

Embassy of India Budapest

Economic and Commercial Report for the month of May 2017

Executive Summary

1. Draft 2018 budget submitted
2. PM Viktor Orban visits China
3. National Bank Governor Mr. Matolcsy visits Beijing, Shanghai
4. Fitch confirms BBB- rating
5. Indian SONA BLW inaugurates factory
6. India participates in Sarajevo Business Forum

Economic

Economic Summary: The Monetary Council of the National Bank of Hungary (MNB) has left the base rate of 0.9% unchanged. The current account surplus amounted to EUR 583.3 mln in April compared to EUR 556.1 million in March 2017. International reserves of the National Bank of Hungary (MNB) stood at EUR 24.376 billion at the end of April, down EUR 22 million from the end of March. The Hungarian budget posted a surplus of Ft 76.6 billion (appx. € 245 mln) in April, according to preliminary data. The result leaves the deficit for the first four months at a record low of Ft 121.5 billion (appx. € 392 mln), down from Ft 145 billion (appx. € 468 mln) in the same period of 2016. The Maastricht standard gross state debt stood at Ft 26.4 trillion (appx. € 85 bln) or 74.6% of GDP in the first quarter, up from 74.1% at the end of the fourth quarter 2016, the MNB announced. Fixed capital investments in Hungary amounted to 17.8% of GDP in 2016, the lowest figure in 20 years, Eurostat announced. This figure is 24.6% in the Czech Republic, the second highest in the EU, and 20.2% in Slovakia. Fixed capital investments plummeted as EU-financed projects ran out. Inflation fell to 2.2% year-on-year in April from 2.7% in March, the Central Statistics Office (KSH) announced. GDP growth in Hungary was 4.1% year-on-year in the first quarter. According to the adjusted figures a 3.7% year-on-year increase was achieved. IMF expects a GDP growth of 2.9% in 2017 and 3% in 2018. The unemployment rate dropped 1.7 percentage points on an annual basis to 4.6% in the 2017 February–April period. Hungary's exports and imports both reached record high levels in March, with year-on-year increases of 18% and 21%. Exports totalled €9.431 billion and imports €8.475 billion, resulting in a trade surplus of €956 million, just €1.5 million below that of one year earlier. Hungary's industrial output was up 10% year-on-year in March, according to workday-adjusted figures from the Central Statistics Office (KSH). Retail sales were up 3.6% year-on-year in March and up 5.6% when adjusted for calendar effects. Gross and net monthly wages in February 2017 were up 10.7% year-on-year to Ft 274,800 (appx € 886) and Ft 182,700 (appx € 589), respectively. Tourists spent a 1.8 million guest nights in Hungary in March, up 4%, year-on-year. Of these foreigners accounted for 946,000 guest nights, marking an 8% growth over the same month.

Gov't draws on Russian credit: The government has started to draw on Russian credit to finance the expansion of the Paks nuclear power plant, as €100 million worth of work had already been carried out on the project by March 6, PMO head János Lázár said at a press conference. Lázár said the government will draw on €600-900 million from Russia in each of the next two or three years, and that will rise to €1-3 billion three to four years from now.

Draft 2018 budget submitted: The government has submitted its draft 2018 budget, Economy Minister Mihály Varga announced. It forecasts 4.1% GDP growth for 2017 and 4.3% for 2018, a budget deficit amounting to 2.4% of GDP and inflation at 3%. Budget reserves will be set at Ft 203 billion (appx. € 655 mln), the same as in 2017. The state debt is expected to drop to 70.5% of the GDP in 2018 from the 72% targeted in 2017. The 2018 budget is increasing spending on education with Ft 81 billion (appx. € 261 mln), on health care with Ft 102 billion (appx. € 329 mln), on pensions and social assistance Ft 287 billion (appx. € 926 mln), on economic development with Ft 205 billion (appx. € 661 mln) and on public security Ft 85 billion (appx. € 274.2 mln). Social contribution tax paid by employers will be cut from 22% of wages to 20%. Under the proposed budget, the VAT on internet services will be cut from 18% to 5% in 2018, and will also fall to 5%

on fish. The small business tax will be cut from 15% to 14% from 2018. The company tax will remain at 9% and income tax will stay at 15%. The proposed monthly minimum wage is planned as Ft 138,000 (appx. € 445.-) in 2018, and Ft 180,000 (appx. € 580.-) for skilled workers.

PM Orban visits China : The Hungarian PM Viktor Orbán visited China to participate in the Belt and Road Initiative Forum. The visit was also treated as a State visit. PM Orban held negotiations with President Xi Jinping and Premier Li Keqiang on 13th May, following which several agreements were concluded including one on China Exim Bank and the Hungarian Development Bank mobilising Chinese capital to assist Hungarian small and medium-sized enterprises, and Chinese enterprises investing in Hungary. Financial conditions for the modernisation of the Budapest-Belgrade railway line were also discussed. FM Szijjártó also held talks with Foreign Minister Wang Yi. At an international forum in Beijing on 14th May, FM Szijjártó said the Chinese President's One Belt, One Road strategy represents important opportunities for Europe which the continent should exploit. Since the competitiveness of the EU is decreasing, strategies are needed to regain competitiveness. In order for that to happen Europe must sustain the closest possible ties with the fastest developing regions of the world: Asia and South-East Asia. The Chinese government raised Hungarian-Chinese bilateral cooperation to the level of comprehensive strategic partnership, which is the highest category in the Asian country, Foreign Minister Péter Szijjártó said.

MNB Governor Mr. Matolcsy visits Beijing, Shanghai: The Governor of the National Bank György Matolcsy visited Beijing with a delegation, and met with Mr. Tian Guoli, Chairman of the Bank of China on 24th and 25th May. During the visit the agency agreement was renewed, that was first signed between the two central banks in June 2015. Mr. György Matolcsy also visited Shanghai on 27-28 May, taking part in the Shanghai Forum which addressed the progress made by Asia and its role in the world economy. Mr. Matolcsy gave a speech about the One Belt, One Road initiative and the success of Hungarian crisis management. Also Mr. Matolcsy was appointed an honorary member of the International Advisory Board of the Shanghai Forum and the Fudan Development Institute at Fudan University in Shanghai.

Fitch confirms BBB- rating: International credit rating agency Fitch Ratings has confirmed its BBB-rating on the sovereign debt of Hungary, also maintaining its "stable" outlook on 12th May. Fitch expects the GDP to increase 3.2% in 2017 and 3.3% in 2018, after a growth of 2% in 2016. Fitch also highlighted that there are tensions between Hungary and the EU and if these relations were to deteriorate it could lead to a worse medium and long-term economic outlook.

Construction labour shortage dire: There is a shortage of 10,000-15,000 skilled workers in the construction sector, said László Koji, Head of construction association ÉVOSZ. The situation is the gravest in Budapest and in the Central Hungarian region where construction has grown at a rapid pace in recent years. Hungary's construction sector grew by 25% in the first three months, spurred by tax cuts and the government's home-subsidy scheme. Évosz expects full-year growth to reach 15%.

Commercial

Erste to axe hundreds of jobs: Erste Bank Hungary will lay off several hundred people and carry out large-scale organisational restructuring, CEO Radován Jelasity announced, citing low margins and growing regulatory costs aimed at improving the bank's competitive position. Erste will lay off 7-9% of its 3,000 staff, which will shave off 10% of its expenses, helping the bank to reduce its cost to revenue ratio. Erste will also integrate its brokerage into its core banking unit. The bank's pretax profit rose to Ft 47.4 billion (appx. € 153 mln) in 2016 from Ft 18.6 billion (appx € 60 mln) in 2015, but the gains were largely due to one-off factors, such as freeing loss reserves.

PM opens Samsung car battery plant in Göd : Prime Minister Viktor Orbán attended the opening ceremony of Samsung SDI's plant in Göd where the South Korean company will produce batteries for electric vehicles. The plant will have an annual capacity of batteries for 50,000 purely electric vehicles. Foreign Affairs and Trade Minister Péter Szijjártó had announced in August 2016 that Samsung will invest Ft 100 billion (appx € 322 mln) to revive the factory where it produced plasma TVs and cathode-ray tubes until the company closed the plant in 2014. The investment created 600 new jobs.

Wizz Air profits surge to new record: Budget airline Wizz Air announced that profits rose 28% to a record €246 million in 2016 on revenues of €1.57 billion, up 10% even as the company cut fares amid tight competition in the sector. Wizz Air managed to keep costs down and expand its network, opening 113 new routes. The Budapest-based airline which specialises in flights to and from Central and Eastern Europe carried 23.8 million passengers in its business year ending March 31, 2017, up from 20 million from March 2016.

MTelekom pleased with Q1 results: Magyar Telekom's post-tax profit in the first quarter was 55% lower than in Q1 2016, dropping to Ft 4.8 billion (appx €15 mln), primarily due to one-off effects, the company announced. The figures no longer incorporate the activity of Montenegro unit Crnogorski Telekom, which was sold in January to Hrvatski Telekom, another subsidiary of parent company Deutsche Telekom. Despite that, revenues went up by 1.6% to Ft 140.5 billion (appx € 452 mln). Operating profit declined from Ft 20.6 billion (appx €66 mln) to Ft 12.6 billion (appx €41 mln).

Richter profits up 70% in Q1: Pharmaceutical maker Richter Gedeon reported a 71% rise net profit on 26% revenue growth in Q1 2017 . Sales expanded to Ft 112.7 billion (appx €364 mln), as "an excellent sales performance was recorded by all international markets of the group," the company said. Most notably, sales to Russia were 44% higher at 26.7 billion (appx €86 mln), helped by the appreciation of the rouble, and sales to the EU rose by 25% to Ft 47.1 billion (appx € 152 mln).

MOL reports big profit rise in Q1: MOL reported a Ft 93.9 billion (appx €303 mln) post-tax profit for the Q1 2017 up 28% from Ft 73.6 billion (appx €237 mln) a year earlier. Ebitda rose by 24%, from Ft 143.4 billion (appx €463 mln) to Ft 178 billion (appx €574 mln), while operating profit went up 48% from Ft 72.2 billion (appx €233mln) to Ft 106.9 billion (appx €345 mln).

Upcoming Trade Fairs in Hungary:

(I)	<u>OMÉK</u> 20-24th Sept 2017 National Agriculture and Food Exhibition and Fair
(II)	<u>DENTAL WORLD</u> 12-14 October 2017 Dental Trade Fair and Conference
(III)	<u>AUTOMOTIVE HUNGARY</u> 18-20 October 2017 International Exhibition for Automotive Industry Suppliers
(IV)	<u>ÖKOINDUSTRIA</u> 08-10 November 2017 International Trade Fair for the Environmental Industry, Energy Efficiency and Renewable Energies
(V)	<u>BEAUTY FORUM BUDAPEST</u> 03-04 November 2017 International Cosmetic Trade Fair

Further information: www.hungexpo.hu , <https://www.tradefairdates.com>



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

2017 First Quarter year trade (USD, EUR million and billion)

	Hungary's Exports		Hungary's Imports		Total Trade		% Growth Y on Y basis
	2016 Q1	2017 Q1	2016 Q1	2017 Q1	2016 Q1	2017 Q1	2017 Q1 /2016 Q1
Hungary's trade with India (mln)	42.0 USD 38.2 EUR	57.0 USD 53.9 EUR	83.7 USD 76.1 EUR	112.0 USD 106.1 EUR	125.7 USD 114.3 EUR (0.27 % of Global Trade)	169.0 USD 160.0 EUR (0.33 % of Global Trade)	+34.4% +40.0%
Hungary's Total Global Trade (bln)	24.7 USD 22.4 EUR	26.9 USD 25.3 EUR	21.9 USD 19.9 EUR	24.3 USD 22.8 EUR	46.7 USD 42.3 EUR	51.2 USD 48.1 EUR	+9.7% +13.7%

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 May 2017

1 US\$= 280.50

1 EUR= 309.90

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

Trade enquiries: In the month of April 2017 Embassy of India, Budapest received 21 enquiries from India and 1 trade enquiry from Hungary.

Indian Trade inquiries for the month of May 2017

S. No.	Enquiry originator	Product	HS codes	Nature Export/Import value (\$ mln)	Action taken
1	Sharma Marketing Services	Autocomponents		Export to Hungary	All inquires have been answered
2	Daman International	Engineering: Tools		Export to Hungary	
3	Prime Preciturns	Engineering: brass fasteners, fittings, Autocomponents		Export to Hungary	
4	Kalpataru international	Textile: garments, Bags		Export to Hungary	
5	Vijay Hometex	Textile: home textiles		Export to Hungary	
6	Keshavam Intentional	Agro: vegetables and food		Export to Hungary	
7	V.S.M. Global	Agro: herbs, flowers, vegetables, spices		Export to Hungary	
8	Anand Concast Ltd	Bicycle, motorcycle, parts		Export to Hungary	
9	Alfanso Vitrified Pvt. Ltd	Ceramic tiles, sanitary ware		Export to Hungary	
10	Vijay Hometex	Home textiles		Export to Hungary	
11	RGS International	Agro and Home textiles		Export to Hungary	
12	Akriti Pharmaceuticals Pvt Ltd	Pharmaceuticals, nutraceuticals		Export to Hungary	
13	Srinivasan N	Misc: Textiles, Spices, etc		Export to Hungary	
14	RK International Exports	Stones		Export to Hungary	
15	Divya salt pvt ltd	Salt		Export to Hungary	
16	Kesar Minerals & Chemicals.	Minerals		Looking for investors, cooperation	
17	MJS International Export and Import	Agro: Fruits, Rice, vegetables, spice		Export to Hungary	
18	Medibher Pharmaceuticals	Pharmaceuticals		Export to Hungary	
19	Shahi Furnishers & Exporters	Furniture		Export to Hungary	
20	Exporting global	Agro: Fruits, Rice, vegetables, spice		Export to Hungary	
21	Build Avenue magazine	Ceramic tiles, sanitary ware		Export to Hungary	

Bilateral

Indian SONA BLW inaugurates factory: The Indian-owned automotive supplier, SONA BLW Group opened its new 1.3 bln HUF (appx 4.2 mln EUR) plant on 30,000 sqm in the city of Polgár, on 31 May, 2017. During the inauguration Mr. Rajiv Balagangadharan, Managing Director, Mr. Sunjay Kapur, Chairman of the Supervisory Board at SONA BLW, Mr. József Mocsár, Plant Manager, Mr. László Szabó, Minister of State for Parliamentary Affairs, Mr. Balázs Rákossy, Minister of State for the utilization of EU Funds, Mr. Vijay Khanduja, Counsellor, Embassy of India, Mr. József Tóth, Mayor of the city of Polgár, Mr. Ádám Székely, CEO of InfoGroup and Mr. Frank Zerling, Project Manager gave speeches on the ceremonious occasion. The SONA Group was founded in 1987 to manufacture components for the automotive industry. Currently SONA BLW Hungary Kft. employs 30 people.

Bosnia & Herzegovina (BiH)

India Participates in Sarajevo Business Forum: India participated in the 8th International Investment Conference – Sarajevo Business Forum on 22 – 23 May 2017 in Sarajevo, Bosnia & Herzegovina.

During the conference, Ambassador Rahul Chhabra had a discussion with H.E. Dr. Mladen Ivanic, Chairman, Presidency of Bosnia and Herzegovina (BiH). Mr. Ivanic was pleased to hear that India led one of the largest foreign delegations with 34-members to the event. The annual Sarajevo Business Forum has been organized since 2010 and is considered one of the most important business and investment events in the Southeast Europe. It represents a platform for business networking and exploring investment opportunities with the aim of boosting economic development. The international investment conference showcased projects from agriculture, energy, education, finance, infrastructure, construction, services, tourism and other industries.

Annual Inflation Unchanged in April: Bosnia's annual inflation rate was 1.4% in April 2017, unchanged from the March 2017 level, data from the Agency for Statistics showed. Inflation reflected an increase in the prices of food and non-alcoholic beverages by 0.7%, alcoholic beverages and tobacco by 4.1%, housing, water, electricity, gas and other fuels by 2.1%, healthcare services by 0.5%, education by 0.9%, recreation and culture by 1.0%, transport by 8.0% and restaurant and hotel services by 0.6%, according to a monthly inflation report. In 2016, Bosnia and Herzegovina annual deflation expanded to 1.1% from 1.0% in 2015.

Trade Gap Widens 1.7%: National trade deficit has increased 1.7% on the year in the first four months of 2017 reaching 2.1 billion KM (appx € 1.1 bln). Exports rose 16.5% year-on/year, reaching 3.4 billion KM (appx € 1.7 bln). in January-April, while imports increased 10.4% to 5.5 billion KM (appx € 2.8 bln). In 2016, Bosnia's trade gap narrowed 2.1% to 6.7 billion KM (appx € 3.4 mln).

EBRD to Withhold €400 Million in Lending to Bosnia: The European Bank for Reconstruction and Development will withhold 400 million euro in loans intended to finance the construction of Corridor Vc through Bosnia, because the country has failed to adopt amendments to excise tax law needed to ensure repayment of the loans, local media reported. Earlier, the EBRD lowered its forecast for Bosnia's economic growth in 2017 to 2.5% from 3.0%, largely due to the country's failure to complete the first review of its current three-year funding arrangement with the International Monetary Fund. In March, the IMF said Bosnia and Herzegovina had until the end of April to meet reform targets in order to pave the way for consideration of the first review under its loan deal. Bosnia needs to increase fuel excises, amend the law on deposit insurance and limit employment in institutions by the end of April, according to the IMF.

Vote Against Sale of Ljubija to Israeli Investor: The RS government's plan to sell its stake in the Ljubija ore mine to an *Israeli company* met with opposition in the entity. The mine is partly owned by ArcelorMittal, which is widely perceived to be Indian entity. Around 500 workers from the iron-ore mine operator ArcelorMittal Prijedor Unit took to the streets of the main city in Banja Luka, on 11 May, to protest against the government's decision to sell the Ljubija iron-ore mine to Israeli Investment Group. The *opposition Serbian Democratic Party*, SDS, Vukota Govedarica, and the *head of PDP*, Borislav Borenovic, attended the rally in support of ArcelorMittal group. The sale could not go through as the entity Assembly rejected the proposal on May 17. Out of the 80 lawmakers present, 34 voted against, 39 for and seven abstained.

Trends in bilateral trade:

Source: Eurostat (<http://epp.eurostat.ec.europa.eu>)

	BiH's Exports		BiH's Imports		Total Trade		% Growth Y on Y basis
	2016Q1	2017Q1	2016Q1	2017Q1	2016Q1	2017Q1	2017Q1/2016Q1
BiH's trade with India (mln)	0.43 USD 0.39 EUR	1.03 USD 0.97 EUR	19.2 USD 17.4 EUR	17.2 USD 16.2 EUR	19.6 USD 17.8 EUR (0.93 % of Global Trade)	18.3 USD 17.2 EUR (0.52 % of Global Trade)	-7.0% -3.7%
BiH's Total Global Trade (bln)	0.12 USD 0.11 EUR	1.4 USD 1.3 EUR	2.0 USD 1.8 EUR	2.2 USD 2.0 EUR	2.1 USD 1.9 EUR	3.5 USD 3.3 EUR	+67.2% +73.1%

Top 10 items of Import from the World to B&H [Million]

Product	2015 USD	2016 USD	% growth	% total
TOTAL TOTAL	8,993.0	9,128.4	1.5%	100.0%

27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	1,215.5	1,082.1	-11.0%	11.9%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	733.9	726.2	-1.0%	8.0%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	596.1	638.6	7.1%	7.0%
39 PLASTICS AND ARTICLES THEREOF	461.3	487.3	5.6%	5.3%
30 PHARMACEUTICAL PRODUCTS	298.5	306.4	2.6%	3.4%
73 ARTICLES OF IRON OR STEEL	258.8	257.6	-0.5%	2.8%
72 IRON AND STEEL	23.0	250.0	988.5%	2.7%
41 RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	196.2	192.1	-2.1%	2.1%
22 BEVERAGES, SPIRITS AND VINEGAR	189.5	181.6	-4.2%	2.0%
48 PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	166.2	175.3	5.5%	1.9%

Top 10 items of export to the World from B&H

Product	2015 USD	2016 USD	% growth	% total
TOTAL TOTAL	5,098.8	5,326.1	4.5%	100.0%
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	548.1	601.4	9.7%	11.3%
44 WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	372.8	403.2	8.2%	7.6%
27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	357.6	362.5	1.4%	6.8%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	337.2	348.6	3.4%	6.5%
28 INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	267.9	278.9	4.1%	5.2%
73 ARTICLES OF IRON OR STEEL	214.2	252.6	18.0%	4.7%
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	23.7	239.3	911.1%	4.5%

72 IRON AND STEEL	265.2	221.1	-16.6%	4.2%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	176.3	175.8	-0.2%	3.3%
62 ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED	15.2	153.0	909.2%	2.9%

Top 10 items of Import from India to B&H

Product	2015 USD	2016 USD	% growth	% total
TOTAL TOTAL	59.7	75.7	26.8%	100.0%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	12.9	15.3	18.9%	20.2%
09 COFFEE, TEA, MATÉ AND SPICES	7.7	8.9	15.6%	11.7%
64 FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	3.7	4.5	21.7%	5.9%
29 ORGANIC CHEMICALS	0.9	4.2	347.9%	5.5%
41 RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	4.1	3.9	-4.4%	5.1%
52 COTTON	3.0	3.6	21.0%	4.7%
25 SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT	2.4	2.6	5.6%	3.4%
62 ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED	2.0	2.2	8.3%	2.9%
30 PHARMACEUTICAL PRODUCTS	1.1	2.1	100.5%	2.8%
56 WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF	0.0	2.0	11933.4%	2.6%

Top 10 items of export to India from B&H

Product	2015 USD	2016 USD	% growth	% total
TOTAL TOTAL	1.4	3.2	127.5%	100.0%
28 INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	0.1	1.6	953.7%	49.2%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	0.0	0.5	640554.3%	15.3%
48 PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	0.8	0.4	-47.8%	12.7%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	0.1	0.2	206.2%	5.8%

79 ZINC AND ARTICLES THEREOF	0.1	0.2	159.0%	4.8%
44 WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	0.2	0.1	-12.7%	4.5%
73 ARTICLES OF IRON OR STEEL	0.0	0.1	67632.0%	1.9%
41 RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	0.1	0.0	-74.2%	0.7%
22 BEVERAGES, SPIRITS AND VINEGAR		0.0		0.5%
46 MANUFACTURES OF STRAW, OF ESPARTO OR OF OTHER PLAITING MATERIALS; BASKETWARE AND WICKERWORK		0.0		0.4%

TRADE FAIRS in Bosnia and Herzegovina

<u>ZEPS International</u>	International Trade Fair on Minerals, Metals & Ores industry	Zenica	3-7 October 2017	http://www.zeps.com/site/en/fairs/zeps-intermetal
<u>RENEXPO</u>	International Trade Fair and Conferences on Renewables and Energy	Sarajevo	8-9 November 2017	www.renexpo-bih.com

Further information: <http://www.tradefairdates.com/Fairs-Bosnia-and-Herzegovina-Z18-S1.html>,
<https://10times.com/bosnia-herzegovina/tradeshows>

Average Monthly Exchange rates for May 2017

1US\$= 1.779831KM

1EUR= 1.955830 KM

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

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