

**Embassy of India
Budapest**

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

HUNGARY

(I) Bilateral Trade

2018 January-August trade (USD, EUR million)

	Import JAN-AUG	Export JAN-AUG	Total	Growth% of Import (y-o-y)	Growth% of Export (y-o-y)
Hungary's trade with India (mln)	302.2 USD 251.9 EUR	177.9 USD 148.7 EUR	480.1 USD 400.6 EUR	+2.3% -7.4%	+22.1% +11.0%
Hungary's Total Global Trade (mln)	78,142 USD 65,173 EUR	83,698 USD 69,786 EUR	161,840 USD 134,958 EUR	+16.4% +6.7%	+14.6% +5.1%

Source: Central Statistical Office (www.ksh.hu)

Analysis: In the period of January to August 2018, in USD terms, exports to India increased by 22.1% while imports from India grew by 2.3%. Balance of trade is in India's favour in value of USD 124.4 mln. In EUR terms, exports to India increased by 11.0%, while imports from India fell back by 7.4% resulting in a balance of trade in India's favour in value of EUR 103.3 mln.

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

S.No.	Commodity	2018 JAN-AUG	Growth (%) (y-o-y)	(%) Share in Total Exports to India
	TOTAL	177.9	22.1%	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	53.5	51.4%	30.1%
2	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	36.8	9.6%	20.7%
3	29 ORGANIC CHEMICALS	32.7	-3.4%	18.4%
4	73 ARTICLES OF IRON OR STEEL	7.7	38.9%	4.3%
5	90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	5.9	-23.3%	3.3%
6	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	5.7	18.6%	3.2%
7	40 RUBBER AND ARTICLES THEREOF	3.7	174.8%	2.1%
8	48 PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	3.4	-7.0%	1.9%
9	86 RAILWAY OR TRAMWAY LOCOMOTIVES, ROLLING-STOCK AND PARTS THEREOF; RAILWAY OR TRAMWAY TRACK FIXTURES AND FITTINGS AND PARTS THEREOF; MECHANICAL (INCLUDING ELECTRO-MECHANICAL) TRAFFIC SIGNALLING EQUIPMENT OF ALL KINDS	3.0	163.7%	1.7%
10	39 PLASTICS AND ARTICLES THEREOF	2.9	20.4%	1.6%

Source: Central Statistical Office (www.ksh.hu)

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

S.No.	Commodity	2018 JAN-AUG	Growth (%) (y-o-y)	(%) Share in Total Exports to the World
	TOTAL	83,698.2	14.6%	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	17,110.9	16.8%	20.4%
2	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	14,920.0	11.3%	17.8%
3	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	13,935.4	11.3%	16.6%
4	30 PHARMACEUTICAL PRODUCTS	4,039.2	21.6%	4.8%
5	39 PLASTICS AND ARTICLES THEREOF	3,282.1	16.1%	3.9%
6	90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	2,884.8	7.1%	3.4%
7	27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	2,250.6	26.4%	2.7%
8	40 RUBBER AND ARTICLES THEREOF	1,925.2	17.0%	2.3%
9	29 ORGANIC CHEMICALS	1,436.5	21.4%	1.7%
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	1,320.0	17.1%	1.6%

Source: Central Statistical Office (www.ksh.hu)**(IV) Top 10 items of imports from India (In millions of US\$)**

S.No.	Commodity	2018 JAN-AUG	Growth (%) (y-o-y)	(%) Share in Total Exports to the World
	TOTAL	302.2	2.3%	100.0%
1	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	90.3	19.0%	29.9%
2	29 ORGANIC CHEMICALS	67.0	7.3%	22.2%
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	48.5	19.3%	16.0%
4	30 PHARMACEUTICAL PRODUCTS	31.0	-39.1%	10.3%
5	73 ARTICLES OF IRON OR STEEL	8.2	48.9%	2.7%
6	64 FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	6.7	16.5%	2.2%
7	40 RUBBER AND ARTICLES THEREOF	6.0	15.1%	2.0%
8	72 IRON AND STEEL	5.1	2.7%	1.7%
9	24 TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES	4.2	46.5%	1.4%
10	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	4.1	4.1%	1.4%

Source: Central Statistical Office (www.ksh.hu)

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

S.No.	Commodity	2018 JAN-AUG	Growth (%) (y-o-y)	(%) Share in Total Imports from the World
	TOTAL	78,141.9	16.4%	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	15,628.5	14.4%	20.0%
2	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	12,305.8	9.2%	15.7%
3	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	8,310.2	15.0%	10.6%
4	27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	6,077.8	19.7%	7.8%
5	39 PLASTICS AND ARTICLES THEREOF	3,742.6	17.9%	4.8%
6	30 PHARMACEUTICAL PRODUCTS	3,356.6	29.6%	4.3%
7	72 IRON AND STEEL	2,005.8	27.3%	2.6%
8	73 ARTICLES OF IRON OR STEEL	1,922.8	20.3%	2.5%
9	90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	1,693.0	15.1%	2.2%
10	76 ALUMINIUM AND ARTICLES THEREOF	1,643.5	23.0%	2.1%

Source: Central Statistical Office (www.ksh.hu)**(VI) Top 5 Competitors of India's Top 5 Exports to Hungary JAN-AUG 2018**

S. No.	Commodity	Competitors		Amount (In millions of US\$)
1	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	1	Germany	4,387.6
		2	China	971.8
		3	Italy	730.4
		4	Netherlands	515.1
		5	Poland	511.1
2	29 ORGANIC CHEMICALS	1	China	132.2
		2	Italy	131.0
		3	Germany	130.0
		4	Czech Republic	102.3
		5	Netherlands	84.3
3	85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS	1	Germany	4,367.2
		2	China	1,811.7
		3	Netherlands	1,346.7
		4	Poland	649.7
		5	Austria	575.7
4	30 PHARMACEUTICAL PRODUCTS	1	Germany	514.4
		2	Korea, Rep.	502.7
		3	France	493.3
		4	Belgium	402.1
		5	Netherlands	272.0
5	73 ARTICLES OF IRON OR STEEL	1	Germany	589.7
		2	Italy	184.6
		3	Czech Republic	121.3
		4	Austria	119.6
		5	Poland	117.1

Source: Central Statistical Office (www.ksh.hu)

(VII) Bilateral Investment (Source: Hungary around the Clock media, Hungarian Government www.kormany.hu)

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

NIL at the time of the report

(VII) Global Investment (Source: Hungary around the Clock media, Hungarian Government www.kormany.hu)

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

- Bunge expands in Martfú:** Bunge has built a Ft 9 billion (appx € 27.8 mln) production facility at its unit in Martfú, CEO Wojciech Jachimczyk of the US-owned company announced. The new factory primarily produces SunPro, a sunflower-based fodder. The expansion project launched two years ago will add an annual Ft 10 billion (appx € 30.9 mln) to Bunge revenues. The company has hired 21 additional employees for the new factory. SunPro46, which contains 46% protein, can replace soy in fodder fed to poultry, pigs and fish. The Hungarian subsidiary of Bunge realised revenue of Ft 140.4 billion (appx € 433 mln) in 2017 and Ft 127.2 billion (appx € 392.6 mln) in 2016.
- Gov't backs BMW plant with Ft 12.3bn:** The government will support BMW's €1 billion investment in Debrecen with a Ft 12.3 billion (appx € 38 mln) subsidy, Foreign Minister Péter Szijjártó said before signing the contract on the support with Oliver Zipse, a Board Member of the German carmaker. The long-term benefits of the investment will far outweigh the expenditure, FM Szijjártó said. BMW announced at the end of July that it will build a new plant in Hungary with an annual capacity of 150,000 conventional and electric vehicles from 2023. The unit will employ more than 1,000 people. The government will construct a new junction on the M35 motorway near the site of the future BMW plant, expanding the road to four lanes. It will also build a container terminal with an electric rail connection and a new telecommunication and gas network, he said. Zipse, responsible for production, said the company had considered more than 160 European locations for the plant. "We found what we were looking for in Debrecen", he said. BMW chose Debrecen for the city's good infrastructure and local pool of skilled labour, as well as commitments from the local council and the central government, he added.
- Molson Coors to invest €12mn in Hungary:** US-Canadian brewer Molson Coors, the owner of the Borsodi brewery, is investing €12 million in Hungary, Managing Director of the unit Zsolt Vuleta said. The investment will raise the capacity of the brewery in Böcs, Borsod county to an annual 2.5 million hectolitres from the present 1.8 million. The company will begin a €8 million investment to boost canning capacity in the autumn. Test production will start in the spring of 2019 and full capacity will be reached by June. Besides the reliability of production, the location of the Böcs factory and its proximity to transport links - a motorway and railway - was a key factor, he added. The brewery employs around 200 at present, and this number is expected to rise by 10%. Borsodi's revenue climbed 10% to Ft 36.8 billion (appx € 113.6 mln) in 2017 and another double-digit rise is expected in 2018.
- EU gives go-ahead to BorsodChem's €45mn state aid:** The European Commission (EC) has approved €45 million in state aid for a €142 million investment at BorsodChem's existing plant in Kazincbarcika. The project will contribute to job creation and economic development in a disadvantaged region, the EC said, adding that it will also reduce the risks to the environment caused by the long distance transportation of aniline, which is a toxic material. BorsodChem, owned by Chinese firm Wanhua, is building a new aniline production facility, an important component of MDI, which the company already produces at its base in Kazincbarcika. The EC

noted that it would have been cheaper for BorsodChem to continue importing aniline from its Chinese parent company without the state aid. The EC also limited the aid to the minimum necessary to make the project sufficiently profitable for the company to decide to make the investment. The effects on competition will be limited, given BorsodChem's limited market position and the strong growth rates in the MDI markets both in Europe and worldwide, it added. The EC concluded that the positive effects of the project on regional development and on the EU's environmental objectives clearly outweigh any distortion of competition through state aid.

5. **Sports aircraft maker to start production soon:** Magnus Aircraft will begin production at its plant in Pécs at the end of October, CEO László Boros announced. Magnus was the first company in the world to develop a two-seater aircraft made from composite materials and capable of aerobatics. The company was awarded a Ft 2 billion (appx € 6.2 mln) government grant for the Ft 5.2 billion (appx € 16 mln) investment. The 1,900m² assembly plant will have the capacity to turn out 100 aircraft a year. Magnus has already started the second phase of the investment: construction of a 5,000m² composite parts plant that will boost annual capacity to 200 aircraft. Phase2 is expected to be completed by the spring of 2019. Magnus employs about 50 people at present, but headcount will climb to at least 115 when the parts plant is completed.

(ix) Significant trends in trade and investment in JAN-AUG 2018

(Source: Central Statistical Office www.ksh.hu, News, local media.)

Details of significant trends	Analysis (Indian exports to Hungary)
(HS 84) NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS	The product group grew by 19% in JAN-AUG of 2018 over the same period of 2017. It represents 29.9% of total Indian exports to Hungary.
(HS 29) ORGANIC CHEMICALS	The product group exhibited a growth of 7.3% in JAN-AUG of 2018 over the same period of 2017 and represents 22.2% of total Indian exports to Hungary.
(HS 85) ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS...ETC.	Trade grew by 19.3% in this product group in JAN-AUG of 2018 over the same period of 2017. It represents 16% of total Indian exports to Hungary.
(HS 30) PHARMACEUTICAL PRODUCTS	The product group experienced a drop of -39.1% in JAN-AUG of 2018 over the same period of 2017. It represents 10.3% of total exports to Hungary.
(HS 73) ARTICLES OF IRON OR STEEL	Although the product group experienced a significant growth in the JAN-AUG period of 2018, its value of 8.2 mln USD represents only 2.7% of Indian exports to Hungary.

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

- **“One of the world’s largest air carriers, Turkish Airlines, will be launching a direct air passenger service between Budapest and the centre of Indian business life, Mumbai”, Minister of Foreign Affairs and Trade Péter Szijjártó announced** at a press conference in Budapest 9th October in the recess of the session of the Hungarian-Turkish Economic Joint Committee. He indicated that the required negotiations will begin immediately with Turkish Airlines and the Indian authorities. Justifying the move, Mr. Szijjártó stressed that interest in Hungary on the part of Indian investors is increasing dynamically, and accordingly, in his assessment, a direct air passenger route between Budapest and Mumbai will represent a major step forward for Hungarian-Eastern economic, trade and investment relations. The Minister

pointed out that since the bankruptcy of Hungarian state airline MALEV there have been no long-haul flights from Budapest to the East, with the exception of the Budapest-Peking air passenger service. "This is particularly disadvantageous to Hungary in view of the fact that there is constantly increasing investment and trade interest in Hungary and in Central Europe from the East", he said.

- **"It is in Europe's definite interests to establish even tighter relations with Asia in view of the fact that a global trade and economic war is beginning to unfold", Minister of Foreign Affairs and Trade Péter Szijjártó declared in Brussels in the recess of the Asia-Europe Meeting (ASEM) on 19th October.**
- **"New technologies are coming into everyday use, and Asian companies are playing a key role in the development and production of these technologies. If Europe is incapable of tightening its economic cooperation with Asia, it will lead to Europe lagging even further behind in the global economic competition", he stressed.**
- **Accordingly, Hungary is calling for close cooperation between the European and Asian continent in several key areas, including the field of free trade agreement, the negotiation and adoption of which must be accelerated, in his opinion.**
- **"The importance of developing tighter relations is also indicated by the fact that Japanese, Chinese, Indian and Korean investment significantly contribute to keeping the growth of the Hungarian economy above 4 percent", he added.**

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.				

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

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**
- **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>AGROMASHEXPO 23-26 January 2019</u>
(II) <u>FEHOVA 7 - 10th February 2019</u>
(III) <u>BUDAPEST BOAT SHOW 21 - 24th February 2019</u>
(IV) <u>TRAVEL 21 - 24th February 2019</u>
(V) <u>CONSTRUMA & HOME DESIGN 3-7 April 2019</u>
(VI) <u>CONSTRUMA GARDEN & HUNGAROTHERM 3-7 April 2019</u>

Further information: 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
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NIL during the period of report.

VISAS

Number of Regular Visas issued	(Oct)	68
Number of Business Visas issued	(Oct)	51

• Investment:

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

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

1. **Bioethanol, Biogas and Biomass plant for sale:** Helvécia Biofuel Manufacturing and Trade company, was founded exclusively for the implementation of the bioethanol-biogas-biomass plant in Helvécia (South-East Hungary). The ownership of the project company consists of one Hungarian and two German companies, according to the following: -ÉGT Kft., Hungary, share: 30.1% -METZ GmbH, Germany, share: 35.0% -STULZ-PLANAQUA GmbH, Germany, share: 34.9% Bioethanol-biogas-biomass plant project for the production of fuel quality bioethanol and green energy. The main objective of the bioethanol, biogas and biomass plant project is to produce fuel quality bioethanol and green electric power. The aim of combining the three plants is to utilize synergies. Bioethanol is produced using maize as a raw material. The by-product of ethanol production is the main feedstock of the biogas plant, meanwhile the biogas- and biomass plant provide heat and electric power for the bioethanol production.

Value: 33.6 M€

2. **Waste recycle company seeking investors to set up new factories:** A superior new technology has been developed for rubber waste pyrolysis, which is international patent

protected, and proven on an industrial level (already working factory). As a start of the worldwide spread 5 new factories are planned to be opened in 5 years. For the last seven years, a group of researchers, engineers and businessmen has developed a groundbreaking new rubber and tyre pyrolysing technology that is ready to be deployed worldwide.

Value: 25.0 M€

3. **Seeking investor for heat and electrical energy production technologies:** The implementation of water and gas treatment technologies covers the beneficial use of thermal gas. The company presents an innovative and efficient technology solution that can reduce methane emissions from permafrost lakes by using a two-phase degassing unit and drilled wells, which is also a cost-effective way to produce thermal and electrical energy.

Value: 16.0 M€

4. **Innovative construction and technologies in machine sector:** The project goal is to develop four new-style CNC milling machines and a new Technical platform. The current project started 5 years ago, and based on the 40 years of professional experience. These new technologies built into our revolutionary machines will greatly benefit from comprehensive advantages. The potential users (or potential buyers) of the technology are expected to come from different industries whom need to produce large components.

Value: 16.0 M€

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

a.) The Hungarian Public Procurement Authority is the official body for public procurement tenders: <http://www.kozbeszerzes.hu/english/>

b.) 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>

- **Town of Mohács to build Danube port:** The town of Mohács has announced an international public tender to build a port on the Danube river, according to the EU's public procurement gazette. The 330-metre long port will be the extension of the present border- crossing port to Croatia. The EU will cover Ft 4.75 billion (appx € 14.7mln) of the total Ft 5 billion (appx € 15.4 mln) cost, with the rest coming from Hungary's central budget. Bids must be filed by November 27 and the winner is to complete the project within three years.

- **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)

Publicity of upcoming Indian Trade Fairs:

The Embassy gave publicity to the following events:

- 6th India International Trade Fair 16-18 Oct, 2018
- 15th Suminfra 26 & 27 Oct, 2018
- 11th Urban Mobility conference 2-4 Nov, 2018
- Global Agriculture Food Summit 29-30 Nov, 2018
- 14th International Mining and Machinery Exhibition, 31 Oct - 3 Nov, 2018
- 3rd Global Sports Show Times of India 13-15 Dec, 2018
- Nasscom International SME conclave 10-11 Jan, 2019
- AERO India Global Aviation Summit 15-16 Jan, 2019
- 9th Vibrant Gujarat Summit 18-20 Jan, 2018
- Raw Sourcing meet India International Leather Fair, Chennai 31 Jan - 03 Feb, 2019
- India-Europe 29 Business Forum 2019

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

BE for 2018-19 Rs.	RE for 2017-18 Rs.	Amount utilized (till AUG 2018) Rs.	Details of Activity
427,000	500,000	276,683	Purchase of Make in India yoga T-shirts in connection to the 4th IDY and 3rd Ganga Danube Cultural Festival Expenditure towards delivery of 100 pcs of Shawls with Make in India Logo for distribution at various events

- **Action taken on the previous JWGs, Joint Commissions, sub-commissions etc. (issues that Mission had to follow up with host government):** The 5th JCEC and 10th S&T Meeting was held on 7th March and 21st 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.
- **Trade Queries for Imports/Exports (from Hungary for the month of October 2018)**

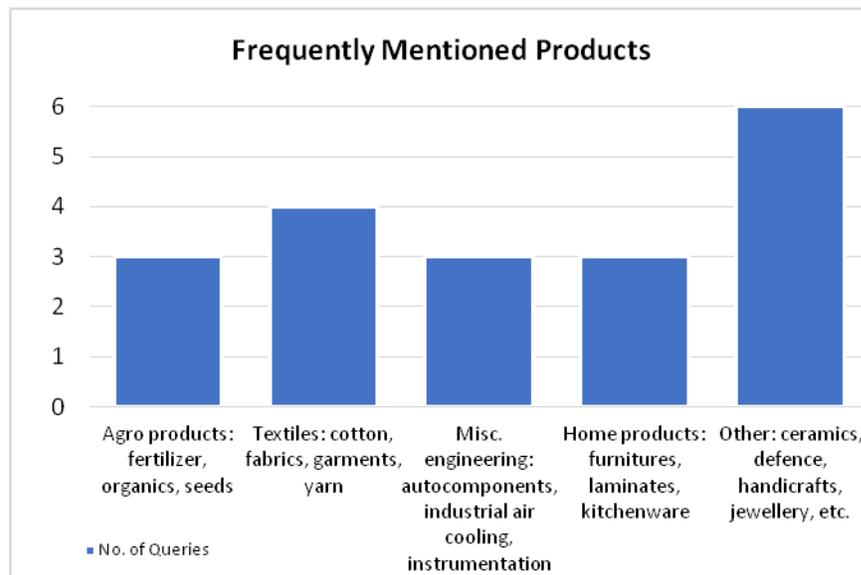
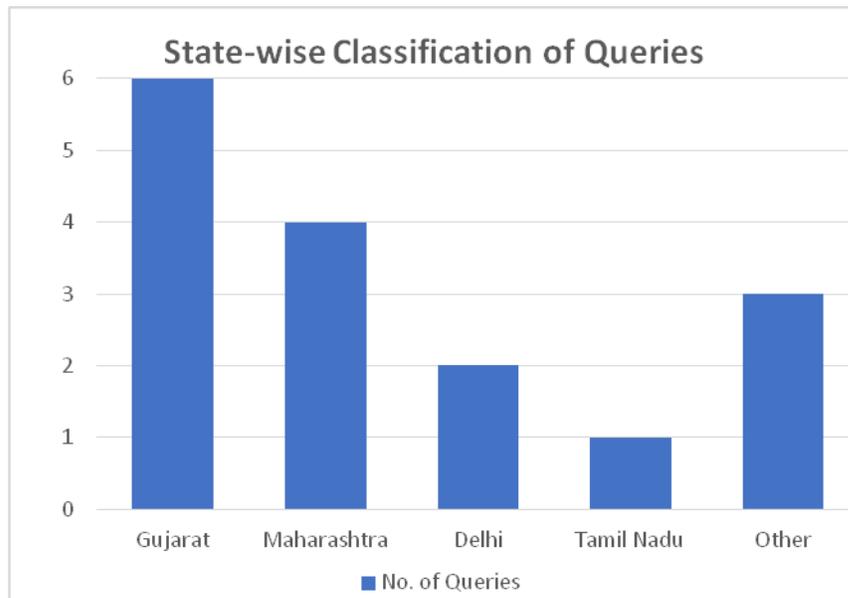
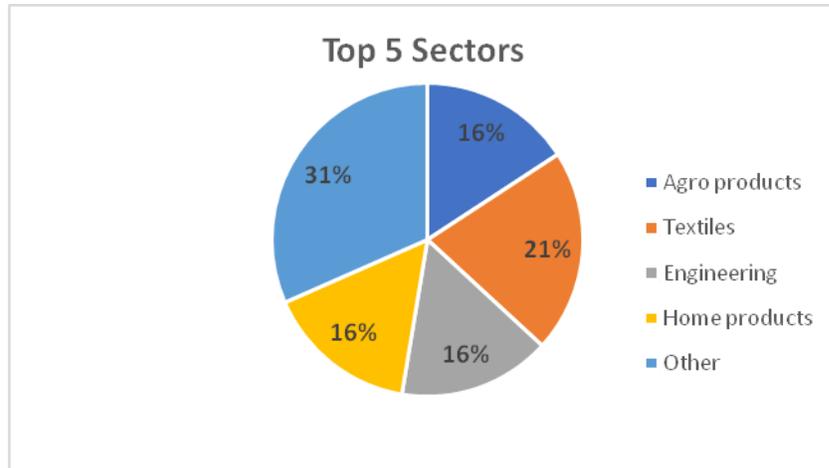
The Embassy received trade inquiries from 18 Indian companies and 2 Hungarian companies.

No.	Company	Contact person	Sector	Action Taken
1	Kapsun Cooler	Meera Chotaliya	Engineering: Fans, air cooling	Answered
2	The Stone Souk	Rozina R.	Handicrafts, Organic forest	Answered

			produce, Stones	
3	Lovson Industries	Keyur Shah	Autocomponents	Answered
4	Dakshagri International	Devraj Patel	Agro: seeds	Answered
5	Astika International	Priya	Yoga	Answered
6	Hans Raj Mahajan and Sons	Priyanka Sharma	Engineering: kitchenware	Answered
7	BEML limited	Ravinder Narang	Defence: ARV WZT-3	Answered
8	Face ceramics pvt ltd.	Viral Patel	Ceramic tiles	Answered
9	NEXUS International	-	Textile fabrics, yarns	Answered
10	Deco Mica Ltd	Anuj Shah	Furniture, Laminates	Answered
11	Shivraj Overseas	Rahul Dhulubulu	Engineering: kitchenware, home décor	Answered
12	Trust Exim	Raju Mangukiya	Textile: yarn	Answered
13	J&J Exports	Raja Gupta	Textile: Garments	Answered
14	Amba Gems And Jewellery	Ashutosh Jaiswal	Jewellery	Answered
15	Reime Group	Pankaj Nandgaonkar	Misc engineering: instrumentation, safety, suktomation, control panel, power supply	Answered
16	Unimed Lab	Dr Akshi Gvalani	Pharma	Answered
17	Tirupati Cotton	Prince Kasundra	Cotton	Answered
18	Multiplex Group	G.K.Narayana Swamy	Agriculture: fertilizer	Answered

FAQs on trade queries have been created and uploaded on the Mission's website
<http://www.eoibudapest.gov.in/page-link/?page=trade-s-and-t>

ANALYSIS OF TRADE QUERIES RECEIVED



8. Any Other Issue of Importance:

- 1. Hungary's EU competitiveness stagnates:** Hungary was the European Union's 24th most competitive country according to the 2018 list of the World Economic Forum (WEF), keeping the same position reached in 2017. Hungary scored 64.3 points in 2018, above only Bulgaria, Romania, Greece and Croatia. Hungary climbed the 140-country global competitiveness list, moving from 60th to 48th. This improvement was mainly due to WEF changing its scoring system in 2018.
- 2. IMF raises Hungary growth forecast:** The IMF has increased its GDP growth forecasts for Hungary in its October edition of the World Economic Outlook report, compared to the projections issued in April 2018. The IMF announced its 2023 forecast for the first time, envisaging annual GDP growth of 2.2%. This means that the IMF sees low growth potential in Hungary, compared to respective figures of 2.8% for Poland, 3.1% for Romania and 2.1% for Croatia. The average growth rate for emerging Europe is 2.7%.
- 3. GDP growth data corrected upwards:** The Central Statistics Office (KSH) has corrected upwards its 2018 quarterly GDP growth figures. First-quarter GDP growth has been raised to 4.5% from 4.4%, while the second-quarter figure is 4.9%, up from 4.8%. As a result, the first-half GDP growth rate is corrected upwards from 4.6% to 4.7%.
- 4. KSH confirms August industrial growth:** Hungary's industrial output rose 1.5% year-on-year and by 4.5% month-on-month in August, based on workday-adjusted figures, the KSH reported. Industrial exports were down 1.3% in August year-on-year, while manufacturing industry exports were down 2.9%. Domestic sales were up 7.4% with sales in manufacturing rising by 8.2%. The production of Hungary's automotive sector, a key driver of industry, fell by 6.9% in August year-on-year. Within the automotive sector, the production of road vehicles and output of road vehicle parts declined. Electronics manufacturing was up 11.5% year-on-year, while the output of pharmaceutical companies fell 7.8%. On a monthly basis, output was up by 3.8%, and in the first eight months it grew by 3.6%. Hungary's industry must accelerate in the fourth quarter to match last year's full-year growth of 4.6%.
- 5. Retail trade expands quickly in August:** Retail trade volume was 6.3% higher, year-on-year in August, exceeding expectations, while workday adjusted figures show a 6.8% rise, up from 5.3% in July, the KSH announced. Food sales were up 4.1% by volume, nonfood sales increased by 10.7% and fuel sales rose by 6.2%. Retail trade volume over the first eight months was 6.7% higher than in the same period of 2017.
- 6. Hungary signs €225mn loan agreement with EIB:** Hungary has signed a €225 million credit agreement with the European Investment Bank (EIB) on co-financing for EU-funded developments. The deal, part of a €1 billion EIB line of credit which Hungary signed for in 2015, will contribute to the implementation of transport infrastructure, environmentally friendly and energy efficiency investments, said Finance Minister Mihály Varga. The money can be used over the next three years for co-financing of EU-funded projects such as upgrading Budapest's waterworks, building a rail connection between the city centre and Liszt Ferenc International Airport, and the extension of motorways to the country's borders, the FM said. Hungary earlier drew on €500 million of the credit to finance the construction of a bridge spanning the Danube at Komárom, the renovation of the M15 motorway linking Budapest and Bratislava, and an upgrade of a north-south rail line south of the capital.
- 7. Ministry confirms budget surplus:** The budget in September recorded a surplus of Ft 149.8 billion (appx € 462.3 mln). The cash flow-based budget, excluding local governments, ran a 1.5 trillion (appx € 4.6 bln) deficit at the end of September, or 110% of the Ft 1.4 trillion (appx € 4.3 bln) target. The central budget deficit reached Ft 1,542.9 billion (appx €4.8 bln), while separate state funds and social security funds had surpluses of Ft 24.4 billion (appx € 75.3 mln) and Ft 22

billion (appx € 67.9 mln), respectively. In September, Hungary received Ft 158 billion (appx € 487.6 mln) from the EU, which lifted the total figure for the first nine months to Ft 341 billion (appx € 1.05 bln). Budget revenues were up 6.6% in the first nine months to Ft 13.8 trillion (appx € 42.6 bln). The government continues to project the full-year deficit at 2.4% of GDP as targeted and economic growth over 4%, the Finance Ministry said.

8. **Unemployment up slightly:** The average unemployment rate dropped to 3.8% over the three-month period of July-September, down from 4% a year earlier, the Central Statistics Office (KSH) has announced. The unemployment rate went up slightly from 3.7% in the June-August period.
9. **September inflation at five-year high:** Year-on-year Inflation reached its highest level in more than five years in September, rising to 3.6% from 3.4% a month earlier, the KSH announced. Core inflation – which excludes energy and seasonal food prices – was 2.4% year-on-year and 0.3% month-on-month. For the January-September period, inflation stood at 2.7%. Fuel and food prices pushed up inflation in September, as petrol and diesel prices hit a four-year peak; inflation is still moderate, below the MNB's target of 2-4, analysts pointed out.
10. **Industrial price rise slows down:** Industrial producer prices were up 8.1% year-on-year in August, slowing from the 8.4% rise in July, the KSH reports. Factory gate prices rose on the back of higher wages, rising oil prices and the weakening of the forint.
11. **Trade surplus lower this year:** The trade surplus shrank to €51 million in August 2018 from €432 million in the same month of 2017, the Central Statistics Office reports. Exports expanded by 0.9% year-on-year to €7.981 billion while imports went up by 6.1% to €7.930 billion. The EU received 80% of Hungary's exports and supplied 73% of its imports. The trade surplus for the first eight months sank to €4.633 billion from €5.332 billion a year earlier.
12. **Real wage growth slows as inflation picks up:** Gross and net wages increased by 10.1% year-on-year in August, the Central Statistics Office (KSH) announced. The average gross monthly wage stood at Ft 321,200 (appx € 991) in August, which translates into a net monthly income of Ft 213,600 (appx € 660). Real wage growth came to 6.5% in August, based on annualized inflation of 3.4% for the month. The figure for the first eight months was 9%. Wage growth is fueled by the agreement on minimum wage increases as well as a labour shortage, the Finance Ministry said. Growth in real wages in Hungary has remained unbroken for 68 months, it said, adding that among regional countries, wages rose at a faster pace only in Poland.
13. **Bill would raise bank tax slightly:** A bill submitted to Parliament by the Finance Ministry on 19th October is planning to raise the bank tax from 0.20% to 0.21% of total assets from 2019. The upper rate of the bank tax was lowered to 0.21% from 0.31% from 2017, in line with a government agreement with the EBRD. The rate paid on a tax base of less than Ft 50 billion (appx € 154 mln) would remain 0.15%. The bill would also raise the annual revenue threshold for VAT exemption for small businesses to Ft 12 million (appx € 37 thousand) from Ft 8 million (appx € 24.7 thousand) from 2019, which would result in a saving of Ft 10 billion (appx € 30.8 mln) for them and spare them administrative burdens. The bill would create exemptions from the financial transaction duty payments for government securities and would effectively halve the payroll tax for R&D staff. The tax legislation also aims to crack down on companies that use aggressive tax planning schemes to avoid paying taxes. Employers will be exempt from paying the training contribution on employees who are old-age pensioners. They will be subject to pay only the 15% personal income tax. Companies that have been operating for four years and generate annual revenue of Ft 60 billion (appx € 185.2 mln) or more but are loss-making for two years will be subject to automatic audits. The bill also clarifies the application of the preferential 5% VAT rate for home construction on projects which are still in the finishing stages. The tax rate will go back to 27% from January 1, 2020, from 5% at present. The lower rate will still apply to projects which are "structurally complete" and for which an application for inclusion in the land registry is submitted by December 31, 2019.

14. **Central Bank ups gold reserves tenfold:** The Hungarian Central Bank (MNB) increased its gold reserves tenfold from 3.1 tons at the end of September to 31.5 tons. The gold stock was transferred to Hungary, the MNB underlined, adding that this is in line with global trends, supports financial stability and strengthens the trust of the market in the country. The value of the present reserves is around \$1.2 billion (appx € 1.05 bln). The share of gold reserves in the total international reserves of the MNB reached 4.4% which is about the average of non-EU member Eastern European countries.
15. **MNB maintains base rate:** The MNB maintained its 0.9% base rate at the meeting of its Monetary Council. The Council did not change overnight deposit and lending rates either, in line with analysts' forecasts.
16. **Construction output up 24.4% in August:** Construction sector output climbed 24.4% year-on-year in August, according to the KSH. Growth in the first eight months was 22.6%. The value of Hungary's construction sector was Ft 328 billion (appx € 1 bln) in August and Ft 1.86 trillion (appx € 5.7 bln) in the January to August 2018 period.
17. **Private healthcare expanding rapidly:** Private healthcare company revenues reached Ft 475 billion (appx € 1.5 bln) in 2017, up from Ft 430 billion (appx € 1.3 bln) in 2016, according to an analysis. This figure is still dwarfed by spending on state health care. The sector has undergone broad-based growth since 2013. Private healthcare companies obtained Ft 20 billion (appx € 61.7 mln) in EU funding in the last five years. There were about 19,800 private healthcare companies registered in Hungary in 2017, employing more than 45,000.

Average Monthly Exchange rates for October 2018

1US\$= 282.07 HUF

1EUR= 324.02 HUF

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

**Embassy of India
Budapest**

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

Bosnia & Herzegovina (BiH)

Trends in bilateral trade JAN-AUG 2018:

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

	BiH's Imports	BiH's Exports	Total	Growth% of Import (y-o-y)	Growth% of Export (y-o-y)
BiH's trade with India (mln)	51.5 USD 43.0 EUR	5.9 USD 4.9 EUR	57.4 USD 47.9 EUR	+8.5% -0.2%	+33.9% +23.1%
BiH's Total Global Trade (mln)	7,761 USD 6,480 EUR	4,788 USD 3,998 EUR	12,549 USD 10,478 EUR	+17.7% +8.2%	+20.1% +10.4%

Analysis: In the period of January to August 2018, in USD terms, exports to India increased by 33.9% and imports from India grew by 8.5%. Balance of trade is in India's favour in value of USD 51.5 mln. In EUR terms, exports to India increased by 23.1%, while imports from India fell back by 0.2%. The balance of trade is in India's favour in value of EUR 43 mln.

Top 10 items of export to India from BiH

Product	2018 JAN-AUG	% growth	% total
TOTAL	5.9	33.9%	100.0%
28 - INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	4.9	57.2%	83.4%
48 - PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	0.3	-42.2%	4.5%
79 - ZINC AND ARTICLES THEREOF	0.2	82.0%	3.7%
44 - WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	0.1	202.3%	1.8%
73 - ARTICLES OF IRON OR STEEL	0.1	30.2%	1.6%
84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	0.1	-54.8%	1.1%
22 - BEVERAGES, SPIRITS AND VINEGAR	0.1	90.5%	1.0%
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	0.04	-66.4%	0.7%
38 - MISCELLANEOUS CHEMICAL PRODUCTS	0.04	-21.2%	0.6%
72 - IRON AND STEEL	0.03	-54.8%	0.4%

Top 10 items of export to the World from BiH

Product	2018 JAN-AUG	% growth	% total
TOTAL	4,788.0	20.1%	100.0%
27 - MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	481.4	51.6%	10.1%
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	475.9	12.4%	9.9%
44 - WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	314.7	10.7%	6.6%
84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	303.1	17.0%	6.3%
76 - ALUMINIUM AND ARTICLES THEREOF	298.0	26.9%	6.2%
64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	295.6	18.0%	6.2%
73 - ARTICLES OF IRON OR STEEL	278.6	36.7%	5.8%
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	267.0	23.9%	5.6%
28 - INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	256.1	14.5%	5.3%
72 - IRON AND STEEL	250.4	33.0%	5.2%

Top 10 items of Import from India to BiH

Product	2018 JAN-AUG	% growth	% total
TOTAL	51.5	8.5%	100.0%
84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	12.2	25.1%	23.7%
09 - COFFEE, TEA, MATÉ AND SPICES	6.9	-11.8%	13.4%
41 - RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	2.5	14.3%	4.9%
25 - SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT	2.3	13.1%	4.5%
64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	2.3	2.5%	4.5%
56 - WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF	2.2	35.2%	4.4%
52 - COTTON	1.9	-8.6%	3.7%
62 - ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED	1.7	0.2%	3.3%
30 - PHARMACEUTICAL PRODUCTS	1.6	15.2%	3.0%
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	1.4	49.5%	2.7%

Top 10 items of Import from the World to BiH [USD Million]

Product	2018 JAN- AUG	% growth	% total
TOTAL	7,761.0	17.7%	100.0%
27 - MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	1,127.6	20.4%	14.5%
84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	619.4	20.3%	8.0%
87 - VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	555.7	17.9%	7.2%
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	432.8	11.9%	5.6%
39 - PLASTICS AND ARTICLES THEREOF	413.7	19.7%	5.3%
72 - IRON AND STEEL	292.8	46.3%	3.8%
30 - PHARMACEUTICAL PRODUCTS	225.3	11.5%	2.9%
73 - ARTICLES OF IRON OR STEEL	212.0	14.6%	2.7%
41 - RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	143.8	4.4%	1.9%
22 - BEVERAGES, SPIRITS AND VINEGAR	142.4	16.1%	1.8%

(VI) Top 5 Competitors of India's Top 5 Exports to BiH in 2017 JAN-MAY

S. No.	Commodity	Competitors	Amount (In millions of US\$)
1	84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	1. GERMANY	100.5
		2. CHINA	93.4
		3. ITALY	77.8
		4. TURKEY	35.8
		5. SLOVENIA	32.7
2	09 - COFFEE, TEA, MATÉ AND SPICES	1. BRAZIL	23.8
		2. ITALY	5.9
		3. VIETNAM	1.2
		4. CROATIA	1.1
		5. UGANDA	0.7
3	41 - RAW HIDES AND SKINS	1. ITALY	44.8
		2. SLOVENIA	35.0
		3. CROATIA	10.1
		4. GERMANY	8.7
		5. AUSTRIA	8.3
4	25 - SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT	1. CROATIA	24.0
		2. GREECE	2.6
		3. SERBIA	2.5
		4. ITALY	1.8
		5. TURKEY	1.7
5	64 - FOOTWEAR, GAITERS AND THEIR ARTICLES	1. ITALY	32.2
		2. CHINA	29.4
		3. VIETNAM	12.3
		4. AUSTRIA	6.6
		5. SERBIA	6.5

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

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

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

NIL during the period of report

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

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

- **Chinese Investor Will Build Banja Luka-Prijedor Highway:** A Chinese company was granted a concession for the construction of a highway section in the north of Bosnia, the Republika Srpska Entity Government said. China Shandong International Economic & Technical Cooperation Group, a daughter company of Shandong Hi-Speed Group (SDHS), was granted the concession for the construction of Banja Luka – Prijedor highway for the period of 33 years, including the construction period. The Chinese investor was obliged to regularly pay the concession compensation which consists of one-time compensation, which is 1.5 percent of the investment's total value or EUR 4,466,600 and annual compensation – 5 percent of the profit gained through the performing of concession activity. The company sent an offer to the RS Government on December 11, 2017, which was preceded by the signing of a series of documents by the Government and 'Autoputevi RS' public enterprise. The Banja Luka – Prijedor highway is 42 kilometers long, with two lanes in both directions and an emergency lane. According to the project design, the highway section would consist of seven tunnels and 35 bridges, three interchanges and the infrastructure for a closed system of the toll payment as well as the system for traffic safety management and control.
- **HEV Completes Bocac 2 HPP:** Hydro power company Hidroelektrane na Vrbasu (HEV) has completed the construction of a hydro power plant in the municipality of Mrkonjic Grad, the Office of the President of Republika Srpska said. Hidroelektrane na Vrbasu invested 42 million KM (21.5 million euro) in the construction of the 8.76 MW Bocac 2 hydro power plant, which will employ 32 people. "Such facilities produce energy and stability, which is our priority. In the future, the Serb Republic will have to build more such facilities," the President, Milorad Dodik, said during the official launch of the hydro power plant. HEV is part of power utility Elektroprivreda Republike Srpske.
- **Sarajevo Airport Begins Terminal Expansion:** Sarajevo Airport has commenced the multi million-euro expansion of its terminal building: Local company ANS Drive has been contracted to carry out the work valued at 15.3 million Euros. The project includes the addition of 10.000 square meters of space to the existing terminal building, as well as the construction of an office/business facility at the airport, worth three million Euros. The two projects are being financed from the airport's own funds. Upon completion, the terminal building will have the capacity to handle two million passengers. Currently, Sarajevo can welcome one million travelers per year, with the airport set to surpass that figure over the next two months. The project's completion is scheduled for late 2019.

(ix) Significant trends in trade and investment in JAN-AUG 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	The product group exhibited a growth of 25.1% in JAN-AUG 2018 over the same period of 2017 and represents 23.7% of total Indian exports to BiH with 12.2mln USD.
(HS 09) COFFEE, TEA, MATÉ AND SPICES	The product group fell back by 11.8% in JAN-AUG 2018 over the same period of 2017. It represents 13.4% of total exports to BiH with 6.9 mln USD.

(HS 41) RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	Trade increased by 14.3% in JAN-AUG 2018 over the same period of 2017 in this product group. However, it represents 4.9% of total Indian exports to BiH with 2.5 mln USD.
(HS 25) - SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT	The product group increased by 13.1% in JAN-AUG 2018 over the same period of 2017. It represents 4.5% of total exports to BiH with only 2.3 mln USD.
(HS 64) - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	Trade increased by 2.5% in JAN-AUG 2018 over the same period of 2017. However, it represents only 4.5% of total Indian exports to BiH with a value of 2.3 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

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:**

Ambassador Rahul Chhabra: “We Have Succeeded in Bringing Indian Culture Closer to People in Bosnia”: “Bosnia and Herzegovina is a beautiful country, and Bosnians are wonderful people. No matter the fact that I leaving, I will be returning to Sarajevo, BiH, because I have drunk waters from Bascarsija”, said Ambassador of India, Rahul Chhabra, in his farewell interview with FENA. "I am very satisfied because we managed to bring Indian culture closer to the people of BiH. In that sense, I decided to dedicate my work, in addition to Sarajevo, Mostar, and Banja Luka, to small towns: Siroki Brijeg, Foca, Milici, Zavidovici, Bijeljina, Tuzla". Economic cooperation between BiH and India has been also brought to a higher level. In order to facilitate and improve this cooperation, India introduced an electronic, online, visa-issuing system. "University cooperation, especially between the Faculty of Medicine of the University of Sarajevo and the Chennai Medical School, has been established, for the purpose of encouraging students from BiH to come to Chennai and we also want to open a medical college in Sarajevo," said Ambassador Chhabra. Although the opening of the information technologies center in Sarajevo and Banja Luka, was recently announced, this project has not yet been realized, but is pending reply from the BiH authorities. "We regularly participate in all events in BiH and we strive to better inform BiH citizens of all that India offers," he said. Ambassador Chhabra announced that future

Ambassador of India Kumar Tuhin will arrive in Budapest in mid- November and soon afterward he will visit BiH. "I will recommend to Ambassador Tuhin to continue with the initiated projects. It would be important for him to focus on economic cooperation and more on culture, because they are the two most important pillars of cooperation between BiH and India that help build better relations between the countries," said Ambassador Chhabra.

- **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
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- **Embassy of India participated at the 9th Sarajevo Scholarship Fair:** organized by the University of Sarajevo on 18th October 2018. The mission was represented by Mr. Sanjeev Manchanda, Second Secretary (Pol / Com), and Ms. Klaudia Kovacs, Marketing Assistant. The event was inaugurated by the Rector, Prof. Dr. Rifat Škrijelj and several ambassadors and representatives of Embassies. Mr. Sanjeev Manchanda, Second Secretary also delivered his welcome remarks and thanked the organizers for the opportunity and encouraged visitors to study in India. He also highlighted that many of India's higher education institutions figure in the top 100 Asian universities. The India stand was highly-visited; the students were interested to develop their skills and continue their studies in the incredible land of India. The Mission promoted ITEC scholarship and Study in India programme within which the students not only have the chance to continue their studies but they also have a chance to learn niche courses such as Yoga, Ayurveda etc. During the day Ms. Dunja Masic, President of the Bosnian-Indian Friendship Society visited the India stand with the Dean of the Law Faculty, Prof. dr. Hajrija Sijerčić-Čolić. Mrs. Naida Besovic and Mrs. Mubera Vulovic from Central Election Commission, BiH also came to meet with Mr. Manchanda and were encouraged to apply for ITEC scholarship programme. On 17th October, SS (Pol & Com) also met with the Director General, Department of Asia and Africa, Mr. Ljubo Grkovic at the Ministry of Foreign Affairs, BiH, where they discussed bilateral issues, trade and future cooperation.

TRADE FAIRS in Bosnia and Herzegovina

FAIR OF ECONOMY 2018	Fair of Economy, Agriculture, Crafts and Consumer goods	Sarajevo	December 5-7, 2018	www. skenderija.ba
INTERIO	International fair of forestry, wood, furniture and interior design	Sarajevo	March 2019	www. skenderija.ba
MOSTAR FAIR	International Economy Fair Mostar	Mostar	April 9-13, 2019	www.mostar-fair.com
ENERGA	International trade fair for energy, industry and mining	Sarajevo	June 11-13	www. skenderija.ba

<https://www.tradefairdates.com/Fairs-Bosnia-and-Herzegovina-Z18-S1.html>,
<http://komorabih.ba/wp-content/uploads/2018/07/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.					

NIL at the time of the report

VISAS

Number of Tourist Visas issued	(Oct)	0
Including number of Business Visas	(Oct)	1

*figures not received from Ministry at the time of the report

• **Investment:**

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

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

NIL at the time of the report

• **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

Delegation of the European Union to BiH Tenders (Euopeaid tenders):

http://europa.ba/?page_id=320

• **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)

Publicity of upcoming Indian Trade Fairs:

The Embassy gave publicity to the following events:

- 6th India International Trade Fair 16-18 Oct, 2018
- 15th Suminfra 26 & 27Oct, 2018
- 11th Uran Mobility conference 2-4 Nov, 2018
- Global Agriculture Food Summit 29-30 Nov, 2018
- 14th International Mining and Machinery Exhibition, 31 Oct - 3 Nov, 2018

- 3rd Global Sports Show Times of India 13-15 Dec, 2018
- Nasscom International SME conclave 10-11 Jan, 2019
- AERO India Global Aviation Summit 15-16 Jan, 2019
- 9th Vibrant Gujarat Summit 18-20 Jan, 2018
- Raw Sourcing meet India International Leather Fair, Chennai 31 Jan - 03 Feb, 2019
- India-Europe 29 Business Forum 2019

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

BE for 2018-19 Rs.	RE for 2018-19 Rs.	Amount utilized (till SEPT 2018) Rs.	Details of Activity
427,000	500,000	276,683	Participation in the Mostar International Trade Fair Purchase of Make in India yoga T-shirts in connection to the 4th IDY and 3rd Ganga Danube Cultural Festival Expenditure towards delivery of 100 pcs of Shawls with Make in India Logo for use in various events

Action taken on the previous JWGs, Joint Commissions, sub-commissions etc. (issues that Mission had to follow up with host government): Mission is exploring possible export of surplus sugar to BiH.

• **Trade Queries for Imports/Exports (from BiH for the month of June 2018)**

The Embassy received *nil* inquiries/questions/initiatives from Bosnian companies:

No.	Company	Contact person	Sector	Status

The Embassy received 2 trade inquiries from Indian companies:

No.	Company	Contact person	Sector	Action Taken
1	Deco Mica Ltd	Anuj Shah	Furniture, Laminates	Answered
2	Unimed Lab	Dr Akshi Gvalani	Pharma	Answered

8. Any Other Issue of Importance:

1. **IMF Cuts Bosnia's 2018 Economic Growth Forecast:** According to IMF, the slowdown in productivity growth since the global economic crisis and continuous emigration of young and educated population affected the economic potential of BiH. "Demographic downturn of the labor market is a real threat to the long-term BiH growth prospects," the IMF said. It was also highlighted that BiH should impel on the economic and financial reforms, which would enhance the economic growth and employment. In order to boost its economy, BiH asked for the arrangement of a loan worth a total of 1,077,908,018 KM (689,359,000 U.S. Dollars) with the IMF. After meeting key requirements, the second tranche of 145,828,711.65 KM (93,473,317.98 U.S. Dollars) under the Extended Fund Facility with the IMF was recently transferred to the account of the Central Bank of BiH. The rest of loan shall be approved in tranches for a period of three years. IMF estimates BiH to grow with 3.4 percent in 2019.

2. **Bosnia's Economy Grows 3.4% in Q2:** Bosnia's economy grew 3.4 percent year-on-year in the second quarter of 2018, driven mainly by higher output of energy sector and activity in wholesale and retail trade, the state statistics agency said. The seasonally adjusted data showed output rose 1.1 percent from the previous quarter. National output totaled 8.25 billion KM (€ 4.22 bln) at current prices in the first quarter of 2018, compared to an estimated 7.85 billion KM (€ 4.01 bln) a year earlier.
3. **International Fair of Energy, Water and Environment Opens:** A two-day international fair of energy, water and environment RENEXPO BiH took place on 23-24 October in Sarajevo gathering more than 50 exhibitors from 20 countries. Advisor to the Minister of Foreign Trade and Economic Relations of BiH, Admir Softic said in his introductory address that he was pleased that the institution he represents is a participant of such a significant event that brings together a large number of experts in energy and environmental protection. Mr. Softic said that by adopting the Framework Energy Strategy until 2035, BiH confirmed its commitment to the sustainable development of the energy sector, which will take into account the country's potentials and peculiarities. Significant contribution to the discussions was given by the owners of the projects of power plants under construction, manufacturers of equipment for hydro and wind power plants and representatives of the institutions of BiH competent for the electricity sector. Prominent exhibitors at the fair are were companies such as: Andritz Hydro, Kössler GmbH&Co KG, Urbas Maschinenfabrik Ges.m.b.H., Kawasaki Gas Turbine Europe GmbH, SWF Krantechnik GmbH and others. Foreign Investment Promotion Agency (FIPA) also participated in the event: Mr. Amir Kazić, Representative for the region of Herzegovina, gave a presentation on "Photovoltaic Power Plant in BiH - Potentials - Investment Opportunities - Challenges".
4. **Government to Help Ailing Aluminum Smelter:** "The FBiH government will not allow the closure of factory, it will try to keep the operational mode and will get into problem solving," said Prime Minister Novalic. FBiH Prime Minister Fadil Novalic and Finance Minister Jelka Milicevic pointed out that while the Government of FBiH is the owner of 44 percent shares in this company, and the Croatian Government is a co-owner with 12 percent stake, and thus the FBiH Government expects Croatia to also get involved in solving the problem. The FBiH Government has already taken some steps in this regard. On 30 September, the Aluminij's debt amounted to 344 million KM (€175.8 mln). The Board members of the company cited the disturbances in the global market, especially the very high price of electricity and alumina for the main reasons leading to the firm's insolvency. Established in 1977, Aluminij Mostar produces appx 130,000 tons of aluminum a year, which it exports mainly to former Yugoslav countries, Italy, Austria, Hungary, Romania, Bulgaria, Albania, Greece and Turkey.
5. **ZEPS Fair Opens, 480 Exhibitors Take Part:** Prime Minister of the Zenica-Doboj Canton Miralem Galijasevic officially opened the 25th ZEPS Trade Fair and the 15th International Fair of Metal Industry "ZEPS Intermetal". The trade fair has gathered 480 exhibitors from 19 countries, at an exhibition space covering nearly 8,000 square meters, while the ZEPS Intermetal has gathered 20 exhibitors. PM Galijasevic emphasized that the ZDC has the largest export volume in FBiH and that the import-export ratio is 91 percent. "The ZDC takes part in the total exports of FBiH with a share of 26 percent, somewhere around one billion (appx € 511.3mln) and 800 million KM (€ 409.3 mln). President of the Foreign Trade Chamber of BiH Vjekoslav Vukovic emphasized that all the economic indicators show the continued growth of BiH economy, which exports 70 percent of its production to the countries of the EU. In the first eight months of 2018, BiH has exported goods worth over eight billion KM (€ 4.9 bln).

External:

- **Minister Jusko Attends Meeting of Ministers of China and CEE Countries:** A delegation of the Ministry of Communications and Transport of Bosnia and Herzegovina, led by Minister Ismir Jusko, took part in the Third Meeting of Transport Ministers of China and Central and Eastern European Countries, China - CEEC 16 + 1, held in Belgrade. The meeting was opened by Serbian President Aleksandar Vucic. In his address to delegations from Central and Eastern European countries, Chinese Minister of Transport Li Xiaopeng emphasized the potential and importance of infrastructure linking between China and CEE countries within the Chinese Belt and Road initiative in all modes of transport, but also in the IT sector, highlighting the initiated activities between China and Bosnia and Herzegovina on interconnection in the field of air transport. In his address before the Chinese and the ministers of the CEE countries, Transport Minister Jusko emphasized strategic commitments, initiated and planned activities of Bosnia and Herzegovina in the area of infrastructure connectivity, with a special emphasis on the construction of the motorway on the Corridor 5-C, based on the adopted Framework Transport Strategy of BiH, and regional connecting for the purpose of economic development.

Average Monthly Exchange rates for October 2018

1US\$= 1.702322 KM

1EUR= 1.955830 KM

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

TPS Rawat
Second Secretary (Com/Pol)/CR
Embassy of India
Budapest
Dated: December 13, 2018