

# Embassy of India Budapest

## Economic and Commercial Report for the month of November 2017

### Executive Summary

1. EC approves advance payments
2. Prime Minister signs new deals with China
3. GDP rising faster than forecasts
4. Fitch upgrades Hungary outlook
5. Parliament cuts labour taxes
6. Opel's new owner announces strategic turnaround plan

### Economic

**EC approves advance payments:** The European Commission decided to reimburse Hungary for EU advance payment invoices filed by the end of October. The positive decision came about in part because the EU audit completed in Budapest did not find serious problems. As a result, Ft 330 billion (appx € 1.1 bln) will arrive in the Hungarian budget by the end of 2017.

**PM Viktor Orbán signs new deals with China:** The 7th China-CEEC Summit (16+1 Summit) was held on 27<sup>th</sup> Nov in Budapest, which was chaired by visiting Chinese Premier Li Keqiang. On 28<sup>th</sup>, Prime Minister Orbán and the Chinese Premier held official inter-governmental talks. As a result of agreements signed, Hungary can export corn and honey to China, Eximbank will have a \$500 million line of credit and Chinese-owned BorsodChem will receive a \$217 million investment loan. In addition, the Chinese Development Bank will be providing a credit line of 20 million euros to Komárom-based bus manufacturer BYD to enable the company's further development. Also, the Hungarian section of the Budapest-Belgrade line modernization tender was launched in the value of 550 bln HUF (EUR 1.76bn) of which China provides 85% loans for 20 years at a rate of 2.5% per annum. PM Orbán said several investment projects must be implemented for which neither Hungarian nor EU funds are available, because "we need China as well". Noting that 16 prime ministers from Central-East Europe and China had gathered in Budapest, he said this was an important two days for Hungary".

**MNB maintains base rate:** The MNB's monetary council kept the central bank's base rate unchanged at 0.9%. The base rate has been steady since May 25, 2016. The council did not change the overnight lending and deposit rates either. The over-night lending rate remained at 0.9% and the deposit rate -0.15%.

**MNB FX reserves up in October :** Foreign-currency reserves of the MNB increased from the previous month by €333 million to €22.559 billion in October, the MNB announced. The total of foreign-currency reserves stood at €25 billion a year earlier and it reached €24.384 billion in December 2016.

**GDP rising faster than forecasts:** The GDP growth rate was 3.6% year-on-year in the third quarter, the Central Statistics Office announced when it released its first estimates. The government target for the 2017 GDP growth is 4.1%.

**European Commission revises Hungary's growth projection:** The European Commission raised its projections for GDP growth in Hungary by one per-centage point to 3.7% for this year and by the same margin to 3.6% for 2018 in its latest economic forecast. The EC put GDP growth in 2019 at 3.1%. The latest forecasts are closely in line with the EBRD forecast which was modified upwards to 3.8% from 3% for this year and for next year to 3.4% from 3%. Hungary's government targets GDP growth of 4.1% in 2017 and 4.3% in 2018. Annual average inflation is expected to rise to 2.3% this year and increase further in 2018 and 2019, to 2.6% and 3.0% respectively. However, it is still below the 3% projection of the National Bank which sees inflation rising to this level in a sustainable manner by mid-2019.

**IMF ups growth forecast for Hungary:** The International Monetary Fund (IMF) revised its growth projection for 2017 from 2.9% to 3.2% and 2018's forecast from 3% to 3.4% in its autumn report. Economic

growth is set to decelerate to 2.8% in 2019, which is still 0.2% higher than the April forecast. The IMF now forecasts Hungarian consumer prices to rise on average 2.5% in 2017, 3.2% in 2018 and 3% in 2019.

**Industrial production up in September:** The industrial production went up 5.4% year-on-year in September after it rose 6.8% in August, the Central Statistics Office announced citing preliminary figures. According to workday-adjusted figures the increase in industrial output was 8.1% in September. In the first nine months the industrial production expanded 5.2% from one year earlier.

**Trade surplus drops in September:** Hungary realised a €928 million trade surplus in September, down from a €964 surplus a year earlier, the Central Statistical Office announced. Exports totalled €8.835 billion, up 5.5%, and imports expanded 6.7% to €7.906 billion.

Eighty-one percent of Hungary's exports and 78% of its imports came from the EU. In the first three quarters the trade surplus reached €6.521 billion, down from €7.642 billion.

**Hungary's budget financing need rises:** The central government's financing need of the third quarter amounted to Ft 63 billion (appx € 20.2 mln), or 0.7% of quarterly GDP, according to preliminary figures from the MNB. This came after a surplus of Ft 223 billion (appx € 715 mln) and Ft 23 billion (appx €73.7 mln) in the first and second quarters, respectively. Despite surging tax revenues, the budget gap widened in the first nine months due to advance payments related to EU-funded projects as the government made it a priority to distribute EU funds swiftly. In cumulative terms, general government net borrowing amounted to Ft 691 billion (appx €2.2 bln) or 1.9% of GDP, the highest figure since the third quarter of 2015. Consolidated gross debt at nominal value rose to Ft 26.96 (appx € 86.4 bln) trillion from Ft 26.92 trillion (appx € 86.3 bln) in the second quarter. The Maastricht-based state debt in proportion to GDP, however, fell from 73.6% in the second quarter to 72.7% by the end of the third quarter. The government expects the debt-to-GDP ratio to fall below 70% of GDP by 2019, Prime Minister's Office said.

**October budget deficit soars:** The budget deficit was Ft 181.9 billion (appx € 583.2) mln in October, the Economy Ministry announced citing preliminary figures. In the last 15 years this was the highest deficit in October. Budget expenses and revenues are developing according to plans and the 2017 budget deficit target set at 2.4% of GDP is feasible, the ministry commented. In the first ten months the budget deficit totalled Ft 1.418 trillion (appx € 4.5 bln), standing at 120% of the year-end target.

**Investments 18% higher in Q3:** Investments in Hungary were up 18.3% year-on-year in the third quarter, down from 25.4% growth in the second, the Central Statistics Office reports. The expansion was 20% in machinery and equipment manufacturing and 17% in the construction industry. Investments were 3.5% higher than in the previous quarter, according to seasonally adjusted figures. In the first three quarters, investments were up 22.6% year-on-year.

**Real wages continue to rise:** Real wages rose 10% and gross wages increased 13.6% year-on-year in September. Average gross earnings amounted to Ft 290,900 (appx € 933) and net wages stood at Ft 193 400 (appx € 620) in the first nine months. Wages rose in the January-September period on the back of a 15% increase in the minimum wage, a 25% increase in the guaranteed minimum wage and salary adjustments for certain public-sector workers and employees at state-owned public service companies.

Gross wages at companies with more than five employees rose 13.3% to Ft 303,100 (appx € 972) and increased 16.3% to Ft 268,700 (appx € 862) for those employed at budgetary institutions.

**Unemployment rate drops to 4%:** The average unemployment rate stood at 4% in August-October, down from 4.8% one year earlier, the Central Statistics Office announced. The number of unemployed was 183,000, down from 219,000 a year earlier. The average number of employed was 4,445,000, a 0.9% rise from 4,404,000.

**Fitch upgrades Hungary outlook:** Fitch Ratings has upgraded its outlook on the "BBB-" long-term rating of Hungarian debt from neutral to positive, the international credit rating agency announced. The state debt to GDP rate in Hungary will drop to 72% by the end of 2017, down from 74% a year earlier, Fitch underlined, adding that this will be the sixth consecutive year of a rate decrease. Credit-rating agency Standard&Poor's already upgraded its outlook on Hungary to positive in August. The third-largest credit rating agency Moody's Investors Service maintains the outlook as neutral.

**Parliament cuts labour taxes:** The Parliament approved a modification to the social security contribution tax, cutting this labour taxes paid by employers from 22% of gross wage to 19.5% effective from January 1, 2018.

## Commercial

**Banks accumulate profits in Q1-3:** The banking sector realised a Ft 496 billion (appx € 1.6 bln) profit after taxes in the first three quarters, the MNB announced. About 25% of these profits, Ft 140 billion (appx € 448.9 mln), came from freeing up loss reserves. Pretax profits were up 25% to Ft 541 billion (appx € 1.7 bln). The return on equity was 16.3%, a high level last seen before the 2008 financial crisis.

**Nestlé expands unit in Bük:** Nestlé has expanded its pet food unit in Bük, Vas county, Economy Minister Mihály Varga said at the opening ceremony. With the Ft 20 billion (appx € 64.1 mln) expansion the number of employees will reach 920. Nestlé Hungária was set up in 1991. The company realised a net revenue of Ft 125 billion (appx € 400.7 mln) in 2016. It employed a total of 2,297 in 2016. Nestlé has units in Bük, Szerencs, Diósgyőr and Budapest.

**Opel's new owner announces strategic turnaround plan:** Peugeot owner PSA, which bought Opel from General Motors earlier in 2017, unveiled a large-scale turnaround plan. Opel's Hungarian operation in Szentgotthárd is the carmakers largest European engine factory and many feared that PSA would cut back production or even close the plant which employs 1,252. The company said it aims to avoid closing any car plants, but operational costs will be slashed by 20% and layoffs will be inevitable. However it plans to use early retirement schemes and flexible work hours to reduce costs. The company will offer all of its vehicles with a hybrid or fully electric option by 2022.

### Trade Fairs in Hungary

(I) AGROMASHEXPO: 24-27 January 2018. -Trade Fair for Agricultural Machinery
(II) TRAVEL: 01-04 March 2018
(III) CONSTRUMA: 11-15 April 2018
(IV) INDUSTRY DAYS: 15-18 MAY 2018

Further information: [www.hungexpo.hu](http://www.hungexpo.hu)

### Trends in bilateral trade: Source: Central Statistical Office ([www.ksh.hu](http://www.ksh.hu))

#### 2017 January-September trade (USD, EUR billion)

	Hungary's Exports		Hungary's Imports		Total Trade		% Growth Y on Y basis
	2016 Q1-Q3	2017 Q1-Q3	2016 Q1-Q3	2017 Q1-Q3	2016 Q1- Q3	2017 Q1- Q3	2017 Q1-Q3 /2016 Q1-Q3
<b>Hungary's trade with India (mln)</b>	134.5 USD 120.5 EUR	168.2 USD 153.2 EUR	281.1 USD 251.8 EUR	332.9 USD 303.8 EUR	415.6 USD 372.4 EUR (0.29 % of Global Trade)	501.2 USD 457.0 EUR (0.31 % of Global Trade)	+20.6% +22.7%
<b>Hungary's Total Global Trade (bln)</b>	77.3 USD 69.2 EUR	83.6 USD 75.4 EUR	68.7 USD 61.6 EUR	76.4 USD 68.8 EUR	146.0 USD 130.8 EUR	160.0 USD 144.2 EUR	+9.6% +10.2%

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

Product	2015. year	2016. year	% growth	% total
Total Product (according to the Combined Nomenclature)	100,299.1	103,072.6	2.8%	100%
85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES	20,085.3	21,168.7	5.4%	21%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	18,867.8	19,546.5	3.6%	19%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	18,009.5	18,551.1	3.0%	18%
30 PHARMACEUTICAL PRODUCTS	4,808.9	4,741.1	-1.4%	5%
39 PLASTICS AND ARTICLES THEREOF	3,820.2	3,821.7	0.0%	4%
90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	3,317.2	3,690.1	11.2%	4%
40 RUBBER AND ARTICLES THEREOF	2,388.7	2,430.9	1.8%	2%
27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	2,305.1	1,893.4	-17.9%	2%
94 FURNITURE; BEDDING, MATTRESSES, MATTRESS SUPPORTS, CUSHIONS AND SIMILAR STUFFED FURNISHINGS; LAMPS AND LIGHTING FITTINGS, NOT ELSEWHERE SPECIFIED OR INCLUDED; ILLUMINATED SIGNS, ILLUMINATED NAME-PLATES AND THE LIKE; PREFABRICATED BUILDINGS	1,759.9	1,824.3	3.7%	2%

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

Product	2015. year	2016. year	% growth	% total
Total Product (according to the Combined Nomenclature)	90,770.2	92,053.8	1.4%	100.0%
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	18,133.0	18,749.3	3.4%	20.4%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	15,695.0	16,237.8	3.5%	17.6%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	9,525.1	10,049.3	5.5%	10.9%
27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	7,426.4	5,871.6	-20.9%	6.4%
39 PLASTICS AND ARTICLES THEREOF	4,179.3	4,402.6	5.3%	4.8%
30 PHARMACEUTICAL PRODUCTS	3,884.8	3,872.8	-0.3%	4.2%
73 ARTICLES OF IRON OR STEEL	2,109.9	2,177.2	3.2%	2.4%
90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	1,962.8	2,046.8	4.3%	2.2%
72 IRON AND STEEL	1,819.2	1,924.6	5.8%	2.1%
40 RUBBER AND ARTICLES THEREOF	1,817.3	1,840.8	1.3%	2.0%

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

Product	2015. year	2016. year	% growth	% total
Total Product (according to the Combined Nomenclature)	213.4	186.1	-12.8%	100%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	77.6	53.4	-31.2%	28.7%

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	51.8	42.6	-17.9%	22.9%
29 ORGANIC CHEMICALS	26.6	34.4	29.2%	18.5%
90 OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF	7.1	9.8	37.7%	5.3%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	9.4	6.0	-35.7%	3.2%
48 PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	4.5	4.9	9.2%	2.6%
73 ARTICLES OF IRON OR STEEL	4.0	4.3	9.4%	2.3%
74 COPPER AND ARTICLES THEREOF	3.8	4.2	11.1%	2.3%
39 PLASTICS AND ARTICLES THEREOF	7.5	4.1	-45.3%	2.2%
41 RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	1.9	2.3	18.4%	1.2%

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

Product	2015. year	2016. year	% growth	% total
Total Product (according to the Combined Nomenclature)	364.9	382.0	4.7%	100.0%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	95.0	105.1	10.7%	27.5%
29 ORGANIC CHEMICALS	84.5	79.7	-5.7%	20.9%
30 PHARMACEUTICAL PRODUCTS	72.6	67.1	-7.7%	17.6%
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	51.2	59.1	15.5%	15.5%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	8.7	13.0	50.4%	3.4%
64 FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	6.4	7.1	11.2%	1.9%
40 RUBBER AND ARTICLES THEREOF	5.7	5.9	2.8%	1.5%
73 ARTICLES OF IRON OR STEEL	4.7	4.7	0.2%	1.2%
39 PLASTICS AND ARTICLES THEREOF	4.0	4.4	9.9%	1.2%
72 IRON AND STEEL	1.9	3.7	95.2%	1.0%

### Average Monthly Exchange rates for November 2017

1US\$= 265.62 HUF

1EUR= 311.89 HUF

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

**Trade enquiries:** In the month of November 2017 Embassy of India, Budapest received 9 enquiries from India and 0 trade enquiries from Hungary.

### Indian Trade inquiries for the month of November 2017

S. No.	Enquiry originator	Product	HS codes	Nature Export/Import value (\$ mln)	Action taken
1	Deep Tools Pvt Ltd	Engineering: Hand tools		Export to Hungary	All inquiries have been answered
2	Jayvi ceramic	Ceramic tiles		Export to Hungary	

3	Prosenjit Seal	Bags		Export to Hungary	
4	Avantel	Telecom, Radio, Defence		Cooperation	
5	H&R International	Agro: vegetables, spice		Export to Hungary	
6	Naxpar Pharma pvt. Ltd	Pharma: Allopathic , Cosmetics,Herbals, Nutraceuticals		Export to Hungary	
7	Siraj Sherasiya	Ceramic tiles		Export to Hungary	
8	Medtech Life Pvt Ltd	Medical equipment		Export to Hungary	

## Bilateral

**Study Abroad Expo, 9 November 2017:** Embassy of India participated in the Study Abroad Expo on 9 November, 2017 at the Corvinus University of Budapest. The mission was promoting several scholarship opportunities for Hungarian students. Currently the Government of India is offering 35 scholarships for Hungarian students and research fellows to pursue studies in English and Hindi languages and other fields at the post-graduation and doctoral levels.

**University of Miskolc:** Ambassador Rahul Chhabra paid an official visit to the University of Miskolc on 10 November, 2017 to meet with the University students and to inform them about the possibilities that India offers. Prof. Dr. Tamás Kékesi, Vice-Rector along with International students received Ambassador in front of the Main Building and had a discussion before the event. Ambassador was also invited to attend the Fresher's Ball later in the evening. Prof. Dr. András Torma, the Rector of the University welcomed Ambassador and his delegation in the Senate Room. Prof. Dr. Tamás Kékesi introduced the University of Miskolc. Ambassador gave a presentation about the relations between India and Hungary. Ambassador Rahul Chhabra gave an interview to the local TV Channel. Amrita Sher-Gil Cultural Center of the Embassy presented a cultural performance to the audience. Approx. 70 people attended the programmes including the Faculty members and the students. At the end of the event Ambassador held a separate meeting with the Indian students. He welcomed and had a questions and answers session with them. Mr. Satish Kumar Khanna, Second Secretary (Consular) was also present. Indian students requested Ambassador for arranging their internship with Indian companies in Hungary. Ambassador Rahul Chhabra promised to take necessary action regarding this matter and assured them that he will talk to the manager of the SONA BLW with whom he was meeting in the afternoon. The event ended with a reception hosted by the University.

**Visit of SONA BLW Plant:** Ambassador Rahul Chhabra visited the SONA BLW Plant in the city of Polgár on 10 November, 2017. Ambassador met with Mr. Norbert Kotulla, Chief Operating Officer and Mr. Mihály Pongor, Hungarian Plant Manager. During the visit Ambassador had a discussion with them about the Internship possibilities for Indian students studying in the University of Miskolc. There is good news that SONA BLW in Polgár has agreed to take Indian students for internship.

**Inauguration of SMP Plant:** Ambassador Rahul Chhabra attended the inauguration ceremony of the SMP Plant on 16 November, 2017 in Kecskemét. The opening ceremony was addressed by H.E. Mr. Viktor Orbán, PM of Hungary. Minister for National Economy, Mr. Mihály Varga was also present. The Indian-owned 100,000sqm plant will manufacture bumper and dashboard components. According to a strategic partnership agreement between the Samvardhana Motherson Group and the Hungarian government, the project was supported with a HUF 7.72 billion (appx. € 24.6 million) subsidy.

**International Conference of Stipendium Hungaricum Operational Partners:** Embassy of India, Budapest attended the first International Conference of Stipendium Hungaricum Operational Partners that was organized by Tempus Public Foundation from 22-25 November. Mr. Zoltán Balog, Minister of Human Capacities addressed his welcome speech to all participants on the pre-conference day on 22 November. During the 3 day conference there were several presentations, plenary sessions and workshops regarding the Stipendium Hungaricum scholarship programme.

## Bosnia & Herzegovina (BiH)

**Bosnia ranked 175th when it comes to starting a business:** BiH fell by seven positions to 86th place in the Doing Business 2018: Reforming to Create Jobs report of the World Bank Group released in November. For comparison, BiH occupied 79th spot last year. Therefore, the Foreign Investors Council urged

the authorities on all levels of government to commence implementation of reforms because BiH is falling behind other European countries. According to the latest report, BiH ranked 175th when it comes to starting a business, and occupies 166th spot in dealing with construction permits. However, the country is on 40th place in resolving insolvency. (The report covers 190 economies. It measures regulations affecting the life of a business, such as starting a business, dealing with construction permits, acquiring electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.)

**Savings deposits hit an all-time record:** The Central Bank of BiH congratulated 31 October, World Savings Day to citizens and commercial banks, and said that savings deposits hit an all-time record this year. According to the CBBH, the household deposits account for 57.6% of the total deposits in commercial banks, and with a continuous growth in 2017, they reached the highest recorded level of KM 11.02 billion (appx € 5.63 bln) at the end of September.

**Exports grow by close to 18%:** According to Foreign Trade Chamber exports from Bosnia amounted to 8.35 billion KM (appx. € 4.26 billion) in the first nine months of 2017 registering a year-on-year increase of 17.9%. Imports grew by 12.6% year on year to over 13.5 billion KM (appx. € 6.9 billion). The coverage of import by export was 61.58%. The European Union is the most important trade partner for BiH. Exports to EU countries amounted to 5.93 billion KM (appx. € 3.03 billion) while imports from EU totaled 9.17 billion KM (appx. € 4.68 billion). Mr. Momir Tosic, director of the BiH Foreign Trade Chamber said that the real economic indicators show that BiH stagnates in comparison to the region, there is a high unemployment rate and high deficit of trade and balance payments.

**Financing Construction of Tuzla's Bloc 7:** The Federation entity government took note of a report on the loan from the Export-Import Bank of China, with a guarantee from the Federation, to finance the construction of the Bloc 7-450 MW Thermal Power Plant in Tuzla. The government said that the draft loan agreement between JP Elektroprivreda BiH Sarajevo and the Export-Import Bank of China represents a good basis for conducting negotiations and finally harmonizing the agreement and other financial documents that result from it. The Government added that Elektroprivreda BiH is tasked with hiring a qualified legal counsel to provide legal assistance to the Negotiating Team on the loan and to prepare other financial documents related to the Credit Line Agreement between the public company and the Export-Import Bank of China, as well as to provide it with a call for negotiations and assure technical conditions for holding negotiations as soon as possible.

**Zvizdic and Orban Discuss Economic Cooperation in Budapest:** Chairman of the Council of Ministers of BiH Mr. Denis Zvizdic met in Budapest with Prime Minister of Hungary Mr. Viktor Orban and discussed promotion of economic cooperation and bilateral relations. The two officials agreed that the political relations between the two countries are excellent, and bilateral cooperation has intensified through continuous cooperation between the institutions. Chairman Zvizdic stressed the need to strengthen the economic cooperation between the two countries. He pointed out the comparative advantages of BiH for investments, the country's progress on the EU path, and stressed the importance of regular business forums of BiH and Hungary, as well as the cooperation between the Chambers of Commerce. He also welcomed the establishment of regular Budapest - Sarajevo flights and the establishment of a Joint Business Council, pointing out that these activities will contribute to the strengthening of the economic, business and cultural ties of the two countries as well as tourism promotion. Prime Minister Orban welcomed BiH's progress on the EU path and expressed full support of Hungary for the Euro-Atlantic integration of the country. He encouraged the authorities in BiH to continue with the reform processes that will bring BiH closer to the EU. He said that BiH is viewed as an "honorary neighbor" in Hungarian foreign policy and that it will remain among the foreign policy priorities of Hungary's EU activities, strongly directed towards further enlargement.

**Agreements Signed with China "An Incentive for Future Cooperation":** Chairman of the Council of Ministers of BiH Denis Zvizdic met with Prime Minister of China Li Keqiang in Budapest, with whom he discussed bilateral cooperation and improvement of economic and trade relations between the two countries. Chairman Zvizdic expressed satisfaction with the political relations and the advancement of the economic cooperation in the past few years. He said that the idea and the project Belt and Road Initiative and the annual Summit of the Prime Minister of China with the Prime Ministers of Central and Eastern Europe in the "16+1" format has already produced concrete results. He added that the economic forum of businesses of the Summit participants was successfully held in BiH in 2016, and in November 2017, another high-level summit in the field of tourism was also held in BiH. Prime Minister Keqiang expressed satisfaction with the progress in relations and that important projects are entering the stage of implementation, making BiH a credible





<b>BiH's trade with India (mln)</b>	2.6 USD 2.3 EUR	4.7 USD 4.2 EUR	56.7 USD 50.8 EUR	54.4 USD 49.0 EUR	59.3 USD 53.1 EUR (0.56 % of Global Trade)	59.1 USD 53.2 EUR (0.49 % of Global Trade)	-0.2% +0.02%
<b>BiH's Total Global Trade (bln)</b>	3.9 USD 3.5 EUR	4.6 USD 4.1 EUR	6.7 USD 6.0 EUR	7.6 USD 6.8 EUR	10.6 USD 9.5 EUR	12.2 USD 10.9 EUR	+14.1% +14.7%

### Top 10 items of Import from the World to B&H [Million]

Product	2015 USD	2016 USD	% growth	% total
TOTAL	8,993.0	9,128.4	1.5%	100.0%
27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	1,215.5	1,082.1	-11.0%	11.9%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	733.9	726.2	-1.0%	8.0%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	596.1	638.6	7.1%	7.0%
39 PLASTICS AND ARTICLES THEREOF	461.3	487.3	5.6%	5.3%
30 PHARMACEUTICAL PRODUCTS	298.5	306.4	2.6%	3.4%
73 ARTICLES OF IRON OR STEEL	258.8	257.6	-0.5%	2.8%
72 IRON AND STEEL	23.0	250.0	988.5%	2.7%
41 RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	196.2	192.1	-2.1%	2.1%
22 BEVERAGES, SPIRITS AND VINEGAR	189.5	181.6	-4.2%	2.0%
48 PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	166.2	175.3	5.5%	1.9%

### Top 10 items of export to the World from B&H

Product	2015 USD	2016 USD	% growth	% total
TOTAL	5,098.8	5,326.1	4.5%	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	548.1	601.4	9.7%	11.3%
44 WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	372.8	403.2	8.2%	7.6%
27 MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	357.6	362.5	1.4%	6.8%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	337.2	348.6	3.4%	6.5%

28 INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPE	267.9	278.9	4.1%	5.2%
73 ARTICLES OF IRON OR STEEL	214.2	252.6	18.0%	4.7%
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	23.7	239.3	911.1%	4.5%
72 IRON AND STEEL	265.2	221.1	-16.6%	4.2%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	176.3	175.8	-0.2%	3.3%
62 ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED	15.2	153.0	909.2%	2.9%

### Top 10 items of Import from India to B&H

Product	2015 USD	2016 USD	% growth	% total
TOTAL	59.7	75.7	26.8%	100.0%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	12.9	15.3	18.9%	20.2%
09 COFFEE, TEA, MATÉ AND SPICES	7.7	8.9	15.6%	11.7%
64 FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES	3.7	4.5	21.7%	5.9%
29 ORGANIC CHEMICALS	0.9	4.2	347.9%	5.5%
41 RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	4.1	3.9	-4.4%	5.1%
52 COTTON	3.0	3.6	21.0%	4.7%
25 SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT	2.4	2.6	5.6%	3.4%
62 ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED	2.0	2.2	8.3%	2.9%
30 PHARMACEUTICAL PRODUCTS	1.1	2.1	100.5%	2.8%
56 WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF	0.0	2.0	11933.4%	2.6%

### Top 10 items of export to India from B&H

Product	2015 USD	2016 USD	% growth	% total
TOTAL	1.4	3.2	127.5%	100.0%
28 INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPE	0.1	1.6	953.7%	49.2%
87 VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	0.0	0.5	640554.3%	15.3%

48 PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD	0.8	0.4	-47.8%	12.7%
84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	0.1	0.2	206.2%	5.8%
79 ZINC AND ARTICLES THEREOF	0.1	0.2	159.0%	4.8%
44 WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	0.2	0.1	-12.7%	4.5%
73 ARTICLES OF IRON OR STEEL	0.0	0.1	67632.0%	1.9%
41 RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER	0.1	0.0	-74.2%	0.7%
22 BEVERAGES, SPIRITS AND VINEGAR		0.0		0.5%
46 MANUFACTURES OF STRAW, OF ESPARTO OR OF OTHER PLAITING MATERIALS; BASKETWARE AND WICKERWORK		0.0		0.4%

### TRADE FAIRS in Bosnia and Herzegovina

INTERIO	International fair for landscaping, architecture and horticulture	Centar Skenderija Sarajevo	March 2018	<a href="http://www.skenderija.ba">www.skenderija.ba</a>
MOSTAR SAJAM	General International Trade Fair	Mostar	April 2018	<a href="http://www.mostar-fair.com">www.mostar-fair.com</a>
	Sarajevo Business Forum	Sarajevo	April 2018	<a href="http://www.sarajevobusinessforum.com">www.sarajevobusinessforum.com</a>
ENERGA	International trade fair for energy, industry and mining	Tuzla	June 2018	<a href="http://www.tuzlanskisajam.ba/en">www.tuzlanskisajam.ba/en</a>
RENEXPO®BIH	International Trade Fair and Conferences on Renewables and Energy Efficiency	Sarajevo	November 2018	<a href="http://www.renexpo-bih.com">www.renexpo-bih.com</a>

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

### Average Monthly Exchange rates for November 2017

1US\$= 1.655285 KM

1EUR= 1.955830 KM

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

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