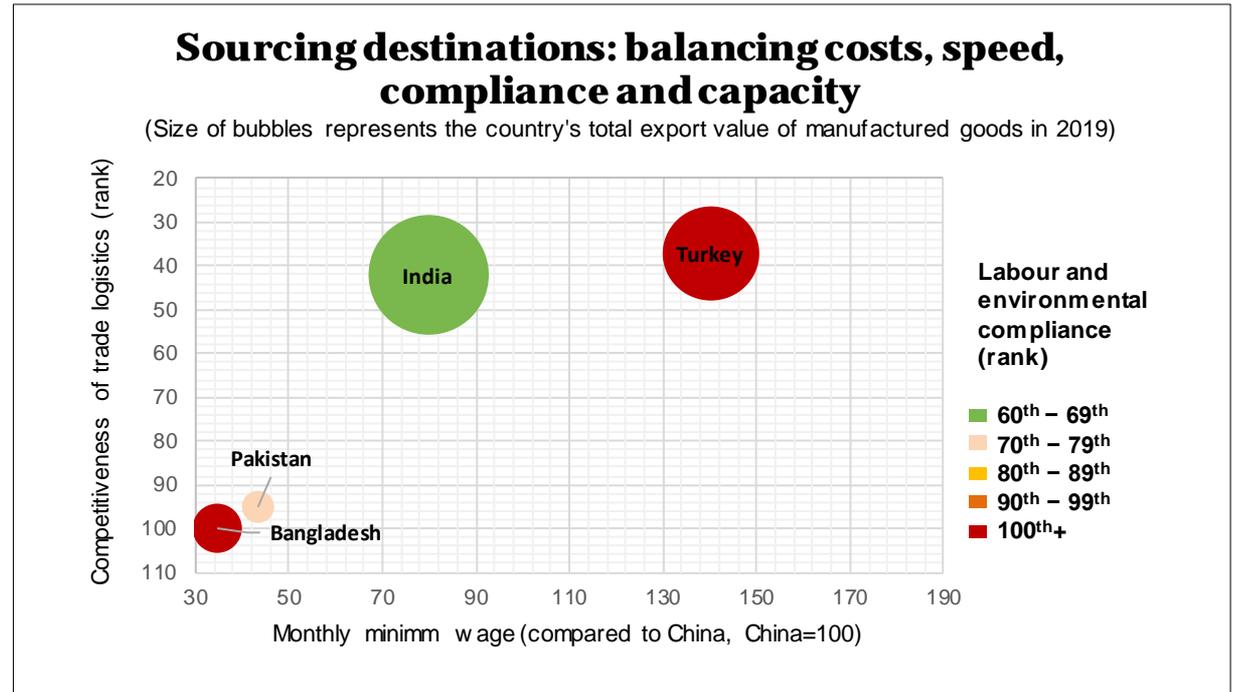
Pakistan, Turkey

### Slight Positive:

India

### Neutral:

Bangladesh



Source:

- Exports of manufactured goods (2019): WTO database;
- Minimum wage (as of end-October 2021): Bangladesh (for entry-level garment industry workers), India (Delhi-unskilled workers), Pakistan (for unskilled workers), Turkey (wage rate is before taxes and deductions), China (Dongguan), converted to US dollar terms based on exchange rates from governments & central banks in the respective countries;
- Competitiveness of trade logistics (rank): measured by the aggregated Logistics Performance Index released by the World Bank;
- Labour and environmental compliance (rank): measured by the average ranking of two index components 'environmental-related treaties in force' and 'workers' rights' in the World Economic Forum's 2019 Global Competitiveness Index

# Bangladesh

## Fast facts



Quantum index of medium and large-scale manufacturing (Jun 2021)  
+30.1% yoy ▲



CPI (Sep 2021)  
+5.6% yoy



Exchange rate (USD: BDT, as of 31 Oct 2021)  
85.67 (1.01% depreciation year-to-date)



Merchandise exports (Sep 2021)  
+38.0% yoy ▲



Knitwear  
+41.2% yoy ▲



Woven garments  
+42.2% yoy ▲



Home textiles  
+23.5% yoy ▲



Footwear  
+29.3% 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: Neutral

The International Monetary Fund (IMF) has revised downward the GDP projection for Bangladesh to 6.5% for the current fiscal year (July 2021 – June 2022). Though the single-month growth of Bangladesh's exports in October hit a record high, the downward revision in overall economic forecast is mainly due to supply disruptions and worsening pandemic dynamics. Earlier in April, the IMF predicted 7.5% growth for Bangladesh for the 2021-22 fiscal year, higher than the government's target of 7.2%.

# Bangladesh

## Latest Developments

## FBIC's take

	Latest Developments	FBIC's take
Macro-economic Trends	<p>Bangladesh's exports rose 22.6% yoy to US\$15.7 billion in the first four months of the current fiscal year. It was US\$12.8 billion in the same period of last fiscal year.</p> <p>The country's export earnings in October reached US\$4.7 billion and hit a historic record of 60.4% year-on-year growth.</p>	<ul style="list-style-type: none"> <li>In October, exports of readymade garments (RMG) reached US\$3.6 billion, up by 53.3% yoy. The rebound in global retail and the demand for clothes contributed to the highest ever single-month export growth in October. Besides, the buyers offered better prices for the RMG items made in Bangladesh in view of the higher freight charges and raw materials costs.</li> <li>Apart from RMG items, exports of leather, agriculture, fish, pharmaceuticals and plastic products also posted impressive growth in October.</li> </ul>
	<p>The net inflow of foreign direct investment (FDI) in Bangladesh decreased by 4.7% yoy to US\$1.1 billion in the first half of 2021. The decline went against the global trend of rising FDI during the same period.</p>	
Industry developments	<p>Global cotton prices have surged to the highest in a decade. In October, the Bangladesh Cotton Association (BCA) urged garment manufacturers and exporters to negotiate additional prices on their products, in line with the rate of increase in cotton prices.</p>	<ul style="list-style-type: none"> <li>The cotton prices are unlikely to fall in the near future as the market is overheated with speculative buying and inflation concerns. And cotton import cost has also increased in Bangladesh due to the delay in unloading of cotton from ships at Chittagong port. Expensive shipping rates, container scarcity and congestion at the port have also led to the price spike.</li> </ul>

# Bangladesh

## Latest Developments

## FBIC's take

	Latest Developments	FBIC's take
<b>Infrastructure</b>	<p>The Bangladesh Export Processing Zones Authority (Bepza) plans to set up 539 industrial plots on 1,150 acres of land in Mirsharai, Chattogram.</p> <p>The Bepza Economic Zone in Mirsharai attracts local and foreign investments due to its proximity to Chittagong port and other facilities.</p>	<ul style="list-style-type: none"><li>• The Bepza has given priority to companies from different sectors other than the RMG industry, so as to diversify the export structure of Bangladesh.</li><li>• The Economic Zone is expected to bring in US\$4.5 billion of foreign investment and US\$3.2 billion of export earnings. It is also expected to generate 500,000 jobs.</li><li>• At present, the Bepza has received investment proposals from various investors, including those from China, Japan, South Korea, the UK, the US, Canada and Hong Kong, as well as some local companies.</li></ul>
<b>Other issue</b>	<p>A countrywide transport strike began on 5 November in protest of a 23% hike in fuel prices.</p> <p>The transportation of goods and raw materials was disrupted because of the strike. As trucks cannot enter or exit the Hazrat Shahjalal International Airport and the Chittagong port, the unloading of imported goods from the airport/ port and transportation of export goods from the depot came to a halt.</p>	<ul style="list-style-type: none"><li>• As of 8 November, the truck owners suspended the strike after meeting with the home minister. The stakeholders will further discuss on the level of increase in transportation fare in mid-November.</li><li>• Due to the rise in fuel prices, some truck owners have already increased the transportation fares by 10%, 20% or even more according to the routes.</li><li>• Bangladesh Garment Manufacturers and Exporters Association claimed the apparel manufacturers have lost 30 billion takas in operating revenue during the 3-day transport strike. The production cost of apparel may increase by 5 to 7% due to the hike in fuel prices and the unusual increase in transportation cost.</li></ul>

# India

## Fast facts



GDP (Apr-Jun 2021)  
+20.1% yoy ▲



Manufacturing PMI (Oct 2021)  
55.9 ▲



CPI (Aug 2021)  
+5.3% yoy



Merchandise exports (Aug 2021)  
+45.8% yoy ▼



Knitwear  
+19.5% yoy ▼



Woven garments  
+7.0% yoy ▼



Footwear  
+7.3% yoy ▼



Furniture  
+35.7% yoy ▼



Exchange rate (USD: INR, as of 29 Oct 2021)  
74.79 (2.3% 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

Manufacturing sector growth in India continued to gather momentum, with October PMI reading showing notable expansions in new orders, production and input purchasing. Manufacturing activity is likely to continue to expand throughout the third quarter of the current fiscal year (April 2021 to March 2022), as the pandemic remains under control.

The Reserve Bank of India has projected the economy's growth at 9.5% this fiscal year. However, the recent supply-side shocks, such as high global commodity prices and oil and coal shortages, may weigh on the fragile recovery.

# India

## Latest Developments

## FBIC's take

### Macroeconomic Trends

Exports in October reached US\$35.5 billion, up by 42.3% and 35.2% from the same month in 2020 and 2019, respectively. Imports in October jumped to US\$55.4 billion by a faster pace of 62.5% and 45.8% from the same month in 2020 and 2019, respectively. This kept trade deficit in October at a high level of US\$19.9 billion.

The seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index (PMI) increased to 55.9 in October from 53.7 in September, reflecting an improvement in overall operating conditions for the fourth straight month. The reading in October reached the highest level since February.

The wholesale price-based inflation eased from 11.39% in August to 10.66% in September, compared to 1.32% in September 2020. It has maintained double-digit growth for six consecutive months.

- Export earnings have exceeded the pre-pandemic level for eight months in a row. Exports between April and October recorded US\$232.6 billion, up by 54.5% from a year before and 25.5% from the same period in 2019.
- The strong growth in exports was supported by the increasing orders from key markets such as the US and China.

- Output and new orders expanded at the fastest rates in seven months. Also, business optimism hit a six-month high in October. More companies scaled up production and material purchasing, as further improvements in demand are expected.

- As compared with the same month of the previous year, the high inflation rate in September was primarily due to the rise in prices of mineral oils, basic metals, non-food articles, food products, crude petroleum & natural gas, chemicals and chemical products, etc.
- The high fuel price pushes up transportation cost, and has both direct and indirect impact on various manufacturing sectors, including textiles, paper, chemicals, rubber & plastics, basic metals, fabricated metals and furniture.

# India

## Latest Developments

## FBIC's take

### Trade agreements

India and the United Arab Emirates (UAE) started formal negotiations for a comprehensive economic partnership agreement (CEPA). They aim to close the talks by end of this year and sign a deal by March next year.

The free trade agreement (FTA) focuses on duty-free market access for products including gems & jewellery, textiles & garments, and engineering goods such as steel.

Australia and India aim to reach a long-pending trade deal by the end of 2022. The negotiations between the two countries were launched more than a decade ago but have stalled since 2015.

- The FTA is expected to increase annual bilateral merchandise trade to US\$100 billion in five years following the signing of the FTA, from about US\$43 billion in current fiscal year.
  - The UAE used to be India's second largest export market until 2020, when China overtook it amid the pandemic-induced disruptions.
  - Major commodities exported from India to the UAE are petroleum products, precious metals, stones, gems & jewellery, textiles & garments, food items, engineering goods and chemicals. Major commodities imported from the UAE by India include petroleum and petroleum products, precious metals, stones, gems & jewellery, minerals, chemicals, and wood & wood products.
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- India was the sixth-largest export market of Australia in 2020. Bilateral trade between the two countries was around US\$17 billion in 2020.
  - The two countries are members of the QUAD alliance, along with the US and Japan.

# Pakistan

## Fast facts



Quantum index of large-scale manufacturing  
(Aug 2021)  
+12.7% yoy ▲



CPI (Oct 2021)  
+9.2% yoy



Exchange rate (USD: PKR, as of 29 Oct 2021)  
171.5723 (7.1% depreciation year-to-date)



Merchandise exports (Sep 2021)  
+27.7% yoy ▼



Garments  
+27.6% yoy ▼



Bed linen  
+21.1% yoy ▼



Towels  
+12.9% yoy ▼



Leather products  
+1.3% 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: Positive

The revival of Pakistan's economy has remained on track since the start of the 2021–2022 fiscal year (July 2021 – June 2022, hereafter as FY2022), spurred by a good export performance (up 25.0% yoy in the first four months of FY2022) and a stable growth of the manufacturing sector (the quantum index of Large Scale Manufacturing Industries was up 7.26% yoy in July-August). To cope with the inflationary pressure brought on by higher international commodity prices, the depreciation of the Pakistani rupee and the adjustments in administered prices, the Pakistani government has reduced customs duties and other taxes on imports to bring down the input cost of manufacturing, and adopted various additional administrative and relief measures.

The World Bank expects Pakistan's economic growth rate for FY2022 to ease to 3.4%, as it expects both expansionary fiscal and monetary measures to unwind. The Asian Development Bank (ADB), however, predicts Pakistan's economic growth for FY2022 at 4%, noting that private investment and business activities are picking up with steady Covid-19 vaccine rollout and various economic stimulus measures. The All Pakistan Textile Manufacturing Association even expects that the country's GDP growth rate will surpass 5% in the current fiscal year, since cotton output has increased greatly so far this fiscal year, compared with the corresponding period of last fiscal year.

# Pakistan

## Latest Developments

## FBIC's take

### Macroeconomic Trends

Pakistan's exports increased 25.0% yoy in July to October, the first four months of FY2022, to US\$9.5 billion. In October alone, exports were up 17.5% yoy to US\$2.5 billion. Export figure in October 2021 is the highest ever in any October in Pakistan's export history, according to the adviser to the Prime Minister on Commerce.

In the first quarter of FY2022 (July-September 2021), the US, China, and the UK remained the top three destinations of Pakistani exports. Exports to the US during this period were US\$1,565.3 million, up 49.4% yoy. This was followed by China, where Pakistan exported US\$559.2 million worth of goods, up 69.7% yoy. The UK ranked third, where Pakistan exported US\$549.7 million worth of goods, up 28.6% yoy.

Textile exports was up 20% yoy, reaching a historic level of US\$6 billion in the first four months of FY2022.

Net FDI inflows into Pakistan were US\$439.1 million in July to September (i.e. the first quarter of FY2022), a 4.0% yoy decrease from US\$457.6 million in the same period of the previous year. Net FDI inflows increased 16.4% yoy in September alone, to US\$236.0 million.

The US became the largest foreign investor in Pakistan during this period. Its investment reached US\$100.9 million, accounting for 23.0% of the total value of net FDI flows into Pakistan. China was the second largest foreign investor in the period (US\$76.9 million, 17.5%), followed by the Netherlands (US\$60.2 million, 13.7%), United Arab Emirates (US\$49.7 million, 11.3%), Hong Kong (US\$34.8 million, 7.9%), and the UK (US\$30.3 million, 6.9%).

The power generation sector (electricity, gas, steam, and air conditioning supply), which dominated the FDI inflows, did not manage to maintain an upward trend. Net FDI to the power sector fell to US\$131.1 million in the July-September period, down from US\$198.1 million in the same period of last year.

- Pakistan's robust export performance in this period was due mainly to the easing of lockdown in North America and European countries — top markets for Pakistani textile goods. This factor will continue to boost the country's exports in the coming months.
- However, trade deficit continues to be a big concern for Pakistan: The trade deficit soared 100% yoy in the first quarter of FY2022 and surged 117.3% yoy in October alone.
- Main commodities imported were raw materials and equipment used for production by manufacturers and exporters. The high costs of imported inputs would reduce their profit margins and put stress on the government's fiscal revenue. Pakistan's government said the imports are still manageable but they are observing closely the trend of the trade deficits and would adopt measures to curb the imports of non-essential goods if necessary.

- The 16.4% yoy increase in September indicates a quick rebound from the previous months – net FDI inflows into Pakistan declined by 20% yoy in July-August.
- Pakistan's FDI inflows during the last few years was dominated by China, which contributed to about 40-50% of Pakistan's FDI inflows but was surpassed by the US in July-September, the first quarter of FY2022. Some reports point this towards a slow progress in China-Pakistan Economic Corridor, but both Pakistan and China have denied these reports.

# Pakistan

## Latest Developments

## FBIC's take

### Labour and Compliance

In October, Pakistan submitted its National Action Plan for Business and Human Rights (Action Plan) to the European Union.

The Action Plan, approved in principle by the federal cabinet on 28 September, was based on the United Nations guiding principles on business and human rights. The Action Plan has eight priority areas which include financial transparency; corruption and human rights standards in public procurement contracts; anti-discrimination, equal opportunity and inclusion; human rights due diligence; labour standards and informal economy; child labour; forced or bonded labour; occupational health and safety; and access to remedy.

- The Action Plan was submitted when the EU countries were reviewing Pakistan's Generalized Scheme of Preferences Plus (GSP+) status. It is hoped that this document will improve Pakistan's position in the review process.
- The implementation of the Action Plan aims to protect human rights in business activity. It is the first of its kind in South Asia and the third in Asia and could be viewed as a firm step forward in building a positive image of Pakistan.

### Policies and Regulations

The Federal Board of Revenue (FBR)'s new Export Facilitation Scheme (EFS) 2021 took effective on 14 August 2021.

Users of this scheme would be subject to authorisation to acquire input goods by the Collector of Customs and Director General of Input Output Coefficient Organization (IOCO). No duty and taxes would be levied on inputs imported by the authorised users and local supplies of inputs to the authorized users. Through this new scheme, Common Export House would import inputs free of customs duties and other import-related taxes for subsequent sale to the authorised users, especially small and medium enterprises. The Scheme also covers international toll manufacturing within Pakistan.

The scheme would be completely automated under WeBOC (an indigenously developed, web-based computerized clearance system) and PSW, and users of the scheme and regulators can communicate through these systems.

Under the new scheme, the authorisation and utilisation period has been extended from two years (under existing, old schemes) to five years.

- EFS 2021 would reduce cost of doing business and cost of tax compliance, improve ease of doing business, reduce liquidity problem of exporters by eliminating the need to get sales tax refunds and duty drawback for the EFS users. The FBR hopes this would attract more users and ultimately promote exports.

# Pakistan

## Latest Developments

## FBIC's take

### Trade agreements

In a meeting in August, the secretary of Board of Investment (BOI) of Pakistan announced that Pakistan will renegotiate all bilateral investment treaties (BITs) on the basis of a new BIT template being finalised by the government. According to available data, Pakistan has signed 53 BITs with different countries. Out of these, 32 BITs are in force; five have been terminated while 16 were signed but are not in force. The secretary said a positive initial response has been received from the BIT partners.

- The BOI is working on reforming the overall investment policy and legal framework of Pakistan, with the help of the United Nations Conference on Trade and Development (UNCTAD).
- The new BIT template that Pakistan is working on, with the help of the UNCTAD, is designed to provide more protection on the investments in Pakistan. The resigning of BITs is also in line with a current world trend when governments around the world are facing pressing and controversial questions relating to the viability of their BITs and are re-thinking how to make the BITs more useful in attracting the much-needed FDI to their countries.

In November, Pakistan and Iran have agreed to revive talks on a free trade agreement (FTA) and reaffirmed their commitment to raise the volume of annual trade to US\$5 billion. The two sides agreed to make concerted efforts in the next three months to 'remove obstacles in trade' and put the FTA into effect as early as possible.

- The two countries had finalised the draft of the FTA in December 2017 after several rounds of talks but reinstatement of sanctions on Iran by the former US administration in May 2018 saw the agreement being put on the backburner.

A free trade agreement between Pakistan and Thailand is expected to be finalised by the end of 2021, said the Ambassador of Thailand on the sidelines of Pakistan-ASEAN Business Forum on 2 November.

- The idea for an FTA between the two countries was formed in 2013 and the first round of talks for the FTA took place in September 2015.
- According to a senior official of Pakistan's Ministry of Commerce, Thailand and Pakistan has held nine rounds of talks in which conclusions have been reached on 12 out of 13 chapters of the agreement. The 10<sup>th</sup> round will start next month to discuss the remaining issues, including customs protocol and trade facilitation, and related regulations regarding market access.

# Pakistan

## Latest Developments

## FBIC's take

### Infrastructure

In October, the Pakistan government announced an investment of 111 billion rupees in the power transmission system in the next three years via the National Transmission and Dispatch Company (NTDC). This will increase the transmission capacity of the national grid system to 31,500 megawatts (MW) by 2024. At present, the highest record electricity transmission happened in June this year, when the NTDC claimed to have transmitted 23,633 MW of electricity from its system, the highest in the country's history.

In November, the Pakistan government launched the Pakistan Single Window (PSW), a one-stop facility for international trade. The PSW integrates 74 departments on one internet platform and eliminates need for documents verification from different platforms. It allows standardized information and documents using single-entry point to fulfil all import, export and transit related regulatory requirements.

- This massive investment is an ambitious action of the current government to improve Pakistan's grid system to meet the increasing demand. When the current government assumed office in 2018, Pakistan's power transmission capacity was only 20,811 MW. It should be also noted that investment plan's horizon is beyond the five-year term of office of the current Government, which will end in 2023.

- The new system leverages information and communications technology to ensure better compliance with cross-border trade regulations and reduce time, cost and complexity of import/export operations. It is hoped to enhance ease of doing business in Pakistan.

# Turkey

## Fast facts



GDP (Apr–Jun 2021)  
+21.9% yoy ▲



Manufacturing PMI (Oct 2021)  
51.2 ▼



CPI (Oct 2021)  
+15.8% yoy



Merchandise exports (Sep 2021)  
+29.9% yoy ▼



Knitwear  
+15.1% yoy ▼



Woven garments  
+10.7% yoy ▲



Furniture  
+16.5% yoy ▼



Exchange rate (USD: TRY, as of 28 Oct 2021)  
9.4813 (22.6% 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

Prominent international institutions have raised Turkey's economic growth forecast for 2021 to 9% yoy or above; the International Monetary Fund has a 9% estimate, up from 5.8%; Fitch at 9.2% up from the original 7.9%; and Goldman Sachs at 9.5%, increased from the earlier 7.5%. The Turkish government has optimistically reported an estimate of 9% for 2021, and a 5% growth for 2022. In terms of 2021, these growth estimates rank Turkey first among the OECD countries and third within the G-20 countries, behind China and India.

Most of the institutions mentioned several reasons for the re-forecast, primarily because Turkey's 2021 first-half growth has been much stronger than expected (7.2% yoy growth in the first quarter and expanding at 21.7% yoy in the second quarter); Turkey's ability to keep COVID-19 under control also bodes well for industrial activity and economic growth.

As 2021 comes to a close with overall positive growth, Turkey must continue to stay vigilant as it deals with challenges from an exacerbated double-digit inflation, and a depreciated currency - both of which will badly hit the production sector.

# Turkey

## Latest Developments

## FBIC's take

### Macroeconomic Trends

Exports in October has broken yet another monthly record with US\$20.8 billion, a 20.2% yoy increase as reported by the Trade Minister on 1 November.

The 12-month rolling export figure of US\$215.7 billion is an all-time high. The 2021 export target for Turkey is US\$211 billion.

The Turkish Lira has reached new lows against the US dollar as it plummeted to 9.9750 Lira as of 11 November, signaling more than a 25% lost this year.

In October, inflation has climbed to 19.9% yoy - the highest in 2.5 years. The rate is expected to fall to 16.2% by the end of the year and around 9.8% by end of 2022 as per Turkey's medium-term economic program.

- Breaking down the export number by commodity, in October, raw material (intermediate goods) exports were the highest with US\$10.4 billion; next was consumption goods with US\$7.9 billion and investment (capital) goods with US\$2.2 billion.
- Exports reached 217 countries and regions with Germany taking first with US\$1.6 billion, followed by the US with US\$1.3 billion, and the UK with US\$1.2 billion.
- Imports registered US\$22.3 billion in October. The exports-to-imports coverage ratio is 93.4% in October, up 5.6 percentage points from the same month last year. This means Turkey is getting very close to achieving a trade balance.

- A bigger than expected policy rate cut in late October announced by the Central Bank of the Republic of Turkey (CBRT) by 200 basis points, from 18% down to 16%, was one of the driving factors to the currency depreciation.
- A further rate cut of 100 basis points by the CBRT is expected for the rest of the year, as a monetary easing policy to stimulate the economy; the Lira could depreciate further as a result.
- Tremendous growth is observed in the export sector and a weakened Lira may provide for continued growth; however, rising inflation, especially imported inflation, is also a challenge to be dealt with by Turkey.

- Numerous factors have led to the present inflationary situation, including a spike in food, fuel and tobacco prices globally, a jump in overall demand after the nation-wide COVID-19 lockdown was lifted, moreover a depreciated Lira, and finally the recent aggressive monetary stimulus initiative.
- In particular, the ongoing depreciation of the Lira has led to further increase in imported inflation (as imports of raw materials and goods have become more expensive), which in turn has led to higher producer prices and then higher domestic consumer prices.
- However, both the CBRT and Erdogan, the President of Turkey, insist that expanding exports and balancing the current account should be the focus.

# Turkey

## Latest Developments

## FBIC's take

	Latest Developments	FBIC's take
<b>Industry Developments</b>	<p>Recently, Swedish IKEA, Polish Fashion retailer LPP, Italian Fashion Brand Benetton, German pharmaceutical giant Boehringer Ingelheim, and Belgian packaging firm DW Reusables have announced plans for new investments and increased production in Turkey in an effort to reduce their global supply chain fluctuations.</p>	<ul style="list-style-type: none"><li>• The disruptions to global supply chains driven by COVID-19, as well as a 10-fold increase in ocean freight transportation fees, and container shortages, have resulted in a trend of near-shoring (production closer to the consumption market).</li><li>• More and more European brands and companies will shift their productions out of east Asia, and Turkey's export industry will be in a position to benefit from this trend, as Turkey has close proximity to the European market; the shorter lead times will increase production flexibility and reduce overall cost for many companies.</li></ul>
<b>Labour and Compliance</b>	<p>The Turkish government announced in November that preparations are being made to increase the minimum wage for 2022. Additionally, tax cuts and financial aids to help offset electricity and fuel expenses for the upcoming winter were also discussed.</p> <p>These multiple initiatives are designed to support the lower income households who are the most vulnerable to the growing inflation pressures that are close to almost 20%.</p> <p>Another option being considered by the government is raising the salaries for some civil servants.</p>	<ul style="list-style-type: none"><li>• The current minimum wage is net 2,825 Lira per month (approx. US\$292). The 2022 amount has not yet been determined, but among the different options on the table include increasing it by more than the inflation rate. The new minimum wage will be announced at the end of the year by Turkey's Minimum Wage Commission.</li><li>• The fiscal supports have been made possible by the strong public finances, with the budget deficit narrowing to 1.5% of GDP so far this year, opening room for fiscal stimulus.</li></ul>
<b>Policies and Regulations</b>	<p>Turkey is working on establishing the Export Development Fund (IGF) to support the export industry by being the guarantor for loans extended to exporters.</p>	<ul style="list-style-type: none"><li>• With Turkey's surge in export (monthly export figures of over US\$20 billion), more working capital will be required to compensate for the COVID-19 driven increases in energy, logistics, and raw material costs. The IGF will help bridge the gap for many exporters to maintain production.</li><li>• More specifically, the IGF resolves the issues of loan guarantees and therefore allows easier access to loans. The IGF will also allow exporters the chance to utilize the resources of the CBRT through Eximbank without a letter of guarantee.</li></ul>

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