Embassy of India
Budapest

ECONOMIC AND COMMERCIAL REPORT
FOR THE MONTH OF MARCH 2019

HUNGARY

(I) Bilateral Trade

2018 January-December trade (USD, EUR million)

<table>
<thead>
<tr>
<th></th>
<th>Import JAN-DEC</th>
<th>Export JAN-DEC</th>
<th>Total JAN-DEC</th>
<th>Growth% of Import (y-o-y)</th>
<th>Growth% of Export (y-o-y)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary’s trade with India (mln)</td>
<td>463.0 USD</td>
<td>278.9 USD</td>
<td>741.9 USD</td>
<td>+1.7%</td>
<td>+22.1%</td>
</tr>
<tr>
<td>Hungary’s Total Global Trade (mln)</td>
<td>392.1 EUR</td>
<td>236.2 EUR</td>
<td>628.2 EUR</td>
<td>-2.7%</td>
<td>+16.8%</td>
</tr>
</tbody>
</table>


Analysis: In the period of January to December 2018, in USD terms, exports to India increased by 22.1% while imports from India grew by 1.7%. Balance of trade is in India’s favour in value of USD 184.1 mln. In EUR terms, exports to India increased by 16.8%, while imports from India fell back by 2.7%, resulting in a balance of trade in India’s favour in value of EUR 155.9 mln.

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

<table>
<thead>
<tr>
<th>S.No.</th>
<th>HS code</th>
<th>Commodity</th>
<th>2018 JAN-DEC</th>
<th>Growth (%) (y-o-y)</th>
<th>(%) Share in Total Exports to India</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>'2941</td>
<td>Antibiotics</td>
<td>42.5</td>
<td>3.8%</td>
<td>15.2%</td>
</tr>
<tr>
<td>2</td>
<td>'8517</td>
<td>Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...</td>
<td>35.2</td>
<td>180.1%</td>
<td>12.6%</td>
</tr>
<tr>
<td>3</td>
<td>'8471</td>
<td>Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...</td>
<td>11.8</td>
<td>-21.1%</td>
<td>4.2%</td>
</tr>
<tr>
<td>4</td>
<td>'8473</td>
<td>Parts and accessories (other than covers, carrying cases and the like) suitable for use solely ...</td>
<td>7.4</td>
<td>52.6%</td>
<td>2.6%</td>
</tr>
<tr>
<td>5</td>
<td>'8708</td>
<td>Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ...</td>
<td>7.2</td>
<td>30.9%</td>
<td>2.6%</td>
</tr>
<tr>
<td>6</td>
<td>'8421</td>
<td>Centrifuges, incl. centrifugal dryers (excluding those for isotope separation); filtering or ...</td>
<td>7.1</td>
<td>40.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>7</td>
<td>'8408</td>
<td>Compression-ignition internal combustion piston engine &quot;diesel or semi-diesel engine&quot;</td>
<td>6.6</td>
<td>-22.6%</td>
<td>2.4%</td>
</tr>
<tr>
<td>8</td>
<td>'8537</td>
<td>Boards, panels, consoles, desks, cabinets and other bases, equipped with two or more apparatus ...</td>
<td>6.5</td>
<td>-7.2%</td>
<td>2.3%</td>
</tr>
<tr>
<td>9</td>
<td>'7304</td>
<td>Tubes, pipes and hollow profiles, seamless, of iron or steel (excluding products of cast iron)</td>
<td>5.9</td>
<td>3.6%</td>
<td>2.1%</td>
</tr>
<tr>
<td>10</td>
<td>'2939</td>
<td>Vegetable alkaloids, natural or reproduced by synthesis, and their salts, ethers, esters and ...</td>
<td>5.6</td>
<td>67.0%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th>S.No.</th>
<th>HS code</th>
<th>Commodity</th>
<th>2018 JAN-EC</th>
<th>Growth (%) (y-o-y)</th>
<th>(%) Share in Total Exports to India</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>'8703</td>
<td>Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...</td>
<td>9,200.4</td>
<td>5.1%</td>
<td>7.3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>125,896</td>
<td>10.7%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### (IV) Top 10 Items of Imports from India (In millions of US$)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>HS code</th>
<th>Commodity</th>
<th>2018 JAN-DEC</th>
<th>Growth (%) (y-o-y)</th>
<th>(% Share in Total Exports to India)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>'8473</td>
<td>Parts and accessories (other than covers, carrying cases and the like) suitable for use solely ...</td>
<td>463.0</td>
<td>1.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2</td>
<td>'2933</td>
<td>Heterocyclic compounds with nitrogen hetero-atom[s] only</td>
<td>53.7</td>
<td>34.5%</td>
<td>11.6%</td>
</tr>
<tr>
<td>3</td>
<td>'3003</td>
<td>Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic uses ...</td>
<td>45.3</td>
<td>10.1%</td>
<td>9.8%</td>
</tr>
<tr>
<td>4</td>
<td>'8483</td>
<td>Transmission shafts, incl. camshafts and crankshafts, and cranks; bearing housings and plain ...</td>
<td>43.0</td>
<td>-20.4%</td>
<td>9.3%</td>
</tr>
<tr>
<td>5</td>
<td>'8544</td>
<td>Insulated &quot;incl. enamelled or anodised&quot; wire, cable &quot;incl. coaxial cable&quot; and other insulated ...</td>
<td>31.7</td>
<td>-3.5%</td>
<td>6.8%</td>
</tr>
<tr>
<td>6</td>
<td>'3004</td>
<td>Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...</td>
<td>23.6</td>
<td>11.1%</td>
<td>5.1%</td>
</tr>
<tr>
<td>7</td>
<td>'8411</td>
<td>Turbojets, turbopropellers and other gas turbines</td>
<td>14.8</td>
<td>-29.9%</td>
<td>3.2%</td>
</tr>
<tr>
<td>8</td>
<td>'8542</td>
<td>Electronic integrated circuits; parts thereof</td>
<td>11.8</td>
<td>68.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>9</td>
<td>'2934</td>
<td>Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...</td>
<td>11.3</td>
<td>62.1%</td>
<td>2.4%</td>
</tr>
<tr>
<td>10</td>
<td>'8517</td>
<td>Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...</td>
<td>10.0</td>
<td>194.1%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th>S.No.</th>
<th>HS code</th>
<th>Commodity</th>
<th>2018 JAN-DEC</th>
<th>Growth (%) (y-o-y)</th>
<th>(% Share in Total Exports to India)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>'8708</td>
<td>Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ...</td>
<td>121,343</td>
<td>12.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2</td>
<td>'2711</td>
<td>Petroleum gas and other gaseous hydrocarbons</td>
<td>5,375.0</td>
<td>-4.3%</td>
<td>4.4%</td>
</tr>
<tr>
<td>3</td>
<td>'8703</td>
<td>Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...</td>
<td>4,299.2</td>
<td>53.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>4</td>
<td>'3004</td>
<td>Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...</td>
<td>3,736.7</td>
<td>13.1%</td>
<td>3.1%</td>
</tr>
<tr>
<td>5</td>
<td>'2709</td>
<td>Petroleum oils and oils obtained from bituminous minerals, crude</td>
<td>3,298.3</td>
<td>12.5%</td>
<td>2.7%</td>
</tr>
<tr>
<td>6</td>
<td>'8517</td>
<td>Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...</td>
<td>3,190.3</td>
<td>39.0%</td>
<td>2.6%</td>
</tr>
<tr>
<td>7</td>
<td>'8542</td>
<td>Electronic integrated circuits; parts thereof</td>
<td>3,061.2</td>
<td>3.2%</td>
<td>2.5%</td>
</tr>
<tr>
<td>8</td>
<td>'8409</td>
<td>Parts suitable for use solely or principally with internal combustion piston engine of heading ...</td>
<td>2,776.1</td>
<td>5.6%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

9  '8544 Insulated “incl. enamelled or anodised” wire, cable “incl. coaxial cable” and other insulated ...  2,091.8  2.8%  1.7%
10 '8471 Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...  2,011.9  15.4%  1.7%


(VI) Top 5 Competitors of India’s Top 5 Exports to Hungary JAN-DEC 2018

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Commodity</th>
<th>Competitors</th>
<th>Amount (In millions of US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF</td>
<td>1 Germany 6,400.7</td>
<td>2 China 1,779.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Italy 1,065.9</td>
<td>4 Netherlands 842.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 Poland 767.6</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>29 ORGANIC CHEMICALS</td>
<td>1 China 200.5</td>
<td>2 Italy 193.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Germany 191.2</td>
<td>4 Netherlands 129.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 Czech Republic 126.9</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS</td>
<td>1 Germany 6,669.7</td>
<td>2 China 3,530.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Netherlands 2,297.9</td>
<td>4 Poland 1,013.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 Austria 867.4</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>30 PHARMACEUTICAL PRODUCTS</td>
<td>1 Germany 941.6</td>
<td>2 Belgium 755.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 France 735.8</td>
<td>4 Korea, Republic of 707.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 Netherlands 434.5</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS AND ACCESSORIES THEREOF</td>
<td>1 Germany 4,456.1</td>
<td>2 Czech Republic 1,399.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Poland 902.1</td>
<td>4 Austria 770.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 Slovakia 658.2</td>
<td></td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name of Company</th>
<th>Sector</th>
<th>Amount (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tesco opens new service centre</td>
<td>UK hypermarket chain Tesco has established a new business and technology service centre in Hungary, creating 800 jobs, Foreign Minister Péter Szijjártó announced. Tesco Business Services CEO Sumit Mitra said the quality of the workforce and the good infrastructure played an important role in the choice of Hungary for the investment.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>FAKT invests €1bn in garden centre</td>
<td>German company FAKT is investing €1 billion in building a modern horticultural, processing and logistics centre on 330 hectares near Hegyeshalom and Bezenye at the Austrian border, Agriculture Minister István Nagy announced. The project is the largest and most advanced food and agricultural investment in Hungary in recent decades, Nagy underlined. In the longer term, FAKT will build a fishery, greenhouses, refrigeration units, a conference centre, hotels and homes, eventually creating 5,000 jobs, said chairman and CEO Hubert Schulte-Kemper.</td>
<td></td>
</tr>
</tbody>
</table>
3. **GMD building factory in Dorog:** French car parts manufacturer the GMD group is investing Ft 14.5 billion (apprx € 45.9 mln) to build a factory in Dorog, Komárom-Esztergom county, Foreign Affairs and Trade Minister Péter Szijjártó announced on 7th March. He said the cabinet is providing a Ft 2.9 billion (apprx € 9.1 mln) subsidy as the project will create 240 jobs. Noting that the factory will use robots, he said the economy needs such investments to keep up with the latest technology. The Hungarian subsidiary of GMD was set up in 1999, starting production in nearby Oroszlány in 2000.

4. **Bosch expanding in Hatvan:** Robert Bosch Elektronika is expanding its electric car parts manufacturing factory in Hatvan by investing Ft 9.6 billion (apprx € 30.4 mln) in the project, Foreign Affairs and Trade Minister Péter Szijjártó announced in Budapest. The government is providing a Ft 1.2 billion subsidy to the project, which is scheduled to be completed by the end of 2020. The factory produces components for self-driving cars.

(iX) Significant trends in trade and investment in JAN-DEC 2018
(Source: Central Statistical Office www.ksh.hu, News, local media.)

<table>
<thead>
<tr>
<th>Details of significant trends</th>
<th>Analysis (Indian exports to Hungary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(HS 84) NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS</td>
<td>The product group grew by 8.3% in JAN-DEC of 2018 over the same period of 2017. It represents 28.1% of total Indian exports to Hungary.</td>
</tr>
<tr>
<td>(HS 29) ORGANIC CHEMICALS</td>
<td>The product group exhibited a growth of 10.2% in JAN-DEC of 2018 over the same period of 2017 and represents 22.0% of total Indian exports to Hungary.</td>
</tr>
<tr>
<td>(HS 85) ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS…ETC.</td>
<td>Trade grew by 14.2% in this product group in JAN-DEC of 2018 over the same period of 2017. It represents 14.7% of total Indian exports to Hungary.</td>
</tr>
<tr>
<td>(HS 30) PHARMACEUTICAL PRODUCTS</td>
<td>The product group experienced a drop of 23% in JAN-DEC of 2018 over the same period of 2017. It represents 12.5% of total exports to Hungary.</td>
</tr>
<tr>
<td>(HS 87) VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS..</td>
<td>The product group experienced a drop of 5.9% in the JAN-DEC period of 2018. It represents 3.2% of total exports to Hungary.</td>
</tr>
</tbody>
</table>


- **Market access:**

**Upcoming Trade Fairs in Hungary:**

| (I) INDUSTRY DAYS – MACH TECH -14-17 May 2019 |
| (II) HOMEDESIGN AUTUMN 11 - 13th October 2019 |
| (III) AUTOMOTIVE HUNGARY 16 - 18th October 2019 |
| (IV) BUDAPEST WATER SUMMIT 15-17 October 2019 |
| (V) BEAUTY & STYLE 18 - 20th October 2019 |

Further information: www.hungexpo.hu

| VISAS | |
| Number of Regular Visas issued | (MAR) 70 |
| Number of Business Visas issued | (MAR) 34 |
• **Investment:**

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

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Particulars of the asset/company</th>
<th>Contact details</th>
</tr>
</thead>
</table>

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

• **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/


Tenders up from € 15 mln uploaded on the India Trade Portal /www.indiantradeportal.in

• **Publicity of upcoming Indian Trade Fairs:**

The Embassy gave publicity to the following events:

- IPHEX 10-12 June 2019

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

1. Sourcing of Make in India merchandise for promoting brand India.
2. Subscription of HBI.hu and Partnercontrol.hu databases
3. Creation of Automotive brochures for business meetings during the visit of the ACMA delegation on 5th Feb 2019
4. Purchase of 1000 State of Goa brochures

• **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 were 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.

Embassy has also been in touch with various Hungarian ministries, including Ministry of Agriculture; Ministry of Human Capacities; Ministry of Interior; Ministry for Innovation and Technology regarding implementation of bilateral agreements.
• **Trade Queries for Imports/Exports (from Hungary for the month of March 2019)**

The Embassy received trade inquiries from 10 Indian companies and *nil* from Hungary.

<table>
<thead>
<tr>
<th>No.</th>
<th>Company</th>
<th>Contact person</th>
<th>Sector</th>
<th>Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brisk Exim</td>
<td>Rushabh Radadia</td>
<td>Engineering: lighting -led lights</td>
<td>Answered</td>
</tr>
<tr>
<td>2</td>
<td>Sukhmani Enterprises</td>
<td>Prasanjeet SINGH</td>
<td>Jewellery</td>
<td>Answered</td>
</tr>
<tr>
<td>3</td>
<td>Dream Foodstuff</td>
<td>Dream Foodstuff</td>
<td>Scrap metal</td>
<td>Answered</td>
</tr>
<tr>
<td>4</td>
<td>AARUI INDIA</td>
<td>Mr.Karan Patel</td>
<td>Agro: vege, spices</td>
<td>Answered</td>
</tr>
<tr>
<td>5</td>
<td>Abhishek Gulhane</td>
<td></td>
<td>Food: milk</td>
<td>Answered</td>
</tr>
<tr>
<td>6</td>
<td>Suj Sri Sai Exports</td>
<td>C.Arumugam</td>
<td>Textile: garments</td>
<td>Answered</td>
</tr>
<tr>
<td>7</td>
<td>Aremssy Services</td>
<td>Sudhir Grover</td>
<td>Misc</td>
<td>Answered</td>
</tr>
<tr>
<td>8</td>
<td>SD Herbs</td>
<td>Vinod Jain</td>
<td>Herbs</td>
<td>Answered</td>
</tr>
<tr>
<td>9</td>
<td>Heritage Exim</td>
<td>Anup Zode</td>
<td>Scrap metal</td>
<td>Answered</td>
</tr>
<tr>
<td>10</td>
<td>Rameswar Udyog Pvt Ltd</td>
<td>Rameswar Hukumat</td>
<td>Textiles: Yarn</td>
<td>Answered</td>
</tr>
</tbody>
</table>

**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](http://www.eoibudapest.gov.in/page-link/?page=trade-s-and-t)

**ANALYSIS OF TRADE QUERIES RECEIVED**

**Frequently mentioned products**

- Textiles, garments, yarn
- Agro products: herbs, milk, vegetables, spices
- Lighting products
- Jewellery
- Miscellaneous, scrap metal

**State-wise Classification of Queries**

- Gujarat
- Rajasthan
- Tamil Nadu
- Madhya Pradesh
- Others
Any Other Issue of Importance:

1. **Hungary ordered to repay EU sugar subsidies**: Hungary has to repay €11.7 million to the EU for having violated rules on distributing EU funds for the reconstruction of the sugar industry, the European Court of Justice ruled on 12 March. Money was paid to Hungary and other EU countries as compensation for the phasing out of the EU’s sugar quota system from July 1, 2006. Hungary received a total of €327 million in 2006-13, of which 65% was paid to farmers who had given up cultivating sugar beet. Sugar refineries received 27% of the sum, for demolishing their facilities, restoring the environment and disbursing severance pay to employees. However, the silos of the Eastern Sugar and Magyar Cukor refineries in Kaba and in Petőháza were not demolished, the EU found earlier. Hungary challenged these findings but the Court has rejected this claim.

2. **Service sector and investments lift Q4 GDP growth to 5.1%**: Hungary’s GDP growth figure for the fourth quarter of 2018 was revised from 5.0% to 5.1% in the second reading by the Central Statistics Office. The Office also revised upward the first- and third-quarter figures to 4.6% and 5.1%, respectively, thereby lifting the full-year growth to 4.9%. Data adjusted for working days show economic growth of 5% for the full year of 2018, the highest figure in 15 years.

3. **Ministry confirms budget deficit**: The February budget deficit came to Ft 177.2 billion (apprx € 560.8 mln), the Finance Ministry confirmed. After the Ft 244.5 billion (apprx € 773.8 mln) surplus in January, the budget was Ft 67.3 billion (apprx € 213 mln) in surplus over the first two months, in contrast to the Ft 526.6 billion (apprx € 1.67 bln) deficit of one year earlier. EU fund transfers in the first two months rose to Ft 281.4 billion (apprx € 890 mln), up from Ft 17.8 billion (apprx € 56 mln) a year earlier. The central budget recorded an Ft 18.9 billion (apprx € 59.8 mln) surplus over the first two months, social security funds ran a Ft 17.2 billion (apprx € 54 mln) surplus and independent funds accumulated a Ft 31.2 billion (apprx € 98.7 mln) surplus.

4. **MNB breaks with loose policy**: The MNB’s monetary council raised the over-night deposit rate from -0.15% to -0.5% on 26 March, while keeping the overnight lending rate at 0.9%. Governor György Matolcsy said that the changes are necessary and sufficient for maintaining the medium-term inflation target, which has been reached, stressing that monetary policy has not changed since 2011.

5. **Banks profits at record high in 2018**: The combined net profit of the banking sector came to a record high Ft 645.3 billion (apprx € 2 bln) in 2018, up by 9.6% or Ft 56.6 billion (apprx €179 mln) from the previous year, the MNB announced. The 19% rise in operating profits played a
key role in the net profit expansion, the MNB underlined. Total return on equity increased from 13.2% to 13.4%, but the return on assets stagnated at 1.5%. The number of loss-making banks dropped from 14 to three and the number of banks making more than a 1% return on their assets rose from nine to 12.

**Average Monthly Exchange rates for March 2019**

1 US$ = 279.44 HUF  
1 EUR = 315.97 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 MARCH 2019

Bosnia & Herzegovina (BiH)

Trends in bilateral trade JAN-DEC 2018:
Source: Eurostat (http://epp.eurostat.ec.europa.eu)

<table>
<thead>
<tr>
<th>BiH's Imports</th>
<th>BiH's Exports</th>
<th>Total</th>
<th>Growth% of Import (y-o-y)</th>
<th>Growth% of Export (y-o-y)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BiH's trade with India (mln)</td>
<td>78.1 USD</td>
<td>8.1 USD</td>
<td>86.2 USD</td>
<td>+8.8%</td>
</tr>
<tr>
<td></td>
<td>66.1 EUR</td>
<td>6.8 EUR</td>
<td>73.0 EUR</td>
<td>+4.1%</td>
</tr>
</tbody>
</table>

| BiH's Total Global Trade (mln) | 11.628 USD | 7.182 USD | 18.810 USD | +11.3% | +12.8% |
| | 9.846 EUR | 6.082 EUR | 15.927 EUR | +6.5% | +7.9% |


Analysis: In the period of January to December 2018, in USD terms, exports to India increased by 23.5% and imports from India grew by 8.8%. Balance of trade is in India's favour in value of USD 70.1 mln. In EUR terms, exports to India increased by 18.1%, while imports from India grew by 4.1%. The balance of trade is in India's favour in value of EUR 59.3 mln.

Top 10 items of export to India from BiH

<table>
<thead>
<tr>
<th>S.No.</th>
<th>HS code</th>
<th>Commodity</th>
<th>2018 JAN-DEC</th>
<th>Growth (%) (y-o-y)</th>
<th>(% Share in Total Exports to India)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>'2836</td>
<td>Carbonates; peroxocarbonates &quot;percarbonates&quot;; commercial ammonium carbonate containing ammonium ...</td>
<td>8.06</td>
<td>23.5%</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>'4804</td>
<td>Uncoated kraft paper and paperboard, in rolls of a width &gt; 36 cm or in square or rectangular ...</td>
<td>6.32</td>
<td>41.3%</td>
<td>78.4%</td>
</tr>
<tr>
<td>3</td>
<td>'4407</td>
<td>Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, ...</td>
<td>0.54</td>
<td>-38.0%</td>
<td>6.7%</td>
</tr>
<tr>
<td>4</td>
<td>'7907</td>
<td>Articles of zinc, n.e.s.</td>
<td>0.31</td>
<td>732.4%</td>
<td>3.8%</td>
</tr>
<tr>
<td>5</td>
<td>'7326</td>
<td>Articles of iron or steel, n.e.s. (excluding cast articles)</td>
<td>0.29</td>
<td>55.4%</td>
<td>3.5%</td>
</tr>
<tr>
<td>6</td>
<td>'2811</td>
<td>Inorganic acids and inorganic oxygen compounds of non-metals (excluding hydrogen chloride &quot;hydrochloric ...</td>
<td>0.07</td>
<td>-</td>
<td>0.9%</td>
</tr>
<tr>
<td>7</td>
<td>'2203</td>
<td>Beer made from malt</td>
<td>0.07</td>
<td>86.8%</td>
<td>0.9%</td>
</tr>
<tr>
<td>8</td>
<td>'3823</td>
<td>Industrial monocarboxylic fatty acids; acid oils from refining; industrial fatty alcohols</td>
<td>0.05</td>
<td>-18.0%</td>
<td>0.6%</td>
</tr>
<tr>
<td>9</td>
<td>'7205</td>
<td>Granules and powders of pig iron, spiegeleisen, iron or steel (excluding granules and powders ...</td>
<td>0.05</td>
<td>-39.5%</td>
<td>0.6%</td>
</tr>
<tr>
<td>10</td>
<td>'8441</td>
<td>Machinery for making up paper pulp, paper or paperboard, incl. cutting machines of all kinds, ...</td>
<td>0.04</td>
<td>-</td>
<td>0.5%</td>
</tr>
</tbody>
</table>


Top 10 items of export to the World from BiH

<table>
<thead>
<tr>
<th>S.No.</th>
<th>HS code</th>
<th>Commodity</th>
<th>2018 JAN-DEC</th>
<th>Growth (%) (y-o-y)</th>
<th>(% Share in Total Exports to India)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>7,182.1</td>
<td>12.8%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

1 | '9401   | Seats, whether or not convertible into beds, and parts thereof, n.e.s. (excluding medical, ... | 386.7 | -3.0% | 5.4% |
<table>
<thead>
<tr>
<th>S.No.</th>
<th>HS code</th>
<th>Commodity</th>
<th>2018 JAN-DEC</th>
<th>Growth (%) (y-o-y)</th>
<th>(%) Share in Total Exports to India</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>'8414</td>
<td>Air or vacuum pumps (excluding gas compound elevators and pneumatic elevators and conveyors); ...</td>
<td>12.1</td>
<td>-4.5%</td>
<td>15.5%</td>
</tr>
<tr>
<td>2</td>
<td>'0901</td>
<td>Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes ...</td>
<td>9.6</td>
<td>-13.8%</td>
<td>12.3%</td>
</tr>
<tr>
<td>3</td>
<td>'2516</td>
<td>Granite, porphyry, basalt, sandstone and other monumental or building stone, whether or not ...</td>
<td>3.5</td>
<td>13.8%</td>
<td>4.4%</td>
</tr>
<tr>
<td>4</td>
<td>'7601</td>
<td>Unwrought aluminium</td>
<td>3.4</td>
<td>DIV/0!</td>
<td>4.3%</td>
</tr>
<tr>
<td>5</td>
<td>'5603</td>
<td>Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s.</td>
<td>3.1</td>
<td>35.5%</td>
<td>3.9%</td>
</tr>
<tr>
<td>6</td>
<td>'6403</td>
<td>Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of ...</td>
<td>3.0</td>
<td>18.2%</td>
<td>3.8%</td>
</tr>
<tr>
<td>7</td>
<td>'5205</td>
<td>Cotton yarn other than sewing thread, containing &gt;= 85% cotton by weight (excluding that put ...</td>
<td>2.5</td>
<td>-23.9%</td>
<td>3.2%</td>
</tr>
<tr>
<td>8</td>
<td>'8421</td>
<td>Centrifuges, incl. centrifugal dryers (excluding those for isotope separation); filtering or ...</td>
<td>2.4</td>
<td>483.6%</td>
<td>3.1%</td>
</tr>
<tr>
<td>9</td>
<td>'3004</td>
<td>Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...</td>
<td>2.1</td>
<td>10.2%</td>
<td>2.6%</td>
</tr>
<tr>
<td>10</td>
<td>'6802</td>
<td>Monumental or building stone, natural (excluding slate), worked, and articles; mosaic cubes ...</td>
<td>1.8</td>
<td>-0.9%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th>S.No.</th>
<th>HS code</th>
<th>Commodity</th>
<th>2018 JAN-DEC</th>
<th>Growth (%) (y-o-y)</th>
<th>(%) Share in Total Exports to India</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>'2710</td>
<td>Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations containing ...</td>
<td>749.1</td>
<td>35.9%</td>
<td>6.4%</td>
</tr>
<tr>
<td>2</td>
<td>'8703</td>
<td>Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...</td>
<td>464.9</td>
<td>15.6%</td>
<td>4.0%</td>
</tr>
<tr>
<td>3</td>
<td>'2709</td>
<td>Petroleum oils and oils obtained from bituminous minerals, crude</td>
<td>361.2</td>
<td>9.6%</td>
<td>3.1%</td>
</tr>
<tr>
<td>4</td>
<td>'2701</td>
<td>Coal; briquettes, ovoids and similar solid fuels manufactured from coal</td>
<td>303.2</td>
<td>14.8%</td>
<td>2.6%</td>
</tr>
<tr>
<td>5</td>
<td>'3004</td>
<td>Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...</td>
<td>275.0</td>
<td>7.5%</td>
<td>2.4%</td>
</tr>
<tr>
<td>6</td>
<td>'4107</td>
<td>Leather further prepared after tanning or crusting &quot;incl. parchment-dressed leather&quot;, of bovine ...</td>
<td>138.7</td>
<td>12.1%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Commodity</th>
<th>Amount (In millions of US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Petroleum gas and other gaseous hydrocarbons</td>
<td>123.7 18.3% 1.1%</td>
</tr>
<tr>
<td>8</td>
<td>Telephone sets, incl. telephones for cellular networks or for other wireless networks; other...</td>
<td>120.8 3.6% 1.0%</td>
</tr>
<tr>
<td>9</td>
<td>Electrical energy</td>
<td>107.2 -41.3% 0.9%</td>
</tr>
<tr>
<td>10</td>
<td>Motor vehicles for the transport of goods, incl. chassis with engine and cab</td>
<td>101.2 16.1% 0.9%</td>
</tr>
</tbody>
</table>


(VI)Top 5 Competitors of India's Top 5 Exports to BiH in JAN-DEC 2018

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Commodity</th>
<th>Competitors</th>
<th>Amount (In millions of US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF</td>
<td>1. Germany</td>
<td>159.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. China</td>
<td>132.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Italy</td>
<td>121.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Turkey</td>
<td>53.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Slovenia</td>
<td>51.5</td>
</tr>
<tr>
<td>2</td>
<td>09 - COFFEE, TEA, MATÉ AND SPICES</td>
<td>1. Brazil</td>
<td>34.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Italy</td>
<td>8.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Viet Nam</td>
<td>1.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Croatia</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Uganda</td>
<td>1.3</td>
</tr>
<tr>
<td>3</td>
<td>41 - RAW HIDES AND SKINS (OTHE//LEATHER)</td>
<td>1. Italy</td>
<td>66.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Slovenia</td>
<td>46.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Croatia</td>
<td>14.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Germany</td>
<td>12.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Austria</td>
<td>12.0</td>
</tr>
<tr>
<td>4</td>
<td>64 - FOOTWEAR, GAITERS AND THE//ARTICLES</td>
<td>1. Italy</td>
<td>50.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. China</td>
<td>42.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Viet Nam</td>
<td>16.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Austria</td>
<td>9.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Indonesia</td>
<td>7.1</td>
</tr>
<tr>
<td>5</td>
<td>25 - SALT; SULPHUR; EARTHS AND//CEMENT</td>
<td>1. Croatia</td>
<td>36.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Greece</td>
<td>5.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Italy</td>
<td>2.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Egypt</td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Turkey</td>
<td>2.1</td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name of Company</th>
<th>Sector</th>
<th>Amount (US$ million)</th>
</tr>
</thead>
</table>

1. ArcelorMittal reaches railway deal, resumes output at Bosnia mine: ArcelorMittal agreed to a provisional transportation deal with a Bosnian regional railway company, the steelmaker announced on March 6, 2019, allowing production to resume at its iron ore mines in northwestern Bosnia. Production at the mine was halted after talks on the deal with the Zeljeznice RS railway company collapsed a week earlier. Transportation of iron ore was also halted. ArcelorMittal, the world's largest steelmaker, operates a steel plant in the central Bosnian town of Zenica, which processes iron ore from its Omarska mines in the town of Prijedor. ArcelorMittal Zenica, is Bosnia's largest steel exporter and accounts for 2.5 percent of the country's GDP and employs 2400 people.
2. **Loan Approved to Build Zenica Heat and Power Plant:** Air quality in Zenica is set to improve significantly thanks to an investment in March 2019 led by the EBRD in a new local heat and power plant that will no longer rely on heavily polluting coal. The new combined heat and power (CHP) plant, Toplana Zenica, will supply power to Zenica and the ArcelorMittal steel plant. The project will be implemented by a joint venture formed by ArcelorMittal Zenica, the City of Zenica, KPA Unicon (Finland) and Finnfund (Finland) and result in major environmental improvements as well as more cost-efficient production of energy. It is being financed with a €46 million loan package, comprising a €28 million loan for the EBRD’s own account and a loan of up to €18 million provided by Banca Intesa Sanpaolo S.p.A. The EBRD portion includes €23 million from the Bank and €5 million of concessional financing from the International Cooperation and Development Fund (Taiwan ICDF).

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

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name of Company</th>
<th>Sector</th>
<th>Amount (US$ million)</th>
</tr>
</thead>
</table>

1. **Concession Agreement Scrapped for Wind Farm:** The government of Republika Srpska issued a 30-year concession for the Trusina wind farm project back in 2012, which was designed to have 15 turbines, an installed capacity of 49.5 MW, and an annual output of around 160 GWh of electricity. According to plans, the Trusina wind farm was to originally launch production in late 2019. However, the start of construction on the wind farm had been repeatedly delayed. The project has ground to a halt in March 2019, with the government of Republika Srpska scrapping the concession over the investor’s failure to submit a banking guarantee for the project, even though the Ministry of Industry, Energy, and Mining insisted that the investor was serious. The UK-based Kermas Limited, owned by Croatian businessman Danko Koncar, was to be Eol Prvi’s strategic partner on the project.

2. **Entity Parliament Okays China-Funded Power Plant:** The Federation entity parliament has approved a resolution allowing the construction on a Chinese-funded thermal power plant - the largest single post-war investment in the country - to go ahead. Before construction can start, the Federation’s House of Peoples needs to adopt two more documents, according to Fadil Novalic, the entity’s Prime Minister. After the 16+1 Budapest summit in November 2017, Bosnia’s electric power company Elektroprivreda BiH took a 700-million-Euro loan from China’s Exim bank to finish the thermal power plant in Tuzla, the largest single post-war investment in the country. Elektroprivreda then hired three Chinese companies to construct the thermal power plant. After the delay of getting the green light from the Federation’s parliament, three companies from China – Gezhouba Group, Guandong Electric Power Design Institute and Dongfang Electric Corporation Limited – threatened to pull out of the project. EU has expressed concern on the decision of the government.
(IX) Significant trends in trade and investment in JAN-DEC 2018

<table>
<thead>
<tr>
<th>Details of significant trends</th>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>(HS 84) NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF</td>
<td>The product group exhibited a growth of 14.2% in JAN-DEC 2018 over the same period of 2017 and represents 21.5% of total Indian exports to BiH with 16.8 mln USD.</td>
</tr>
<tr>
<td>(HS 09) COFFEE, TEA, MATÉ AND SPICES</td>
<td>The product group fell back by 13.4% in JAN-DEC 2018 over the same period of 2017. It represents 12.7% of total exports to BiH with 9.9 mln USD.</td>
</tr>
<tr>
<td>(HS 41) - RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER</td>
<td>The product group increased by 10.0% in JAN-DEC 2018 over the same period of 2017. It represents 5.0% of total exports to BiH with only 3.9 mln USD.</td>
</tr>
<tr>
<td>(HS 64) - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES</td>
<td>Trade increased by 3.0% in JAN-DEC 2018 over the same period of 2017. However, it represents only 4.7% of total Indian exports to BiH with a value of 3.7 mln USD.</td>
</tr>
<tr>
<td>(HS 25) - SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT</td>
<td>Trade increased by 13.6% in JAN-DEC 2018 over the same period of 2017 in this product group. However, it represents only 4.6% of total Indian exports to BiH with 3.6 mln USD.</td>
</tr>
</tbody>
</table>


- **Market access:**

<table>
<thead>
<tr>
<th>TRADE FAIRS in Bosnia and Herzegovina</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGA</td>
</tr>
<tr>
<td>SARAJEVSKI SAJAM TURIZMA 2019</td>
</tr>
<tr>
<td>ZEPS 2019</td>
</tr>
<tr>
<td>RENEXPO</td>
</tr>
<tr>
<td>AUTUMN FAIR 2019</td>
</tr>
</tbody>
</table>


**VISAS**

| Number of Tourist Visas issued | (MAR) | 1 |
| Number of Business Visas | (MAR) | 0 |
• Investment:
  
  • 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

• Publicity of upcoming Indian Trade Fairs:
  
  The Embassy gave publicity to the following events:
  
  • IPHEX 10-12 June 2019

• Details of activities conducted out of Trade Promotion budget:
  
  1. Sourcing of Make in India merchandise for promoting brand India
  2. Subscription of HBl.hu and Partnercontrol.hu databases
  3. Expenditure towards participation in Mostar International Economic Fair, 9-13 April 2019

• Action taken on the previous JWG, Joint Commissions, sub-commissions etc. (issues that Mission had to follow up with host government): Embassy has been in touch with various ministries, including the Ministry of Foreign Affairs of BiH for implementation of bilateral agreements/decisions.

• Trade Queries for Imports/Exports (from BiH for the month of March 2019)
  
  The Embassy received nil trade inquiries from India and nil inquiries from Bosnian companies

<table>
<thead>
<tr>
<th>No.</th>
<th>Company</th>
<th>Contact person</th>
<th>Sector</th>
<th>Action Taken</th>
</tr>
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</table>

• Any Other Issue of Importance:
  
  1. S&P Raises Bosnia’s Outlook for the First Time since 2012: S&P has upgraded Bosnia’s outlook to positive from stable, leaving the B rating unchanged – the first improvement of the country’s outlook since 2012. S&P added that the Bosnian authorities are expected to bring the country back to its frozen deal with the IMF, which, in turn, would lead to more reforms and would unlock financing for important infrastructure projects. Domestic demand, backed by the constantly falling unemployment level in Bosnia, is seen as the main driver of the economic growth. According to S&P, Bosnia’s rating could be raised in the next 12 months if a lasting government is formed and structural reforms are launched. At the same time, the rating is constrained by Bosnia’s complex institutional framework and sustained current account deficits that give rise to substantial external financing needs that weigh on Bosnia’s creditworthiness.

  2. Industrial Output Falls, Building Permits Increase in February: Bosnia’s industrial output decreased by 3.8% year-on-year in February after falling by an annual 6.7% in January, the
national statistical office said. On a monthly comparison basis, Bosnia's industrial production rose by 2.1% in February after decreasing by 0.7% a month earlier, the statistical office said.

3. **Unemployment Figures Drop 8.5% in January**: The number of registered unemployed people in Bosnia decreased by 8.5% on the year to 433,438 in January, Bosnia's Agency for Statistics said. On a monthly comparison basis, the number of registered unemployed people in Bosnia edged down by 0.4%, the statistical office said. Most of the registered unemployed in January were highly skilled and skilled people (141,095), followed by unskilled people (122,160) and holders of a high school diploma (118,675).

**Average Monthly Exchange rates for March 2019**

- 1US$= 1.730207 KM
- 1EUR= 1.955830 KM

*Source: Central Bank BIH [http://cbbh.ba](http://cbbh.ba)*

Sanjeev Manchanda  
Second Secretary (Com/Pol)/CR  
Embassy of India  
Budapest  
Dated: 3rd May, 2019