

**Embassy of India  
Budapest**

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

**HUNGARY**

**(I) Bilateral Trade**

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

	<b>Import JAN-JUL</b>	<b>Export JAN-JUL</b>	<b>Total</b>	<b>Growth% of Import (y-o-y)</b>	<b>Growth% of Export (y-o-y)</b>
<b>Hungary's trade with India (mln)</b>	268.7 USD 223.0 EUR	155.9 USD 129.7 EUR	424.5 USD 352.8 EUR	+3.8% -7.1%	+22.8% +10.3%
<b>Hungary's Total Global Trade (mln)</b>	68,959 USD 57,235 EUR	74,484 USD 61,817 EUR	143,443 USD 119,053 EUR	+18.1% +6.8%	+16.9% +5.7%

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

Analysis: In the period of January to July 2018, in USD terms, exports to India increased by 22.8% while imports from India grew by 3.8%. Balance of trade is in India's favour in value of USD 108.8 mln. In EUR terms, exports to India increased by 10.3%, while imports from India fell back by 7.1% resulting in a balance of trade in India's favour in value of EUR 93.3 mln.

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

<b>S.No.</b>	<b>Commodity</b>	<b>2018 JAN-JUL</b>	<b>Growth (%) (y-o-y)</b>	<b>(%) Share in Total Exports to India</b>
	<b>TOTAL</b>	<b>155.9</b>	<b>22.8%</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	45.4	46.8%	29.1%
2	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	32.5	10.5%	20.8%
3	29 ORGANIC CHEMICALS	29.2	-2.7%	18.7%
4	73 ARTICLES OF IRON OR STEEL	7.0	52.7%	4.5%
5	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	5.4	40.2%	3.5%
6	90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	5.3	-20.4%	3.4%
7	40 RUBBER AND ARTICLES THEREOF	3.2	175.7%	2.0%
8	48 PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	3.0	-2.8%	1.9%
9	28 INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	2.5	281.6%	1.6%
10	74 COPPER AND ARTICLES THEREOF	2.5	-38.4%	1.6%

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-JUL	Growth (%) (y-o-y)	(%) Share in Total Exports to the World
	<b>TOTAL</b>	<b>74,483.5</b>	<b>16.9%</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	15,101.9	18.8%	20.3%
2	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	13,345.0	13.4%	17.9%
3	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	12,546.4	14.0%	16.8%
4	30 PHARMACEUTICAL PRODUCTS	3,602.3	23.5%	4.8%
5	39 PLASTICS AND ARTICLES THEREOF	2,930.1	18.5%	3.9%
6	90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	2,576.2	9.5%	3.5%
7	27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	1,948.8	28.1%	2.6%
8	40 RUBBER AND ARTICLES THEREOF	1,690.3	19.8%	2.3%
9	29 ORGANIC CHEMICALS	1,323.7	22.7%	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	1,166.3	18.7%	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-JUL	Growth (%) (y-o-y)	(%) Share in Total Exports to the World
	<b>TOTAL</b>	<b>268.7</b>	<b>3.8%</b>	<b>100.0%</b>
1	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	79.6	16.8%	29.6%
2	29 ORGANIC CHEMICALS	59.6	6.2%	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	43.4	24.3%	16.1%
4	30 PHARMACEUTICAL PRODUCTS	28.6	-33.6%	10.6%
5	73 ARTICLES OF IRON OR STEEL	7.3	62.5%	2.7%
6	64 FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	5.8	20.1%	2.2%
7	40 RUBBER AND ARTICLES THEREOF	5.2	15.2%	1.9%
8	72 IRON AND STEEL	4.8	11.7%	1.8%
9	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	3.6	8.9%	1.4%
10	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	79.6	16.8%	29.6%

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-JUL	Growth (%) (y-o-y)	(%) Share in Total Imports from the World
	<b>TOTAL</b>	<b>68,959</b>	<b>18.1%</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	13,657	15.5%	19.8%
2	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	10,960	11.0%	15.9%
3	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	7,478	17.6%	10.8%
4	27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	5,162	18.1%	7.5%
5	39 PLASTICS AND ARTICLES THEREOF	3,299	20.1%	4.8%
6	30 PHARMACEUTICAL PRODUCTS	2,916	27.7%	4.2%
7	72 IRON AND STEEL	1,785	29.9%	2.6%
8	73 ARTICLES OF IRON OR STEEL	1,704	22.8%	2.5%
9	90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	1,499	18.5%	2.2%
10	76 ALUMINIUM AND ARTICLES THEREOF	1,458	25.6%	2.1%

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

S. No.	Commodity	Competitors		Amount (In millions of US\$)
		Rank	Country	Amount
1	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	1	Germany	3,941.3
		2	China	833.1
		3	Italy	664.2
		4	Poland	455.6
		5	Netherlands	455.4
2	29 ORGANIC CHEMICALS	1	China	123.0
		2	Italy	115.1
		3	Germany	114.4
		4	Czech Republic	99.7
		5	Netherlands	74.2
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	1	Germany	3,830.2
		2	China	1,580.6
		3	Netherlands	1,132.5
		4	Poland	575.0
		5	Austria	509.3
4	30 PHARMACEUTICAL PRODUCTS	1	France	439.0
		2	Korea, Rep.	437.6
		3	Germany	406.7
		4	Belgium	345.2
		5	Netherlands	243.6
5	73 ARTICLES OF IRON OR STEEL	1	Germany	519.5
		2	Italy	167.6
		3	Czech Republic	108.9
		4	Poland	104.1
		5	Austria	102.2

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	SeTcor	Amount (US\$ million)

- **PM Orbán receives head of Tata Group:** Prime Minister Viktor Orbán met with Natarajan Chandrasekaran, head of Indian conglomerate the Tata Group, in the Parliament building on 27<sup>th</sup> September. Finance Minister Mihály Varga and Innovation and Technology Minister László Palkovics also attended the meeting, to discuss the development of the Hungarian economy.

**(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)

1. **Gov't signs pact with Borg Warner:** Foreign Affairs and Trade Minister Péter Szijjártó signed a strategic cooperation agreement with US automotive company BorgWarner in New York on 27 Sept. Before signing the document, Szijjártó noted that the output of Hungary's automotive industry will reach a record Ft 10 trillion (appx € 30.8 bln) in 2019, after exceeding Ft 9 trillion (appx € 27.7 bln) this year and Ft 8 trillion (appx € 24.6 bln) in 2017. Investments in the car industry in Hungary have received a new impetus and are not stopping, he added. Borg Warner's turbine injector factory in Oroszlány, Komárom-Esztergom county is the group's second largest unit.
2. **Mercedes celebrates one millionth car:** The Mercedes factory in Kecskemét has produced its millionth car, a white Mercedes-Benz CLA, CEO Christian Wolff of Mercedes-Benz Manufacturing Hungary announced. Once production began at the factory in 2012, it took four years to make the first 500,000 cars but only two and a half for the second 500,000. The Mercedes-Benz CLA model has won the J. D. Power 2018 long-term reliability award, the first model made in Hungary to receive this distinction given by German users, Wolff underlined.
3. **Hungary agrees with BMW on funding:** The government has reached an agreement with BMW on the amount of state subsidy for the German carmaker's €1 billion plant to be built in Debrecen, Foreign Minister Péter Szijjártó said. BMW announced two months ago that it would build a new plant in Hungary with a capacity to turn out 150,000 conventional and electric vehicles annually. The government has appointed Innovation and Technology Minister László Palkovics as commissioner overseeing construction of the BMW factory in Debrecen from September 1, 2018 to August 31, 2020. Officially the government is developing the infrastructure in the area just outside the city. The M35 motorway will have a new intersection, road 33 will have double lanes in both directions, and a container terminal with a rail connection near Debrecen are to be built by the end of 2021.
4. **Sanmina investing in Tatabánya:** US electronic auto parts manufacturer Sanmina will invest Ft 6.7 billion (appx € 20.6 mln) in expanding capacity at its Tatabánya plant by 2022. Foreign Affairs and Trade Minister Péter Szijjártó said that the government is contributing a Ft 1.2 billion (appx € 3.7 mln) subsidy to the project. He underlined that Sanmina will create 220 jobs in a high value-added sector in the coming years. Sanmina has invested Ft 7 billion (appx € 21.6 mln) over the last five years, he said, adding that the Tatabánya factory is now the group's largest production unit in Europe.
5. **Audi to make electric cars in Győr:** Audi Hungaria will manufacture electric cars in the future, acting Chairman of Audi AG Abraham Schot announced in Győr on 20<sup>th</sup> Sept on the celebration of

the 25th anniversary of the subsidiary. He underlined that there will be electric versions of all Audi models by 2025, adding that the factory in Győr already produces electric engines. Hungary has become a car industry powerhouse in Europe, with production volume of Ft 8 trillion (appx € 24.6 bln) in 2017, Foreign Affairs and Trade Minister Péter Szijjártó said at the ceremony. Production of electric engines in Győr began during the summer.

6. **Continental starts building new plant:** German-owned automotive industry supplier Continental laid the cornerstone of a € 100 million factory in Debrecen. The government supported the investment, which will create 450 jobs, with Ft 10.6 billion (appx € 32.6 mln) in subsidy. Construction of the plant on a 7,000m<sup>2</sup> site in an industrial park is in the process, with production set to start a year later. Continental currently has six plants and a tyre sales and logistics centre in Hungary. With the Debrecen factory, Continental is increasing its production of electronic components for European markets in order to better satisfy growing demand for automotive electronics, said Hans-Jürgen Braun, head of Continental subsidiary, Continental 30. The most important factor Continental weighed when it chose Debrecen as the site for the factory was the highly skilled local labour force, said plant director Lukas Juranek. We are building a high-tech smart factory, which conforms to the requirements of energy efficiency rules,” he added. Continental has forged strong ties with the University of Debrecen and the local vocational training centre to tap that labour pool, he added.
7. **Sinbon opens factory in Tatabánya:** Taiwanese company Sinbon opened a new factory in Tatabánya, Sinbon Hungary CEO Tibor Kovács announced. The 3,500m<sup>2</sup> plant produces copper and optic cables and cable bundles for car, aircraft and health care equipment manufacturers. Sinbon invested nearly Ft 1.6 billion (appx € 4.9 mln) in the project from its own resources since purchasing cable maker Elcotronic in Tatabánya three years ago. The factory employs 200 but will hire 150 more soon, as Sinbon is planning to invest a further Ft 1 billion (appx € 3 mln) to add 1,000m<sup>2</sup> to the present factory, Kovács underlined. Sinbon started with 10 employees 30 years ago and now has 5,000 workers, said group Chairman Joseph Wang.
8. **Ford opens Service Centre in Budapest:** The Ford motor company opened its new regional service centre in Budapest. The centre provides pricing, manufacturing process coordination and human resources activities for the carmaker’s Europe, Middle East and Africa region. By the end of 2019 Ford will employ 700 staff in Hungary, Foreign Affairs and Trade Minister Péter Szijjártó said at the opening ceremony. With the new facility, Ford has three offices in Hungary, where 99% of employees are Hungarians, said regional director Viktor Molnár.
9. **Egypt orders carriages from Russian-Hungarian group in € 1bn deal:** Egypt’s state railway company ENR has ordered 1,300 train carriages from Russian-Hungarian consortium Transmashholding in a €1 billion contract. The deal will be financed by state export financing bank Eximbank and its Russian equivalent. Foreign Affairs and Trade State Secretary Levente Magyar said in July that Eximbank would finance the transaction only on condition that more than half of the carriages would-be produced in Hungary. Previous reports suggest that carriages will be produced by Dunakeszi Jarműjavító. The contract was signed in Cairo on 25 Sept by ENR and the Transmashholding Vice-President in the presence of Prime Minister Mostafa Madbouly, Transport Minister Hesham Arafat and the Hungarian and Russian ambassadors.
10. **Bridgestone expands in Tatabánya:** Japanese tyre maker Bridgestone is expanding its capacity in Tatabánya with a Ft 9.2 billion (appx € 28.3) project, Foreign Affairs and Trade Minister Péter Szijjártó announced. The expansion establishes totally new digitalised technology and creates 100 jobs in addition to the present 1,200, he said, adding that the government is providing an Ft 826 million (appx € 2.7 mln) subsidy to the project. Chairwoman and CEO Melinda Topolcsik of Bridgestone Tatabánya Termelő underlined that the factory, which opened in 2008, is embarking on a large expansion programme which started in 2013 and lasts until 2020. The new project will increase the tyre-making capacity from an annual 420,000 to 600,000, she underlined.

11. **Thyssenkrupp to build €1bn chemicals factory for MOL:** MOL Petrochemicals has commissioned ThyssenKrupp Industrial Solutions to build a new chemicals plant for € 1.2 billion. MOL Chairman and CEO Zsolt Hernádi said the project in Tiszaújváros is the largest investment in new facilities in the group's history, and will create 200 jobs. The new facility will produce polyol, from which polyurethane is made, the material known as the "Swiss army knife" of the chemical industry because of its wide range of use, Hernádi said. He added that entering this market is a hard task because the production technology is rather complex. The government is contributing a € 131 million subsidy and a Ft 28 billion (appx € 86.2 mln) tax allowance to the project, in state aid already approved by the European Commission. After construction is complete, production will commence in the second half of 2021. MOL aims to produce an annual 200,000 tons of polyol in a European market of 1.4 million tons. MOL decided in 2016 to invest € 4.5 billion in chemical industry production over 15 years, as part of a new strategy for the group.
12. **ZF Hungária opens production plant:** German-owned transmissions manufacturer ZF Hungária inaugurated a Ft 31.5 billion (appx € 97 mln) plant in Eger. Construction of the 40,000m2 factory was supported by a Ft 6.7 billion (appx 20.6 mln) state grant, Foreign Minister Péter Szijjártó pointed out. He said this investment shows that the world's largest and most competitive companies in industries with the fastest growth see Hungary as a good investment destination. The investment will create more than 770 jobs by the end of 2019. The plant will turn out 150,000 automatic transmissions a year, but capacity is expected to be ramped up to 500,000 within a few years.

**(ix) Significant trends in trade and investment in JAN-JULY 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 <b>16.8%</b> in JAN-JULY of 2018 over the same period of 2017. It represents <b>29.6%</b> of total Indian exports to Hungary.
(HS 29) ORGANIC CHEMICALS	The product group exhibited a growth of <b>6.2%</b> in JAN-JULY of 2018 over the same period of 2017 and represents <b>22.2%</b> of total Indian exports to Hungary.
(HS 85) ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS...ETC.	Trade grew by <b>24.3%</b> in this product group in JAN-JULY of 2018 over the same period of 2017. It represents <b>16.1%</b> of total Indian exports to Hungary.
(HS 30) PHARMACEUTICAL PRODUCTS	The product group experienced a drop of <b>-33.6%</b> in JAN-JULY of 2018 over the same period of 2017. It represents <b>10.6%</b> of total exports to Hungary.
(HS 73) ARTICLES OF IRON OR STEEL	Although the product group experienced a significant growth in the JAN-JULY period of 2018, its value of 7.3 mln USD represents only <b>2.7%</b> of Indian exports to Hungary.

- **Hungary a favoured investment target:** Hungary is the seventh most favoured investment target worldwide, according to IBM Global Location Trends' latest report, Foreign Ministry State Secretary Tamás Menczer said. Menczer said the economic environment makes the country attractive to investors, as Hungary has one of the lowest income tax rates in Europe, as well as the lowest corporate tax, while social contribution taxes are continuously decreasing. Róbert Ésik, President of the National Investment Agency, said 121 foreign investors implemented investment projects in Hungary last year, creating 17,500 jobs, the highest mark since the survey started in 2002.

**2. Important India related statements of commercial significance by political leaders, think tanks, chambers, associations etc:** NIL during the period of report

- PM Orbán and FM Sijjártó agreed that Hungary's economic successes provide a good basis for deepening cooperation with India's largest private company, Tata Group, which is active in several industrial sectors in more than 85 countries around the world. Tata has been a strategic partner of the Hungarian government since 2013.
- **“The consulting activities of the subsidiary Tata Consultancy Services are particularly useful for Hungarian experts, as are the business training programmes organised by them, which they will also continue in the future.” Press Office of the Prime Minister said after PM Orbán received head of Tata Group Mr. Natarajan Chandrasekaran on 27 September.**

**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>BEAUTY &amp; STYLE: 26-28 October 2018</u>
(II) <u>AGROMASHEXPO: 23-26 January 2019</u>
(III) <u>FEHOVA 7 - 10th February 2019</u>
(IV) <u>BUDAPEST BOAT SHOW 21 - 24th February 2019</u>
(V) <u>TRAVEL 21 - 24th February 2019</u>
(VI) <u>CONSTRUMA &amp; HOME DESIGN 3-7 April 2019</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
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NIL during the period of report.

**VISAS**

Number of Regular Visas issued	(Sept)	117
Including number of Business Visas	(Sept)	52
Number of e-Visas issued (all categories)*	(July)	253

• **Investment:**

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

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

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)

- 1. 5-star hotel in Eastern Hungary:** Construction and operation of a 5-star hotel and 60 apartments with an exclusive medical and spa complex, sports and recreational facilities, a live casino and golf course. An ideal location for business purposes with a conference hall accommodating 760 guests. The company has over 10 years of experience in developing and implementing various tourism development projects.  
**Value: 40.0 M€**
- 2. Luxury hotel with spa for sale:** The project is a complex development programme consisting of various facilities. A new, luxury 5-star hotel with spa, villas, apartments, and the first RTJ II golf course in Central-Eastern Europe to comply with the highest international standards. The project owner has already started part of the investment and seeks investors only for the implementation of the luxury hotel and the spa.  
**Value: 36.0 M€**
- 3. 4-star Superior Wellness/Medical Hotel for sale:** A 37,000 sq.m development plot in Sárvár to be developed into a 100+ room 4\* hotel on sale either in its present condition for € 1.99 mln. or to invest into a joint venture as part of a total € 20 mln project cost. The greenfield development project is located right next to the exclusive, well- functioning 5-star Spirit Hotel (270+ rooms), and the Sárvár Adventure Park, in the immediate vicinity of Sárvár's seven small lakes.  
**Value: 20.0 M€**
- 4. Hotel/ office building project looking for Investor:** A historic residential, and later refurbished office building, located in the heart of Budapest, is for sale in its current condition. It has a building permit for a 4-5 star hotel development.  
**Value: 30.0 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>

- **5G frequency tender in 2019:** The government will announce the 5G frequency tender in the middle of 2019, President of the Media Authority NMHH Mónika Karas said. She told the annual Internet Hungary conference in Siófok that the NMHH will sell bands in the 700MHz and the 3,400-3,800MHz frequency ranges. In addition, the authority will consider selling the 1.5GHz, 2.2GHz and 2.6GHz frequencies or bands not yet used in these ranges. In the future, as 5G mobile communication technology spreads, it might be necessary to sell frequencies at 24GHz, 25GHz and 27.5GHz, Karas added. The 5G tender documents will be discussed with potential bidders from March 2019 and the sale will begin in early summer.

- **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
- NASSCOM International SME conclave 10-11 Jan 2019
- Indus Food Jan 14-15 2019
- Second Edition of the Sourcing Meet on 1st February 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

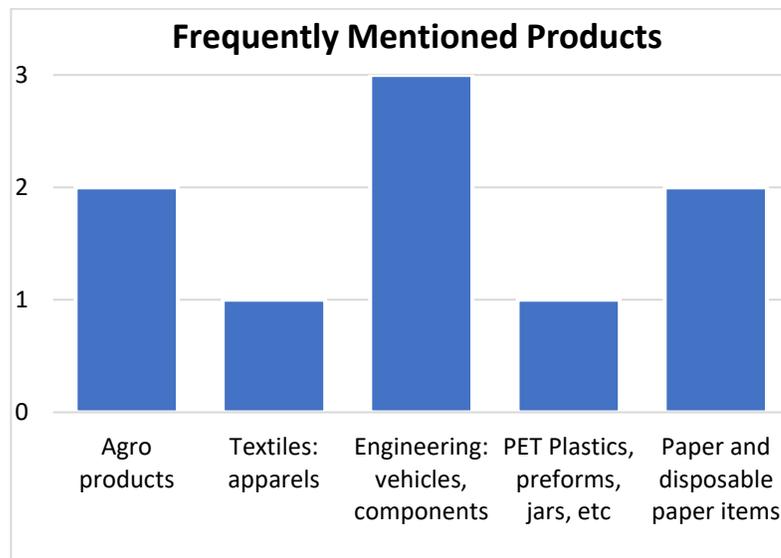
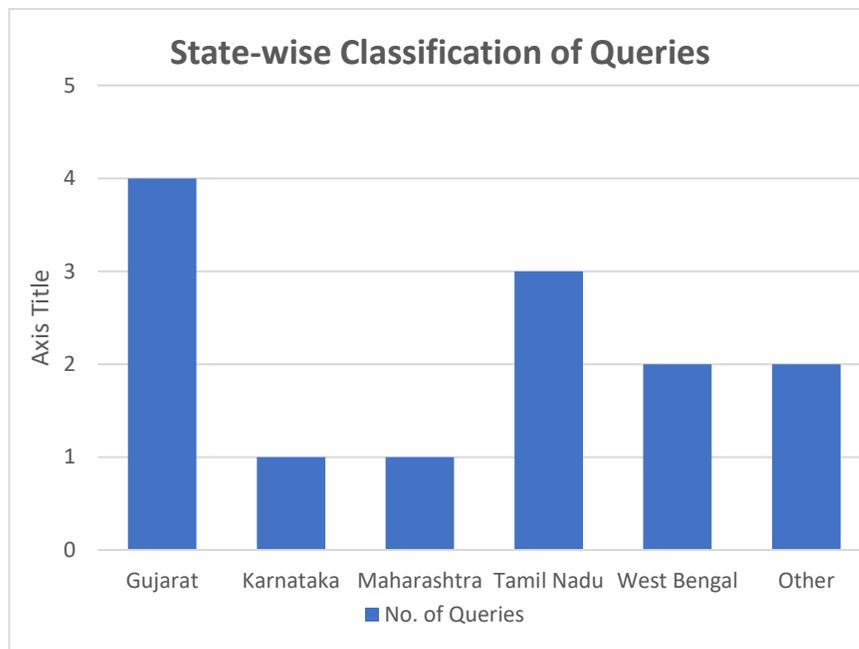
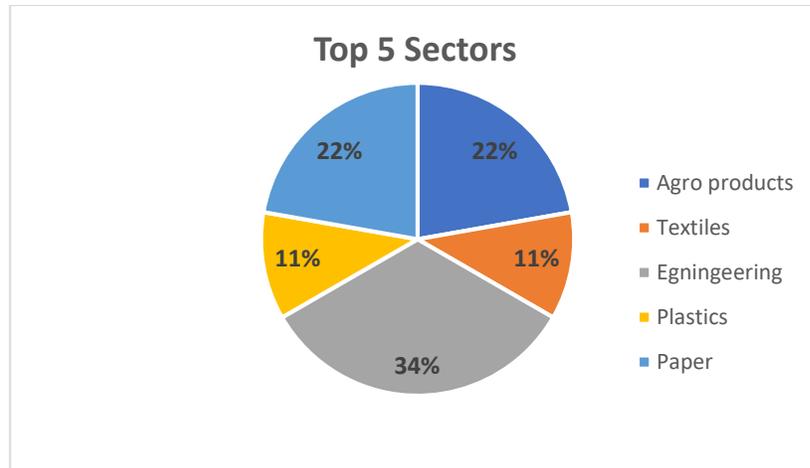
- **Action taken on the previous JWGs, Joint Commissions, sub-commissions etc. (issues that Mission had to follow up with host government):** The 5<sup>th</sup> JCEC and 10<sup>th</sup> S&T Meeting was held on 7<sup>th</sup> March and 21<sup>st</sup> March 2018 respectively. Follow up on a number of issues is being made such as agriculture, water management, science and technology funding, trade frauds, etc.
- **Trade Queries for Imports/Exports (from Hungary for the month of August 2018)**

The Embassy received trade inquiries from 11 Indian companies and one from a Hungarian company.

No.	Company	Contact person	Sector	Action Taken
1	Crystal international	Mrs. Komal Sardhara	Paper: Disposable plates cups	Answered
2	Hi Fashion Apparels	Mrs. Bindhu Joy	Textiles: apparel	Answered
3	Vedanta Exim	Mr. Ishwar Patel	Engineering: Lightning protection	Answered
4	Shublaxmi Gum Industries	Mr. Ayushman Sharma	Agro: Animal feed	Answered
5	V.S.T Tillers Tractors Limited,	Mr. Chandramouli Sharma	Agricultural equipment	Answered
6	Shreeji Polymers	-	Plastics	Answered
7	Apex Natural Products	Ms Pooja	Food additives	Answered
8	Information Dynamics LLC	Ms. Rose	IT Services: Software	Answered
9	KK Internation	Mr. Jay Lakhani	Paper	Answered
10	MSG Export	Mr. B Suthakar	Agro: wood pellets	Answered
11	Lovson Industries	Mr. Keyur Shah	Autocomponents	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. EC warns of excessive budget deficit:** The European Commission (EC) warned the government to change the 2019 budget significantly by October 15, Budget Committee Chairman László Varjú said after Manfred Bergmann, Head of the EC's Economic and Financial Affairs Directorate for Hungary, met members of Parliament's European affairs, budget and finance committees in Budapest on 18<sup>th</sup> September. According to Varjú, the government should reduce planned spending for next year by Ft 400 billion (appx € 1.2 bln), or 1% of GDP. The government earlier agreed with the EC on targeting a budget deficit of 1.7% of GDP for 2019. The government has not kept its promises concerning the 2018 year budget, Varjú said, adding that it did not follow the agreement on the 2019 budget either, despite warnings from the EC issued before the draft was completed in the spring.
- 2. Budget deficit at 121% of 2018 target:** The cash flow-based state budget deficit, excluding local councils, was Ft 155 billion (appx € 477 mln) in August, bringing the shortfall to Ft 1.64 trillion (€ 5.1 bln) for the year to date, the Finance Ministry announced. The central budget had a Ft 1.7 trillion (appx € 5.2 bln) deficit at the end of August 2018, while separate state funds and the social insurance funds had surpluses of Ft 21.8 billion (€ 67.1 mln) and Ft 40 billion (appx € 123.1 mln), respectively. The deficit stood at 121% of the Ft 1.36 trillion (appx € 4.2 bln) full-year target. As in previous budget reports, the ministry noted that pre-financing for EU-funded projects and state-funded projects lifted the deficit. Advance payments related to EU-projects reached Ft 1.4 trillion (appx € 4.3 bln), while transfers from Brussels totalled Ft 183 billion (appx € 563 mln) only. As a result, the government has decreed a 50% cut in advance payments for private-sector projects that receive EU funding, effective September 8. Advance payments on private-sector projects have now been cut from 50% of the project value to 25%. In research and development projects advance payments are cut from 75% to 50%. In addition, the maximum advance payment for any project is halved from Ft 100 million (appx €30,000) to Ft 50 million (appx €154,000). The ministry said the 2.4% of GDP budget deficit target is achievable with economic growth above 4%.
- 3. MNB keeps base rate at 0.9%:** The MNB's monetary council kept the base rate at 0.9% for the 28th consecutive month, as expected. The interest rate of 0.9% on one-week loans from the central bank was also maintained as well as the -0.15% overnight deposit rate. The base rate has not changed since May 25, 2016.
- 4. Fitch affirms Hungary's rating:** In its second scheduled review of the year, rating agency Fitch affirmed its rating of Hungary's sovereign debt at "BBB-" with a positive outlook. Hungary's ratings balance strong structural indicators compared with "BBB" peers against higher public and net external debt, and risks from policy unpredictability and procyclical fiscal policies, Fitch said. The positive outlook indicates the improving trend in net external and government debt, it added. Fitch expects Hungary's current account surplus to drop to 2.3% of GDP in 2018 from 3.1% in 2017. Net external debt rose to 18.6% of GDP at the end of 2017, but Fitch expects it to decline to an estimated 13.7% in 2018 and 5% in 2020. Fitch said the structure of Hungary's public debt is "improving and favourable," with only 20% denominated in foreign currency and about 32% held by non-residents. Fitch said Hungary's state debt levels, as a percentage of GDP, are nearly twice the level of other countries with a "BBB" rating. Fitch forecasts the level to fall from 73.6% of GDP in 2017 to 71.7% in 2018, 70.2% next year, and 68.7% in 2020, supported by continuing primary surpluses. Fitch argues that the budget deficit will rise from 2% of GDP in 2017 to 2.4% in 2018, in line with the government's target. Fitch said the main factors that could lead to an upgrade are continued reduction in external debt and improved external liquidity supported by current account surpluses.
- 5. GDP growth hits 14-year high:** The Central Statistics Office revised its second-quarter GDP growth figure from the initial 4.6% year-on-year to 4.8%. The pace of expansion, the fastest since 2004, accelerated from 4.4% in the first quarter. According to seasonally and workday adjusted

figures, the GDP was 4.6% higher than one year earlier and grew by 1% from the first quarter of 2018. Household consumption was up 4.3% year-on-year in the second quarter, while final consumption expanded by 4%. Gross capital formation increased by 15%. Exports rose by 6.2% and imports went up by 7.5%. GDP growth (y-o-y %).

6. **Trade surplus wider in July:** The trade surplus widened to € 373 million in July, up from €282 million a year earlier, according to preliminary figures from the Central Statistics Office. Exports rose 11.4% to € 8.4 billion, while imports expanded 10.6% to € 8.1 billion during the period. Trade with EU countries accounted for about 80% of exports and 75% of imports. In the first seven months, exports were up 5.7% to € 61.8 billion, while imports were 6.8% higher at € 57.2 billion, leading to a € 4.6 billion trade surplus, down from € 4.9 billion a year earlier.
7. **Inflation remains stable in August:** Consumer prices were up 3.4% year-on-year in August, the same as in July, the Central Statistics Office announced. For the first eight months, consumer prices were 2.6% higher than in the same period of 2017. Core inflation, which excludes energy and seasonal food prices, was up 2.2% year-on-year. Prices rose by 0.1% from the previous month. July's 3.4% figure was the highest since 2013.
8. **Unemployment up slightly:** The average unemployment rate was 3.7% over the three-month period of June-August, rising from 3.6% in May-July, the Central Statistics Office announced. The figure is lower than the 4.2% one year earlier, as the number of unemployed dropped from 195,000 last year to 173,000.
9. **Minimum wage rising to Ft 150,000:** The government will raise the minimum monthly wage by 8.7% and the minimum for skilled workers by 11.9% from January 1, 2019. The basic wage will rise from the present Ft 138,000 (appx € 425) to Ft 150,000 (appx € 462), while the minimum wage for skilled labour will rise from Ft 180,500 (appx € 556) to Ft 202,000 (appx € 622).
10. **Wage growth near 13%:** The average gross wage was Ft 326,700 (appx € 1,006) per month in July, up by 12.8% from one year earlier, the Central Statistics Office announced. The average net wage was also 12.8% higher, at Ft 217,300 (appx € 669). In January-July, the average gross wage was Ft 324,700 (appx € 1000), while the average net wage was Ft 216,000 (appx € 665) both 12.1% higher than in the same period of 2017. Real wages were up 9.1% in July and 9.4% in January-July.
11. **Banking sector posts lower profits:** The pre-tax profit of Hungary's banking sector dropped to Ft 323 billion (appx € 994 mln) in the first half of 2018, down from Ft 393 billion (appx € 1.2 bln) in the same period of 2017, according to the Hungarian National Bank. Of Hungary's 60 banks, 48 reported combined profits of Ft 326 billion (appx € 1 bln) and the rest incurred total Ft 12 billion (appx € 37 mln) loss. Total assets of the sector stood at Ft 38.4 trillion (appx € 118.2 bln) at the end of June, up 10% from 12 months earlier, with net assets 5% higher at Ft 4.1 trillion (appx € 12.6 bln).
12. **Industrial output up 6.2% in July:** Industrial output in Hungary was up 6.2% year-on-year in July, the Central Statistics Office (KSH) said. The working-day adjusted figure showed a 3.9% increase and on a month-on-month basis, output fell 2%. In the first seven months of 2018, the sector's output grew by 3.9%.

#### **Average Monthly Exchange rates for September 2018**

1US\$= 278.53 HUF

1EUR= 324.85 HUF

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

**Embassy of India  
Budapest**

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

**Bosnia & Herzegovina (BiH)**

**Trends in bilateral trade JAN-JULY 2018:**

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

	<b>BiH's Imports</b>	<b>BiH's Exports</b>	<b>Total</b>	<b>Growth% of Import (y-o-y)</b>	<b>Growth% of Export (y-o-y)</b>
<b>BiH's trade with India (mln)</b>	43.3 USD 36.0 EUR	5.3 USD 4.4 EUR	48.6 USD 40.3 EUR	-22.3% -5.5%	+4.1% +26.7%
<b>BiH's Total Global Trade (mln)</b>	6,836 USD 5,673 EUR	4,259 USD 3,534 EUR	11,095 USD 9,206 EUR	-10.3% +9.1%	-8.1% +11.8%

Analysis: In the period of January to July 2018, in USD terms, exports to India increased by 4.1% and imports from India fell back by 22.3%. Balance of trade is in India's favour in value of USD 38.0 mln. In EUR terms, exports to India increased by 26.7%, while imports from India fell back by 5.5%. The balance of trade is in India's favour in value of EUR 31.6 mln.

**Top 10 items of export to India from BiH**

<b>Product</b>	<b>2018 JAN-JUL</b>	<b>% growth</b>	<b>% total</b>
<b>TOTAL</b>	<b>5.3</b>	<b>-4.0%</b>	<b>100.0%</b>
28 - INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	4.5	-14.3%	85.7%
48 - PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	0.2	96.1%	4.1%
79 - ZINC AND ARTICLES THEREOF	0.2	-42.5%	3.4%
73 - ARTICLES OF IRON OR STEEL	0.1	-11.0%	1.6%
84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	0.1	142.0%	1.2%
22 - BEVERAGES, SPIRITS AND VINEGAR	0.0	-9.8%	0.9%
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	0.0	-88.9%	0.8%
72 - IRON AND STEEL	0.0	192.9%	0.5%
38 - MISCELLANEOUS CHEMICAL PRODUCTS	0.0	216.0%	0.4%
44 - WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	0.0	161.7%	0.3%

### Top 10 items of export to the World from BiH

Product	2018 JAN-JUL	% growth	% total
<b>TOTAL</b>	<b>4,258.5</b>	<b>8.8%</b>	<b>100.0%</b>
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	426.3	17.0%	10.0%
27 - MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	418.6	-14.9%	9.8%
44 - WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	277.3	18.6%	6.5%
84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	273.4	11.5%	6.4%
64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	271.8	11.2%	6.4%
76 - ALUMINIUM AND ARTICLES THEREOF	262.9	4.3%	6.2%
73 - ARTICLES OF IRON OR STEEL	246.2	-3.5%	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	237.1	5.6%	5.6%
28 - INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	231.1	12.5%	5.4%
72 - IRON AND STEEL	213	0.6%	5.0%

### Top 10 items of Import from India to BiH

Product	2018 JAN-JUL	% growth	% total
<b>TOTAL</b>	<b>43.3</b>	<b>28.8%</b>	<b>100.0%</b>
84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	8.8	30.6%	20.4%
09 - COFFEE, TEA, MATÉ AND SPICES	5.8	50.9%	13.4%
41 - RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	2.2	18.3%	5.2%
25 - SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT	2.1	19.6%	4.7%
56 - WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF	2.0	-5.7%	4.6%
64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	1.8	36.8%	4.2%
52 - COTTON	1.7	48.1%	4.0%
62 - ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED	1.5	32.5%	3.6%
30 - PHARMACEUTICAL PRODUCTS	1.4	11.2%	3.1%
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	1.3	-32.9%	3.1%

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

Product	2018 JAN-JUL	% growth	% total
<b>TOTAL</b>	<b>6,836.2</b>	<b>11.5%</b>	<b>100.0%</b>
27 - MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	1,004.0	8.2%	14.7%
84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	544.5	11.1%	8.0%
87 - VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	496.8	11.2%	7.3%
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	371.8	13.3%	5.4%
39 - PLASTICS AND ARTICLES THEREOF	365.7	10.1%	5.3%
72 - IRON AND STEEL	264.6	-11.1%	3.9%
30 - PHARMACEUTICAL PRODUCTS	198.5	18.4%	2.9%
73 - ARTICLES OF IRON OR STEEL	186.9	13.0%	2.7%
41 - RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	132.3	25.9%	1.9%
48 - PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	125	10.1%	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\$)
		Rank	Country	
1	84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	1.	GERMANY	85.0
		2.	CHINA	83.5
		3.	ITALY	70.5
		4.	TURKEY	31.7
		5.	SLOVENIA	29.4
2	09 - COFFEE, TEA, MATÉ AND SPICES	1.	BRAZIL	20.2
		2.	ITALY	5.2
		3.	CROATIA	0.9
		4.	VIETNAM	0.9
		5.	UGANDA	0.6
3	41 - RAW HIDES AND SKINS	1.	ITALY	42.8
		2.	SLOVENIA	30.9
		3.	CROATIA	9.3
		4.	GERMANY	8.0
		5.	AUSTRIA	7.1
4	25 - SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT	1.	CROATIA	20.6
		2.	SERBIA	2.1
		3.	GREECE	2.1
		4.	TURKEY	1.7
		5.	ITALY	1.6
5	56 - WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF	1.	ITALY	12.7
		2.	GERMANY	6.1
		3.	SLOVENIA	2.1
		4.	TURKEY	1.4
		5.	CHINA	1.1

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)

- Russia's Rakurs Engineering Will Help Republika Srpska Build Four HPPs:** Republika Srpska government has signed a cooperation agreement with Russia's Rakurs Engineering for the construction of four medium-sized hydropower plants worth an estimated total of € 500 million, the entity's Ministry of Industry, Energy and Mining said. The agreement foresees the construction of four HPPs in a cascade on the river Vrbas with a combined capacity of 70 megawatts. The four plants in the project are: 24.01 MW HPP Trn with an average annual output of 139.90 gigawatt hours (GWh), 16.18 MW HPP Laktasi with an estimated annual production of 95.2 GWh, 13.3 MW Kosjerevo HPP with 102 GWh of production and 16.5 MW Razboj HPP with annual production of 102.1 GWh.
- Chinese Pull out from Building Power Plant:** Three Chinese companies said they are pulling out from the planned construction of a thermal power plant in Tuzla that the Federation entity lawmakers failed to approve on time. The construction of the block 7 thermal power plant in Tuzla is now on hold after Gezhouba Group, Guandong Electric Power Design Institute and Dongfang Electric Corporation Limited failed to get a green light from the parliament of the Federation entity. Earlier, shareholders of Eelektroprivreda BiH power utility gave the go ahead for construction of the China-backed coal-fired unit in Tuzla. Gezhouba Group and Guandong Electric Power Design were supposed to build the 450-megawatt unit in at a cost of 1.8 billion KM (€ 920 mln) to replace three outdated units at the 715 MW plant. The project was supposed to be financed with a 1.2 billion KM (€ 614 mln) loan from the state funded Export Import Bank of China while the remainder was to be provided by EPBiH. Chinese firms are implementing projects in the Balkans, mainly in the energy sector, and worth around € 3.8 billion in Bosnia alone. Environmentalists object to the coal projects planned with China, saying they do not meet EU rules and could add to already high levels of air pollution, while also exposing cash-strapped Bosnia to costly plant upgrades once it joins the EU. EPBiH shareholders, however, said the new unit at Tuzla will reduce greenhouse gas emissions there by up to 20 times compared to emissions from ageing units. Bosnia obtains 40 percent of its electricity from hydropower, while the rest comes from coal-fired power plants.

**(IX) Significant trends in trade and investment in JAN-JUL 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 <b>30.6%</b> in JAN-JULY 2018 over the same period of 2017 and represents <b>20.4%</b> of total Indian exports to BiH with 8.8 mln USD.
(HS 09) COFFEE, TEA, MATÉ AND SPICES	The product group increased by <b>50.9%</b> in JAN-JULY 2018 over the same period of 2017. It represents <b>13.4%</b> of total exports to BiH with 5.8 mln USD.
(HS 41) RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	Trade increased by <b>18.3%</b> in JAN-JULY 2018 over the same period of 2017 in this product group. However, it represents <b>5.2%</b> of total Indian exports to BiH with 2.2 mln USD.
(HS 25) - SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT	The product group increased by <b>19.6%</b> in JAN-JULY 2018 over the same period of 2017. It represents <b>4.7%</b> of total exports to BiH with only 2.1 mln USD.
(HS 56) WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF	Trade fell back by <b>5.7%</b> in JAN-JULY 2018 over the same period of 2017. However, it represents only <b>4.6%</b> of total Indian exports to BiH with a value of 2.0 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:** 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

**TRADE FAIRS in Bosnia and Herzegovina**

AUTUMN FAIR 2018	Fair of Agriculture and Food Industry Fair of Hunting, Fishing, Environment and Sports Fair of Tourism and Hospitality	Banja Luka	November 5-18, 2018	www. sajam.com
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 Regular Visas issued	(Sep)	2
Including number of Business Visas	(Sep)	0
Number of e-Visas issued (all categories) *	(July)	19

\*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](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)

• **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
- NASSCOM International SME conclave 10-11 Jan 2019
- Indus Food Jan 14-15 2019
- Second Edition of the Sourcing Meet on 1st February 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 *nil* trade inquiries from Indian companies:

No.	Company	Contact person	Sector	Action Taken

## 8. Any Other Issue of Importance:

1. **New Head of IMF Mission Visits Central Bank:** Governor of the Central Bank of Bosnia and Herzegovina Senad Softic received the newly appointed Head of the International Monetary Fund Mission to Bosnia, Martin Petri in an inaugural visit, who will replace the former Head of the Mission, Nadeem Ilahi. The topics of the meeting with Petri included the status of the implementation of the IMF program with Bosnia as well as technical cooperation between the IMF and the CBBH. The meeting was also attended by the former Head of the IMF Mission in Bosnia and Herzegovina, Nadeem Ilahi, the Resident Representative of the IMF in Bosnia and Herzegovina, Francisco Parodi, and also others officials from the IMF and the CBBH. In September 2016, the IMF approved a three-year € 553.3 million loan to support Bosnia's economic reform agenda.
2. **July Average Net Salary Rises 3.5%:** The average net monthly salary in Bosnia increased by a nominal 3.5% year-on-year in July, reaching KM 878 (€ 448.9), official figures showed. On a monthly comparison basis, the average net monthly salary in Bosnia rose by a nominal 0.7% in July, according to data published on the website of the country's Agency for Statistics. The average gross salary increased by a nominal 3.6% on the year, reaching 1,366 KM (€ 698.4) in July.
3. **Sarajevo Airport Reaches Record Number of Passengers in August:** A total of 159,506 passengers passed through the International Airport of Sarajevo during the month of August. With this, the International Airport Sarajevo continues with the steady increase of traffic, around 12 % in average in relation to 2017€. A total of 749,028 passengers went through the International Airport Sarajevo during the January to August period of 2018.

4. **Jobless Numbers Edge Up in July:** The number of unemployed people in Bosnia increased by 0.5% on the month to 450,392 at the end of July, according to data issued by the country's Agency for Statistics. On an annual comparison basis, unemployment numbers fell 7.4% at end of July 2018, data showed. At the end of 2017, the number of unemployed persons in Bosnia and Herzegovina was 475,084. Bosnia has a population of about 3.5 million.
5. **Bosnia's Aluminij Calls for Government Help for Survival:** Aluminij Mostar, Bosnia's sole aluminium smelter, is at risk from high alumina and electricity prices and only urgent government intervention can help it stay on line, Dražen Pandza, General Manager said. Heavily-indebted and loss-making Aluminij, which is among Bosnia's top exporters, has narrowly avoided closure several times. In June, its debt stood at KM 343 million (€175.4 mln). U.S. trade policy has worsened the situation, the General Manager said in a letter to the government of Bosnia's autonomous Bosniak-Croat Federation. With a 900-strong workforce, Aluminij is a major employer in the southern Mostar region and has been undergoing restructuring after failed efforts by the regional government to privatise it. Pandza said that about 10,000 jobs at dozens of Bosnian aluminium processing firms relying on Aluminij's supplies, as well as at contracting firms, were at risk. The Federation government owns a 44 percent stake in Aluminij, small shareholders another 44 percent and the Croatian government 12 percent.

#### **External:**

- **FIPA participated at the World Investment Conference in Xiamen, China**

The Director of the Foreign Investment Promotion Agency of BiH (FIPA) Gordan Milinić participated at the 23rd annual World Investment Conference (WIC18), which was held in Xiamen, China on 7-9 Sept 2018. The annual meeting held under the theme "A New Era in Foreign Direct Investment" brought together over a hundred leading investment promotion agencies (IPAs), international organization's leaders, heads of financial institutions, leading political figures, private sector representatives, prominent economists and researchers from more than 60 countries around the world. The conference focused on empowerment and enhancement of IPAs capacities and their corporate development with the support of international bodies in global community. Participating in the conference, Mr Milinić met with a large number of foreign investors to discuss possibilities for investing in BiH and potentials that Bosnia and Herzegovina can offer. Also, meetings were held with several leading Chinese companies that agreed to visit BiH.

#### **Average Monthly Exchange rates for September 2018**

1US\$= 1.677303 KM

1EUR= 1.955830 KM

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

Sanjeev Manchanda  
Second Secretary (Com/Pol)/CR  
Embassy of India  
Budapest  
Dated: November 8, 2018