

**Embassy of India
Budapest**

**ECONOMIC AND COMMERCIAL REPORT
FOR THE MONTH OF MAY 2019**

HUNGARY

(I) Bilateral Trade

2019 Jan-Feb trade (USD, EUR million)

	Hungary's Import	Hungary's Export	Total	Growth% of Import (y-o-y)	Growth% of Export (y-o-y)
Hungary's trade with India (mln)	92.5 USD 81.2 EUR	44.6 USD 39.2 EUR	137.1 USD 120.5 EUR	+13.3% +22.0%	+25.9% +35.8%
Hungary's Total Global Trade (mln)	19,767 USD 17,362 EUR	20,942 USD 18,395 EUR	40,710 USD 35,757 EUR	-0,1% +7,5%	+0.2% +8.0%

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademap.org>

Analysis: In the period of Jan-Feb 2019, in USD terms, exports to India increased by 25.9% year-on-year while imports from India increased by 13.3%. Balance of trade is in India's favour in value of USD 47.9 mln. In EUR terms, exports to India increased by 35.8%, while imports from India grew by 22.0%, resulting in a balance of trade in India's favour in value of EUR 42.1 mln.

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

S.No.	HS code	Commodity	2019 Jan-Feb	Growth (%) (y-o-y)	(%) Share in Total
		TOTAL	44.6	25.9%	100.0%
1	'2941	Antibiotics	10.2	239.5%	22.9%
2	'8517	Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...	2.4	4.9%	5.4%
3	'2939	Vegetable alkaloids, natural or reproduced by synthesis, and their salts, ethers, esters and ...	2.1	135.7%	4.8%
4	'8471	Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...	1.8	-3.4%	4.0%
5	'2929	Compounds with other nitrogen function (excluding amine-function compounds; oxygen-function ...	1.5	-	3.3%
6	'8708	Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ...	1.3	-25.1%	2.9%
7	'8537	Boards, panels, consoles, desks, cabinets and other bases, equipped with two or more apparatus ...	1.2	-22.1%	2.7%
8	'8421	Centrifuges, incl. centrifugal dryers (excluding those for isotope separation); filtering or ...	1.0	489.3%	2.2%
9	'4806	Vegetable parchment, greaseproof papers, tracing papers and glassine and other glazed transparent ...	1.0	29.0%	2.2%
10	'9506	Articles and equipment for general physical exercise, gymnastics, athletics, other sports, ...	0.9	60.9%	2.0%

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademap.org>

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

S.No.	HS code	Commodity	2019 Jan-Feb	Growth (%) (y-o-y)	(%) Share in Total
		TOTAL	20,942.1	-0.1%	100.0%
1	'8703	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	2,013.9	22.5%	9.6%
2	'8708	Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ...	1,196.0	3.0%	5.7%
3	'9999	Commodities not elsewhere specified	865.7	62.6%	4.1%

4	'3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	648.0	-4.3%	3.1%
5	'8407	Spark-ignition reciprocating or rotary internal combustion piston engine	583.6	-22.4%	2.8%
6	'8517	Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...	559.9	14.9%	2.7%
7	'8537	Boards, panels, consoles, desks, cabinets and other bases, equipped with two or more apparatus ...	413.6	1.9%	2.0%
8	'8528	Monitors and projectors, not incorporating television reception apparatus; reception apparatus ...	409.3	-1.2%	2.0%
9	'8471	Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...	397.5	-12.1%	1.9%
10	'8544	Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable" and other insulated ...	384.3	-20.1%	1.8%

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademap.org>

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

S.No.	HS code	Commodity	2019 Jan-Feb	Growth (%) (y-o-y)	(%) Share in Total
		TOTAL	92.5	13.3%	100.0%
1	'2933	Heterocyclic compounds with nitrogen hetero-atom[s] only	9.5	-14.4%	10.3%
2	'3003	Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic ...	8.5	6.5%	9.2%
3	'8473	Parts and accessories (other than covers, carrying cases and the like) suitable for use solely ...	7.5	20.2%	8.1%
4	'8483	Transmission shafts, incl. camshafts and crankshafts, and cranks; bearing housings and plain ...	5.9	-5.7%	6.4%
5	'8544	Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable" and other insulated ...	4.2	-1.9%	4.5%
6	'3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	3.7	62.9%	4.0%
7	'8517	Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...	3.3	353.6%	3.6%
8	'3907	Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, ...	3.0	-	3.2%
9	'8411	Turbojets, turbopropellers and other gas turbines	2.3	-28.3%	2.5%
10	'2922	Oxygen-function amino-compounds	2.1	16.7%	2.3%

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademap.org>

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

S.No.	HS code	Commodity	2019 Jan-Feb	Growth (%) (y-o-y)	(%) Share in Total
		TOTAL	19,767.4	0.2%	100.0%
1	'9999	Commodities not elsewhere specified	1,378.0	22.3%	7.0%
2	'8708	Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ...	976.8	3.8%	4.9%
3	'8703	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	617.2	-7.5%	3.1%
4	'2711	Petroleum gas and other gaseous hydrocarbons	527.6	-4.1%	2.7%
5	'8517	Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...	524.2	12.4%	2.7%
6	'2709	Petroleum oils and oils obtained from bituminous minerals, crude	516.9	38.7%	2.6%
7	'3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	510.1	-4.7%	2.6%
8	'8542	Electronic integrated circuits; parts thereof	484.8	0.4%	2.5%
9	'8544	Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable" and other insulated ...	373.4	-6.3%	1.9%
10	'8409	Parts suitable for use solely or principally with internal combustion piston engine of heading ...	349.3	-21.8%	1.8%

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademap.org>

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

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

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademap.org>

Bilateral investment

- SMG inaugurates € 15.3 mln expansion in Hungary:** Indian automotive industry supplier Samvardhana Motherson Group (SMG) inaugurated a HUF 5 billion (€ 15.3 million) expansion at its base in Túrkeve (SE Hungary) on 22nd May. Ambassador Kumar Tuhin and Minister of Foreign Affairs and Trade Péter Szijjártó Chairman of Samvardhana Motherson Group Vivek Chaand Sehgal jointly inaugurated the event. The investment, by SMG's molded plastics division, Motherson Automotive Technologies & Engineering (MATE), is supported by a HUF 1.5 bln (appx € 4.6 mln) government grant, said Minister of Foreign Affairs and Trade Péter Szijjártó. The investment will create 100 jobs. SMG owner MATE (Motherson Automotive Technologies and Engineering) will build a 12,000 squaremeter plant at the base, next to a factory inaugurated by SMG group member Samvardhana Motherson Reflectec (SMR) in the fall of 2016. SMG employs more than 3,500 people and has more than 105,000 sqm of production space in Hungary.

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

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

- Hungary attractive for foreign investments:** The large number of foreign investment projects in recent years shows that Hungary is extremely attractive to investors, though many people

are still unaware of the achievements of the Hungarian economy since 2010, Innovation and Technology Minister László Palkovics said at a meeting of the European Economic Summit in Brussels on 7th May. The Minister noted that last year, 98 large foreign companies decided to establish factories or research institutes, or embark on some kind of economic activity in Hungary. This success came despite the fact that some economic players do not know about last year's 5% economic growth, or that the unemployment rate has dropped from over 10% nine years ago to 3.6% last year, he said.

2. **PM Viktor Orbán inaugurates new test track:** The first phase of the ZalaZone test track for self-driving vehicles was opened on 20th May in Zalaegerszeg at a ceremony attended by Prime Minister Viktor Orbán. The track, which lies on 265 hectares, cost Ft 45 billion (appx € 138.4 mln) to construct. The second phase of construction will be completed by 2020. The test track and the research facilities around it could become a regional hub, or extend beyond it to a European level. The number of research sites in the automotive industry is around 40, the PM said, adding that Hungary spent Ft 800 billion (appx € 2.5 bln) on development in the current EU budget cycle. A 5-hectare smart city development was also built next to the track with a 2000 m2 building area and a 300-seat conference room.

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

Details of significant trends	Analysis (Indian exports to Hungary)
(HS 84) NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS	The product group grew by 8.3% in JAN-DEC of 2018 over the same period of 2017. It represents 28.1% of total Indian exports to Hungary.
(HS 29) ORGANIC CHEMICALS	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.
(HS 85) ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS...ETC.	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.
(HS 30) PHARMACEUTICAL PRODUCTS	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.
(HS 87) VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS.	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.

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademap.org>

- **Important India related statements of commercial significance by political leaders, think tanks, chambers, associations etc:**
 - **Foreign Minister Peter Szijjártó on the expansion of SMG in Hungary:**
 - “The Samvardhana Group has 270 interests in 41 countries worldwide. Based on its favourable experiences in Hungary to date, the company group decided that the best place for its bumper manufacturing unit is Hungary”

- “One of the world’s largest automotive industry suppliers has once again regarded Hungary as its ideal investment location”.
- “The Hungarian investments realised by the Samvardhana Group have contributed to enabling Hungary to be one of the bastions of the European automotive industry today”.
- “The Samvardhana Group is bringing state-of-the-art technology to Hungary, and by doing so is helping the Hungarian economy to also move forward into a new era in which what matters is no longer the number of jobs, but the level of technology and added value represented by those jobs”
- “The investments realised by the company group have also contributed to enabling the Hungarian automotive industry to generate a production value of 8500 billion forints (€ 26 bln) last year, breaking all previous records.
- “Hungary’s government launched its Eastern Opening Policy in 2010. Its success is indicated by the fact that more and more eastern companies are choosing Hungary as their investment destination, and Indian companies are also present with increasing weight”

- **Market access:**

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

1. **State Promotion Event – GOA:** Embassy of India in collaboration with Department of Tourism, Government of Goa organized a Road Show to promote touristic, economic, cultural and gastronomical highlights of the state of Goa on April 30, 2019 in Budapest, Hungary. The event was organised under the aegis of the 70th Anniversary of Celebrations of India-Hungary diplomatic relations. Members of the newly set up Hungary-India Parliamentary Friendship Group were also present. Ambassador Shri Kumar Tuhin who was the Chief Guest spoke on the complementarities of the India-Hungary relations and highlighted the potential of State of Goa. Ambassador also mentioned that this event was a follow up event from the Indian side to the Film and Tourism Symposium organized by the Hungarian Ministry of Foreign Affairs and Trade on 13th November 2018. A presentation on touristic highlights was given by Mr. Manish Karapurkar, Chief Executive Officer at Team PR Goa. Mr. D. B. Sawant, General Manager of the Goa Tourism Development Corporation thanked the Mission for extending all the support in successful organizing of the event, which was attended by approx. 50 members from tour and travel fraternity apart from local dignitaries from Hungarian side. The event ended with a reception serving authentic Indian food.
2. **IFAT Roundtable on India:** Embassy of India participated in a roundtable discussion on 8 May, organized by the Institute for Foreign Affairs and Trade of Hungary under the aegis of the 70th anniversary of diplomatic relations between India and Hungary. The event themed on "Prospects for the economic relations of India and Hungary" featured panellists: Mr. Sanjeev Manchanda, SS (Pol & Com)/Commercial Representative, Embassy of India; Dr. Péter Besenyey, CEO & Co-founder of Logipix Technical Development Ltd; and Mr. Csaba Kovács, Head of department, Gedeon Richter Plc. The event was moderated by Mr. Péter Goreczky, Senior Analyst, Institute for Foreign Affairs and Trade and focused on the practical experiences and potentials of bilateral relations between the two countries.

Upcoming Trade Fairs in Hungary:

(I) <u>INDUSTRY DAYS – MACH TECH -14-17 May 2019</u>
(II) <u>HUNGAROMED 7 - 9th October 2019</u>
(III) <u>HOMEDESIGN AUTUMN 11 - 13th October 2019</u>
(IV) <u>AUTOMOTIVE HUNGARY 16 - 18th October 2019</u>
(V) <u>BUDAPEST WATER SUMMIT 15-17 October 2019</u>
(VI) <u>BEAUTY & STYLE 18 - 20th October 2019</u>
(VII) <u>AGROMASHEXPO 22 - 25th January 2020</u>

Further information: www.hungexpo.hu

VISAS

Number of Regular Visas issued	(MAY)	78
Number of Business Visas issued	(MAY)	37

- Investment:**

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

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

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/>

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>

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

- Mining concession tenders open:** The Innovation and Technology Ministry announced oil, gas, lignite and geothermal concession tenders on 30th May. Licences will be valid for 20 years for oil and gas and 35 years for geothermal energy. Oil and gas can be explored and exploited in areas near Csongrád, Csorna, Érd, Ka-darkút, Kisvárd, Nyírbátor, Pusztaszer and Zala-East. Geothermal energy exploration will be permitted in Gádoros and lignite exploration in Sa-jóképolna. Bids must be filed in person on September 25-26 at the customers' office of the Mining and Geology Service.

- Publicity of upcoming Indian Trade Fairs:**

The Embassy gave publicity to the following event:

- International Silk Fair 15-17 July 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
5. Printing of booklets: States of India- An Investment Opportunity (English Version)

- **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 May 2019)**

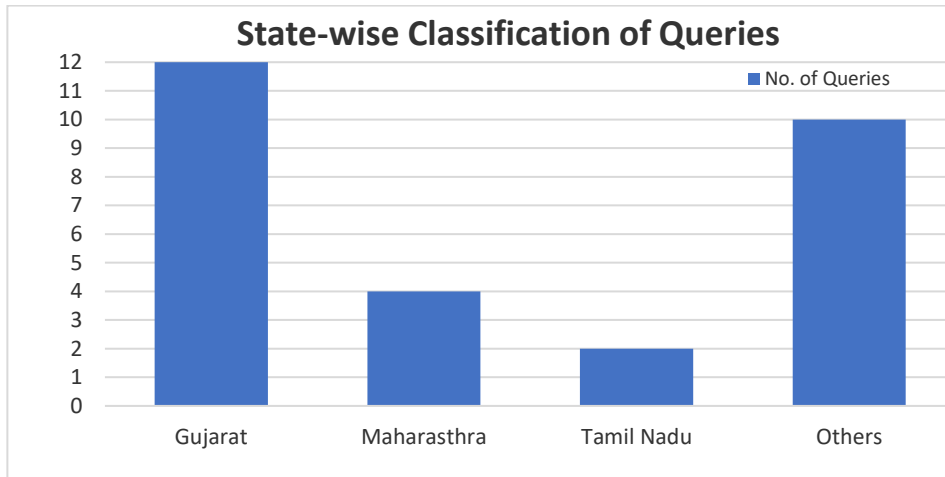
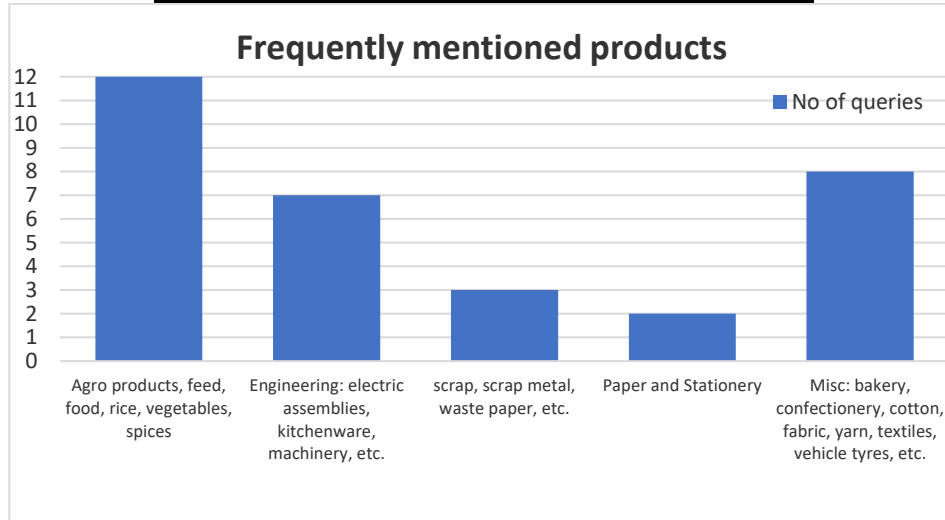
The Embassy received trade inquiries from 28 Indian companies and none from Hungary.

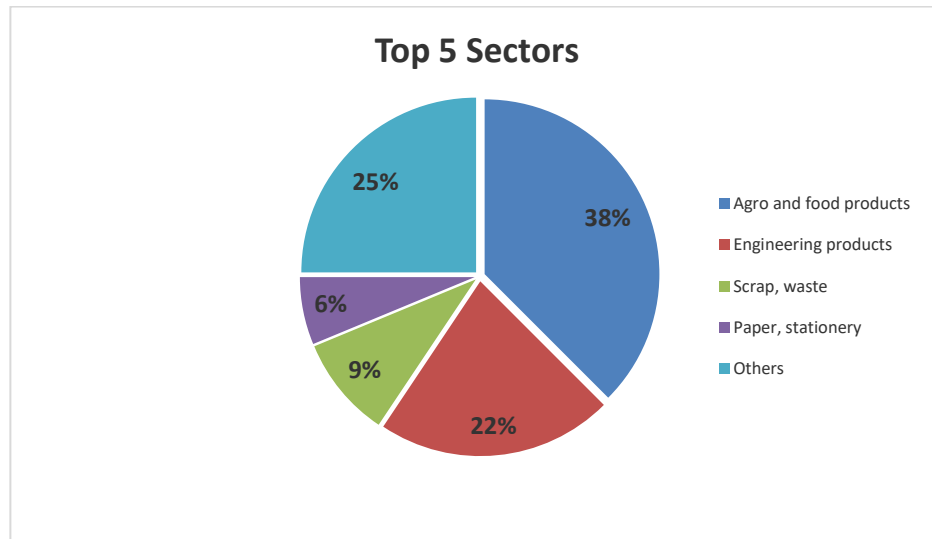
No.	Company	Contact person	Sector	Action Taken
1	Agri Dehydrated Foods	Jiya Rajvanshi	Agro: vegetables	Answered
2	Bala BK Exports	S.Karthikeyan.	Misc: confectionery, food, fruit, vege, textiles, spices	Answered
3	Shree Mahalakshmi Metal	Rohit Aher	Scrap	Answered
4	Soni Polymers Pvt Ltd	Purna	Stationery	Answered
5	Dream Foodstuff	Darsh Kathrotiya	Scrap: Waste paper	Answered
6	Neelo international	Nilesh Gohel	Agro: vegetables	Answered
7	India Steel	Ishad Khan	Scrap metal	Answered
8	White Horse Exports	Akash Tulsyan	Miscellaneous	Answered
9	Agri dehydrated foods	Jiya Rajvanshi	Agro: vegetables	Answered
10	Green Gold Corporation	Kuldeep Singh	Paper: Misc items	Answered
11	Sundaram Overseas	Raj Raiyani	Misc: cotton, fabric, feed, herbs, Spice, yarn	Answered
12	Apex Homeneeds Pvt. Ltd		Engineering: Kitchenware	Answered
13	Servo-Med Industries Private Limited	Jitendra	Medical products	Answered
14	Meera Brass Industries	Ashvin Aghera	Engineering: Electric assemblies	Answered
15	Shivam Agro Industries	Shivam Cholera	Engineering: Agricultural machinery	Answered
16	Srk Trading Company	K.Shubham	Engineering goods	Answered
17	Trinity Sales	Parag Nahar	Vehicle tyres	Answered
18	Rudra Transworld Services	Prashant Raval	Agro: animal feed	Answered
19	New Indian Dehydrates	Shivang Kumar	Agro: vegetables	Answered
20	Vandeep International	Mitesh Gandhi	Misc: Agro fruits, vegetables, Textiles	Answered
21	REGENT systmengg Private Limited	K K Mehta	Engineering	Answered
22	Atul Sharma	Atul Sharma	Misc: Agro, bakery, Textile	Answered
23	Aim Exports		Agro: rice, vegetalbes, spice	Answered
24	Agilam Marketing	Ms Malliha Jeyabalen	Miscellaneous	Answered

25	Neelson Home Appliances	P.M.Pragda	Engineering: kitchenware	Answered
26	Globrators Business Pvt Ltd	Prince A	Misc: Agro food, tea, textiles	Answered
27	Chandni Bonville Foods	Chandi	Food	Answered
28	Dharmanandan Techno Projects Pvt Ltd	Bhavesh Sojitra	Engineering: Machinery	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





- **Any Other Issue of Importance:**

1. **Convergence plan sees 4% growth:** The government targets annual GDP growth of around 4% in the latest convergence plan submitted to the European Commission. The plan envisages GDP expansion of 4% in 2019, 4% in 2020, 4.1% in 2021, 4.2% in 2022 and 4% in 2023. The government sees the budget deficit falling from 1.8% of GDP in 2019 to 1.5% in 2020, 1.2% in 2021, 0.5% in 2022 and 0% in 2023. The zero-budget deficit is a goal long revered by Prime Minister Viktor Orbán. However, the ambitious goal comes as the government has launched its family support scheme, which will increase the deficit. The convergence plan details the positive fiscal impacts of the family support scheme and growth, which could outweigh the costs of adopting these measures
2. **European Commission ups GDP forecast for Hungary:** The European Commission raised its 2019 GDP growth projection for Hungary from 3.4% to 3.7%, and the 2020 projection from 2.6% to 2.8% in a quarterly forecast. This is below the government's target of 4% for both years in the updated convergence programme. The Hungarian economy, which grew 4.9% in 2018, may lose momentum as capacity constraints limit the further expansion of domestic demand, while external demand is subdued, according to the forecast. Investment growth is projected to decline in the coming years as public investments are set to peak due to the increased use of EU funds. The European Commission sees the budget deficit narrowing to 1.8% of GDP in 2019 and 1.6% in 2020, but said that rapid growth in public investment and government welfare measures poses risks. The unemployment rate is projected to decline from 3.7% last year to 3.5% in 2019 and 2020, with employment rising by 1.4% and 0.4% in the same period
3. **OECD recommends tighter policies:** Hungary needs tighter budgetary and monetary policies in order to avoid overheating its economy, the OECD recommended in a study. The MNB should gradually phase out its monetary easing tools in order to curb expected inflation, the report recommends. Mostly due to expansion of domestic demand, GDP growth will reach 3.9% this year and 3% in 2020, the international organisation forecast, as it maintained its 2019 projection while lowering its earlier forecast of 3.3% for 2020. The OECD expects the budget deficit to reach 2% of GDP in 2019 and slightly increase to 2.1% in 2020. The state debt is forecast to drop to 68.5% of GDP in 2019 and 66.8% in 2020. The period of strong growth creates an opportunity for structural reforms, the OECD underlined. It suggested that the government combat poverty among the elderly and tackle challenges of the pension and health care systems.

4. **GDP shoots up in Q1:** The GDP growth rate was 5.2% year-on-year in the first quarter of 2019 according to seasonally and workday adjusted data the Central Statistics Office announced.
5. **Budget produces surplus in April:** The budget produced a surplus of Ft 102.9 billion (appx € 316.5 mln) in April, lowering the budget deficit to Ft 39 billion (appx € 120 mln) in the first four months of 2019, Finance Minister Mihály Varga announced. This year's budget deficit target of 1.8% of GDP is feasible, the FM said, adding that the debt to GDP ratio may drop below 70% this year. FM Varga underlined that the central budget paid out Ft 489.3 billion (appx € 1.5 bln) in advanced payments on EU-financed projects between January and April, while the EU has transferred only Ft 305.9 billion (appx € 940.7 mln) in funding.
6. **State debt falls in first quarter:** Hungary's state debt stood at Ft 29.4 trillion (appx € 90.4 bln), or 68.3% of GDP, at the end of the first quarter of 2019. This is down from 69% at the end of 2018 and from 71.8% a year earlier, the MNB said. Including liabilities of state-owned export bank Eximbank, Hungary's state debt dropped from 70.8% at the end of December to 70.1% at the end of March. Net liabilities of the government amounted to Ft 24.1 trillion (appx € 74.1 bln) or 56.1% of GDP at the end of the first quarter. The general government closed the first quarter with a surplus of Ft 182 billion (appx € 559.7 mln), equal to 1.8% of GDP in the period. In the 12-months leading up to the end of March, the general government deficit was Ft 721 billion (appx € 2.2 bln) or 1.7% of GDP.
7. **Construction output 67.6% in March:** Construction industry output went up by 67.6% year-on-year in March, up from 46.8% in February, the Central Statistics Office announced. The construction of buildings expanded by 62.3% while the construction of other structures shot up by 78.8%. According to seasonally and workday adjusted figures, construction output was down by 2.5% from February to March. In the first quarter construction industry production was up by 48.2% and industrial producer prices increased by 10.3%.
8. **Varga announces tax cuts:** Finance Minister Mihály Varga announced a new economy protection plan largely consisting of tax cuts for businesses at a press conference. Although the Hungarian economy is growing rapidly, a slowdown is experienced in the region, he said. The plan includes the following changes:
 - The social contribution tax levied on employment will be cut from 19.5% to 17.5%.
 - The small company tax will be cut from 13% to 12% for about 40,000 companies.
 - Tax administration will be curbed, for example the EVA system will be phased out and labour taxes paid by employers will be unified.
 - The compulsory requirement for large companies with more than Ft 100 million (appx 310,000) in annual revenues to pay large advance tax payments in December will be cancelled.
 - The advertising tax will be abolished.
 - The VAT on accommodation services will be reduced from 18% to 5%.
 - In small villages, home renovations will be eligible for tax refunds of up to Ft 5 million (appx € 15,400).
 - Companies will receive subsidies for building workers hostels.
 - The ceiling on tax allowances for development projects will be abolished.
 - The government will increase the capital of state-owned loan guarantor Garantiqa by Ft 10 billion (appx € 30.8 mln).
 - The government will give another Ft 5 billion (appx € 15.4 mln) to the state guarantor of agricultural loans.
 - An annual Ft 17 billion (appx € 52.3 mln) will be available for expanding watered agricultural areas.
 - Subsidies for research and development will be increased by Ft 32 billion (appx € 98.4 mln) in 2020.

- The government will issue the State Bond Plus bond for homebuyers with a very attractive yield.

- 9. Gov't plans to help car industry:** The government will help the auto industry by expanding financial assistance for suppliers, Foreign Affairs and Trade Minister Péter Szijjártó said at the car industry conference organised by the Hungarian Investment Promotion Agency on 29th May. The assistance will be part of the wider plan to boost economic growth to two per-centage points above the EU average, he said. That plan includes tax cuts and simplified business administration, modernising of labour training and expanding the so-called dual model of apprentice schools, he added. Szijjártó urged participants in the conference to offer their advice and ideas to the joint centre run by carmaker Audi and the University of Győr. In Hungary the car industry offers the most connection points to international value chains, said HIPA president Róbert Ésik. Szijjártó stressed that Hungary does not support the EU in “unwisely” curbing the competitiveness of the car industry with environmental arguments. Instead, he argued, protection of the environment should be harmonised with competitiveness by finding a long-term equilibrium.

Average Monthly Exchange rates for May 2019

1US\$= 290.73 HUF

1EUR= 325.17 HUF

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

**Embassy of India
Budapest**

**ECONOMIC AND COMMERCIAL REPORT
FOR THE MONTH OF MAY 2019**

Bosnia & Herzegovina (BiH)

Trends in bilateral trade Jan-Feb 2019:

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)	11.3 USD 9.9 EUR	0.17 USD 0.15 EUR	11.4 USD 10.0 EUR	+7.4% +15.9%	-71.4% -69.3%
BiH's Total Global Trade (mln)	1,652 USD 1,451 EUR	1,037 USD 911 EUR	2,689 USD 2,362 EUR	-1.7% +6.1%	-8.9% -1.8%

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademap.org>

Analysis: In the period of January-February 2019, in USD terms, exports to India fell back by 71.4% while imports from India grew by 7.4% year-on-year. Balance of trade is in India's favour in value of USD 11.1 mln. In EUR terms, exports to India fell back by 69.3% while imports from India grew by 15.9%. The balance of trade is in India's favour in value of EUR 9.7 mln.

Top 5 items of export to India from BiH (In millions of US\$)

S.No.	HS code	Commodity	2019 Jan-Feb	Growth (%) (y-o-y)	(%) Share in Total Exports to India
		TOTAL	0.166	-71.4%	100%
1	'7907	Articles of zinc, n.e.s.	0.079	83.7%	47.6%
2	'2203	Beer made from malt	0.031	-	18.7%
3	'8421	Centrifuges, incl. centrifugal dryers (excluding those for isotope separation); filtering or ...	0.014	-	8.4%
4	'4407	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, ...	0.011	-	6.6%
5	'2836	Carbonates; peroxocarbonates "percarbonates"; commercial ammonium carbonate containing ammonium ...	0.009	-98.1%	5.4%

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademap.org>

Top 10 items of export to the World from BiH (In millions of US\$)

S.No.	HS code	Commodity	2019 Jan-Feb	Growth (%) (y-o-y)	(%) Share in Total Exports to India
		TOTAL	1,037.0	-8.9%	100.0%
1	'2716	Electrical energy	62.3	3.1%	6.0%
2	'9401	Seats, whether or not convertible into beds, and parts thereof, n.e.s. (excluding medical, ...)	55.0	-26.1%	5.3%
3	'7601	Unwrought aluminium	38.0	-17.6%	3.7%
4	'9403	Furniture and parts thereof, n.e.s. (excluding seats and medical, surgical, dental or veterinary ...)	32.1	-9.1%	3.1%
5	'8544	Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable" and other insulated ...	31.7	7.2%	3.1%

6	'2704	Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon	27.7	-0.4%	2.7%
7	'6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of ...	28.5	-6.3%	2.7%
8	'6406	Parts of footwear, incl. uppers whether or not attached to soles other than outer soles; removable ...	27.1	-3.5%	2.6%
9	'8708	Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ...	26.5	-7.6%	2.6%
10	'4407	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, ...	25.1	-19.7%	2.4%

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademap.org>

Top 10 items of Import from India to BiH (In millions of US\$)

S.No.	HS code	Commodity	2019 Jan-Feb	Growth (%) (y-o-y)	(%) Share in Total Exports to India
		TOTAL	1,651.7	-1.7%	100.0%
1	'8414	Air or vacuum pumps (excluding gas compound elevators and pneumatic elevators and conveyors); ...	8.3	6.4%	0.5%
2	'0901	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes ...	7.8	-7.6%	0.5%
3	'6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of ...	7.5	-33.6%	0.5%
4	'5603	Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s.	4.0	-38.1%	0%
5	'5205	Cotton yarn other than sewing thread, containing >= 85% cotton by weight (excluding that put ...	0.6	-16.1%	0%
6	'2516	Granite, porphyry, basalt, sandstone and other monumental or building stone, whether or not ...	0.5	25.3%	0%
7	'3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	43.1	6.6%	2.6%
8	'6802	Monumental or building stone, natural (excluding slate), worked, and articles; mosaic cubes ...	1.2	50.7%	0%
9	'4113	Leather further prepared after tanning or crusting "incl. parchment-dressed leather", of goats ...	1.8	-35.0%	0%
10	'6404	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of ...	6.5	56.2%	0.4%

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademap.org>

Top 10 items of Import from the World to BiH (In millions of US\$)

S.No.	HS code	Commodity	2019 Jan-Feb	Growth (%) (y-o-y)	(%) Share in Total Exports to India
		TOTAL	1,651.7	-1.7%	100.0%
1	'2710	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations containing ...	110.2	19.3%	6.7%
2	'8703	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	69.2	1.1%	4.2%
3	'2701	Coal; briquettes, ovoids and similar solid fuels manufactured from coal	55.7	3.4%	3.4%
4	'2716	Electrical energy	43.3	91.2%	2.6%
5	'3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	43.1	6.6%	2.6%
6	'2711	Petroleum gas and other gaseous hydrocarbons	32.8	20.5%	2.0%
7	'7601	Unwrought aluminium	20.7	47.4%	1.3%
8	'8517	Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...	21.2	5.9%	1.3%
9	'4107	Leather further prepared after tanning or crusting "incl. parchment-dressed leather", of bovine ...	17.7	-16.4%	1.1%
10	'6406	Parts of footwear, incl. uppers whether or not attached to soles other than outer soles; removable ...	14.4	-2.8%	0.9%

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

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

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademap.org>

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

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

- **ArcelorMittal to Cut Iron Ore Output, 300 Jobs:** ArcelorMittal will reduce output and cut 300 of 800 jobs at its iron ore mines in Bosnia, the world's largest steelmaker said. Output will be cut by a third to 1 million tons and the job cuts carried out by September, it said in a statement. ArcelorMittal operates a steel plant in the central Bosnian town of Zenica which processes iron ore from its Omarska mines in Prijedor.

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

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

1. **Republika Srpska offers €17.9 Million of 7-Year T-Notes on May 20:** Republika Srpska offered KM 35 million (EUR 17.9 mln) of seven-year Treasury notes at an auction on May 20, the entity's Finance Ministry said. The government securities of KM 1,000 (€ 511.3) in par

value each will mature on May 22, 2026. During the last auction of seven-year T-notes held on July 20, 2018, the RS Finance Ministry raised KM 117.7 million (€ 60.2 mln).

2. **Bosnia's Business Climate “Lures Foreign Reinvestment”:** Bosnia and Herzegovina are increasingly attracting the reinvestment interest of existing foreign investors as a result of its favourable business climate, the head of the state-level government said. “I am sincerely pleased that more than 84% of existing investors are ready to recommend Bosnia as an investment-friendly country, and 70% of them plan to reinvest in the country in the next three years,” the Chairman of Bosnia’s Council of Ministers, Denis Zvizdic, said at a Bosnia investment outlook session held in the framework of the European Bank for Reconstruction and Development’s 2019 Annual Meeting and Business Forum in Sarajevo. Bosnia is attracting investments thanks to its favourable geostrategic position, quality natural resources, educated workforce and developed banking sector, Chairman Zvizdic said. The country also offers investors the possibility of developing entrepreneurship through the development of micro, small and medium-sized enterprises as well as the opportunity to execute profitable projects in transport, energy, forestry, wood and metal industries, agriculture and tourism, he added. Foreign direct investment in Bosnia and Herzegovina reached record-high 400 million euro in 2018, an increase of 2.8% on the previous year.

3. **Western Mining Obtains 15-Year Lead/Zinc Concession near Foca:** Bosnian company Western Mining has been awarded a 15-year concession contract to build and operate a lead and zinc mine in Celebici, in the eastern part of the country. Western Mining Manager Vladimir Rudic said that the company has already invested some KM 7.0 mln (EUR 3.6 mln) in exploration works which confirmed that the concession site spreading on 42 square kilometres east of the town of Foca holds estimated deposits of around one million tons of zinc and lead. Production at the mine located some 30 km from Foca is expected to start within two to three years. It will be carried out through both open pit and underground mining in order to ensure optimum utilization of ore deposits.

(ix) Significant trends in trade and investment in JAN-DEC 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 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.
(HS 09) COFFEE, TEA, MATÉ AND SPICES	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.
(HS 41) - RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	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.
(HS 64) - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	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.
(HS 25) - SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT	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.

Source: International Trade Centre: Calculations based on Eurostat statistics <http://www.intracen.org>, <http://www.Trademapp.org>

- **Foreign Trade Minister Initiates a Procedure to Protect Domestic Wood-Processing Industry:** Bosnian Minister of Foreign Trade and Economic Relations, Mirko Sarovic plans to ban the export of forest timber from Bosnia for the period of two years and introduce a tax on the export of beech

and oak timber, all in order to protect domestic producers. The intention is to completely reduce the export of timber and raw materials and enable undisturbed development of the furniture industry in BiH.

- **Market access:**

TRADE FAIRS in Bosnia and Herzegovina

SARAJEVSKI SAJAM TURIZMA 2019	41st International Fair of Tourism and Catering	Sarajevo	October 9-11	www.skenderija.ba;
ZEPS 2019	26th International General BH Economic Fair and 16th International Fair on Metal Industry	Zenica	October 1-5	www.zeps.com
RENEXPO	International Trade Fair and Conferences on Renewables and Energy Efficiency	Sarajevo	October 23-24	www.renexpo-bih.com
AUTUMN FAIR 2019	International Fair of Agriculture and Food Industry International Hunting, Fishing, Ecology and Sports Fair International Fair of Tourism and Catering	Banja Luka	November 14-17	www.sajam.co

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

<http://komorabih.ba/wp-content/uploads/2019/01/calendar-of-bh-fairs-manifestations-2019.pdf>

VISAS

Number of Tourist Visas issued	(MAY)	0
Number of Business Visas	(MAY)	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 event:

- International Silk Fair 15-17 July 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. Expenditure towards participation in Mostar International Economic Fair, 9-13 April 2019

4. Printing of booklets: States of India- An Investment Opportunity (Bosnian Version)

- **Action taken on the previous JWGs, 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 May 2019)**

The Embassy received 1 trade inquiries from India and *nil* inquiries from Bosnian companies

No.	Company	Contact person	Sector	Action Taken
1	Servo-Med Industries Private Limited	Jitendra	Medical products	Answered

- **Any Other Issue of Importance:**

- 1. EBRD Sees Steady Growth in Western Balkans in 2019:** The EBRD expects continued steady economic growth in the six Western Balkan countries in 2019, despite a cooling international economic environment which may see the pace of growth slowing in some countries in the region. In Bosnia, the economy has continued to be resilient to a slow-down of reforms and continued political uncertainty. In 2018, GDP grew by 3.1 per cent. The economy is expected to continue growing at 3.0% in 2019 and 2020. However, the 2019 projection has been revised downwards by 0.5% from the previous November 2018 report, due to delays both in the formation of new governments after the October 2018 elections and a program with the International Monetary Fund.
- 2. External Debt Up, Internal Debt Down:** At the end of 2018, the public debt of Bosnia and Herzegovina amounted to 11.119 billion KM (€ 5.69 bln), out of which the external debt was 8.205 billion KM (€ 4.2 bln) or 73.8 %, while the internal debt was 2 billion and 913 million KM (€ 1.5 bln) or 26.2 % “Internal debt has been reduced by 241.4 million KM (€ 123.4 mln), and external debt has increased by 352.4 million KM (€ 180.2 mln) compared to 2017, “In the total public indebtedness, the Federation of BiH participates with 52.16 %, Republika Srpska with 46.71 %, BiH institutions with 0.66 % and District with 0.47 %. The share of Bosnia and Herzegovina’s public debt in gross domestic product (GDP) in 2018 it was 32.9 %,” said the Council of Ministers. When speaking about external debt, it is stated that the World Bank – IDA and IBRD have a share of 33.51 %, the European Investment Bank with 22.94%, 7.78 % of the Paris Club of Creditors, the European Bank for Reconstruction and a growth of 6.70%, the International Monetary Fund with 5.05 %, representing 75.98 % of total external debt. “BiH External Debt Service amounted to 976.43 million KM (€ 499.2 mln) in the previous year, of which the main is 839.53 million KM (€ 429.24 mln), and interest of 136.9 million KM (€ 70.0 mln).
- 3. Federation Jobless Rate Drops to 38% in March:** The registered jobless rate in Federation edged down to 38% at the end of March from 38.4% a month earlier, the entity's statistical agency said. The number of unemployed fell 1.4% on the month to 321,618 in March. At the same time, the number of employed people edged up 0.3% month-on-month to 525,401 in March, while the active population decreased 0.3% month-on-month to 847,019. Average net monthly salary in Federation increased by a real 3.1% year-on-year to 916 KM (468.3 EUR) in March. On monthly comparison basis, the average net monthly salary in the Federation rose by 2.3% in real terms in March. The average gross salary grew a real 2.6% on the month and 3.2% on the year to 1,407 KM (€ 719.4) in March.
- 4. Consumer Prices Rise 0.8% in April:** Bosnia and Herzegovina's consumer price index rose 0.8% year-on-year in April, after increasing by an annual 0.7% a month earlier. Prices of food and non-alcoholic beverages added 1.1% in April, prices of alcoholic beverages and tobacco increased

by 3.9% and prices of housing, water, electricity, gas and other fuels rose 2.9%, Bosnia's Agency for Statistics said in a monthly inflation report. On a monthly comparison basis, Bosnia's consumer prices edged down 0.3% in April, after edging up 0.1% in March.

- 5. Net Profit of Central Bank in 2018 Amounts to over Eight Million KM:** During 2018, the Central Bank of Bosnia and Herzegovina continued with the successful implementation of the monetary policy and maintaining of monetary stability. The net profit of the CBBH for 2018 amounted to KM 8,43 mln (€ 4.3 mln). The total amount was allocated to the general reserves as the CBBH capital position. CBBH will continue its foreign exchange reserves investments policy focusing on monetary stability and portfolio security.

Average Monthly Exchange rates for May 2019

1US\$= 1.781010 KM

1EUR= 1.955830 KM

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

Sanjeev Manchanda
Second Secretary (Com/Pol)/CR
Embassy of India
Budapest
Dated: 4th July, 2019