

Embassy of India Budapest

Economic and Commercial Report for the month of February 2017

Executive Summary

1. FM meets Russian Ministers, Rosatom chief discusses Paks project ahead of Presidential visit
2. OLAF chief meets Prosecutor General and Justice Minister
3. Russian President Vladimir Putin visits Hungary
4. EC projects faster growth for 2017
5. S&P keeps ratings stable
6. Investment agency brought in €3bn
7. Ikarus wins Iran bus contract
8. Richter profits doubled in Q4

Economic

Economic Summary: The Monetary Council of the MNB has left the base rate of 0.9% unchanged. Foreign-currency reserves grew by €329 million in January to €24.713 billion. The reserves were €6.555 billion lower at the end of January 2017 than in January 2016. Hungary's current account showed a deficit of €42 million in December 2016, following a €344 million surplus in November. Hungary's gross state debt stood at Ft 25.9 trillion at the end of 2016, or 73.9% of GDP, down from 74.7% at the start of 2016, according to preliminary data. The central budget debt went up by Ft 376.2 billion (appx €1.2 bln) in January, reaching Ft 25.806 trillion (appx €83.6 bln) at the end of the month, exceeding the previous peak of Ft 25.505 trillion (appx €82.7 bln). The budget debt is about 98% of the total state debt. Inflation accelerated to 2.3% year-on-year in January, from 1.8% in December. The 12-month figure rose above 2% for the first time since 2013, while core inflation at 1.6% was at its highest level in two and a half years. Industrial producer prices were 1.7% lower on average in 2016 than in 2015. Hungary's fourth-quarter GDP growth was less than expected, at 1.6%, falling short of the 2.0% expected by analysts. For 2016 as a whole, the economy expanded by 2.0%, or 1.8% according to workday-adjusted data. Hungary's unemployment rate dropped by 1.9 percentage points year-on-year to 4.3% in the November 2016-January 2017 period. Industrial production output was 0.5% lower, year-on-year in December, but 1.9% higher according to workday adjusted figures. For 2016 as a whole, industrial production went up 0.9%. The trade surplus for the first 11 months grew to €9.4 billion, with exports rising 4.4% and imports 4.7%, up from €7.9 billion in the same period of 2015. The output of Hungary's construction industry shrank by 18.8% in 2016. Output for the month of December was 14.9% lower than in the same month of 2015. The average gross monthly wage in 2016 was Ft 263,200 (appx €853) 7.4% increase in real terms from 2015, based on a 0.4% inflation rate. The average gross wage was up 5.7% year-on-year in December to Ft 288,800 (appx €936).

PMO looking into OLAF claims, Prosecutor files first criminal charge: The Prime Minister's Office has launched proceedings in the matter of the M4 construction project, its leader János Lázár said. He said OLAF claims that Ft 166 billion (appx €538.1 mln) worth of contracts in the Ft 430 billion (appx €1.4 bln) project were tainted by wrong-doing, and Hungary will have to repay Ft 59 billion (appx €19.1 mln) of those funds to the EU. Prosecutors have formally filed the first criminal charges stemming from the report. The sum involved in the case, Ft 770 million (appx €2.5 mln), is a small part of the total fraud estimated by OLAF at Ft 166 billion (appx €538.1 mln).

OLAF chief meets Prosecutor General and Justice Minister: Prosecutor General Péter Polt met Giovanni Kessler, head of the European anti-fraud office OLAF, in Budapest on 9th February to discuss current issues as well ways of making criminal proceedings in fraud cases involving EU funds, more effective. Giovanni Kessler said he has good ties with Polt's office and OLAF relies on Polt's support in uncovering fraud and corruption cases involving EU money. Hungary however opposes a proposal to create an EU prosecutor's office with the power to investigate misuse of EU funds in member states. The OLAF Chief also met with Economy Minister Mihály Varga and Justice Minister László Trócsányi.

FM Szijjártó meets Russian Ministers, Rosatom CEO discusses Paks project ahead of Presidential visit: Russian state energy company CEO Alexei Likhachev arrived in Budapest on 1st

February for a meeting with Foreign Affairs and Trade Minister Péter Szijjártó. Rosatom expects that EU authorities will approve the project soon, and construction of new blocks at the Paks nuclear power plant can begin in 2018. Preparations are under way, and the project has received the first level environmental permit, Mr. Likhachev observed. Rosatom has a fully owned subsidiary in Hungary, namely Ganz EEG, which produces pumps for Russian and other projects. FM Péter Szijjártó also received Russian Foreign Minister Sergei Lavrov, Minister Veronika Skvortsova just ahead of Russian President Vladimir Putin's visit. He also met with Industry and Trade Minister Denis Manturov.

Russian President Vladimir Putin visits Hungary : The Russian President paid a visit to Budapest on 2nd February and met with PM Viktor Orbán for discussions on a number of issues. One of the topics was the oil and natural gas supply agreements between the two countries. PM Orbán announced that Hungary could take gas deliveries from Russia's Nord Stream pipeline via Slovakia. He also said Hungary is not seeking to renegotiate the conditions of the loan from Russia to upgrade its sole nuclear power plant therefore renegotiating the credit agreement was never on the agenda. President Putin said Hungary and Russia had agreed to boost cooperation in technology-intensive industrial areas. He noted a contract for trains for the Budapest metro and that Russian and Hungarian business partners had launched joint bids to supply railway carriages to third countries. Putin also noted the presence of Hungarian businesses in Russia's pharmaceutical and farm industries. He praised bilateral cooperation in the areas of culture, science and education, noting that more and more Hungarians were interested in learning Russian. On another subject, Putin said he and Orbán were in agreement about the need to strengthen cooperation in the fight against international terrorism.

EC inquiry into food retail rules: The European Commission has launched an infringement procedure against Hungary regarding the retail trade of agricultural and food products. The EU objects to a regulation forcing retailers to apply the same profit margin to domestic and imported agricultural and food products. This may put imported goods at a disadvantage, in breach of the principle of free movement of goods, as prices are more volatile due to currency fluctuations. As this is the first step in the process, Hungary has two months to respond to the letter of formal notice.

EU inquires into Budapest-Belgrade railway project: The European Commission has launched a probe into the financing of the Budapest-Belgrade project, as it may have violated rules on public procurement. China's Export-Import Bank is to cover 85% of the total costs of the upgrade of the 350km line, while the Hungarian state will pay the rest. Exact figures are not known, as the government has made the feasibility study a state secret. The railway reconstruction is a part of China's \$900 billion Belt and Road project. Hungary is the only EU country to sign the initiative to date. The EC suspects that Hungary violated regulations in failing to announce a public tender for the financing contract. The inquiry is similar to that for the Paks expansion, where Hungary assigned the work to Russian state energy company Rosatom without inviting bids for the €12 billion undertaking. China has asked the Hungarian government for an explanation for the European Commission's challenge to the Budapest-Belgrade railway upgrade project.

FM Szijjártó meets Japanese executives: Foreign Affairs and Trade Minister Péter Szijjártó met with leaders of carmakers Suzuki and Toyota in Tokyo on 14th February to discuss Japanese investments in Hungary. Szijjártó also announced that four Japanese companies planned to invest a total of Ft 26 billion (appx €84.3 mln) in Hungary. He also met with the head of tyre maker Bridgestone, which has a factory in Tatabánya. FM Szijjártó signed a strategic partnership agreement with Sumitomo Electric, a supplier of hightech and electronic components. He also conferred with Hiroyuki Ishige, head of the Japanese trade organisation Jetro, as well as Agriculture, Forestry and Fisheries Minister Yuji Yamamoto and his deputy.

Cabinet allocates Ft 14bn for supplier programme: The government will provide Ft 6 billion (appx €19.5 mln) in 2017 and Ft 8 billion (appx €25.9 mln) in 2018 to help SMEs to join the supplier network of large companies in specific sectors, Economy Minister Mihály Varga announced. The funds will first be made available to SMEs in the automotive and industrial digitalisation sectors in 2017. The scheme will be extended to companies in the bus, rail and tram manufacturing industries in the first half of 2018, then to defence industry and medical equipment makers in the second half. The financial ceiling for each project will be Ft 2 billion (appx €6.5 mln).

EC projects faster growth for 2017: Economic growth will accelerate in Hungary and its economy is stable, the European Commission says in its latest report. Real GDP has passed the precrisis level, the report notes. On the other hand, the EC found that tension on the labour market due to the shortage of skilled and unskilled labour, as well as rapid changes in the regulatory environment, are restraining economic growth. The weak performance of Hungarian institutions and the government does not help to improve the business environment either, the EC commented.

S&P keeps ratings stable: Credit-rating agency Standard & Poor's affirmed Hungary's "BBB-/A-3" ratings with a stable outlook. S&P said Hungary's sustainable stable fiscal position and high trade surplus, which reflects strong external financing, support its rating. S&P put 2017's GDP growth at above 3%, then 2.5% between 2018 and 2020.

JCRA upgrades Hungary rating: The Japanese Credit Rating Agency (JCRA) has upgraded its rating of Hungary's foreign-currency sovereign debt from BBB to BBB+, the Economy Ministry announced. JCRA raised its rating of forint debt from BBB+ to A-. The upgrade is important for Hungary for the government's yen-denominated bonds, the ministry underlined. Unlike other credit-rating agencies, JCRA did not downgrade Hungarian debt to junk status during the economic crisis.

Investment agency brought in €3bn: State investment promotion agency HIPA had a role in attracting €3.243 billion in foreign investments in 2016 that created 17,647 jobs, President Róbert Ásik said. Of the 71 investments, 25 came in the car industry, representing 66% of the capital invested and 44% of the jobs created. The electronics sector received €341 million worth of investments, while eight food industry projects worth €258 million created 1,432 jobs, and 12 projects in business services created 2,500 jobs.

40% of companies suffer from labour shortage: Some 40% of companies in Hungary complain that the shortage of labour is harming their operations, the Hungarian Chamber of Commerce and Industry found in a survey of 3,000 companies. Only 10% of respondents expressed similar concerns during the years 2011-13. In addition to the lack of labour, retaining current workforce is also a problem. The labour shortage is most serious for exporting companies and in the manufacturing, construction and retail sectors.

Commercial

Record-breaking year for banks: Hungarian banks recorded a record combined net profit in 2016 of Ft 456 billion (appx €1.5 bln), reversing the Ft 29 billion (appx €94 mln) loss in 2015. Banks' pretax profits jumped from Ft 34.3 billion (appx €111 mln) to Ft 510.3 billion (appx €1.6 bln) in 2016. Profits expanded due to one-off factors, as banks freed more capital from reserves than they had set aside for future losses, the difference being Ft 118 billion (appx €382.5 mln). The decline in the bank tax also lifted earnings.

Poultry farmers receive compensation: The Agriculture Ministry has paid out Ft 1.7 billion (appx €5.5 mln) to duck and geese farmers to compensate them for losses caused by the outbreak of bird flu and an additional Ft 1.5 billion (appx €4.9 mln) will be earmarked.

MÁV agrees to 30% wage increase: Employees of state railway company MÁV will receive a 30% wage hike over the next three years, trade union VSZ announced after an agreement was reached. Under to the agreement, MÁV workers will receive average wage increases of 13% in 2017, a further 12% in 2018 and at least 5% in 2019.

Suzuki tops 2016 new car sales: Suzuki topped new car sales in 2016 with 11,266 vehicles sold, for an 11.7% market share, the company announced. The Japanese carmaker plans to sell 11,780 vehicles this year as the new car market, expands to 103,000.

Masterplast faces falling profits: Masterplast realised a €2.4 million after tax profit in 2016, down 7% from one year earlier, the construction insulation materials maker announced. Revenues went down 4% in 2016 and there was a drop of 6% in the fourth quarter alone.

MTelekom quadruples profit in Q4: Magyar Telekom made a Ft 20.5 billion (appx €66.5 mln) profit in the fourth quarter, five times more than one year earlier, the telecoms company announced. Management said the main reason for this was the reduction in the corporate income tax rate from 19% to a flat rate of 9% as of January 1, 2017, reduced, the amount of deferred tax liabilities by Ft 16.8 billion (appx €54.5 mln) year-on-year. Revenues were down in the quarter and for the full year, in large part due to the company's partial exit from the retail energy business.

Rába reports lower profits: Rába realised an Ft 861 million (appx €2.8 mln) net profit in the fourth quarter, down from Ft 1.1 billion (appx €3.6 mln) one year earlier, the state owned axle and vehicle maker announced. Revenues were up 3.4% year-on-year in the fourth quarter, to Ft 13.6 billion (appx €44.1 mln). For the year as a whole, profit fell by 29% to Ft 1.4 billion (appx €4.5 mln), as revenues shrank by 8% to Ft 42.6 billion (appx €138.1 mln).

Ikarus wins Iran bus contract: Ikarus Global will sell buses to Tehran, financed by Eximbank, under an agreement on long-term cooperation, said Ikarus Global CEO István Bedő. The first 200 buses will be made in Hungary under a contract to be signed by June, he added. Eximbank will provide a €45 million line of credit for the deal.

Richter profits doubled in Q4: Richter reported outstanding fourth-quarter results with profit after taxes more than doubling at Ft 19.3 billion (appx €62.6 mln). The 19% increase in revenues to Ft 105.7 billion (appx € 342.6 mln) outperformed expectations. Operating profits were lower, year-on-year, as a one-off payment for the base period was not matched in the fourth quarter of 2016.

GVH refuses RTL acquisitions: The competition authority GVH has ruled against Magyar RTL Televízió's purchase of a 30% stake in and management control over online content provider Central Digitális Média. RTL filed its request on October 15, 2016. Central Digitális Média publishes websites startlap.hu, 24.hu, NLCafé, HaziPatika.com, Vezess.hu and Hirstart.hu.

Upcoming Trade Fairs in Hungary:

| | |
|-------|--|
| (I) | CONSTRUMA 5-9th April 2017 –International Construction industry and Homemaking exhibition |
| (II) | CONSTRUMA GARDEN 5-9th April 2017 –Exhibition on landscaping, garden planning |
| (III) | Home Design 5-9th April 2017 - Exhibition on Interior Decoration, Design |
| (IV) | RENEO 5-9th April 2017 – International exhibition on Renewable Energy, building engineering |
| (V) | MACH-TECH 9 - 12th May 2017 - International Trade Exhibition of Machine Manufacturing and Welding Technology |
| (VI) | INDUSTRY DAYS 9 - 12th May 2017 International Trade Exhibition of Industries, showcasing latest professional trends |

Further information: www.hungexpo.hu



Trends in bilateral trade: Source: Central Statistical Office (www.ksh.hu)

2016 year trade (USD, EUR million and billion)

| | Hungary's Exports | | Hungary's Imports | | Total Trade | | % Growth Y on Y basis |
|---|------------------------|------------------------|------------------------|------------------------|--|--|-----------------------|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2016/2015 |
| Hungary's trade with India (mln) | 213.8 USD 193.7 EUR | 186.1 USD 167.9 EUR | 364.9 USD 329.2 EUR | 382.0 USD 344.1 EUR | 578.7 USD 522.8 EUR (0.30 % of Global Trade) | 568.1 USD 512.0 EUR (0.29 % of Global Trade) | -1.8% -2.0% |
| Hungary's Total Global Trade (bln) | 100.3 USD 90.5 EUR | 103.1 USD 93.0 EUR | 90.7 USD 81.9 EUR | 92.1 USD 83.1 EUR | 191.1 USD 172.3 EUR | 195.1 USD 176.2 EUR | +2.1% +2.2% |

Top 10 items of Export to the World (USD mln)

| Product | 2015. year | 2016. year | % growth | % total |
|--|------------|------------|----------|---------|
| Total Product (according to the Combined Nomenclature) | 100,299.1 | 103,072.6 | 2.8% | 100% |

| | | | | |
|--|----------|----------|--------|-----|
| 85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES | 20,085.3 | 21,168.7 | 5.4% | 21% |
| 84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF | 18,867.8 | 19,546.5 | 3.6% | 19% |
| 87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF | 18,009.5 | 18,551.1 | 3.0% | 18% |
| 30 PHARMACEUTICAL PRODUCTS | 4,808.9 | 4,741.1 | -1.4% | 5% |
| 39 PLASTICS AND ARTICLES THEREOF | 3,820.2 | 3,821.7 | 0.0% | 4% |
| 90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF | 3,317.2 | 3,690.1 | 11.2% | 4% |
| 40 RUBBER AND ARTICLES THEREOF | 2,388.7 | 2,430.9 | 1.8% | 2% |
| 27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES | 2,305.1 | 1,893.4 | -17.9% | 2% |
| 94 FURNITURE; BEDDING, MATTRESSES, MATTRESS SUPPORTS, CUSHIONS AND SIMILAR STUFFED FURNISHINGS; LAMPS AND LIGHTING FITTINGS, NOT ELSEWHERE SPECIFIED OR INCLUDED; ILLUMINATED SIGNS, ILLUMINATED NAME-PLATES AND THE LIKE; PREFABRICATED BUILDINGS | 1,759.9 | 1,824.3 | 3.7% | 2% |

Top 10 items of import from the World (USD mln)

| Product | 2015. year | 2016. year | % growth | % total |
|--|------------|------------|----------|---------|
| Total Product (according to the Combined Nomenclature) | 90,770.2 | 92,053.8 | 1.4% | 100.0% |
| 85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES | 18,133.0 | 18,749.3 | 3.4% | 20.4% |
| 84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF | 15,695.0 | 16,237.8 | 3.5% | 17.6% |
| 87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF | 9,525.1 | 10,049.3 | 5.5% | 10.9% |
| 27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES | 7,426.4 | 5,871.6 | -20.9% | 6.4% |
| 39 PLASTICS AND ARTICLES THEREOF | 4,179.3 | 4,402.6 | 5.3% | 4.8% |
| 30 PHARMACEUTICAL PRODUCTS | 3,884.8 | 3,872.8 | -0.3% | 4.2% |
| 73 ARTICLES OF IRON OR STEEL | 2,109.9 | 2,177.2 | 3.2% | 2.4% |
| 90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF | 1,962.8 | 2,046.8 | 4.3% | 2.2% |
| 72 IRON AND STEEL | 1,819.2 | 1,924.6 | 5.8% | 2.1% |
| 40 RUBBER AND ARTICLES THEREOF | 1,817.3 | 1,840.8 | 1.3% | 2.0% |

Top 10 items of Export to India (USD mln)

| Product | 2015. year | 2016. year | % growth | % total |
|--|------------|------------|----------|---------|
| Total Product (according to the Combined Nomenclature) | 213.4 | 186.1 | -12.8% | 100% |
| 84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF | 77.6 | 53.4 | -31.2% | 28.7% |
| 85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES | 51.8 | 42.6 | -17.9% | 22.9% |

| | | | | |
|---|------|------|--------|-------|
| 29 ORGANIC CHEMICALS | 26.6 | 34.4 | 29.2% | 18.5% |
| 90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF | 7.1 | 9.8 | 37.7% | 5.3% |
| 87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF | 9.4 | 6.0 | -35.7% | 3.2% |
| 48 PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD | 4.5 | 4.9 | 9.2% | 2.6% |
| 73 ARTICLES OF IRON OR STEEL | 4.0 | 4.3 | 9.4% | 2.3% |
| 74 COPPER AND ARTICLES THEREOF | 3.8 | 4.2 | 11.1% | 2.3% |
| 39 PLASTICS AND ARTICLES THEREOF | 7.5 | 4.1 | -45.3% | 2.2% |
| 41 RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER | 1.9 | 2.3 | 18.4% | 1.2% |

Top 10 items of Import from India (USD mln)

| Product | 2015. year | 2016. year | % growth | % total |
|--|------------|------------|----------|---------|
| Total Product (according to the Combined Nomenclature) | 364.9 | 382.0 | 4.7% | 100.0% |
| 84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF | 95.0 | 105.1 | 10.7% | 27.5% |
| 29 ORGANIC CHEMICALS | 84.5 | 79.7 | -5.7% | 20.9% |
| 30 PHARMACEUTICAL PRODUCTS | 72.6 | 67.1 | -7.7% | 17.6% |
| 85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES | 51.2 | 59.1 | 15.5% | 15.5% |
| 87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF | 8.7 | 13.0 | 50.4% | 3.4% |
| 64 FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES | 6.4 | 7.1 | 11.2% | 1.9% |
| 40 RUBBER AND ARTICLES THEREOF | 5.7 | 5.9 | 2.8% | 1.5% |
| 73 ARTICLES OF IRON OR STEEL | 4.7 | 4.7 | 0.2% | 1.2% |
| 39 PLASTICS AND ARTICLES THEREOF | 4.0 | 4.4 | 9.9% | 1.2% |
| 72 IRON AND STEEL | 1.9 | 3.7 | 95.2% | 1.0% |

Average Monthly Exchange rates for February 2017

1US\$= 289.93

1EUR= 308.51

Source: MNB-Hungarian National Bank www.mnb.hu

Trade enquiries: In the month of February 2017 Embassy of India, Budapest received 26 enquiries from India and 1 trade enquiry from Hungary.

Indian Trade inquiries for the month of February 2017

| S. No. | Enquiry originator | Product | HS codes | Nature Export/Import value (\$ mln) | Action taken |
|--------|-------------------------|---------------|----------|-------------------------------------|----------------------------------|
| 1 | Bonton Technomake P Ltd | Furniture | | Export to Hungary | All inquiries have been answered |
| 2 | Tri Bees Trade Zone | Paper | | Import to India | |
| 3 | PKL Enterprise | Miscellaneous | | Export to Hungary | |

| | | | | | |
|----|------------------------------------|---|--|---------------------------|--|
| 4 | Can Exim International | Textile: garments | | Export to Hungary | |
| 5 | Cesa International | Misc: Plastics, Tiles | | Export to Hungary | |
| 6 | Ravi Makasana | Paper | | Import from Hungary | |
| 7 | JAR Leathers | Leather | | Export to Hungary | |
| 8 | Hidalco overseas | Ceramic tiles | | Export to Hungary | |
| 9 | Praj Industries | Fuel: Ethanol, Biofuel, Pharmaceutical alcohol | | Cooperation | |
| 10 | Shivani Talwar | Tourism | | Joint venture/Cooperation | |
| 11 | VIP BK International Export | Food | | Export to Hungary | |
| 12 | Unique Pharmaceutical Laboratories | Pharma | | Export to Hungary | |
| 13 | Infinite Corporation | Food additives | | Export to Hungary | |
| 14 | H Care Products (I) Pvt. Ltd. | Medical equipment, furniture, Equipment for Handicapped | | Export to Hungary | |
| 15 | Vishal Pandit | Handicrafts | | Export to Hungary | |
| 16 | Can Exim International | Textiles | | Export to Hungary | |
| 17 | Ceasefire India | Fire safety equipment | | Export to Hungary | |
| 18 | Oscar Overseas | Home textiles: baby items | | Export to Hungary | |
| 19 | Hansal International | Agro | | Export to Hungary | |
| 20 | Electromac Industries | Engineering: Cables, clamps, Power: Electric equipment | | Export to Hungary | |
| 21 | Nadeem Leatherware Exports | Leather | | Export to Bosnia | |
| 22 | Arrow International | Engineering: Steel castings | | Export to Bosnia | |
| 23 | Aryavarte Export | Miscellaneous | | Export to Hungary | |
| 24 | Suryansh Pharmachem | Pharma, Chemicals | | Export to Bosnia | |
| 25 | Wellmake Overseas | Scrap metal | | Import to India | |
| 26 | Tradelink International | Miscellaneous | | Export to Hungary | |

Bilateral

Participation in the World Integrated Medicine Forum on the regulation of Homeopathic Medicinal Products – National and Global Strategies: Organized by the Central Council for Research on Homeopathy, an autonomous organization under the Ministry of Ayush on 23-24 February 2017, the forum explored the regulation of homeopathic medicinal products around the world, its current models, as well as its challenges and opportunities for the future. It brought together the key stakeholders involved in implementing and shaping production and regulation of homeopathic medicinal products. The event was attended by representatives of the homeopathic drug manufacturing industry, regulatory authorities, scientists and influencers from 25 countries. Mrs. Andrea Szekeley, Director of the Centre for Homeopathic Education Budapest visited India to participate in the event.

Bosnia & Herzegovina (BiH)

December Average Net Salary Grows 1.3%: The average net monthly salary in Bosnia increased by a nominal 1.3% year-on-year in December, reaching 853 KM, after a rise of 2.5% a month earlier, official figures show. The average gross salary also increased by a nominal 1.3% on the year, reaching 1,325 KM in December.

FDI Falls Sharply in January- September: Foreign direct investments (FDI) in Bosnia dropped to 80.5 million KM in the nine months through September from 223.4 million KM in the like period a year earlier, central bank data indicated. Croatia was the biggest investor in Bosnia in the review period with FDI totaling 21.4 million KM, followed closely by the United Arab Emirates with 20.1 million KM, the figures issued by the central bank showed. In 2015, FDI in Bosnia totaled 476.7 million KM, down 38.9% from a year earlier.

ArcelorMittal Zenica is Largest BiH Exporter: ArcelorMittal Zenica is the biggest exporter in Bosnia and Herzegovina. Besides this company, the list of the ten biggest exporters from BiH in 2016 contained six companies from the Federation entity, two from the Republika Srpska entity and one from the Brcko District, the Indirect Taxation Authority reported. ArcelorMittal Zenica is followed by Prevent BH Visoko, Aluminijski Mostar, Sisecam Soda Lukavac and Alumina Zvornik. The 2016 list of the top ten exporters in the country last year also included Global Ispat Koksna Industrija Lukavac (GIKIL), Fabrika za proizvodnju ulja Bimal from Brcko District, Cimos TMD – Automobilska industrija Gradacac, Borac Export- Import Travnik and Optima Grupa Banja Luka. Seven of the largest BiH exporters are also among the top ten importers in the country. Optima Grupa, founded by Russia's Zarubezhneft after acquiring oil refinery Brod, motor oil plant Modrica and retail filling stations network Nestrol Petrol, leads the list of the largest importers. Holdina Sarajevo, Global Ispat Koksna Industrija Lukavac, Prevent BH Visoko, ArcelorMittal Zenica, Petrol BH Oil Company Sarajevo, Bimal, Porsche Sarajevo, Aluminijski Mostar and Cimos Gradacac are also on this list. The Indirect Taxation Authority reported that there was an increase in both imports and exports in 2016 compared to 2015. BiH exported 9.7 billion KM in 2016 from 9.07 billion KM a year earlier. The country imported 16.26 billion KM last year from 15.27 billion KM in 2015.

Zvornik's Alumina Signs Coal Supply Deal with Banovici Mine: Zvornik-based Alumina signed a coal supply deal worth some 16 million KM with local state-controlled brown coal mine Banovici. Under the deal, Banovici will supply 160,000 tons of coal, to be used by Alumina in its production process in 2017. Alumina's core activity is the production of different types of hydrates and alumina by processing bauxite ore. It also produces zeolites and sodium silicates.

Bosnia Initials Regional Transport Community Treaty with the EU: With the initialing of the Transport Community Treaty in Sarajevo, Bosnia joined Albania and Montenegro in the commitment to establish a regional Transport Community. The objective of the treaty is to establish an integrated market for infrastructure and land, inland waterways and maritime transport and to align relevant legislation with the acquis in the Western Balkan region. The treaty will generate favorable conditions to make the Western Balkan transport sector more efficient with a net positive impact on growth and job creation. The Treaty will also be instrumental for the implementation of the WB6 Connectivity Agenda reforms.

Military Exports to Middle East Booming: According to the Foreign Trade Chamber of BiH, the country's arms producers achieved profits in 2016 that were between 15 and 20 percent higher than the year before. The Chamber's data shows that the value of arms exports in 2016 amounted to 87.4 million euros, compared to 70 million euros in the previous year. The country's military firms exported most to Egypt in 2016, followed by Saudi Arabia - which imported the most Bosnian-produced arms and military equipment in 2014 and 2015. In 2016, Bosnian military exports to Egypt amounted were worth about 22.8 million euros. Exports to Saudi Arabia were worth about 17.2 million euros, and to the United States, 12.8 million euros. Other major importers of Bosnian-produced arms and military equipment in 2016 were Serbia, Afghanistan, Turkey, Pakistan, Bulgaria, Switzerland and Malaysia. To each of these countries, Bosnia exported less than five million euros' worth of arms, ammunition and military equipment.

TRADE FAIRS in Bosnia and Herzegovina

| | | | | |
|-------------------------|--|-----------------------|------------------|---|
| MOSTAR SAJAM | General International Trade Fair | Mostar | 04-08 April 2017 | www.mostar-fair.com |
| SARAJEVO BUSINESS FORUM | International Investment Conference on in agriculture, energy, education, finance, infrastructure, construction, services, tourism | Sarajevo | 22-24 May 2017 | http://www.new.sarajevobusinessforum.com |
| ENERGA TUZLA | International trade fair for energy, industry and mining | Tuzlanski Sajam d.o.o | June 2017 | www.tuzlanskisajam.ba |

<http://www.tradefairdates.com/Fairs-Bosnia-and-Herzegovina-Z18-S1.html>

Average Monthly Exchange rates for February 2017

1US\$= 1.836119 KM

1EUR= 1.95583 KM

Source: Central Bank BIH <http://cbbh.ba>

Counsellor (Pol/Com)
Embassy of India
Budapest