

**Embassy of India  
Budapest**

**ECONOMIC AND COMMERCIAL REPORT  
FOR THE MONTH OF MAY 2018**

**HUNGARY**

**(I) Bilateral Trade**

**2018 January-March trade (USD, EUR million)**

	Import Q1	Export Q1	Total	Growth% of Import (y-o-y)	Growth% of Export (y-o-y)
<b>Hungary's trade with India (mln)</b>	110.6 USD 91.2 EUR	56.2 USD 46.2 EUR	166.8 USD 137.4 EUR	-0.9% -13.8%	-1.8% -14.7%
<b>Hungary's Total Global Trade (mln)</b>	29,482 USD 24,036 EUR	32,082 USD 26,142 EUR	61,564 USD 50,178 EUR	19.9% 3.9%	19.4% 3.4%

Source: Central Statistical Office ([www.ksh.hu](http://www.ksh.hu))

**(II) Top 10 Items of Export to India (In millions of US\$)**

S.No.	Commodity Total	2018 Jan-Mar	Growth (%) (y-o-y)	(%) Share in Total Export
		56.2	-1.8%	0.19%
1	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	15.8	11.3%	0.05%
2	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	11.6	-28.5%	0.04%
3	29 ORGANIC CHEMICALS	8.2	-41.0%	0.03%
4	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	3.0	187.5%	0.01%
5	90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	2.7	14.8%	0.01%
6	73 ARTICLES OF IRON OR STEEL	2.7	52.0%	0.01%
7	28 INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	1.7	409.7%	0.01%
8	74 COPPER AND ARTICLES THEREOF	1.4	18.2%	0.00%
9	48 PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	1.3	12.4%	0.00%
10	39 PLASTICS AND ARTICLES THEREOF	1.0	21.0%	0.00%

Source: Central Statistical Office ([www.ksh.hu](http://www.ksh.hu))

**(III) Top 10 Items of Export to the World (In millions of US\$)**

S.No.	Commodity	2018 Jan-Mar	Growth (%) (y-o-y)	(%) Share in Total Export
	<b>TOTAL</b>	32,082.1	19.4%	100.0%
1	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	6,637.5	23.4%	20.7%
2	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	5,661.7	11.9%	17.6%
3	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	5,514.3	21.9%	17.2%
4	30 PHARMACEUTICAL PRODUCTS	1,407.5	13.7%	4.4%

5	39 PLASTICS AND ARTICLES THEREOF	1,254.2	21.8%	3.9%
6	90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	1,139.0	14.0%	3.6%
7	27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	750.1	16.9%	2.3%
8	40 RUBBER AND ARTICLES THEREOF	745.9	20.7%	2.3%
9	29 ORGANIC CHEMICALS	590.2	34.1%	1.8%
10	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	513.9	18.5%	1.6%

Source: Central Statistical Office ([www.ksh.hu](http://www.ksh.hu))

#### (IV) Top 10 items of imports from India (In millions of US\$)

S.No.	Commodity	2018 Jan-Mar	Growth (%) (y-o-y)	(%) Share in Total Imports
	<b>TOTAL</b>	<b>110.6</b>	<b>-0.9%</b>	<b>0.38%</b>
1	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	30.4	3.5%	0.10%
2	29 ORGANIC CHEMICALS	28.2	11.3%	0.10%
3	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	16.4	2.6%	0.06%
4	30 PHARMACEUTICAL PRODUCTS	13.0	-30.9%	0.04%
5	73 ARTICLES OF IRON OR STEEL	3.2	103.4%	0.01%
6	64 FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	2.6	37.0%	0.01%
7	40 RUBBER AND ARTICLES THEREOF	2.1	12.3%	0.01%
8	72 IRON AND STEEL	1.9	-28.9%	0.01%
9	24 TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES	1.8	205.0%	0.01%
10	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	1.6	26.4%	0.01%

Source: Central Statistical Office ([www.ksh.hu](http://www.ksh.hu))

#### (V) Top 10 Items of Import from the World (In millions of US\$)

S.No.	Commodity	2018 Jan-Mar	Growth (%) (y-o-y)	(%) Share in Total Imports
	<b>TOTAL</b>	<b>29,482.0</b>	<b>19.9%</b>	<b>100.0%</b>
1	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	5,869.1	19.9%	19.9%
2	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	4,679.7	9.3%	15.9%
3	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	3,235.6	25.7%	11.0%
4	27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	2,001.1	0.5%	6.8%
5	39 PLASTICS AND ARTICLES THEREOF	1,410.2	26.4%	4.8%
6	30 PHARMACEUTICAL PRODUCTS	1,139.4	13.7%	3.9%
7	72 IRON AND STEEL	795.4	43.2%	2.7%

8	73 ARTICLES OF IRON OR STEEL	722.1	27.4%	2.4%
9	90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	624.1	19.8%	2.1%
10	76 ALUMINIUM AND ARTICLES THEREOF	603.1	27.3%	2.0%

Source: Central Statistical Office ([www.ksh.hu](http://www.ksh.hu))

**(VI) Top 5 Competitors of India's Top 5 Exports to Hungary JAN-MAR 2018**

S. No.	Commodity	Competitors		Amount
				(In millions of US\$)
1	(HS 84) NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS...	1.	Germany	6 225.6
		2.	China	1 187.7
		3.	Italy	1 081.4
		4.	United States	951.8
		5.	Netherlands	869.9
2	(HS 85) ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND...	1.	Germany	5 774.7
		2.	China	2 708.6
		3.	Netherlands	1 782.9
		4.	Slovakia	911.2
		5.	Poland	846.1
3	(HS 30) PHARMACEUTICAL PRODUCTS	1.	France	712.7
		2.	Germany	563.7
		3.	Belgium	537.2
		4.	Korea, Rep.	379.9
		5.	Netherlands	362.5
4	(HS 73) ARTICLES OF IRON OR STEEL	1.	Germany	777.1
		2.	Italy	244.0
		3.	Czech Republic	151.3
		4.	Austria	143.2
		5.	Slovakia	131.5
5	(HS 29) ORGANIC CHEMICALS	1.	China	175.9
		2.	Germany	171.2
		3.	Czech Republic	155.2
		4.	Italy	144.6
		5.	Russia	91.9

Source: Central Statistical Office ([www.ksh.hu](http://www.ksh.hu))

**(VII) Bilateral Investment** (Source: Hungary around the Clock media, Hungarian Government [www.kormany.hu](http://www.kormany.hu))

S. No.	Name of Company	Secor	Amount (US\$ million)
	-n/a-		

**(VII) Global Investment** (Source: Hungary around the Clock media, Hungarian Government [www.kormany.hu](http://www.kormany.hu))

S. No.	Name of Company	Secor	Amount (US\$ million)
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- 1. Car supplier opens new pressing plant:** Hydro Extrusion Hungary opened an aluminium pressing plant in Székesfehérvár after a Ft 6.9 billion (appx € 21.8 mln) investment, creating 120 jobs. The company manufactures aluminium components for various branches of industry, including the automotive industry. Hydro Extrusion installed a €16 million state-of-the-art extrusion machine, which allows the manufacture of advanced lightweight aluminium

components for electric cars, such as the Audi Q6 and Jaguar I-Pace, said CEO Frank Lepema. He highlighted the excellent energy absorption aluminium components, developed in part by Hungarian engineers. Foreign Affairs and Trade Minister Péter Szijjártó announced the investment in September. The government provided a Ft 1.2 billion (appx € 3.7 mln) subsidy for the project, and a Ft 1.5 billion (appx € 4.7 mln) tax break. The Norwegian-owned company established its presence in Székesfehérvár in 2007 after it took over plants owned by Alcoa. The Hungarian unit generated revenues of €260 million in 2017. The company employs over 35,000 people worldwide, including 1,569 in Hungary.

2. **Jabil expands production area:** US-based manufacturing services company Jabil expanded its facility in Tiszaújváros by adding 2,000m<sup>2</sup> in production area at a cost of \$200,000. The facility specializes in the production of medical devices. The company established its Hungarian subsidiary in 2000. The Hungarian unit became the parent company's third largest and the biggest in Europe, employing 3,500 people.
3. **Vodafone buys UPC Hungary as part of a massive deal:** Vodafone announced that it will acquire UPC Hungary from the owner of Liberty Global as part of a wider acquisition deal that also includes the operations of Liberty Global in the Czech Republic, Germany, and Romania for a total of €18.4 billion. The deal is the largest in Vodafone's history. It will require the regulatory approval of the European Commission, which is expected to come by mid-2019. The companies see major synergies as they offer complementary services at present. UPC Hungary is the country's largest cable operator, providing its services to 1.8 million households. "The acquisition of UPC Hungary will allow us to become a converged national challenger, to be able to offer Hungarian consumers the full suite of converged services, including mobile, fixed broadband, and TV," Vodafone Hungary CEO Amanda Nelson said. As a result of the acquisition, Vodafone Hungary is set to become the second largest player on the telecom market after market leader Magyar Telekom.
4. **Ericsson inaugurates R&D centre:** Swedish telecommunications company Ericsson inaugurated its new headquarters and R&D centre in Budapest, dubbed Ericsson House. The facility was inaugurated by Ericsson Chairman-CEO Börje Ekholm and Prime Minister Viktor Orbán. More than 1,700 of the company's 2,000 employees will work at the facility, located in the 11th District in Budapest, and over 1,400 of these staff are employed in the R&D division. Property developer Wing built the state-of-the-art facility. Ericsson has also signed a memorandum of understanding with the Budapest University of Technology and Economics to extend their collaboration in education, research, and innovation. PM Orbán called it encouraging that nearly 25% of Hungary's economic growth in recent years came from the digital economy, and said the sector was of strategic importance. The sector could do with another couple of thousand SMEs as well as 10,000 young engineers and IT specialists, he said. The government plans to spend Ft 130 billion (appx € 410 mln) on telecommunications development, he added. "Ericsson has a strong commitment to Hungary. The continuous growth of the local R&D organisation builds on excellent results achieved by Hungarian researchers and engineers, such as the development of Ericsson Expert Analytics, our real-time analytics solution," Börje said.

**(iX) Significant trends in trade and investment in Jan-March 2018**

(Source: Central Statistical Office [www.ksh.hu](http://www.ksh.hu), News, local media.)

Details of significant trends	Analysis
(HS 84) NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS	The product group grew by 3.5% in Q1 2018 over the same period of 2017. It represents 27.5% of total Indian exports to Hungary.

(HS 29) ORGANIC CHEMICALS	The product group exhibited a growth of 11.3% in Q1 2018 over the same period of 2017 and represents 25.5% of total Indian exports to Hungary.
(HS 85) ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND...	Trade grew by 2.6% in this product group. However, it represents 14.8% of total Indian exports to Hungary.
(HS 30) PHARMACEUTICAL PRODUCTS	The product group experienced a fallback of 30.9% in Q1 2018 over the same period of 2017. It represents 11.8% of total exports to Hungary.
(HS 73) ARTICLES OF IRON OR STEEL	Although the product group experienced a significant growth, its value of 3.2 mln USD in Q1 2018 represents only 2.9 % of Indian exports to Hungary.

- Companies leaving Hungary due to lack of workers:** A dire labour shortage in industry has forced many companies to lay off staff and cancel new investments. The phenomenon is the most common in the low value-added assembly sector. So far 2,000-3,000 people have been laid off, as companies relocate production from Hungary to Ukraine, Serbia or the Far East, according to the report. An international company plans to lay off 500 workers in Gyöngyös and Gödöllő because of the lack of skilled labour, according to Zoltán László, Vice-President of the Vasas Trade Union. He emphasised that recruitment drives, wage hikes and other measures have not lured workers to low added-value jobs, and that high employee turnover is also a problem. There is a shortage of skilled workers and also of qualified persons for higher added-value positions as engineers. He urged the incoming government to start talks on the issue. Secretary Ferenc Dávid of the employers association VOSZ said relocation of business units can be cumbersome and costly, adding that the delay or postponement of investments and expansion projects is a more realistic problem. Bringing back the half a million inactive workforce requires training and other employment policy programmes, he said, while hiring guest workers is a temporary solution and the wage pressure will remain. Dávid warned that the labour shortage may be exacerbated by the retirement of some 200,000 employees in 2018 and 2019.
- Labour shortage keeps car parts maker away:** German car parts maker Fehrer Automotive decided not to build a plant in Kozármisleny, in the South of Hungary, for the time being because of a shortage of sufficient labour force, Kozármisleny's Mayor said. Fehrer planned to give jobs to 1,000 people in the Baranya region within four years. Fehrer already has a plant in Hungary, where they also struggle with a shortage of labour.

## 2. Important India related statements of commercial significance by political leaders, think tanks, chambers, associations etc:

Nil during the period of the report

## 3. Market access:

- Alerts on SPS/TBT notifications, import procedures, export restrictions put in place; change in trade policy:**

S. No.	Notification no. and date	Product	Distribution Date	Comment Deadline
Alerts related to import procedures, export restrictions and changes in trade policy are based on EU regulations and not decided bilaterally by Hungary.				

- **Alerts on Trade Defence Measures taken by respective country: (Special Safeguard, antidumping, CVD or Anti-subsidy)**

S. No.	Notification no. and date	Details of products / sectors affected	Effective from

NIL during the period of report

- **Feedback from major Indian industries/ other commercial concerns set-up in that country and Indian trade visitors to that country**

**A composite event on promotion of India States** - their economic, culinary and tourism potentials - coupled with a food pairing and wine-tasting event was organised at Embassy Residence on May 12, 2018. The event also promoted samples of wineries from Hungary as well as from India.

2. The States of Andhra Pradesh, Assam, Delhi, Gujarat, Haryana, Hyderabad, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, West-Bengal, and their "Make in India" potential, were showcased to a distinguished audience of around 200 dignitaries from government and businesses from Hungary. VIP guests included former PM Peter Medgyessy, Dr. Pana Petra, Deputy State Secretary for Foreign Trade, Mr. Szilveszter Bus, Deputy State Secretary for Southern Opening, MFAT. The event also showcased a Rajasthani folk dance, which was performed by Ms. Judith Abraham, followed by a puppet show by Markus theatre.

3. In his welcome speech, Ambassador Rahul Chhabra also informed the guests about the upcoming 4<sup>th</sup> International Day of Yoga and 3<sup>rd</sup> Ganga Danube-Festival and introduced to audience and the media present, the famous Hungarian actress, Boglarka Csoz, appointed Yoga Brand Ambassador.

4. The event was very well received by the visitors; many inquired about the different states and tourism opportunities India has to offer.

- **Feedback on major trade fairs / BSM including Indian participation (whether or not supported by MAI funds)**

S. No.	Particulars of Trade Fair, dates etc.	Number of participants from India	List of large participants	Feedback received

NIL during the period of report.

#### **Upcoming Trade Fairs in Hungary:**

(I) <u>AUTOMOTIVE HUNGARY: 17-19 October 2018</u>
(II) <u>HUNGAROMEDICA: 11-13 October 2018</u>
(III) <u>HOMEDSIGN AUTUMN: 12-14 October 2018</u>
(IV) <u>BEAUTY &amp; STYLE: 26-28 October 2018</u>
(V) <u>AGROMASHEXPO: 23-26 January 2018</u>

Further information: [www.hungexpo.hu](http://www.hungexpo.hu)

**e. Feedback from local commercial visitors to trade fairs in India, including under BSM. Number of Business Visas issues:**

S. No.	Particulars of Trade Fair, dates etc.	Number of participants	List of large participants	Number of Business Visas issued	Feedback received
1.					

Total number of Visas issued in May 2018: 463  
 -173 regular Visas of which 35 business Visas.  
 - 290 E-Visas

• **Investment:**

• **Opportunities for investments/assets on offer/major company divestment:**

S. No.	Particulars of the asset/company	Contact details

The Hungarian Investment Promotion Agency HIPA offers a list of investment opportunities in Hungary on its website:

[http://www.investhipa.hu/index.php?option=com\\_iproperty&view=allproperties&Itemid=854](http://www.investhipa.hu/index.php?option=com_iproperty&view=allproperties&Itemid=854)

• **Information on Tender Notices of interest to Indian project exporters (USD 15 million & above)-**

The Hungarian Public Procurement Authority is the official body for public procurement tenders: <http://www.kozbeszerzes.hu/english/>  
 European Union Tenders Electronic Daily, the main official database of English language public procurement tenders from Hungary: <http://ted.europa.eu/TED/search/search.do>

• **Information regarding upcoming major investments in India from respective country:**

S. No.	Particulars of the asset/company	Sector of Investment	Quantum of Investment

• **Details of trade research, information, dissemination activity of the commercial wing:**

S. No	Nature of activity (trade research, information dissemination, seminars, etc)	Details (date, venue & number of participants, copy of research sent to DOC)

1. Industry – Technology trends and tendencies Hungary May 2018  
The material gives a brief information about the future trends and opportunities in the automotive industry, food ICT, Pharma sectors.  
**Information has been sent to FICCI and CII**

2. M/S Interextra Bt is representing a European manufacturer offering the “blue immobilizer” a mobile-based car immobilizer cum gate opener application, and is seeking business partners in India.

Contact: Mr. Laszlo SZABO, Managing Director  
INTEREXTRA BT. H-1118 Budapest, Regős utca 7.Hungary-  
Email: [laszlo.szabo@interextra.hu](mailto:laszlo.szabo@interextra.hu) Tel: +36309325466

**Information has been sent to FICCI and CII**

**Publicity of upcoming Indian Trade Fairs:**

The Embassy gave publicity to the following events:

- 10th SECC 2018 Cargo, Shipping, Ports, Logistics event 2018 June 29
- Automation Expo 2018 Aug 29-Sept 1 2018 Mumbai
- India Steel Expo 2019 Jan 22-24
- 11th Indian Fashion Jewellery and Accessories Show IFJAS 16-18 July 2018

• **Details of activities conducted out of Trade Promotion budget:**

BE for 2018-19 Rs.	RE for 2017-18 Rs.	Amount utilized (till May 2018) Rs.	Details of Activity
427,000		NIL during the period of report	

- **Action taken on the previous JWGs, Joint Commissions, sub-commissions etc. (issues that Mission had to follow up with host government):** The 5<sup>th</sup> JCEC and S&T Meeting was held on 7<sup>th</sup> March and 21<sup>st</sup> March 2018 respectively follow up on a number of issues is being made such as agriculture, water management, science and technology funding, trade frauds, etc.

S. No.	Detail of JWG/JEC	Action Point	Action Taken
1.		Cyber fraud cases	The Mission has received a cyberfraud complaint by M/S Shivam Metacast Ltd. The Buyer Shivam Metacast (Gujarat) Private Limited based in Ahmedabad, has entered into a business to import Brass Scrap "Pallu" as per ISRI with Bangladesh Seller (M/S Monir Trading based in Chittagong). However, both companies emails were hacked, and the purchase price of USD 86,400 was therefore remitted from the beneficiary "Axis Bank Ltd" to the fraudulent Spanish Caixa Bank of the hacker. This was further transferred to the Hungarian OTP Bank. The Mission has taken prompt action and sent a Note Verbale to the Ministry of Foreign Affairs and Trade and the Police who have frozen the bank account and are in the process of investigating the matter.

• **Trade Queries for Imports/Exports (from Hungary for the month of May 2018)**

Sl. No.	Country of Origin	Major Products	Nature	Action Taken
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			Import/Export	
1-14	India	Agro products: Fruits, Vegetables, grains, flour, seeds, soya, sugar, tea Cotton yarn and waste Engineering: air cooling equipment, brass components, machine tool parts, misc. metal products, Building products: ceramics, tiles, sanitary ware Handicrafts, Furniture, Textiles Power: batteries Services: Consultancy, Manpower	Export to Hungary	All enquiries have been answered with relevant lists of companies
1	Hungary	Herbal cosmetics	Export to India, Cooperation	Query has been answered and put on trade portal.

## 8. Any Other Issue of Importance:

- Hungary ranked the 8th most attractive investment site:** Hungary is the eighth most attractive investment location in the world according to the US magazine Site Selection, Foreign Minister Péter Szijjártó said. Site Selection is the official magazine of the Industrial Asset Management Council, which is headquartered in Georgia, US. Hungary is a small and open economy, which has to fight “in a cut-throat international battle” for investment projects and job creation so that it can convince companies that it is worth bringing their investment projects to Hungary, the minister said.
- EU warns Hungary over budget:** The European Commission warned Hungary for breaching convergence rules, namely the requirement to bring its budget deficit closer to the medium-term target. Hungary is to receive a notice asking the government to implement a fiscal adjustment, it added. In addition to Hungary, only Romania was scolded for not aiming to meet the medium-term objectives. As for Hungary, this corresponds to a structural deficit of 1.5% of GDP, as was established in 2016. The Commission recommends the introduction of a new type of EU budget procedure called “Significant Deviation Procedure” for Hungary, which has already been implemented for Romania, it said. The reason for the warning is that government spending exceeded the 2017 reference value. Furthermore, the structural balance of Hungary’s budget deteriorated from -1.8% of GDP in 2016 to -3.1% of GDP in 2017, which is a significant deviation from the anticipated results, the commission said. The Commission advocates that all budgetary elbow room should be used to reduce the deficit. Hungary is to provide a follow-up on its fiscal adjustments to the Commission by October 15. Prime Minister’s Office Head Gergely Gulyás said at the government’s press conference, that the government will ignore the European Commission’s warnings regarding its failure to meet budget deficit targets, when drawing up next year’s budget, indicating that the economy would not be as rosy and the budget deficit would not be as low as they are now, had the government taken into account what the EU bodies have advised since 2010.
- Budget deficit reaches 79.5% of 2018 target:** The budget deficit increased by Ft 209.4 billion (appx € 661.4 mln) in April to Ft 1.081 trillion, (appx € 3.4 bln) the Finance Ministry said. Thus, the deficit of the first four months of the year amounted to 79.5% of the full-year target. In comparison, the budget deficit totalled Ft 121.5 billion (appx € 383.8 mln) in the January-April

period of 2017. Budget spending related to EU payments and specific programmes such as the Modern Cities programme, infrastructure projects and the Erzsébet summer camps widened the deficit of the first four months.

4. **State debt increases in Q1:** Gross consolidated government debt was above Ft 28 trillion (appx € 88.4 bln) at the end of the first quarter, an increase of Ft 684 billion (appx € 2.2 bln) in three months, according to preliminary financial accounts published by the MNB. With figures from state-run Eximbank included, the state debt climbed from 73.6% of GDP to 74.2% in the same period. Excluding Eximbank liabilities – as government statistics have done until recently – the state debt grew from 71.7% of GDP to 72.3%. The government's net liabilities amounted to Ft 23.9 trillion (appx € 75.5 bln) or 61.8% of GDP at the end of the first quarter. The prefinancing of EU funds from the budget has swelled the deficit.
5. **Inflation picks up in April:** Inflation rose 2.3% on the year in April, after a 2% increase in March, on the back of rising food, tobacco and alcoholic beverage prices, the statistics office KSH said. Food prices rose by 4.2% on the year. The highest, 6.3%, increase was recorded for alcoholic beverages and tobacco prices. Fuel prices were up 1.4% on the year. The price of services, meanwhile, rose at a slower rate, 1.0%, on average. Consumer durables were the only sector where prices fell; they were down 1.0% on the year.
6. **Jobless rate steady at 3.8%:** The unemployment rate was 3.8% on average in February-April, down from 4.5% in the same period a year earlier, and unchanged from January-March, the Central Statistics Office announced. The employment rate of people aged 20–64 rose by 1.6 percentage points to 74%, slightly below the EU's 75% target by 2020.
7. **Wages keep rising in March:** Average gross wages rose 11.3% in March on a year earlier, the Central Statistics Office said. In the first three months of 2018, both gross and net wages increased 12.4% from the same period of 2017. This increase was due to rising minimum wages and increasing civil servant salaries. However, gross wages rose the fastest in the business sector, namely in the financial and insurance sectors. They were the lowest in the hotel and hospitality sectors. As inflation was 2.0% in January-March, real wages increased 10.2% on the year in the period, the statistics office added.
8. **Forint hits new two-year low:** The Hungarian forint hit a new two-year low on 21 May against the euro. The euro, meanwhile, weakened against the dollar on the back of an easing of the trade differences between the US and China over the weekend. The euro-forint was almost 320 on 21 May afternoon. The last time the forint came close to that level, at 322, was in June 2016. The forint was at 272.34 against the dollar.
9. **Services drive Hungary's GDP higher:** GDP growth in Hungary was 4.4% year-on-year in the first quarter, and 4.7% when adjusted for calendar effects, according to preliminary Central Statistics Office data. The main driver of growth was the service sector, especially trade and tourism. The last time annual growth exceeded 4.4% was in 2006. Average annual growth was 2.4% in the 28 members of the EU but Hungary's figure was in the top three, with expansion faster only in Poland and the Czech Republic.
10. **Trade surplus falls in March:** The trade surplus fell to €558 million in March from €822 million a year earlier due to the Easter holidays since there were two working days fewer this year, the Central Statistics Office said. Exports fell 3.8% on the year to €9.1 billion, but that was still the second highest monthly export reading on record. Imports decreased 1.1% on the year to €8.6 billion, in line with the slightly accelerating decline seen in recent months. In January-March, the

trade surplus totalled €2.06 billion, the lowest in four years. Domestic consumption is rising faster than GDP growth, resulting in a decline in the trade surplus.

11. **Richter's profit falls:** Pharmaceuticals maker Richter Gedeon's net profit fell 29.8% on the year to Ft 14.5 billion (appx € 45.8 mln) in first quarter, mostly as a result of exchange rate losses on the back of a weakening of the Russian ruble and the US dollar against the forint, the company said. The company booked Ft 2.4 billion (appx € 7.6 mln) in financial losses in the first quarter, a swing from a Ft 4.4 billion (appx € 13.8 mln) financial gain a year ago.
12. **Mercedes reports on record year in Kecskemét:** Mercedes manufactured 190,000 vehicles at its Kecskemét factory in 2017, a 4.1% increase from 2016, and an all-time record, while revenues increased by 4% to €3.6 billion, CEO Christian Wolff announced at a press conference. Mercedes sold 863 vehicles on the Hungarian market last year, a 33% annual increase, placing the company first in the premium market segment. Revenues from the sale of cars reached Ft 101 billion (appx € 319 mln), an annual increase of 26%. Wolff pointed out that Mercedes has been rated the most attractive employer in Hungary.

#### Average Monthly Exchange rates for May 2018

1US\$= 267.77 HUF

1EUR= 316.61 HUF

Source: MNB-Hungarian National Bank [www.mnb.hu](http://www.mnb.hu)

### Bosnia & Herzegovina (BiH)

#### Trends in bilateral trade JAN-MAR 2018:

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

	BiH's Exports		BiH's Imports		Total Trade		% Growth Y on Y basis
	2017Q1	2018Q1	2017Q1	2018Q1	2017Q1	2018Q1	
<b>BiH's trade with India (mln)</b>	1.03 USD 0.97 EUR	1.01 USD 0.83 EUR	17.2 USD 16.2 EUR	18.1 USD 14.8 EUR	18.3 USD 17.2 EUR (0.52 % of Global Trade)	19.2 USD 15.6 EUR (0.42 % of Global Trade)	+4.9% -9.1%
<b>BiH's Total Global Trade (mln)</b>	1,355 USD 1,273 EUR	1,754 USD 1,427 EUR	2,166 USD 2,034 EUR	2,757 USD 2,244 EUR	3,521 USD 3,306 EUR	4,511 USD 3,671 EUR	+28.1% +11.0%

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

S.No.	Product	2018 Jan-Mar	% growth	% total
	<b>TOTAL</b>	<b>2,757.1</b>	<b>27.3%</b>	<b>100.0%</b>
1	27 - MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	382.1	29.8%	13.9%
2	84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	214.8	32.4%	7.8%

3	87 - VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	196.5	25.7%	7.1%
4	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	161.1	32.3%	5.8%
5	39 - PLASTICS AND ARTICLES THEREOF	147.8	32.2%	5.4%
6	72 - IRON AND STEEL	101.9	60.7%	3.7%
7	30 - PHARMACEUTICAL PRODUCTS	84.5	13.4%	3.1%
8	73 - ARTICLES OF IRON OR STEEL	75.1	38.6%	2.7%
9	64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	56.5	20.3%	2.0%
10	41 - RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	53.0	11.7%	1.9%

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

S.No.	Product	2018 Jan-Mar	% growth	% total
	<b>TOTAL</b>	<b>1,753.6</b>	<b>29.4%</b>	<b>100.0%</b>
1	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	188.0	21.6%	10.7%
2	27 - MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	173.7	48.4%	9.9%
3	64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	120.7	29.7%	6.9%
4	84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	114.2	26.2%	6.5%
5	76 - ALUMINIUM AND ARTICLES THEREOF	112.5	41.8%	6.4%
6	44 - WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	104.1	21.1%	5.9%
7	73 - ARTICLES OF IRON OR STEEL	98.7	47.1%	5.6%
8	28 - INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	97.9	23.6%	5.6%
9	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	95.6	36.8%	5.5%
10	72 - IRON AND STEEL	78.3	51.1%	4.5%

### Top 10 items of Import from India to B&H

S.No.	Product	2018 Jan-Mar	% growth	% total
	<b>TOTAL</b>	<b>18.1</b>	<b>5.3%</b>	<b>100.0%</b>
1	84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	3.5	-3.6%	19.3%
2	09 - COFFEE, TEA, MATÉ AND SPICES	2.3	-10.8%	12.9%
3	64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	1.1	27.6%	6.2%
4	41 - RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	0.9	29.2%	5.2%

5	52 - COTTON	0.9	21.1%	5.0%
6	56 - WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF	0.8	52.2%	4.5%
7	30 - PHARMACEUTICAL PRODUCTS	0.7	35.8%	3.9%
8	29 - ORGANIC CHEMICALS	0.7	169.6%	3.6%
9	62 - ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED	0.7	1.8%	3.6%
10	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	0.6	64.2%	3.2%

### Top 10 items of export to India from B&H

S.No.	Product	2018 Jan-Mar	% growth	% total
	<b>TOTAL</b>	<b>1.0</b>	<b>-1.7%</b>	<b>100.0%</b>
1	28 - INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	0.8	14.9%	83.8%
2	79 - ZINC AND ARTICLES THEREOF	0.1	40.8%	5.6%
3	73 - ARTICLES OF IRON OR STEEL	0.0	30.5%	3.2%
4	84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	0.0	-70.2%	3.2%
5	38 - MISCELLANEOUS CHEMICAL PRODUCTS	0.0	1.8%	1.9%
6	64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	0.0	-	1.4%
7	22 - BEVERAGES, SPIRITS AND VINEGAR	0.0	15.4%	0.7%
8	63 - OTHER MADE-UP TEXTILE ARTICLES; SETS; WORN CLOTHING AND WORN TEXTILE ARTICLES; RAGS	0.0	-	0.1%
9	85 - ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND	0.0	-	0.1%
10	01 - LIVE ANIMALS	0.0	-	0.0%

### (VI) Top 5 Competitors of India's Top 5 Exports to B&H in 2017

S. No.	Commodity	Competitors	Amount (In millions of US\$)
1	(HS 84) NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS...	1. Germany	138.0
		2. Italy	120.8
		3. China	107.9
		4. Slovenia	45.0
		5. Turkey	38.2
2	(HS 09) COFFEE, TEA, MATÉ AND SPICES	1. Brazil	37.4
		2. Italy	8.3
		3. Vietnam	1.7
		4. Croatia	1.5
		5. Spain	1.2
3		1. Italy	47.3

4	(HS 64) - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	2.	China	40.1
		3.	Vietnam	16.6
		4.	Serbia	11.4
		5.	Austria	9.0
		1.	Italy	65.7
4	(HS 41) - RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	2.	Slovenia	49.1
		3.	Croatia	12.9
		4.	Austria	11.0
		5.	Germany	10.8
		1.	Italy	8.3
5	(HS 52) - COTTON	2.	Germany	4.1
		3.	Switzerland	2.9
		4.	Turkey	2.9
		5.	Greece	2.6

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

#### (VII) Bilateral Investment (Source: News, local media)

S. No.	Name of Company	Secor	Amount (US\$ million)

- Suzlon Wind Energy BH signs deal to build 30 mln euro wind farm in Bosnia's Hadzici:**  
 The government of Bosnia's Sarajevo Canton said it has signed a 30-year concession contract with Suzlon Wind Energy BH for the construction and operation of a wind farm in the town of Hadzici. The cost of construction works is estimated at 30 million euro (\$35.2 million), the cantonal government said, following the signing of the contract. The wind farm in Hadzici will consist of 12 wind turbines providing 25 MWh of clean energy. The concession contract can be renewed for up to 15 years, the cantonal government noted. Suzlon Wind Energy BH, based in Bosnian capital Sarajevo, is a **subsidiary of Indian renewable energy solutions provider Suzlon Energy Ltd, which is present in 18 countries worldwide**. The construction of the wind farm is expected to begin in a year. The Sarajevo Canton is one of 10 cantons of the Federation of Bosnia and Herzegovina, one of two entities in the country. The other is the Serb Republic.

#### (VII) Global Investment (Source: News, local media.)

S. No.	Name of Company	Secor	Amount (US\$ million)

- Foreign Trade Minister Signs MoU with Representatives of Chinese Sinosure Corporation:** Minister of Foreign Trade and Economic Relations of Bosnia and Herzegovina Mirko Sarovic signed a Memorandum of Understanding with China's state-owned insurance company Sinosure, a leading Chinese credit insurance company, which should facilitate financing of energy and infrastructure projects in BiH. The insurance company is associated with 200 international banks, and for the current projects in BiH they have secured USD 1.4 billion in guarantees. "An example of good cooperation with Chinese banks and companies has certainly been the project of the Thermal Power Plant Stanari, which is today a profitable and successful company," said Minister Sarovic, stressing that "this year we proceed with new and important projects". He said that dozens of major projects are in the final stages of realization, such as TPP Tuzla - Block 7, as one of the largest investment projects in the last 30 years. The Chinese also expressed interest in the project of the Gacko Thermal Power Plant, hydro power

plants in the upper Drina River and the Banja Luka - Prijedor and Vukosavlje – Dobo motorways. “To China, cooperation with Bosnia and Herzegovina is of great importance, and we will now move even stronger to encourage our companies to invest in BiH,” said Deputy Chairman of Sinosure Corporation, Weiman Zha after the signing. Ahead of the 16+1 Summit, in July, the partners also worked on signing a bilateral agreement between BiH and China in the field of veterinary medicine, which will shortly enable the export of honey, milk and dairy products to this large market. It is also planned to sign agreements to improve cooperation in the field of tourism, which is particularly important having in mind the recent entry into force of the visa-free regime for the citizens of the two countries, said the Ministry of Foreign Trade and Economic Relations.

### (ix) Significant trends in trade and investment in Jan-March 2018

Source: Eurostat (<http://epp.eurostat.ec.europa.eu>), News, local media.

Details of significant trends	Analysis
(HS 84) NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF (HS 09) COFFEE, TEA, MATÉ AND SPICES	The product group exhibited a fallback of 3.6% in Jan-Mar 2018 over the same period of 2017 and represents 19.3% of total Indian exports to BiH with 3.5 mln USD. The product group fell back by 10.8% in Jan-Mar 2018 over the same period of 2017. It 12.9% of total exports to BiH with 2.3 mln USD.
(HS 64) - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	The product group increased by 27.6% in Jan-Mar 2018 over the same period of 2017. It represents 6.2% of total exports to BiH with only 1.1 mln USD.
(HS 41) RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	Trade increased by 29.2% in Jan-Mar 2018 over the same period of 2017 in this product group. However, it represents 5.2% of total Indian exports to BiH with 0.9 mln USD.
(HS 52) COTTON	Trade increased by 21.1% in Jan-Mar 2018 over the same period of 2017. However it represents 5% of total Indian exports to BiH with 0.9 mln USD.

## 2. Important India related statements of commercial significance by political leaders, think tanks, chambers, associations etc:

Nil during the period of report

### 3. Market access:

- Alerts on SPS/TBT notifications, import procedures, export restrictions put in place; change in trade policy:

S. No.	Notification no. and date	Product	Distribution Date	Comment Deadline

NIL during the period of report

- Alerts on Trade Defence Measures taken by respective country: (Special Safeguard, antidumping, CVD or Anti-subsidy)

S. No.	Notification no. and date	Details of products / sectors affected	Effective from

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NIL during the period of report

Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, Department of Foreign Trade Policy and Control and Protection Measures deals with such issues:  
<http://www.mvteo.gov.ba/>

- **Feedback from major Indian industries/ other commercial concerns set-up in that country and Indian trade visitors to that country:**

NIL during the period of report

- **Feedback on major trade fairs / BSM including Indian participation (whether or not supported by MAI funds):** NIL during the period of report

S. No.	Particulars of Trade Fair, dates etc.	Number of participants from India	List of large participants	Feedback received
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#### TRADE FAIRS in Bosnia and Herzegovina

SARAJEVO HALAL FAIR (information sent to CII and FICCI)	International Trade Fair on Halal Industry	Sarajevo	September 27-29, 2018	<a href="http://www.sarajevo-halalfair.com">http://www.sarajevo-halalfair.com</a>
ZEPS	General Trade Fair, Metal Industry	Zenica	October 2-6 2018	<a href="http://www.zeps.com">http://www.zeps.com</a>
RENEXPO BiH	International Trade Fair and Conferences on Renewables and Energy Efficiency	Sarajevo	October 24-25 2018	<a href="http://www.renexpo-bih.com">www.renexpo-bih.com</a>
INTERNATIONAL FAIR OF TOURISM	Fair of tourism and tourism industry, tourism exchange	Sarajevo	October 17-19 2018	<a href="http://www.skenderija.ba">www.skenderija.ba</a>
FAIR OF ECONOMY 2018	Fair of Economy, Agriculture, Crafts and Consumer goods	Sarajevo	December 5-7 2018	<a href="http://www.skenderija.ba">www.skenderija.ba</a>

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

<http://komorabih.ba/wp-content/uploads/2018/02/CALENDAR-BH-FAIRS-2018.pdf>

- e. **Feedback from local commercial visitors to trade fairs in India, including under BSM. Number of Business Visas issues:**

S. No.	Particulars of Trade Fair, dates etc.	Number of participants	List of large participants	Number of Business Visas issued	Feedback received
1.					

Total number of Visas issued in May 2018: 12

-2 Regular Visas of which 0 business Visas

-10 E-Visas

- **Investment:**

- **Opportunities for investments/assets on offer/major company divestment:**

S. No.	Particulars of the asset/company	Contact details

- Information on Tender Notices of interest to Indian project exporters (USD 15 million & above)-**  
 Foreign Investment Promotion Agency (FIPA) provides a database of investment projects in BiH [www.fipa.gov.ba](http://www.fipa.gov.ba)

Delegation of the European Union to BiH Tenders (Euopeaid tenders):  
[http://europa.ba/?page\\_id=320](http://europa.ba/?page_id=320)

- RS Government Plans to Privatize 14 Companies in 2018:** The government of Republika Srpska plans to sell its stakes in 14 companies this year. The entity plans to sell three companies of strategic importance, including its 52.5% stake in motor vehicle manufacturer Fabrika motora specijalne namjene, its 100% ownership in aviation equipment producer Kosmos and its 81.5% holdings in engine producer Orao, IRBRS said in a document published on its website. The RS will also try to sell four companies established by the government on assets purchased in bankruptcy - an 83.5% stake in Vlasenica-based wood industry, Drva industrija, and 100% stakes in ornamental stone factory Novi mermer, in car accessories maker Novi autodijelovi Rudo, and in filter producer Nova tvornica precistaca. The entity will also dispose of its 65% holdings in iron ore mining company Ljubija via an auction on the Banja Luka stock exchange, after previously failing to sell it several times, the latest of which last year. Also on the bourse, but via regular trading, the RS will sell its shares in Krajinapetrol, Mikroelektronika, Mlinpek, Razvitak, Cajavec-mega and Glas Srpske
- Sarajevo Airport Readies for Terminal Expansion:** Sarajevo Airport has begun tender procedures in order to commence work on the multi-million-euro expansion of its terminal building. The twenty-million-euro project will result in an additional 10.000 square meters of space spread across four levels. The tender deadline was set for July 10, after which the winning bid will be selected, allowing work on the building to commence in autumn. According to the project outline, the length of the expanded terminal will total 110 meters, up from the current 68, while the number of check-in desks will be increased from seventeen to 28. Furthermore, the expanded facility will boast seven gates, up from the existing four, and will have an expanded departures and retail areas. Upon completion, the terminal building will have the capacity to handle two million passengers. Currently, Sarajevo can welcome one million travellers per year, with the airport set to surpass that figure this year. The project is expected to be completed within a year.

- Information regarding upcoming major investments in India from respective country:**

S. No.	Particulars of the asset/company	Sector of Investment	Quantum of Investment

[NIL at the time of the report](#)

- **Details of trade research, information, dissemination activity of the commercial wing:**

S. No	Nature of activity (trade research, information dissemination, seminars, etc)	Details (date, venue & number of participants, copy of research sent to DOC)
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Bosnian company seeking collaboration with Indian companies for Immunization project.  
PHARMA MAAC d.o.o.

Address: Bačići br. 7, 71000 Sarajevo, Bosna i Hercegovina

Mr. Aleksandar Krunic

Managing Director

T:+387 (0)33 77 04 80 M:+387 (0)63 28 41 81 F: +387 (0)33 77 04 99

Website: pharmamaac.com

Email: a.krunic@pharmamaac.com

**Information has been sent to FICCI and CII**

**Publicity of upcoming Indian Trade Fairs:**

The Embassy gave publicity to the following events:

- 10th SECC 2018 Cargo, Shipping, Ports, Logistics event 2018 June 29
- Automation Expo 2018 Aug 29-Sept 1 2018 Mumbai
- India Steel Expo 2019 Jan 22-24
- 11th Indian Fashion Jewellery and Accessories Show IFJAS 16-18 July 2018

- **Details of activities conducted out of Trade Promotion budget:**

BE for 2018-19 Rs.	RE for 2017-18 Rs.	Amount utilized (till May 2018) Rs.	Details of Activity
427,000		NIL during the period of report	

- **Action taken on the previous JWGs, Joint Commissions, sub-commissions etc. (issues that Mission had to follow up with host government):** The last JCEC Meeting was held on 24-25 Sept 2012 in Sarajevo. Deputy Minister of Foreign Trade and Economic Relations of BiH, Mr. Mato Franjicevic, who is the Co-Chair of the Joint Committee from the BiH side, led a delegation to India in December 2016 and held a meeting with the Co-Chair from the Department of Commerce in India. Efforts are underway for constituting the next round of JCEC.

S. No.	Detail of JWG/JEC	Action Point	Action Taken

- **Trade Queries for Imports/Exports (from BiH for the month of April 2018)**

NIL at the time of the report

SI. No.	Country of Origin	Major Products	Nature Import/Export	Action Taken

## 8. Any Other Issue of Importance:

- 1. Arms Makers Record Strong Growth:** Bosnia is recording an increasing growth of exports of weapons and military equipment, which amounted to KM 193.8 million (appx € 99 mln) in 2017, about KM 22 million (appx € 11.25) more in comparison to 2016 when the value of exports amounted to KM 171 million (appx € 87.4 mln) “A total of 5.9 million kilograms of weapons, ammunition and parts were exported in 2017, and its value amounted to 193.868.808 KM (appx € 88.7 mln),” said the Indirect Taxation Authority of BiH. As in previous years, BiH mostly exported to Saudi Arabia, Afghanistan and the United States, but also to Egypt, Turkey, Serbia, Indonesia, Germany, Bulgaria, Austria, Switzerland and Romania. Companies that make weapons receive licenses for the export of weapons from the Ministry of Foreign Trade and Economic Relations of BiH, but all of those exports are usually not entirely realized. The Ministry of Foreign Trade and Economic Relations of BiH said that a total of 201 licenses were issued for export in 50 countries in 2016, as well as 117 permits for import from 30 countries.
- 2. Bosnia's Economic Program Remains on Track:** IMF: An International Monetary Fund mission, led by Nadeem Ilahi, visited Sarajevo and Banja Luka between 7-21 May to discuss recent economic developments and policies for the second review of the Bosnia and Herzegovina economic program, supported under the IMF's Extended Fund Facility “Bosnia and Herzegovina's economic program remains on track. IMF staff and the BiH authorities have reached an agreement, subject to approval by the IMF Executive Board on the policies needed to complete the second review under the EFF. He added that the recovery had strengthened, largely led by strong private consumption and exports and the unemployment rate has also declined. Preliminary data on tax revenues, remittances, and bank lending suggest that this positive trend will continue into 2018. The Executive Board of the IMF is expected to discuss the second review in summer 2018. Approval of the review would enable the disbursement of SDR 31.6217 million (about euro 38 million),” the IMF stated. The IMF recently made available 74.6 million euro to Bosnia, after completing the first review of the country's reform performance under the Extended Fund Facility. The IMF executive board approved the 36-month, 553.3 million euro arrangement under the EFF for Bosnia on September 2016.
- 3. Foreign Currency Reserves at record level:** The Bosnian Central Bank has reported foreign currency reserves amounting to more than 10 billion KM (appx € 5.1 bln), of which only 110 million EUR currently is in the Central Bank vault. Of the total foreign currency reserves of BiH, a 2.563 billion KM (appx € 1.3 bln) is deposited on accounts of foreign banks, and 7.344 billion KM (appx € 3.8 bln) is invested in foreign currency securities. According to this year's financial report, the Central Bank earned a total of 2.8 million KM (appx € 1.4 mln) in the three months of 2018, which is 400,000 KM (appx € 204,517) more in comparison to the same period of 2017. The largest amount of foreign exchange reserves that the Central Bank had in its vault was before the World Economic Crisis in 2008 amounting to 212 million KM (appx € 108.4 mln). However, this amount decreased over the years.

### Average Monthly Exchange rates for May 2018

1US\$= 1.642931 KM

1EUR= 1.955830 KM

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

Sanjeev Manchanda  
Second Secretary (Com/Pol)  
Embassy of India  
Budapest