

**Embassy of India
Budapest**

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

HUNGARY

(I) Bilateral Trade

2018 January-May trade (USD, EUR million)

	Import JAN-MAY	Export JAN-MAY	Total	Growth% of Import (y-o-y)	Growth% of Export (y-o-y)
Hungary's trade with India (mln)	194.6 USD 159.4 EUR	98.6 USD 80.6 EUR	293.2 USD 239.9 EUR	+5.2% -8.4%	+9.1% -5.1%
Hungary's Total Global Trade (mln)	49,541 USD 40,596 EUR	53,468 USD 43,816 EUR	103,009 USD 84,411 EUR	+20.5 +5.9%	+18.4% +4.1%

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

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

S.No.	Commodity	2018 JAN-MAY	Growth (%) (y-o-y)	(%) Share in Total Exports to India
	TOTAL	98.6	9.1%	100.0%
1	85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES	29.2	26.0%	29.7%
2	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	21.7	0.1%	22.0%
3	29 ORGANIC CHEMICALS	13.3	-36.4%	13.5%
4	73 ARTICLES OF IRON OR STEEL	5.1	64.8%	5.2%
5	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	4.3	88.6%	4.3%
6	90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	4.1	-16.1%	4.1%
7	74 COPPER AND ARTICLES THEREOF	2.2	-24.9%	2.2%
8	48 PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	2.1	2.5%	2.1%
9	28 INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	1.8	288.9%	1.9%
10	39 PLASTICS AND ARTICLES THEREOF	1.7	8.1%	1.7%

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

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

S.No.	Commodity	2018 JAN-MAY	Growth (%) (y-o-y)	(%) Share in Total Exports to the World
	TOTAL	53,467.9	18.4%	100.0%
1	85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES	10,917.9	21.6%	20.4%

2	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	9,528.1	13.5%	17.8%
3	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	9,264.9	19.0%	17.3%
4	30 PHARMACEUTICAL PRODUCTS	2,415.2	17.0%	4.5%
5	39 PLASTICS AND ARTICLES THEREOF	2,113.1	21.8%	4.0%
6	90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	1,891.4	12.6%	3.5%
7	27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	1,293.0	19.0%	2.4%
8	40 RUBBER AND ARTICLES THEREOF	1,234.0	22.9%	2.3%
9	29 ORGANIC CHEMICALS	979.2	26.8%	1.8%
10	94 FURNITURE; BEDDING, MATTRESSES, MATTRESS SUPPORTS, CUSHIONS AND SIMILAR STUFFED FURNISHINGS; LAMPS AND LIGHTING FITTINGS...	863.5	21.6%	1.6%

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

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

S.No.	Commodity	2018 JAN-MAY	Growth (%) (y-o-y)	(%) Share in Total Imports from India
	Total	194.6	5.2%	100.0%
1	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	56.4	15.5%	29.0%
2	29 ORGANIC CHEMICALS	46.9	16.2%	24.1%
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	28.0	5.5%	14.4%
4	30 PHARMACEUTICAL PRODUCTS	20.8	-34.4%	10.7%
5	73 ARTICLES OF IRON OR STEEL	5.4	87.8%	2.8%
6	64 FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	4.2	33.9%	2.2%
7	40 RUBBER AND ARTICLES THEREOF	3.8	28.5%	2.0%
8	72 IRON AND STEEL	3.4	-10.6%	1.7%
9	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	2.6	3.3%	1.3%
10	24 TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES	2.6	74.6%	1.3%

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

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

S.No.	Commodity	2018 JAN-MAY	Growth (%) (y-o-y)	(%) Share in Total Imports from the World
	TOTAL	49,540.6	20.5%	100.0%
1	85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES	9,839.0	18.5%	19.9%
2	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	7,875.6	10.8%	15.9%

3	87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	5,421.1	23.8%	10.9%
4	27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	3,532.9	11.7%	7.1%
5	39 PLASTICS AND ARTICLES THEREOF	2,381.6	25.0%	4.8%
6	30 PHARMACEUTICAL PRODUCTS	2,010.8	21.9%	4.1%
7	72 IRON AND STEEL	1,303.2	37.7%	2.6%
8	73 ARTICLES OF IRON OR STEEL	1,210.7	26.1%	2.4%
9	90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	1,078.4	22.9%	2.2%
10	76 ALUMINIUM AND ARTICLES THEREOF	1,034.7	26.5%	2.1%

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

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

S. No.	Commodity	Competitors		Amount
				(In millions of US\$)
1	84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THE...	1	Germany	2,894.0
		2	China	557.5
		3	Italy	482.8
		4	Poland	328.5
		5	Czech Republic	321.1
2	29 ORGANIC CHEMICALS	1	China	97.4
		2	Italy	83.7
		3	Germany	81.8
		4	Czech Republic	78.3
		5	Netherlands	47.8
3	85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND...	1	Germany	2,784.2
		2	China	1,136.4
		3	Netherlands	744.7
		4	Poland	420.1
		5	Austria	362.1
4	30 PHARMACEUTICAL PRODUCTS	1	France	300.7
		2	Korea, Rep.	294.9
		3	Germany	250.0
		4	Belgium	240.8
		5	Netherlands	181.0
5	73 ARTICLES OF IRON OR STEEL	1	Germany	374.5
		2	Italy	117.0
		3	Czech Republic	76.6
		4	Austria	72.8
		5	Poland	72.8

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

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

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

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

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

- Taiwanese bicycle factory for Gyöngyös:** Taiwan manufacturer Giant Global Group is building a bicycle factory in Gyöngyös, Heves county in a Ft 15 billion (appx € 46.2 mln) investment, Foreign Affairs and Trade Ministry state secretary Levente Magyar announced. The factory will have the capacity to produce one million bicycles annually. The investment by the nearly 50-year old company signals its faith in Hungarian labour, Magyar argued. The factory in Gyöngyös will supply the East European market, said Giant Global chairwoman Bonnie Tu. Europe is the most important market for bicycles, she underlined. The Taiwanese company also has factories in China and the Netherlands
- Bosch to expand Budapest centre:** German engineering concern Bosch is investing Ft 37 billion (appx €113.9 mln) in expanding its centre in Budapest, Foreign Affairs and Trade Minister Péter Szijjártó said at the foundation stone ceremony of the Bosch Budapest Development Centre Campus II. The digital revolution is having a significant effect on Hungary, he said, as its medium size and extremely open economy make Hungary sensitive to external factors. Further Hungarian success requires attracting foreign investments in research and development as happened earlier in production facilities, he said. Bosch generated revenues of Ft 1.3 trillion (appx € 4 bln) in Hungary last year and invested Ft 130 billion (appx € 400 mln) here in the last two years. It has also signed cooperation agreements with 14 universities, Szijjártó highlighted. The expansion strengthens Bosch’s commitment to Hungary, said Daniel Korióth, Head of Hungarian operations. Robert Bosch Chairman Klaus Peter Fouquet stressed that Hungary is important for Bosch in both production and research.
- Krones building factory in Debrecen:** Bottling and packaging company Krones will build its first factory in Europe outside Germany in Debrecen, CEO of Krones Hungary Pascal Männche announced at an opening ceremony. The government is providing a Ft 5.5 billion (appx € 16.9 mln) subsidy to the Ft 15 billion (appx € 46.2 mln) project, Foreign Affairs and Trade state secretary Tamás Menczer pointed out.

(iX) Significant trends in trade and investment in JAN-MAY 2018

(Source: Central Statistical Office 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 15.5% in JAN-MAY of 2018 over the same period of 2017. It represents 29.0% of total Indian exports to Hungary.
(HS 29) ORGANIC CHEMICALS	The product group exhibited a growth of 16.2% in JAN-MAY of 2018 over the same period of 2017 and represents 24.1% of total Indian exports to Hungary.
(HS 85) ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND...	Trade grew by 5.5% in this product group in JAN-MAY of 2018 over the same period of 2017. It represents 14.4% of total Indian exports to Hungary.
(HS 30) PHARMACEUTICAL PRODUCTS	The product group experienced a drop of -34.4% in JAN-MAY of 2018 over the same period of 2017. It represents 10.7% of total exports to Hungary.
(HS 73) ARTICLES OF IRON OR STEEL	Although the product group experienced a significant growth in the JAN-MAY period of 2018, its value of 5.4 mln USD represents only 2.8% of Indian exports to Hungary.

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
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**

NIL during the period of report

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

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

NIL during the period of report.

Upcoming Trade Fairs in Hungary:

(I) <u>AUTOMOTIVE HUNGARY: 17-19 October 2018</u>
(II) <u>HUNGAROMEDICA: 11-13 October 2018</u>
(III) <u>HOMEDESIGN AUTUMN: 12-14 October 2018</u>
(IV) <u>BEAUTY & STYLE: 26-28 October 2018</u>
(V) <u>AGROMASHEXPO: 23-26 January 2019</u>

Further information: www.hungexpo.hu

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

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

NIL during the period of report.

VISAS

Number of Regular Visas issued	87
Including number of Business Visas	19
Number of e-Visas issued (all categories)	253
Total number of Visas issued in July 2018:	359

- **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

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

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

European Union Tenders Electronic Daily, the main official database of English language public procurement tenders from Hungary: <http://ted.europa.eu/TED/search/search.do>

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

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

- **Capsys Informatikai Kft to invest into India:** A visit was made to the Embassy of India by two representatives of the Hungarian Capsys Informatikai Kft. (1037 Budapest, Montevideo u. 7), Mr. Gabor Helmeczi, CFO and Mr. Ádám Helmeczi, Project Manger. The IT company aims to create a subsidiary in India in Bangalore, starting in September 2018. The firm plans to work hand-in-hand with IT system engineers and would aim to sell and customize software in the finance sector (i.e banking solutions). Capsys Informatikai Kft has been established 20 years ago and has 120 employees. It had sales of 1.7 bln HUF (appx 6.2 mln USD) in 2017.

- **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:

- OTM Tourism Fair Jan 23-25, 2019
- India Stonemart 31 Jan - 03 Feb 2019
- Agrifest October 24-26, 2018 Lucknow

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

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

- **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 S&T Meeting was held on 7th March and 21st March 2018 respectively follow up on a number of issues is being made such as agriculture, water management, science and technology funding, trade frauds, etc.

S. No.	Detail of JWG/JEC	Action Point	Action Taken
		Cyber fraud cases	<p>The Mission has received a cyberfraud complaint from Right India Marine Food against Agroetanolkft.com. The Indian firm has ordered 800 boxes of Double A A4 Paper (80 GSM) paper against a 50% advance amount of EUR 1,400.- (Total cost EUR 2,800.-) from M/S Agroetanol Kft, who asked for the remaining balance of 1,400 EUR before the shipment was to be made. As this was a unilateral change of terms and conditions of the contract, the Indian company, did not send the remaining balance and asked that the 50% advance of EUR 1,400.- be transferred back. However M/S Agroetanol Kft was not contactable, phone was disabled.</p> <p>The Mission also received a complaint from M/S Saikrupa Polymers Corporation which purchased PET Flakes from M/S FER plast-I.K. Hulladék Kft, Hungary and made advance payment of EURO 2500. Delivery has not been made. The Indian company made a complaint to the Mission. M/S FER plast-I.K. Hulladék Kft could not be contacted.</p> <p>The websites agroetanolkft.com and ferplastikhulladek.com and actions of these companies were symptomatic of typical fraudster activity. The Mission has taken prompt action and notified the Ministry of Foreign Affairs and Trade, the Hungarian Chamber of Commerce and Industry and the Police who are investigating the matter.</p> <p>Embassy of India is doing regular follow-ups.</p>

- **Trade Queries for Imports/Exports (from Hungary for the month of July 2018)**

The Embassy received no inquiries/questions/initiatives from Hungarian companies:

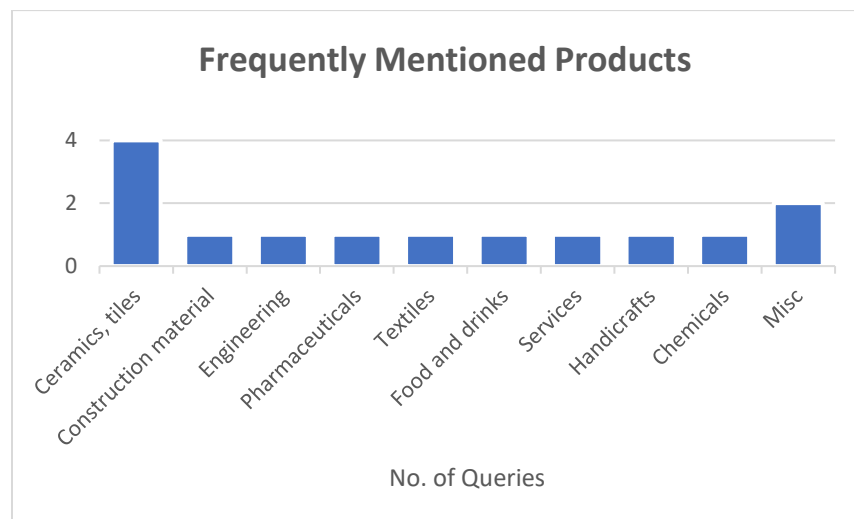
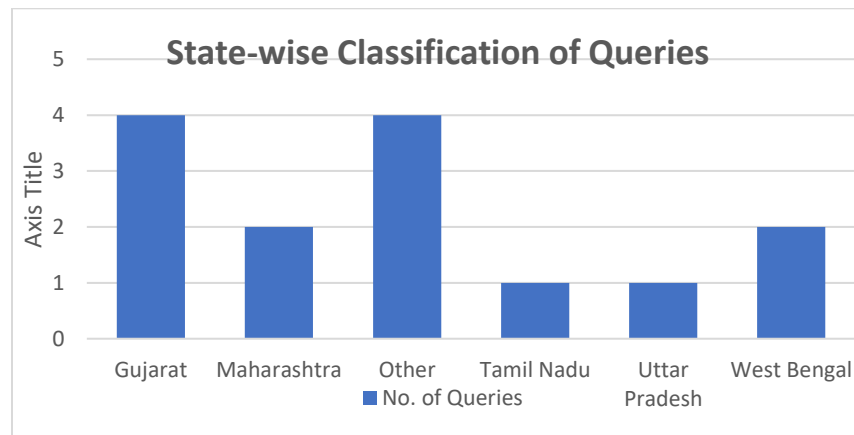
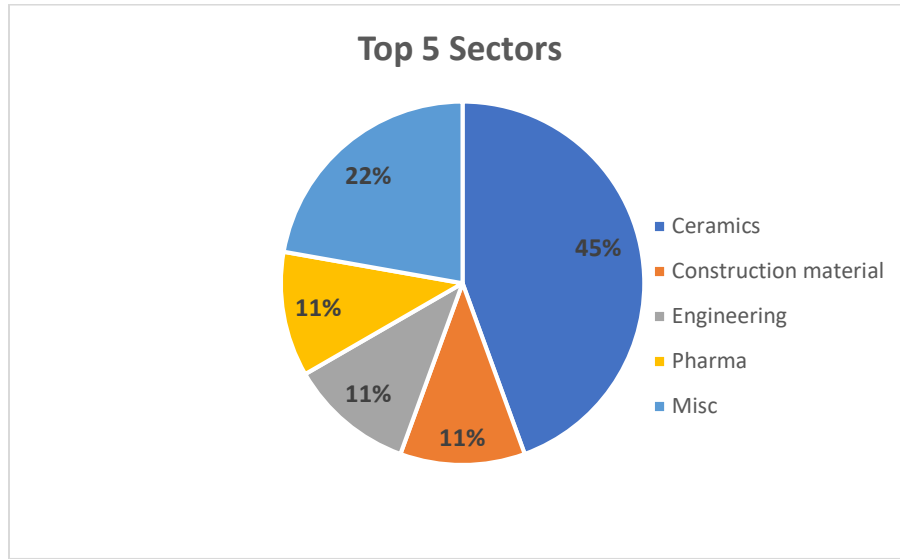
No.	Company	Contact person	Sector	Status

The Embassy received trade inquiries from 14 Indian companies listed below:

No.	Company	Contact person	Sector	Action Taken
1	Radharam Sohanlal	Rahul Roy		Answered
2	Generix Lifesciences Private Limited,	Vinod Nair	Director	Answered
3	Gujarat Metals and Chemicals Company	Archit Tripathi		Answered
4	Ajay Weber International	Robert Siva		Answered
5	Range Exports Pvt	KEVIN DHINGANI	Exports Executive	Answered
6	Zed Vitrified Pvt. Ltd	Vinet Maitin		Answered
7	Aaksh Beverages Pvt Ltd	Anita Gowda		Answered
8	Bharat Forge	Jay Naik		Answered
9	Veritaas Granito LLP	Vinet Maitin	Director international Business	Answered
10	Lorians Ceramic LLP	Jayendra Goswami	Export manager	Answered
11	Ramco Industries Ltd	N.Sathish Pandian	Manager Export	Answered
12	Ola Cabs	Carson Dalton	Director, Community Relations	Answered
13	VHZ Team	Sapna Jain	Handicrafts: kitchenware, home décor	Answered
14	Rohit Investments Pvt Ltd	Argha Bhar	Misc	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. EU subsidies to be cut by a quarter:** The European Commission's present plans envisage €17.9 billion worth of cohesion subsidies for Hungary in the 2021-27 budget period, 25% less than in the 2014-20 period. Marc Lemaitre, Head of the European Commission directorate general for regional and urban policy, made the comment during a background talk for members of the German-Hungarian Chamber of Industry and Trade. He stressed that there is still an ongoing debate about the final numbers, Previous budget considerations cannot be maintained, Lemaitre said, as one of the biggest net contributors, the United Kingdom, will leave the EU, and substantive changes have occurred in recent years in the levels of development of individual member states. While several East and Central European states have made significant progress forward, southern states continue to face a number of economic problems, he said.
- 2. EC confirms 4% growth forecast:** The European Commission confirmed its Hungarian economic growth forecasts of 4% for 2018 and 3.2% for 2019 in its summer forecast. The government's projection is 4.3% for 2018 and 3.8% for 2019. The expansion of Hungary's economy was steady with 1.2% quarterly growth, mainly due to domestic demand. However, exports failed to keep pace with rising import demand, the EC noted.
- 3. Current account turns red in May:** The current account generated a €36 million deficit in May, in sharp contrast to the €275 million surplus in April, according to preliminary data from the MNB. Hungary's net financing ability – the balance of the current and capital accounts – fell dramatically from €688 million in April to €114 million in May. Capital transfers from EU funds fell from €423 million in April to €152 million in May. The net financing ability in the first quarter was €2.1 billion.
- 4. H1 deficit exceeds full-year target:** The budget deficit in June came to Ft 233 billion (appx € 717.5 mln), which lifted the cash-flow-based budget to Ft 1.4 trillion (appx € 4.3 bln), or 104.4% of the full-year target, according to preliminary figures from the Finance Ministry. The central budget incurred a Ft 1.5 trillion (appx € 4.6 bln) loss, while social security funds and independent state funds had surpluses of Ft 15.3 billion (appx € 47.1 mln) and Ft 40.5 billion (appx €124.7 mln), respectively in the first six months. The main budgetary trends for June were stable economic growth and rising revenues. Expenditures were lifted by prefinancing for EU-funded projects, which reached Ft 1.1 trillion (appx € 3.4 bln) by the end of June, while transfers from Brussels amounted to just Ft 162 billion (appx € 498.8 mln). Spending increased as a result of various infrastructure projects, such as the Modern Cities Programme and investments in health care. Despite the burgeoning deficit, the ministry is maintaining its full-year deficit target of 2.4% of GDP based on GDP growth of more than 4%.
- 5. MNB data shows lower state debt:** The state debt stood at 73.9% GDP at the end of the first quarter, slightly below the 74.2% seen in the preliminary reading, according to figures from the MNB. The figure now includes the liabilities of Eximbank, after Eurostat ordered Hungary to incorporate the balance sheets of the state-owned bank in its debt calculations. Partly as a result, the debt figure is above the 73.6% at the end of 2017 but is lower than the 76.2% of 12 months earlier. Gross debt was 72.1% of GDP, calculated on the basis of financial accounts methodology, compared with 71.7% in the previous quarter. In nominal terms, the Maastricht-based debt was Ft 28.05 trillion (appx € 86.4 bln), a Ft 686 billion (appx €2.1 bln) increase over three months. The net general government financing requirement, considered a good approximation of the general government deficit, was Ft 969 billion (appx € 3 bln) in the 12 months to the end of March, equivalent to 2.5% of GDP, the MNB said. The net financing requirement was revised up by Ft 30 billion (appx € 92.4 mln) from the first reading. According to financial accounts data, net lending

of households was Ft 2.1 trillion (appx € 6.5 bln), or 5.5% of the quarterly GDP in the last 12 months and Ft 534 billion (appx € 1.6 bln), or 5.8% of first-quarter GDP.

6. **Council approves 2019 budget bill:** The Budget Council announced that it has approved the 2019 budget bill. Modifications approved in Parliament to the draft will lead to increases of Ft 267.5 million (appx € 0.8 mln) in both total spending and income and therefore do not affect the deficit target, the council said. The planned decrease in the state debt from 72.9% of GDP to 70.3% exceeds the reduction required by the stability law, the council underlined, adding that adequate reserves are at hand to cover possible risks. The Council warned that the budget deficit and state debt targets will be met only if the government follows a strict policy of covering extra expenses or losses in revenues with additional income.
7. **State steps in to help Ikarus:** The government has granted special status to bankrupt bus maker Ikarus Egyedi, having declared the company to be of strategic importance to the economy. Ikarus asked the government to grant it this status when the company applied for bankruptcy protection. The decision by the Innovation and Technology Ministry means that Ikarus's assets, equipment and stocks must be sold as a unit, if at all. The special status also means that only state company Hitelintézeti Felszámoló Nonprofit can act as Ikarus's receiver in bankruptcy. This also means that state money will very probably be available for the struggling company. The ministry stressed that promoting domestic bus making is still a priority for the government, but one that should be realised by private companies, not state firms. The goal of establishing a high value-added and internationally competitive bus making industry in Hungary has not changed, the ministry said.
8. **Inflation reaches five-year high:** Inflation stood at 3.1% year-on-year in June, exceeding the 3% level for the first time since January 2013, according to Central Statistics Office data. Inflation rose from 1.9% in June of last year and 2.8% in May. The actual figure was slightly below analysts' average forecast. For the first half, the consumer price index was 2.3%. The MNB forecast 3.3% inflation for June and core inflation is stable near 2.4%.

Trade surplus much lower in May: The trade surplus was €577 million in May, down from €822 million a year earlier, according to the Central Statistics Office's first estimate. Exports were steady at €9.1 billion, while imports went up 2.9% to €8.5 billion from one year earlier. The EU's share of total exports was 81% and it supplied 77% of Hungary's imports. The January-May trade surplus fell to €3.201 billion from €3.772 billion.
9. **Wages continue rapid rise:** The average gross monthly wage was up 10.9% year-on-year in May at Ft 327,500 (appx €1,008), the Central Statistics Office announced. The average net wage was Ft 217,800 (appx €670.6) in that month. For the January-May period, the average gross wage was Ft 323,400 (appx € 995.8) per month, a year-on-year increase of 9.7% in real terms. The average was highest in the financial sector at Ft 610,800 (appx €1880.7), but was Ft 208,100 (appx € 640.) in retail and catering. The gross wage increase in May was slightly below the 11.2% average forecast of analysts.
10. **Unemployment falls in April-June:** The unemployment rate fell to an average of 3.6% during April-June, down from 4.3% a year earlier, the Central Statistics Office announced. The average number of unemployed dropped from 196,300 to 165,100 in 12 months.
11. **Audi starts mass production of electric engines:** Audi Hungaria has started the mass production of electric engines in Győr, Chairman of the subsidiary Achim Heinfing announced. The Győr factory serves as an example for the whole group, said Audi group Production Director Peter Kössler. **The car industry plays an outstanding role in keeping economic growth in Hungary above 4%, Foreign Affairs and Trade Minister Péter Szijjártó said.** The daily capacity of the new unit is 400 electric engines. Some 100 employees are working on the new line and their number will rise to above 130 by the end of the year. Production started with one

shift but will soon switch to three. The new engines will be installed in Audi's Etron model, which is assembled in Brussels. This is the German carmaker's first fully electric model. Audi Hungaria manufactured 1,965,165 engines at its Győr factory in 2017.

12. **Foreign Minister Szijjártó praises Hungarian-Chinese cooperation:** Hungarian-Chinese cooperation is expanding in all areas, Foreign Minister Péter Szijjártó told state media after the summit meeting on 7th of 16 Central East European countries and China in Sofia. Outlining bilateral talks in the Bulgaria capital between the Hungarian delegation led by Prime Minister Viktor Orbán and the Chinese delegation led by Prime Minister Li Keqiang, FM Szijjártó said trade between Hungary and China reached new highs last year. The modernisation of the Budapest-Belgrade railway line – described by him as the “flagship” of cooperation between the two countries and between Central-Europe and China – is “on track,” Szijjártó said. In the autumn Budapest will host a meeting of the central bank governors of China and the 16 Central and East European countries, and it has also been decided that Budapest will host the centre for development bank cooperation for the 16+1 countries. In addition, a cooperation plan will be drawn up for boosting long-term bilateral relations in economic cooperation, infrastructure development and educational cooperation. FM Szijjártó said Hungary is the region's leading exporter to China, and that the most significant Chinese investment projects are to be found in Hungary. Stating that close cooperation between Central-Europe and China is beneficial for the entire EU, he said it is in the EU's interest to make global trade free and fair, with the fewest possible restrictions to investment and economic ties. While in Sofia, Orbán also had talks with leaders of the Bank of China.

Average Monthly Exchange rates for JULY 2018

1US\$= 278.00 HUF

1EUR= 324.76 HUF

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

Bosnia & Herzegovina (BiH)

Trends in bilateral trade JAN-MAY 2018:

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

	BiH's Imports	BiH's Exports	Total	Growth% of Import (y-o-y)	Growth% of Export (y-o-y)
BiH's trade with India (mln)	31.4 USD 25.8 EUR	3.0 USD 2.4 EUR	34.4 USD 28.8 EUR	+10.8% -2.5%	+3.3% -9.0%
BiH's Total Global Trade (mln)	4,783 USD 3,922 EUR	2,980 USD 2,444 EUR	7,762 USD 6,366 EUR	+24.5% +9.6%	+26.0% +10.9%

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

Product	2018 JAN-MAY	% growth	% total
TOTAL	4,782.6	24.5%	100.0%
27 - MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	665.9	24.8%	13.9%
84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	376.5	26.2%	7.9%
87 - VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	345.7	23.1%	7.2%
85 - ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES	268.6	28.6%	5.6%
39 - PLASTICS AND ARTICLES THEREOF	255.4	27.5%	5.3%
72 - IRON AND STEEL	189.5	65.4%	4.0%
30 - PHARMACEUTICAL PRODUCTS	140.8	15.9%	2.9%
73 - ARTICLES OF IRON OR STEEL	130.4	26.5%	2.7%
41 - RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	94.2	7.7%	2.0%
64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	87.6	20.2%	1.8%

Top 10 items of export to the World from BiH

Product	2018 JAN-MAY	% growth	% total
TOTAL	2,979.6	26.0%	100.0%
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	311.7	18.7%	10.5%
27 - MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	297.0	57.0%	10.0%
84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	193.3	22.7%	6.5%
64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	192.3	24.6%	6.5%
44 - WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	187.4	17.0%	6.3%
76 - ALUMINIUM AND ARTICLES THEREOF	185.1	29.8%	6.2%
73 - ARTICLES OF IRON OR STEEL	172.5	43.2%	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	167.2	30.4%	5.6%
28 - INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	164.0	22.1%	5.5%
72 - IRON AND STEEL	142.7	36.6%	4.8%

Top 10 items of Import from India to BiH

Product	2018 JAN-MAY	% growth	% total
TOTAL	31.4	10.8%	100.0%
84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	6.0	3.5%	19.2%
09 - COFFEE, TEA, MATÉ AND SPICES	4.0	-8.2%	12.6%
41 - RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	1.6	17.7%	5.1%
56 - WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF	1.5	62.3%	4.8%
64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	1.5	15.5%	4.7%
52 - COTTON	1.4	14.9%	4.4%
25 - SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT	1.4	31.7%	4.3%
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	1.1	123.3%	3.6%
62 - ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED	1.1	3.4%	3.6%
30 - PHARMACEUTICAL PRODUCTS	1.1	36.2%	3.5%

Top 10 items of export to India from BiH

Product	2018 JAN-MAY	% growth	% total
TOTAL	2.97	3.3%	100.0%
28 - INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES	2.47	5.8%	83.4%
48 - PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	0.135	7.2%	4.6%
79 - ZINC AND ARTICLES THEREOF	0.127	141.4%	4.3%
73 - ARTICLES OF IRON OR STEEL	0.055	45.6%	1.9%
22 - BEVERAGES, SPIRITS AND VINEGAR	0.046	661.0%	1.6%
84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	0.032	-70.7%	1.1%
72 - IRON AND STEEL	0.026	-52.8%	0.9%
38 - MISCELLANEOUS CHEMICAL PRODUCTS	0.019	-39.2%	0.7%
44 - WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	0.014	-58.7%	0.5%
64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	0.014	-	0.5%

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

S. No.	Commodity	Competitors	Amount (In millions of US\$)
1	84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	1. GERMANY	60.9
		2. CHINA	59.9
		3. ITALY	48.4
		4. TURKEY	22.1
		5. SLOVENIA	19.3
2	09 - COFFEE, TEA, MATÉ AND SPICES	1. BRAZIL	14.6
		2. INDIA	4.0
		3. ITALY	3.6
		4. CROATIA	0.7
		5. VIETNAM	0.6
3	41 - RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	1. ITALY	31.6
		2. SLOVENIA	21.6
		3. CROATIA	6.6
		4. GERMANY	5.7
		5. AUSTRIA	4.9
4	56 - WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF	1. ITALY	9.4
		2. GERMANY	4.4
		3. SLOVENIA	1.5
		4. TURKEY	1.0
		5. CHINA	0.9
5	64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	1. ITALY	22.1
		2. CHINA	19.8
		3. VIETNAM	7.7
		4. SERBIA	4.6
		5. AUSTRIA	4.4

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

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

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

- **Indian business delegation visits FIPA:** Techno India Group and Sister Nivedita University from Kolkata, India, accompanied by the Ambassador of Bosnia and Herzegovina to India, H.E. Sabit Subašić visited the Foreign Investment Promotion Agency in Bosnia and Herzegovina on 11th July 2018. The visit was organized with the aim to get information about possibilities for investing in the education sector in Bosnia and Herzegovina, with a focus on higher education. The delegation was interested in the steps for establishing a high-school institution, registering a company, obtaining the necessary permits and opportunities for establishing a partnership with the local community according to the model of private-public partnership. Representatives of FIPA have introduced the competencies of the Agency; their work with investors, as well as on the possibilities for investing in the education sector in BiH.

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

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

- **German Company to Expand Production in Herzegovina:** Company "Henkel Adhezivi BH", which is part of the German "Henkel" group, is planning the expansion of its factory in Bileca. The German company "Henkel" has been present in the country for many years, and a new factory "Henkel Adhezivi BH" was opened on 6,000 square meters in Bileca in 2015. "Henkel Adhezivi BH" produce its cement products for tiling and insulation of objects to both domestic

and neighboring markets, such as Croatia, Montenegro and Albania. The factory employs 25 workers at the moment, and they are planning new employment with the expansion of business activities.

(ix) Significant trends in trade and investment in JAN-MAY 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 3.5% in JAN-MAY 2018 over the same period of 2017 and represents 19.2% of total Indian exports to BiH with 6.0 mln USD.
(HS 09) COFFEE, TEA, MATÉ AND SPICES	The product group fell back by 8.2% in JAN-MAY 2018 over the same period of 2017. It represents 12.6% of total exports to BiH with 4.0 mln USD.
(HS 41) RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	Trade increased by 17.7% in JAN-MAY 2018 over the same period of 2017 in this product group. However, it represents 5.1% of total Indian exports to BiH with 1.6 mln USD.
(HS 56) WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF	Trade increased 62.3% in JAN-MAY 2018 over the same period of 2017. However, it represents only 4.8% of total Indian exports to BiH with a value of 1.5 mln USD.
(HS 64) FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	The product group increased by 15.5% in JAN-MAY 2018 over the same period of 2017. It represents 4.7% of total exports to BiH with only 1.5 mln USD.

- Bosnia Is the Winner of the 16+1 Summit: Ambassador:** Chinese Ambassador to Bosnia and Herzegovina Chen Bo said that Bosnia achieved yet another success on the bilateral cooperation plan following the “16+1” Summit in Sofia, Bulgaria. “The ‘16+1’ Prime Ministers’ Summit was marked by the Visa Abolition Agreement between governments of Bosnia and China, an agreement in the field of agriculture between competent institutions of the two countries as well as the Loan Agreement for the construction of Block 7, of the Tuzla Thermal Power Plant,” the Ambassador said. “The two countries initiated a procedure on the signing of an agreement on cooperation in the field of civil aviation which will create the condition for the introduction of a direct airline between Bosnia and China. The two sides have initiated a procedure related to the issuance of a license to export dairy products from Bosnia to the Chinese market.” Companies from the two countries that took part in the Summit signed two cooperation agreements concerning road infrastructure, worth over KM 2 billion (€ 1 bln). The Ambassador expressed her expectations that the Huawei company will enter an agreement with BH Telecom on the construction of its 4G network. Bosnia’s Council of Ministers Chairman Denis Zvizdic, Foreign Trade and Economic Relations Minister Mirko Sarovic and Transport and Communication Minister Ismir Jusko made up the Bosnian delegation.

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

ZEPS	General Trade Fair, Metal Industry	Zenica	October 2-6 2018	http://www.zeps.com
RENEXPO BiH	International Trade Fair and Conferences on Renewables and Energy Efficiency	Sarajevo	October 24-25 2018	www.renexpo-bih.com
INTERNATIONAL FAIR OF TOURISM	Fair of tourism and tourism industry, tourism exchange	Sarajevo	October 17-19 2018	www.skenderija.ba
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

<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.					

VISAS

Number of Regular Visas issued	1
Including number of Business Visas	0
Number of e-Visas issued (all categories)	19
Total number of Visas issued in July 2018:	20

- **Investment:**

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

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

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

Foreign Investment Promotion Agency (FIPA) provides a database of investment projects in BiH www.fipa.gov.ba

Delegation of the European Union to BiH Tenders (European tenders):
http://europa.ba/?page_id=320

1. **RS Seeks to Raise €2.1 Million from Sale of Minority Stakes in Three Companies:**

Republika Srpska is launching the sale of its shares in three companies on the Banja Luka Stock Exchange, in partnership with a local investment fund management company, the entity's Investment-Development Bank, IRBRS, said. The RS is seeking to raise at least 4.1 million KM (€ 2.1) from the sale of the shares. Interested parties will be offered to acquire the shares currently held by IRBRS, the entity's Pension Reserve Fund Management Company and investment fund management company Management Solutions from July 16 to July 27 under an all-or-nothing procedure. The stakes on sale include 15.88% of wholesale and retail company Boska RK, 11.90% of fruit and vegetables processing company Vitaminka and 13.36% of the manufacturer.

2. **RS Government Invites Bids for Construction of 65 MW Solar Plant:**

Republika Srpska launched a tender for awarding a concession contract for the construction of a 65 MW solar power plant worth an estimated 150 million KM (€ 76.7 mln). The deadline for the submission of bids is July 27. The solar plant, to be built on a 80-hectare plot of land in Ljubinje, will have an annual output of some 104 GWh.

- **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:

- OTM Tourism Fair Jan 23-25, 2019
- India Stonemart 31 Jan - 03 Feb 2019
- Agrifest October 24-26, 2018 Lucknow

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

BE for 2018-19 Rs.	RE for 2018-19 Rs.	Amount utilized (till JULY 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 JWG, Joint Commissions, sub-commissions etc. (issues that Mission had to follow up with host government): The last JCEC Meeting was held on 24-25 Sept 2012 in Sarajevo. Deputy Minister of Foreign Trade and Economic Relations of BiH, Mr. Mato Franjicevic, who is the Co-Chair of the Joint Committee from the BiH side, led a delegation to India in December 2016 and held a meeting with the Co-Chair from the Department of Commerce in India. Efforts are underway for constituting the next round of JCEC.

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

- **Trade Queries for Imports/Exports (from BiH for the month of 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. **Exports See 12% Year-on-Year Increase:** Exports from Bosnia and Herzegovina amounted to €2.98 bln, or 3.499 billion U.S. dollars, in the first six months of this year, registering a year-on-year increase of 12%. According to data from BiH Agency for Statistics, imports during the same period reached €4.77 bln, up 8.1% year-on-year. The coverage of import by export was 62.5%. Export to signatory countries of the Central European Free Trade Agreement (CEFTA) amounted to € 459 mln, recording a 10.8% increase year-to-year, while import amounted to €571.6 mln, up

4.5% year-on-year. The European Union is the most important trade partner for BiH. Exports to the EU countries amounted to €2.19 bln from January to June 2018, up 13.5% year-on-year, while imports from EU totaled €2.87 bln, up 7% year-on-year. The coverage of import by export was 76.3%.

2. **Unemployment Figure Drops 1.8% in May:** The number of unemployed people in Bosnia decreased 1.8% on the month to 450,067 at the end of May, according to data from the country's statistical office. On a yearly comparison basis, unemployment numbers fell by 7.7% at the end of May, 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.
3. **Western Balkans' Economy Accelerates 3.5% in Second Quarter:** The economic upswing continued in the Western Balkans with annual gross domestic product growth accelerating to 3.5% in the second quarter of 2018, up from an average growth rate of 2.7% in the preceding quarter, the European Commission said. Growth dynamics improved in almost all countries of the Western Balkans in the first quarter of 2018, the report said. The report noted that in Montenegro and Albania output growth strengthened to 4.5% and 4.4%, respectively.
4. **Banking Sector Net Profit Shrinks:** The banking sector in Bosnia saw a net profit of 110.3 million KM (€56.4 mln) in the first quarter of 2018, down 7.8% on the year, data from the central bank shows. The total revenue of the 23 banks operating in Bosnia fell to 345.1 million KM (€ 176.4 mln) in the first quarter, from 361.2 million KM (€ 184.7 mln) a year earlier, while net interest income rose 1.1% on the year to 206.1 million KM (€105.9 mln). The loan portfolio of Bosnia's banks increased 1.5% on the year to 18.3 billion KM (€9.4 bln) in January-March, while non-performing loans decreased 2.3% to 1.8 billion KM (€ 920 mln). Banks' total assets rose to 27.5 billion KM (€14.1 bln) as at end of March, from 27.2 billion KM (€13.9 bln) at the end of 2017.
5. **May Average Net Salary Rises 2.5%:** The average net monthly salary in Bosnia increased by a nominal 2.5% year-on-year in May, reaching 881 KM (€ 450.4). On a monthly comparison basis, the average net monthly salary in Bosnia grew by a nominal 2.2% in May, according to data published by the country's Agency for Statistics. The average gross salary increased by a nominal 2.6% on the year, reaching 1,371 KM (€ 700.9) in May.
6. **BiH Records Close to Half a Million Tourists, Over a Million Overnight Stays:** In the period January - May 2018, 494,351 tourists visited BiH, which is 13.3% more and they had 1,013,109 overnight stays, which is 14.5% more than in the same period of 2017. The number of overnight stays of domestic tourists in the first five months was up by 12.4%, while the number of overnight stays of foreign tourists was 15.5 higher than in the same period of 2017. In the total number of overnight stays, the share of domestic tourists was 32%, while the share of foreign tourists was 68%. In the terms of overnight stays of foreign tourists, the highest number of overnight stays in the first five months was recorded by tourists from Croatia (18.2), Serbia (11.7), Turkey (7.7) Slovenia (6.3), Germany 5), Italy (4.7), United Arab Emirates (3.1) and Austria (2.8), a total of 59.5%. Tourists from other countries made the remaining 40.5% of overnight stays.

Average Monthly Exchange rates for July 2018

1US\$= 1.674952 KM

1EUR= 1.955830 KM

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

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