

Embassy of India Budapest

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Economic and Commercial Report for the month of May 2016

Executive Summary

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Economy

EC challenges Hungary's land law

The European Commission has launched infringement proceedings against Hungary, arguing that Hungary's regulations on the sale of land to foreigners violate free movement of capital and settlement. It has also begun proceedings against Bulgaria, Latvia, Lithuania and Slovakia over the same issue. The EC has criticised the fact that upon expiry in 2014 of the moratorium imposed on the acquisition of land by foreigners, these countries have passed new laws on the procurement of agricultural property with provisions that restrict the free flow of capital and settlement.

Government files convergence report: The government has filed its 2016-20 convergence report with the European Commission, forecasting annual GDP growth of more than 3% in the coming years. The report envisages a budget deficit of 1.2% of GDP in 2020, rather than the balanced budget mentioned by Economy Minister Mihály Varga in recent statements. The plan contains no EU subsidies for 2019 or 2020, as the government intends to draw all available funds by the end of 2018. The state debt is not forecast to fall below 70% of GDP before 2019.

EC recommends fiscal adjustments: The European Commission is recommending that Hungary reduce its budget deficit by 0.3% of GDP in 2016 and 0.6% in 2017 and to carry out structural reforms in order to meet its medium-term budgetary objectives. The Commission made other recommendations in its country-specific report, including reducing sectoral taxes such as the bank tax, enhancing both transparency and competition in public procurement, and combating corruption. The report concludes that risks from external and internal liabilities have been reduced, although high external debt rollover needs and the level of non-performing loans remain a concern.

Eurostat rejects claims for Eximbank's independence: Eurostat released correspondence on the issue with the Central Statistics Office, in which Eurostat categorically refutes Hungary's arguments on the issue of independence claimed by Eximbank. Eurostat concluded that Eximbank is a government entity that does not pursue genuine market activity. Eurostat's stance means that Hungary should re-evaluate its state debt, which could be two percentage points higher in relation to GDP with Eximbank's debts included. The state debt stood at 76.9% of GDP at the end of March 2016, according to central bank data.

FM Szijjártó against extending sanctions on Russia: The Hungarian government will not agree with the EU to extend the sanctions on Russia automatically, Foreign Minister Péter Szijjártó said after talks with his visiting Russian counterpart Sergei Lavrov on 25th May in Budapest. Lavrov said the decline in Hungarian-Russian trade turnover must be stopped. As a result of the western sanctions afflicting Russia because of its conflict with Ukraine, and the Russian counterembargo, bilateral trade turnover dropped by 47% in 2015 and by 25% in the first two months of 2016, FM Szijjártó said, adding that Hungarian companies suffered \$4.5 billion worth of export losses in the past two years. Regarding the Paks enlargement, he highlighted that Moscow views the project as a long-term strategic investment.

PM Orbán promises more funds for R&D: The cabinet will assign Ft 1.2 trillion to research, development and innovation by 2020 Prime Minister Viktor Orbán announced as he addressed the annual general meeting

of the Academy of Sciences. He said this will raise Hungary's spending on research from 1% of GDP in 2010 to 1.4% in 2016, and 1.8% by 2020, approaching the EU average of 1.9%.

Hungarian Chamber of Commerce Persistent expresses concern on TIPP: Negotiations between the US and the EU on the TIPP free trade deal should be made transparent and public, Hungarian Chamber of Commerce (MKIK) president László Parragh said. That way, industry associations can have a say in the agreement and would have time to prepare for changes. The present negotiations conducted without taking into consideration the views of the affected parties are not fair and not democratic. As the US is more developed in several areas than the EU, the agreement would make also the EU a loser in several respects, Parragh said.

2017 Tax Bill presented to Parliament: Tax affairs state secretary András Tállai presented the government's 2017 tax bill proposal to Parliament. This is a major tax change as the bill will amend about 30 existing laws. Due to an EU regulation, Hungary has to increase the excise tax on tobacco to 29% by 2017. The increase will be implemented in three steps, with the first entering into force on September 1, 2016. The cabinet has decided to raise excise tax on fuel automatically if global oil prices fall below USD 40. in one variation and USD 50 in another. The increases will be Ft 10 per litre for diesel and Ft 5 per litre for petrol, generating an additional HUF 20 bln in budget revenue. The VAT on food and domestically produced drinks sold in restaurants will drop from 27% to 18% for 2017 and to 5% in 2018. The ceiling on fixed capital investment tax allowances will be abolished for SMEs. VAT on poultry, eggs and fresh milk will be cut from 27% to 18% for 2017. The government expects proceeds from the bank tax to fall to Ft 66.5 billion for 2017 from Ft 85.5 billion in 2016. The tax on total assets above Ft 50 billion will be reduced to 0.21% in 2017 from 0.24% in 2016, once Parliament approves the changes.

Fitch lifts Hungary from junk category: International credit-rating agency Fitch up-graded its rating of Hungary's sovereign debt from the junk category to investment grade with a stable outlook. Explaining its decision, the agency noted that Hungary enjoys a current-account surplus and its exposure to foreign creditors has dropped significantly. Hungary's debt was first categorised as "junk" by Moody's in November 2011.

Forecasts see GDP growth slowing down: The IMF forecast GDP growth for Hungary to slow down from 2.9% in 2015 to 2.3% in 2016 and 2.5% in 2017 in its annual country report, citing that Hungary's growth potential is still weak, and that the driver of growth is domestic consumption. State debt is predicted to fall from 75.5% of GDP in 2015 to 74.8% in 2016. The OECD forecast is slightly higher with 2.5% growth for 2016 and 3% in 2017. In contrast, GKI Institute foresees just 2% increase for 2016. The Economy Ministry maintains its 2.5% growth expecting rises in both EU transfers and bank lending, as well as a buoyant housing market.

GDP data shows economy contracted in first quarter: Hungary's GDP declined by 0.8% in the first quarter of 2016 compared with the fourth quarter of 2015, according to preliminary data released by the Central Statistics Office. According to data unadjusted for working days, GDP growth was 0.9% year-on-year in the quarter. The 0.8% quarter on quarter decline was the worst figure in the EU. The slowdown in GDP growth is mainly due to the cyclical pattern of EU subsidy payments and the slowdown in vehicle making, the Economy Ministry commented.

Industrial output weakens: Industrial production decreased 4.6% year-on-year in March 2016, while the workday-adjusted figures show a 2.4% decline, the Central Statistics Office said. The automotive sector, which accounts for a third of manufacturing output, shrank 6.7% year-on-year. Industrial export sales were down 4.8% by volume, while industrial sales declined 4.7%, including a 8.6% drop in vehicle exports.

Central Bank reserves at seven-year low: The Central Bank (MNB)'s foreign-currency reserves shrank from €27.552 billion at the end of March 2016 to €26.432 billion at the end of April, a seven-year low, the central bank announced. Most of the drop of €4.160 billion in April was due to the foreign-currency swap carried out by the MNB in connection with the foreign-currency household loan conversion programme, the central bank added.

MNB cuts base rate to 0.9%: The monetary council of the Central Bank (MNB) lowered the base rate on 24 May to a new all-time low of 0.9% from 1.05%. The MNB has come to the end of its easing cycle and the base rate is at an appropriate level and can be expected to remain there for a long time, said MNB deputy governor Márton Nagy.

MNB worried about bad loans: The resilience of the banking sector to shocks is strong and its vulnerability to external shocks has been reduced, but the high level of non-performing household loans and corporate loans remains a risk, according to the MNB stability report. Addressing these issues, in addition to restoring

market-based lending, is needed for sustainable economic growth, the MNB said.

Budget deficit at 15-year low: The budget deficit for the first four months of 2016 came to a 15-year low of Ft 144.9 billion, the Economy Ministry announced. The figure amounts to 0.5% of GDP, and is well below the Ft 465 billion deficit for the same period of 2015. The central budget had a Ft 209 billion deficit, the social security funds made Ft 42.6 billion surplus and independent state funds realised a Ft 21.5 billion surplus. It appears that the 2016 budget deficit target of 2% of GDP can be met without difficulty, observed analyst Eszter Gárgyán of Citibank.

State debt expanded in Q1: The state debt stood at Ft 26.147 trillion at the end of the first quarter, or 76.9% of GDP, up from 75.3% at the end of 2015, the MNB announced.

Government modifies 2016 budget: The government filed a bill in Parliament to make changes to the 2016 budget worth a total of Ft 500 billion. The modification sees total revenues rising from Ft 15.8 trillion to Ft 16.2 trillion, while expenditures will go up from Ft 16.6 trillion to Ft 17.0 trillion. The budget deficit target remains unchanged. Central government reserves will be increased by Ft 20 billion and the so-called Country Protection Fund receives an additional Ft 10 billion.

Varga presents 2017 budget figures: The 2017 budget will be one of security and stability with the main aim of creating a zero deficit for the operations of the state, Economy Minister Mihály Varga said. The budget envisages a 3.1% economic growth, 0.9% inflation and a budget deficit of 2.4% of GDP. Education will receive Ft 270 billion more than in 2016, health care will have Ft 167 billion more and an additional Ft 66 billion will be devoted to cultural goals, he said.

Trade surplus drops in March: Hungary's trade surplus fell to €966 million in March, from €1.01 billion one year earlier, the Central Statistics Office announced. Exports were down 3.4% and imports were 3.3% lower, year-on-year.

Jobless rate drops below 6%: The number of unemployed fell 73,000 to 265,000 on average during the February-April period, which corresponds to a 5.8% jobless rate, compared with 7.5% in the same period a year ago, the Central Statistics Office reported. The unemployment rate fell to its lowest level since 2004.

Inflation returns in April: Consumer prices were 0.2% higher, year-on-year, in April, reversing the 0.2% deflation measured in March, the Central Statistics Office announced. For the first four months of 2016, year-on-year inflation stood at 0.3%.

Rapid wage growth in March: The average gross monthly wage was 6.6% higher, year-on-year in March 2016 at Ft 264,318, the Central Statistics Office announced. The average net wage had risen by 8.2% to Ft 175,772. The fast wage growth is primarily due to the 5.7% increase in the minimum wage effective January 1, as well as wage hikes in the armed services and bonuses paid to social sector workers.

Construction plummets again: Construction industry saw a 33.9% year-on-year output plunge in March 2016, following declines of 19.2% in February and 20.1% in January, the Central Statistics Office announced.

Chinese healing centre planned: Human Resources Ministry state secretary Bence Rétvári and Chinese Deputy Health and Family Planning Minister Wang Kuochiang signed a statement of intent on establishing a Central and East European traditional Chinese healing, educational and research centre in Budapest. The two agreed to renew and expand cooperation in traditional Chinese healing in 2017 and 2018.

Commercial

Bank profits show huge growth: Pretax profits of banks surged 168% year-on-year to Ft 198.5 billion in the first three months of 2016, and aftertax profits went up from Ft 61.9 billion to Ft 191.4 billion in the same period, according to figures from the MNB.

Trading House generated Ft 2bn: Hungarian companies generated Ft 2 billion in turnover in 2015 from their partnership with the Hungarian National Trading House (MNKH), set up by the state to find new opportunities for SMEs on foreign markets, CEO Zsanett Ducsa-Oláh said. The projected export revenues of the 4,000 SMEs with which the MNKH has partnerships is Ft 800 billion in 2016, she added. The MNKH has offices in 50 countries.

GE pays massive "offshore" taxes to Hungary: GE Hungary paid Ft 536 billion in taxes in Hungary in 2015, up from Ft 1 million a year earlier, the subsidiary announced on its annual report. The pretax profits are higher than 10% of the Hungarian GDP and the tax paid by GE is about 4-5% of the annual budget revenue. Hungary has established a so-called tax loan solution, according to which a company that sees a six-fold

profit increase from one year to the next can pay the company taxes over the next two years, in eight quarterly instalments. The financial benefits of the tax scheme for Hungary and GE profit result from activities in other countries, which represents a loss in the budget of the countries concerned. The European Commission is looking critically into such tax reallocation schemes between countries.

Record revenues for Bosch: German industrial group Bosch posted a record Ft 959 billion revenue in 2015, 16% more than in 2014. The company invested Ft 37 billion in its Hungarian units in 2015, the highest amount since it entered Hungary in 1991.

Mercedes plans Ft 185bn expansion: Mercedes Benz Manufacturing Hungary laid the foundation stone for a Ft 185 billion expansion project at its Kecskemét factory. The present investment, to be completed by 2018, will improve the training and working conditions for employees. In addition, a new car body factory will be built for Ft 80 billion. Mercedes has invested a total of Ft 320 billion in Kecskemét by the end of 2015. The Kecskemét factory made 180,000 cars in 2015. Revenues of the Hungarian subsidiary amounted to €2.8 billion in 2014, almost exclusively from exports.

Audi Hungaria revenues exceed €8bn: Net revenues of Audi Hungaria Motor rose 12% year-on-year to €8.3 billion in 2015, while operating profits rose €103 million to €426 million. the German-owned carmaker announced. Exports to Germany made up 78% of sales. Almost all revenues stem from exports. The number of engines produced at the Győr factory rose by 2.5% to 2.02 million.

Suzuki triples its profits: The aftertax profit of Magyar Suzuki almost tripled in 2015, reaching €57.8 million, the Esztergom-based subsidiary of the Japanese carmaker announced. Revenues went up 28.3% in 2015 to €2 billion. Exports contributed 93.8% to total revenues.

Huge decline in Rába profits: Aftertax profits at state-owned axle and vehicle maker Rába plummeted in the first quarter of 2016, down 84% from the same period of 2015 to Ft 110 million. Total revenue of Ft 9.6 billion was a 31% drop, year-on-year.

Bilateral

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

Global trade of Hungary (USD, EUR billion)

	2014	2015	2016 Q1	% change 2016Q1/2015Q1
Global imports	104.3 USD 78.2 EUR	91.4 USD 82.4 EUR	22.2 USD 20.2 EUR	-0.1% +2.4%
Global exports	112.8 USD 84.5 EUR	100.4 USD 90.5 EUR	24.9 USD 22.6 EUR	-0.8% +1.6%
Total	217.1 USD 167.2 EUR	191.8 USD 172.9 EUR	47.2 USD 42.8 EUR	-0.5% +1.9%

Bilateral Trade (USD, EUR million)

	2014	2015	2016 Q1	% change 2016Q1/2015Q1
Import from India	385.1 USD 286.7 EUR	364.9 USD 329.2 EUR	83.7 USD 76.1 EUR	-6.1% -1.8%
Export to India	210.5 USD 157.3 EUR	213.8 USD 193.7 EUR	42.1 USD 38.2 EUR	-18.8% -15.8%
Total	595.6 USD 444.0 EUR	578.7 USD 522.8 EUR	125.8 USD 114.3 EUR	-10.8% -7.0%

Top 10 items of Export to the World 2015 (USD mln)

Product	2014. year	2015. year	% growth	% total
Total Product (according to the Combined Nomenclature)	112,536.9	100,387.6	-10.8%	100%

85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES	22,201.1	20,074.7	-9.6%	20%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	21,090.3	18,902.4	-10.4%	19%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	17,814.6	18,003.0	1.1%	18%
30 PHARMACEUTICAL PRODUCTS	4,990.3	4,822.7	-3.4%	5%
39 PLASTICS AND ARTICLES THEREOF	4,303.3	3,834.5	-10.9%	4%
90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	4,591.4	3,311.8	-27.9%	3%
40 RUBBER AND ARTICLES THEREOF	2,607.9	2,373.8	-9.0%	2%
27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	3,778.6	2,334.2	-38.2%	2%
94 FURNITURE; BEDDING, MATTRESSES, MATTRESS SUPPORTS, CUSHIONS AND SIMILAR STUFFED FURNISHINGS; LAMPS AND LIGHTING FITTINGS, NOT ELSEWHERE SPECIFIED OR INCLUDED; ILLUMINATED SIGNS, ILLUMINATED NAME-PLATES AND THE LIKE; PREFABRICATED BUILDINGS	1,969.5	1,760.6	-10.6%	2%

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

Product	2014. year	2015. year	% growth	% total
Total Product (according to the Combined Nomenclature)	104,188.1	91,384.8	-12.3%	100%
85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES	20,096.9	18,693.9	-7.0%	20%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	17,232.4	15,592.7	-9.5%	17%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	9,839.7	9,516.3	-3.3%	10%
27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	12,480.1	7,432.8	-40.4%	8%
39 PLASTICS AND ARTICLES THEREOF	4,582.1	4,167.8	-9.0%	5%
30 PHARMACEUTICAL PRODUCTS	3,874.0	3,958.2	2.2%	4%
73 ARTICLES OF IRON OR STEEL	2,380.8	2,104.7	-11.6%	2%
90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	2,054.4	1,923.7	-6.4%	2%
40 RUBBER AND ARTICLES THEREOF	2,018.8	1,836.2	-9.0%	2%
72 IRON AND STEEL	2,474.1	1,835.7	-25.8%	2%

Top 10 items of Export to India 2015 (USD mln)

Product	2014. year	2015. year	% growth	% total
Total Product (according to the Combined Nomenclature)	210.5	213.8	1.6%	100%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	86.8	77.6	-10.6%	36%

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	34.9	52.2	49.7%	24%
29 ORGANIC CHEMICALS	22.5	26.6	18.1%	12%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	6.1	9.4	53.2%	4%
39 PLASTICS AND ARTICLES THEREOF	9.4	7.5	-20.3%	4%
90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	13.0	7.1	-45.3%	3%
48 PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	5.4	4.5	-16.1%	2%
73 ARTICLES OF IRON OR STEEL	5.7	4.0	-30.8%	2%
74 COPPER AND ARTICLES THEREOF	3.8	3.8	-0.5%	2%
94 FURNITURE; BEDDING, MATTRESSES, MATTRESS SUPPORTS, CUSHIONS AND SIMILAR STUFFED FURNISHINGS; LAMPS AND LIGHTING FITTINGS, NOT ELSEWHERE SPECIFIED OR INCLUDED; ILLUMINATED SIGNS, ILLUMINATED NAME-PLATES AND THE LIKE; PREFABRICATED BUILDINGS	5.0	2.9	-42.7%	1%

Top 10 items of Import from India 2015 (USD mln)

Product	2014. year	2015. year	% growth	% total
Total Product (according to the Combined Nomenclature)	385.1	364.9	-5.2%	100%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	82.3	94.4	14.7%	26%
29 ORGANIC CHEMICALS	97.5	84.5	-13.3%	23%
30 PHARMACEUTICAL PRODUCTS	72.8	72.6	-0.2%	20%
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	58.3	51.2	-12.2%	14%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	9.8	9.2	-5.7%	3%
64 FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	9.4	6.4	-32.0%	2%
40 RUBBER AND ARTICLES THEREOF	5.6	5.7	2.6%	2%
73 ARTICLES OF IRON OR STEEL	6.1	4.7	-23.5%	1%
39 PLASTICS AND ARTICLES THEREOF	5.5	4.0	-26.7%	1%
41 RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	3.6	2.4	-32.8%	1%

Average Monthly Exchange rates for MAY 2016

1US\$= 282.20 HUF

1EUR= 311.54 HUF

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

Upcoming Trade Fairs in Hungary:

(I) BNV 29 Sept - 2nd October 2016 – International consumer trade fair with focus on Home and Garden,

Children, Gastro, Lifestyle
(II) <u>Automotive Hungary 19-21 OCT 2016</u> – International exhibition for Auto industry suppliers
(III) <u>Autumn Wedding Exhibition, 5-6 November 2016</u> –Featuring all related products
(IV) <u>AGROMash Expo 25 - 28th January 2017</u> –International trade fair for Agricultural machinery

Further information: www.hungexpo.hu

Trade enquiries: In the month of May 2016 Embassy of India, Budapest received 32 enquiries from India and 1 trade enquiry from Hungary.

Indian Trade inquiries for the month of May 2016

S. No.	Enquiry originator	Product	HS codes	Nature Export/Import value (\$ mln)	Action taken
1	Jay Jalaram Industries	Engineering: spare parts for industry		Export to Hungary	All inquires have been answered
2	Shashvat Jewels Pvt Ltd	Jewellery		Export to Hungary	
3	GKR Exports	Agro: Animal feed		Import to India	
4	National Agro Industris	Engineering: Agricultural machinery		Export to Hungary	
5	King Sales	Textiles: fashion		Export to Hungary	
6	Manisha Multitrades	Engineering: sheet metal brackets for industry		Export to Hungary	
7	KHODAY GROUP OF INDUSTRIES	Food and drinks: liquors and alcoholic beverages		Export to Hungary	
8	M.A.Group Exporters and importers	Leather		Export to Hungary	
9	Chempro Pharma Private Limited	Pharmaceutical		Export to Hungary	
10	Fab Export	Textiles: fashion		Export to Hungary	
11	Kunststoff Pipes LLP	Engineering:goods: plastic pipes, fittings		Export to Hungary	
12	Shalom Merchants	Agro: herbs,honey, fruit, rice spice, etc, Handicrafts		Export to Hungary	
13	Kuzins Overseas	Handicrafts & Home Decor/Gifts		Export to Hungary	
14	Murugarajan A R.	Spices		Export to Hungary	
15	Aspiring international trade	Agro: vegetables, nuts, cotton seeds		Export to Hungary	
16	Hb Exports	Coir, Herbs		Export to Hungary	
17	Maka Prenium Trade Kft.	Paper		Import to India	
18	Sarjena Foods Pvt. Ltd.	Food: biscuits, cookies, toast		Export to Hungary	
19	Dexter Apparels Private Limited	Textiles: garments		Export to Hungary	
20	D4 Surgicals Pvt Ltd	Medical products, Hospital equipment		Export to Hungary	
21	Titan Biotech Ltd	Food: additives, colors, chemicals		Export to Hungary	
22	Mihir Turakhia	Textiles: garments		Export to Hungary	
23	Sam Exports	Miscellaneous		Export to Hungary	
24	SS Impex	Hair		Export to Hungary	
25	Sun Bright Ceramic Pvt. Ltd	Ceramic tiles, sanitary ware		Export to Hungary	
26	Hys Developers LLP	Agro: corn, Metals, Minerals		Export to Hungary	
27	Endeavour Exlm	Misc: handicrafts, natural products		Export to Hungary	
28	True North Consultancy Pvt. Ltd	Consultancy Services		Looking for investors, cooperation	
29	Sunita Exports	Agro: rice and spice		Export to Hungary	

30	RSWM Limited	Textile: yarn		Export to Hungary	
31	Kartik International	Handicrafts, Fashion jewellery		Export to Hungary	
32	Tripmaster Tour and Travel Pvt. Ltd	Services		Cooperation	

Bosnia & Herzegovina (BiH)

Wood Industry's Export-Import Ratio at 397% in First Quarter: Wood industry is one of the strongest economic sectors in BiH, with the field recording the export-import ratio of 397% in the first quarter of 2016, it was said during a session of the Wood and Forestry Association of the Foreign Trade Chamber of BiH. The country's wood industry exported 264.6 million KM in the first three months of 2016, an increase by 19.5% from the same period the previous year, while importing 66.6 million KM. Share of furniture export in total export was 41% and that it is further increasing. Major export markets in the period were Germany, Croatia, Serbia and Slovenia, while lumber was mostly exported to Egypt, China and to the countries in the region.

FIPA Seeks Foreign Investors for 500 Million Euro Ivanica Tourism Project: Bosnia and Herzegovina's Foreign Investment Promotion Agency (FIPA) said it will seek foreign investors for the Ivanica tourism project, which is estimated at more than 500 million euro. The project envisages the construction of a tourist town with all the necessary facilities on 650 hectares of land in Bosnia's small village of Ivanica, FIPA said.

Cooperation Memo Signed by FIPA and Chinese Chamber of Trade and Commerce: Director of the Foreign Investment Promotion Agency (FIPA) Gordan Milinic and deputy director of the Chamber of Commerce for International Trade of China Fan Peikang signed a memorandum on cooperation aimed at improving the investment from the People's Republic of China, and thus and strengthening economic cooperation between the two countries. Cooperation between the two institutions will be intensified, which will significantly contribute to promoting the possibilities of BiH economy in economic circles of the People's Republic of China.

7th Sarajevo Business Forum: The 7th International Investment Conference Sarajevo Business Forum (SBF) - Prospects for China + 16 CEEC in the capital of Bosnia and Herzegovina brought together many representatives of political and business leaders from the region and the world, with approximately 1500 participants. A 25-member delegation led by Mr. Krishna Kumar, former Union Minister and Chairman of the India-bosnia business chamber attended the forum. Welcoming the participants of the SBF, President of the Islamic Development Bank Ahmad Mohamed Ali said that this forum represents an upgrade of earlier successful forums, and that it has proven itself as a brand which in a best way represents BiH internationally along with its major economic and social capacities. and will help position BiH on the investment map of the world.

TRADE FAIRS in Bosnia and Herzegovina

ZEPS	23rd General B&H Fair	Kamberovića polje, in Zenica	04-08.10.2016	http://zeps.com
RENEXPO	International Trade Fair and Conferences on Renewables and Energy Efficiency	Hotel Hollywood DeLuxe, Sarajevo	03-04. .11 2016	www.renexpo-bih.com

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

Average Monthly Exchange rates for May 2016

1US\$= 1.728886 KM

1EUR= 1.955830 KM

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

Vijay Khanduja
First Secretary (Com/Pol)
Embassy of India
Budapest